

## German Films Distribution Support: Rules for the subsidization of film starts in foreign countries

1. In order to foster the wider international dissemination of German films as cultural assets and to improve the market opportunities of German films in foreign countries, German Films Service + Marketing GmbH may subsidize the distribution measures for the theatrical release of a German film abroad.

1.1. Statutory, only foreign distribution companies are supported by corporate purpose. German Films is prohibited from supporting domestic companies due to its partners and supporters.

1.2. As a rule, only such measures going beyond the distribution project already planned by the foreign distribution company will qualify for subsidization. These are defined as "additional measures" and are to be considered independently.

2. The subsidy must be applied for. Only those foreign distribution companies may apply for a subsidy which intend to distribute a newly produced animation, feature or documentary film to cinemas in their licensed territories. Newly produced means the German theatrical release may not be more than 18 months ago. *Productions during the pandemic that started in German cinemas between March 2020 and May 2022 are excluded. The rule here is that the German theatrical release must not be more than 30 months ago.* The film must evidence a German certificate of origin and must have been produced with a majority of German members of cast and crew and show a significant German cultural imprint. Measures related to the distribution of advertising films or films with pornographic and/or racist content and/or praising violence are excluded from subsidization.

3. A grant committee appointed by German Films will decide on all such applications for a subsidy.

4. Application for a subsidy is possible at any time, provided that the corresponding application is received by German Films at least two months before the scheduled theatrical release of the film. The documents to be submitted are listed in the application forms available [online](#).

4.1. Together with the application form, the applicant must submit a binding distribution concept indicating in particular when, where and on how many screens the film is to be released, and for which additional distribution costs the subsidy is needed.

4.2. The application form and all exhibits have to be combined and sent as one single PDF-file. All exhibits must be numbered consecutively. The respective exhibit number has to be in the box on the application form and on the actual exhibit itself.

5. As a rule, the subsidy will be granted in the form of a loan whose repayment will be conditional upon success of the film. The maximum amount of the subsidy per film and territory will be Euro 50,000. A loan whose repayment is conditional upon success of the film may only be granted if the film has not received any other repayable loan from third parties.

A subsidy exceeding Euro 15,000 will be subject to the prerequisite that the film to be subsidized has been licensed for at least four additional territories.

In case of additional distribution measures up to an amount of Euro 15,000 the subsidy may also be granted in form of a grant.

Under no circumstances may the subsidy be counted as income (see also §1.2.) nor increase the licensor's revenue share (see also §1.1.).

6. If an application for a subsidy is approved, the modalities of subsidization, in particular the modalities of payment and repayment of the loan will be provided for in an agreement between German Films and the applicant. If an application for a subsidy is not accepted to its full extent, the distribution concept on which the application was based (without the full additional measure but including the support sum actually granted) shall remain binding upon the distributor.

7. Receiving the German Films Distribution Support's subsidy implies the exclusion of receiving film related screening fees for one screening of

the film at an event of German Films, Goethe-Institute, any German Embassy and consulate and other publicly funded German institutions.

8. The applicant's obligation to repay the loan will become effective upon attainment of certain numbers of spectators stipulated by German Films in a graduated scale of two thresholds. The thresholds are based on the relation of the amount of the total net distribution costs, the net costs of the additional measures related to the amount of the subsidy, on the one hand, to the numbers of admissions to be attained and the resulting revenues, on the other hand. The net costs shall mean exclusively the direct distribution costs before value added tax, if any; a distribution guarantee and overhead costs cannot be taken into account. Repayment of the loan shall be effected pro rata from the share of the gross distribution receipts the applicant is entitled to receive. The gross distribution receipts within the meaning of these rules include all proceeds from the exploitation of the theatrical rights after deduction of the cinemas' shares. Accounting and payout of the repayment amounts to German Films must be effected 4 weeks after having attained the respective numbers of admissions, at the latest. Notwithstanding the foregoing, the recipient of the subsidy must bindingly evidence and account for the attained numbers of admissions and distribution receipts to German Films by the end of every month during the film's exploitation in the cinemas. The repayment obligation will lapse 6 months after the theatrical release of the respective film and after submission of the numbers of admissions in the respectively subsidized territory.

9. As a rule, 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.

The final accounting must be submitted within 2 months after the theatrical release date. November- and December- releases must submit their final accounting within 4 weeks after the theatrical release date. The final accounting may only include costs incurred from up to 5 months before until up to 2 months after the start of the film in the theaters of the territory.

10. If the distribution measures on which the application for the subsidy is based are not met as to their scope and/or amount, German Films will be entitled either to cut 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. The same shall apply if the subsidized film's theatrical release does not take place within the year of the originally scheduled release date or within six months after the application's acceptance if the release was originally planned for the first half of the year, at the latest. Non-observance of the accounting and repayment obligation will also entitle German Films to terminate the entire agreement without notice.

11. 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 subsidization.

12. The recipient of the subsidy agrees to transfer to German Films any advertising material used for the film in digital form as well as one comprehensive exploitation report after their respective production, however at the latest with the final accounting for the film.

12.1. German Films must be named as a subsidizing body in all media; in particular, the logo of German Films must be shown on all printings.

If the subsidy amounts to Euro 50,000 all prints of the subsidized film must display the logo of German Films and a mention indicating German Films as a subsidizing body in the main titles.

As amended in January 2023.