

# The silver lining

As far as alternative investments go, it's hard to beat the glamour of film. The appeal doesn't end with potential financial return; it's the chance of seeing your independent movie break box-office records – or win an Academy Award. Of course, bonds, equities and property are far safer investments, but none will influence popular culture or thrill millions around the world. **Sally Percy** reports



The universal appeal of the silver screen explains why private money is becoming an increasingly important component of film finance. In 2015, film business hub, the Cannes Marché, launched a bespoke investors club aimed at high-net-worth individuals (HNWIs) with an interest in investing in cinema. The club, known as 'Cannes Investors Club', connects HNWIs with top producers and sales agents in the film industry. However, it is not the only organisation that connects wealthy individuals with films in need of funding. A host of film investment companies offer this service, while some hedge funds

have their own schemes that enable investors to finance a series of movies. Investing in film is generally considered to be high risk for several reasons. Even if the movie



is completed and released, there is a chance it could flop. Many that 'make it', erode the profit margin with swollen budgets. The rewards, however, that come with picking a winner can be

huge. Low-budget horror movie The Blair Witch Project cost \$60,000 to produce, but raked in \$248.6 million worldwide; delivering more than 4,000% return on investment.

Given the risks involved, investment in film is probably best suited to individuals who want to diversify their existing portfolios and have a sense of adventure. The minimum investment required can be surprisingly low – as little as \$5,000 in some instances.

"My advice to anybody, whether it's for film or any other investment, is: don't invest money that you're going to need for other things," says Gary Collins, managing director of Red Rock

Entertainment, a UK-based film finance company.

"This should be surplus money, which you can afford to tie up for a couple of years."

Red Rock's investors hail from 40 to 50 different nations and a wide range of backgrounds. "There isn't a walk of life we haven't got," says Collins.

"We've got investors who are CEOs of massive companies and investors who are nurses."

Of course, there are ways that investors can mitigate the risks associated with investing in films. As with any investment, the first is due diligence – who will be producing, directing and starring in the movie? When will it be released and where? Another is to spread the investment over a diversified portfolio of films.

Collins explains that his own company mitigates the biggest risk – the film not being made at all – by only providing late-stage funding when filming is actually underway or even once the project has moved into post-production.

While some countries offer incentives to engage investors with the film industry, there is money pouring into Hollywood from the world over and there has been for some time. Since before the turn of the century, investors from Japan, France and India have thrown cash at 'untapped' opportunities and now it is China's turn.

In 2016, Wang Jianlin is reported to have paid \$3.6bn for a controlling stake in Legendary

**Top left: Invites to Cannes and the Oscars (right) are some of the glamorous opportunities that come with shrewd investments in this industry Top: Meeting stars like Ben Stiller and Dustin Hoffman is another perk Above and left: Invest and get behind the scenes**



Entertainment and Donald Tang (Tang Media Partners) led a consortium that purchased IM Global, a Hollywood film financier and sales agency.

The Sundance Film Institute in America is encouraging filmmakers to engage with foreign sales companies and agents in

'Financing Intensive' courses, with a particular focus on female filmmakers who are looking for investment. The Utah-based organisation has strong links with Hong Kong and London.

In the UK, investment in films can be made through either the Enterprise Investment Scheme or

the Seed Enterprise Investment Scheme, both of which offer generous tax reliefs to investors who are British taxpayers. In Ireland, investors can get tax breaks through the Employment and Investment Incentive Scheme if they invest in Irish film and television companies (although not directly in the production of a film or television series itself).

Collins highlights that while investment in film should be regarded as a serious financial commitment – "no one is donating money to the film industry" – although it does offer some perks that cannot be found elsewhere. For example, Collins arranges for Red Rock's investors to attend screenings, make set visits and land roles as extras in the films that they are financing. "If you want to get involved, you can and if you don't want to get involved, you don't have to," he explains.

"We get people's names on the film credits so that they come up as executive producers and we get them copies of the script that are signed by the cast. We try to make it an experience, not just a means of earning money." ■

