

FILM INDUSTRY FACT BOOK 2015



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I. SECTOR OVERVIEW

The Lebanese film industry is one of the oldest in the region and is considered as the only other cinema in the Arabic-speaking region, beside Egypt's, that could amount to a national cinema. The industry has been in existence since the 1920s, and the country has produced over 500 films.

During the post-independence period, Lebanon witnessed an economic boom that made its capital, the financial center of the eastern Mediterranean. Lebanon's economic success, along with of its strong banking system and its open, multi-cultural and liberal society have played an instrumental role in turning the country into an attractive production choice, while being at the same time a center of filmmaking in the Arabic world.

The film industry is becoming particularly attractive as it entails to the growth of a "film community" which is made of creative talents, producers, technicians and movie-goers, in addition to an increasing interest from the financial and private sector in investing in the Lebanese Audio-Visual Industry, seen as a pillar of the "Knowledge Economy".

II. THE MOVIE INDUSTRY VALUE CHAIN

The making of a movie is a multi-stage process which starts with the draft of a story concept, and continuing through structure of the movie budget, to the start of the shoot and finally to the post production and distribution stage.

• Finalizing film



Development & Pre-Production

- Formulating Ideas
- Story Development
- Script Writing
- Securing Rights
- schedule and budget • Securing movie
- financing
- Casting
- Setting Locations Booking facilities

Re-writing movie script

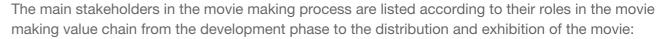
- Production • Setting up photography, lighting and

recording facilities

- Rehearsal • Shooting and audio
- Recording

Post-Production / Distribution

- Movie Editing and assembling Sound Mixing
 - Adding special sound and visual effects
 - Movie distribution
- through theatrical distribution. DVDs. VODs, pay TV, Online







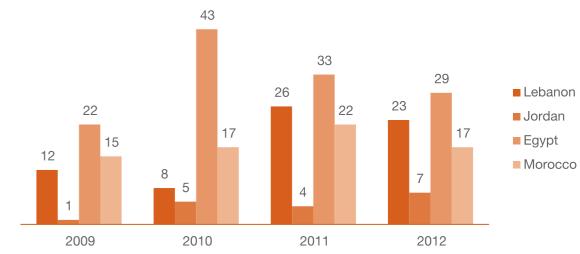
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|---------------------------|---|--|
| | | |
| Distributor 'Subsidy | International Pre-sales Equity Financiers Co-Production Funds | |
| | | |
| on staff on Company | Post-Production facilities and film labs | |
| | | |
| n rights the film) | • Film Markets and Festivals (Cannes, Berlin, Venice) | |
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III. FACTS AND FIGURES ON THE LEBANESE FILM INDUSTRY

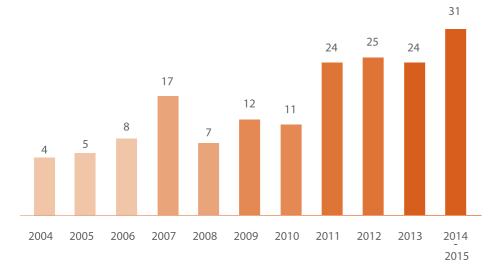
• The Film industry has seen a significant growth over the last 4 years as measured by the numbers of Lebanese films produced per year, **hovering at 31 units in 2015** (Graph 1) with an approximate investment value of USD 32.4 million, which represents a significant growth compared to an yearly average of 11 and an investment size of USD
8.8 million produced in the previous 4-year period.
Film production growth in Lebanon has reached record levels of f 675% over a 10 year period.

Compared to other countries in the region, Lebanon film production activity is quite important (Graph 3). According to the report of Film and Audiovisual data collection project conducted by EUROMED Audiovisual Programme in 2013, Lebanon has

GRAPH 3: PRODUCTION OF FEATURE LENTGH MOVIES IN THE REGION | 2009-2012



Graph 1: Film production per year number of films | 2004-2015



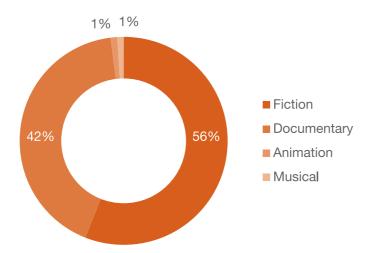
* This number includes only feature-length films and documentaries Source: Fondation Liban Cinema

Examples of Lebanese movies include, "Chi Yom Rah Fel" (2014), "Bébé" (2013), "33 Days" (2012), "Taxi El Ballad" (2011), "Where Do We Go Now" (2011).

