

Barbarian Films, LLC  
Structured Film Investment Fund Overview

The following is an overview of the Barbarian Films structured film investment fund. The Barbarian Fund's strategy is to create risk adjusted non-correlated returns for investors through investment in independent film.

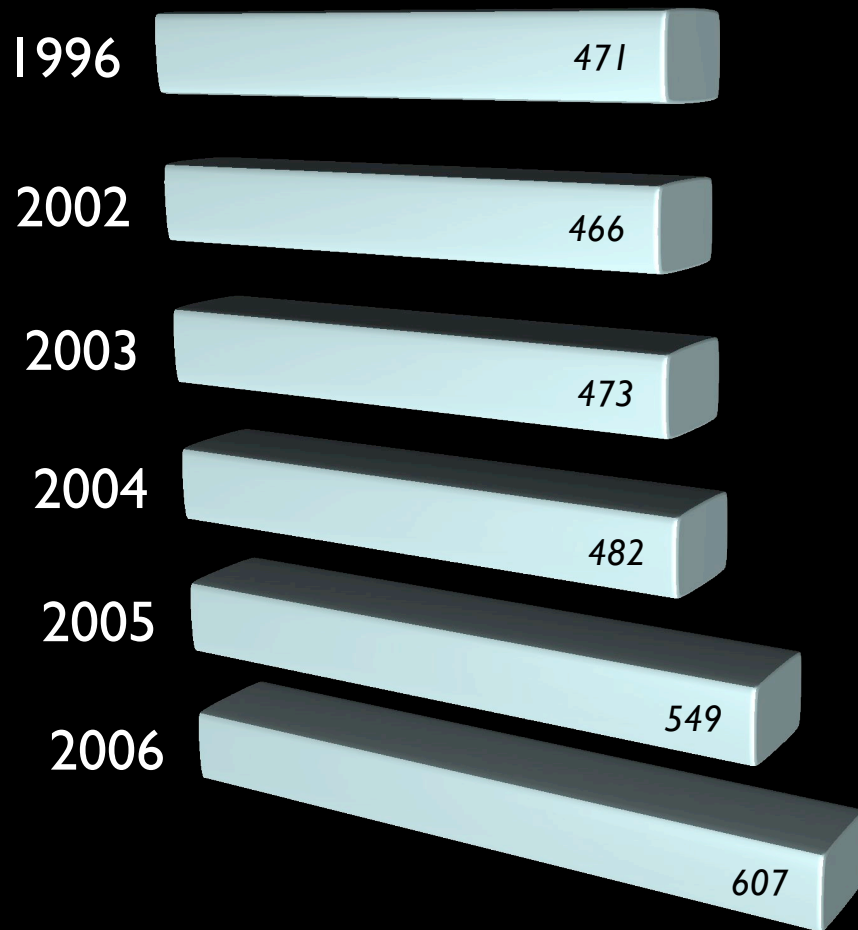
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Barbarian invests in and produces high quality / low budget films for sale to domestic and foreign studios and independent distributors. Barbarian leverages its relationships with best-in-breed film producers, production companies and creative talent to develop economically viable film investments.

The Barbarian Films Fund creates a cross collateralized basket of film investments for investors looking to participate in a mitigated risk film investment vehicle.

