ZOETROPIA

2016

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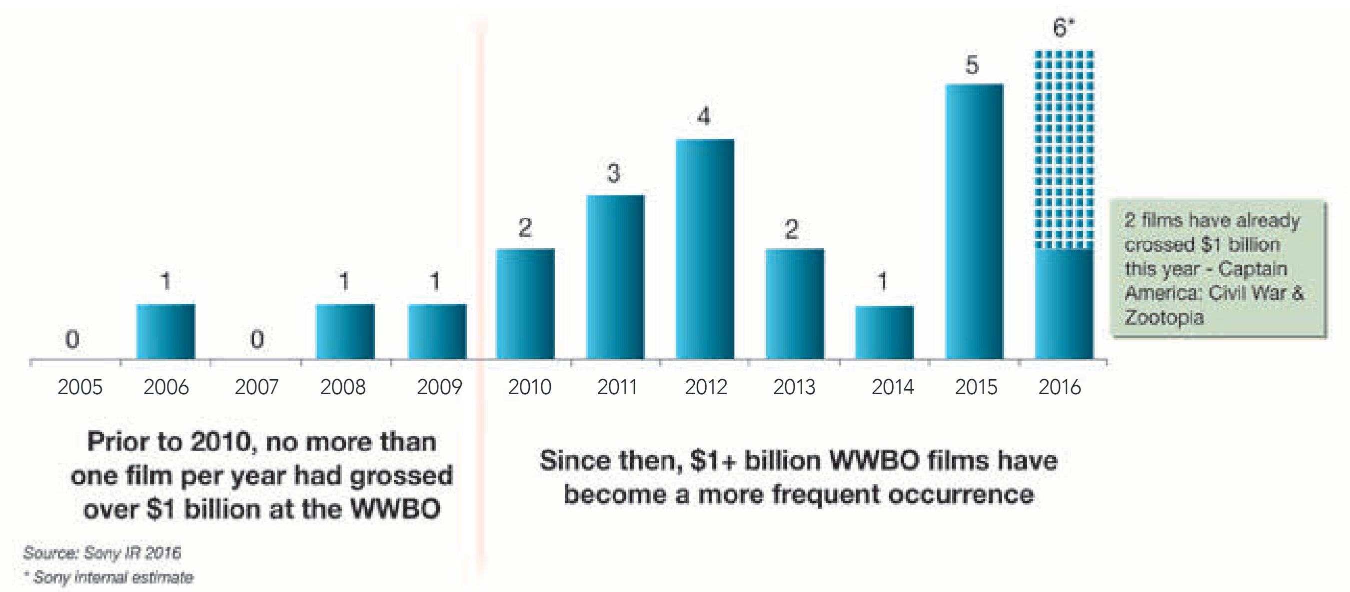
// THE BURGEONING BILLION DOLLAR CLUB

Prior to 2010, no more than one film per year grossed over $1 billion at the WWBO. Since then $1+ billion films have become a more frequent occurrence. Total worldwide entertainment and media revenues will rise at a compound annual growth rate (CAGR) of 4.4% in nominal terms over the coming five years, from US$1.72 trillion in 2015 to US$2.14 trillion in 2020, according to PwC's Global entertainment and media outlook 2016–2020. Box office resilience underscores the continuing popularity of the cinematic experience.

// FOR SUCCESSFUL FILMS, THERE IS MORE UPSIDE THEN EVER

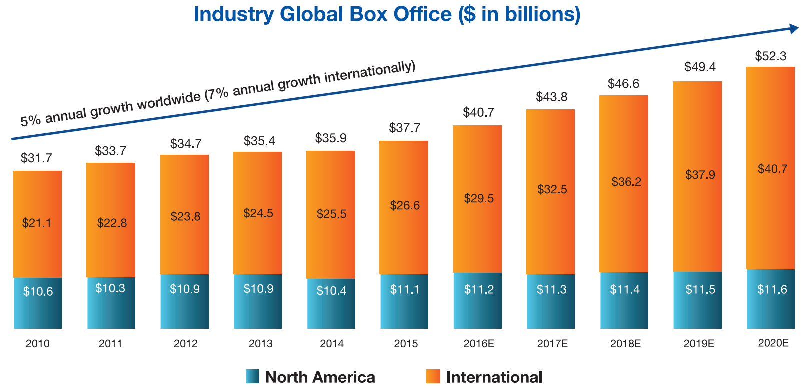
Number of films grossing over $1 Billion
of Worldwide box office



// STEADY SUSTAINED GLOBAL GROWTH ACROSS DELIVERY STREAMS

GLOBAL BOX OFFICE GROWTH DRIVEN BY INTERNATIONAL MARKETS

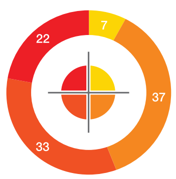
Industry Global Box Office ($ in billions)



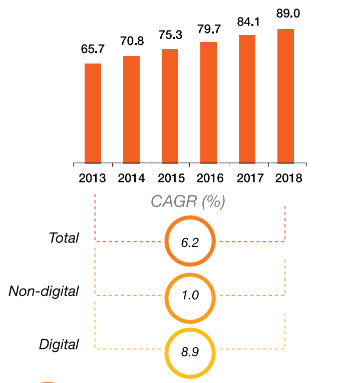
Sony IR 2016
Note: "E" = Estimate (e.g., 2016E = Calendar Year 2016 Estimate)

Video games

Four Quadrants Geographic Breakdown (%)



Global Aggregate Spending ($bn)



Insights at a Glance

Mobile is delivering a new generation of gamers.

New features will sustain interest in console gaming.