In terms of types of movies most commonly produced, 56% of locally produced movies were fiction movies, while documentaries grasped 42% of total Lebanese movies share (Graph 2).

The profitability and the audience preference for fiction movies (drama, science-fiction and thriller) explains the largest market share of this genre of movies. Subjects tackled in documentary movies tend to be more of the critical type(political issues, biographies..) and therefore are more subject to censorship than fiction movies.

Graph 2: DISTRIBUTION OF LEBANESE MOVIES BY TYPE % | 2015



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Source: Fondation Liban Cinema

produced between 2009 and 2012 a considerable number of feature-length movies compared to Jordan and Morocco. Egypt remains the country with the highest production of movies and series.

* This number includes feature-length films

Source: Euromed Audiovisual -Statistical Data Collection Project On The Film And Audiovisual Markets In 9 Mediterranean Countries-2013

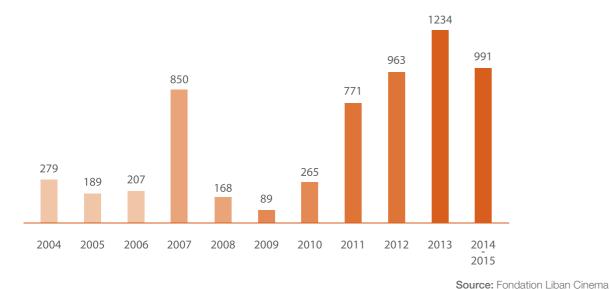


IV. SOCIO ECONOMIC IMPACT OF THE LEBANESE FILM INDUSRY

The importance of the film industry to the local economy can't be neglected as a result of the indirect impacts on the film value chain. We can safely assume that the direct number of people working in the industry is closely related to the number of films produced per year. Data compiled from movies produced show that around 1000

people (Graph 4) were directly employed in 2015 to produce 31 movies, the equivalent of 30 people per movie, this is not accounting for indirect jobs such as makeup artist, hairdresser, costume designer, gaffer, sound director, and for the remaining of the value chain from distribution to marketing and so on.

GRAPH 4: NUMBER OF PEOPLE WORKING IN FILM PRODUCTION PER YEAR number of people | 2004-2015

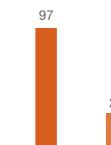


More specifically, there are usually around 10 people involved in the pre-production phase of a movie to draft the script, prepare a detailed schedule and budget, finalize the script, determine the filming locations and negotiate contracts. In the production phase, the number of people is function of the size of the movie. In some cases, the crew may exceed 200 people for large-budget films.

The crew, in addition to the cast staff, includes the producer, casting director, script supervisor, director of photography, location manager, art director, key makeup person, key hairdresser, costume designer, gaffer, sound director, etc. Which brings us to the indirect impacts of the film industry when we account for actors, photographers, writers, directors, etc (Graph 5).

Based on a study conducted in 2008 by PricewaterhouseCoopers, titled "The Economic Contribution of the New Zealand Film and Television Industry" and a study titled "The Economic Impact of the UK film Industry" by Oxford Economics in 2010, the multiplier for the film industry is 2. This means that for every job directly created by the film industry, another job is created indirectly either in the supply chain or from the increased

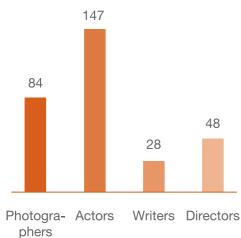
GRAPH 6: NUMBER OF COMPANIES IN THE FILM INDUSTRY IN LEBANON number of companies | 2015



Production and Production and Post-Production Post-Production (Audiovisual)

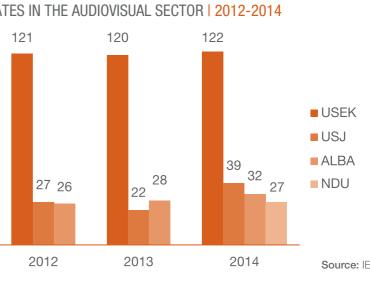
In terms of the number of graduates in the audiovisual field, around 220 students graduate each year from 6 universities which offer specialized courses (graph 7).

