

***MEDIA 2007-2013  
MEDIA PRODUCTION  
GUARANTEE FUND  
(MPGF)***

***Rome 27<sup>th</sup> June 2011  
Milan 28<sup>th</sup> June 2011***



A programme of the European Union



Guarantee  
Fund by



**TU  
ALTERNATIVA  
FINANCIERA**

**YOUR  
FINANCIAL  
CHOICE**

**AUDIOVISUAL  
S.G.R.**  
SOCIEDAD DE GARANTÍA RECÍPROCA  
PARA EL SECTOR AUDIOVISUAL

SOCIEDAD DE GARANTÍA RECÍPROCA  
PARA EL SECTOR AUDIOVISUAL

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# MPGF - Chronology

Jan  
2010

## EUROPEAN COMMISSION

Call for Expression of Interest for the setting up of the MPGF

April  
2010

## AUDIOVISUAL SGR

Formal Proposal (Peaceful Fish as commercial agency)

Sept.  
2010

## EUROPEAN COMMISSION

AUDIOVISUAL SGR selected as Delegatee Body

Dec.  
2010

## EUROPEAN COMMISSION AND AUDIOVISUAL SGR

Signature of Delegation Agreement

2011 -  
2013

## IMPLEMENTATION PHASE

Study and formalization of guarantees

2014 -  
2015

## CLOSURE PHASE

New guarantees cease to be issued and action evaluation

# MPGF – Who we are I

- **AUDIOVISUAL SGR is a Mutual Guarantee Society (MGS) founded in 2005 by the Spanish Ministry of Culture through the Institute of Cinematography and Audiovisual Arts (ICAA), the Audiovisual Producers' Collecting Society (EGEDA) and the Federation of Spanish Audiovisual Producers (FAPAE)**
- **Created to support the Spanish audiovisual industry in the process of financing audiovisual projects**
- **Focused on small and medium-sized businesses, which encounter considerable obstacles to obtain adequate financing for their activities with regard to costs, terms and conditions.**

# MPGF – Who we are II

- **AUDIOVISUAL SGR** has formalized guarantees for more than 100 million Euros in more than 500 projects.
- **AUDIOVISUAL** will spread out Spanish experience into Europe with the support of European Union and **PEACEFUL FISH** as the European commercial agency.
- **PEACEFUL FISH LTD.** is a consultancy offering advice to producers and public and financial institutions on the financing of the audiovisual and creative industries.
- **PEACEFUL FISH** has been involved in many projects in most European countries and is responsible for some key research studies on access to finance for the sector at European level.

# MPGF - Objectives

- Support and facilitate the access to bank credits to **Producers**
- Help strengthen the **Industry** and foster co-production
- Incentivize the **Bank** business by sharing the financial risk related to the loans granted
- Encourage Aid schemes and co-investment with **Public Institutions**

# MPGF – Vision

**AUDIOVISUAL SGR is committed to the success of this new action**

By focusing on that, AUDIOVISUAL SGR will work hard to build the appropriate environment to

- Extend local agreements with banks/financial institutions
- Get involved with Public Institutions
- Work with local Producer's Association
- Search co-investment

# MPGF – Summary I

1. Geographical Coverage: Available to MEDIA territories EU + EEA (Iceland, Liechtenstein, Norway) + Croatia + Switzerland
2. Target: independent European companies
3. Mechanism: Guarantees for loans to cash-flow film productions against discounted contracts (no gap financing)
4. Amount: EUR 8 million, out of which 50% will be managed by Audiovisual SGR. EC will make partial contributions until 2013
5. Multiplier effect: From 4 to 6 depending on the territory. Estimated amount in credit up to EUR 50 million

