Reel House
PRODUCTIONS

Frequently Asked Questions

Always consider the general CSF risk warning and offer document before investing.

What is your dividend policy?

Our dividend policy is included in both the offer document as well as in the company constitution, both of which can be found on the Birchal site for viewing and download.

It is our aim to pay dividends to all shareholders in future years. The Constitution of the company provides the Directors of the Company with the power to resolve to pay dividends, subject to their obligations under the Corporations Act. Directors will determine whether a dividend can be paid only after they have considered if the Company's assets are sufficiently in excess of its liabilities and that it does not impact the Company's ability to pay its creditors. Directors will also take into consideration the objectives of the business strategy of the growth in assets as outlined below.

How will I receive a return on my investment?

This is intended to be a growth-based investment. It is our goal to grow the value of the Company by adding films that we have made as assets to its balance sheet each year. These films, once made, have a value based on an assumed future revenue stream and on their intellectual property value. It is our goal to see the Company share price increase in line with the book value of the business.

Whilst dividends may be paid from time to time where able and determined prudent by the Company Directors, the bulk of profits generated by the business (if any) is planned to be reinvested into the development and production of further film projects.

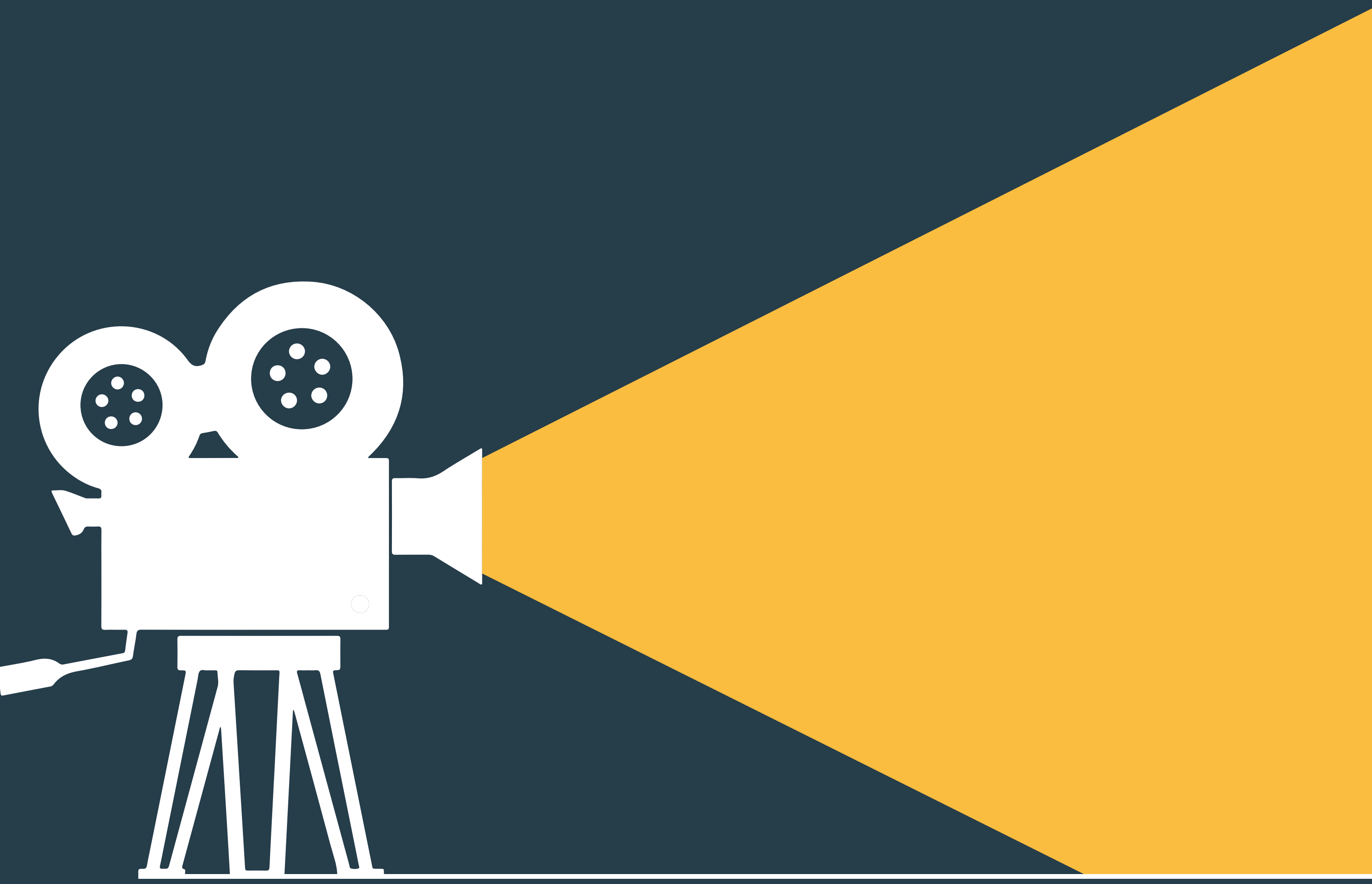
It is a consideration of the Company that a possible 'liquidity event' for shareholders will entail a merger of the Company, trade sale to another business or sale of the Company's vault of film assets to another business at some point in the future.