## Market Overview | Films Released Domestically

### Domestic Films Released Annually

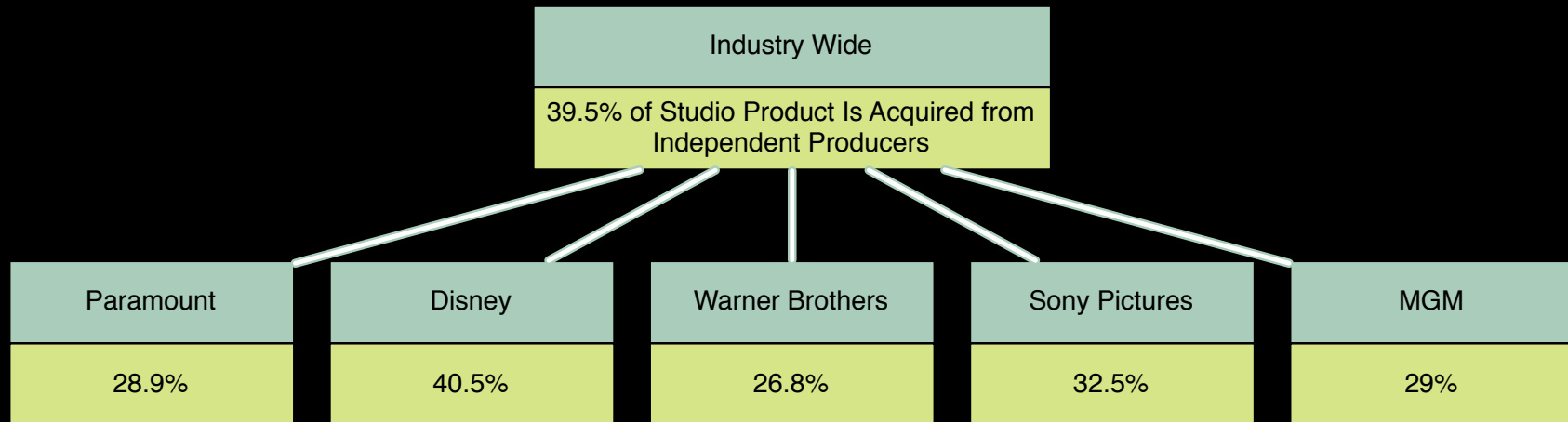


The increase in worldwide box office coupled with the addition of new media platforms has had a dramatic effect on the level of demand for additional film product:

- ▶ Consumer appetite for film product has grown consistently
- ▶ The demand and absorption of film product has grown dramatically
- ▶ The total films released in 2006 increased by 11% from 2005
- ▶ The total films released in 2005 grew 12% from 2004

**Source** | *MPAA 2006 U.S. Theatrical Market Statistics*

### Motion Picture Industry Reliance On Independently Produced Product



- ▶ 18% of the US Domestic Box Office comes from Independent Distributors
- ▶ 39.5% of studio released product is acquired from Independent Producers
- ▶ Studios rely heavily on Independent Producers to provide its product
- ▶ Increased demand for film product has created demand for independently produced product
- ▶ Increased levels of financing at the studio and distributor level has inflated the prices paid to acquire independently produced film product

**Source** | *Cofinancing to Manage Risk in the Motion Picture Industry*, Ronald L. Goettler, Phillip Leslie

## Independent Film | Most Profitable Films Of All Time

- Independent Producers Have Produced The Most Profitable Films Of All Time!
- Barbarian Films Production Partner: GreeneStreet Films' "In The Bedroom" is #9 Most Profitable Film Event Produced

Year	Movie	Distributor	Budget	Domestic Gross	Profit Ratio
1999	The Blair Witch Project	Artisan	\$35,000	\$141,000,000	4029
2004	Open Water	Lion's Gate	\$130,000	\$30,500,000	235
2004	Napoleon Dynamite	Fox Searchlight	\$400,000	\$44,500,000	111
2002	My Big Fat Greek Wedding	IFC Films	\$5,000,000	\$241,000,000	48
1997	Chasing Amy	Miramax	\$250,000	\$12,000,000	48
2004	Saw	Lion's Gate	\$1,200,000	\$55,200,000	46
2004	Super Size Me	Hart Sharp	\$65,000	\$11,500,000	38
2005	Saw 2	Lion's Gate	\$4,000,000	\$87,000,000	22
<b>2001</b>	<b>In The Bedroom</b>	<b>Miramax</b>	<b>\$1,700,000</b>	<b>\$35,900,000</b>	<b>21</b>
2005	Wolf Creek	Weinstein	\$1,000,000	\$16,200,000	16

Statistics originally published in Filmmaker Magazine and the Internet Movie Database. It is important to note that domestic box office numbers presented reflect only one source of revenue for independent films. The figures do not account for video, foreign sales, and other various sources of revenue.

# Market Overview | Opportunity Created For Independent Producers

## Hedge Fund Backed Studio Investment Vehicles

Virtual Studios

Legendary Pictures

Melrose Partners

Beverly

## Institutional Investment

Dresdner Kleinwort

Goldman Sachs

Royal Bank of Scotland

Merrill Lynch

Over \$6 Billion  
of Financing



The recent wave of institutional investment coupled with the increased demand for film product has created increased sales opportunities and inflated prices paid for product.