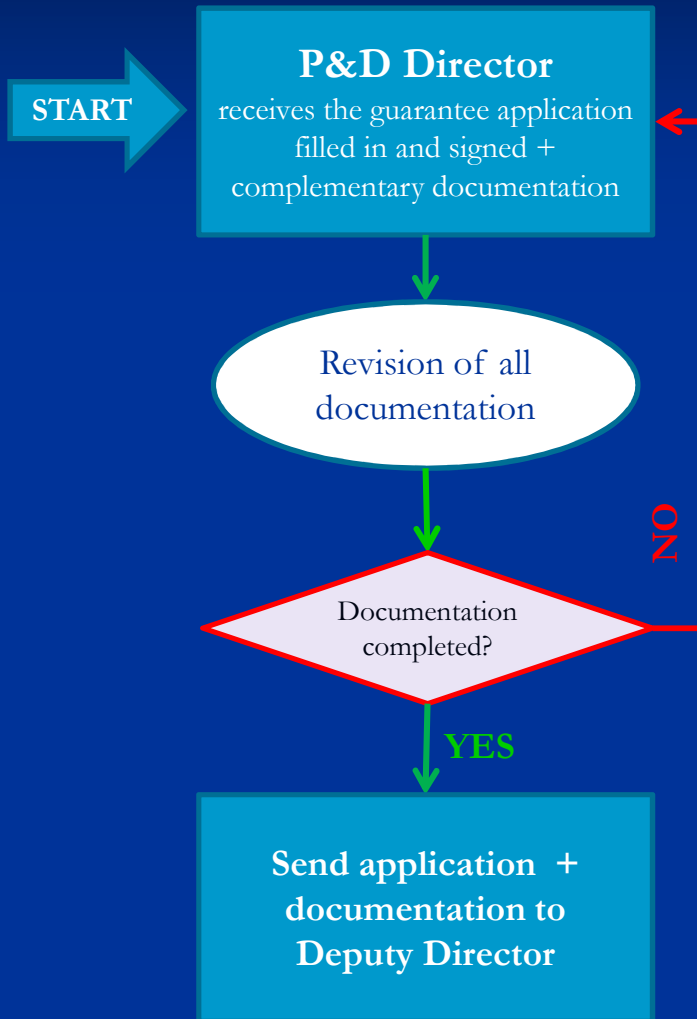
# MPGF – Summary II

6. Process: Applications should be sent to Audiovisual SGR, which will then decide whether the project can proceed to the due diligence phase. Peaceful Fish will serve as an advisor at this stage.
7. Financial institutions: One entity is limited to 40% of the funds capacity (including leverage)
8. Guarantees: Maximum amount EUR 1.2 million, up to 50% of the related loan.
9. Fund reimbursement: Depending on Audiovisual performance, this action will not reduce future funds since the fund will be fully reimbursed to EC.

# MPGF – Case Study I

<b>APPLICANT</b>	Spanish independent producer
<b>CO-PRODUCTION</b>	Spain 31%, Germany 56%, France 13%
<b>PROJECT</b>	Feature film
<b>CONTRACT</b>	Discount a Ministry of Culture Grant (33% producer cost)
<b>PERIOD</b>	Second year after release
<b>LOAN</b>	700.000 €
<b>GUARANTEE</b>	350.000 €
<b>First contact</b>	February 2007
<b>Approval</b>	June 2007
<b>Cancellation</b>	Sept. 2010

