



Gramarye Media

AN ASSET-CLASS SECURITY INITIAL COIN OFFERING

Executive Summary

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April 23, 2018

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This document is an executive summary only. Please refer to the Gramarye Media ICO White Paper for more information, including team biographies:

<http://www.gramaryemedia.com/wp-content/uploads/Gramarye-Media-ICO-Whitepaper.pdf>



Gramarye Media ICO White Paper



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Gramarye Media ICO White Paper

Executive Summary

Gramarye Media is a disruptive book publisher, a film studio, a game developer, and more. We're the world's first content incubator.

Gramarye Media is the virtual Hollywood entertainment studio of the future – discovering, incubating, vetting, producing, and distributing original content, including books, films, games, AR and VR, merchandise, and more. With budgets soaring, original content is risky because it lacks brand awareness. In addition, there is tremendous waste built in to the Hollywood system. Gramarye has recognized that these issues provide an opportunity for industry disruption. Our model is based on three simple core concepts:

1. Reduce Risk
2. Produce content at a Significantly Lower Cost
3. Open New Channels for Revenue Generation

Gramarye, a graduate of Georgia Tech's exclusive Flashpoint business accelerator, applies the "Silicon Valley" process (rigorous process for reliable innovation) to content. Story franchises are also innovated. They, too, can be innovated reliably. It begins with building and proving an audience. Communities form around stories. Imagine building and vetting passionate fan communities – proven engaged audiences – *before a single frame of film is shot*. Those communities can be worth billions. That's exactly what Gramarye Media does.

Gramarye's Content Incubator uses a four-part process that includes:

1. **Discovery** – shifting the industry from a "hunter/gather" model to an "agricultural" model.
2. **Incubation** – using an intense, year-long process that maximizes a story's audience potential.
3. **Publish and Vetting** – using a proprietary technology and social media platform to build communities and mine reliably predictive audience data.
4. **Production and Distribution** – developing titles that demonstrate a proven audience through multiple channels simultaneously to reduce costs and maximize revenue.

In addition, Gramarye will acquire an ownership stake in a distribution entity, giving us direct access to theatres and streaming services around the world – *reducing risk and generating revenue quickly* – as well as in partner companies to fund an entire entertainment ecosystem, bringing greater opportunity for growth and return to token holders.

Finally, Gramarye uses blockchain technology to provide meaningful incentives to fan evangelists who spark the viral spread of brand awareness, and to stream content directly to consumers hungry for the core, generational stories that unite us all.

Gramarye will be the first studio funded by a cryptocurrency offer coupled with traditional funding.



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Problem and Solution

Georgia is now the number one destination for film and television production in the world with a \$9.5 billion impact in 2016. The credit for that impact lies with Georgia's generous tax incentives, as well as a lower cost of business, an established and growing crew base, and significant infrastructure investment, including soundstages and post production facilities.

If Georgia is going to maintain and grow its lead, eventually, *content will have to be owned and developed here*. Nonetheless, original content is traditionally both expensive and risky. Gramarye addresses the challenges by developing a reliable content engine and the first major film and entertainment studio on the east coast.

The two rarest and most valuable commodities in entertainment media are branded content and distribution. Gramarye Media will have both.

The Current Studio Model

To start a major film studio from the ground up, one would usually start with a development fund of between \$20 million to \$50 million. This is used to develop slates of Intellectual Properties (IPs), most of which are never made. This is a "sunk cost" that must be amortized in the films that are actually produced.

Hollywood depends on branded entertainment – franchises that are perceived as having a "built in audience." As a result, studios depend on a cycle of sequels and remakes, because they are perceived as safer. However, analysts and executives agree: the cycle of sequels and remakes has played out and presents ***significant, even existential threats to industry profitability.***

With budgets soaring, original content is risky because it lacks brand awareness. In addition, there is significant waste "built in" to the Hollywood system. For example, studios spend anywhere from \$1 million to over \$20 million on films *that are never actually made*. Netflix recently wrote off \$39 million on abandoned content.¹

As a part of the development process, studios spend anywhere from \$250,000 to over \$5 million on "big data" analytics without uncovering information that is reliably predictive. Again, much of this money is spent even on films that aren't actually made and does not reliably reduce risk on the ones that are.

