

# GLOBAL INVESTMENT BANK: Redefining the Future of Banking



*Dubai-based International Film Fund will position the GCC as the new investment hotspot for future global box-office hits, says Reza Dari, CEO of GIB.*

With the launch of its International Film Fund (IFF) next year, Global Investment Bank (GIB) is pushing the boundaries of portfolio diversification for Gulf investors. What sets this new investment vehicle apart from other mainstream film financing products is GIB's strategy to mitigate production risks by partnering with award-winning Hollywood producers and industry experts.

Reza Dari, Chief Executive Officer of GIB, said with the IFF investment model GCC investors could enhance return on investments beyond the box-office level, allowing them to also reap the rewards of ancillary or non-theatrical markets. To add another layer of confidence building, the producers' profit sharing arrangement under the IFF has been subordinated to a 120% priority return to its investors.

Gulf Success sits with Reza Dari for a sneak preview of the new film fund starring a groundbreaking approach to alleviation of global poverty through profitable partnerships and products.

#### **What is the significance of a movie production fund for the region?**

International box office sales exceeded \$36 billion in 2014, \$4.6 billion of which was contributed by the Chinese box office alone, up 34% from the previous year. Worldwide cinema screens also increased by 6% in 2014 largely due to the double digit growth in the Asia Pacific Region. Continuous upward trends in the number of international theatrical screens and box office revenues indicate significant commercial and capital growth potentials, and yet today there are no professionally managed local access points to such investment opportunities on a large-scale in the GCC. Accordingly, the IFF was conceptualized as the first regional point of access to Hollywood and mainstream film production domiciled in the DIFC. Given that the steady growth in mainstream film revenues have shown little correlation with

the global equity markets, inclusion of film financing within a balanced portfolio allocation strategy may also be worthy of note for regional wealth managers. We see this product as a potential game changer for the industry and regional investors alike, as it will not only give GCC investors access to a new line of investment activity but also provides the mainstream film industry access to a new and highly liquid source of funding.

#### **What is the importance of ancillary revenues within the IFF investment strategy?**

While theatrical release is widely believed to be the most critical stage in the lifecycle of a film, it is certainly not the most profitable stage as it only makes up about 25% of the total film revenues. The IFF investment strategy has been devised to also include ancillary revenues, which on average is three times the box office sales. The IFF investment model allows investors direct ownership interest in the Intellectual Property of a film to improve dollar performance as revenues shift from theatre to DVD and rentals, then to digital cable, and television networks stretching out over a 5-10 year period depending on the ancillary potentials of each film. Toy Story 3, for example, earned approximately \$1 billion at the box office but is expected to generate nearly \$10 billion in merchandise retail sales and ancillary revenues. So, clearly the significance of IP ownership and ancillary revenues within the IFF strategy cannot be ignored.

#### **Why have you decided to domicile the IFF in DIFC?**

As mentioned earlier, absence of large-scale professionally managed film investment vehicles in the region has been a major obstacle for the active participation of GCC investors in mainstream film financing; therefore, a regionally based platform is a strategic pre-requisite. DIFC has emerged as one of the fastest growing financial centers in the world connecting the region to the global markets with an internationally recognized

legal system and a world-class regulator which serves as the core of our risk mitigation strategy. We hope that the IFF would further enhance regional participation by removing industry barriers of entry through strategic partnerships with seasoned industry experts and award-winning Hollywood producers allowing the fund to better identify and proactively mitigate financial and production related risks. Hollywood has been largely perceived to be out of reach for GCC investors so we simply decided to bring Hollywood to the GCC.

#### **When is the expected IFF launch date?**

The official launch is anticipated in Q1 2016. We are currently in advanced discussions with a number of prospective anchor investors in view of a pre-launch campaign in January to showcase the IFF in conjunction with a global humanitarian initiative, Project High Dominion.

#### **What is Project High Dominion and how does it relate to the IFF?**

The most recent global economic crisis was a constructive system failure that exposed a deeply distorted take on profitability and capital performance. While it is convenient to accept financial and economic crises simply as natural cyclical occurrences, the depth and increased frequency of such occurrences raise fundamental questions about the weight and placement of greater moral responsibility within the financial industry. A truly sustainable global economy can only be achieved through a paradigm shift within the financial industry wherein the private sector and financial institutions in particular live up to their moral and ethical obligations towards socioeconomic integrity.

Project High Dominion or "PHD" is a cooperative platform bringing together private enterprise, investment managers, financial institutions, celebrities, and public figures to advocate for the "morally-oriented" redistribution of wealth within a global context whereby the poor and the



Reza Dari, CEO of GIB. >>

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underprivileged are no longer viewed as recipients of aid but rather incorporated as stakeholders of the greater global economy.

For its part, GIB has allocated 50% of all its IFF related management performance fee revenues to international child and human development initiatives.

PHD will also include a fixed-cost investment management product line in partnership with leading global financial institutions specifically designed to enhance investors' capital performance while appropriating all associated management performance fee revenues to sponsor and fund sustainable humanitarian and social development programs in the most impoverished parts of the world. With international celebrities embracing humanitarian causes in increasing numbers, the film industry has proven to be one of the most effective platforms for redirecting public awareness to the threat

of global poverty and we hope that PHD can complement these efforts in a systematic and meaningful way.

Poverty, in my view, is not the lack of possessions or money but rather the lack of collective moral responsibility. In conclusion, I would like to leave you with this: while profitability and capital performance are commonly used as indicators to measure success, real success can only be measured by the impact of our actions on human life and dignity.

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