



THE FILM ENTREPRENEUR:

A Newsletter for Independent Filmmakers and Investors



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INDIE BOX OFFICE UP 18% IN FIRST QUARTER

For the first three months of 2016, the independent segment of the box office was \$988 million and 18 percent ahead of the same period last year, a big change from the end of 2015. The major reason for the dramatic difference is \$144 million more in revenue from films with moderate grosses (those earning between \$10 million and \$40 million). Films earning \$20 million and \$49 million were 45 percent higher, and those grossing between \$10 million and \$19 million were up 199 percent. A majority of these films also had budgets that were less than \$20 million. (Ed. Note: Budgets are not yet available for all the films.)

Among holdovers from 2015, the Best Picture nominees *The Big Short* and *The Hateful Eight* made the biggest contribution to the total revenue with \$86.9 million. The Best Picture winner, *Spotlight*, earned more than half of its revenue through the end of March of this year; and, nominee *Room* is still in theaters having tripled its gross over the end of 2015. On the other hand, there was not a dominant big-budget film. *The Divergent Series: Allegiant* earned only \$42.7 million compared to \$93.4 million for *Insurgent*, the first film in the franchise. Both films were released in the same week in their respective years. The total box office for the same period saw an increase of 12 percent. Moving forward, it looks like independent filmmakers can feel comfortable with the state of their market segment. ■

SOUTH BY SOUTHWEST FILM FESTIVAL

The 23rd edition of the **South By Southwest Festival** (SXSW) ran March 13th-19th in Austin, Texas with film leading off the three-pronged event which also includes interactive and music sections. The festival screened 139 of the 2,456 feature-length films submitted (1,476 from the U.S. and 990 international), including 52 from first-time filmmakers, 89 world premieres, 14 North American premieres and seven U.S. premieres. There also were 114 short films screened from an additional 4,779 submissions. “South by Southwest has never just been a film festival.

It's always been something unique nestled within these other really interesting events," Janet Pierson, head of SXSW told *The Hollywood Reporter* in an interview. "It's that cross-pollination that's fantastic."

The interactive keynote was delivered by President Obama, the first time a sitting president has spoken at the event. His first goal was to recruit innovative digital experts for the federal government. The second was to explain his position on unlocking some cell phones. He stated his support of strong encryption. On the other hand, "If there's probable cause to think you have abducted a child or engaged in a terror plot," he said, ". . . Some constraints we impose to make sure [people are] safe. . . You cannot take an absolutist view on this. Fetishizing our phones above every other value . . . can't be the right answer." Michelle Obama was part of her own keynote with a panel tilted "Let Girls Learn" that also Queen Latifah, Sophia Bush, Diane Warren and Missy Elliott. Addressing the men in the audience, Mrs. Obama said, "If you've got a seat at the table, and every seat is taken by men, you need to fix that table."

AND THE SXSW PRIZE GOES TO . . .


AWARD	FILM	FILMMAKER
Narrative Grand Jury	<i>The Arbalest</i>	Adam Pinney
Narrative Special Jury, Best Actor	<i>Hunter Gatherer</i>	Andre Royo
Narrative Special Jury, Best Actress	<i>Miss Stevens</i>	Lily Rabe
Documentary Feature	<i>Tower</i>	Keith Maitland
Special Jury, Portrait Documentary	<i>Accidental Courtesy: Daryl Davis, Race & America</i>	Matt Ornstein
Cinematography Special Jury	<i>The Seer</i>	Lee Daniel
Short Films		
Narrative Winner	<i>How Was Your Day?</i>	Damien O'Donnell
Narrative Special Jury, Acting	<i>Thunder Road</i>	Jim Cummings
Narrative Special Jury, Writing	<i>Greener Grass</i>	Jocelyn DeBoer, Dawn Luebbe