These costs are over and above the tremendous overhead built in to the decades-old studio system, including dated infrastructure, legacy staff, libraries of expensive content stuck in development hell, and more. These are costs that Gramarye Media, operating as a "virtual studio," eliminates.

¹ <http://variety.com/2018/digital/news/netflix-q4-2017-39-million-write-down-unreleased-content-kevin-spacey-scandal-1202672747/>



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A New Model

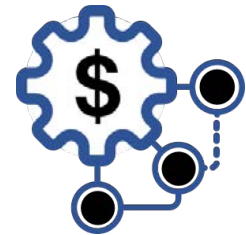
The Gramarye model is based on three core ideas:



#1 Risk Mitigation



#2 Cost Reduction



#3 Multiple Revenue Streams



#1 Risk Mitigation

The new Gramarye Media studio mitigates risk in two ways:

1. Diversification of Investment
2. Audience Vetting/Content Incubation

Historically, most film investments have followed a “one and done” model: invest in one film that might produce favorable returns – or might not. Gramarye’s investments are diversified over a portfolio of projects, mitigating risk and increasing the likelihood of success.

First, \$30 million annually is managed by our partners at RoadShow Equity Partners. Roadshow funds will invest in 10 to 12 film and television productions over a five-year period. The Funds will invest between \$500,000 to \$2,000,000 on either a “first in” or co-investment basis in independent productions. RoadShow’s model is designed to protect investors. By investing in a slate of films, the Investor avoids the risk that comes with the “one and done” approach.

The traditional Hollywood system has routinely paid investors after everyone else has been paid. As a result, investors have waited years, at best, for their returns. RoadShow is committed to ensuring that Investors are the “first in” and “first out” position. The Fund will be in first position profit participation



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derived from worldwide exploitation. Unlike the large studio model, the Fund has no internal overhead charges or fees that push back recoupment and profit participation.

The Fund is expected to receive a preferred return of 20 percent and thereafter 50 percent on-going participation in all net revenue generated in the subsequent years of exploitation. As a result, successful productions generate returns to investors *for decades*.

Content Incubation:

THE INCUBATION METHODOLOGY EARNS REVENUE

Traditional Studios Spend:

\$20 Million
annually on movies
that are never made

\$30+ Million
annually on TV pilots
that are never aired

This is a sunk cost

**Gramarye's Incubation Methodology will generate
REVENUE even on stories that are never adapted.**



We also diversify investment by developing up to 12 titles a year that have the potential to become blockbuster event franchises. We do that through our content incubation process.

Gramarye turns the development process into a revenue generator. Instead of a "sunk cost" of \$20 million to \$50 million, Gramarye starts at zero plus a projected 20 to 30 percent return.



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Gramarye, a graduate of Georgia Tech’s exclusive Flashpoint business accelerator, applies the “Silicon Valley” process (rigorous process for reliable innovation) to content. Fewer than 10 percent of all startups succeed, but more than 80 percent of the companies that go through accelerators succeed, according to a study made by the Institute of Public Administration at Pennsylvania State University.² Stories are also innovated. They, too, can be innovated reliably.

As a part of our work at Flashpoint, we conducted literally thousands of interviews with active participants in fan communities – from online forums to fan conventions and even ticketed Harry Potter and *Star Wars* pub crawls – to better understand what attracts them. That research helped shape our selection criteria.

The larger point is this: *when those communities form, they are worth billions*. We provide the content likely to attract those communities and we provide an opportunity for them to thrive and grow. When we discover and prove a community forming around a story, we develop cross-media franchises.

Gramarye’s Content Incubator uses a four-step process:



Step 1:
Select A Story



Step 2:
Refine & Prepare



Step 3:
Publish & Gather Data



Step 4:
Produce Winners

Step 1: Select A Story: First, Gramarye selects *unpublished book manuscripts with blockbuster DNA* using a 47+ point “checklist” and a team of proven industry veterans.