# MPGF – Case Study II

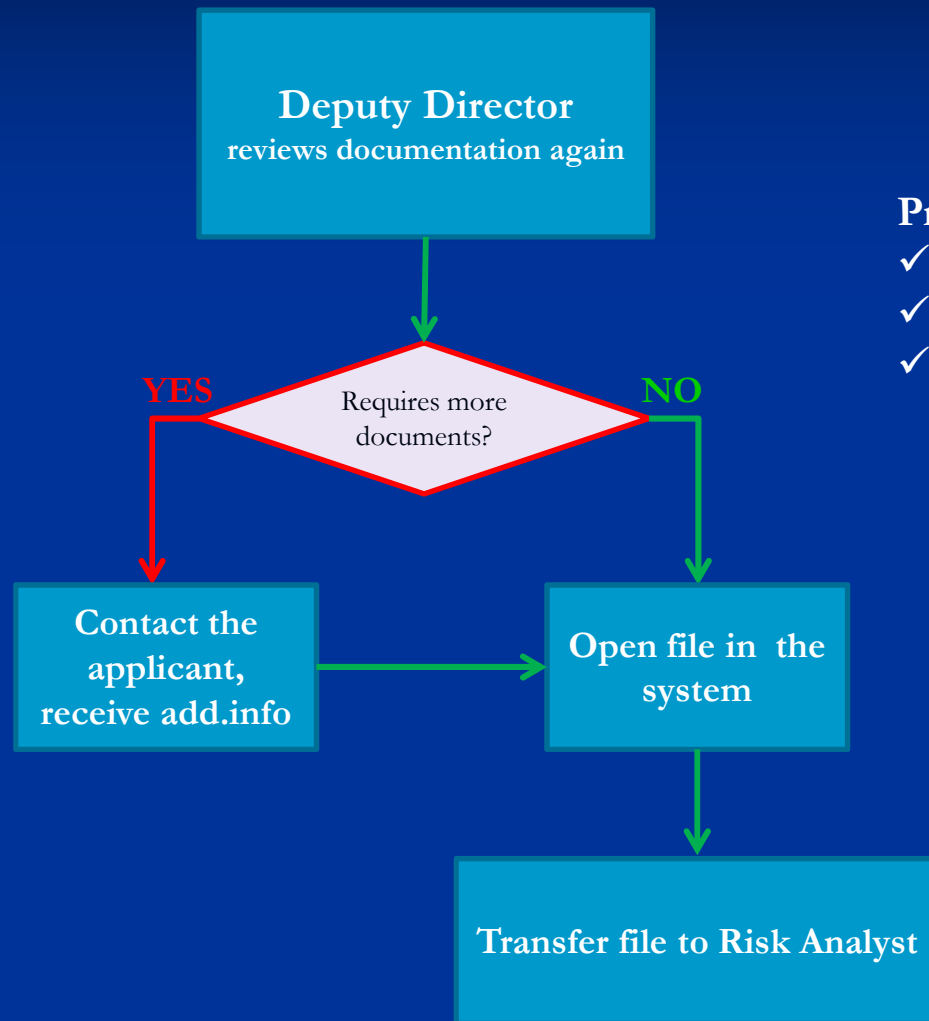


FINANCIAL PLAN (K€)				PRODUCTION		
CO-PRODUCTION	COST	%	INVESTORS	PLAN	FINANCED	GAP
TITLE	FORECAST SPAIN	31%	<u>SPAIN</u> Company 1	1,600		
		56%	<u>GERMANY</u> Company 2	2,445	confirmed	
		13%	<u>FRANCE</u> Company 3	1,011	confirmed	
	2,100	<u>TOTAL COPRODUCERS</u>		5,056		
FINANCED			<u>SPAIN (1.600 + 400 P &amp; A)</u>	2,245	2,245	0
			<u>MINISTRY (FUTURE GRANT)</u>	690	690	0
			<u>PUBLIC INVESTOR</u>	450	450	0
			<u>REGIONAL GRANT</u>	430	430	0
			<u>REGIONAL PUBLIC BROADCAST</u>	175	175	0
2,245			<u>NATIONAL PUBLIC BROADCAST</u>	500	500	0
106.9%						

## Main documentation:

- ✓ Applicant form
- ✓ Project/Company details
- ✓ Business Plan
- ✓ Financial Plan (documents/contracts supporting the scheme)
- ✓ Co-production contract
- ✓ Statutory Accounts
- ✓ CV (activity and industry experience)
- ✓ Exclusion of non acceptance criteria

