

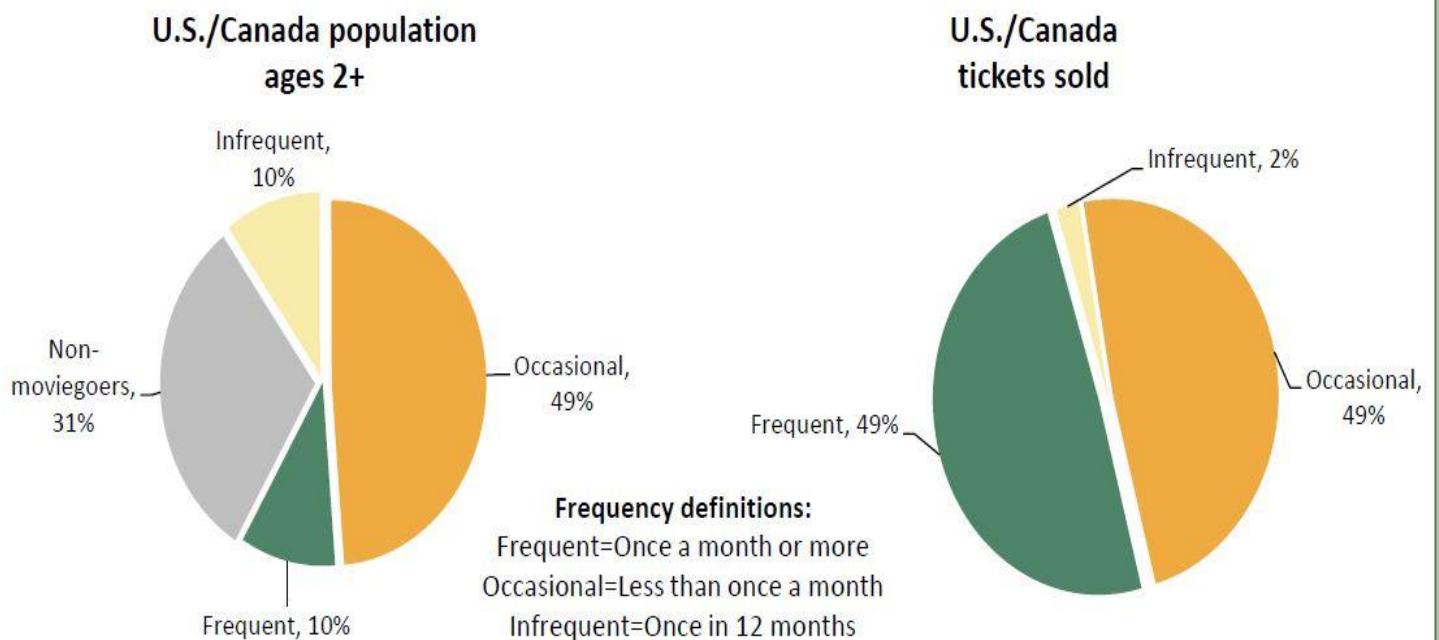
Understanding the Foot Traffic in the Cinema Designated Market Area of New Providence: Past, Present and Future

Understanding foot traffic for New Providence first requires defining what a 'Designated Market Area' is. A Designated Market Area (DMA) is the geographic area in which a cinema gathers a greater proportion of its viewing public. According to the Motion Picture Association of America (MPAA), in any given global DMA, between 10-15% of the population make up about 48- 50% of the Box Office revenue. They are called 'frequent moviegoers'.

(Note: All external data is attached in the Appendix)

Frequent moviegoers who go to the cinema once a month or more continue to drive admissions, accounting for 49% of all tickets sold in the U.S./Canada but only 10% of the total population. The number of tickets purchased by all moviegoer groups increased in 2015, and the share of tickets purchased by occasional moviegoers increased by two percentage points to 49%.

2015 Moviegoer Share of Population and Tickets Sold



¹³ MPAA's analysis of attendance demographics is based on survey research and attendance projections by ORC International. See *Appendix: Methodology* (page 25) for details. Note that surveying is conducted in the U.S. only, so the results assume the 11 demographic composition of the U.S./Canada combined population is similar to what was observed for the U.S. only.

Courtesy of the Motion Picture Association of America (MPAA) 2015 Report

Part 1: Past DMA Performance

Case Study: DMA New Providence's Foot Traffic for the year 2010.

The reason the year 2010 of Galleria Cinema's revenue was chosen as a reference point has to do with business model comparison. This was the year that premium 3D movies were introduced to the DMA.

The Nassau Guardian
ONLINE

Thursday, April 1, 2010

▼ Business

Galleria reels out 3-D price hikes

By Inderia Saunders ~ NG Business Reporter ~ Inderia@nasguard.com:

Three dimensional movies at Galleria Cinemas have ushered in more than upgrades at the theater, but price hikes for movie tickets are likely to offset those improvement costs.