Step 2: Refine & Prepare: Then, authors work with a team of experts to polish and refine their manuscripts and prepare the IP for adaptation across media channels during a year-long incubation process. We empower the writer to oversee the development across channels to ensure that the heart and soul of a story is captured and that we can adapt with integrity without being overly precious about the details. At the same time, we’re preparing the work for adaptation – developing screenplays, production art, budget, talent attachments, and more.

² <http://www.nytimes.com/1988/10/23/nyregion/small-businesses-share-an-incubator.html?pagewanted=all>



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Step 3: Publish & Gather Data: Next, Gramarye publishes the content as print and as enhanced “eBook 2.0” immersive reading experiences using proprietary technology and a proprietary social media platform. The eBooks are layered with interactivity, including AR, music, moving illustrations, story-relevant games, community forms, and more. The interactivity allows Gramarye to empower and incent users to share and network. We can track and measure the viral spread of brand awareness as the communities deepen and grow. The interactivity also allows Gramarye to mine data to identify key inflection points and more, and to track the information by age, sex, and location. This allows Gramarye to better understand fan passion and adapt in a satisfying way, to better create and target merchandise, and to know exactly how and to whom to market.

Step 4: Produce Winners: Finally, Gramarye produces the titles that demonstrate a proven, built-in audience as films, television series, games, AR and VR experiences, location-based attractions, and more. As discussed below, we do so at a much lower cost than in the traditional Hollywood system.



#2 Cost Reduction

The incubation process enables us to eliminate the “sunk costs” of development. As a part of the same process, we can eliminate much of the overhead built in to the traditional studio system. We can also take advantage of a lower cost of business in Georgia and some of the nation’s most generous tax incentives.

We will build an advanced virtual production facility, including a volumetric motion capture system and post production facilities, allowing us to significantly reduce the costs of tentpole/event films, television productions, and more. Most significantly, this technology lets us create assets that can be used across various media channels, including film, television, animation, games, AR/VR, location-based entertainment, and even toys and merchandise, all for a single cost. In the traditional models, where content channels are in silos, the same asset might be created three to five times, each with its own cost structure.



#3 Multiple Revenue Streams

Finally, we can also make use of emerging technology to not only reduce the costs of making event films, but also to open new revenue streams. Despite countless mergers and acquisitions, the entertainment industry is still struggling to master cross-channel exploitation of intellectual properties, allowing for costs to be shared across multiple projects without suffering brand dilution. However, the integrated cross-channel message delivery formulas that advertising and marketing began to master at the end of the 1990s can be applied to entertainment, allowing one property to be turned into multiple channels (and multiple



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points of entry for audience attraction), each with their own revenue generation streams.

Working with our technology, we can film key scenes, and even entire films, using a 27-camera volumetric motion capture system, allowing us to capture complete, 360° holographic images. We can then add virtual sets and even virtual props and costumes in real time. That allows us to capture every possible camera angle at the same time, reducing production time and cost significantly.

At the same time, we will be capturing assets for video games, mobile apps, AR and VR experiences, and more ... without adding additional cost. We can 3D print action figures and toys. Each represents a new revenue stream. We can even shoot identical scenes with various international casts, using the same virtual sets, costumes, and effects, to create native language versions for world markets – without dubbing or subtitles.

Distribution

In entertainment, the old cliché says that content is king. While that's certainly true, it's also true that distribution is High Emperor Above All Kings. Literally thousands of films are financed and completed every year that never find distribution agreements – and so never find audiences. Without even a limited theatrical release, it is difficult at best for a film to generate revenue through streaming and home markets.

Along with branded content, *distribution is, quite literally, the rarest commodity in entertainment.*

Gramarye will acquire a minimum 30 percent stake in a new entity created to fill the product vacuum left by the major studios by creating a disruptive new motion picture distribution and finance company.

This unique business model will allow Gramarye to optimize revenue and minimize risks. The concept focuses on the one area in the movie business that has consistently been a massive profit center for studios – owning and controlling distribution. This has the least amount of risk because Gramarye will be able to collect from first dollar gross directly from the box office and other revenue streams.