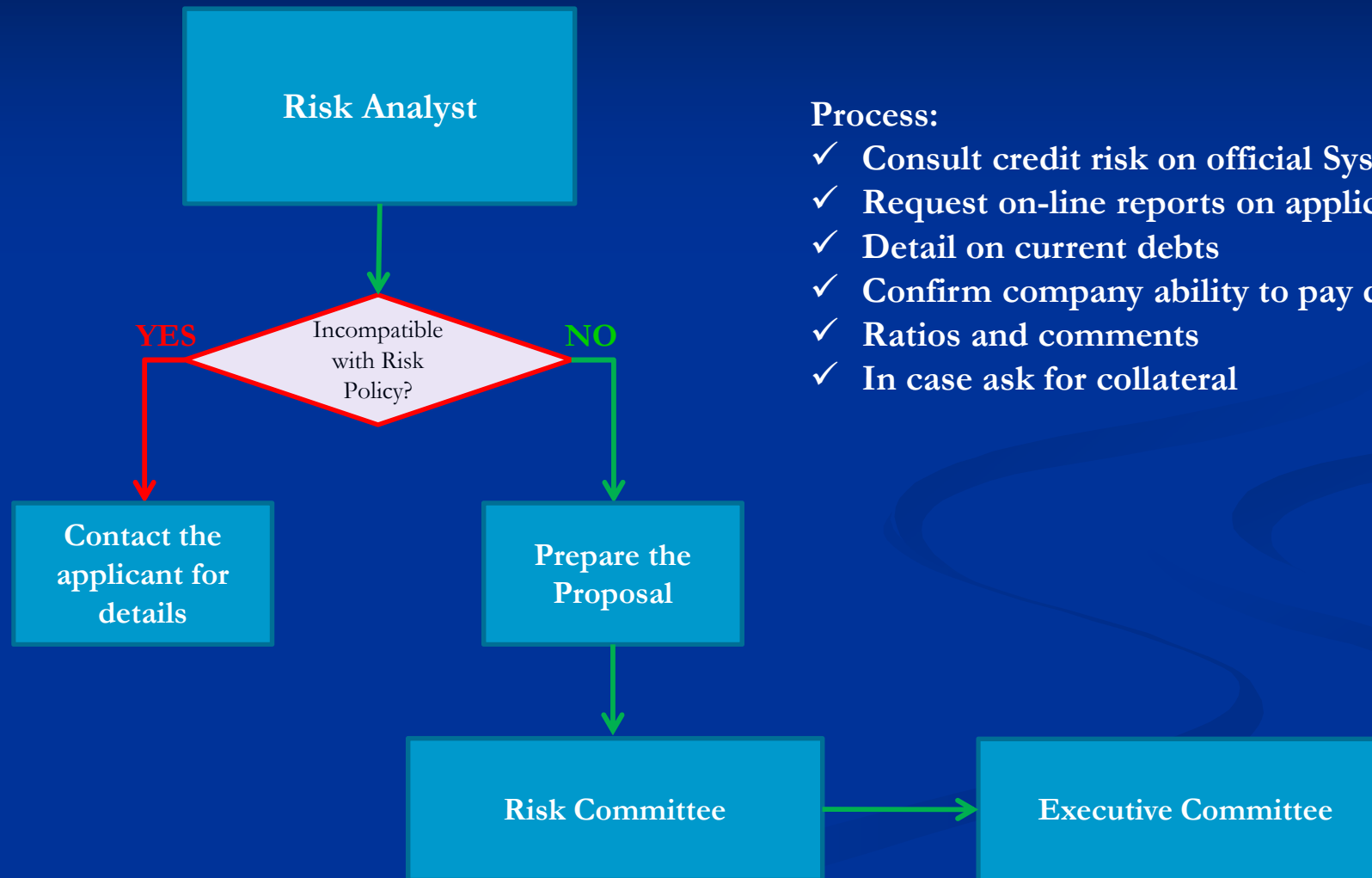
# MPGF – Case Study III



## Process:

- ✓ Confirm contracts limitations (financial plan)
- ✓ Request for information about producer
- ✓ All the information is registered in the system

# MPGF – Case Study IV



## Process:

- ✓ Consult credit risk on official Systems
- ✓ Request on-line reports on applicants
- ✓ Detail on current debts
- ✓ Confirm company ability to pay debts
- ✓ Ratios and comments
- ✓ In case ask for collateral

# MPGF –Case Study V

## Executive Committee: Guarantee **APPROVED** based on

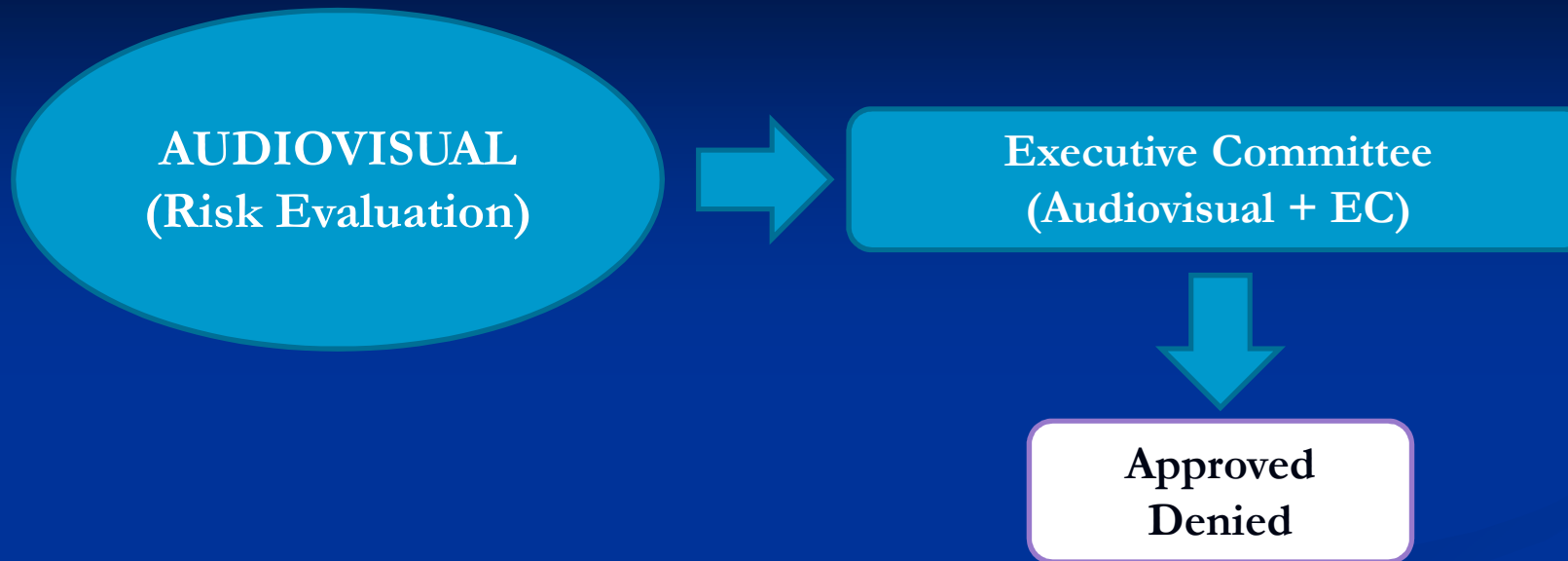
- ✓ Background/Experience in the sector
- ✓ Financial Plan well-structured and supported by contracts for the 3 co-producers
- ✓ Positive last years results
- ✓ Positive ratios and trend
- ✓ Joint and several guarantee from the partners in a private contract signed between the producer and Audiovisual SGR

