

GUIDE TO GERMAN FILM SUBSIDIES

SCENE / CUT

TAKE

Introduction

This brochure aims to provide you with an overview of Germany's vivid film subsidy landscape, which in total accounts for (federal and regional) subsidies of approx. EUR 300 million per year. For practical reasons, we have limited this summary to production funding. Please note, however, that many schemes also provide for development and distribution financing.

1. FUNDING PROGRAMS AVAILABLE IN GERMANY

On a federal level, non-repayable grants for the production of theatrical films are available under the German Federal Film Fund (Deutscher Filmförderfonds, "DFFF"), provided by the Federal Government Commissioner for Culture and the Media (Beauftragte der Bundesregierung für Kultur und Medien, "BKM"). BKM also provides approx. EUR 30 million each year via several subsidy schemes and prizes.

The German Federal Film Board (Filmförderungsanstalt, "FFA") grants film production funding under the German Film Subsidies Act (Filmförderungsgesetz, "FFG") by way of limited recourse loans (so called "Project Funding"). Furthermore, producers may benefit from the economic success of their previous film by way of applying to the FFA for reference funds, which are disbursed as grants ("Reference Funding").

Since 2016, production funding for theatrical films as well as for TV series is available under the new scheme of the German Ministry of Economics, the German Motion Picture Fund ("GMPF").

DFFF, GMPF, and FFA funding under the FFG are administered by the FFA.

In addition, almost every German state maintains a regional film and TV subsidy scheme. Most provide regional production funding in the form of limited recourse loans, which must be repaid from certain proceeds of the exploitation of the film/TV project according to a recoupment plan.

2. COMBINATION OF FUNDING PROGRAMS (IN GERMANY AND THE EU)

All German funding programs may be combined with each other as well as with European funding programs if the total amount of subsidies does not exceed 50%, or 60% for co-productions funded by more than one Member State, as provided by the European Commission's cinema communication (as renewed in November 2013). Difficult projects (such as short films, films by first-time and second-time directors, documentaries, or low budget or otherwise commercially difficult works) as well as co-productions involving countries eligible to receive official development assistance from OECD are exempt from these limits.

3. GERMANY – FEDERAL LEVEL

3.1 DFFF

Since 2007, the DFFF has contributed between EUR 50 and 70 million on a yearly basis. In early 2014, the grand coalition decided to let the fund run indefinitely without its previous three year limitation. Its annual budget for 2017 is EUR 50 million. Including 2016, 1087 projects benefited from the DFFF with a total sum of approx. EUR 591 million. The DFFF operates as a non-repayable grant.

3.1.1 Eligibility and Award Criteria

3.1.1.1 Eligible Projects

DFFF funding is only available for theatrical films; TV-only productions do not qualify. The film needs to be feature-length (at least 79 minutes runtime) with a minimum production budget of EUR 1 million (feature films), EUR 200,000 (documentaries) or EUR 2 million (animated films), respectively. The film must be theatrically released in Germany with a certain number of copies.

At least one final version of the film has to be in the German language; a dubbed or subtitled version will meet this requirement. Further, applicants must present a final version of the film with German subtitles for the hearing impaired and with German descriptive audio track for the visually impaired (so-called “barrier-free” or accessible version). As a rule, principal photography may only start after an approving decision by the FFA, but producers may apply for exemptions. Following the award decision, shooting must commence within 4 months.

3.1.1.2 Application

Applications have to be filed with the FFA as competent authority for the DFFF at least 6 weeks prior to commencement of principal photography or animation works. There are no specific deadlines; the DFFF works on a first come, first served basis. The budget tends to be exhausted towards the end of the year; hence, an early application is advisable.

The applicant for DFFF funding must be 1) the producer responsible for and actively involved in the production of the film, and 2) domiciled or have an office in Germany. In the case of international co-productions, the applying co-producer has to meet this requirement. Also, the applying co-producer must contribute at least 25% of the total production costs (if these costs exceed EUR 25 million, a German contribution of at least EUR 5 million will suffice regardless of the percentage).