Documentary Winner	<i>These C*cksucking Tears</i>	Dan Taberski
Special Jury	<i>Dollhouse</i>	Terri Timely
Midnight Winner	<i>Manoman</i>	Simon Cartwright
Midnight Special Jury	<i>Don't tell Mom</i>	Sawako Kabuki
Animated Winner	<i>Glove</i>	Alexa Lim Haas, Bernardo Britto
Animated Special Jury	<i>Pombo Loves You</i>	Steve Warne
Music Video Winner	<i>Childish Gambino: Sober</i>	Hiro Murai
Texas Shorts		
Winner	<i>The Send-Off</i>	Ivete Lucas, Patrick Bresnan
Special Jury, Acting	<i>1985</i>	Lindsay Pulsipher
High School Winner	<i>Lady of Paint Creek</i>	Alexia Salingaros
Special Jury	<i>The Archer Hadley Story</i>	Ben Root & Alex Treviño
SXSW Film Poster Design	<i>Miss Me: The Artful Vandal</i>	Miss Me
SXSW Film Poster Design Special Jury	<i>Night Stalker Eat My Shit</i>	New Media Ltd Octavio Terol
Excellence in Title Design	<i>Sunstone</i>	Aimée Duchamp
SXSW Special Awards		
Gamechanger	<i>My Blind Brother</i>	Sophie Goodhart
Louis Black "Lone Star"	<i>Tower</i>	Keith Maitland
Karen Schemer Film Editing Fellowship	–	Eileen Meyer
Audience		
Narrative Feature	<i>Transpecos</i>	Greg Kwedar
Documentary Feature	<i>Tower</i>	Keith Maitland
Headliners	<i>Demolition</i>	Jean-Marc Vallee
Narrative Spotlight	<i>From Nowhere</i>	Matthew Newton


Documentary Spotlight	<i>Mr. Gaga</i>	Tomer Heymann
Visions	<i>Jules and Dolores</i>	Caito Ortiz
Midnighters	<i>I Am a Hero</i>	Shinsuke Sato
Episodic	<i>Vice Principals</i>	Jody Hill, David Gordon Green, Danny McBride
24 Beats Per Second	<i>Honky Tonk Heaven: Legend of the Broken Spoke</i>	Brenda Greene Mitchell, Sam Wainwright Douglas
SXGlobal	<i>Ghostland</i>	Simon Stadler
Festival Favorite	<i>Gleason</i>	Clay Tweel
SXSW Excellence in Title Design	<i>We Are X</i>	Allison Brownmoore of Blue Spill



THE RELATIVITY BANKRUPTCY SAGA ENDS — WE HOPE

Relativity will take advantage of Canadian film incentives now that they have a local partner Relativity Media officially emerged from bankruptcy on March 18th. Since *TFE*'s last report, Trigger Street's Kevin Spacey decided not to run the studio, but his producer, Dana Brunetti, became Relativity's Head of the Motion Picture and Television Group. Brunetti and CEO will both decide which projects to produce and acquire. On March 15th Kavanaugh admitted to the bankruptcy judge that the company did not have \$100 million in expected pledged equity. On the 17th, however, he said that the company had made a \$400 million film financing pact with Maple Leaf Films. Run by Tove Christensen (the older brother of Hayden Christensen) and Canadian hedge fund guru Michael Wexler, Maple Leaf Films is an offshoot of Wexler's Maple Leaf Capital Group of companies focusing on hedge funds, real estate and film finance. Wexler and Christensen have been involved in Hollywood since 2012 but want to be more seriously involved. The two previously formed Glacier Films which produced *American Heist* and *Cooties*. Relativity released an announcement that Maple Leaf will finance 75 percent of future Relativity films for the next five years. With several films previously scheduled for release through 2018, Relativity is focusing on output deals and co-financing agreements with budgets of \$20M-\$60M, as well as producing content suitable to foreign markets such as China. There also is likelihood that Relativity will take advantage of Canadian incentives now that they have a local partner. 

PARE LORENTZ DOCUMENTARY FUND ACCEPTING APPLICATIONS

The Pare Lorentz Documentary Fund provides annual production grants totaling \$195,000 to be used in the creation of original, independent documentary films that illuminate pressing issues in the United States. Grants will be made to up to 12 projects that tell a compelling story and focus on one of Pare Lorentz's central concerns the appropriate use of the natural environment, justice for all and the illumination of pressing social problems. For application guidelines and other information, go to: <http://www.documentary.org/pare-lorentz-guidelines>.

