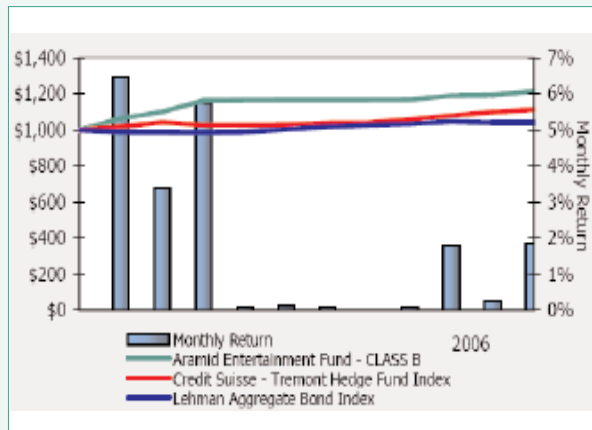


FINANCIAL FIX: ARAMID ENTERTAINMENT FUND



Growth of initial USD1,000.-
Source: Aramid Entertainment Fund

Focus: Asset-based lending to digital media - principally film and TV production markets. The fund provides short and medium term liquidity to producers and distributors of film, television and other media and entertainment content by way of loans secured against a variety of assets including, but not limited to: tax credits, the film rights, a producer's property asset, the film set, and personal or corporate guarantee revenue participation rights, distribution rights, underlying copyright, sales contracts and other receivables. Where appropriate, the fund may also take into the portfolio at its discretion equity or equity related positions in underlying investments.

Strength: expertise in the media and entertainment industry that the fund and its directors have, should give it a material advantage in managing the risks associated with this form of lending

Weaknesses: As interest rates rise so do returns and vice versa; liquidity constraints; (fee structure 3%/30% - retail class)

Opportunities:

The media and entertainment industry has a lot of participants, many of whom are poorly capitalised. It is anticipated that the lack of capital in the marketplace will create strong demand for the liquidity that the fund offers - justifying its premium pricing.

Threats: capacity constrained - (currently USD 250mn expected without having to go into more downstream mature assets)

Risk Assessment

☐ = low ☐ = low/moderate ☐ = moderate ☐ = moderate to high ☐ = high

Major risk lies in whether for eg. the film actually gets made

Ability to understand legal risk entailed: ☐☐☐☐☐

Ability to procure and scrutinise loan relevant documentation (in the event of a default; loan documentation must stand from a legal perspective): ☐☐☐☐☐

Accuracy in valuation of collateral and monitoring of collateral: ☐☐☐☐☐

Ability to identify and extract value from collateral: ☐☐☐☐☐

Ability to recover full value of collateral in a force sellers market: ☐☐☐☐☐

Ability to enforce default procedures: ☐☐☐☐☐

Ability to detect and mitigate fraud: ☐☐☐☐☐

Familiarity with how the intellectual property of film and other entertainment assets are valued, traded and sold: ☐☐☐☐☐

Theatrical performance risk: ☐☐☐☐☐

Leverage risk (the Fund intends to use leverage in tax credit discounting and mezzanine financing, by way of syndicating or laying off a part of these investments to a leading film finance bank): ☐☐☐☐☐

Key man risk: ☐☐☐☐☐

Performance Parameters

☐ = insufficient ☐☐ = adequate ☐☐☐ = satisfactory ☐☐☐☐ = good ☐☐☐☐☐ = outstanding

No of loans: expected to be 30 - 50 loans in the portfolio on a rolling annual basis

At USD50m - there will be approximately 25 loans to 15 borrowers on a rolling annual basis

Diversification:

Geographical market focus: US (65%) & UK (20%) initially, with other regions (ROW 15%) including, in due course, Europe, Australia and South Africa

No or minimal correlation between borrowers and cross-collateralisation wherever possible where more than one loan to one borrower

Separate film projects and team diversifies risk

Access to "deal flow": ☐☐☐☐☐

Presence of competitors: ☐☐☐☐☐

Outlook

↑ upside potential ↗ upside to range bound ↔ range bound ↘ range bound to down ↓ downside potential

Scope for such a fund: ↑ there is always a need for bridge financing

Liquidation timescale - under normal circumstances: 540 days

Barriers to entry: Expertise, network

Ability to deliver returns over:

the next 12 months: high

the next 3 years: high

Worst case scenario: fee structure bridge finance is at 10% for first 4 weeks and then 1%/week thereafter, so should be protected on interest rate decrease. Facility fees on tax credits and mezz of 5-10% also protects against downturn in interest rates

Investment Insights

Target audience: institutional and retail: min initial investment USD1m /USD 50,000

Fund targets: 20% net annualised return

Hurdle rate 2% per quarter +high water mark

Base currency: USD

Level of complexity for an investor: low

Available to investors: globally

Fees: management 2%/3%; performance- 20%;30%

Redemption fee: 3% in first 12 months/1.5% in the first 12-18 months