The applying (co-)producer must have produced at least one theatrically released feature film in Europe within the preceding five years.

In addition to proving that all requirements stipulated in the guidelines are met, the applying producer has to present a financing plan demonstrating that at least 75% of the financing for the film has been secured and that the DFFF grant is required to complete the financing. Financing has to be fully closed within three months following the award decision by FFA.

DFFF

3.1.1.3 Examples

Funding under the DFFF is open to international co-productions. Since 2007, each year more than one third of funded projects have been international co-productions:

<p>2007</p> <p>99 projects incl. 34 international co-productions (e.g. <i>Valkyrie</i>, <i>The International</i>)</p>	<p>2008</p> <p>99 projects incl. 37 international co-productions (e.g. <i>The Reader</i>, <i>Last Station</i>)</p>	<p>2009</p> <p>104 projects incl. 38 international co-productions (e.g. <i>Inglourious Basterds</i>, <i>The Ghost</i>)</p>	<p>2010</p> <p>105 projects incl. 43 international co-productions (e.g. <i>Hanna</i>, <i>Three Musketeers</i>)</p>
<p>2011</p> <p>111 projects incl. 44 international co-productions (e.g. <i>Cloud Atlas</i>, <i>Hansel & Gretel: Witch Hunters</i>)</p>	<p>2012</p> <p>115 projects incl. 40 international co-productions (e.g. <i>Marionetten aka A Most Wanted Man</i>, <i>Tarzan 3D</i>, <i>Rush</i>, <i>Beauty and the Beast</i>)</p>	<p>2013</p> <p>115 projects incl. 41 international co-productions (e.g. <i>Agent 47 aka Hitman 2</i>, <i>The Grand Budapest Hotel</i>, <i>The Book Thief</i>, <i>The Monuments Men</i>, <i>The Voices</i>)</p>	<p>2014</p> <p>111 projects incl. 39 international co-productions (e.g. <i>Autobahn</i>, <i>The Hunger Games Mockingjay</i>, <i>Point Break</i>, <i>Heidi</i>, <i>St. James Place</i>)</p>
<p>2015</p> <p>107 projects incl. 36 international co-productions (e.g. <i>Captain America 3</i>, <i>A Cure for Wellness</i>, <i>The Lake</i>, <i>Eddie the Eagle</i>)</p>	<p>2016</p> <p>112 projects incl. 46 international co-productions (e.g. <i>Patterson & Findus</i>, <i>Jim Knopf</i>)</p>		

To date, the highest amount granted to a film under the DFFF was EUR 10 million for *Cloud Atlas* in 2011. In 2007, *Speed Racer* was awarded EUR 9 million and in 2013, *The Monuments Men* was awarded EUR 8.5 million. In 2015, *A Cure for Wellness* received EUR 8.1 million.

A list of projects funded by the DFFF and currently in production can be found at:

<http://www.dfff-ffa.de/foerderzusagen.html> (in German) or <http://dfff-ffa.de/production-review.html>.

3.1.1.4 Minimum German Spend

A minimum of 25% of the total production cost has to be spent in Germany (so-called “German Spend”). For production budgets exceeding EUR 20 million, a minimum German Spend of 20% is sufficient. Alternatively, a total German Spend of at least EUR 15 million will suffice.

German Spend is defined as expenditure on film related goods or services delivered or provided in Germany by companies domiciled in Germany or individuals subject to (restricted or unrestricted) German tax liability. The applicable guidelines define the qualifying types of expenses in more detail.

Note: What is recognized as German Spend within the meaning of the minimum German Spend requirement does not fully correspond with the German production expenditures relevant for the calculation of the amount of the grant (Qualifying German Spend, see below).

3.1.1.5 Cultural Test

The film has to pass a cultural test based on a points system to ensure that the project complies with the DFFF’s objective to support German film culture. The tests, varying for feature films, documentaries and animated films, differentiate between content, cast/crew and the use of production facilities in Germany.