COMINGS AND GOINGS

Indie distributor Alchemy has been having major financial problem. Deadline.com first reported in February that the company had reduced its workforce by as much as 40 to 50 percent. In addition, Alchemy struck a deal with A24 to take over release of *The Lobster* due to "cash flow issues." The former Millennium Entertainment, the management led by CEO Bill Lee joined with private investment firm Virgo Investment Group when Virgo acquired the Millennium Entertainment library and distribution platform from Nu Image/Millennium Films in August, 2014. Renamed Alchemy, the new company was an aggressive buyer at film festivals and released its first film, *Meet the Patels*. In July 2015, Alchemy also acquired ANconnect and Anderson Digital and formed a strategic alliance with ARC Entertainment, all three of which "the company says consolidates its status as the largest non-studio aggregator for Walmart, Target, Best Buy and Sam's Club" (*TFE*, July 2015). According to Indiewire.com, however, by the end of 2015, their potential started "to crumble as the new merger forced Alchemy into a liquidity crisis that now threatens its entire future." As one insider told the online trade, "they basically bought the farm on the DVD business." Lee exited Alchemy as CEO in an early-December. For more details, go to: <http://deadline.com/2016/02/alchemy-1201703924/>
<http://www.indiewire.com/article/how-the-dvd-business-is-destroying-alchemy-20160217>

Carolco Pictures has returned after more than 20 years. Brick Top Productions, Inc. has officially changed its name and stock symbols to Carolco Pictures, the legendary name behind dozens of film blockbusters such as *Rambo*, *Basic Instinct* and *Total Recall*. In a press release, the company said that Mario Kassir, Carolco's former founder, has been named Chief Development Executive pursuant to a multi-million dollar contractual condition precedent to fund his newest film project *Audition*. The second Carolco production in more than 20 years, it is a psychological horror-drama directed by Richard Gray. The first film under the new name is *Nick the Doorman*. Kassir previously released 36 motion pictures which were nominated for 16 Academy Awards. In total, his films as producer and executive producer have grossed more than \$3 billion (today's value) in worldwide theatrical box office.

The BeIn Media Group has purchased **Miramax** and that company's library containing more than 700 films with 282 Oscar nominations, 68 Oscars and four Best Pictures. Shareholders selling their stake in Miramax included Qatar Investment Authority and Colony Capital. BeIn, which was founded in 2014, is headquartered in Doha, Qatar and has holdings in sports and entertainment programming, including the BeIn Sports network and the BeIn Movies channels. Miramax's current executive, team headed by CEO Steve Schoch, are expected to remain in place under the

new owners. In 2016, Miramax has or will be investing and then co-distributing a number of titles including *Bad Santa 2*, *Bridget Jones's Baby*, *Southside with You*, *The 9th Life of Louis Drax* as well as the TV show *From Dusk Till Dawn: The Series* based on the film of the same name. That series is on the El Rey cable network, a joint venture between Rodriguez and Univision. Bob and Harvey Weinstein launched Miramax, named after their parent. Disney acquired it in 1993 with the Weinstein brothers still running Miramax as essentially an autonomous division. Twelve years later the Weinsteins left, and the Miramax and its library went were sold to an independent group whose investors changed over the years. The last TFE heard (2011) was that the Weinstein brothers had made an agreement to handle remakes and franchises relating to their films in the Miramax library. We don't know if that contract will continue.

Dick Cook Studios (DCS), headed by the former Disney chairman, has closed a half-billion film slate financing deal with Film Carnival. A Chinese company run by Chairman Lou Xiaolou, Film Carnival, which has business interests with lead DCS investor CITIC Guoan, seeks to build out its own slate of films in China. The company will provide full financing on all DCS films, while Cook and his team latter will develop, produce, market and distribute the slate worldwide. The first film is *Ranger's Apprentice*, a literary adaptation from the fantasy series by Australian author John Flanagan that Paul Haggis is set to direct. It is based on the first book in the series and has sold over 8.5 million copies in 27 territories around the world. DCS also will provide strategic assistance to Film Carnival. In addition, in what both companies have called an "unprecedented move," Film Carnival will facilitate investment in single DCS films by other Chinese entities. "*Ranger's Apprentice* is only the beginning to our strategic plan . . . I look forward to working together for the future of the art of filmmaking," said Xiaolou.

Jorva Entertainment Productions has just launched a new film/television finance and production fund headed by its President and CEO Johnson chan. The fund will participate in various levels of the financing, producing and acquisition of a diverse slate with budgets up to \$15 million. The first film from the fund was Lionsgate's *The Perfect Match*. The second film from this fund will be *Shock and Awe* from Castle Rock Entertainment and directed by Rob Reiner. 🍷

QUOTABLE

"It's going to be a wonderful period for ambitious cinema. You start to see not just us, but all competitors ... take bigger risks with films of great ambition."

