

INVESTING IN FILM FAQ

For Accredited Angel Investors, Family Offices, Fund Portfolio
Managers, Wealth & Financial Advisers, Fund Of Funds,
Private Equity

Noci. www.noci.com

You are a family office, fund of fund, HNW Angel investor, portfolio manager, sovereign wealth fund, wealth/financial adviser, pension fund, endowment, or other private equity group that is looking for a high-yield, risk minimized, non-correlated asset class that's a fresh alternative investment to stocks, bonds, futures, hedge funds, real estate, oil& gas, or other financial product that disappointed you with meager returns.

Q & A

- ▶ What Is The Minimum Participation For Active Accredited Individual Investors?

\$100,000 – \$1M USD

Q & A

- ▶ What are your current AUM?

Our target raise in short term is \$20 Million. Our long term target is \$300 million. See article in Opalesque And Hedge Fund Weekly at

http://www.opalesque.com/56236/Niche_Investing_Noci_Pictures_hopes_to_raise236.html

<http://www.hedgeweek.com/2010/02/02/32989/noci-targets-hedge-fund-investors-film-finance>

Q & A

▶ What is the worst case scenario based on my investment?

After you fill out an investor suitability profile and NDA, you will be presented with a full risk disclosure statement indicating that you should not invest any capital you are not prepared to fully lose.

However, taking \$1M investment as an example of a 100% financed film or two films for \$500,000. You will receive approximately \$200,000–\$350,000 back in cash prior to any profits from tax credits and rebates based on 20–35%.

If we do not theatrically self release a film or get any theatrical distribution, we will need to sell or license it for an average of \$100,000 to 5 countries (UK, France, Japan, Germany, Australia, etc). A U.S. DVD deal should be about \$100,000–\$250,000.

With online Video On Demand and proper social media and social marketing, lets assume 20,000 downloads with a net of about \$5.00 per download.

Now lets do a different analysis.

What is the worst case scenario based on my investment? (cont'd)

Lets say we want to make a \$5M film using 55% in monetized tax credits or incentives + gap finance within shooting a film in Michigan, IL, Nordrhein Westphalia (www.filmstiftung.de) or Canada, 30% pre-sales, 20% equity \$1M. The 30% in pre-sales may amount to 3-4 country's licensing a film.

There would still be more than 50 other territories (countries) that would license a film ranging from \$50,000-\$500,000 or more per country depending on the demand, cast, etc.

Q & A

- ▶ What percentage of what you raise will be used for prints and advertising in the event you cannot get a theatrical distribution deal and prior to you launching a full scale theatrical distribution company?

Depends on our AUM at time of production, the availability of screens for a platform release to evolve into a wide release, and the market for any loan facilities for additional P&A costs if we reasonably believe a wider release will merit a strong international revenue stream.

Q & A

- ▶ Why don't you want to partner with a movie studio for theatrical distribution and have your own distribution infrastructure?

Our final U.S. theatrical distribution strategy will be based on a number of different factors all related to what our maximum raise will be. If we are able to fully launch a theatrical distribution company similar to Summit, Lions Gate, New Line (prior to Time Warner), we can offer a higher ROI to investors. On the flip side, if our theatrical distribution strategy will be based on partnering up with a major film studio or an independent distributor, we will negotiate for a fair deal term before, during, or after a film's production. We have already entered into discussions with several major studios for potential distribution partnerships if we are not able to raise the maximum AUM.

Q & A

- ▶ Why have competitor film funds that were started by former studio executives or prolific movie producers historically failed?

In the last few years, the most successful film funds (Relativity + Legendary) were started by entrepreneurs with no film background. They succeeded primarily because they were able to identify certain structured finance models which may have minimized investment risk exclusive of revenues, they picked commercial film projects, and they hired experienced key executives that had both studio and independent film experience. Others competitors whose managing partners came out of studios simply had a lot of baggage and perhaps a one dimensional outlook that may have worked under the umbrella of a studio, the dynamics of their new business models didn't scale with the times in terms of excess overhead, story material, risk minimization, or they leveraged too much mezzanine and senior debt where the junior equity investors were last in line to see any revenues

Q & A

- ▶ Why should I invest in you when there are other film companies, producers, filmmakers, etc that have more of a track record?