GRAPH 5: NUMBER OF PEOPLE WORKING IN FILM PRODUCTION VALUE CHAIN number of people | 2010



Source: CAS Report on professional Activities in Lebanon-2010

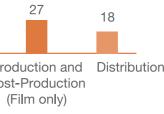
GRAPH 7: NUMBER OF GRADUATES IN THE AUDIOVISUAL SECTOR | 2012-2014





spending of those directly or indirectly employed in the industry.

The impact of the film industry on the economy is also measured by the number of companies operating in the sector. Today there are around 97 companies involved in audiovisual production and post production – 27 of which are for film only – as well as 18 distribution companies (Graph 6).



Source: IDAL's Calculations

Source: IESAV, ALBA, USEK and NDU



V. STAKEHOLDERS IN THE SECTOR

Ministry of Culture

The National Film Commission at the Ministry of Culture is the entity responsible for providing financial support to filmmakers in the form of annual grants. The total annual budget allocated by the Ministry to filmmakers is around USD 100,000, distributed among 10 to 15 films.

The Ministry has also within its structure a Directorate for Knowledge Economy and Cultural Industries where the Cinema Department became the Directorate for Cinema and Cinematheque. For more information on the Ministry, you can access the following link: www.culture.gov.lb

Ministry of Tourism

The Ministry of Tourism is actively involved in promoting the potential of the country as a production destination and for bringing to the limelight the talent of Lebanese filmmakers. It annually supports the participation of Lebanese producers at the Cannes Film Festival and the Office du Tourism in Paris has launched a new project called "35mm from Beirut" which provides a professional guide and website to promote the image of the country as a host country for cinema. For more information on the Ministry, you can access the following link: www.mot.gov.lb

Investment Development Authority of Lebanon (IDAL)

The Investment Development Authority of Lebanon (IDAL) is the national investment promotion agency that was established in 1994 with the aim of promoting Lebanon as a key investment destination, and attracting, facilitating and retaining investments in the country in 8 economic sectors, including the Media industry. IDAL provides tax breaks to production and post-production companies which can go up to 100% exemptions on corporate profits.

IDAL has recently partnered with Fondation Liban Cinema to support the growth of the film industry. For more information on IDAL, you can access the following link: www.investinlebanon.gov.lb







Fondation Liban Cinéma (FLC)

Fondation Liban Cinema (FLC) is a non-profit association founded in 2003, whose objectives are to participate in the development of Cinema Industry in Lebanon, create a fund for financing the development and distribution of Lebanese movies and promote Lebanon as a film destination through the participation in international Film Festivals (Cannes, New York, Dubai, Cairo). For more information on FLC, you can access the following link: www.fondationlibancinema.org

Beirut DC

Beirut DC was founded in 1999 offering assistance and supporting independent Arab filmmakers to overcome difficulties and constraints. In order to promote the Arab film industry, the BDC is leading the organization of "Ayam Beirut Al Cinema'iya" festival or "Film days of Beirut". In addition to that, BDC regularly organizes training workshops for amateurs and semi-professionals in order to reinforce professions in this sector in the Arab world. For more information on Beirut DC, you can access the following link **www.beirutdc.org**

Screen Institute Beirut (SIB)

Screen Institute is a non-profit association whose main objective is to reinforce the film industry infrastructure in the Arab region. SIB offers particular support to documentary films. Its film fund offers subsidies for the production and development of documentaries to filmmakers. For more information on the Screen Institute, you can access the following link www.screeninstitutebeirut.org

Metropolis

The Metropolis Association was founded in 2006 to develop a film culture in Lebanon, allow cultural diversity and establish dialogue through cinema by presenting its different tendencies and categories. Metropolis aims to support the emerging generation of young Lebanese and Arab filmmakers by developing their skills through workshops, promotion and release and distribution of their films via its own distribution company MC distribution. For more information on Metropolis, you can access the following link **www.metropoliscinema.net**

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VI. COMPETITIVE ADVANTAGES OF LEBANON

1. Production Services:

Filmmakers can take advantage of Lebanon's unique filming resources including:

Media talents and Production Companies:

Given its substantial local media talent (Every year, around 220 students are estimated to graduate with a degree in audiovisual arts) as well as the low productive cost relative to the region, Lebanon's television production industry has gained a unique position locally and regionally. Lebanon offers a good depth of experienced key crew. All key and supporting crews speak good English, French and Arabic.