It's a change that came into effect this weekend with the premier of Dreamworks' film How to Train Your Dragon.

From now on, movie goers eager to see the larger than life images presented in 3-D will shell out \$5 for children and \$10 for adults. That is opposed to the \$3 and \$7 that is charged for regular movies during prime hours.

2010 is therefore the closest representation of the Atavus Group Business Model with its premium offers of 3D, 4DX, etc.

To conduct the analysis and calculate foot traffic we will need the following Data:

1. DMA Constituents
2. DMA Total Seat Capacity
3. DMA Total Box Office Revenue
4. DMA Average Ticket Price (ATP)

DMA Total Foot Traffic (TFT)

DMA TFT Annually = DMA Box Office Revenue

Cumulative ATP per person

Analysis

A. DMA Constituents:

1. Galleria 11

Location: Mall at Marathon (East)

2. Galleria 6

Location: RND Plaza (West)



DMA Total Seat Capacity:

1300 seats **Note: Fusion Superplex will have 1500 seats in its facility**

B. DMA Total Box Office Revenue (Courtesy of Rentrak and ComScore Box Office Essentials)

Galleria East: **\$ 1,898,282**

comSCORE Box Office Essentials



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Box Office Theatre: Galleria 11 (Nassau, FL), Range: Calendar 2010, Total Gross, Weekdays

Santi Hernandez - Galleria 11 (Nassau, FL)

Data valid as of: January 31, 2017 06:15 AM PST

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Rank	Title	Dist	Date of First Engagement	Opening Wknd Gross	Opening 7 Day Gross	Date Range Gross
1	Karate Kid	SNY	06/11/2010	13,703	28,438	94,670
2	Salt	SNY	07/23/2010	16,813	28,390	78,970
3	Shrek Forever After	PAR	05/21/2010	15,673	20,078	73,800
4	Last Airbender, The	PAR	07/01/2010	14,724	28,908	66,260
5	Despicable Me	UNI	07/09/2010	9,973	17,636	64,340
6	Takers	SNY	08/27/2010	16,249	24,275	61,120
7	Twilight Saga: Eclipse, The (SMT	06/30/2010	9,401	24,556	52,820
8	Lottery Ticket	WB	08/20/2010	14,630	20,811	44,770
9	Cats & Dogs: Revenge Of Kitty	WB	07/30/2010	6,308	12,584	44,120
10	Step Up 3-D	DIS	08/06/2010	12,219	18,806	41,150
11	Iron Man 2	PAR	05/07/2010	14,189	19,990	39,840
12	How To Train Your Dragon	PAR	03/26/2010	4,233	6,418	33,880
13	Tourist, The	SNY	12/10/2010	9,428	14,499	33,760
14	Inception	WB	07/16/2010	5,848	10,233	31,950
15	Resident Evil: Afterlife	SNY	09/10/2010	10,304	13,754	31,260
16	Just Wright	FSL	05/14/2010	7,701	10,202	29,880
17	Prince Of Persia: The Sands Of	DIS	05/28/2010	9,187	13,571	28,800
				528,306	804,818	1,898,282

Galleria East: **\$ 1,011,499**

comSCORE Box Office Essentials

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Box Office

Theatre: Galleria 6 (Nassau, FL), Range: Calendar 2010, Same Theater, Weekdays

Santi Hernandez - Galleria 6 (Nassau, FL)

Data valid as of: January 31, 2017 06:20 AM PST

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Rank	Title	Dist	Date of First Engagement	Opening Wknd Gross	Opening 7 Day Gross	Date Range Gross
1	Karate Kid	SNY	06/11/2010	12,381	21,882	67,8 ▲
2	Salt	SNY	07/23/2010	12,464	20,887	60,8
3	Takers	SNY	08/27/2010	11,606	17,592	48,6
4	Twilight Saga: Eclipse, The (SMT	06/30/2010	7,615	18,685	39,0
5	Last Airbender, The	PAR	07/01/2010	9,074	16,325	34,3
6	Shrek Forever After	PAR	05/21/2010	10,502	12,241	33,5
7	Tourist, The	SNY	12/10/2010	7,110	9,622	28,6
8	Lottery Ticket	WB	08/20/2010	7,977	12,594	28,1
9	Expendables, The	LGF	08/13/2010	9,019	13,349	26,3
10	Inception	WB	07/16/2010	5,762	8,617	25,0
11	Prince Of Persia: The Sands Of	DIS	05/28/2010	7,273	10,429	22,5
12	Town, The	WB	09/17/2010	5,667	8,516	21,7
13	Iron Man 2	PAR	05/07/2010	7,864	10,567	20,0
14	Just Wright	FSL	05/14/2010	5,401	7,598	19,4
15	Predators	FOX	07/09/2010	4,772	7,390	17,0
16	Knight And Day	FOX	06/23/2010	3,223	6,290	16,8
17	Grown Ups	SNY	06/25/2010	4,360	7,103	16,5 ▼
				313,334	467,732	1,011,499