Improved online offerings will drive digital console games revenue.

Social and casual gaming will continue to attract non-gamers, but the market is difficult to monetise.

Microtransactions are widening gaming participation.

Highest growth country (2013 – 2018 CAGR) 23.7 Saudi Arabia

Lowest growth country (2013 – 2018 CAGR) 1.8 Switzerland

Source: PWC Global Entertainment and Media Outlook 2016

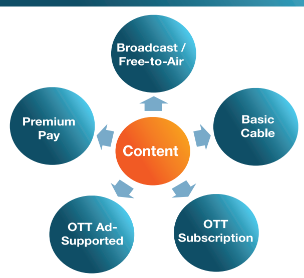
Consumer behaviour is driving change in the tv landscape

Growing universe of connected devices and new technology are powering consumer viewing

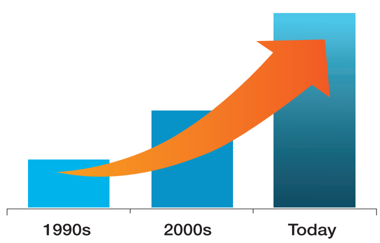
4.56

Growing international television sales generating more distribution opportunities for motion pictures

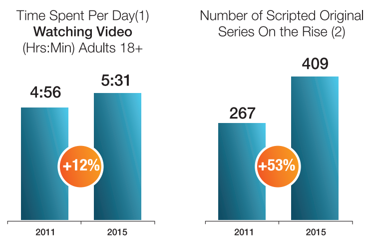
More types of domestic and international content buyers



Significant growth in the number of television buyers worldwide



Increase in viewing has created a robust demand for high-quality, original content



Sony IR 2016
(1) Source: eMarketer, April 2015, Television & Digital Video Viewing (includes time spent watching digital video via game console, connected TV or OTT device). U.S. Total Day, A18+
(2) Source: Based on report issued on 12/15/15 by FX Networks Research, as published in AdWeek, December 16, 2015

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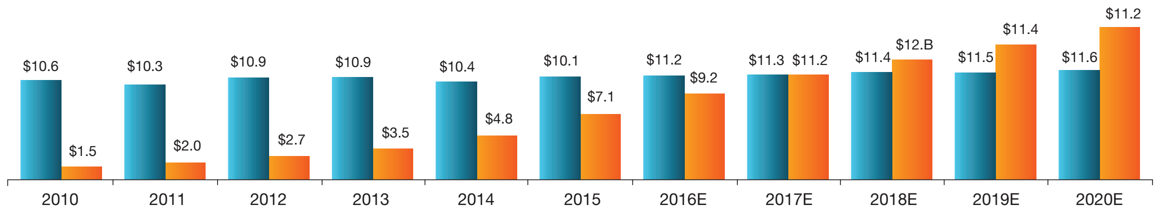
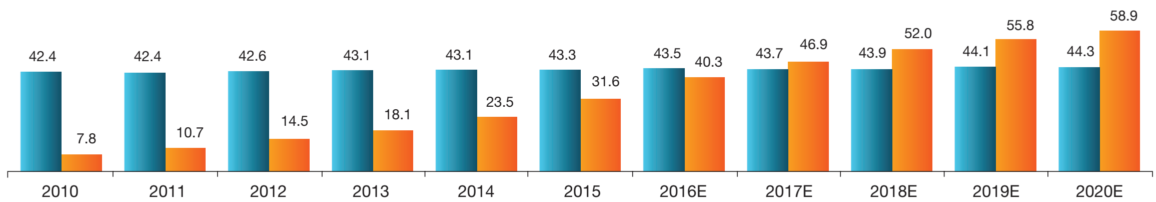
// NEW MARKETS EMERGE...

THE METEORIC RISE OF CHINA





Source: Sony IR 2016
Note: "E" = Estimate (e.g., 2016E = Calendar Year 2016 Estimate)

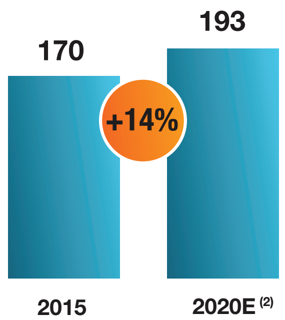
... WHILE OTHERS EVOLVE //

INDIA CONTINUES TO STAND OUT AS A HIGH-PRIORITY MARKET

TODAY: Top 10 – Number of TV Households in 2015 (1)

1	China	404
2	India	170
3	U.S.	119
4	Indonesia	66
5	Brazil	62
6	Russia	56
7	Japan	51
8	Germany	39
9	Mexico	28
10	France	28

FUTURE: Strong growth of TV Households in India (1)



Competitive Position (3)

