



# THE FILM ENTREPRENEUR:

A Newsletter for Independent Filmmakers and Investors

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LOUISE LEVISON, EDITOR AND PUBLISHER

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## AFM: DEALS WORTH \$1B DESPITE FEARS OF FUTURE

The 36<sup>th</sup> edition of the American Film Market (AFM®), which is presented by the Independent Film and Television Alliance (IFTA) in Santa Monica, was slow at the start but busy at the end. Whether or not it was “business as usual” is in the eye of the beholder. Some buyers liked the product; others thought there was “not enough out there.”

In an interview with *The Hollywood Reporter*, IFTA President and CEO Jean Prewitt was asked about the market being slower than usual. Her response was, “I don’t know if the issue is ‘slower.’ The years 2005 to 2008 were incredibly strong. There was a huge amount of money around the world, and there were still a lot of restrictions locally in a lot of countries, so imported product really had its pick of the marketplace. That’s changed; a lot of that has evaporated. Money isn’t necessarily so hard to come by, but talent is, and local production facilities have really ramped up and are seriously competitive in a number of countries. The marketplace from that standpoint is challenging. And we’re still seeing a lot of the impact of piracy — that prices are depressed in many countries, particularly in Europe.”

I did hear from selling companies that they saw a lack of enthusiasm among buyers. In the last two years, studios have moved back into the specialty market which they supposedly abandoned for several years to focus on blockbusters. This competition from the majors, even for lower-budget films, was bound to hurt a market that focuses on independent product. Making matters worse, the overall box office worldwide has not been exciting and companies still have product in their vaults. Another factor was that the challenges posed by the new digital companies were on everyone’s mind.

On the other hand, the market has changed over the years in terms of quality, now leaning toward “less is more.” Brian O’Shea, CEO of the Exchange, told *Variety*, “Buyers are being very selective. There’s a real preference for quality over size. The whole space of projects of under \$10 million with strong concepts has been doing very well for us.” At the “Current Issues in Film Finance” Conference, new Participant Media CEO David Linde said, “The elephant in the room is windows. In the west, we remain constricted by windows. The reality is that the film business needs to more aggressively accommodate what the audience is asking [for].”

→ Page 1 ←

The AFM demonstrated that the same problems beset both the domestic and international indie market: the continuing drop in total home entertainment dollars, concern about the “Digital Titans” (as screendaily.com dubbed Netflix, Amazon Studios, Hulu and iTunes) and more selectivity from financiers – whether large company or one-off investors – regarding cast and budgets. In addition, the ability to finance films started to drop in the 2008 financial meltdown and has remained difficult even for films in the \$20M to \$40M budget range with major stars attached. “There are big shifts in the way people are consuming entertainment,” observed head of Verve Ventures Amy Beecroft, “but in these shifts, there’s always opportunity.”

“Creating a Successful Festival Strategy” was a new conference this year. “We’re not doing the Festival Conference because we’re trying to encourage producers to submit to fests – in some ways, to the contrary,” explained AFM Managing Director Jonathan Wolf. “[The conference] isn’t saying that you shouldn’t go to festivals, but it also isn’t selling them as the pearly white staircase that will take you to heaven. It’s about people understanding if a specific festival is right to use as a tool in their particular circumstance.” Panelist Glen Basner, FilmNation CEO stated, “In years past, we would use a festival premiere to secure distribution internationally – i.e., for sales. Given that [overseas] territories now tend to release films closer to [the] U.S. [date] and other major territory release dates...and that our business is predominantly pre-sales, our festival strategy now focuses more on launching a film into distribution.”

This year’s market drew industry professionals from 82 countries. They presented and considered over 2,000 projects and closed over 10,000 deals worth nearly \$1 billion. Of the registered buyers, 70 were new companies from every continent and 18 countries including Armenia, China, Hungary, Japan, Malta, Malaysia and Ukraine. Wolf commented, “These 70 new sales companies and 300 more...are the world’s motion picture entrepreneurs. They ensure that independent art and commerce flourishes – providing canvases to artists and choice to consumers.” The new sellers came from every continent and 18 countries including Armenia, China, Hungary, Japan, Malta, Malaysia and Ukraine. 407 films screened in more than 30 languages, including 87 world premieres and 242 market premieres.

