

1. FINANCE PLAN

BLINDFOLD VISION - FINANCING PLAN		20/02/2020
GRAND TOTAL *	€ 666,000	Status
BRABANT-C CULTURAL FUND (1)	€ 199,800	Apply Feb 2020
PRODUCERS' DEFERMENT (2)	€ 45,000	
MUNICIPALITY 'S-HERTOGENBOSCH (3)	€ 50,000	Apply Mar 2020
SALES AGENT MINIMUM GUARANTEE (4)	€ 50,000	LOI
CFAP/OTHER (5)	€ 20,000	Feb 2020
CROWDFUNDING - KUNSTLOC (30%) (6)	€ 6,000	Begin Apr 2020
CROWDFUNDING (OTHER 70%) (6)	€ 14,000	Begin Apr 2020
EQUITY - IN-KIND POST (DIGITAL CUBE) (7)	€ 90,909	LOI
EQUITY - CASH (DIGITAL CUBE) (7)	€ 136,364	LOI
GAP	€ 53,927	
% FINANCED	48%	
USD/EUR exchange rate:	\$1.10	
% financed outside Netherlands:	42%	
check:	€ 666,000	
equals zero?	€ 0	
* including €5,000 of financing fees (BrabantC loan interest & crowdfunding fees) and €10,000 of marketing fees.		
(1) Assumed 30% of the budget, submit application Jan 2020		
(2) Producers' fee & overhead deferment		
(3) Den Bosch "Nationally Distinctive" Fund, submit application beginning 2020		
(4) LOI attached		
(5) CFAP: Cultureel Fonds Audiovisuele Producenten (SEKAM)		
(6) Assumed Kunstloc crowdfunding campaign, provides 30% of a successful campaign		
(7) LOI attached		

The largest part of the finance plan is the proposed BrabantC funding, followed by the equity contribution from Digital Cube in the form of a combination of cash and in-kind services. We have an LOI from an international sales agent regarding the minimum guarantee, and have had preliminary discussions with Gemeente Den Bosch and CFAP. The producers plan to defer fees and overhead to help with the financing. We plan a crowdfunding campaign in cooperation with Kunstloc to round out the financing plan.

There currently is an €54,000 gap in the financing plan, but we are confident to fill that from pre-sales or other sources depending on the actors we attach. A pre-sale is when the sales agent sells the film to a distributor in advance of the film's completion. Then the producer and sales agent work together to attract financing secured on the pre-sale. Presales are usually only possible when the project has a well-known director or known cast. The plan currently assumes we cover the gap with presales.

We are pretty confident that if we raise over 90% of the financing, we have several sources of gap financing we can approach to close the budget. We could also seek out a co-producer that can bring some money to the project. Our likely sales agent, Glass House Distribution, also has a network of potential financing sources. As a last resort, we can reduce the budget of the film.