Independent  
Producers

## Data Point | Sundance 2007 Transactions

The 2007 Sundance Festival is an example of the expanded interest in low budget / independently produced and financed projects. The first week generated:

20 Films Sold | Over \$70 Million Spent  
More than 7 Films selling US Rights for more than \$4 Million

### **GRACE IS GONE**

\$4 Million / Weinstein Company

### **SON OF RAMBOW**

\$8 Million / Paramount Vantage

### **HOW SHE MOVE**

\$4 Million / Paramount Vantage

### **IN THE SHADOW OF THE MOON (Documentary)**

\$2.5 Million / Think Film

### **DEDICATION**

\$4 Million / Weinstein Company & First Look

### **LA MISMA LUNA**

\$5 Million / Weinstein Company & First Look

### **CLUBLAND**

\$4 Million / Warner Independent

### **WAITRESS**

\$4 Million / Fox Searchlight

### **JOSHUA**

\$3.7 Million / Fox Searchlight

### **THE TEN**

\$4.5 Million / ThinkFilm & City Lights

Barbarian Films, LLC  
Overview of Fund Methodology

## Barbarian Films | Investment Guidelines

Projects produced within the Barbarian Film Fund will closely adhere to a number of guidelines to ensure consistent success:

- ▶ Films budgeted under \$10 million
- ▶ Foreign sales estimates of at least 80% of film's budget
- ▶ Films to feature internationally marketable casts
- ▶ Films to adhere to internationally marketable genres such as: Thriller, Horror, Mystery, Romantic Comedy, etc.
- ▶ Films to be made with experienced and successful producers
- ▶ Equity Investment comprised of less than 40% equity
- ▶ Films to use domestic and foreign soft money and tax incentive programs

### Barbarian Core Philosophy

- ▶ Contained/Minimized production costs while maintaining high production quality;
- ▶ Internationally recognized talent; Internationally relevant film genres
- ▶ Fully leveraged film equity investments
- ▶ Acquiring developed projects thus dramatically lowering development costs
- ▶ Create returns for investors prior to consumer reception while protecting significant upside potential and ongoing returns

## Barbarian Films | Production Company Alliances

Barbarian develops its deal flow by partnering with best-in-breed producers and production companies who have shown consistent success. The following are Barbarian's initial production partnerships:

- ▶ **GreeneStreet Films** is a well respected producer of films such as *In The Bedroom*, *Uptown Girls*, *Swimfan*. The Academy Award Nominated *In The Bedroom* is the 9th most profitable film of all time.
- ▶ **Benderspink** has produced over 24 films and over \$1.6 Billion at the box office. Founded by managers JC Spink and Chris Bender, Benderspink has produced *The Ring*, *Red Eye*, *Cats and Dogs* and the *American Pie* Franchise. Benderspink will produce for Barbarian under the *Genre Films* moniker.
- ▶ **Original Media & RL Films** were chosen due to their flawless performance. Each company has produced more than three films each which have produced returns greater than 25% for their investors. Their films include: *Squid And The Whale* (Academy Award Nominee), *A Guide To Knowing Your Saints*, *Half Nelson* (Academy Award Nominee), *Kissing A Fool*, *Unknown*, *How To Rob A Bank* and others.