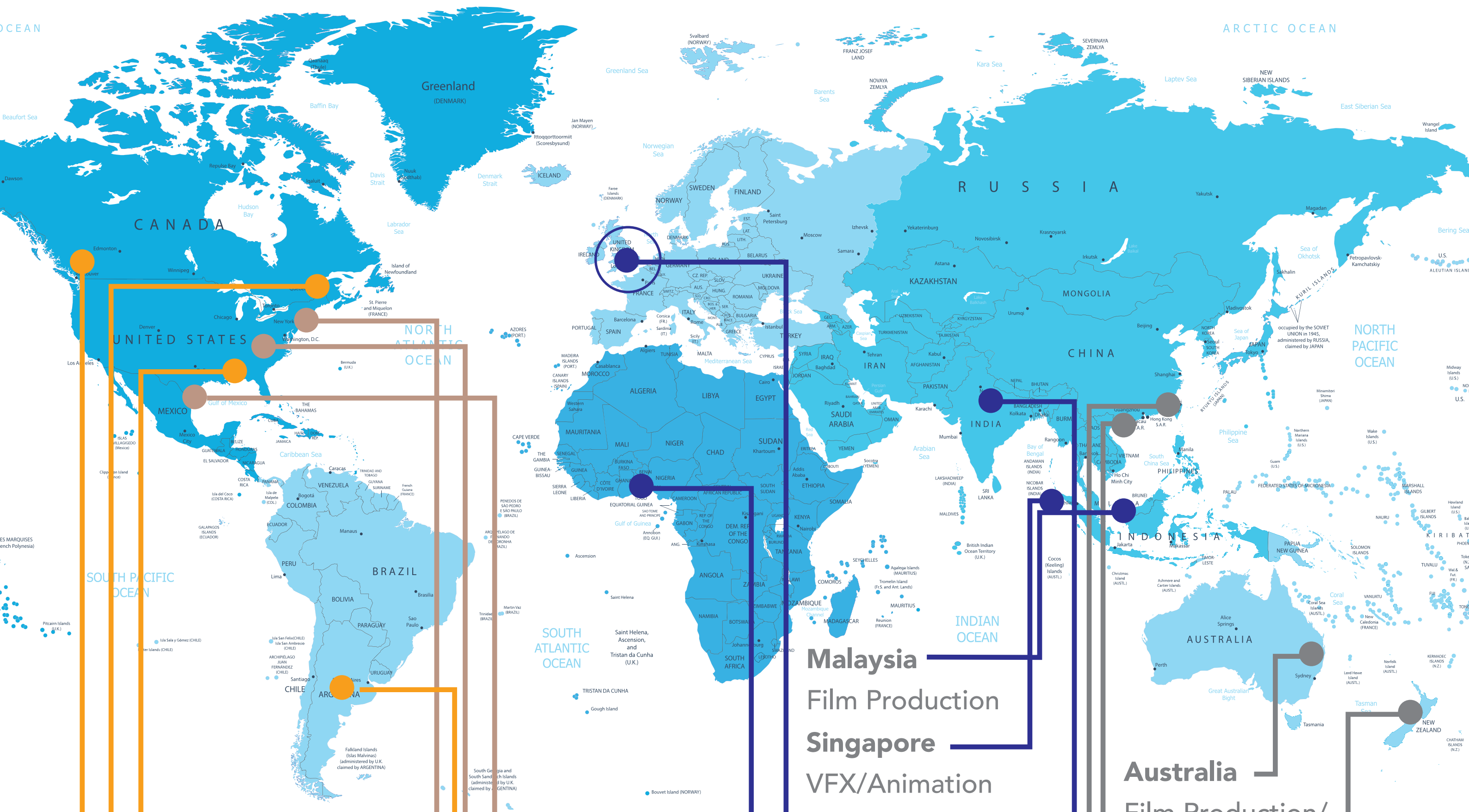
SPT is established as a top network operator in India with two of the top six Hindi general entertainment channels:

SONY SAB
SONY ENTERTAINMENT TELEVISION

Sony IR 2016
(1) Source: IHS, May 26, 2016
(2) Note: "E" = Estimate (e.g., 2020E = Calendar Year 2020 Estimate)
(3) Source: BARC Ratings for Hindi General Entertainment Channels, Week 22 (June 9, 2016)

Hispanics are the fastest-growing ethnic group in the United States, and their passion for movies is unsurpassed. The group bought 25 percent of the tickets sold in 2013 though they comprise just 17 percent of the population, according to the Motion Picture Association of America's year-end study.

// IT'S NO LONGER A ONE TOWN INDUSTRY



Vancouver
Film Production/VFX

Montreal
Games

Louisiana
Film Production

Argentina
Film Production

Georgia (USA)
Film Production

Austin (Texas)
Games

New York
TV

Malaysia
Film Production

Singapore
VFX/Animation

UK
Film Production/VFX

India
Film Production/ VFX/Animation

Nigeria
Film Production

Australia
Film Production/ VFX/Animation

Shanghai
Film Production

South Korea
VFX

New Zealand
Film Production/VFX

The introduction of tax incentives for film making in Canada in the mid 1990's triggered the dispersion of the industry away from LA.

Today virtually none of the big budget tentpole movies are made in California.

