Renaissance Studio, Ltd. – The Value Proposition

"Making the Movies That Everyone Wants To See."

Overview

Renaissance Studio, Ltd. ("RSL") has invested many years in a comprehensive analysis of the motion picture industry and the development of the means to exploit its dysfunction and the irrationality of 30x to 330x price/earnings multiples in the public equity markets for this industry to deliver absolute risk adjusted returns on investment that dwarf other investment scenarios.

The Global Movie Market Exploitation Opportunity

Extensive analysis has confirmed a reality that is obvious to all movie goers: The movie industry is consistently ignoring the viewing preferences of over 80% of the global movie markets. This reality represents a market and wealth exploitation opportunity for visionary entrepreneurs and insightful investors. Please consider the following:

- No industry displays a greater disconnect between product features and consumer preferences. What other industry largely ignores the preferences of over 80% of its potential consumers?
- There is no industry with greater risk adjusted return on investment potential and worse actual return on investment performance. What other industry loses money on over 80% of the products it produces and relies on the other 20% to cover the losses?

- Every movie fan is familiar with the recurring frustration of wanting to go to a movie, checking the listings and finding nothing that inspires them to go to the theater.
- Every movie fan is mystified that "Hollywood" makes so few movies that they want to see.
- Over 90% of movie goers are seeing only 2 movies on average in theaters each year. This reality is not a demand issue, its is a major quantity of quality supply problem.
- Everyone is s potential movie consumer and every movie fan would see a lot more movies if there were more films that match their viewing preferences.
- The movie industry focuses on creating films that target the under 30 age demographic while largely ignoring the preferences of the 65% of adult movie goers over 30.
- The female demographic includes up 53% of potential movie goers and makes the movie going choices for over 60% of tickets that are purchased, Despite this fact, the viewing preferences of adult women are largely ignored. This too often leaves them going to movies for their children or tagging along to watch movies that their male counterparts prefer.
- Over 2/3 of movies that are produced by "Hollywood" have almost no resonance potential with the over 70% of movie goers outside of North America. Over 98% of the movies produced in China have no resonance potential outside of Asia.

There is a pervasive global dearth of motion picture content that is skillfully designed to match product features with consumer preference. This situation exists because the content evaluation metrics and screenwriting methodologies of the industry are systemically flawed.

RSL has been designed to exploit the above realities with thought provoking, triumph of the human spirit stories that feature sensational, multidimensional characters that are immersed in the most compelling and terrifyingly plausible scenarios of the modern world.

The Public Equity Market Exploitation Opportunity

The public equity markets are offering price/earnings multiples in the 30x to 330x range for the motion picture industry and the multiples are increasing along with the broader stock market advance**.** Please see P/E multiples for Lions Gate and Netflix at the links below:

http://data.cnbc.com/quotes/LGF.A

http://data.cnbc.com/quotes/LGF.B

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

The extreme irrationality of P/E ratios above 100x in the motion picture industry represents an extraordinary wealth exploitation opportunity for anyone who can project a compelling IPO profile in the movie industry. RSL has been created and developed to exploit this opportunity.

The RSL Value Proposition

The lengthy RSL development process has produced the following value proposition:

- **A Visionary Business Model**

  RSL has developed a digital age business model for a virtual movie studio that avoids the pitfalls of the movie industry, exploits its vulnerabilities and safeguards investor capital to deliver extraordinary risk adjusted ROIs to global audiences and RSL capital partners.

- **An Exploitative Business Plan**

  RSL is grounded in a 160 page business plan for a going concern movie studio that will convert $50 million of primary equity capital into $5 billion+ of IPO proceeds in 5 years.

- **Advanced Movie Content Evaluation Metrics**

  RSL has developed metrics that allow RSL to avoid the 80%+ of movie concepts that lose money for equity investors. Over 95% of the movies that reach theaters do not meet the "green light" standards of RSL. This is a major risk mitigation factor.

- **Proprietary screenwriting methodologies**

  RSL does not rely on traditional movie industry sources of project content that lose money over 80% of the time for equity investors. RSL employs proprietary screenwriting processes that skillfully match a diversity of compelling resonance elements with the viewing preferences of broad spectrum international demographics to insure strong market acceptance and earnings on each RSL film.

- **An Exceptional Movie Content Inventory**

  RSL has employed its metrics and methodologies to create an initial inventory of 15 screenplays with $25 to $30 million production budgets that are designed to launch up to 10 sustainable film franchises in the action/thriller/clandestine genres that have averaged almost $500 million in total revenues since 2006.