Films must meet a specified number of points in each section to pass the test. As of 2017, the fund places specific importance on sustainable production. Under the new regulations, producers may give a voluntary commitment to produce sustainably when filing the application, and although the commitment is voluntary, not giving it will result in a deduction of points in the cultural test.

For international co-productions within the scope of the European Convention on Cinematographic Co-Production (the “European Convention”), the points system established therein will be applicable in lieu of the DFFF cultural test.

3.1.1.6 Distribution Requirements

The DFFF guidelines require a theatrical release in Germany within one year following completion with a minimum of 45 copies (200 copies if the award granted is in excess of EUR 4 million). The requirements differ for animated films and documentaries. A binding distribution agreement with a qualifying distributor must be submitted to the DFFF at the time of disbursement of the grant at the latest. A non-exhaustive “white list” of qualifying distributors is available on the DFFF website.

There are certain holdback periods that need to be observed after the theatrical release of a subsidized film in Germany: For video/DVD exploitation, on-demand services and pay-per-view in Germany or in the German language version, the holdback period is six months; for pay TV subscriptions: 12 months; and for free TV rights and free of charge on-demand services: 18 months. Upon application, the holdback periods may be shortened or waived completely under certain circumstances.

The DFFF requires screen and (generally) paid-ad credits.

3.1.2 Award and Payment of Funds

The DFFF mainly operates on an automatic basis: up to an award of EUR 4 million, funding is awarded without discretionary decisions by a jury. However, the necessity of interpreting the criteria of the cultural test, many of which are rather vague, gives the FFA a certain leeway in assessing the eligibility of a film for funding.

The amount granted under the DFFF scheme is usually 20% of the Qualifying German Spend.

The criteria of what is recognized as “Qualifying German Spend” do not fully correspond with the German Spend within the meaning of the minimum German Spend requirement (above), which broadly takes into account expenditure in Germany. Such German Spend refers more generally to production costs incurred in Germany. In contrast, for the purpose of calculating the grant, there are certain limitations as to the extent to which these German production costs (or a fraction thereof) are taken into account as Qualifying German Spend.

Costs incurred for exterior on-location shooting outside of Germany may be considered as Qualifying German spend if shooting abroad on location is necessary to comply with dramaturgical exigencies of the script and such shooting would not be possible in Germany (or only at unreasonable cost). Such costs only qualify for up to 40% of the total number of shooting days, and save for the territorial requirement all other criteria for Qualifying German spend must be met (e.g., services must be provided by persons who are subject to tax liability in Germany or by companies with a place of business in Germany, see above).

The Qualifying German Spend will only be taken into account up to 80% of total production costs. Therefore, the net benefit of DFFF funding varies between 16% and 20% of the total Qualifying German Spend. The total maximum amount is EUR 4 million per project, but exceptionally, a maximum of up to EUR 10 million may be granted if a project’s German Spend exceeds 35%, or if the cultural test quota exceeds 66.6%. Awards exceeding EUR 4 million are subject to a board decision.

Also, the producer is required to follow certain principles of economic production, and the FFA examines the budget and may disregard certain production costs.

Funds are paid as non-repayable grants and are usually disbursed upon completion of production and final audit of the production figures. Alternatively, upon application, funds may also be paid out in three installments (start of principal photography, completion of the rough cut, and final audit of cost; for grants exceeding EUR 2 million, a completion bond or bank guarantee will be required for disbursement in installments).

The English DFFF guidelines, including the Cultural Test and the Qualifying German Spend, are available here: <http://www.dfff-ffa.de/guidelines.html>.

3.2 PROJECT FUNDING AND REFERENCE FUNDING UNDER THE FFG

The FFA also administers the Project Funding and Reference Funding schemes governed by the FFG and applicable guidelines. Producers can apply for both types of funding for the same film. Financial production support is granted for feature films with a runtime of at least 79 minutes, short films, documentaries and children's films with a runtime of at least 59 minutes. Funds are sourced from levies that the FFA collects from exhibitors, video and online distributors, TV providers and program marketers, and awarded on a jury based procedure.