// THE CONTENT CREATION MAP OF THE WORLD TODAY IS GEOGRAPHY NEUTRAL

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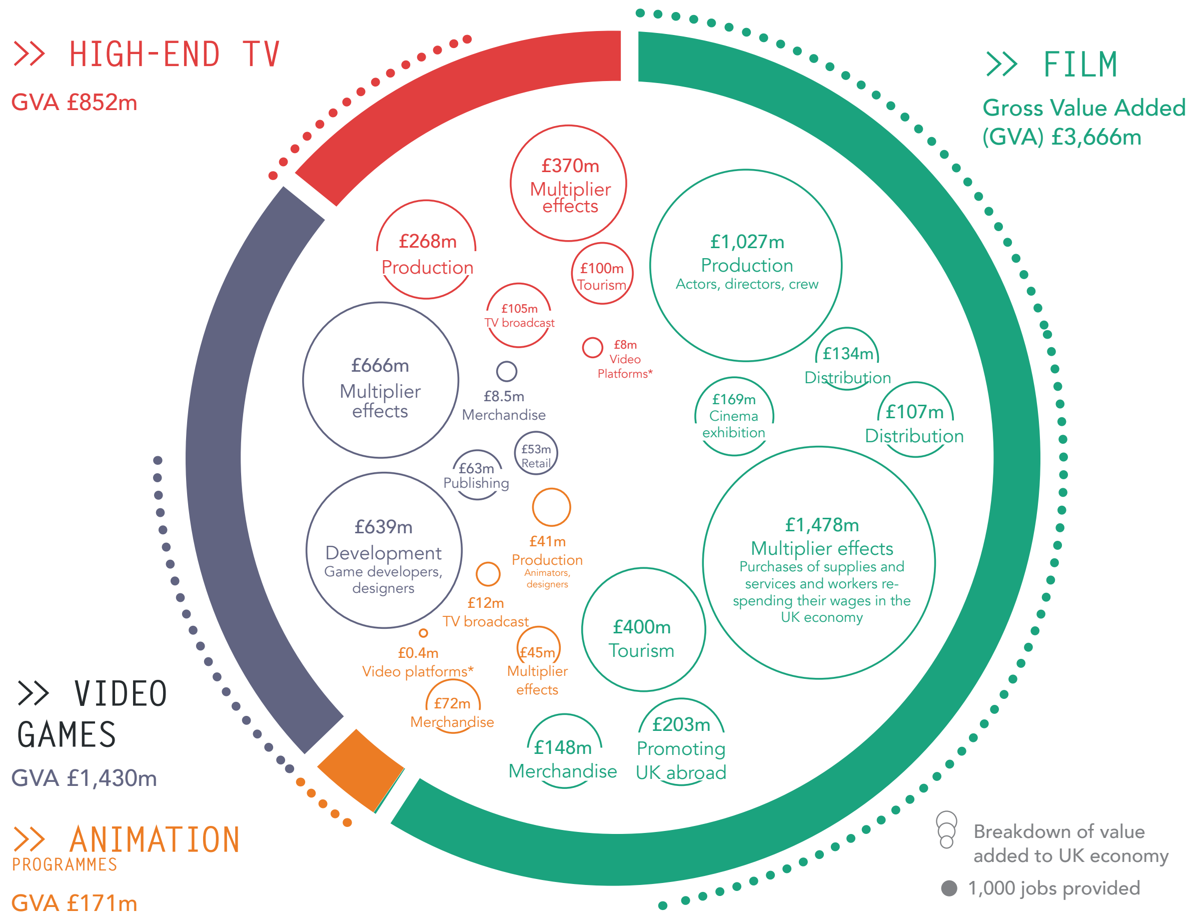
// CASE STUDY ANALYSIS

THE UK IS HOME TO THE MODERN BLOCKBUSTER

AND SCREEN INDUSTRIES GENERATE OVER £6b FOR THE ECONOMY



OVER 1.5M SQFT OF STAGE SPACE AVAILABLE AND YET…

Largest stage over 20,000sq ft Studio	Sound stage	Clear space	Stage 1	Stage 2	Stage 3	Stage 4
Pinewood and Shepperton Studios	Yes	Yes	59,052sq ft/41ft	30,044sq ft/50ft	30,040sq ft/50ft	30,000sq ft/45ft
Warner Bros. Studios Leavesden	Yes	Yes	48,400sq ft/30ft	38,400sq ft/38ft	33,600sq ft/30ft	31,200sq ft/45ft
Longcross Studios	No	Yes	42,000sq ft/50ft	17,628sq ft/50ft	12,375sq ft/33ft	4,225sq ft/35ft
Black Hangar Studios	No	Yes	32,000sq ft/33ft	-	-	-
Millennium Studios	Yes	Yes	31,421sq ft/33ft	5,530sq ft/33ft	-	-
The Sharp Project Studios	No	Yes	29,600sq ft/27ft	10,530sq ft/25ft	6,200sq ft/25ft	3,700sq ft/25ft

Largest stage 10-20,000sq ft Studio	Sound stage	Clear space	Stage 1	Stage 2	Stage 3	Stage 4
LS-Live Studios	No	Yes	17,664sq ft/54ft	-	-	-
The Bottle Yard Studios	No	No	17,287sq ft/27ft	16,000sq ft/27ft	12,400sq ft/27ft	7,113sq ft/65ft
Studio81	No	Yes	16,100sq ft/17ft	-	-	-
Elstree Studios	Yes	Yes	15,770sq ft/49ft	15,770sq ft/49ft	5,500sq ft/25ft	4,880sq ft/32ft
dock10 Studios	Yes	Yes	12,500sq ft/46ft	7,500sq ft/37ft	6,250sq ft/37ft	4,300sq ft/26ft
Maidstone Studios	Yes	Yes	12,000sq ft/28ft	6,000sq ft/26ft	2,000sq ft/26ft	500sq ft/13ft
BBC Studios and Post Production	Yes	Yes	11,000sq ft/32.8ft	7,500sq ft/32ft	7,000sq ft/32ft	-
The Space Project Studios	Yes	Yes	11,194sq ft/30ft	18,634sq ft/30 ft	10,128sq ft/21 ft	10,128sq ft/21 ft

Largest stage under 10,000sq ft Studio	Sound stage	Clear space	Stage 1	Stage 2	Stage 3	Stage 4
The Backstage Centre Studios	Yes	Yes	8,432sq ft/48.5ft	-	-	-
The North Light Film Studios	No	No	6,850sq ft/19ft	5,538sq ft/19ft	2,582sq ft/12ft	1,607sq ft/12ft
Nottingham University Studios	Yes	Yes	6,000sq ft/30ft	2,000sq ft/30ft	-	-
The Pie Factory Studios	Yes	Yes	6,800sq ft/25ft	5,500sq ft/25ft	3,000sq ft/25ft	-
Epic Studios	Yes	Yes	6,000sq ft/19ft	1,000sq ft/16ft	1,000sq ft/16ft	-
Prime Studios	Yes	Yes	5,150sq ft/13ft	2,064sq ft/16ft	874sq ft/11ft	-

7 Leavesden Films 1995 - 2005 **BLOCKBUSTERS**

24 Leavesden Films 2005 - 2016 **BLOCKBUSTERS**

- Movies are being delayed due to lack of stage availability
- New stages are being built to obsolete paradigms (which are over 100 years old).