A sideshow during the market was ongoing speculation that either The Weinstein Company was being sold, had a savior in Ron Burkle, or was doing just fine. For now, TWC is with us for another three years, as deadline.com reported on Nov. 7<sup>th</sup>, slyly adding “despite lying about this to Deadline for the past several days.” With the nature of the indie film seemingly changing, it is not impossible to imagine that those “wizards” of the indie business, Harvey and Bob Weinstein, would have the same problems as many other indie companies. Shortly after the AFM ended, TWC announced it was laying off 40-50 employees. On the other hand, it is not likely that COO David Glasser would have returned after he abruptly left in July if the company were in trouble and/or likely to be. Personally, your editor doubts, as some have speculated, that the brothers have lost their touch with marketing films. On the other hand, being prophetic about the audience in light of a lower box office and economy gets harder every day. 🍷

## AFI FEST AWARDS

While AFM was the scene for filmmakers and distributors to come together, AFI FEST 2015 was the international film festival partner of the market, connecting art and commerce, broadening the opportunities for all participants, and collectively representing the largest film industry gathering in North America. AFI FEST is Los Angeles' longest running international film festival. It has been bringing the best in world cinema, including shorts, documentaries, foreign language films and world premieres of independent and studio productions, to Hollywood's own backyard since its launch as FILMEX in 1971. A highlight of the festival is its presentation of awards; Audi has sponsored the AFI FEST Awards for more than a decade.

AWARD	FILM	FILMMAKER
New Auteurs Grand Jury	<i>Land And Shade</i>	Augusto Acevedo
Special Jury Mention, Direction	<i>Disorder</i>	Alice Winocour
Special Jury Mention, Screenplay	<i>Desde Allá</i>	Lorenzo Vigas
Grand Jury Live Action Short	<i>Boys</i>	Isabella Carbonell
Grand Jury Animated Short	<i>World Of Tomorrow</i>	Don Hertzfeldt
Live Action Short Special Mention for Nonfiction Filmmaking	<i>The Reagan Shorts — Ronald Reagan Lights The Lights, Ronald Reagan Pardons A Turkey, Maryland Public Television Interviews The Reagans</i>	Pacho Velez
Animated Short Special Jury Mention for Screenwriting	<i>Teeth</i>	Tom Brown, Daniel Gray
Animated Short Special Jury Mention, Creative Vision	<i>Manoman</i>	Simon Cartwright
Audience World Cinema	<i>Landfill Harmonic</i>	Brad Allgood, Graham Townsley, Juliana Penaranda-Loftus
Audience New Auteurs	<i>Mustang</i>	Deniz Gamze Ergüven
Audience American Independents	<i>James White</i>	Josh Mond
Audience Breakthrough	<i>Ma</i>	Celia Rowilson-Hall



## QUOTABLE

“Buyers are looking for the perfectly formed script, the perfect filmmaker, the perfect cast and, of course, the perfect budget. And that’s getting harder for us to find and bring to the market.”

- David Garret, CEO, Mister Smith Entertainment

## SUNDANCE FILM FESTIVAL – LINEUPS AND TICKETS

For the 2016 Sundance Festival, 120 feature-length films were selected, representing 37 countries and 48 first-time filmmakers, including 28 in competition. These films were selected from 12,793 submissions, including 4,081 feature-length films and 8,712 short films. Of the feature film submissions, 1,972 were from the U.S. and 2,109 were international. 98 feature films at the Festival will be world premieres. 87 world premieres and 242 market premieres.

For the film lineups, go to: <http://www.sundance.org/festivals/sundance-film-festival/program>

Many ticket passes are sold out. As of press time, these were several remaining for the second half of the festival (January 27-31), a few for Utah residents and students, plus the festival credential (\$200) which gives you access to all non-theater venues. The last one is great for networking.

For individual tickets that may be left, check back on Jan. 19<sup>th</sup>.

For info on passes and tickets go to: <http://www.sundance.org/festivals/sundance-film-festival/get-tickets> ■

## COMINGS AND GOINGS

Greek ship owner and Producer Paris Kasidokostas-Latsis has formed the **Hercules Film Fund** in Luxembourg to finance three to five wide-release films a year. At the same time, he and partner Terry Douglas have set up **Rhea Films** as the producing vehicle for the fund. The first Hercules-Rhea production will be *Mena* with Tom Cruise. Imagine, Quadrant Pictures and Cross Creek Pictures also are producers, with Cross Creek co-financing. “In real estate, we say ‘location, location, location.’ For film...it’s director, director, director,” said Kasidokostas-Latsis. Added Douglas, “We want to be the destination for directors with both franchise and tentpole projects in addition to supporting prestige and passion projects,” reports *deadline.com*. Hercules and Rhea Films will operate independently from **1821 Media**, the financing company already owned by Kasidokostas-Latsis and Douglas. This fund has been financing or co-financing both studio and independent projects. Among the Indies are *Jane Got a Gun*, *With Great Power: The Stan Lee Story* and *Grandma*.