There are around 97 audiovisual production/ Post-Production houses in Lebanon that offers a wide spectrum of production facilities like ready studios and filming equipment which are equipped with state of the art equipment and professional teams to make it happen.

Filming Scenery:

Filmmakers can take advantage of Lebanon's unique and diversified scenery resources including a blend of Middle Eastern, European and ancient architecture, that could cater to almost any type of staging required, namely beaches, country sides, and urban cities.

The capital Beirut is the main production center, a vibrant city known for its fun nightlife, beaches, restored Art Deco architecture, souks. But one should not forget Roman ruins that can be found in Baalbeck, Byblos and Tyre.

Film Location Permits:

Lebanon is one of the most liberal country in the Middle East. It is relatively easy and quick to get permits in Lebanon, granted by the Ministry of Information and other national authorities:

• Filming Stage: prior to filming local movies, the producer must obtain a filming permit from the Directorate of General Security. This permit is a condition required before receiving any form of financial assistance for film production from the Ministry of Culture, and is also required to obtain

a screening permit for the actual movie when it is complete. On several occasions, producers have to obtain more than permit from various authorities to be able to proceed with filming works e.g. the Lebanese Army, the Internal Security Forces.

• Screening Stage: under Law 27 November 1947, all movies should undergo a censorship process and cannot be distributed or projected to the public without authorization from the Directorate of General Security. If General Security finds that the film or part of the film's screening should be censored, the film shall undergo another censorship process. However, the final decision to ban the screening shall be officially issued by the Ministry of Interior.

2. Post-Production Services

This industry comprises of companies that offer services in editing, film/tape transfers, titling, closed captioning, and computer-produced graphics, animation and special effects, as well as developing and processing motion picture films. All in all, there are around 25 post-production facilities in Lebanon. These are divided across big facilities like the Gate, and ThePostoffice, which offer cutting edge services and technologies to clients from the entire Arab Region. The trend is however moving towards smaller post production facilities focusing on digital media and film, with specialization in 3D animation and special effects.

Production and Post-Production companies have established solid working relationship with European partners and have the support of several Arab and European institutions like CNC (Centre National Cinematographique), ARTE France, the Global Film Initiative, The Dubai and Doha Film Institute and the Aide aux Cinémas du Monde in order to promote the Lebanese movie industry worldwide.

With around 18 distribution companies, Lebanon offers a solid ground for movie distribution through those companies: good relations with foreign directors and producers as well industry expertise and regional market demand.

VII. SUPPORT PROVIDED TO THE SECTOR

There are currently various types of support provided to the Film industry from the private and public sectors.

Capacity Building

To compete technically sophisticated imported screen products for regional audiences, training, workshops and technical courses are being provided to filmmaking stakeholders in Lebanon:

 Beirut DC annually organizes training workshops for amateurs and semi-professionals for all cinemarelated professions

 The FLC annually sponsors the participation of selected scriptwriters and producers in workshops organized at Cannes Film Festival, in addition to organizing workshops locally

 AFAC Institution has established a scriptwriting workshop for the Cinema Grantees. The first workshop for feature fiction films awarded in the annual General Grant for Cinema was held in 2013, in addition to a Scriptwriting Consultation Workshop for the 2012 Cinema projects. Beside this workshop, AFAC had already conducted six workshops as part of its special programs - the Arab Documentary Film Program (ADFP) and the Crossroads program with the aim of providing filmmakers with professional support in specific qap areas

• The Screen Academy under "Screen Institute Beirut" plans to set up its teaching premises in Central Beirut. The academy will offer high-level professional courses within creative filmmaking and thus strengthen capacity building in the field of screen arts and techniques.