TOTAL STAGES IN UK	88+
STAGES > 60K SQFT	0
STAGES > 40K SQFT	3
STAGES > 30K SQFT	8

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Cinema has shaped the world, and is one of the finest marketing tools available. The American Dream is a Hollywood invention

// A HISTORY OF DOMINATION ... RESILIENCE... AND IRRESPONSIBILITY

- MGM and other studios were amongst the most profitable companies in the world during the Great Depression. The disintegration of the traditional studio model destroyed profitability
- Investors rarely see any money back from films – in fact its widely accepted that film investments are a guaranteed loss making proposition
- Today the massive excess in supply of crew and equipment has created significant downtimes that impact unit costs across the board, causing budgets to explode

“It’s a mess.
It’s total chaos...”

George Lucas
(Director, Producer)

“There’s eventually going to be an implosion… a few mega-budget movies are going to go crashing… that’s going to change the paradigm”

Steven Spielberg
(Director, Producer)

// THE OSTRICH EFFECT

Although the entire process from capture to output is now digital, the industry has kept its head firmly buried in the sand with regards to the adoption of readily available technologies that would streamline processes and build efficiencies. The constant stream of external sources of finance has allowed the industry to escape the strenuous process analysis and rectification that swept every industry in the 90's.

Union controls have continued to ensure extremely low mechanisation/ automation. Studios are in the grip of union agreements signed in the early 20th century and there are no independent producers of any scale who can buck this trend.

Workflow realignments have been erratic: Holistic rethinking is necessary to incorporate the latest available automation technology from other industries and eliminate/ minimise non skilled/ semi-skilled labour from the production process.

> "Facts do not cease to exist because they are ignored."
>
> Aldus Huxley
>
> (Author - Complete Essays Vol 2 - 1926 to 1929)

WHILE EVERYONE TALKS OF FISCAL DISCIPLINE THERE HAS BEEN NO ATTEMPT TO RE-ENGINEER THE PROCESS AND BUILD A NEW PIPELINE

“Ring out the old...
Ring in the new...”

Alfred Lord Tennyson
(Poet Laureate)

// WELCOME TO
ZOETROPIA

where cinema
meets technology
in an ecologically
sustainable artist
haven...

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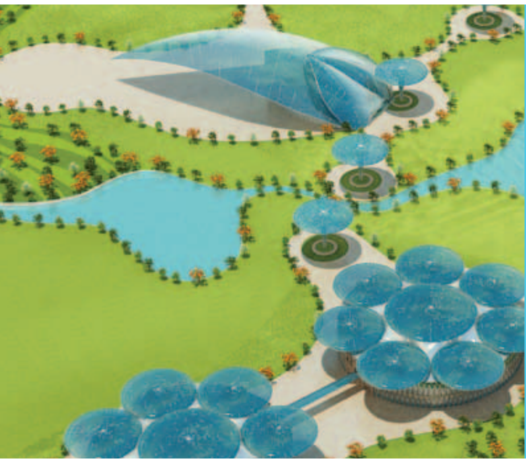
// THE CONTENT CREATION FACILITY FOR TOMORROW