**Red Hour** (Ben Stiller) is teaming with **Bold Films** (Michel Litvak and Gary Michael Walters) to produce a slate of film, TV and digital projects. In an announcement on November 9<sup>th</sup>, Stiller said that the agreement enables Red Hour to be fully independent. Veteran Producer Nicky Weinstock is joining Ben Stiller and Stuart Cornfeld’s company, which previously had a deal at 20th Century Fox. That contract ended with the production of *Zoolander 2*. As part of the deal, Red Hour’s offices will fold into Bold Films’ L.A. and N.Y. outposts, and Bold will provide the overhead, development and production financing on the projects. “I am excited to begin this new chapter for Red Hour,” said Stiller in a statement. “If it doesn’t work out, we are all opening an accounting firm, Stiller, Litvak, Weinstock, Cornfeld & Walters. So it’s a no-lose proposition.”

**Pure Flix Entertainment** has established its own U.S. distribution division. Regal Entertainment VP Film Ken Rather will lead the new division, with former Disney, Picturehouse and FilmDistrict executive Daniel Lange the new General Sales Manager. The new division will release *God's Not Dead 2* in April 2016. While Freestyle Releasing, now part of Byron Allen's Entertainment Studios, released the first film in that franchise, *God's Not Dead*, Pure Flix took over the releasing reins this year with *Woodlawn* and *Do You Believe?*

Asian mogul Bruno Wu's Sun Seven Stars entertainment conglomerate has formed a \$1.6 billion equity fund, **The China Global Alliance Film Fund**, with online financing giant Yucheng Group. The fund will bankroll international film and TV projects with an emphasis on the Hollywood talent pool. Wu's Sun Seven Stars will be in charge of allocating the funds, with a team to greenlight projects. Speaking to *The Hollywood Reporter*, Wu said the fund would back planned tentpole projects from Sun Seven Stars' stable of production companies, as well as third-party project, including indie features and studio slate. The fund will invest primarily in development and in greenlit projects. For films from his own production companies and partners, such as U.S. group Content Media, Justin Lin's Perfect Storm Entertainment and Paris-based Angel Storm, the equity play will not exceed 20 percent of a project's budget. *THR* noted that this type of Chinese direct investment in Hollywood movie making is picking up. For example, (Dailan) Wanda financed the \$30M production budget of the Jake Gyllenhaal-starrer *Southpaw*, and Internet giant Alibaba invested in Paramount's *Mission Impossible – Rogue Nation*. In addition, Tencent Pictures has an equity stake in Legendary Pictures' upcoming *World of Warcraft* adaptation. "The difference between most Chinese investment up to now is that other Chinese companies see China as their home market. I see the U.S. and the world as my home market," Wu said.

Activision Blizzard announced the launch of **Activision Blizzard Studios**, a new film and television studio devoted to creating original content based on the company's extensive library of iconic and globally-recognized intellectual properties. The company's owned content includes some of the most popular entertainment franchises in the world, including *Call of Duty*®, *Skylanders*®, *Diablo*®, *Hearthstone*® and *StarCraft*®. Former Disney executive Nick van Dyk has been tapped to co-head the division. The new studio's first film, currently in production, is the animated *Skylanders™ Academy*. It features the voices of Justin Long, Ashley Tisdale, Jonathan Banks and Norm Macdonald. 🍷

## SPIRIT AWARD NOMINATIONS

The nominations of the 31<sup>st</sup> Film Independent Spirit Awards have been announced. These awards often are a precursor to Oscar nominations especially in the major categories: Best Feature, Best Director, Best Actor and Best Actress. In 2007, the nominating committee set a budget limit of \$20 million for eligible films. The nominees for Best Feature are: *Anomalisa*, *Beasts of No Nation*, *Carol*, *Spotlight* and *Tangerine*. For the total list of nominees, go to: <http://www.spiritawards.com/spiritawardcategory/best-feature/>. The awards will be broadcast exclusively on IFC on February 27, 2016, LIVE at 2:00 pm PT / 5:00 pm ET. 🍷