Benderspink

GreeneStreet  
Films

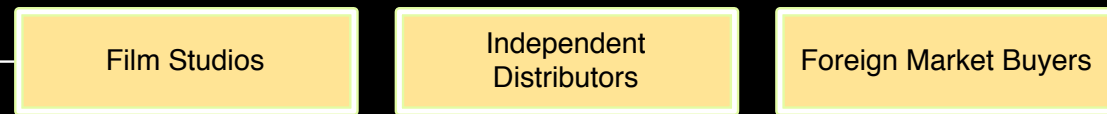
Original Media

RL Films

# Barbarian Films | Investment Methodology

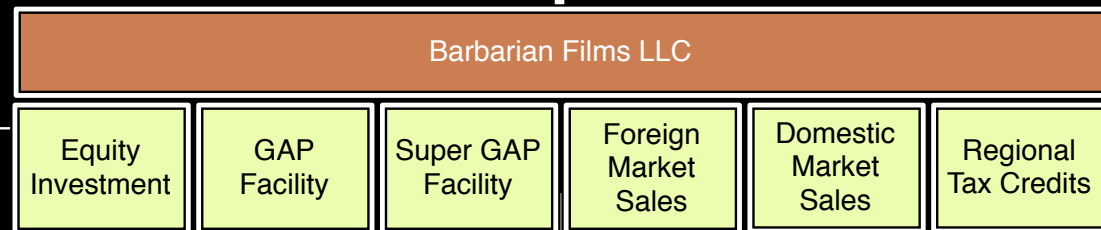
## Acquisition Tier

Barbarian Films to provide independently produced films for licensing and / or acquisition by Film Studios and Independent Distributors.



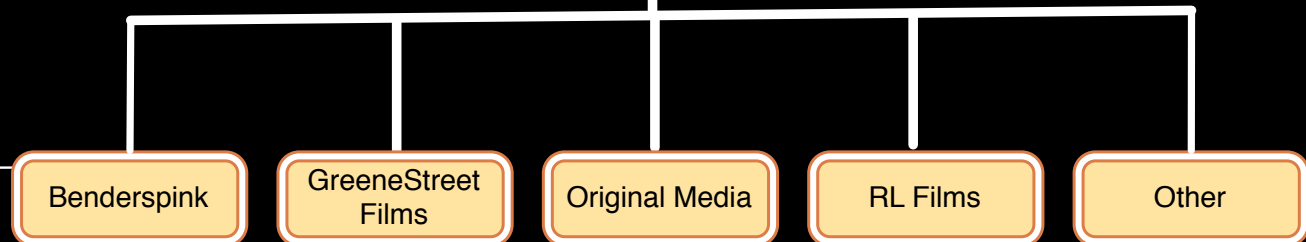
## Fund Service Tier

Barbarian Films to provide investment, production, marketing and sales services for producers.

