

AL BRAVO STUDIOS

Why Invest In Film?

- A movie is a better investment than real estate, stocks, or precious metals in terms of potential profit vs. risk
- Real estate can only be accessed by so many potential customers, and can only be sold or rented to a limited number of people at a time—but a film can be distributed worldwide to an unlimited number of people who can buy or rent it simultaneously
- There is a set cost to make a film, but there is no limit to the money it can earn in the future from theatrical release, DVD sales, cable TV release, Pay-Per-View, syndication, foreign revenues, and more
- Example: Blair Witch Project cost \$5,000 and grossed over \$150,000,000
- For a 1 million dollar film investment you have over 800x the income potential over a 20 year period

How Do We Know Film Will Continue To Be A Good Investment?

- Rising Birth Rate: every year more than 100 million people are born - each of those people have never seen a single movie before, and have an entire lifetime ahead of them in which to spend money viewing, renting, or buying films, film spinoffs, and merchandise
- Leisure-Based Society: our country and the world have been steadily moving toward a leisure-based society since the 1950s. As more work becomes computerized and automated, people have more free time to spend watching films
- Retirees: as people begin to retire sooner and live longer, a new demographic of film consumers with free time and disposable income grows

Why Films Continue To Earn Money For Decades:

- Foreign Market: profits from foreign release and distribution often exceed a film's domestic gross
- Rentals: a film can make 5 million through rentals alone if it is purchased by just 25% of video rental stores
- Television Release: popular films will experience a cable TV release (HBO, Cinemax, etc.), a Pay-Per-View release, and syndication, when it is released to individual television channels—syndication alone can earn double the film's

theatrical gross

- Online Purchase: it is now possible for viewers to rent or buy a film without ever going to a theatre or store, and view it on their TV, computer, phone, tablet or iPod, thanks to digital distribution services like Netflix, iTunes, Amazon Instant, and more
- DVD Sales: many people watch movies they like more than once—once in the theatre, and once on TV or DVD. Family-friendly films in particular are often purchased on DVD because children enjoy watching the same films over and over
- Merchandise: films can earn money through sales of music, books, artwork, clothing, accessories, replicas, games, and more that are based on the film
- Movies Improve With Age: a movie can flop at the box office, but gain popularity later as a cult classic, or because it features an actor who was unknown at the time but went on to be famous

Risk Is Relative:

- Failures in film are widely discussed because of the high-profile nature of the industry
- People often cite these failures as a reason not to invest in film
- Other industries do not necessarily have fewer failures, they simply have failures that are quietly swept under the rug
- Because of the massive earning potential of any given film, a film investor can afford to lose 3 out of 4 investments and still break even

Development Investment:

- You can invest in the development of a movie project and recoup your money as soon as the movie goes into production, and still retain ownership in future distribution profits
- Development investment means you are investing in the story, the talent package, and the producer's ability to get the project financed and see it through development, completion and marketing
- This usually gets you the most points (units of ownership) per dollar
- These points rise in value very quickly and continue to rise, potentially forever