## NUMBERS! NUMBERS! NUMBERS!

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

FILM	DISTRIBUTOR	REVENUE	COST
		thous. \$	thous. \$
<i>90 Minutes in Heaven</i>	Samuel Goldwyn	4,816	5,000
<i>99 Homes*</i>	Broad Green	1,388	8,000
<i>Amy*</i>	A24	8,369	3,000
<i>Black or White</i>	Relativity Media	21,571	9,000
<i>Dope (1)</i>	Open Road	17,506	700
<i>DUFF, The</i>	Lionsgate Films	34,030	8,500
<i>Gallows, The (2)</i>	New Line	22,764	100
<i>Gift, The</i>	STX Entertainment	43,787	5,000
<i>Grandma*</i>	Sony Pictures Classics	6,741	600
<i>Green Inferno, The*</i>	High Top Releasing	7,187	6,000
<i>Lazarus Effect, The</i>	Relativity Media	25,801	5,000
<i>Nightcrawler</i>	Open Road Films	32,381	8,000
<i>No Escape*</i>	Lionsgate	27,186	5,000
<i>Sinister 2*</i>	Gramercy	27,741	9,000
<i>Tangerine</i>	Goldwyn	684	100
<i>Truth*</i>	Sony Pictures Classics	1,126	8,100
<i>Unfriended</i>	Universal	32,482	1,000
<i>Un Gallo con Muchos Huevos*</i>	Lionsgate	9,081	5,300
<i>Walk in the Woods, A*</i>	Broad Green Pictures	29,216	8,000
<i>War Room*</i>	Sony Pictures Releasing	66,848	3,000

\*Still in North American distribution as of November 30, 2015. Revenues are from boxoffice.com and boxofficemojo.com. Negative costs (production prior to prints and ads) are approximate, based either on industry estimates, published interviews with filmmakers or personal conversations with filmmakers.

(1) Revised budget. Press had picked up the \$7M paid by Open Road for the right to distribute as the budget. (2) May not include post production costs by New Line

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

FILM	DISTRIBUTOR	REV.	COST
		thous. \$	thous.
<i>Age of Adaline, The</i>	Lionsgate	42,630	25,000
<i>American Ultra</i>	Lionsgate	14,441	12,000
<i>Bajranghi Bhaijaan</i>	Eros	8,178	12,800
<i>Black Mass*</i>	Warner Bros.	61,853	53,000
<i>Bridge of Spies*</i>	Buena Vista	45,532	40,000
<i>Burnt*</i>	The Weinstein Co.	5,002	20,000
<i>Divergent Series, The: Insurgent</i>	Lionsgate/Summit	130,179	110,000
<i>Everest*</i>	Universal	42,350	65,000
<i>Ex Machina</i>	A24	25,443	15,000
<i>Home</i>	20 <sup>th</sup> Century Fox	177,397	135,000
<i>Insidious: Chapter 3</i>	Gramercy Pictures	52,219	10,000
<i>Irrational Man*</i>	Sony Pictures Classics	4,028	11,000
<i>Last Witch Hunter, The*</i>	Lionsgate/Summit	19,025	10,000
<i>Mad Max: Fury Road</i>	Warner Bros.	153,636	150,000
<i>Second Best Marigold Hotel, The</i>	Fox Searchlight	33,078	10,000
<i>Self/less</i>	Focus Features	12,280	26,000
<i>Shaun the Sheep</i>	Lionsgate	19,375	25,000
<i>Sicario*</i>	Lionsgate Premiere	42,077	30,000
<i>Southpaw*</i>	The Weinstein Co.	52,419	30,000
<i>Taken 3</i>	20 <sup>th</sup> Century Fox	89,256	48,000
<i>Transporter Refueled, The*</i>	Europacorp-Red	15,992	22,000
<i>Woman in Black 2, The: Angel of Death</i>	Relativity Media	26,501	15,000
<i>Woman in Gold</i>	The Weinstein Co.	33,308	11,000

\*Same reference 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	24,420	n/a
<i>Bugs!</i>	SK Films, Inc.	18,114	9,000
<i>Deep Sea 3D</i>	Warner Bros.	46,097	1,000
<i>Galapagos: The Enchanted Voyage*</i>	IMAX	18,352	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.	50,591	n/a
<i>Island of Lemurs: Madagascar*</i>	Warner Bros.	10,454	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	7,071	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	93,134	1,000
<i>Thrill Ride</i>	Sony Classics	18,795	9,000
<i>To the Arctic 3D*</i>	Warner Bros.	14,396	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.	34,773	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](mailto: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](http://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 Kahlil Gibran's *The Prophet, 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, 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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Louise Levison, Editor  
Faryl Saliman Reingold, Assistant Editor  
Office: 4454 Ventura Canyon Ave., Suite 305  
Sherman Oaks, CA 91423  
Phone: (818) 990-7774  
E-mail: [louisel@earthlink.net](mailto:louisel@earthlink.net); <http://www.moviemoney.com>

Have your scripts professionally read and analyzed by *TFE*'s Assistant Editor Faryl Saliman Reingold. For more information, e-mail care of *The Film Entrepreneur*, at [louisel@earthlink.net](mailto:louisel@earthlink.net).