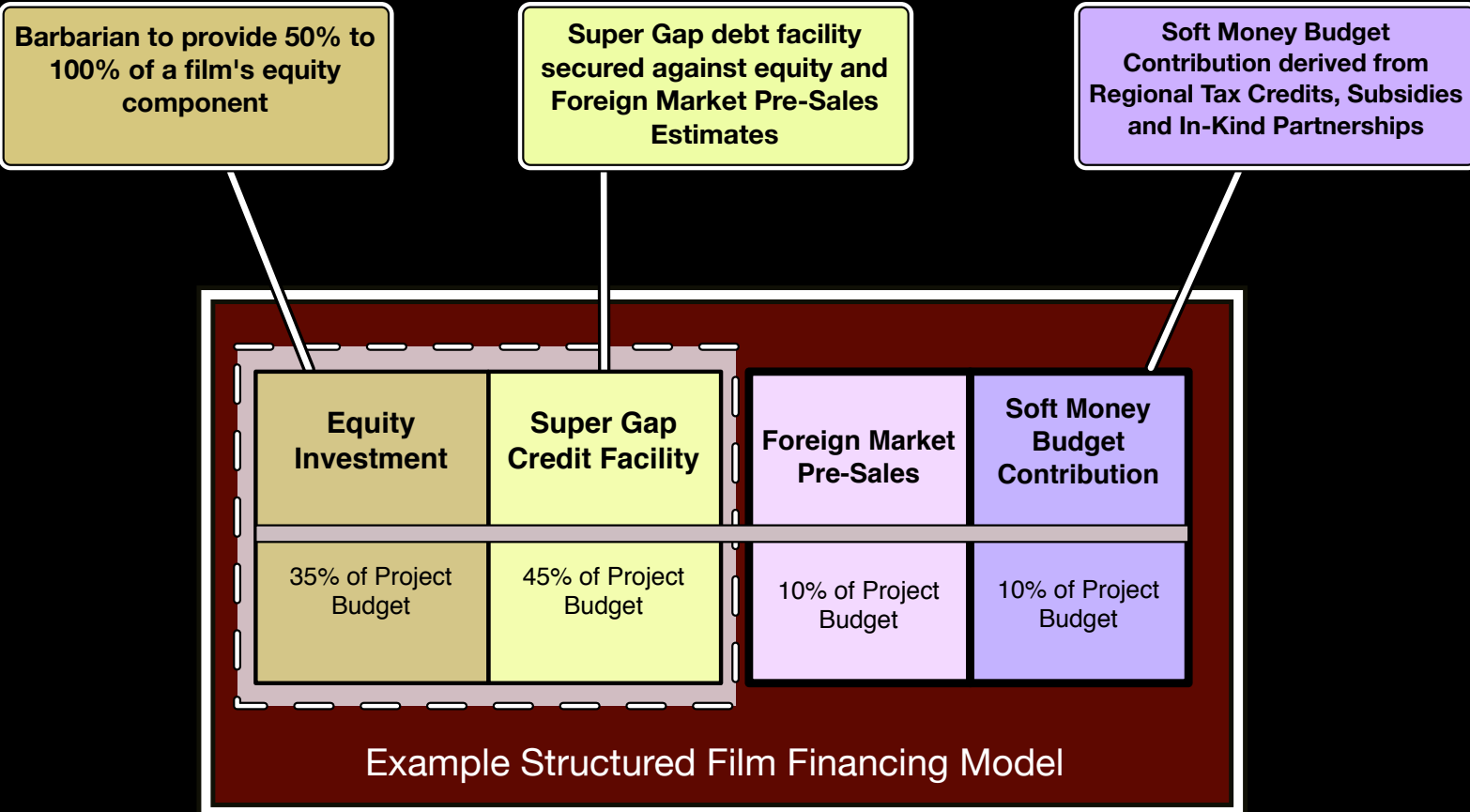


## Production Tier

Barbarian Films has partnered with best-in-breed films producers and production companies who have produced consistent success in the sub-\$10 million film realm.



