



TOWERS

By Towers Productions Ltd.

2nd Floor College House 17 King Edwards Road, RUISLIP,
London,
HA4 7AE

UNITED KINGDOM

Film Investor Agreement



Terms and Conditions

This Film Financing Agreement (the “Agreement”) is entered into as of March 20, 2023 by and among Towers Production Ltd, a United Kingdom-based limited company (the “PRODUCERS”), and the persons named on the signature page hereto (each, an “INVESTOR” or “INVESTORS” or “FOUNDING INVESTOR” or collectively the “FOUNDING INVESTORS”), with reference to the following:

WHEREAS, the PRODUCERS have been established to produce, own and exploit a FILM based on the script known as “Towers”, written by Joseph Barnett, (the “Project”), and the Investor’s desire to invest in and share in the profits of the Project, including without limitation profits derived from the Project’s exploitation in any and all media, all the Project’s subsidiary and ancillary rights, such as the right to synopsise the Project for promotion or advertising; remake, sequel, and spin-off rights; all soundtrack, score, and music rights; and the rights to merchandise elements of the Project;

(A) PRODUCERS intends but does not undertake to produce a film provisionally entitled ‘TOWERS’ (“FILM”) based on the screenplay (“Screenplay”) of the same title by Joseph A. Barnett.

(B) _____ (“FOUNDING INVESTORS”) is prepared to extend a non-recourse co-financing loan of \$ _____ USD to be utilized by PRODUCERS towards the cost of production of the FILM.

Ownership

The PRODUCERS alone will own 100% of the FILM, and no ownership in any part will be issued to the FOUNDING INVESTORS, whereas this is an investment opportunity and not a purchase agreement or buy-in.

Investment

Next, we describe the amount invested, and that it must be used for pre-production, production, and/or advertising for the film. To ensure the confidence of the investors, however, the producers should place the revenue clause at this point.

A) All revenue from box office receipts and distribution will be paid to the INVESTORS, as it comes in, until the total amount invested has been repaid in full.

B) FOUNDING INVESTORS will be paid their initial investment FIRST from revenue from tax incentives, box office receipts, or distributions before other investors, as it comes in, until the total amount invested has been paid in full.

C) After 100% of the initial investment has been repaid from box office receipts and distribution, so INVESTORS are owed no more money, the PRODUCERS agree to pay 50% of all Net Profits they receive from the FILM to the INVESTORS, and 50% of all additional revenue from the FILM shall remain with the PRODUCERS themselves.



D) Picture Specifications. The FILM shall (a) have a running time of between 90 and 120 minutes, (b) qualify for an MPAA rating not more restrictive than "R", and (c) be based substantially on the screenplay dated as of February 18, 2011.

E) The Budget. The "going in" budget ("Budget") of the FILM shall be no more than Fifteen Million U.S. Dollars (\$15,000,000) (including financing costs).

F) Financing.

(a) FOUNGING INVESTORS will provide the sum of \$_____ USD (the "Principal Amount") to PRODUCER for use in paying the production costs of the FILM, which Principal Amount shall be allocated to Equity Funding (as defined in Exhibit A). Upon signature of this Agreement FOUNGING INVESTORS shall wire the Principal Amount to PRODUCER'S production service entity at the following account:

Account Name/Holder: Towers Productions Ltd

Bank: Wise Bank

Account #: 9600009997839278

ACH and Wire Routing #: 084009519

Account Type: Checking

Account U.S. Address: 30. W. 26th Street, Sixth Floor

New York, NY 10010

United States

b) The parties acknowledge that the remainder of the Budget will be provided by pre-delivery deposits/advances from distributors, a tax credit loan against the United Kingdom film tax incentive ("Tax Credits") and up to \$14,000,000 in other Equity Funding from other "equity financiers".

Priority of Distributions (Waterfall)

The gross revenues to be generated by the FILM includes the proceeds from its sale, licensing, distribution and exhibition in the United States and foreign theatrical, home video, television, satellite and cable markets. Revenues from the picture will be disbursed in the order set forth below:

Sales Agent

First, any producer rep or sales agent fees and sales expenses (i.e. marketing costs, legal costs and directly related sales costs) that must be paid 'off the top.' Generally 20-30% of the proceeds. Then to:

Distribution Costs



In the case of a royalties deal with distributors, a distributor's manufacturing and marketing costs must be recouped before the producer receives any share of revenue. Additionally, distributors will take a pre-negotiated cut of gross sales. These deal structures are highly variable and are generally at the discretion of the distributor. However, the PRODUCERS will aim to negotiate the most beneficial deals possible for the producers and investors at all times. Then to:

Deferrals

Some cast and crew may be paid on a partly cash, partly deferral basis. Most deferrals will be paid after Payout, but some may have to be paid prior to Payout. Then to:

Investors

Investors shall recoup 100% of their investment, on a pro rata basis with all investors, out of any cash available for distribution until full investment is recouped plus 20%. Then to:

Net Profits

Finally, any remaining amounts, after payment of all remaining and on-going third-party, out-of-pocket expenses relating only to the FILM, will be paid as follows: Investors will enjoy an aggregate total of a 30% to 50% allocation of the profits and losses of the company.

