

IFCIC'S EUROPEAN CINEMA & TV PRODUCTION GUARANTEE MAIN CHARACTERISTICS

Guaranteed loans and rate of the guarantee: The IFCIC guarantee applies to loans granted by *European credit institutions* to *European independent production companies* (as defined in the *Eligibility criteria* - available on www.ifcic.fr) for the financing of:

- the making of a *European film or TV programme* (as defined in the *Eligibility criteria*) at the stage of pre-production and/or production. These loans are typically short-term facilities based on the analysis of the economic feasibility of a specific film production (project financing) and rely on discounted contracts from the project's financing plan. The guarantee rate represents 55% of the loan amount.
- working capital. These mid-term loans are usually secured by film and/or TV rights - guarantee rate of 50%.
- project-development. These loans cover development costs of specific work(s), typically from the acquisition of rights to the production decision - guarantee rate of 70%.

Beneficiary of the guarantee: The IFCIC guarantee benefits the credit institution (or institutions in the case of a syndication) that has granted the guaranteed loan, and not the production company itself.

Nature of the guarantee: The IFCIC guarantee constitutes risk participation. IFCIC therefore shares with the benefitting credit institution the final capital risk of the credit transaction. This implies that the securities of any form assigned to the credit reimbursement benefit with full rights to IFCIC, pro rata to its share in the risk.

Cost of the guarantee: The IFCIC commission is 1% per annum of the guaranteed share of the authorized credit amount, thus ranging from 0,5% to 0,7% of the loan amount (depending on the guarantee rate). The fee is reduced by half for the available part of the loan (i.e. authorized but not outstanding). It is paid monthly by the credit institution benefitting from the guarantee.

Duration of the guarantee: The IFCIC guarantee belongs to the intervening institution for the entire duration of the guaranteed credit, subject to and with respect to general and special conditions of the guarantee.

Base of the guarantee: The IFCIC guarantee is applicable only to the amount of the outstanding principal owed for the credit transaction. Interest and various costs applied by the intervening credit institution are excluded.

Conditions for enforcement: The IFCIC guarantee may be enforced :

- when the production company finds itself in a situation unable to pay its debts as they fall due, this situation having:
 - (i) been acknowledged by the competent jurisdiction in its country of registration,
 - (ii) led to the suspension of eventual proceedings undertaken by its creditors,
 - (iii) led the production company to be placed under the supervision of the competent jurisdiction in its country of registration.
- when the intervening credit institution consents, and with agreement from the IFCIC, to a partial remittance of the borrower's debt.

Guarantee request procedure: The credit institution who is financing the transaction (or the lead credit manager in the case of a syndication) must send to the IFCIC a guarantee request application, written in French or in English, which is comprised of the following:

- 1) an analytical memo on the borrowing company (team background/experience, filmography, breakdown of the shareholder structure, account analysis and economic commentary),
- 2) an analytical memo on the financed production (analysis of artistic and technical characteristics of the work, chain of titles, budget, financing plan, cashflow needs, risks tied to the transaction),
- 3) a) documents concerning the borrowing company: proof of registration at the Trade register, articles of association, last audited accounts;
b) documents concerning the financed work: documents of the chain of titles, written proof of the financing sources comprising the financing plan, detailed budget, estimated cashflow plan, list of key artistic and technical crew, synopsis, proof of insurance, proof of European nationality, duly completed eligibility table.
- 4) justifications and due-diligence reports carried out by the lending institution in the view of preventing the use of the financial system for the purpose of money laundering and terrorist financing.

Requests undergo thorough evaluation by IFCIC prior to the meeting of its commitment committee. During this evaluation period, IFCIC may contact the credit institution by any appropriate manner for further information or details that they may deem useful for the evaluation of the application.

The IFCIC commitment committee generally meets once a week, on Fridays. In order to be enrolled on the commitment committee's agenda, the guarantee request application must arrive fully completed at the IFCIC no later than 2 days before the committee's meeting (6.00 pm Paris time at the latest). It is highly recommended to send the application to the IFCIC ahead of this deadline in order to avoid postponement of the decision due to an eventual incomplete application.

Guarantee notification procedure:

- 1) The IFCIC commitment committee notifies the applying credit institution of its decision in the 3 days following the meeting by way of a summary document called "decision table". This table outlines the main characteristics of the credit and the conditions decided upon by the IFCIC commitment committee for the approved guarantee.
- 2) The decision of the commitment committee is then more fully detailed in a guarantee notification that the IFCIC sends out during the 3 weeks following the committee's meeting. The guarantee notification includes its general Terms and Conditions of intervention as well as the special conditions concerning the guaranteed credit.
- 3) IFCIC's decision is valid 3 months, starting on the signature date of the "decision table". Failing the setting-up of the loan within this time-period, the guarantee commitment automatically becomes null and void.

Setting-up the credit: When the intervening institution sets-up the guaranteed credit, IFCIC shall be notified in writing. The guarantee then becomes effective.

The intervening institution shall declare, on a monthly basis and as long as the loan is not repaid in full, the updated authorized amount of the loan (outstanding + available amount) on the last day of the previous month, and shall also pay the corresponding guarantee fee.

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