In 2015, the FFA granted EUR 29.1 million in production funding (EUR 14.7 million in Reference Funding and EUR 14.4 million in Project Funding). Recent funding examples include *Fack Ju, Göthe 2* (reference funding of EUR 2 million in 2016), *Hänsel & Gretel – Witch Hunters* (reference funding of EUR 485,727 in 2014), *Tschick* (Project Funding of EUR 500,000 in 2015) and *Der Medicus* (reference funding of EUR 967,733 in 2015).

The FFG was renewed and recently updated for the period of 2017 to 2021.

3.2.1 General Requirements

3.2.1.1 Requirements Relating to the Production of the Film

To qualify for subsidies, the FFG requires for all films that (i) one of the responsible producers has its place of business or, if it is established in another EEA state or Switzerland, an office in Germany and (ii) that a final version of the film is produced or dubbed in German. In addition, a number of cultural criteria relating, inter alia, to story, setting and cast apply.

For international co-productions, funds may be granted if the above criteria are fulfilled and

- > the film meets the requirements of the European Convention and the applicant producer contributes at least 20% of the overall production costs, or
- > the film falls within the ambit of a bilateral or multilateral co-production treaty concluded by Germany and the applicant producer contributes at least 30% of the overall production costs.

Outside the scope of the European Convention or a co-production treaty, international co-productions may qualify for subsidies if (i) compared to the other contributions, the financial contribution of the applicant producer is considerable (generally around 30%), and (ii) at least 30% of cast and crew are citizens of an EEA member state. In case of a German majority co-producer, the film has to premiere in the German language in Germany, or as a German contribution at a selected international film festival. Compared to the standard cultural criteria, the cultural requirements for international co-productions are considerably lower in order to facilitate cross border co-productions in Germany.

FFA Funding

3.2.1.2 Distribution Requirements

The FFG provides for the same holdback periods as the DFFF (see above), and must receive screen credits for its funding.

3.2.2 Project Funding Requirements

3.2.2.1 Eligibility and Award Criteria

The producer must provide at least 5% of the budget as its own contribution (equity or full recourse debt finance). For international co-productions, the percentage is determined based on the German part of the total budget. The producer's own contribution can be financed through equity capital or debt finance. Presales may also count as a producer's own contribution.

Based on script, talent and crew, the film must be expected to "enhance the quality and profitability of German film", as determined by the FFA. The producer is required to follow certain principles of economic production, and the FFA examines the budget and may disregard certain production costs.

3.2.2.2 Award, Payment and Repayment of Funding

Project funding is granted as an interest-free, limited recourse loan of at least EUR 200,000 (EUR 100,000 for documentaries), and paid in four installments: (i) 25% upon start of principal photography, (ii) up to 50% during principal photography, (iii) up to 15% upon finalization of the first (rough) cut, (iv) 10% after final audit of the production costs.

The amount granted must be repaid once the producer's proceeds from the exploitation of the film exceed 5% of the accredited production costs, with 50% of such proceeds to be used for repayment. If the producer provides more than 5% of the budget, more favorable repayment terms may be agreed with the FFA. The repayment obligation terminates 10 years after theatrical release.

3.2.2.3 Application

Applications must be submitted prior to the start of principal photography. There are no hard application deadlines; applications for project production funding can be filed continually and will be considered in the respective following jury meeting (held 6 times a year). They must include, inter alia, the script (including assignment of rights), budget, cost plan, finance and recoupment plan, cast and crew list, a distribution agreement or statement of envisaged distribution.

3.2.3 Reference Funding Requirements

A producer can apply for funding of a new film if it has already produced a film which obtained a certain number of reference points. The most important requirements for Reference Funding are the following:

3.2.3.1 Eligibility Criteria With Regard to the Funded Film

The financing of the funded film must be secured, and combined subsidies may not exceed 50% of the budget (in case of international co-productions, 50% of the German part of the budget). The producer is required to follow certain principles of economic production (specified in the FFA guidelines), and the FFA will examine the budget and may disregard certain production costs.