## Barbarian Films | Investment Methodology

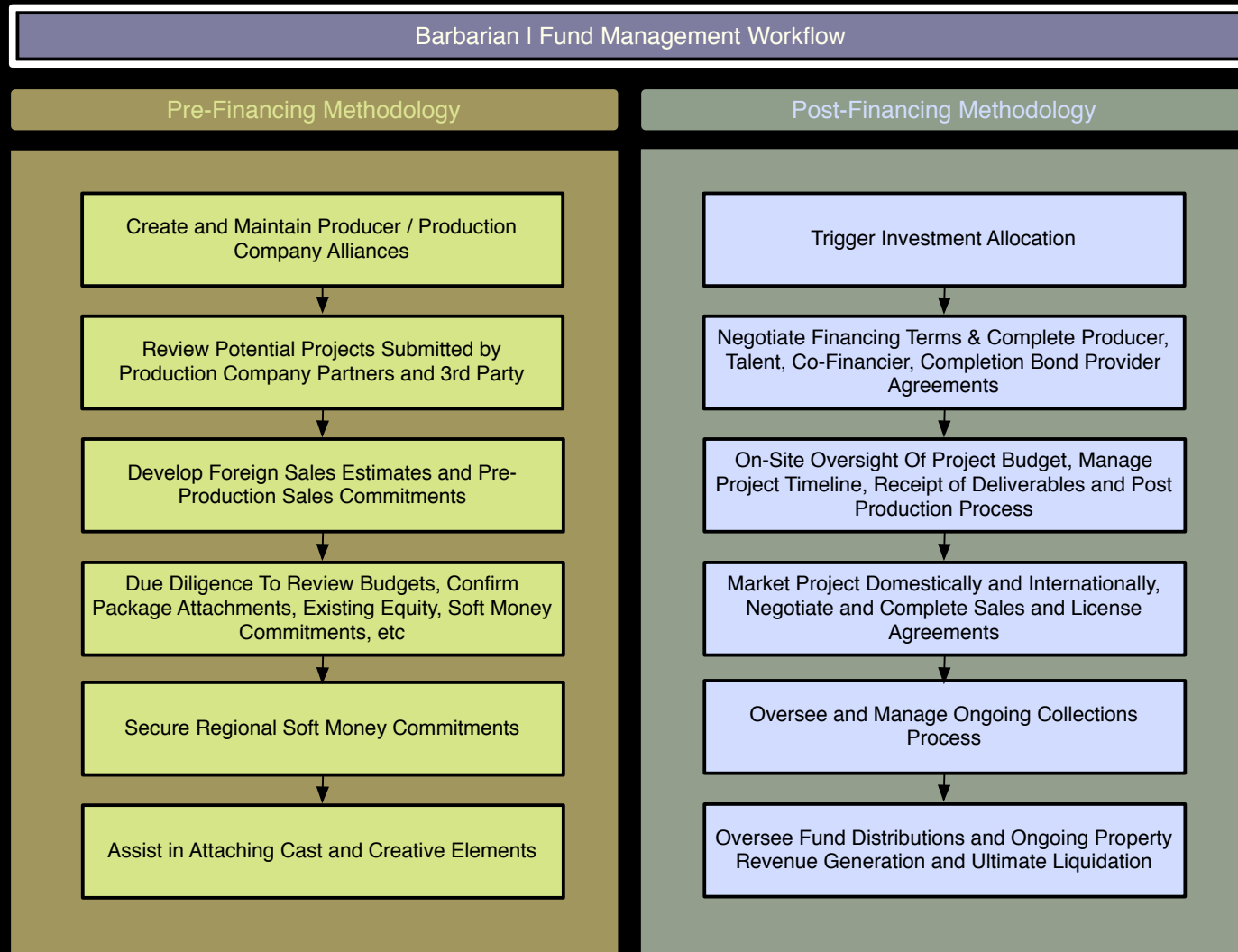


## Barbarian Films | Performance Scenarios

The following are three Barbarian Films Project Performance Scenarios. Acquisition and Performance numbers have been modeled using data from over 100 independent film transactions.

	Performance Level 1	Performance Level 2	Performance Level 3
Film Production Budget	\$5,000,000	\$5,000,000	\$5,000,000
<b>Equity Investment</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>
Foreign Pre-Sales	\$500,000	\$500,000	\$500,000
Super GAP Debt Provision	\$1,500,000	\$1,500,000	\$1,500,000
GAP Debt Provision	\$500,000	\$500,000	\$500,000
Soft Money Financing	\$500,000	\$500,000	\$500,000
Total Film Investment	\$4,500,000	\$4,500,000	\$4,500,000
<b>US Region Sale</b>	<b>\$2,255,000</b>	<b>\$2,375,000</b>	<b>\$2,500,000</b>
<b>Total Foreign Sales</b>	<b>\$3,087,546</b>	<b>\$3,371,550</b>	<b>\$3,675,000</b>
Total Pre-Release Revenue	\$5,274,896	\$5,675,300	\$6,100,000
<b>Total Pre-Release Profit Return</b>	<b>\$426,193</b>	<b>\$646,415</b>	<b>\$880,000</b>
Post Release Revenue	\$0	\$0	\$750,000
<b>Pre-Release Profit %</b>	<b>21.31 %</b>	<b>32.32%</b>	<b>81.50%</b>