Financial Support

Lebanese movies are mostly co-produced with France that provides the needed financing for production. In addition to France, some productions are realized with Germany, Belgium, Denmark, Canada, Egypt and some other gulf Countries. Financial packages currently granted by public institutions to production, post-production and digital media companies include:

• A 100% tax exemption on corporate profits for a period of 10 years, granted by the Investment Development Authority of Lebanon (IDAL) through Investment Law No.360(provided that the company meet minimum investment size requirements).

To apply for our incentives please click on the following link www.investlebanon.gov.lb

• 50% exemption on corporate profits for a period of 5 years, granted by the Ministry of Finance (decree yet to be ratified by Parliament)

• Equity investments guaranteed at 75% by the Central Bank of Lebanon through Circular 331, in companies operating in the field of Digital Media

 Grants ranging up to 10,000 USD per film and for 10 films annually granted by the Ministry of Culture.

Promotion and Marketing

Few institutions currently support Lebanese producers in promoting and distributing their movies regionally and internationally:

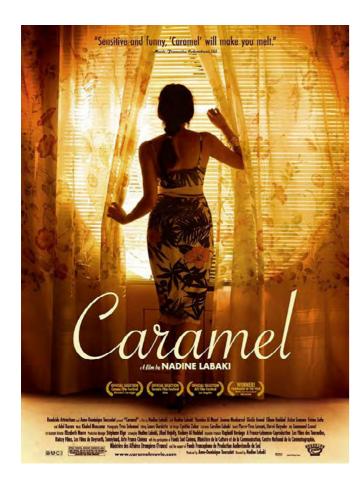
• Investment Law No.360 grants IDAL the ability to assist in the support, promotion and marketing of Lebanese products in accordance with an order issued by the Council of Ministers. IDAL supported in 2015 the promotion of Lebanese films at the Cannes Film Festival

• The Ministry of Tourism through the Office du Tourism has for the last 9 years provided support to Lebanon at the Cannes Film Festival which is the largest festival held annually

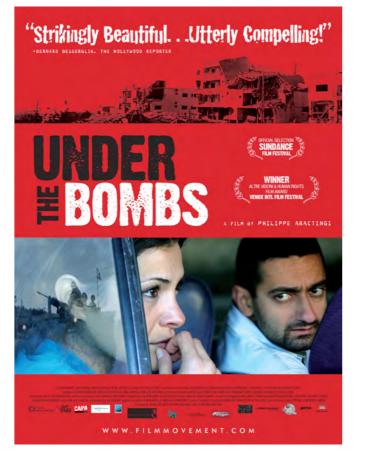
• Fondation Liban Cinema (FLC) is the Lebanese non-profit entity which traditionally supports the participation in foreign festivals to increase exposure to Lebanese talents and foster the internationalization of the Lebanese industry.

VIII. SNAPSHOTS OF LEBANESE MOVIES

Foreigners could tend to think that the Lebanese cinema is only a decade or so old. Of course, the last decade has brought with it a renaissance of sorts, with a few big name productions that got international recognition. But it's important to know that the Lebanese film industry started all the way back in the late 20s. In fact, the first silent Lebanese movie saw the light between 1929 and 1930. It was directed by JordanoPidutti, a 24-yearold Italian cinematographer who had moved to Beirut. Going back to the last decade, many Lebanese movies have gained global recognition, receiving international awards in eminent film festivals. Sales agents around the world have shown interest in those movies, allowing them to be distributed all around the world, namely, the USA, Europe and Australia. Here below are examples of 2 movies that were very successful on the local as well as on the international scene.







UNDER THE BOMBS

CARAMEL

Directed by the famous Nadine Labaki, Caramel is a romantic comedy centered on the daily lives of five Lebanese women living in Beirut.

| Release Date | 2007 |
|--------------------------|--------------|
| Budget | 1,600,000\$ |
| Domestic Box Office | 1,060,591\$ |
| International Box Office | 13,193,169\$ |

The movie was distributed all over Europe (Spain, UK, France, etc..), and the Americas (USA, Argentine.. etc.). Caramel was nominated for 8 awards and received 5.