Based on the script, cast and crew, the film must be expected to “enhance the quality and profitability of German film”. Any copies for theatrical release in Germany must be produced in Germany or another EEA state.

3.2.3.2 Eligibility Criteria With Regard to the Reference Film

In practice, the FFA requires the reference film to also comply with the requirements for the funded film.

The reference film must have at least 150,000 (or 300,000 or 500,000, depending on the production budget) reference points, which can, inter alia, be earned from box office admissions (the number of admissions equaling reference points), and recognized film awards during a certain period of time after theatrical release.

3.2.3.3 Amount, Payment and Repayment of Funds

The FFA may grant up to EUR 2 million per project as Reference Funding. The overall amount available for Reference Funding each year will be distributed between all qualifying reference films, in relation to their success. If the reference film is an international co-production, funding is only awarded up to the amount of the co-production share of the German applicant.

Reference Funding is generally non-repayable. Funds will only have to be repaid if the funded film or the producer fails to meet the FFG requirements (e.g. if the funded film does not meet the cultural criteria or if the producer has made false statements in order to obtain the subsidy). Reference Funding must be used for the production of the new film within three years of the award.

3.2.3.4 Application Procedure

In general, applications for Reference Funding must be submitted no later than 15 months (for feature films) or 39 months (for children’s films/documentaries) after theatrical release. Disbursement of grants for the current year will only be considered if the application is filed by 31 January of that year. Principal photography for the funded film must not start before Reference Funding has been awarded.

GMPF Funding

3.3 GMPF

As of December 2015, the German Motion Picture Fund as the new incentive by the German Ministry of Economics ("BMW") accepts applications for production funding of internationally co-produced theatrical films and of high-end TV series. The GMPF has an annual budget of EUR 10 million and aims at promoting digital/VFX production in Germany. It features similar requirements and mechanisms as the DFFF, i.e., it is run as an automatic scheme and provides non-repayable grants. As of now, the GMPF is limited in time until end of 2018.

English guidelines are available here: www.bmwi.de/Redaktion/EN/Artikel/Economy/german-motion-picture-fund.html.

3.3.1 Eligibility and Award Criteria

3.3.1.1 Films

Funding is available for internationally co-produced feature-length theatrical films (79 minutes, or 59 minutes for children's films).

The total production cost must be at least EUR 25 million. Both the applicant German co-producer as well as the international co-production partner must make a financial contribution of at least 20%. In case production costs exceed EUR 35 million, a financial contribution of at least EUR 7 million on the part of the applicant is sufficient.

3.3.1.2 TV Series

Whole seasons or individual episodes of feature-length TV series may be funded if they feature a continuing story arch with at least six episodes per season, irrespective of whether they are intended for linear or non-linear reception. Each episode must have a runtime of at least 40 minutes and production costs of at least EUR 1.2 million. German TV broadcasters may generally not contribute more than 60% of the financing (70% if the series is not filmed in Germany).

3.3.1.3 Application Procedure

The GMPF is administered by the FFA. Applications must be made 6 weeks prior to the start of principle photography, which may generally only start after the subsidy has been awarded.

As for the DFFF, there are no application deadlines. Applications will be processed on a first come, first served basis. In its first year, the GMPF budget was exhausted by mid-2016. Hence, an application early in the year is advisable.

The (co-)producer of a film/series may apply if it is resident or has a registered office in Germany (or a place of business or establishment in Germany. If the applicant is resident or has its registered office in a different EU member state or in another EEA) and has produced at least one feature film or TV series in Germany or the EU/EEA in the five years prior to the application that has been released in German theaters or been accepted for distribution, respectively.

3.3.1.4 German Spend, Cultural Test

The producer is required to follow certain principles of economic production, and the FFA examines the budget and may disregard certain production costs.