2. BUDGET

PRODUCTION

Acct#	Category Description	Page	Total
1000	DEVELOPMENT COSTS	1	€0
1100	STORY & RIGHTS	1	€21,000
1200	PRODUCER	2	€47,500
1300	DIRECTOR	2	€28,900
1400	CAST	3	€159,720
1500	STUNTS	6	€4,500
Total Above-The-Line			€261,620
2000	PRODUCTION STAFF	7	€15,250
2200	EXTRA TALENT/ANIMALS	7	€5,125
2300	SET DESIGN	8	€13,850
2400	SET CONSTRUCTION	9	€13,580
2500	SET DRESSING	10	€8,065
2600	PICTURE VEHICLES	11	€5,650
2800	SPECIAL EFFECTS	12	€5,000
2900	WARDROBE	12	€8,900
3000	MAKEUP & HAIR	13	€5,250
3200	CAMERA	14	€30,475
3400	ELECTRICAL	15	€33,935
3500	GRIP	17	€14,015
3600	PRODUCTION SOUND	17	€11,244
3700	TRANSPORTATION	18	€4,165
3800	LOCATIONS	19	€11,825
3900	STUDIO EXPENSES	20	€10,490
4000	HOTEL, LIVING AND CATERING	20	€22,615
4100	PRODUCTION LABORATORY	21	€1,150
4300	2ND UNIT	22	€0
4400	TESTS	22	€0
4500	GENERAL EXPENSES	22	€3,000
Total Production			€223,584
4600	ANIMATION;GENERAL	23	€0
4650	ANIMATIC	23	€0
4700	2D ANIMATION	23	€0
4800	3D ANIMATION	24	€15,000
4900	STOP MOTION ANIMATION	25	€0
Total Animation			€15,000
5000	POST DEAL: Incl. Grading, Online, Titles, DCP. SOUND MUSIC EDIT	26	€88,000
5100	FILM EDITING	26	€13,300
5200	MUSIC - per CUBE	27	€0
5300	POST PRODUCTION SOUND - per CUBE	27	€0
5400	POST PROD. FILM & LAB - per CUBE	28	€0
5500	MAIN & END TITLES - Per CUBE	28	€0
TOTAL POST PRODUCTION			€101,300
6200	PUBLICITY	29	€6,375
6500	INSURANCE	30	€7,200
6600	FINANCE, BANK & LEGAL	30	€0
6700	OVERAGES	31	€6,000
TOTAL PUBLICITY, INSURANCE, LEGAL & BANKING			€19,575
Contingency : 1.6%			€10,000
7250	OVERHEAD - DEFERRED : 3.2%		€20,000
Untitled Production Total			€30,000
Total Above-The-Line			€261,620
Total Below-The-Line			€389,459
Total Above and Below-The-Line			€651,079
Grand Total			€651,079

3. RECOUPMENT

Recoupment Waterfall - Blindfold Vision

0	Minimum Guarantee and/or Gap Financing Pre-sales		100%
			€103,927
1	Brabant C Lening (25%)		100%
			€49,950
2	Equity CUBE		120.0%
			€163,636
3	Defferment CUBE	66%	Producers' Defferment 33%
		€90,909	€45,000
4	SHARES		100.0%
			NO CAP
	NET GROSS		SHARES
0	€0	Tot en met	€103,927
1	€103,927	Tot en met	€153,877
2	€153,877	Tot en met	€317,514
3	€317,514	Tot en met	€453,423
4	€453,423	Tot en met	-
			CUBE 5%
			DIRECTOR 5%
			LEAD 5%
			SUPPORTING 5%
			SUPPORTING 5%
			BRABANT C 5%
			Den Bosch DEV. FUND 5%
			Other 5%
			BLINDFOLD BV 60.0%

Net to recoupment - average low recoupment: *	€425,306
Rows 0 through 2 are repaid	100%
Row 3 repaid percentage	79%

* based on average low estimate from 3 sales agents

Recoupment necessary to repay BrabantC:	€153,877
times covered:	2.8

The BrabantC loan is in first position after the recoupment of the sales agent MG and potential pre-sales. It is the most senior position in the waterfall we can construct, as no international sales agent would accept that the loan gets repaid before the recoupment of distribution advances.

Three sales agents have each provided us with "low" and "high" sales estimates. The estimates are based on their many years of experience of selling films of similar genre with similar budgets and cast. The sales agents attend 3/5 film markets a year, so they have a good idea of current market conditions.

The average "low" estimate (see below) is €425,306. In this case, lines 0 through 2 are 100% repaid (including the BrabantC loan), and line 3 (Equity and Producers' deferment) is 79% repaid. For BrabantC to be fully repaid, the film needs to generate €154,000 of sales. This amount is 2.8x covered by the average of the "low" sales agent estimates. Thus, we can show that even in the "low" case, there is a strong likelihood that the BrabantC loan will be repaid.