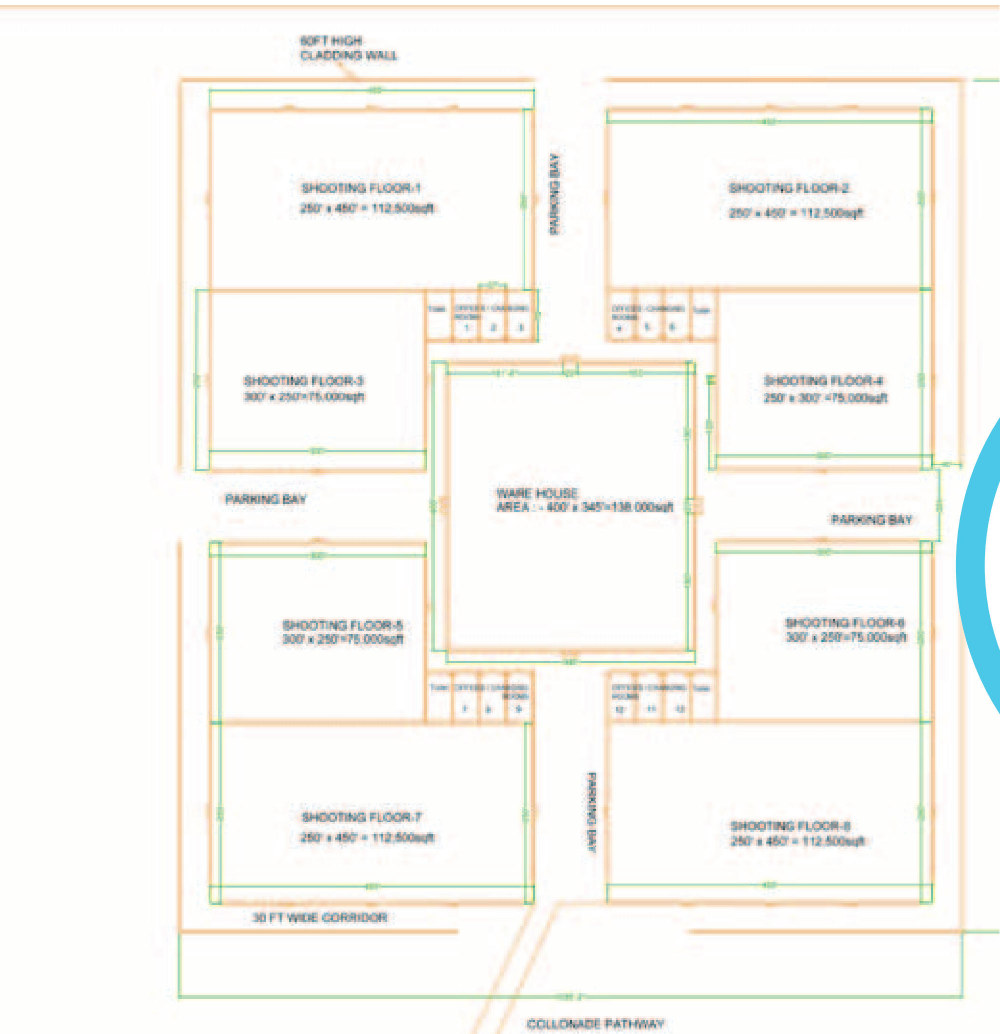


9 SOUNDSTAGES –

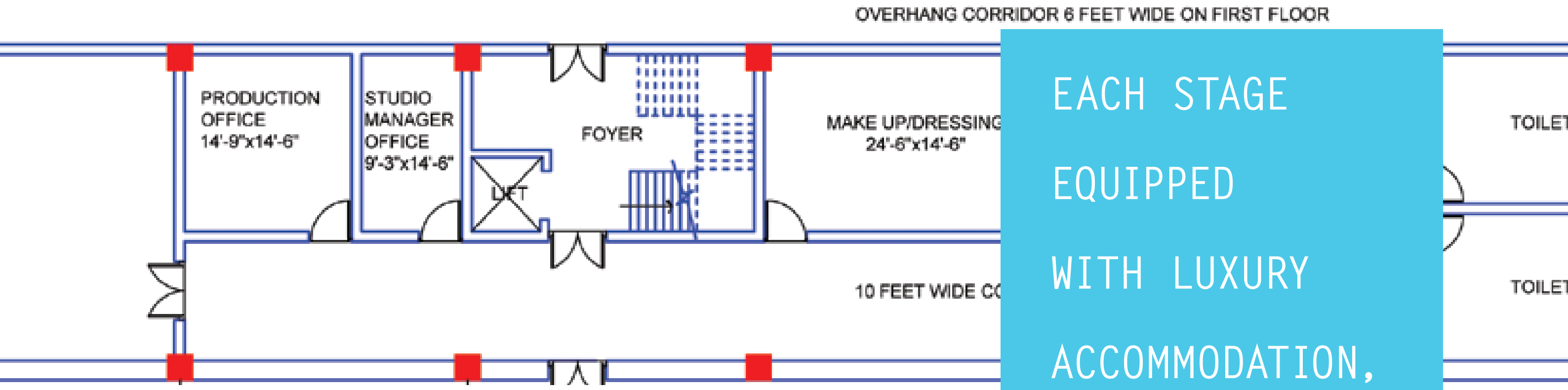
TOTAL AREA OF 700,000 SQ FEET

OF STAGE SPACE BUILT AROUND A

150,00 SQ FT CENTRAL WAREHOUSE



FEATURING THE BIGGEST SOUND STAGES IN THE WORLD



EACH STAGE EQUIPPED WITH LUXURY ACCOMMODATION, MAKEUP AND COSTUME FACILITIES

- Robotic enabled shooting floors enabling rapid realignment of lights, sets and camera positions
- Floating walls for sets enabling multi camera shooting
- Carousel: multiple pre-lit sets eliminating set up time

FULLY INTEGRATED END TO END FACILITY POST AND VFX

GOOGLEPLEX INSPIRED FULL SERVICE RESIDENTIAL COMPLEX FOR PERMANENT CREW

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// RE-SETTING THE COST BASIS...

THE REINTEGRATION EFFECT

saves 30% - 45% as compared to arm's length production cost

Types of Films, Budget Categories and Average Budgets

	VFX / SciFi	Average Budget	VFX / Action	Average Budget	Suspense Thriller	Average Budget	Horror	Average Budget
Arm's Length Prod Costs	$20 - 40m	$30.0	$20 - 30m	$25.0	$10 - 25m	$17.5	$1 - 3m	$2.0
Above-the-Line	10%	3.0	30%	7.5	30%	5.3	10%	0.2
Crew Wages	20%	6.0	20%	5.0	25%	4.4	30%	0.6
Equipment	15%	4.5	15%	3.8	10%	1.8	15%	0.3
Locations	5%	1.5	5%	1.3	10%	1.8	10%	0.2
Post-Production	50%	15.0	30%	7.5	25%	4.4	35%	0.7
Total	**100%**	**$30.0**	**100%**	**$25.0**	**100%**	**$17.5**	**100%**	**$2.0**

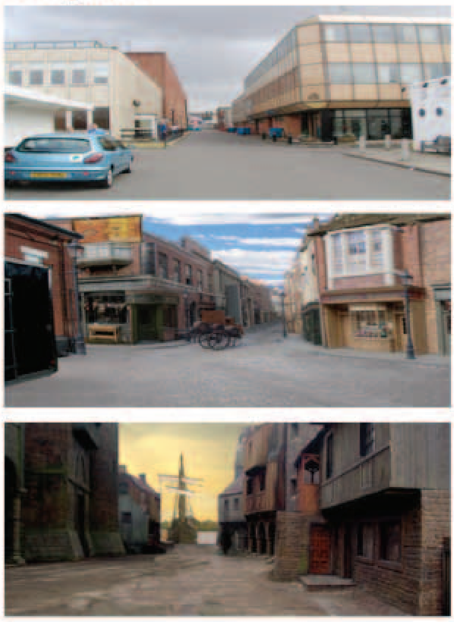
Anticipated Savings through Vertical Integration per Film