  The RSL project inventory compares very favorably to the future slates of any movie studio if maximizing risk adjusted ROEs is the investment goal. The initial RSL inventory serves as a strong foundation for producing consistent earnings growth and projecting a compelling IPO profile in year 5. Summaries of the RSL project and franchise concepts can be found at the link below:

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

The RSL project inventory includes one major quadrilogy, one major trilogy and 8 other sustainable film franchise profiles that compare very favorably to anything in movie theaters if maximizing absolute risk adjusted ROEs is the filmmaking and investment goal.

The RSL value proposition is the end product of decades of capital markets and risk evaluation experience, many years of movie industry analysis and development and thousands of man hours of advanced screenwriting. It is perhaps the most valuable intellectual property in the movie industry.

Valuable additional information can be found on RSL's wholly owned affiliate Visionary Content, Ltd. At the link below:

http://www.renaissancestudio.org/visionary-content--ltd..html

Movie Industry Reality Check

A professional review of the movie industry reveals the following key realities:

- Over 80% of movies that reach theaters lose money for production equity investors because the industry operates on a closed and incestuous content origination system that employs "group think" that systematically produces movies that fail to resonate with large global audiences.
- The movie industry generally produces the films that it wants to make rather than the movies that broad spectrum international demographics want to see.

- The film industry employs faulty screenplay evaluation metrics that focus on the source of the script and technical screenwriting elements rather that the objective ability of the concept and the resonance elements to inspire broad spectrum international demographics to view the film.
- There is a global dearth of movie content that is well designed to resonate with broad spectrum international demographics. As a result, studios lose money on about 80% of the films they release.
- The market for entertaining motion pictures is far larger than the industry's ability to create compelling content to serve it under current industry business practices.
- An independent studio business model that finances and distributes movie content from third party sources that produce projects that lose money over 80% of the time is destined to fail.
- The industry penchant for making movies in low revenue ceiling genres with narrow global demographic resonance profiles and no franchise potential is not a path to consistent financial success.
- The industry process of employing "A List" talent in poorly conceived concepts and stories is a proven strategy for losing money but this practice dominates the movie industry culture.
- There are countless actors and directors who can convert a great film concept into a great movie. There is no actor or director who can convert a poor script into a great movie.
- Making huge budget "Tentpole" movies can be financially successful but 45% of films with production budgets over $100 million in 2016 lost money for production equity. Big budget films also concentrates risks, limit IRRs and there are a very limited number of concepts that are worthy of the risks. It is a business model for large conglomerates, not independent investors.
- Effective metrics to avoid poor movie concepts and methodologies to consistently create compelling content that will resonate with broad spectrum international audiences is the vital key to financial success in motion pictures. Despite this reality, almost everyone in the industry relies on depleted third party content sources that lose money over 80% of the time.
- The failure to focus on creating a compelling IPO profile leaves over 95% of potential returns on investment on the table.

An objective and professional analysis of the movie industry reveals a culture and business practices that are not well designed to exploit broad spectrum international demographics and the irrationality of P/E multiple in the 30x to 330x in the public equity markets. RSL has been created to exploit all of this dysfunction.

The RSL Business Model

The RSL business model will avoid the pitfalls of the movie industry culture and business practices and exploit their dysfunction. The key features of the RSL business model can be summarized as follows:

- Employ the advanced RSL content evaluation metrics and screenwriting methodologies to write and develop almost all of the feature film projects that RSL produces and develops.
- Do not finance, produce, distribute or release projects that are developed by third parties except in very rare occasions when they meet the RSL "green light" standards.
- Produce high concept films with production budgets in the $25 - $30 million range in the action/thriller/clandestine genres that have averaged near $500 million in global revenues since 2006.
- Contract production of the RSL films with coproduction partners but maintain full content, financial and content control. This will allow RSL to hire the optimum execution teams for each project.

- Remain intensely focused on global audience preferences. Insure that every RSL project includes a diversity of compelling resonance elements that will attract broad spectrum international demographics to view the RSL films.
- Avoid the huge overhead expenses that plague the movie industry through strong management, accounting, finance, risk and project controls.
- Lease all necessary facilities. Make no investments in sound stages or other real estate in order to maintain production location flexibility, minimize costs and maximize subsidies, earnings and IRRs.
- Establish direct relationships with all the major theater chains and international distributors to develop the ability to self distribute and advertize all of the RSL projects. This will allow RSL to avoid the studio culture and maintain content, advertising and release control and maximize RSL earnings.
- Produce and release at least 11 of the initial 15 RSL projects over the first 4 years with the goal of establishing strong and consistent earnings and 5 to 7 sustainable film franchises.
- Continue to write and develop new franchise and sequel concepts and projects.
- Place a high priority on safeguarding investor capital and returning the $50 million of primary equity to the RSL investors by month 30 to eliminate primary equity capital risk.
- Maintain laser focus creating a compelling IPO profile by year 5 that will deliver a windfall return on investment to RSL shareholders.