To facilitate this unique concept, the core elements of this business plan are:

- ***Domestic distribution*** allowing Gramarye direct access the largest world market directly, reducing distribution costs for its own films, and driving distribution fees for itself and third-party movies
- ***Direct international distribution*** in the eight territories that – with the U.S. – cover 90 percent of world markets, replicating the benefits of direct domestic distribution
- ***An internal foreign sales agency*** ensuring sales in the remaining 10 percent of world markets;
- ***Production financing and control*** for each project financially and creatively
- ***Marketing ("P&A") financing*** to guarantee worldwide theatrical distribution for each of our movies, reduce marketing costs, and participate in gross revenue theatrical and other streams.

This distribution investment will allow Gramarye to begin generating revenue quickly. *We believe that this investment will immediately increase the value of our distributed tokens significantly.*



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Revenue Generation

During the incubation process, we generate revenue by selling the book apps through online stores, including Amazon, Apple, and Google Play. *This is revenue recognized before we make a single film.*

One Book App (Low End):

Units Sold	200,000
Unit Price	\$14.95
Gross Revenue	\$2,990,000
Production/Marketing	-\$1,000,000
Channel/Author	-\$1,290,000*
Net Margin	\$700,000

One Book App (Median):

Units Sold	500,000
Unit Price	\$14.95
Gross Revenue	\$7,475,000
Production/Marketing	-\$1,000,000
Channel/Author	-\$3,363,750*
Net Margin	\$3,111,250

One Book App (Breakout):

Units Sold	5,000,000
Unit Price	\$14.95
Gross Revenue	\$74,750,000
Production/Marketing	-\$1,000,000
Channel/Author	-\$33,637,500*
Net Margin	\$40,112,500

This model assumes that we must sell all units through a third-party retailer and pay authors a standard 15 percent Royalty. Looking at typical results from traditional publishing, games, and movie studios, we predict that with every 12-title portfolio or slate:

- Seven will break even
- Of those, four or five will generate enough revenue to make the slate profitable
- One, or maybe two, will be breakthrough hits

These breakthrough hits are the ones we can to develop as transmedia franchises.



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WE DEVELOP THE HITS AS FRANCHISES

Cross-media franchises are worth **\$billions**

Each channel supports and promotes the others

Each channel generates revenue

Investors participate in every exploitation across all channels in perpetuity



Investors Participate in All Media Expressions



IP "X", LLC

- Gramarye Media
- Author
- Investors

Gross Annual Revenue Potential for one "hit"
\$500,000,000 to \$5,000,000,000

Total International Film Box Office Gross \$300m - \$2b	Toy Sales Year 1 Gross \$200m - \$2b
Apparel Sales Year 1 Gross \$100m - \$1b	Merchandise Sales Year 1 Gross \$100m - \$1.5b
TV/Animation Licensing \$22m	Location Based Licensing \$5m



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*How Do You Say Your Name
And What Does It Mean?*

Gramarye

Pronounced:

Gram-UH-ree or Grammar-E

The word means:

Magic or secret knowledge



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Funding Structure

The Gramarye Media Virtual Studio is funded in two ways:

1. Content Investment



RoadShow Equity Partners

RoadShow Management Partners has invested \$5 million into a content fund, allowing Gramarye to incubate four potential event franchises over 18 months. The next content fund, \$26 million to incubate 24 titles over 36 months, will draw from both sources.

In addition, Gramarye Media will draw from the ICO (discussed below) to invest \$30 million into RoadShow Management Partners annually, to fund diversified portfolios of in 10 to 12 film and television productions to be developed and distributed under the Gramarye Media studio banner and using Gramarye's corporate and management structure.

The RoadShow Equity Partners business plan and investor presentations are available upon request. More information can be found here: <https://www.roadshowequity.com/>

2. Initial Coin Offering



Lumiere Coin (LUM)

Gramarye Media will create the **Lumiere (LUM)** token, a blockchain/cryptocurrency coin built on the Ethereum platform. The initial coins will be minted in a limited amount (1 Billion coins with a nominal value of \$1 each) and released according to project development needs, over a 10-year period. The initial issue shall be limited to \$175 million for accredited investors.