Awards

| San Sebastian Film Festival 2007 | Youth Award | Spain |
|--|---|-------|
| San Sebastian Film Festival 2008 | TCM Audience Award | Spain |
| San Sebastian Film Festival 2009 | Sebastian Award | Spain |
| Middle east International film festival 2006 | Abu Dhabi Black Pearl for Best Actress | UAE |
| Middle east International film festival 2007 | Variety Middle East Filmmaker of the Year | UAE |

Nominations

| Asia Pacific Screen Awards 2007 | Best Feature Film | Australia |
|---------------------------------|---------------------------|-----------|
| Asia Pacific Screen Awards 2008 | Achievement in Directing | Australia |
| Asia Pacific Screen Awards 2009 | Performance by an Actress | Australia |

UNDER THE BOMBS

Under the Bombs is the story of a woman in the wake of Israel's 2006 bombardment of Lebanon, that finds her way into the country convincing a taxi cab driver to take a risky journey around the scarred region in search of her sister and her son. The film was directed by prominent director Philip Aractangi.

| Release Date | 2008 |
|---------------------|-----------|
| Domestic Box Office | 448,227\$ |

The film was featured at several festivals in France, Italy, Belgium, Turkey, Dubai and won many awards.

Awards

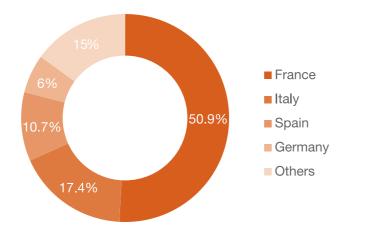
| Venice Days 2008 | GiornatedegliAutori - Arca Cinema Giovani | Italy |
|--|---|---------|
| | Award: Best Film "Other Visions" | |
| Venice Days 2008 | the Eiuc Human Rights Film Award | Italy |
| Festival International du Film Francophone | Jury Junior Prize | Belgium |
| de Namur | | |
| International Antalya Golden Orange | Critics Prize | Turkey |
| Film Festival | | |
| International Antalya Golden Orange | NETPAC Prize | Turkey |
| Film Festival | | |
| Dubai Film Festival | Best Actrerss Award | UAE |
| Dubai Film Festival | Gold Muhr | UAE |
| Luchon International Film and TV Festival | Prix Coup de Coeur | France |
| Luchon International Film and TV Festival | Best Music Award | France |
| Luchon International Film and TV Festival | Audience Award | - |

IX. EXPORT OF LEBANESE MOVIES

According to the LUMIERE database of the European Audiovisual Observatory, 23 Lebanese movies were distributed in Europe between 1996 and 2012. Out of the 1.4 million admissions in Europe for Lebanese movies, the movie Caramel contributed alone to 62.8% of admissions during that period. According to the EUROMED Audiovisual film and audiovisual data collection project, Lebanese movies have the highest

penetration in EU countries with the lion share in France (51% of total admissions), followed by Italy (17.4%), and by Spain (10.7%) (Graph 8).

GRAPH 8: DISTRIBUTION OF LEBANESE FILMS ADMISSIONS IN THE EUROPEAN UNION % | 20012012



Source: Euromed Audiovisual -Statistical Data Collection Project On The Film And Audiovisual Markets In 9 Mediterranean Countries-2013

Beside the theatrical releases, some Lebanese movies are available in Europe and in the United States in DVD form.

Lebanese distribution companies and various

organizations are working on promoting the Lebanese movie industry through various festivals such as Cannes, the Berlinale, Toronto, and Dubai Film festival.



Cannes Film Festival

Each year since 2005, and through the financial and logistic support of the Office of tourism of Lebanon in Paris and the Lebanese ministry of tourism and IDAL, FLC is present at Cannes Film Festival.The Lebanese Booth at the Film Market represents a window for the promotion of Lebanese films and a great opportunity to meet international films professionals. Historically, Lebanese movies have been successful in getting some of the most acclaimed prizes at Cannes and managed to get screened including " Je Veux Voir" (2008) by Joana Hadjithomas and Khalil Joreige, "Caramel" by Labaki (2007), " A Lost Man" by Daniel Arbid (2007), etc...



The Berlin International Film Festival

The Berlin International Film Festival is one of the most important dates for the International Film Industry. The Festival programme includes workshops, panel discussions and possibilities for interactions to foster filmmakers contacts, strengthen their position in the industry and negotiate film rights.