4. SALES AGENT SALES ESTIMATES

Blindfold Vision		<i>Sales Agent Estimates</i>		
		<i>Minimum Guarantees / All territories</i>		
		<i>2 known names</i>		
	<i>USD</i>	<i>low</i>	<i>med</i>	<i>high</i>
Sales Agent #1				
Sales Agent #2				
Sales Agent #3				
Average		575,400	1,252,867	1,796,167
sales agent marketing cap	20,000	20,000	20,000	20,000
commission	15%	83,310	184,930	266,425
net to recoupment \$	exch rate	472,090	1,047,937	1,509,742
net to recoupment €	1.11	425,306	944,087	1,360,128

Source: International sales agent estimates

The above table contains anonymous minimum guarantee estimates from three sales agents, along with the average estimate for each estimate category, “low”, “medium” and “high”. It is important to note that the estimates are based on minimum guarantees per territory, and in every territory there is the chance the film outperforms, and additional revenues beyond the MG are distributed. This will depend what sort of deal is struck in each territory. Sometimes, a “flat” deal is agreed with no chance of MG outperformance.

Our preference is to work with sales agent A, whose estimates are one of the sets of estimates provided above. As the individual estimates show, the provision of estimates is not an exact science, with many variables to consider, including changing market conditions, changes in perception of the value of individual actors, the perceived quality of the finished film, etc. We didn’t chose sales agent A based on their sales estimates, but rather the good chemistry we have enjoyed with them at film markets over the last couple of years, as well as their enthusiasm for the project.

The offer with the \$50,000 minimum guarantee is from another sales agent that didn’t provide sales estimates. Another reason we prefer sales agent A is that they are also filmmakers, so they know exactly the processes we are going through. They have also offered to assist us with casting and pay for the casting director, which is a very strong sign of commitment to the project. We are confident, that with the right cast, we can also get a \$50,000 minimum guarantee from sales agent A, and potentially more in pre-sale financing. The offers from the sales agents are Letters of Intent at this stage, which are not contractually binding. Since we have interest from four sales agents, we are confident one will enter into a contract with us. Depending on the outcome of our application, we could potentially have even a stronger, more complete package, to present to sales agents in Cannes in May, should we not be able to reach agreement with sales agent A.

The Letters of Intent and sales estimates have been provided separately on a confidential basis.

The sales agents base their estimates on similar films in terms of genre, budget and cast that they have sold or are currently selling. The reputable sales agents don’t have an interest in inflating estimates, as this leads to lots of difficult discussions with producers

down the road. The better sales agents don't try to "win" projects by providing inflated estimates. What is true is the market is constantly changing, so of course results are not guaranteed. As can be seen from the estimates, they can differ greatly from agent to agent, but in our estimation none of them are outside the realm of achievability. The higher estimates most likely assume that we are able to secure an actor with a higher value to distributors. It does depend on us making a high quality film of course.

There is also the chance that a streamer could offer us an all-rights, all-territories deal once we are closer to the completion of the film. If some territories have already been sold as part of the project's financing, the streamer would have to decide if it buys out these distributors, or it only buys the unsold territories. In the case of all-rights, all territories deal, payments will be made over a series of installments and the job of the sales agent is essentially finished. However, it's not certain enough to put something like this in our sales estimates.

As we are not producing several films a year, the streamers will most likely wait to see the completed film or near completed film. It is notoriously difficult for smaller producers to engage with the large streaming platforms at an early stage. This is not to say the minimum guarantee amounts don't include streaming sales. Our sales agent will help us select territorial distributors that have streamer relationships, and the sales estimates assume that sales are made to the streamers (usually in the third window, after TVOD (transactional video on demand) and physical (DVDs and Blu-rays, primarily in the US, where the big box retailers such as Walmart and Target still have a good DVD business. Additionally, Red Box has 42,000 DVD kiosks throughout the US, and Netflix's legacy physical DVD business continues to report healthy revenues).

We have not yet begun to engage with Benelux distributors.

Falcon Grove Productions and Branded Cinema will 50/50 share in the guaranteeing of the BrabantC loan. Falcon Grove is a start-up, with its first production, KILL MODE, generating sales in 2020. Falcon Grove also makes income from performing services for other projects. Branded Cinema generates income from a variety of production activities, including commercials, episodic documentaries and shorts. More information can be found at www.falcongrove.com and www.brandedcinema.nl.