Both films and series must spend a certain amount of the production cost in Germany (“German Production Cost”):

- > For Films, the German Production Cost must be at least 40% of total production costs, or at least EUR 13 million.
- > For Series, the German Production Cost must be at least 40% of total production costs, or at least EUR 10 million.

The film/series must also reach a certain number of points under a cultural test, which is similar to the DFFF’s, but takes into account more heavily any digital filmmaking/VFX in Germany and the EU.

3.3.1.5 Distribution Requirements

Funded films must be released in German theaters within one year of completion, with evidence of the intended release submitted together with the application. The holdback periods under the FFG (see above) apply.

Funded series must be distributed on German TV or on VOD-platforms accessible in Germany within one year of completion, with evidence of the intended distribution submitted together with the application.

A final version of the film/series must be produced in German or with German subtitles, and there must be a barrier-free version (audio description and subtitles for the impaired). FFA/BMWi must be awarded credits for the funding.

3.3.2 Award and Payment of Funds

The grant can only be approved once the applicant has demonstrated that 75% of the production costs of the project have already been financed. The closing of the financing must be demonstrated within three months of the award. Work on filming or animation must start within 4 months of receipt of the award.

Like the DFFF, the GMPF is run as an automatic system (no jury decision) and provides non-repayable grants. The funding will be paid out after final audit of the costs, or exceptionally, in installments upon application (a completion bond or guarantee will be necessary for grants exceeding EUR 2 million).

3.3.2.1 Amount of Grant for Films

Generally the grant will be an amount of 10% of the recognized German Production Cost. 20% of the recognized German Production Cost can be awarded if at least EUR 1 million is spent on digital filmmaking/VFX in Germany, such decision to be made by the FFA in agreement with the BMWi. In any case, the grant is capped at EUR 2.5 million.

3.3.2.2 Amount of Grant for Series

Generally the grant will be an amount of 20% of the recognized German Production Cost, with a maximum of EUR 2.5 million per season (irrespective of whether individual episodes of a season or entire seasons are funded). Up to EUR 4 million may be granted if the German Production Cost amounts to at least EUR 20 million and at least EUR 1 million are spent on digital filmmaking/VFX in Germany, such decision to be made by the FFA in agreement with the BMWi.

In 2016, its first year, the fund was spent entirely on the production of TV series. Funding examples include series such as *Babylon Berlin*, *Berlin Station* and *You are Wanted*.

Regional Funds

4. REGIONAL FILM FUNDS IN GERMANY

Film funding schemes are available in virtually every German state. Basically, these schemes all follow the same lines: Subsidies are granted as a limited recourse loan, which is paid out in installments during the production process and must be repaid from defined parts of the proceeds from the exploitation of the film, usually after recoupment of the producer's own costs. As a general rule, the regional schemes are governed by the regional body's guidelines and the FFG.

In contrast to DFFF and FFG funding, most regional schemes also provide for TV production funding. Also, as of recently, two state schemes have introduced special subsidies for productions with a high level of VFX or digital editing (Baden-Württemberg and Bavaria, see below).

Applications have to contain detailed information about the project, inter alia, the script, budget, finance and recoupment plan, cast and crew list, pre-sales contracts, and, in some cases, a current balance sheet of the applicant's company. International co-productions may qualify if the German co-production partner is the applicant. In order to qualify for a loan and to secure repayment, the producer has to grant the funding institution a security interest in the rights to the film.

The main objective of regional funding schemes is the promotion of regional film culture or industry. Therefore, the main criterion is that the production spends at least an amount equal to the amount of the subsidy in the respective region ("Local Spend Requirement"). As under the FFG regime, holdback periods are imposed for video/DVD, VOD and TV exploitation. Also, TV rights for the German territory must not be granted for more than five years, after which time these rights have to revert to the producer. The funding institutions usually request screen credits and require that the German premiere takes place in their region (unless another state has granted higher subsidies).

The budgets of the funding institutions tend to be exhausted towards the end of the year; hence, an early application is advisable. Principal photography must not have commenced when the application is submitted.

