AMC Networks has finalized a partnership agreement with Robert Johnson’s RLJ Entertainment that calls for AMC to provide RLJ with $65 million in loans and obtain the right to acquire as much as half of the company. RLJ Entertainment, headed by the founder of BET Networks, primarily consists of the streaming services Acorn TV, which offers British programming, and Urban Movie Channel. AMC sees those SVOD outlets as a fit with its BBC America and We TV cable channels, respectively. AMC will use its programming and distribution clout to benefit Acorn and UMC. RLJ will remain a separate entity that is publicly traded on the Nasdaq.

“This capital infusion will allow us to continue to grow the value of our businesses,” Johnson told Variety. “We both recognized the synergies in our content. This partnership gives us the potential to develop other opportunities in digital (content).”

Johnson and AMC Networks president-CEO Josh Sapan have known each other for years. Johnson was among the first entrepreneurial programmers to recognize cable’s potential for serving niche audiences with the launch of Black Entertainment Television in 1980. The RLJ-AMC partnership will allow for greater investment in content from African-American creatives, Johnson emphasized.

RLJ came together in its current form in 2012 when Johnson acquired Acorn and independent film distributor Image Entertainment. In addition to TV and digital programming, there’s partnership potential for RLJ’s film business with AMC’s IFC Films banner. RLJ’s recent film releases include the Nina Simone biopic “Nina.”

Sapan said he was impressed with the level of business activity the RLJ team had generated in a short time.
“When we look at the assets, it’s remarkable how sympathetic they are,” Sapan said. AMC and RLJ’s TV and digital platforms make film production more feasible “because you can move them through different windows.”

The agreement calls for AMC to provide RLJ with a $60 million loan on a seven-year term and $5 million on a one-year term. AMC has received warrants to purchase at least 20 million shares or the equivalent of 50.1% of the company. The time frame for exercising those warrants is open-ended, AMC said.

The agreement was hammered out in August and approved by RLJ shareholders on Friday.

RLJ Entertainment posted an adjusted earnings loss of $1.3 million for the six months ended June 30 on revenue of $33.5 million.

Acorn had 320,000 subscribers paying $4.99 a month as of June 30, up from 151,000 in 2015.

UMC, launched in 2014, is understood to have more than 30,000 subscribers. It also charges $4.99 a month for a selection of acquired movies.

Acorn has a U.K.-based production arm that could present opportunities for business with BBC America and other AMC Networks assets. RLJ also holds a majority stake in Agatha Christie Limited, which manages rights to the mystery author’s estate. The deal comes as AMC Networks is looking to grow and diversify its revenue base with digital and international expansion efforts.

Sapan praised Johnson’s business instincts for targeting distinct content niches in the streaming arena. “He’s an entrepreneur of unique distinction in the media world,” Sapan said. With Acorn and UMC, “they’ve gotten in early and done an awful lot on their own. We are enormously attracted to being allied with his company,” he said.

Johnson said the influx from AMC will go right to the screen at Acorn and UMC. “It gives us the ability to pump significantly more money into our content spend,” he said. Johnson gave Sapan credit for seeing the opportunity for a media company to connect directly with African-American viewers in an advertising-free environment.

“There is tremendous talent out there that is under-employed,” Johnson said. “To bring about a business model that responds to a social need and a creative opportunity — that’s what makes this deal something that is so exciting and important.”

(Pictured: Josh Sapan, Robert Johnson)