We intend to be in full compliance of any and all pertinent regulations, and we shall amend the terms of the ICO as required by any securities trading regulations applicable to cryptocurrency transactions, now and in the future, as required by law.

This ICO will be a fully-compliant security, offered with the assumption that the tokens will increase in value and earn dividends as well as granting other privileges to investors.

This makes Gramarye Media both the first major studio on the east coast, and the first to be funded by a cryptocurrency Initial Coin Offering (ICO).



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The Lumiere Initial Coin Offering

Tokens minted:	1B
Prerelease tokens (SAFT)	5MM (soft cap \$500k) ³
Tokens released in Year 1:	\$175MM
Tokens released in Year 2 (projected):	\$175MM
Tokens reserved for Gramarye Team	50MM
Issue Price:	\$1/one token
Payment Accepted:	ETH, Most international fiat currencies
Issue Platform:	TBD (As wide as possible)
Pre-release Convertible Note Sale Date:	June, 2018
Sale Date:	Targeted for August, 2018
Discount Offer (Pre-release Note: \$5MM)	30 percent
Bonus Offer (first 50MM tokens):	15 percent
Bonus Offer (second 50MM tokens):	10 percent
Bonus Offer (final 70MM tokens):	5 percent

All tokens shall be tradable, subject to relevant securities laws.

Tokens will be placed on as many exchanges as possible to ensure maximum value and tradability. Gramarye Media will cooperate with all broker-dealers and platforms officially registered to trade tokens when investors are able to resell Lumiere tokens on the open market (one year after initial investment/purchase per Rule 144).

Sufficient Ethereum gas will be added to the smart contracts to ensure smooth operations and rapid transactions. All smart contracts will be audited.

³ During this raise only, unaccredited investors who reside in the state of Georgia may invest up to \$10,000 per individual under the Invest Georgia Exemption. For more information, please see: <https://www.gmanet.com/Advice-Knowledge/Articles-and-Resources/Invest-Georgia-Exemptions-Give-Businesses-an-Extra.aspx>



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Beyond Gramarye: Funding an Entertainment Ecosystem

Proceeds from the sale of Lumiere tokens will be used to fund the operations of Gramarye Media and to build our technology, production, and distribution capabilities. We're not stopping there. We are also using the proceeds to invest in other entertainment entities, most of which are based here in Georgia. Lumiere is not just a security to fund Gramarye; it will fund and sustain an entire entertainment ecosystem.

We have already discussed **RoadShow Equity Partners** and the new **distribution partner** in which Gramarye will own a majority equity stake, allowing us to put our films in theaters around the world and on major streaming services. Some of the other partner companies to be funded by the Lumiere Tokens include:

- **The Creative Media Industries Institute (CMII)** at Georgia State University is arguably the single most advanced virtual production facility on the planet, featuring Virtual production to support live performances driving 3D characters in virtual worlds, layering virtual characters and objects over real world environments, an augmented Reality CAVE Lab, a walking VR Lab, best-in-Class Editing, Color-Correction, and Post-Production Suites, "Lagless" Music and Dialog Recording, and more.
- **ConcentraQ** helps power Gramarye's powerful social media and tracking capability. ConcentraQ enables real visibility into social influence and endorsement activities from the ground up — starting at the individual consumer level. It provides tools for brand marketers that seamlessly integrate into promotions, giving prospects and customers the opportunity to easily endorse brands/products within in their social spaces.
- **Picture It Productions** is a television content developer and full-service production company based in Atlanta, Georgia. Picture It Productions has the experience and industry weight needed to bring its development slate to any network or new media outlet in the ever-expanding entertainment landscape.
- **The Story Plant/The Fiction Studio** is a prestigious traditional publisher giving Gramarye access to brick and mortar bookstores, as well as online retailers, for our quality hardback and trade paperback books.

All of these partners enhance Gramarye's capabilities, creating a thriving entertainment ecosystem that is stronger than the sum of its parts.