– Ted Hope, Head of Production, Amazon Original Movies

NUMBERS! NUMBERS! NUMBERS!
LOW-BUDGET INDEPENDENT FILMS (\$9.0 M and under)

FILM	DISTRIBUTOR	REVENUE	COST
		thous. \$	thous. \$
<i>99 Homes</i>	Broad Green	11,412	8,000
<i>Anomalisa</i>	Paramount	3,759	8,000
<i>Bronze, The*</i>	Sony Pictures Classics	614	3,500
<i>Fifty Shades of Black</i>	Open Road	11,686	6,000
<i>Goodbye, Mr. Loser</i>	China Lion	1,292	800
<i>Grandma</i>	Sony Pictures Classics	6,980	600
<i>Green Inferno, The</i>	High Top Releasing	7,193	6,000
<i>Hello, My Name Is Doris*</i>	Roadside Attractions	4,254	1,000
<i>Lady in the Van, The*</i>	Sony Pictures Classics	9,319	5,500
<i>Lazarus Effect, The</i>	Relativity Media	25,801	5,000
<i>Lazer Team</i>	Amplify	1,186	2,400
<i>Mustang*</i>	Cohen Media	825	1,400
<i>Neerja*</i>	India's Fox Star Studios	1,586	1,950
<i>Perfect Match, The*</i>	Lionsgate	9,039	5,000
<i>Race*</i>	Sony Pictures Releasing	18,896	5,000
<i>Room*</i>	A24	14,658	6,000
<i>Unfriended</i>	Universal	32,482	1,000
<i>War Room</i>	Sony Pictures Releasing	67,790	3,000
<i>Witch, The*</i>	A24	24,185	3,500

*Still in North American distribution as of March 31, 2016. Revenues are from boxoffice.com and boxofficemojo.com. Negative costs (production prior to prints and ads) are approximate, based either on industry estimates, and published interviews with filmmakers or personal conversations with filmmakers.

MORE NUMBERS! NUMBERS! NUMBERS!
HIGH-BUDGET INDEPENDENT FILMS (Over \$9.0M)

FILM	DISTRIBUTOR	REV.	COST
		thous. \$	thous.
<i>Big Short, The*</i>	Paramount	70,177	28,000
<i>Boy, The*</i>	STX Entertainment	35,819	10,000
<i>Bridge of Spies</i>	Buena Vista	72,313	40,000
<i>Brooklyn*</i>	Fox Searchlight	38,116	10,000
<i>Carol*</i>	The Weinstein Co.	12,711	11,800
<i>Choice, The*</i>	Lionsgate	18,730	10,000
<i>Danish Girl, The</i>	Focus Features	11,106	15,000
<i>Divergent Series, The: Allegiant*</i>	Lionsgate/Summit	50,660	110,000
<i>Eddie the Eagle *</i>	20 th Century Fox	15,319	23,000
<i>Forest, The</i>	Gramercy	26,583	10,000
<i>Gods of Egypt*</i>	Lionsgate	30,373	140,000
<i>Hateful Eight, The*</i>	The Weinstein Co.	54,008	44,000
<i>Kung Fu Panda 3*</i>	DreamWorks Animation	139,803	120,000
<i>London Has Fallen*</i>	Focus Features	57,176	60,000
<i>Norm of the North</i>	Lionsgate	17,017	18,000
<i>Point Break</i>	Warner Bros.	28,782	105,000
<i>Pride, Prejudice and Zombies</i>	Screen Gems	10,907	28,000
<i>Revenant, The*</i>	20 th Century Fox	182,304	135,000
<i>Risen*</i>	Sony Affirm	36,278	20,000
<i>Spotlight*</i>	Open Road Films	44,420	20,000
<i>Triple 9*</i>	Open Road	12,527	20,000
<i>Young Messiah, the*</i>	Focus Features	6,387	18,500
<i>Youth</i>	Fox Searchlight	2,703	13,000

