

## Distribution Support - Frequently Asked Questions

### 1. Question: Why does German Films only give funding for an "additional project" and what exactly does that mean?

**Answer:** With the Distribution Support program, German Films would like to encourage foreign distributors to increase their efforts on the release campaign that they had planned originally. This means that it should be clear in the application on what additional measures the money from German Films will be spent if the application is accepted. For example, the distributor could increase the number of prints, book more advertisements, organize additional press screenings or a promotional tour by the director or members of the cast etc. (See Rules and Regulations Nr. 1)

### 2. Question: Can I apply for Distribution Support for the release of a German film on video and/or DVD?

**Answer:** No, the Distribution Support can only be spent on the cinematic release of a German film abroad. (See Rules and Regulations Nr. 2)

### 3. Question: Can I apply for Distribution Support for a German-international co-production?

**Answer:** That depends on the film: If the film has a German certificate of origin (from the BAFA) and has been produced with a majority of German members of crew and cast, you can apply for Distribution Support for a German-international co-production. (See Rules and Regulations Nr. 2)

### 4. Question: What is the difference between a "grant"/"subsidy" and a "conditionally repayable loan"?

**Answer:** Depending on the sum you are asking German Films to support you with, you may either apply for a "grant/subsidy" up to € 10,000.00, or for a "conditionally repayable loan" up to € 50,000.00. The difference is that with the "grant/subsidy" you do not need to pay back the funding to German Films whereas with the "loan" you may have to repay parts of the funding or even the whole amount depending on the success of the film (Box Office figures) in the cinema. The redemption conditions and barriers are defined for each case individually. Without exception, you will have to prove in your final accounting to German Films the actual expenses incurred for the distribution of the film. (See Rules and Regulations Nr. 4)

### 5. Question: What are the modalities of repayment if I receive a conditionally repayable loan?

**Answer:** The repayment depends on the attainment of certain numbers of admissions/a certain amount of gross distribution receipts. German Films will set forth a graduated scale in an agreement with the distributor. This scale will be based, on the one hand, on the relation of the amount of the total distribution costs, the costs of the additional measures and the amount of the subsidy, and, on the other hand, on the numbers of admissions/gross distribution receipts to be attained. If, for example, you receive € 40,000.00, with 100,000 admissions you will have to pay back € 20,000.00, with 150.000 admissions another € 10,000.00 and with 200,000 admissions the remaining € 10,000.00. Accounting and payout of the repayment amounts to German Films must be effected 4 weeks after having attained the respective number of admissions/gross distribution receipts, at the latest. (See Rules and Regulations Nr. 5 and 6)

If the film does not reach the admission figures of the defined redemption barriers, the loan will be converted into a grant. Please be aware that according to our regulations repayment obligations will lapse two years after the release date in the respectively subsidized territory. (See regulations Nr. 6) Should only the first repayment barrier figures be reached by the Box Office, you have to pay back the respective amount of the loan as defined in the German Films Distribution Support Agreement that will be sent to you after you have been granted funding by German Films. (See Rules and Regulations Nr. 6)

**6. Question: What happens if I have not spent as much money on the release campaign as planned?**

**Answer:** You are obliged to spend the costs on the distribution as indicated in Exhibit B (List of Costs) in your application form. If you were not granted the amount you originally applied for, the relevant figure is: Total net Distribution Costs without Distribution Support plus the funding you were actually granted. If you spend less than the Distribution Costs the funding by German Films might be reduced accordingly. (See Rules and Regulations Nr. 8)

**7. Question: What are my obligations if I receive funding from German Films?**

**Answer:**

1. Each month during the film's exploitation in the cinemas you are obliged to send the cinematic report of the film (Box Office figures and admissions). (See Rules and Regulations Nr. 6)

2. According to our regulations you are obliged to send us the following at latest 4 months after the release of the film:

- one copy each of all advertising materials used for the film (e.g. posters, flyers, invitations)
- one video cassette/DVD in the country version (preferably a DVD)
- one comprehensive exploitation report with final admission figures, total number of prints, critics etc.
- final accounting of the total distribution costs concerning the film (overview list and copies of all invoices); please note that according to our regulations we can only consider costs from 5 months before until 2 months after the release date!

After receipt and the examination of all documents, we will transfer the second instalment to you on the condition that your final accounting was correct and complete.

Please note that according to our support contract we are entitled to terminate our support if the final accounting is not submitted properly or in due time. In such a case, the entire amount of the subsidy shall immediately fall due for repayment. Moreover, those applicants who do not meet their obligations toward German Films at all or repeatedly not in due time or to a sufficient extent will be excluded from any further subsidization. (See Rules and Regulations Nr. 11)

3. Should you reach a repayment barrier of a conditionally repayable loan, the respective amount has to be paid back within 4 weeks after having reached the admission/box office figure. (See Rules and Regulations Nr. 5 and 6)

**8. Question: If I get funding from MEDIA or any other institution, can I still apply for Distribution Support from German Films?**

**Answer:** Yes, you can apply for Distribution Support from German Films but only for a grant up to € 10,000.00. A loan whose repayment is conditional upon success of the film may only be granted if the film has not yet received any other repayable loan from third parties (e.g. MEDIA Selective Support). Should you receive a grant from any third party organization, you can also apply for a grant or a loan from German Films. (See Rules and Regulations Nr. 4)

**9. Question: When will the funding be transferred to my bank account?**

**Answer:** The applicant will receive 50% of the earmarked, non-assignable and non-attachable subsidy upon conclusion of the subsidization agreement. Payment of the remaining subsidy will be made upon submission of the final accounting of the total distribution costs, which must be effected not later than 4 months after the start of the film. (See Rules and Regulations Nr. 7)

**10. Question: What happens if I reschedule the release of the film for which I was granted funding?**

**Answer:** German Films will be entitled to either reduce the agreed loan/grant pro rata and to claim back any excess payment already made, or to terminate the entire agreement without notice and to claim repayment of the subsidy paid out so far if the subsidized film's main start in the cinema does not take place within one year after the application's acceptance, at the latest. (See Rules and Regulations Nr. 8)

**11. Question: How often do committee meetings take place?**

**Answer:** The German Films Distribution Support committee does not have fixed meetings throughout the year. However, the committee decides on applications usually every 6-8 weeks.

**12. Question: Do I need to prove that I have already paid the minimum guarantee in full amount?**

**Answer:** Yes, the licensor has to write a confirmation that the full amount of the minimum guarantee has been paid and that you (the licensee) have fulfilled all your contractual obligations. This can be sent from the licensor directly to German Films (by mail, email or fax). (See Exhibit A Nr. 19)