The above business model is grounded in decades of business management and analytical experience in every major industry across multiple economic, political and industry cycles. It is the product of an exhaustive and comprehensive analysis of all the business practices and success factors of filmmaking and investment over many years. It includes an understanding of the means to exploit the public equity markets to deliver extraordinary risk adjusted ROEs to RSL shareholders.

RSL Budget

RSL is not in business to raise incremental funds to produce individual movies because that approach very seldom produces superior risk adjusted ROEs for equity investors. RSL's strategy is to build a major new film production and global distribution company with a strong enterprise value and IPO profile.

This ambitious approach requires a significant initial capital commitment to:

- Create credibility with all counterparties that are needed to successfully execute the business plan.
- Build the infrastructure of a going concern movie studio.
- Provide seed funding for final development of the initial slate.
- Fund the production, global distribution and advertising of world class movies.

The goal is to build substantial enterprise value that will facilitate an early IPO or sale to a conglomerate or other investor group by no later than year 5.

The major segments of the RSL budget are as follows:

• **Film production**	($ 317,500,000)	Initial eleven film slate
• **Studio/Office/CAPEX**	$ 0	Facilities leased – See project/operating budgets
• **Corporate Expenses**	($ 35,790,000)	4 years – No initial transaction fees included
• **Film Marketing/Advertising**	($ 264,000,000)	Needed to insure distribution & maximize ROEs
Total Budget	**($ 617,290,000)**	Includes initial eleven film slate

Plus: Cost Free Capital	$ 31,750,000	10% of Production Costs – Est. Subsidies
Plus: Net Revenues	$1,051,050,000	
Base Case RSL Cash Flow	**$ 465,510,000**	4 years

Important Notes – The $465,510,000 base case cash flow represents a **9.3x** coverage of the $50 million primary equity investment.

The RSL Cinematic Vision

Almost everyone in the movie industry focuses on creating movies for niche markets. As examples, Sci-Fi, super hero and horror films can be financially successful but they all target niche markets that make up less than 20% of potential global movie goers. By contrast, the RSL strategy is to create films with a diversity of resonance elements that target above 80% of adult age demographics.

The cinematic goal of RSL is to make awe inspiring movies that engage audiences on diversity of intellectual, visceral, sensual, visual, artistry, audio and emotional levels that resonate in compelling ways with all adult age, gender and cultural demographics across the globe.

- RSL movies are designed for the over 80% of movie goers who are not inspired by the shallow story telling, one dimensional characters and gratuitous action, violence, depravity, horror and computer generated effects that dominate modern cinema.
- RSL films feature complex, brilliant and sensational female protagonists that are designed to trigger the intellectual, physical, character, visual, sensual and emotional attraction receptors in the psyches of adult male and female movie goers across the globe.
- RSL movies will be "high concept" profiles that feature life relevant plots, compelling themes and multidimensional characters that project strong and positive role models in a difficult world.
- Over 95% of the movies that reach theaters would not meet the "green light" standards of RSL that systematically eliminate 1) the over 80% of movie concepts that lose money for production equity investors and 2) the big budget movies that concentrate risk and limit IRRs.
- The RSL movies are not a theory in search of capital. RSL has developed and employed advanced content evaluation metrics and proprietary screenwriting methodologies to create an initial inventory of 15 motion picture screenplays that are designed to launch up to 10 sustainable film franchises.
- All the early RSL film projects can be produced on budgets of less than $30 million to compete successfully in the action/thriller/clandestine genres that have average near $500 million in global revenues per film since 2006.

RSL has invested many years developing the metrics, methodologies, means, strategies and movie content to deliver strong and consistent earnings that will serve as sustainable foundation for a compelling IPO profile that will deliver a wealth windfall to RSL shareholders.

Risk Considerations

RSL was not developed by movie industry producers or executives or "experts" who are too often in the business of exploiting equity investors rather than rewarding them for their good faith and the risks they take. By contrast, RSL was created by a 30 year veteran of the capital markets who is a career business, markets and risk analyst that is laser focused on safeguarding equity investor capital and delivering exceptional risk adjusted ROEs.

Large segments of the capital markets categorize scenarios like RSL as venture capital and assume that it's risk profile is too high to warrant serious consideration. However, full due diligence on RSL reveals that RSL's **absolute risk** profile:

- Compares favorably to most public and private equity risk profiles.
- Offers exponentially higher ROE potential.