		VFX / SciFi Cost Savings	VFX / Action Cost Savings	Suspense Thriller Cost Savings	Horror Cost Savings
Above-the-Line	0%	-	-	-	-
Crew Wages	60%	3.6	3.0	2.6	0.4
Equipment	25%	1.1	0.9	0.4	0.1
Locations	30%	0.5	0.4	0.5	0.1
Post-Production	50%	7.5	3.8	2.2	0.4
Total Savings per Film		**$12.7**	**$8.1**	**$5.8**	**$0.8**
in %		42.3%	32.3%	33.0%	42.3%

...WHILE ALLOWING UNLIMITED CREATIVE FREEDOM

THE DIGITAL AGE   Multiple cityscapes utilising a single location

Example A

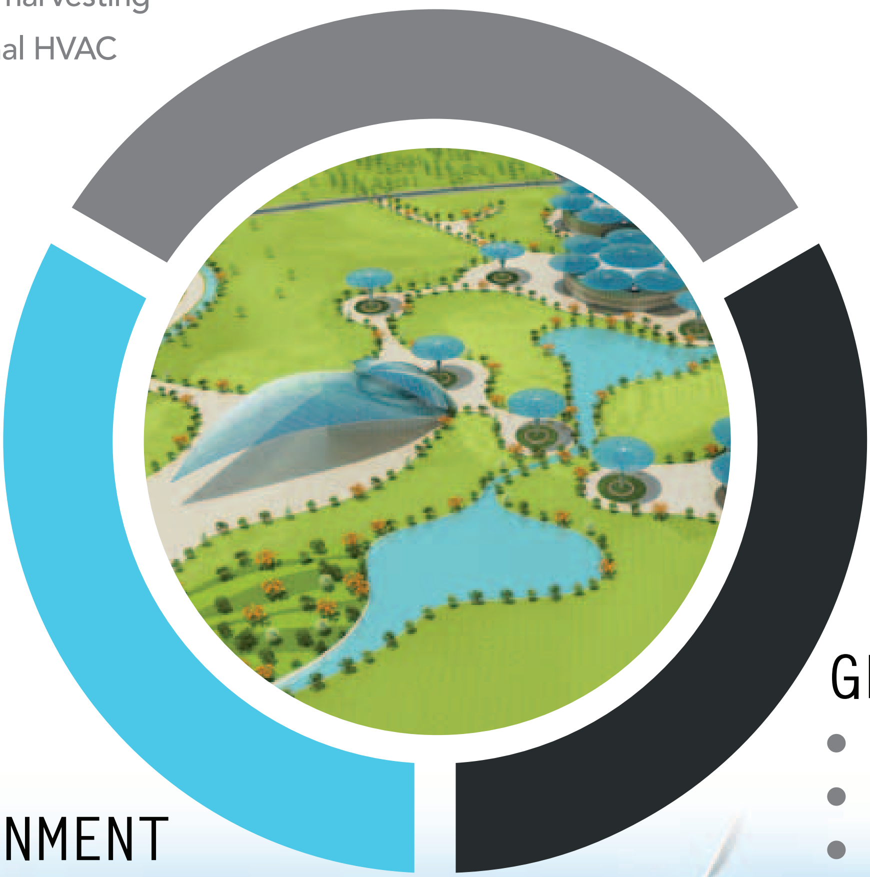


Example B

// AND IT IS GREEN!!!

CONSUMPTION OPTIMISATION

- Underground waste management
- Rainwater harvesting
- Geothermal HVAC



ENERGY GENERATION

- Solar panels
- Solar biotanic trees
- Mini hydel plans

ENVIRONMENT CONSERVATION

- Carbon free transportation
- Reforestation
- Sustainable housing

// INFUSING TECHNOLOGY TO REDUCE THE EFFECT OF TRADITIONALLY HIGH IMPACT MATERIALS TO ENABLE HIGH END DESIGN AESTHETIC AT MINIMAL ENVIRONMENTAL IMPACT

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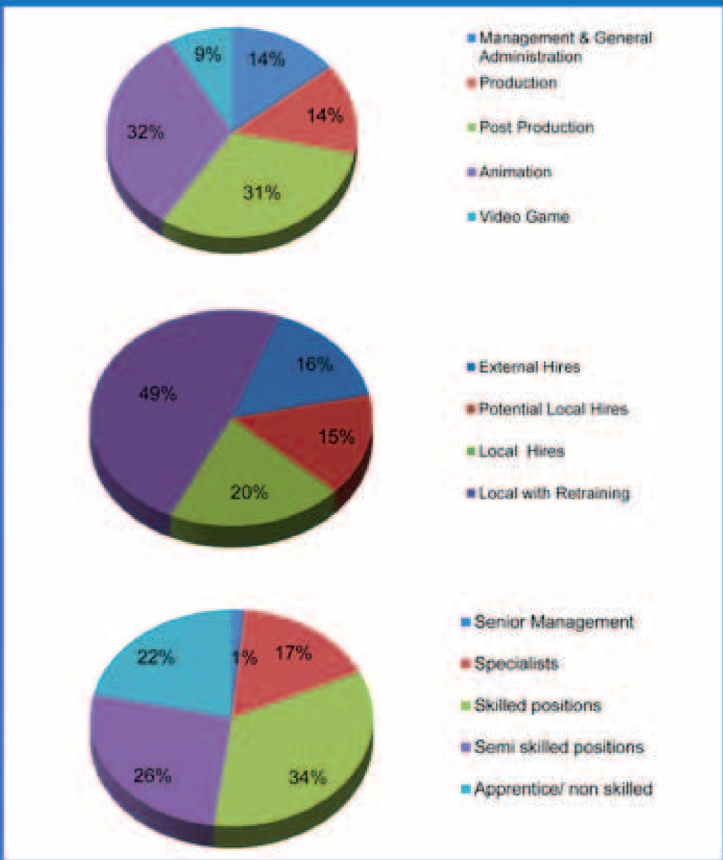
// OVER 2300 PERMANENT NEW JOBS... AT LEAST 1578 HIRED LOCALLY