Producers' Rights

Investors should now be satisfied as to your honorable intentions of producing a successful film and returning their investment. However, producers also need to protect themselves from possible actions by investors.

Here are five clauses to protect producers, each followed by a brief explanation.

Creative Rights

The INVESTORS do not have any legal right to oversee the FILM'S production, whereas they are simply giving financial backing to such a production, investing only money, and the PRODUCERS have the sole authority in producing the FILM.

Explanation: Self-explanatory right for creative control of the film.

Investment at Risk of the Market

If the motion picture, when produced and distributed, does not earn enough revenue to fully pay back the INVESTORS the amount they invested, the INVESTORS will accept a business loss, and the INVESTORS are not due any amount of money in damages and the PRODUCERS face no liability; and the INVESTORS do hereby waive any right to file any litigation against the PRODUCERS or the production company they form to produce the FILM, and the INVESTORS cannot seek any portion of the production company or the FILM, whereas the production company and the FILM are owned solely by the PRODUCERS themselves in any case.



- A) The INVESTORS are not entitled to any ownership of the FILM, the production company which produces the FILM, or to any copyright or other exclusive rights involved with the motion picture.
- B) The INVESTORS are taking a business risk by putting up capital in a motion picture, where they might succeed by making back their investment plus 20% of additional revenue the FILM earns, or by taking a business loss and perhaps not making back their original investment.
- C) All investment is at risk of the market.
- D) How the money is spent in producing the motion picture is entirely up to the PRODUCERS, who rightly own 100% of the FILM, and control the artistic production.

Failed Distribution

In the event no distribution is secured for the FILM, despite the FILM being a good motion picture, and no additional money can be raised to produce duplicates for self-distribution or other distribution, thus leaving the PRODUCERS with a master print and a work print, the INVESTORS cannot claim damages, whereas all is at risk of the market, whether the FILM is a good motion picture or a poor motion picture or otherwise.

- A) The PRODUCERS will obviously attempt all avenues for distribution, but can never guarantee what they cannot control, and the PRODUCERS cannot be held liable.

Production Halted

Should production of the motion picture be halted by an Act of God, death of any participant, or any other unforeseen thing, to the point where the motion picture cannot be completed with integrity, the PRODUCERS agree to return the balance and remainder of the original investment amount not then used up, concerning motion picture production to the INVESTORS.

- A) In the event motion picture production can be resumed, despite the points made above which would halt the production temporarily, the PRODUCERS will retain all money in the account to finish the motion picture production and complete the FILM as best they can.

Time Element and Completion of Production

The PRODUCERS and the INVESTORS agree the FILM should be completed as a master print in final cut no later than 18 months from the first day of production, or 24 months from the date of the signing of this agreement, as a basic time schedule.

- A) If the PRODUCERS cannot complete the FILM in that time, no additional money will be sought by the PRODUCERS from the INVESTORS, but rather the PRODUCERS will complete the FILM as they see fit, and the INVESTORS do not have to put up any more money after such a date.
- B) No penalty of any kind can exist against the PRODUCERS for completing the FILM past the due date preferred.

This set of clauses should be enough to protect the producers of an independent film from unscrupulous investors who might try to take over the property, interfere with production or distribution, or file civil



claims for a return on investment which was supposed to be at risk of the market. Even if the investors are entirely honorable, these clauses must be included as a matter of principle.

Therefore, while the contract gives investors confidence by stipulating they shall be paid first and their interests are highly regarded, the remainder of the contract must protect the producers and the film itself.

Entire Agreement

This Film Financing Agreement constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof, and fully supersedes any and all prior agreements or understandings between the parties hereto pertaining to the subject matter hereof.

SIGNED by

for and on behalf of

Joseph A. Barnett ("PRODUCERS")



Date: March 20, 2023

SIGNED by

_____ ("FOUNDING INVESTORS")

_____ Date: _____