

South Australian Film Corporation Program Guideline

1.0 PRODUCTION FINANCE

1.03 REVOLVING FILM FUND

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- › Supporting the financing of South Australian feature film and television projects.

what is the fund?	The Revolving Film Fund (“RFF”) is a \$3 million financing facility administered by the South Australian Film Corporation. The aim of the RFF is to assist projects to move into production by cashflowing presales, marketplace and bank guarantees, and the Federal Producer Offset.
what projects are eligible?	<ul style="list-style-type: none">/ Feature films/ Television dramas (mini-series, telemovies, adult and children’s drama, situation comedy and animation series) or/ Documentaries (stand-alone and series). <p>These projects must be Australian projects or official co-productions and be intended for either theatrical release and/or television broadcast on free to air or pay/cable television, with a plan for Australian domestic and international release.</p>
who is eligible?	<ul style="list-style-type: none">/ South Australian production companies producing films or engaging in major production initiatives in South Australia/ Non-South Australian production companies producing films undertaking significant amount of production within South Australia
how much is offered?	<p>Maximum value of individual loans:</p> <ul style="list-style-type: none">/ \$1 million per South Australian production company/ \$500,000 per non-South Australian company <p>Maximum value of total lending exposure:</p> <ul style="list-style-type: none">/ \$1 million per South Australian production company/ \$500,000 per non-South Australian company <p>The interest rate:</p> <ul style="list-style-type: none">/ South Australian producers - half (1/2) the 90 day bank bill rate/ Non-South Australian producers - three quarters (3/4) of the 90 day bank bill rate <p>The bank bill rate is taken at time of application and interest is pre-paid in advance from the first draw-down along with a 2% South Australian administration fee plus GST.</p>
what special conditions apply?	<ul style="list-style-type: none">/ In the case of Federal Producers Offset the South Australian Film Corporation will contract with the rights holding company that has registered an Australian owned and incorporated company that has been established for the sole purpose of producing the project and has no trading or tax history; and holds a Provisional Certificate and accompanying letter from Screen Australia quantifying the QAPE and acknowledging a legally binding intent to distribute for the project./ The South Australian Film Corporation will cash flow an amount up to the bondable Qualifying Australian Production Expenditure (QAPE) guaranteed by the completion guarantor, which is usually up to 85% of the total anticipated Producer Offset refund,/ When cash flowing reputable distributors, broadcasters and sales agents the South Australian Film Corporation will preference projects where a substantial amount of the funds are cash flowed into the budget or are paid on delivery./ The South Australian Film Corporation at its’ sole discretion may limit its exposure to any one distributors, broadcasters or sales agent./ All projects seeking RFF funding must have a demonstrable net economic and cultural benefit to South Australia.

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- / The primary function of the RFF is to cashflow productions although in exceptional circumstances the South Australian Film Corporation will consider applications to cashflow projects during pre-production
 - / If applying for cashflow at pre-production stage, the applicant must be able to demonstrate clearly that key parties have committed to the project and that financing is at an advanced stage, and further that the loan can be repaid no later than the start of principal photography
 - / The South Australian Film Corporation assesses applications in accordance with its prevailing risk assessment policies, giving regard to all the circumstances surrounding each application
 - / While the South Australian Film Corporation will accept applications for loans up to a maximum of \$1 million, applications above \$750,000 will require higher levels of security (such as, for example, a bank guarantee)
 - / Applications can only be assessed in light of the funds available in the RFF
 - / Eligibility for an RFF loan is not contingent on South Australian Film Corporation equity investment in the production
 - / The South Australian Film Corporation will only contract with the copyright holders of the project
 - / Repayment terms for RFF loans are usually no later than 12 months when secured against usual marketplace and bank guarantees, and no later than 18 months when secured against the Federal Producer Offset.

how do I apply?

The application process is detailed in the General Guidelines.
 Application forms are available online at www.safilm.com.au.
 After reading the General Guidelines and confirming eligibility, applicants are asked to discuss their applications with the South Australian Film Corporation's Manager Industry Development and Production.

what are the minimum requirements for application

Loan Agreement: the contract between the South Australian Film Corporation and producer as borrower. It details the amount of the loan, repayment dates, interest and administration fee. The contract also details the security offered and the borrower's obligation to inform the South Australian Film Corporation of any change in capacity to repay the loan. No loan funds will be advanced until the execution of this agreement and related documentation.

Deed of Charge: a deed which creates a charge in favour of the South Australian Film Corporation, which shall sit over the borrower's assets as a fixed charge until repayment of the loan in full. The charge gives the South Australian Film Corporation priority over other creditors and is applied to all assets owned by the applicant. It serves to secure the South Australian Film Corporation's right to enforce full repayment of the loan in the event of a default by the borrower.

Deed of Guarantee and Indemnity: a deed between the South Australian Film Corporation and either an individual or company (**Guarantor**) pursuant to which the Guarantor makes an irrevocable promise of repayment of the loan.

Production and Investment Agreement (or similar): providing for investment of funds in the film, transfer of ownership in the film to named investors and the production and marketing of the film. The South Australian Film Corporation's rights as a lender of funds that are recoupable will be acknowledged in the PIA, together with its right to a screen credit and delivery materials.

