



Acceptable Private Investment Terms – information sheet

About Acceptable Private Investment Terms

We have seen an increased level of private investment being made available to New Zealand productions. The NZFC is very keen to encourage this.

The following are the private investment terms the NZFC view as acceptable:

Premium:

We are happy to discuss flat premiums up to, but not exceeding 20%. Some previous financing deals have proposed a per annum premium. We consider that this is unfair to other investors including the NZFC.

Recoupment Position:

Conventionally all equity would share a pro-rata recoupment position. The NZFC will consider allowing private, at-risk money to recoup in a priority position. This could mean the private investor recoups its entire investment ahead of the NZFC and other equity, or largely ahead but with a corridor for the NZFC and other equity to recoup a portion of their investment alongside the private investor's recoupment. In circumstances where the NZFC or other investors provide "premium" equity (e.g. any equity investment by the NZFC in excess of NZ\$2 million), we would expect those investors to share the first out position pro-rata for recoupment of that premium investment.

Corridor:

Profit corridors for private equity through any NZFC position are not accepted. It may be acceptable for a private investor to negotiate a small corridor (e.g. 10%) from the producer's SPG equity recoupment position. Any corridor must come from the producer's equity.



Profit:

The NZFC expects the producer to remain entitled to a 50% producer share of net profit. Investors (including a producer in respect of producer SPG equity) share the remaining 50% pro-rata to their equity investments.

EP/Financing Fee:

The NZFC accepts that there may be fees for parties associated with attracting private investment. However, these fees should be pitched to reflect the work and expenses involved in raising the investment, not to reduce the risk of the investment. We would consider a \$20,000 - \$30,000 fee acceptable for raising financing of \$300,000.

For further information about Chain of Title, contact our Business Affairs Team.
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