# Barbarian Films | Fund Management Workflow

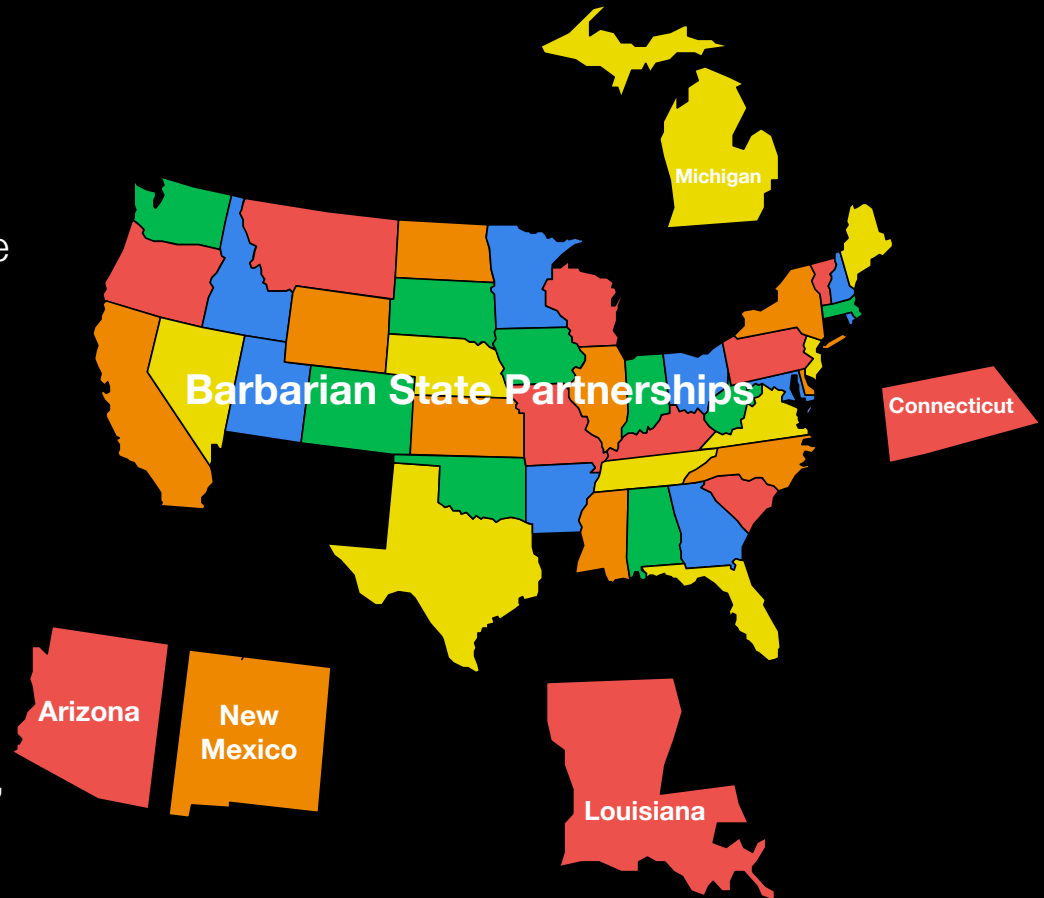


## Barbarian Films | Soft Money Budget Contribution

Numerous State Governments have introduced tax incentive and lease back programs to encourage film production. Barbarian maintains relationships with the following state film commissions:

- ▶ Arizona
- ▶ New Mexico
- ▶ Michigan
- ▶ Connecticut
- ▶ Louisiana

Barbarian has developed the needed relationships so as to monetize the tax programs offered. So called “soft money” incentives will generally make up at least 10% of a film’s budget.



## Performance | UNKNOWN

The following is based upon the current performance of UNKNOWN produced by Barbarian Production Company Partner: RL Films. The following results do not include revenue from home video, foreign box office performance and ancillary licensing. The following also does not include sales to all foreign markets.

- ▶ Budget \$4.085 Million
- ▶ Equity Investment: \$1.6 Million
- ▶ Bank Financing: \$2,050,000 Million (Secured against \$3.6M Foreign Pre-Sales)
- ▶ **US Region Sale: \$2.5 Million (The Weinstein Company)**
- ▶ **Foreign Sales: \$5.2 Million (Greenestreet Films)**
- ▶ Cost of Foreign Sales: 15% (\$1,075,000)
- ▶ Cost of Domestic Sales: 5% (\$125,000)
- ▶ SAG Residuals (% of Foreign Sales / \$260,000)
- ▶ **Total Revenue: \$7.7 Million**
- ▶ Total Fees (Foreign Sales, Domestic Sales): \$1,200,000
- ▶ Investment Return (prior to box-office performance): \$2,415,000 Million
- ▶ Profit Return to Equity Investor: \$1,207,500
- ▶ **% Return on Investment: 75.4%**



Aaron Kaufman  
119 5th Ave | 8th Floor  
New York, NY 10003  
646.839.6811 - T  
646.224.8270 - F  
[Aaron@WeAreBarbarians.com](mailto:Aaron@WeAreBarbarians.com)

Doug Kuber  
1801 Century Park East, 25th Floor  
Los Angeles, CA 90067  
310.553.2300 - T  
310.553.2345 - F  
[Doug@WeAreBarbarians.com](mailto:Doug@WeAreBarbarians.com)

Contact