*Same references as Low-Budget Table

LARGE FORMAT FILMS

FILM	DISTRIBUTION	REV.	COST
		thous. \$	thous. \$
<i>Air Racers 3D</i>	3D Entertainment	1,310	5,000
<i>Apollo 13: The Imax Experience</i>	IMAX	1,737	n/a
<i>Born To Be Wild 3D*</i>	Warner Bros./IMAX	24,542	n/a
<i>Bugs!</i>	SK Films, Inc.	18,114	9,000
<i>Deep Sea 3D*</i>	Warner Bros.	46,179	1,000
<i>Galapagos: The Enchanted Voyage*</i>	IMAX	18,536	7,000
<i>Ghosts of the Abyss</i>	Buena Vista	17,041	13,000
<i>Haunted Castle</i>	nWave	13,652	n/a
<i>Hubble 3D*</i>	Warner Bros.	51,468	n/a
<i>Island of Lemurs: Madagascar*</i>	Warner Bros.	10,574	n/a
<i>James Cameron's Deepsea Challenge</i>	DisruptiveLA	236	n/a
<i>Jerusalem 3D</i>	National Geographic	7,880	n/a
<i>Journey to the South Pacific</i>	IMAX/MacGillivray	7,114	n/a
<i>Magnificent Desolation</i>	IMAX	34,109	3,000
<i>NASCAR 3D</i>	Warner Bros./IMAX	21,337	10,000
<i>Ocean Wonderland 3D</i>	3D Entertainment	11,035	3,000
<i>Roving Mars</i>	Buena Vista	10,408	1,000
<i>Sea Monsters 3D: A Prehistoric</i>	National Geographic	23,746	n/a
<i>Sea Rex: Journey to a Prehistoric</i>	3D Entertainment	6,097	n/a
<i>Space Station 3D</i>	IMAX	93,166	1,000
<i>Thrill Ride</i>	Sony Classics	18,795	9,000
<i>To the Arctic 3D*</i>	Warner Bros.	14,427	n/a
<i>T-Rex: Back to the Cretaceous</i>	IMAX	53,347	14,500
<i>U2 3D</i>	National Geographic	10,362	13,000
<i>Under the Sea 3D*</i>	Warner Bros.	34,938	n/a
<i>Wildest Dream: Conquest of Everest</i>	National Geographic	898	n/a
<i>Wild Parrots of Telegraph Hill</i>	Shadow	3,058	n/a
<i>Wild Safari 3D</i>	nWave	16,621	4,500

* Same references as Low-Budget table ■

NEED MONEY FOR A MOVIE? DON'T GO IN EMPTY-HANDED. HAVE A BUSINESS PLAN.

The benefit of using a reliable business plan to raise financing for a film is that it allows the investors and the filmmaker to gauge the potential success of a film. A polished business plan with projections based on the worldwide results of other films and with clear explanations about the industry, markets and production personnel attached to the film is far more effective than an incomplete document that leaves prospective investors wanting more information. Contact Louise Levison at louisel@earthlink.net to find out how you can put her 27 years of experience as a Film Business Consultant to work creating a business plan for your film.

Levison, the President of Business Strategies, is a highly respected financial consultant in the entertainment industry, specializing in creation of film business plans. Her clients have raised money for low-budget films including *The Blair Witch Project*, the most profitable independent film in history, and for companies raising as much as \$300 million. She is the author of *Filmmakers & Financing: Business Plans for Independents*, currently in its revised and expanded seventh edition (Focal Press, 2013). The sixth edition of the book continues to be available in Mandarin from www.hindabook.com in Beijing, China. Levison also is editor of the online newsletter *The Film Entrepreneur: A Newsletter for the Independent Filmmaker and Investor*. Among other clients' projects are *The Prophet* (Kahlil Gibran's), *Unlimited* (Nathan Frankowski), *The Redemption of Henry Miller*, *Emoticon ;)*, *Moving Midway*, *Redemption Road*, *Haunted* (2012), *The First of May*, *The Open Road*, *Aluna*, *Yak: The Giant King*, *Visual Acoustics: The Modernism of Julius Shulman*, *fs24plain My Father and the Man in Black* and *Michael Winslow Live*. Among her corporate clients are Danny Glover's Louverture Films (2008 nominee for Best Documentary Academy Award *Trouble the Water*), The Pamplin Film Company (*Hoover*), Hurricane Film Partners, LLC and Tokuma International Ltd (*Shall We Dance*, *Princess Mononoke*). Levison is an Instructor in the Extension Program at UCLA. She also has been a Visiting Professor at the Taipei (Taiwan) National University of the Arts, Chapman University (Orange County, CA) and the University of Montana (Missoula). Levison has presented seminars and/or been on panels at festivals and markets around the world. (Additional information is available at <http://www.moviemoney.com>).

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