The most important funding programs are those in Baden-Württemberg, Bavaria, Berlin/Brandenburg, North Rhine-Westphalia and Saxony/Saxony-Anhalt/Thuringia. Their production funding schemes are laid out below in further detail.

4.1 BERLIN/BRANDENBURG

Berlin-Brandenburg grants subsidies through Medienboard Berlin Brandenburg GmbH ("MBB"). In 2016, MBB granted EUR 22.7 million in production funding. The funding decisions focus on the quality of the script, encouragement of young talents and support for international co-productions.

4.1.1 MBB Production Funding

4.1.1.1 Eligibility and Award Criteria

Funding may be granted for the production of feature-length films and short films, either for theatrical motion pictures or TV productions (films and series). There is a special scheme for production funding of series, which includes serial drama as well as web-series, entertainment and factual productions.

As a general rule, the applicant has to have its residence in the Berlin-Brandenburg region or in Germany. However, funding may also be granted if it is in the particular media-cultural or economic interest of the region. The applicant is to contribute an adequate contribution to the total budget of at least 30%, with at least 5% of the budget consisting of equity or full-recourse debt finance. The applicant must have entered into a theatrical distribution agreement for Germany. The Local Spend Requirement is set at a minimum of 100% of the amount of the subsidy. Principal photography must not have commenced, and a personal consultation with an MBB case officer is mandatory, prior to application.

For TV productions, a distribution deal must be in place. The project has to serve the interests of Berlin-Brandenburg, or it has to be produced with international co-producers or for the international market.

The MBB deadlines for production funding are published on MBB's website. For 2017, they are February 21, April 18, July 4, September 19, and November 21.

4.1.1.2 Amount, Payment and Repayment of Funds

MBB grants subsidies as interest-free limited recourse loans, payable in installments. There is no nominal limit for the amount granted. Granted production funds generally have to be repaid from 50% of the producer's share of the proceeds derived from the exploitation of the film after recoupment of its own contribution (with certain limitations in case the producer owns an interest in the distribution entities). The repayment obligation ceases five years after theatrical release in Germany, or ten years after a TV product has first been broadcast. In general, MBB requires a security interest in the rights to the project to secure the applicant's repayment obligation.

4.1.2 Funding Examples

Among the films funded in recent years are *Jim Knopf* (2016, EUR 800,000), *High Life* (2016, EUR 250,000), *Mute* (2016, EUR 200,000), *A Cure for Wellness* (2015, EUR 500,000), *Passengers* (2014, EUR 1 million), *Honig im Kopf* (2014, EUR 900,000), and *A Hologram for the King* (2013, EUR 1 million).

Under the special scheme for series, MBB gave two grants of EUR 1 million each in both 2015 and 2016 to the fifth season of *Homeland* for its Berlin shoot. In 2016, *Babylon Berlin* (which had already received EUR 150.000 in 2015) received EUR 1.5 million for episodes 9-16.

4.2 NORTH RHINE-WESTPHALIA

North Rhine-Westphalia ("NRW") grants subsidies through the Film- und Medienstiftung NRW GmbH ("Filmstiftung"). Filmstiftung focuses on production funding (2016 budget: approx. EUR 35 million) for both films and TV series.

4.2.1 Production Funding

4.2.1.1 Eligibility and Award Criteria

It is not required that applicants have a seat or office in Germany, but the project has to be produced in the region of NRW and must have the prospect of successful exploitation and/or provide benefits to the film-making culture. The Local Spend Requirement is a minimum of 150% of the amount of the subsidy. The applicant must contribute at least 5% of the production costs to the financing of the film from its own funds. Exceptions to most of the conditions for funding can be made if the project is particularly beneficial to the NRW film culture or film industry.

Regional Funds

The upcoming Filmstiftung deadlines for production funding, as published on their website, are February 2, May 4, July 20, September 28, and November 23, 2017.