# MPGF – Flows I



- The applicant can apply directly or through its bank, in both cases the Application Form need to be provided (see [www.audiovisualsgr-mgf.eu](http://www.audiovisualsgr-mgf.eu))
- After a first appraisal, the application will undergo a due diligence procedure starting with a risk evaluation phase.

# MPGF – Flows II



- The financial viability of the project will be based on receivables (future grants, subsidies, exploitation contracts, etc.)
- The Executive Committee will resolve to Approve or Deny

# MPGF – Eligibility Criteria I

<i>Financial Institutions</i>	<ul style="list-style-type: none"><li>• Registered in one of the member States participating in the MEDIA Programme</li></ul>
<i>Borrowing Companies</i>	<ul style="list-style-type: none"><li>• Independent European production companies</li><li>• Conditions compatible with those of other action lines of the MEDIA Programme</li><li>• To be a natural or legal person belonging to the audiovisual sector or to the industry of cultural contents</li><li>• To request a guarantee that is directly related to the business they operate in (excluding provision of guarantees for other purposes).</li><li>• Not to be found in any irregular situation regarding commercial law, tax and social legislation</li><li>• Having the favorable resolution of the MPGF's Executive Committee which will base its decision on the report prepared by the Risk Department.</li><li>• Accept the general conditions and, if necessary, the special conditions set by the MPGF's Executive Committee to become a recipient of the guarantees requested, by signing the corresponding consolidation policy that describes the rights and obligations.</li><li>• To acquire the status of participating member of Audiovisual SGR</li></ul>

# MPGF – Eligibility Criteria II

## *Project*

- Supported by the MEDIA Programme
- Audiovisual works for TV or theatrical release, one off project or series
- Categories:
  - Fiction (min. 50 min.)
  - Animation (min. 24 min.)
  - Documentaries (min. 25 min.)
- Qualification as European, obtaining at least 10 points:
  - Director (3)
  - Scriptwriter (3)
  - Actor 1, 2 and 3 (2 each)
  - Composer (1)
  - Artistic Director/Production/Designer (1)
  - Director of photography (1)
  - Editor (1)
  - Sound (1)
  - Shooting location (1)
  - Laboratory (1)
- At least 50% of its financing must come from European sources

# MPGF – Application Form

<i>Company Information</i>	<ul style="list-style-type: none"><li>• Identification</li><li>• Shareholders</li><li>• Background</li><li>• Bank details</li></ul>
<i>Financial Information</i>	<ul style="list-style-type: none"><li>• Annual Accounts (two previous years and YTD)</li><li>• Declaration</li><li>• Copy of registered documents</li><li>• Copy of taxes</li></ul>
<i>Project Information</i>	<ul style="list-style-type: none"><li>• Description</li><li>• Details</li><li>• Marketing Strategy</li><li>• Work plan</li><li>• Financial Plan</li><li>• Production Budget</li><li>• Declaration concerning rights</li></ul>

# MPGF – Contact

## ■ AUDIOVISUAL SGR:

- Website: [www.audiovisualsgr-mgf.eu](http://www.audiovisualsgr-mgf.eu)
- E-mail: [mpgf@audiovisualsgr.com](mailto:mpgf@audiovisualsgr.com)
- Telephone: +34 91 512 30 48
- Contact person: Ms. Mónica Carretero

## ■ PEACEFULFISH:

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- Contact person: Mr. Thierry Baujard