How long should I invest for and what can I do with my shares?

Due to the growth-nature of this investment it is recommended that shareholders invest with a medium term carry of five to six years in mind. It will take time for our Company to establish a track record and to build the film assets on its balance sheet sufficient to increase the Company's value.

There is no organised secondary market for your shares. Opportunities to exit your investment in the Company may include a 'liquidity event' as described above (a direct sale of the Company, merger with another business or sale of Company assets) or may include a future scenario where profits are sufficient to allow the Company to conduct a share buyback offer.

Pricing around any of events will take place at the time and will be based on universally accepted accounting principles for Company and asset valuation.



Why is your raise minimum low?
Is CSF your only source of capital?

The minimum raise of $100,000 is to allow for a successful CSF raise round, build an audience for our work and to demonstrate that private investors are willing to support a film production company.

Our Company has been and will continue to be capitalised as required by our Founders. We have made a long-term commitment to the Company to aspire to success over the next three, five and ten years.

Our Company has also been and will be further supported by wholesale investors who support the business model and aims of the business. These investors too have demonstrated a willingness to see the long-term business strategy be executed.
The CSF Offer is important to our Company for reasons beyond the provision of capital to the business. It is for this reason that the CSF raise is not our primary source of funds to execute our business plan.

It is an important contribution to our efforts and we wish to see it succeed but it is the audience 'community', the marketing opportunity and the proving that there is a market of investors willing to support a production model that matter very much to our success.

How will your films production be financed?

How does a production company take a few hundred thousand dollars and generate many films with budgets in the millions?
Film financing is its own world. It has many phases and many complications but broadly is broken down into 6 key steps:

1. **Pre-development**
2. **Development**
3. **Pre-Production**
4. **Production**
5. **Post Production**
6. **Distribution and Marketing**

Steps 1 and 2 are the highest risk, most difficult to fund and most vital steps in the process. Funding for these steps is needed to pay option or purchase fees on stories and screenplays, pay writers to complete or improve screenplays, develop material to 'pitch' your film to financiers such as look-books, sizzle trailers and shorts and to cover the costs of taking many, many meetings to pitch the film to financiers and distributors.

Once a distributor has agreed to buy a film, financiers will release finance to fund steps 3 to 5. The film goes into pre-production and production and then into post production where the final cut is made by editors. The distributors typically will cover the costs associated with distributing/exhibiting the film and marketing the film. These costs are reclaimed from the film's revenues as are the budget of the film covered in steps 3-5.

The funding our Company will contribute is to steps 1 and 2 above and at times, where appropriate, to steps 3 to 5. The funding of steps 1 and 2 allow our Company to control the story and screenplay rights, to develop the screenplay in accordance with financier and distributor feedback and to set about moulding the story, the casting of talent, location etc to a set budget target for the film/s.

The goal of our Company is to use the leverage this early-stage investment of a film's life into making the best distribution deal possible encompassing our broader business strategy of offering a 'bundle' of films to distributors at one time. The aim of this is to allow the Company to source finance for production and post production as required from myriad film financiers be it through debt finance (loans), equity in each film or each bundle of films or through a hybrid approach.

Finance can be raised via selling global territories rights to a film/s before selling the US/Canadian rights. This gives financiers a sense of income a film/s can expect from overseas sales before being sold into the US/Canadian market and can provide a 'floor' in income to give financiers comfort.

In the future, were our Company to develop a 'vault' of film assets on its balance sheet this could be used as collateral for future financing of future films or slates of films.

Can I invest with my SMSF?

Yes, the trustee of a self managed super fund (SMSF) can invest in this offer through the Birchal platform.

The way to do this is to specify the trustee as the legal owner of the shares, as trustee for the SMSF, in the "legal name" section of the Birchal application process (e.g. "Trustee Name ATF <SMSF name>").

Note that if your SMSF has a corporate trustee, then you would select the "Company" investor option and also include the ACN where requested, but would specify the company as the legal owner of the shares, as trustee for the SMSF (e.g. "Company Name ATF <SMSF name>").

Please note, if investing via your SMSF, you should seek independent advice on whether it is permissible for your SMSF trustee to invest in this offer. Everyone's circumstances are different.

Investing through a SMSF may mean that you will need additional information from us to satisfy annual auditing requirements, which we will be happy to facilitate if and when required.

Thank you for your interest in being a co-owner of Reel House Productions Australia and we look forward to you joining us to make great movies and history!