Many Lebanese movies has been selected to be screened during Berlin International Festival such as "the One Man Village" (Semaan Bil Dayia) by Siomon El Habre, "The Valley" by Ghassan Salhab, "Aquarium" by Yousri Nasrallah.



Dubai International Film Festival

As part to stimulate regional Film production, Dubai International Film Festival has established Dubai Film Market (DFM) which is a platform that aims to raise visibility of Arab Cinema in the region and at an international level. The DFM runs concurrently with Dubai International Film Festival.

The DFM comprises of a range of components which includes the Forum, an exciting series of business and industry panels and workshops; Cinetech, a state-of-the-art platform for the sales and acquisition of films and TV content; the exhibitors' stands which present excellent opportunities to showcase products and network with regional and international film professionals, companies and institutions. In addition Enjaaz provides financial support to selected filmmakers from the Arab world, and the Dubai Distribution Programme supports independent filmmakers with the opportunity to showcase their films to a wider audience.

Lebanon has been present in the Festival through the selection of Lebanese movies such as ""Waynon" by Sam Lahoud. Moreover many Lebanese movies have been selected to receive Enjaaz programme award such as "Che Guevara Died in Lebanon" by Christina Foerch Saab, "Gate No. 5" by Simon El Habre, "Yamo" by Rami Nihawi.

X. LEGISLATION REGULATING THE SECTOR

Lebanon has the most liberal media sector in the Middle East. Its government has persistently spearheaded efforts to liberalize the sector and modernize media law, while playing an active role in enforcing intellectual property rights and regulations. Below are the main laws which govern the film industry:

Law of November 27, 1947

A law regulating the cinema industry, introduced in 27 November 1947, established prior censorship concerning the exhibition of both imported and locally made films.

According to Article 1 of the Law, all films are subject to censorship and may not be screened to the public in movie theaters or any other facility without an authorization from the directorate for General Security in order to safeguard the following principles:

• Respect of public order, decency, and good morals

• Respect for the feelings and emotions of the viewers and avoiding the awakening of racial and confessional strife

• Upholding the respectability of public authorities.

The Intellectual Property Law

The Intellectual Property law (IP) was drafted by the Ministry of Economy and Trade (MoET), and passed as a law in 1999. Provisions under the law cover patents, industrial designs, trademarks, copyrights, unfair competition, and penalties for infringement.

Film Co-production Agreement Between France and Lebanon

The Government of the French Republic and the Lebanese Republic have signed on the 27th of March 2000 a co-production agreement aimed at supporting the co-production of cinematographic works between Lebanon and France.

Co-production feature-length and short films that have been approved under the terms of this agreement shall be treated as national films by the authorities of both States.

The Investment Law No.360

In 2001, the Lebanese parliament passed Investment Law No.360 under which IDAL provides financial and non-financial incentives to companies operating in selected sectors including the Media sector considered as a priority activity covered by the law.

XI. OPPORTUNITIES IN THE SECTOR

Production and post-production services have emerged as profitable industries, especially with the need for high quality content creation in the region. Production facilities like ready studios and filming equipment also present opportunities to serve the regional market, with current projects like Studio vision catering to various Arab television channels. The edge in the Lebanese industry remains its ability to provide quality at reasonable prices; while the industry is highly developed, mainly because of the human skills available, it continues to offer relatively cheaper production costs compared to the Gulf countries.

Co-Production Opportunities

Lebanon's aforementioned large number of production companies and unique geographical characteristics in the region, make it one the most suitable countries to co-produce in. Foreign producers can take advantage of the know-how of local talent at a very affordable cost.

New Sub-sector on the rise: Video on Demand

One particular sub-sector is on the rise recently in Lebanon, Video on Demand (VOD). VOD is a system which allows users to select and watch/listen to video or audio content when they choose to, rather than having to watch at a specific broadcast time. Internet Protocol Television (IPTV) technology is often used to bring video on demand to televisions and personal computers.

We currently have one company in Lebanon, "Cinemoz" that offers VOD systems. Founded in June 2011 by Karim Safieddine and MarounNajm, Cinemoz gives access to viewers to watch entertainment from the Arab World, such as films, series, documentaries and shorts, while interacting with the community through full integration of social media features. It generally provides viewers from the region with free streaming of premium Arabic content.

