

Investment Guidelines – UPDATED 4.6.25 For use by Investment Sub-Committee

The following guidelines are used by the Investment Sub-Committee when deciding whether to invest in a production. They also are designed to set a benchmark for the industry and guide producers on best practice.

The maximum investment available for a revival is up to £30,000 and also capped at 20% of the capitalisation.

If the production is a new play or musical or if one of the producers have taken part in a development programme with Stage One, and are staging their first or second large scale commercial production the maximum investment available is up to £40,000 and also capped at 20% of the capitalisation.

The purpose of the increased investment is to solidify Stage One's aims to support new work and to encourage established producers to work with the next generation.

However, the committee may decide to offer investment to certain plays and musicals that fall outside of the financial guidelines, if the committee feels that there is exceptional commercial potential there is a strong imperative to invest. The following criteria need to be assessed and be taken into account by the committee when making a decision under these circumstances:

- 1.) there is exceptional commercial potential

Please note: if you are planning to apply for investment, your application must be received at least 6 weeks before your first rehearsal.

Stage One will normally give a commitment to invest (or not) within four weeks of the receipt of papers. In the event that an offer to invest is made, the Producer must show that s/he has the balance of the capital in hand, at which point the Stage One cheque can be sent. This should normally be by the first day of rehearsals, but in any event should be no later than one week prior to the first paid public performance (whether this is in the West End or on Tour). No money can be sent beyond this date.

Investment Criteria

The decision whether to offer to invest in a production is made by a Sub-Committee of the Council, largely made up of experienced commercial producers. The following criteria are taken into account: -

- a. whether the production has a strong commercial potential
- b. new productions and producers are favoured; however, the committee also welcomes applications from established producers who have a proven loyalty to Stage One
- c. whether the producer has acquired the normal subsidiary and other rights, where available; the investors must share in all subsidiary rights owned by the Producer
- d. new producers are encouraged
- e. length of run – Stage One does not normally invest in short limited seasons.
- f. venue - whether the production is in a SOLT, Affiliate, UK Theatre or other venue the producer must always pay the minimum rates set by these organisations In non-affiliated houses (Found Space for example) Equity/BECTU minimum salaries must be paid
- g. presentation of the figures must be clear and unambiguous (in particular, accurate costings and detailed estimates of how long until recoupment may be reached at varying levels of box office are required)
- h. that charges made by the producer for their services are fair and reasonable
- i. that the committee are confident the projected return (if applicable) for Tax Relief is accurate and reasonable
- j. that approved accounts have been received for any previous investment Stage One has made with the producer
- k. The production is within the investment guidelines used by the Investment Sub-Committee

1. Recoupment

Stage One acknowledges that although not guaranteed, Theatre Tax Relief may be illustrated as part of the recoupment schedule but must be shared with investors.

- i) If the production is a play or a limited run musical the production should be able to recoup the estimated production costs plus a 10% contingency at 65%* of Net Box Office Capacity, within 13 weeks from the press night if the production is a play and within 20 weeks if it is a musical, or within the length of the star's contract or other limiting factor (e.g. availability of theatre), whichever is the sooner. Net Box Office Capacity is defined as the total gross receipts if every seat (excluding pp seats) in the house is sold at full price less VAT and then less a further 10% to cover commissions, etc or a percentage that reflects the exact deal with theatre. All figures submitted must clearly show this calculation.
- ii) If the production is an open ended musical, the production should be able to recoup the estimated production costs plus 10% contingency at 75% of Net Box Office Capacity, within 52 weeks from the press night or within the star's contract or other limiting factor, whichever is the sooner.

2. Management fees – period claimed for

- i) If the production is a play, management fees should normally be claimed for not more than six weeks prior to the first paid performance on the Equity Contracts issued by the West End Manager/Producer, and up to two weeks following the close of the production. In the case of **new** plays, fees may be claimed for up to an additional two weeks prior to the first paid performance on the Contracts issued by the West End Manager/Producer (i.e. eight weeks in total), which is intended to reflect some of the extra management time spent on developing the new work.
- ii.) If the production is a musical, management fees should not be claimed for more than 10 weeks prior to the first paid performance on the Equity Contracts issued by the West End Manager/Producer, and up to two weeks following the close of the production. In the case of **new** musicals, fees can be claimed for up to an additional 10 weeks prior to the first paid performance on the Contracts issued by the West End Manager/Producer (i.e. 20 weeks in total), which is intended to reflect some of the extra management time spent on developing the new work.

3. Management fees – amount

- i) If the production is a play, the total weekly management fee including any other 'Producer Fees' and 'Office Charges' should be capped at £6,600*providing no one organisation is benefitting from more than a combined total of £5,700 as a weekly fee amount.
- ii) If the production is a musical, the total weekly management fee including any other 'Producer Fees' and 'Office Charges' should be capped at £8,200*providing no one organisation is benefitting from more than a combined total of £7,200 as a weekly fee amount.

4. Producer's royalty

- i) The producer's royalty is defined as the London or UK National Tour presenter's royalty, whether the London/UK Tour presenter is one person/company or a number of people/companies. It does not include royalties paid to originating US producers for a production transferring from the US, or the originating theatre for a production transferring from the regions.
- ii) For a play the producer's royalty **should not exceed 2.5%** if royalties are being calculated on Net Weekly Box Office('The Gross'). If any Royalties are being calculated in a Pool the producers royalty should be from the pool and

should not equate to more than 5% of weekly operating profit pre-recoupment. Weekly operating profit defined as the profit remaining once weekly running costs of the show have been deducted from the weekly Net Box Office figure.

- iii) For a musical the producer's royalty **should not exceed 3.5%**. if royalties are being calculated on Net Weekly Box Office('The Gross') If any Royalties are being calculated in a Pool the producers royalty should be from the pool and **should not equate to more than 6.5% of weekly operating profit pre-recoupment**. Weekly operating profit defined as the profit remaining once the weekly running costs of the show have been deducted from the weekly Net Box Office figure.

5. Profit Share

Stage One should receive not less than 60% of the profits.