Letter of Credit: where required, either due to size of guarantee or at the South Australian Film Corporation's discretion, this will take the form of an irrevocable promise of repayment of the loan, backed by an approved financial institution.

Distribution or sales agreement: contract between the producer and the sales agent or distributor for the completed production. The agreement must detail the terms and conditions of rights acquired, commissions, expenses etc. The contract must provide details of a minimum distribution guarantee or advance where the distributor guarantees to pay money on a set date and/or provide funds for the release of the film. The distributor must provide a first ranking charge in favour of the South Australian Film Corporation in respect of the relevant distribution agreement. As security for the

South Australian Film Corporation's loan financing, the solidity of the guarantee/repayment arrangements will be of paramount consideration. This may be in draft form indicative of advanced negotiations.

Finance plan, budget, schedule and script: it is anticipated that the finance plan and the planning of the production will be at the advanced stage necessary to secure market place interest.

Chain of title (underlying rights): the producer's rights to make and market the production, including the assignment of the author's work to the producer, must be fully documented.

Completion guarantor: a letter of intent from a recognized completion guarantor. The South Australian Film Corporation will be a party to the completion bond, and its loan will be fully covered by the completion guarantor.

The producer must provide any other information requested by the South Australian Film Corporation.

when can I apply?	Projects with full financing in place can apply at any time
where do I submit my application?	South Australian Film Corporation 3 Butler Drive Hendon South Australia 5014
where can I find more information?	/ Read the South Australian Film Corporation General Guidelines / Visit www.safilm.com.au / Contact an Industry Development and Production project officer on +61 8 8348 9300

SPECIFIC TERMS OF BUSINESS

Funding information and conditions

1. The South Australian Film Corporation has absolute discretion as to which projects and applicants it will offer finance or loan guarantees, and to the terms and conditions attached to such financing.
2. Loans must be secured by one or more of the following at the South Australian Film Corporation's sole discretion, depending on the circumstances of the application:
 - a. a registered charge over an amount of the Federal Producer Offset equal to the RFF loan;
 - b. a registered charge over 100% of the producer's share of the copyright in the Film;
 - c. a registered charge over 100% of the production company's assets (in addition to the copyright in the Film);
 - d. pre-sale and distribution agreements issued by reputable established Australian or international sales agents or distributors;
 - e. a Deed of Guarantee and Indemnity;
 - f. bank guarantees to the value of the loan; and/or
 - g. personal guarantees (in exceptional circumstances)
3. If required, preference will be given to open ended bank guarantees but in any event each bank guarantee (up to the total value of the loan) must be enforceable for not less than 3 (three) months after the repayment date for the loan.
4. The South Australian Film Corporation may, at its discretion, require additional security in the form of a letter of credit or similar instrument, prior to approving an RFF application.

5. The applicant must enter into the South Australian Film Corporation's standard Loan Agreement and all applicable Deeds of Charge and other relevant documents which may be required at the South Australian Film Corporation's discretion.
6. The applicant must obtain independent legal advice prior to the execution of all South Australian Film Corporation legal documents.
7. The South Australian Film Corporation is entitled to retain a legal and administration fee of 2% of the total value of the loan and this will be deducted from the first draw down of funds paid by the South Australian Film Corporation under the Loan Agreement. GST is applicable to this legal and administration fee.
8. Once the loan agreement has been executed, the South Australian Film Corporation legal and administration fee is payable by the applicant even if the loan facility is not utilised.
9. The interest rate on all loans made under the RFF is based on the 90 day Bank Bill rate, calculated at the time of receipt of the application by the South Australian Film Corporation. Applicants are expected to pre-pay interest in advance from the first draw down of funds.
10. The penalty interest payable on all overdue amounts is currently calculated at the twice the 90 day Bank Bill rate at the time of application.
11. RFF loans are not equity investment and must be repaid. Failure to do so will result in the applicant causing an event of default under the Loan Agreement.
12. The South Australian Film Corporation's loan recoupment position should be as a first secured lender, and therefore ahead of equity investors until full repayment of the loan and any interest is effected.
13. The applicant will be liable for any losses or gains arising from currency fluctuations, hedging, insurance or similar financial risks, together with any related legal or other costs. The South Australian Film Corporation loan and interest will only be issued and must be repaid in Australian dollars (A\$).
14. The South Australian Film Corporation will require its standard credit as financier of the project, whether head or end or both being contingent on the amount the South Australian Film Corporation has invested and/or cash flowed into the project. The credit will also be required on all usual publicity and delivery materials.
15. All pre-sale and distribution guarantees being cashflowed by the RFF must be payable within 12 months of delivery of the completed production, irrespective of commercial success.
16. The South Australian Film Corporation may at its discretion exercise approvals over the final draft script, principal cast and crew, production budget and schedule, cash flow, draw down schedule, and insurance policies, including completion guarantee agree.

The fine print

As with all South Australian Film Corporation programs, the following guidelines must be read in conjunction with the South Australian Film Corporation General Guidelines and application form. Applicants are required to discuss their applications with a South Australian Film Corporation project manager prior to submitting an application.

General Guidelines and application forms can be found at www.safilm.com.au



South Australian **Film Corporation**