

SCREEN / Jeremy Kay

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IM Global poised for next step

Asian announcements were two-a-penny at the AFM last year, but away from the market bustle a deal was brewing that would have trumped any headline from Santa Monica.



IM Global founder and CEO Stuart Ford and his company's majority owner at the time, Reliance Entertainment, had engaged in early talks with Tang Media Partners (TMP), the company led by influential China-Hollywood power broker Donald Tang.

Encouraged by their negotiations, the parties signed a deal memo in December 2015. In the wee hours of Thursday morning this week, following five months of exhaustive due diligence, TMP was unveiled as the new majority owner of IM Global.

Screendaily understands TMP has acquired a 60% stake in the company Ford launched in 2007. This investment, along with a separate but related television deal that sees TMP and Chinese tech giant Tencent buy into IM Global Television, are said to be worth \$200m.

The developments put the value of IM Global in the \$300m ballpark.

The arrival of TMP has finally given Ford the substantial, flexible and far-sighted Chinese backer he has sought after years of overtures towards China that entailed opening a Beijing office and handling international sales on Chinese films like local phenomenon *The Mermaid*.

The development also means that Reliance Entertainment, under pressure from the Indian stock market to scale back its international entertainment investments, has been able to relinquish its majority ownership status.

While Reliance has given up a considerable chunk of its erstwhile 70% position, it values its association with IM Global and has reinvested. According to sources Reliance Entertainment and Ford now each own 20% of the company.

Finding the right partner

The deal gives the Los Angeles-based production and finance company much needed capital and, crucially, the ability to raise further funds as Ford aspires to grow IM Global into a company that can rub shoulders with indie corporate giants like Lionsgate, eOne and Studiocanal.

While the executive declined to comment on any numbers for this article, he said the deal would enable IM Global to achieve its broader growth ambitions. "The goal is to continue to snowball IM Global's position in the US and globally."

Turning to the deal with TMG, Ford said: "It felt like a fit because Donald [Tang] is such a heavyweight in that China-Hollywood universe and also because the key to this is TMG's circle of investors" – a reference to Tencent, Huayi Brothers, Sequoia Capital and China Media Capital.

Tang will serve as executive chairman of the IM Global board. The former chairman and CEO of Bear Stearns Asia has notched up a number of high-level dealings with Hollywood, acting as an advisor to AMC during the \$2.6bn buy-out by Dalian Wanda and introducing STX Entertainment to its eventual co-financing partner Huayi Brothers.

For Ford, who continues as CEO on a multi-year contract, the deal represents the latest chapter in what has been a strategic development of Chinese ties.

"We opened our Beijing office three years ago," he said. "We took a slightly different approach to other US companies whereby instead of going to China to look for money or distribution we decided to become actively involved in the local industry and make ourselves relevant as a company.

"We ploughed a lot of resources into building an international marketplace for the big commercial Chinese movies – the rom-coms and action comedies that are doing huge business in China but had not broken out globally. So we built that business on behalf of Huayi Brothers, Wanda, Enlight and China Film Group.

“Besides building a marketplace for these companies we made ourselves familiar and relevant for the Chinese industry and the financial community. We have had talks with various companies about partnerships and joint ventures and what I always wanted was a partner that was strategic and had capital-raising capacity.”

IM Global will continue to sell Chinese films but the aim is to expand into production of content with Chinese partners that appeals to the global marketplace as Ford builds a “busy hub of formats and content between China and the rest of the world.”

Tencent partnership “a coup”

The involvement of Tencent in its first production deal outside Asia creates a greatly enhanced television division 18 months after launch in a transaction that Ford regards as a coup.

IM Global Television will focus on scripted and unscripted content and build a television distribution operation. The company is backed by a \$100m fund that one source close to the deal described as one of the first if not the first television slate co-financing arrangements.

Tencent will be the content distributor in China although content may not necessarily go out through the company’s platforms, in which case it would work with distribution partners.

The tech giant’s ownership of a portfolio of companies including text and voice messaging platform WeChat, which for many of its 650million users has supplanted email as the preferred form of communication, opens up creation and distribution avenues.

Ford declined to speculate, adding: “We haven’t put walls up in terms of what we can develop.”