The combination of these two realities produces an **absolute risk** adjusted ROE that dwarfs other investment alternatives. Please consider the following risk mitigation features of the RSL profile that mitigate investor risks:

- **Execute an advanced business model** – Employ a digital age business model and plan for a virtual movie studio that 1) avoids the pitfalls and exploits the vulnerabilities of the movie industry and 2) focusing on creating a very compelling IPO profile by year 5.
- **Employ effective concept evaluation metrics** - use advanced movie content evaluation metrics that avoid the over 80% of movie concepts that lose money for production equity investors.
- **Avoid traditional industry content sources that lose money over 80% of the time** – Employ proprietary screenwriting methodologies that skillfully match a diversity of compelling resonance elements with the viewing preferences of broad spectrum international demographics to insure strong and consistent global market acceptance.
- **Make exciting and innovative movie concepts** - High concept, thought provoking, emotionally engaging, triumph of the human spirit stories that are designed to resonate with every adult age and gender demographic versus the narrow market niche profiles that dominate the industry.
- **Target large, underserved demographics** - Stories that target the adult female and over age 30 market demographics that make up about 65% of the global movie audience but are almost completely ignored by the movie industry.
- **Avoid ineffective story elements** - Make movies for the over 80% of global movie goers who are not inspired by the shallow story telling, one dimensional characters and gratuitous/repetitive action, violence, depravity, horror and computer generated effects that dominate modern cinema.
- **Produce modest budget movie in high revenue ceiling genres** - Produce $25 to $30 million movies and sustainable film franchises that can compete successfully in the action/thriller/clandestine genres that have averaged near $500 million in global revenues since 2006 to insure strong and consistent profitability and a compelling IPO profile.
- **Revolutionize movie marketing** - Employ highly advanced advertising strategies that are focused on maximizing net revenues.
- **Strong controls** - Exercise sound and aggressive budget, finance, accounting and risk controls.
- **Exploit cost free capital sources** – Produce movies in places that offer large production subsidies, solicit brand integration revenues and exploit international rights presales to collectively reduce the production capital at risk by as much as 60%.
- **Avoid sound stage and other real estate investments** – Lease all necessary facilities.
- **Deliver early capital recovery to equity investors** - Key RSL goals are to return the primary equity capital to investors by month 30 to eliminate primary equity risk and 2) deliver a windfall IPO to RSL shareholders by month 60.

A careful review of the above risk mitigation features in the context of the RSL business plan and superior content will reveal a moderate absolute risk profile and strategy that will deliver a windfall IPO by year 5 to RSL investors.

The profile will compare very favorably to any other risk adjusted Alpha profile in the capital markets today.

Summary

RSL was not developed by movie “producers” or “promoters” or “experts” who are skilled at inducing naïve investors to finance movie projects but are unconcerned with delivering exceptional risk adjusted ROEs to investors. RSL was developed by a career capital markets and risk professional with 3 decades of experience evaluating business profiles, models and concepts in every major industry over many market, economic and business cycles. He invested decades in writing over 20 motion picture screenplays and many years in creating a comprehensive strategy to exploit the movie industry and its capital markets.

RSL is not in the business of acquiring movie projects from conventional industry sources, attaching “A List” talent and exploiting naïve investors to play the “Hollywood” investment game that loses money over 80% of the time for equity investors. RSL is designed to create a going concern movie studio that can exploit the dysfunction of the movie industry and the irrationality of P/E ratios in the 30 to 330x range in it’s public equity markets to deliver absolute risk adjusted Alpha that dwarfs other investment alternatives.

The R&D process is complete and RSL is now in its primary capital formation phase. The goal is to raise $50 million of primary equity capital that will support $100 million of primary debt capital. This capital structure will allow RSL to launch a going concern movie studio that will produce a perpetuity of 4 films per year that will compete successfully with the major “Hollywood” studios in the global markets.

The RSL goal is to return the $50 million of primary equity capital to investors from operating cash flow by month 30 and deliver an IPO windfall to it’s shareholders by month 60.

These goals can be achieved in an <u>absolute risk</u> profile that compares favorably to growth private equity and the public equity markets.

Full due diligence on RSL will reveal that the assertions in this summary are not promotional hype but a sensational value proposition in search of insightful capital partners who can grasp the concept of exploiting the vulnerabilities of the movie industry and the irrationality of public equity market valuation metrics to earn extraordinary risk adjusted ROEs.

RSL will achieve this goal by employing advanced metrics, methodologies and strategies to make awe inspiring movies that light a path to a much better world.