ZOETROPIA : STAFFING ANALYSIS

OVERALL	
Management & General Administration	329
Production	320
Post Production	715
Animation	743
Video Game	194
	2301
GEOGRAPHIC PROFILE	
External Hires	368
Potential Local Hires	354
Local Hires	464
Local with Retraining	1115
TOTAL	2301
SKILL PROFILE	
Senior Management	34
Specialists	380
Skilled positions	783
Semi skilled positions	609
Apprentice/ non skilled	495
TOTAL	2301



THE MEDIENTE SKILLS PROGRAM FEATURING APPRENTICESHIPS FOR SCHOOLS AND UNIVERSITIES AND SKILLS RETRAINING FOR CURRENTLY UNEMPLOYED.

THE GROUNDBREAKING "MEDIENTE DISCOVERY" PROGRAM FOR FIRST TIME FILMMAKERS.

AT LEAST 12 FILMS EVERY YEAR; 6 RESERVED FOR WOMEN FILMMAKERS.

// MEDIENTE

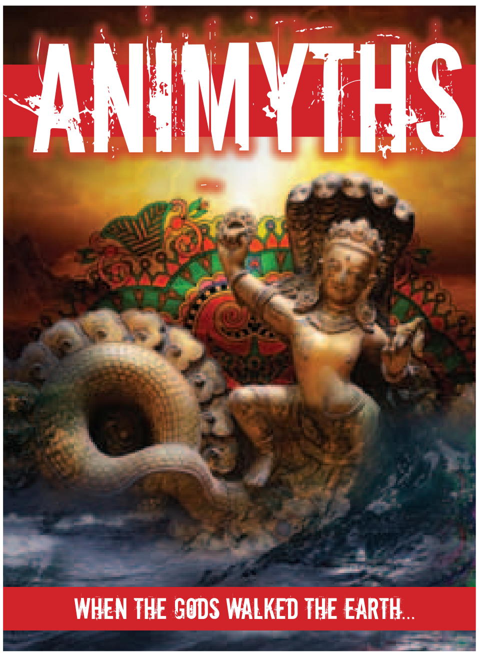
Mediente specialises in creating entertaining and socially relevant cinema in multiple languages for audiences around the globe. Founded in 2002 in Mumbai, India, Mediente operates in the USA, UK, Malta and Dubai.

Championing new talent and high concept ideas is key to Mediente's production strategy. Our filmography includes indie gems like Yellow (Nick Cassavetes), Aakashagopuram (K P Kumaran), Bollywood cult classics like Bombay Boys and genre films like Storage 24. Mediente's latest film is Battle for Banaras, a critically acclaimed feature documentary on Indian Prime Minister Narendra Modi's 2014 elections.

As well as working with established voices, we have a strong focus on nurturing emerging talent to bring powerful and distinctive stories to the screen.

We are currently developing two mega slates - Hellbrooke Manor and Animyths. Hellbrooke features some of the most exciting voices from around the world - award winning directors from Chile, Bulgaria, USA and the UK working together to author a slate of six horror films. Animyths is our maiden foray into the magical world of Animation.

35 FILMS IN DEVELOPMENT IN 7 DIFFERENT LANGUAGES



www.mediente.com

ZOETROPIA

“

Reject the tyranny of OR
Embrace the genius of AND*

”

// QUALITY & SPEED

// BEAUTIFUL & FUNCTIONAL

// CREATIVE & EFFICIENT

WELCOME TO
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*Built to Last: Successful Habits of Visionary Companies.
James Collins, Jerry Porras.

MEDIENTE

India UK Malta USA Dubai

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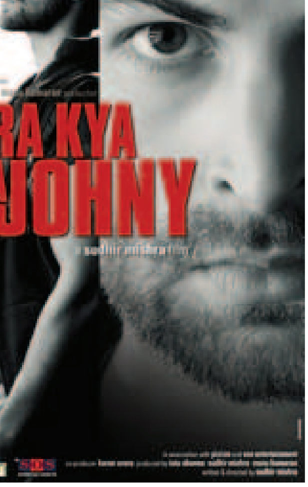

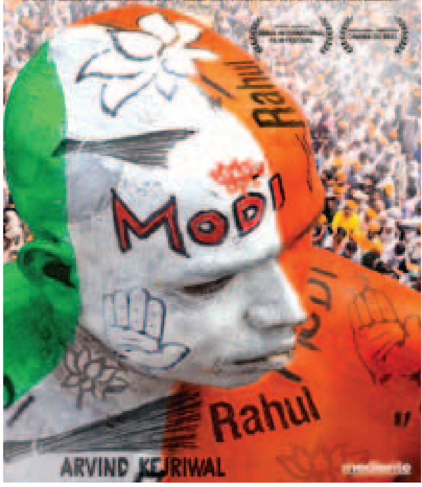

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