We encourage any investor to explore other opportunities and educate themselves further before making an investment decision. However, there has never been a correlation between filmmakers and producers with box office hits in the past at a studio and their future success with private equity film funds or even single film finance. Further, 99.9% of even the top A-level film producers, directors, etc are not properly educated about minimizing investor risk using private equity, global film finance co-productions, and tax incentives.

Q & A

- **Who is your current management?**

Yuri Rutman – Managing Partner & CEO Noci Pictures Entertainment, LLC. Currently producing the \$15 million dollar film “Milwaukee” using Canadian & Michigan monetized tax credits, presales, gap finance (www.fidecinvest.com)

“Milwaukee” will be directed by David R. Ellis (“Snakes On A Plane”, “Cellular”, “The Final Destination”) and is being co-financed by Mind’s Eye Entertainment (www.mindseyepictures.com). Mr. Rutman recently executive produced “9 Mile”, a documentary about Bob Marley’s cousin which was the first film to be shot in Jamaica using 3D Technology (http://www.youtube.com/watch?v=Cy0-0_Nwss8).

He produced the 35 mm feature film “Mr. Id”, (<http://www.youtube.com/watch?v=JmTRkfEtMS8>) which was sold and licensed throughout the world and is available online as a Video on Demand Title at <http://store.payloadz.com/details/812006>.

Mr. Rutman also wrote the screenplay for “The Violinist” & “Layers”.

He has nearly 20 years experience in media & entertainment, start-ups, commercial real estate, and is also the head of 72 Equity (<http://www.72equity.com>) which provides business consulting , business planning, and online social media & marketing services.

Who is your current management? (cont'd)

Victor Sagalovsky – President, Noci Pictures Entertainment, LLC.

One of top 3D Film Producers And Stereographers in the entertainment business.

Previously worked for 3ality Digital (<http://www.3alitydigital.com/>) as a 3D stereographer and technical producer.

Wrote & directed “9 Mile” a documentary about Bob Marley’s cousin which was the first film to be shot in Jamaica using 3D Technology (http://www.youtube.com/watch?v=Cy0-0_Nwss8).

Worked on projects with U2, SOBE, Dreamworks, Fox Sports, NFL, Nascar, Kauai. Over 15 years experience in media & entertainment, startups, 3D technology.

Richard P. White (Partner/Advisor) – Bay Area Venture Capitalist and Angel Investor who provided the initial seed capital for Noci Pictures, Inc., the predecessor to Noci Pictures Entertainment, LLC, which lead to the production of “Mr. Id.” Currently the CTO and co-founder of Engate(<http://www.engage.com>) Previously, he was the founder of SERVON, Inc., ONPREM Network Corporation, and a managing director and partner of Byzantine Ventures, a San Francisco Venture Capital Company. He also founded Best Internet Communications which merged with Hiway Technologies which was eventually sold for \$350 million.

Q & A

- ▶ Where Can I Research more information?
- ▶ www.noci.com
- ▶ www.section181.blogspot.com
- ▶ www.linkedin.com/in/yurirutman
- ▶ http://ezinearticles.com/?expert=Yuri_Rutman
- ▶ www.screendaily.com
- ▶ http://money.cnn.com/2006/05/15/magazines/fortune/moneymen_futureof_fortune_052906/index.htm
- ▶ <http://www.contmag.com/2009/05/exclusive-interview-with-thomas-tull.html>
- ▶ http://www.businessweek.com/innovate/FineOnMedia/archives/2010/02/ryan_kavanaugh.html
- ▶ <http://www.vanityfair.com/hollywood/features/2010/03/kavanaugh-201003>
- ▶ http://en.wikipedia.org/wiki/Film_finance