Total DMA Box Office Revenue: \$2,909,781.00

C. Calculation of DMA Average Ticket Price (ATP):

Calculating ATP requires consideration of how box office revenue was split in 2010. According to the MPAA the typical theater B.O. split was as follows:

U.S./Canada Box Office (US\$ Billions)

Source: comScore – Box Office Essentials (Total), MPAA (3D)



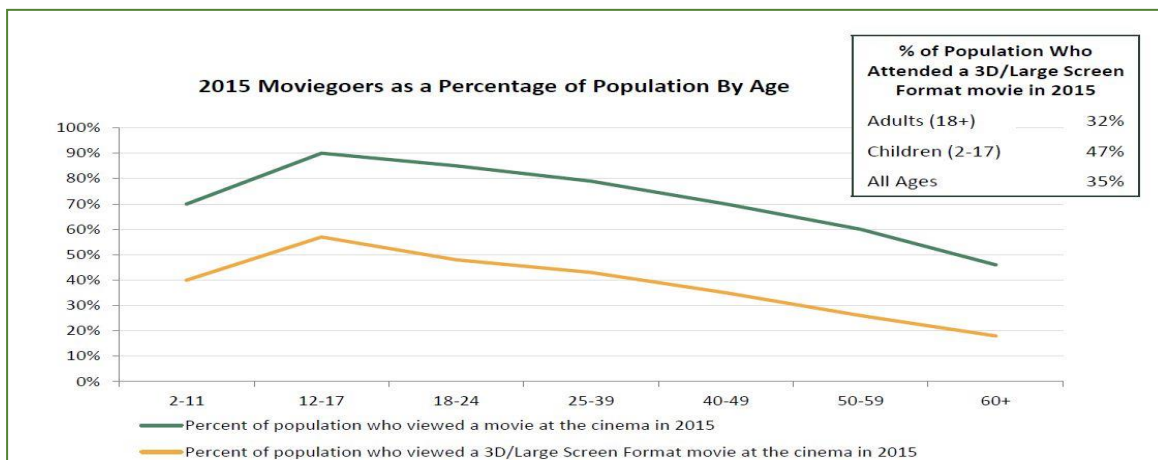
79% of B.O. from 2D Movies

Courtesy of the MPAA 2015 Report

21% of B.O. from 3D Movies

3D ATP calculation

3D Movie moviegoer breakdown:



ADULTS: 53% of 3D customers

Courtesy of the MPAA 2015 Report

KIDS: 47% of 3D customers

Galleria charges Kids \$5 and Adults \$10 for 3D movies therefore:

$$\text{Kids} = (.47 \times \$5) = \$2.35$$

$$\text{Adults} = (.53 \times \$10) = \$5.30$$

$$\text{Total 3D ATP} = \$7.65$$

2D ATP Calculation

2D Movie moviegoer breakdown:

Adults: 70% of 2D customers

Kids: 30% of 2D customers

Galleria Cinemas charges Adults \$7 and Kids \$3 for 2D movies therefore:

$$\text{Kids} = (.30 \times \$3) = \$0.90$$

$$\text{Adults} = (.70 \times \$7) = \$4.90$$

$$\text{Total 2D ATP} = \$5.80$$

Cumulative ATP:

(Remember 2D movies represent 79% of Box Office and 3D movies represent 21% of Box Office)

$$3\text{D ATP} = (.21 \times \$7.56) = \$1.5876$$

$$+ 2\text{D ATP} = (.79 \times \$5.80) = \$4.582$$

$$\text{Cumulative ATP} = \$6.1696 \sim \$6.17$$

D. DMA Total Foot Traffic (TFT)

$$\text{DMA TFT Annually} = \frac{\text{DMA Box Office Revenue}}{\text{Cumulative ATP per person}} = \frac{\$2,909,787.00}{\$6.17} = 471,632 \text{ visitors (2010)}$$

$$\text{Cumulative ATP per person} = \$6.17$$

$$\text{DMA Foot Traffic Weekly} = \frac{471,632 \text{ persons}}{52 \text{ weeks}} = 9069.85 \sim 9070 \text{ visitors per week (2010)}$$

52 weeks

Note: Atavus Group DMA Foot Traffic Weekly Break-Even is as follows:

369,017 persons per year are needed for Atavus Group to break even

$$\frac{369,017 \text{ person}}{52 \text{ weeks}} = 7096.48 \text{ visitors per week}$$

52 weeks