

Column: Want private investment? Think like an investor



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Canadian film producers know how to fill out applications. They've got all the application deadlines and CAVCO numbers committed to memory, they've sworn more than a few affidavits and they know exactly which supporting materials they have to have now and which ones they can just say they have now. They're experts at applying for funding.

But when applied-for funding and tax credits don't cover the budget, distribution pre-sales don't nearly cover the rest and the producer can't go back to the same family and friends who lent them money for their last movie, they're often left to what for many in Canada is the option of last resort: private investment.

By "private investment" or "private funding" I don't mean private, industry-run funds or private "bridge lending" (covering tax credits or pre-sales), but asking someone (usually a wealthy someone) to cover the gap in the producer's financing in return for a premium or return on that investment.

But producers need to be prepared, because unlike family and friends, this person is likely to ask the hard questions.

Too often, I see Canadian filmmakers try appealing to private investors in much the same manner to which they'd apply for government funding. They provide the potential investor with a fairly dry document laying out a synopsis of the picture, key bios, the budget, occasionally a marketing plan, and the amount of investment required.

And although all those elements will need to be part of the investment proposal, producers should ask themselves: if you were a private investor, as opposed to a public or industry-run fund, why would you invest in this movie? Or, more to the point, how can an investor be assured that they will get their money back, plus a return? Yes, film

investment is inherently risky, but as a filmmaker in need of money, you've got to do everything you can to minimize the leap of faith you're asking an investor to take.

Don't tell the investor that you'll be able to get commitments from your lead actors only after the financing is firm. Having a "name" actor or two already committed is one of the key (if not *the* most important) selling points for your film. If you have a sales agent or distributor, ask them for sales estimates. If favourable, have those estimates front and centre in your investment proposal. If that's not possible, get sales numbers on films that are comparable to yours in terms of genre, budget and cast, and make that a key selling point.

Clearly (and simply) spell out for the investor the "waterfall" – showing them how they will get their money out ahead of any number of other parties.

In addition, don't underestimate the value of an executive producer credit or two, a set visit, invitations to premieres/festivals and a photo with your film's stars on a red carpet. Yes, they want the investment to make sense from a business perspective, but they may be willing to take a bit more risk in return for a bit more "glitz and glamour" than they'd get with stocks, bonds or real estate. And hey, you've got it, so flaunt it.

Douglas Murray is a TV, film and music lawyer with the law firm Taylor Klein Oballa, a Toronto entertainment and new media firm representing Grammy-winning recording artists, Academy Award-winning producers, film financiers, new media and tech companies, writers, directors and performers. This is the second in a series of columns appearing this spring exclusively on Playback.

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