Token holders benefit in two key ways:

1. Additional revenue for faster and larger dividends opportunities
2. More activity to potentially increase token value on the open markets



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Use of Funds

The revenue from the initial token sale shall be sufficient to cover the \$175 million for:

Content Development:

- **\$6MM:** Development deals for two “name” creators to develop film and game properties.*
- **\$6MM:** Equity part of a \$22MM cap stack, with the remaining budget covered by tax credits and pre-sales, for a hybrid animated/live action film (like *The Jungle Book* or *The Life of Pi*, but on a more reasonable budget) based on a beloved children’s book from an author of a \$ billion+ franchise.
- **\$10MM:** One low-budget theatrical motion picture, to be shot in London and Atlanta.*
- **\$5MM:** Acquire, attach a director, and begin pre-production development of one cross-media event film with AR/VR and mobile/PC/console game spin-offs produced in concert. The remaining production budget will be raised from a subsequent token release in fiscal years 2 and 3.*
- **\$3MM:** Invest in Picture It Productions, a television content developer and full-service production company based in Atlanta, Ga. Picture It Productions has the experience and industry weight to bring its development slate to any network or new media outlet.
- **\$2MM:** Begin developing Gramarye Media’s education technology and offer, described in the exhibits section of this document.
- **\$2.5MM:** Invest in The Story Plant, a traditional publishing partner.
- **\$600K:** Acquire 12 additional titles for incubation in years two and three.

Virtual Studio Facilities:

- **\$20MM:** Invest in CMII and in the virtual production center of the future, including:
 - Volumetric motion capture stage and cyclorama “cyc wall” stage
 - Post production/editing facilities and audio recording facilities
- **\$80MM:** Acquire a minimum of 30 percent of a domestic and international distribution entity, bringing domestic distribution agreements to Gramarye for all standard areas of exploitation, along with the ability to directly distribute theatrically.
 - Domestic and international distribution allowing Gramarye direct access to the largest world market directly, reducing distribution costs for our films and for our partners
 - Marketing (“P&A”) financing allowing Gramarye to guarantee worldwide theatrical distribution for movies, reduce marketing costs, and participate in gross revenue theatrical and other streams
- **\$5MM:** General operations, including staff salaries and benefits, travel, office space, furniture, equipment, production and post production facilities, etc.

** Top sheets and other creative materials, such as scripts, are available upon request, and upon execution of a standard non-disclosure agreement.*

Further releases shall be issued according to the financial activity of the enterprise, with buy-backs conducted at appropriate moments in time to support the token market value.



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Token Benefits

Tokens are issued with the assumption that they can be freely traded in compliance with all relevant currency and securities regulations, and that they will increase in value over time.



At the end of each fiscal year in which we recognize a net profit, Gramarye Media will give token owners the right to vote to distribute dividends equal to 15 percent of net profits proportionally to all tokens in the form of airdropped bonus tokens. Each distributed token shall be awarded one vote. Token owners may also elect to reinvest net profits back into Gramarye's operations, thereby gaining the potential opportunity to grow the value of the tokens they hold and avoid dividend taxes. A simple majority will decide whether dividends are distributed or reinvested.

Token holders shall have the right to purchase additional tokens in subsequent releases before the general public. In addition, Token Holders shall be entitled to privileged access to content, including production art, online talent interactions, production art, scripts, and more.

Lumiere Platform – Ethereum

Lumiere tokens shall be issued on the Ethereum platform. Like Bitcoin, Ethereum is a distributed public blockchain network. Although there are some significant technical differences between the two, the most important distinction to note is that Bitcoin and Ethereum differ substantially in purpose and capability. Bitcoin offers one particular application of blockchain technology, a peer to peer electronic cash system that enables online Bitcoin payments.

While the Bitcoin blockchain is used to track ownership of digital currency (bitcoins), the Ethereum blockchain focuses on running the programming code of any decentralized application. Put another way, Ethereum can function both as a contract and a security – and can allow privileged access to content and other rights.

The key advantage of Ethereum is its ability to encode a smart contract into the blockchain. Smart contracts are computer code that can facilitate the exchange of money, content, property, shares, or anything of value. When running on the blockchain, a smart contract becomes a self-operating computer program that automatically executes when specific conditions are met. Because smart contracts run on the blockchain, they run exactly as programmed without any possibility of censorship, downtime, fraud, or third-party interference.



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