

## **Distribution Support - Frequently Asked Questions**

### **1. Who decides on my application for funding?**

A grant committee (of four members) appointed by German Films will decide on all applications for funding. The German Films Distribution Support scheme is a selective program – the jury will decide on each case individually. The committee's decisions are based on the German Films Distribution Support rules and regulations which can be downloaded from the German Films website. A scope for making a decision is at the committee's disposal. (See Rules and Regulations Nr. 3)

### **2. Why does German Films only give funding for an “additional project” and what exactly does that mean?**

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)

### **3. Can I apply for Distribution Support for the release of a German film on video, VOD and/or DVD?**

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

**COVID 19 measures:** In light of the difficulties distributors are facing because of the Covid-19 pandemic German Films decided that distributor who had to cancel or postpone their theatrical release date verifiable due to Corona have the option to use the granted theatrical release support for Virtual Cinema of the respective film. In such a case German Films will need a written statement of the government, the ministry of culture or any other official institution that explains the lockdown measures in detail and confirms the duration of the lockdown.

#### **4. Can I apply for Distribution Support for a German-international co-production?**

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

#### **5. What is the difference between a “grant/subsidy” and a “conditionally repayable loan”?**

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)

#### **6. What are the modalities of repayment if I receive a conditionally repayable loan?**

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 7)

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. 7) 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. 7)

### **7. What happens if I have not spent as much money on the release campaign as planned?**

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. 9)

### **8. What are my obligations if I receive funding from German Films?**

- 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. 7)
- According to our regulations you are obliged to send us the following at latest 2 months after the release of the film / for film-releases in November and December you have to send us the following at latest 4 weeks after the release:
  - advertising materials used for the film (e.g. posters, flyers, invitations) in digital form
  - the film in the country version as HD-material
  - one comprehensive exploitation report with final admission figures, total number of prints, critics etc.
  - final accounting of the total distribution net costs concerning the film (overview list and copies of all invoices & of payment notifications); 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. 12)

- 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 7)

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

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 of the total distribution costs, which must be effected not later than 2 months after the start of the film. Applicants whose film releases in November or December have to render the account no later than 4 weeks after the release date. (See Rules and Regulations Nr. 8)

**COVID 19 measures:** Due to the Covid-19 pandemic German Films extended the deadline for the final accounting up to 10 weeks after the theatrical release.

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

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 six months after the application's acceptance, at the latest. (See Rules and Regulations Nr. 9)

#### **11. How often do committee meetings take place?**

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. The complete and correct application has to be submitted at the latest 2 months before the release of the film.

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

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)

**13. Will I receive a confirmation that German Films has received my application?**

After receipt of the application forms, you will receive an email by German Films including possible questions and remarks on your application documents.

**14. What does “a newly produced feature film or documentary film” (See Rules and Regulations Nr. 2) mean?**

German Films can only support foreign film releases which are dated no longer than 18 months after the German theatrical release of that film.

**COVID 19 measures:** Due to the Covid-19 pandemic German Films extended the time period up to 30 months after the German theatrical release.