

KEEPING YOUR STORY ALIVE

FINANCIAL SUPPORT TO HELP FIGHT COVID-19 SETBACKS



As you have likely heard, the government has implemented the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Of the \$2 trillion allocated, \$349 billion has been set aside for forgivable Paycheck Protection Loans. Forest Road is here to help you secure these loans, and provide support using our own \$300M+ balance sheet.

FOREST ROAD INSIGHT



- We are prepared to immediately inject much-needed capital into production companies in response to COVID-19
- Between our tried-and-true tax credit lending capability, short-term bridge loan offering, and broadening our scope to lend against a variety of senior debt, we want to get creative to help you stay afloat
- Government funds will be depleted quickly; any application that isn't 100% perfect will be rejected and the applicant will likely miss out on the opportunity
- SBA guidance is constantly changing and may fundamentally impact protocols

THE CHALLENGE

The bill, which is over 500 pages in length and the largest financial assistance plan to date, was hastily drafted and enacted with several unanswered questions:



- What types of entities are eligible?
- How will the funds be allocated among hundreds of SBA lenders?
- What loan criteria will be applied by each lender?
- How long will the funding last?

WHAT WE WILL DO FOR YOU

- Track all SBA guidance
- Monitor government funds as they are made available, and also depleted, on a daily basis on your behalf
- Advise on how to prepare your application to the highest commercial standards
- Provide loans from our own balance sheet against tax credits or other collateral



WHO SHOULD APPLY?

- Any film or television production halted as a result of COVID-19
- Any film or television production, servicing or distribution company adversely impacted by production/distribution delays
- Any Forest Road general partner, limited partner or strategic partner



DID YOU KNOW?

- You are likely entitled to paycheck protection loans up to 2.5 times average monthly payroll
- Loan funds spent on payroll, benefits, rent, mortgage interest, and utilities over an 8-week period may be 100% forgiven (forgiveness subject to limitations based on workforce reduction)

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ABOUT US



The Forest Road Company is an investor in the independent film space, and an ally for members of the entertainment industry. As a specialty lender and services company, we provide economical solutions through soft-money financing, putting cost-effective capital in the hands of innovators. With over \$300M in capital ready to deploy against tax credits and various forms of senior debt — including presales, gap, minimum guarantees, backstops, and studio/streamer license agreements — we are constantly finding creative solutions to support projects in need, and bring unique stories to life. To date, FRC has used its capital to provide financing for over 60 films.

FAQS



Should I apply?

Generally, you are eligible and should explore options with your bank if you are a business with 500 or fewer W2 employees whose principal place of residence is in the United States, and you were in operation on February 15, 2020. 1099 independent contractors can also qualify, but will have to submit their own applications.

How do I apply?

Each bank will have a slightly different process, but due to the high volume of interest, they are only accepting applications from existing customers. In most cases, your bank will have you submit an initial form to express your interest in a loan, and will follow up with you to collect information they deem necessary to complete the application and qualify for the loan.

How much can I borrow?

Add up how much you spent on payroll in the last 12 months, capping any employee who makes more than \$100k at \$100k. Divide by 12 to get the yearly average, then multiply by 2.5 to get to your estimated loan amount (to be approved by your bank).

What can I spend the money on? How does my loan get forgiven?

Loan proceeds can be used to pay compensation to employees whose principal place of residence is the US (or wages, commissions, income, or net earnings for independent contractors), and to continue group health care benefits during periods of paid sick, medical, or family leave, and insurance premiums. Proceeds can also be used for mortgage interest payments, rent payments, or utility payments. At least 75% of the loan proceeds must be used for employee compensation (payroll costs). Outside of that, limited available guidance on forgiveness stipulates that loans will be forgiven as long as all proceeds are spent on qualified items within the 8-week period beginning the date the loan is disbursed.

For more information, please contact:

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