

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

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In re:	:	Chapter 11
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RELATIVITY FASHION, LLC et al.,	:	Case No. 15-11989 (MEW)
	:	
Debtors.	:	Jointly Administered
	:	
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DECLARATION OF JOSEPH G. NICHOLAS

I, Joseph G. Nicholas, being duly sworn, state the following under penalty of perjury:

1. I am the Founder and Chairman of HFR Group L.L.C. and its affiliated companies (the “HFR Companies”). I am authorized to make this declaration (the “Declaration”) on behalf of the HFR Companies. I submit this Declaration in support of the *Plan Proponents’ Third Amended Plan of Reorganization of the Debtors and Debtors in Possession*, dated January 30, 2016 (Docket No. 1499) (as amended or modified, the “Plan”) and the Debtors’ (i) *Memorandum of Law in Support of Confirmation of Third Amended and Restated Plan* and (ii) *Omnibus Reply to Objections with Respect to Plan and related Proceedings*, dated January 28, 2016.

2. Except as otherwise indicated, all statements set forth herein are based upon facts or my opinion. If called to testify, I could and would testify to each of the facts set forth herein based upon such personal knowledge, review of documents and/or opinion.

Qualifications and Background

3. The HFR Companies specialize in alternative investments, providing

investment products, advisory and research services. HFR Group includes (i) HFR Asset Management, L.L.C., an SEC Registered Investment Adviser based in Chicago, with an office in London, specializing in fund of funds management, index funds management, product structuring, trading manager selection and risk management; (ii) Fund Solutions, LLC, an accounting, systems and administrative business; and (iii) Hedge Fund Research, Inc., which I founded in 1993, the industry's leading supplier of data and research on hedge funds, specializing in the construction and management of hedge fund indices. I am the author of Hedge Fund of Funds Investing (Bloomberg Press; December 2003); Market Neutral Investing (Bloomberg Press: August 2000); Investing in Hedge Funds: Revised and Updated Edition (Bloomberg Press: August 2005). I received a Bachelor of Science degree in Commerce from DePaul University in 1982 and a Juris Doctor degree from the Northwestern University School of Law in 1987.

4. I have personally invested almost \$80 million in Relativity Media, LLC ("Relativity") over the course of the past twelve months. Since October 2015, I, and more recently, a team of my analysts at HFR Companies, have assessed Relativity's business and capabilities in connection with the conversion of my secured debt into equity at emergence from chapter 11. I am aware that Relativity likewise relied upon Houlihan Lokey to provide support with respect to the business model. The business model contemplates that Relativity will release its existing slate of completed films in a manner that is generally consistent with the timeline set forth in the Plan Supplement which was filed in connection with Relativity's Plan. Based on the interaction I and my team have had with Relativity's management at Relativity's headquarters, I believe that Relativity's business model is sustainable.

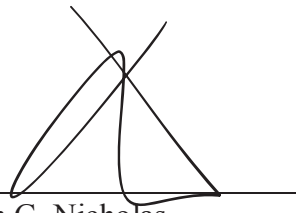
5. I have personally worked with multiple funding sources and have met on

multiple occasions with Relativity's management and advisors with respect to fund raising, in advance of, and for the exit from chapter 11. Based upon those meetings and interactions, I am aware of a number of funding sources, both in terms of debt (trade and otherwise) and equity, comprising at least \$150 million, which I believe Relativity will be able to rely upon in order to emerge from chapter 11. In addition, I understand that Relativity has entered into an agreement with EMP/Aperture to act as co-arrangers for a revolving, non-recourse borrowing base facility in the amount of \$150 million with collateral from Relativity's "Ultimates" to be utilized for working capital, which I believe Relativity should be positioned to execute shortly after emergence. "Ultimates" refers to the value generated by a film after its theatrical release in other distribution windows.

6. The business model contemplates that there will be approximately \$50 million of additional equity raised during the summer of 2016 and a like amount in the middle of 2017. As a consequence of my discussions with potential investors and interaction with Relativity management, I am satisfied that it is reasonably likely that we will accomplish those projections in a manner that supplies sufficient liquidity to perform for the three year period of the business model. My business judgment in this regard is further supported by the strength of Relativity's new management team, which includes Messrs. Brunetti and Spacey with respect to Relativity Studios, and the fact that the parent company will be co-managed by myself and Ryan Kavanaugh, consistent with the form of operating agreement filed with the court. I also base my judgment on the fact that Relativity has been able to progress from what first seemed to be a likely (and largely unsuccessful) sale process in October to a largely consensual reorganization just over three months later.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge, information, and belief.

Executed this January 30, 2016

/s/ 
Joseph G. Nicholas