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Just a year after its launch, it has already grown to become a leading video-on-demand website, and Safieddine believes his venture's swift success is down to the Arab world's booming online advertising market, currently worth 180\$ million and expected to generate 580\$ million in 2015. With 17 servers around the world, Cinemoz has managed to cross the internet hurdle and make a quantum leap from a promising local website to one of the leading regional VOD platforms in a single year.

Other Video-on demand also includes MBC's Shahid.net, shofha.com and Istikana TV. The VOD businesses in the Arab world have followed the model presented by international websites such as Netflix and Hulu.

In fact most films barely break even at the box office, and studios recoup their investment with DVD sales to a lesser extent, with VOD sales.

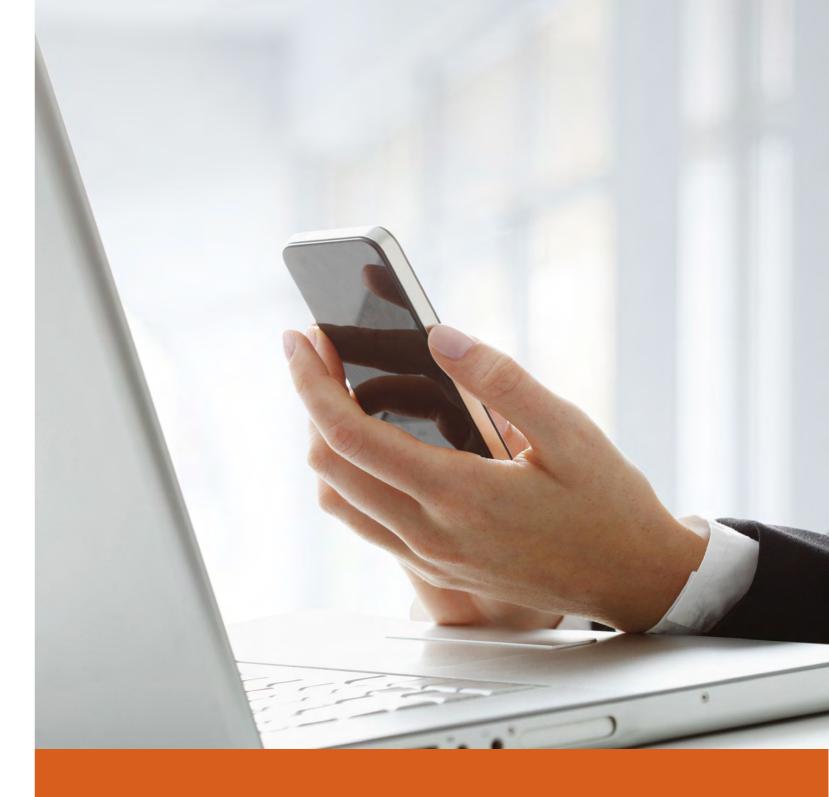
Certain fundamental changes have happened in the movie revenue streams as a result of VOD.

The Business model of the film industry is shifting towards content that targets big audiences, who can connect with that that content online. The seamless connection between films and social, and across devices makes VOD the ideal format for filmmakers and studios to focus their efforts on in the future.

The table below shows the additional audiences generated by digital sub- industries(DVD and VOD) for selected movies:

| Movie | Country | Theatre admissions | Digital transactions | % of additional audience generated |
|-----------------------|----------------|-----------------------|-------------------------|--|
| | France | 2013 | 848 | 42% |
| For those in peril | Poland | 503 | 228 | 45% |
| | Netherlands | 1095 | 820 | 75% |
| | Italy | 488 | 881 | 181% |
| Magnifica Presenza | Austria | 982 | 197 | 20% |
| | France | 10 397 | 1383 | 13% |
| | UK and Ireland | 535 | 400 | 75% |

Moreover, local mobile operator ALFA, has launched a mobile cost free application that allows subscribers to rent videos from a collection of more than 200 films using the video-on-demand option for 1.99\$ per film.



CONTACT US

If you require any further information on investing in Lebanon or on the services IDAL can offer you, please do not hesitate to contact us at the following:

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