4.2.1.2 Amount, Payment and Repayment of Funds

The Filmstiftung grants subsidies as interest-free limited-recourse loans. The loan may not exceed 50% of the applicant's contribution or 50% of the total production costs, respectively. For low budget or especially difficult productions, a maximum of 80% may be granted. After the producer's own investment has been recouped from the exploitation of the film in Germany and abroad, 50% of the proceeds must be used for repayment. The repayment obligation terminates 10 years after theatrical release or first broadcast of the film.

4.2.2 Funding Examples

In 2015, the highly acclaimed series *Babylon Berlin* was awarded EUR 1.5 million in production funds. In 2016, *Babylon Berlin's* second season received EUR 500,000, while *High Life* received EUR 1.2 million. Successful films funded in recent years include *Der Medicus*, *The Reader*, and *Buddenbrooks*.

4.3 SAXONY/SAXONY-ANHALT/THURINGIA

The states of Saxony, Saxony-Anhalt and Thuringia jointly grant subsidies through the Mitteldeutsche Medienförderung ("MDM"). MDM's budget in 2015 for production funding (including production funding for budding filmmakers) was approx. EUR 14 million.

4.3.1 Production Funding

4.3.1.1 Eligibility and Award Criteria

Subsidies are granted to producers (of feature films, TV productions and others) that have already entered into distribution agreements. The applicant has to make a certain contribution in the form of own capital, services and full-recourse debt finance. The Local Spend Requirement is a minimum of 100% of the amount of the subsidy.

MDM deadlines are published on their websites (for 2017: January 19, April 6, July 6, and October 5). Applicants have to consult with MDM at least two weeks before submitting.

4.3.1.2 Amount, Payment and Repayment of Funds

As a rule, subsidies are granted by way of limited recourse loans. The MDM guidelines provide for a limited aid intensity of 50% of the total production budget, including subsidies awarded by other organizations. In principle, loans have to be repaid after recoupment of the applicant's own contribution. The repayment obligation regarding limited recourse loans will end after a certain period as determined in the loan agreement.

4.3.2 Funding Examples

Among the funded projects are both successful national films and international co-productions such as *The Monuments Men*, *The Grand Budapest Hotel*, *Goethe!*, *Inglourious Basterds*, *Irina Palm* and *The Reader*. Most recently, *A Cure for Wellness* was awarded EUR 400,000 (2015), while *The Little Witch* received EUR 650,000 (2015).

4.4 BAVARIA

Bavaria grants subsidies through the FilmFernsehFonds Bayern (“FFF”). The FFF has an annual budget of approx. EUR 23 million (as of 2015) for production funding.

4.4.1 FFF Production Funding

4.4.1.1 Eligibility and Award Criteria

The applicant must be based, or have an office, in Germany. The projected film (theatrical or TV; series are not funded) has to be “worthy of funding” in a qualitative and economic sense. The applicant has to contribute an adequate share to the financing. Such contribution may consist of equity or full-recourse debt finance, own services and assets and minimum guarantees paid during the production of the film.

At least 5% of the financing must be accomplished by equity or debt financing. In general, funding also requires a theatrical distribution agreement for Germany to be in place.

The Local Spend Requirement is a minimum of 150% of the amount of the subsidy.

The FFF application deadlines are published on their website. For 2017, they are January 16, March 20, May 29, September 18 and November 6.

4.4.1.2 Amount, Payment and Repayment of Funds

Subsidies are granted as limited recourse loans. They amount to a maximum share of 30% of the production costs with a ceiling of EUR 1.6 million for theatrical motion pictures and EUR 530,000 for TV productions. Refinancing of the funded amount on the national and international market must be generally feasible. The loan is repaid from the proceeds from national and international exploitation of the film. Interest accrues for 18 months after the German premiere. The producer may recoup its own contribution first, after that, 50% of the applicant’s profits shall be used to repay the loan. The repayment obligation for motion pictures terminates, as a general rule, ten years after the film’s premiere.

4.4.2 FFF Funding for International Co-Productions

Since 2015, FFF also operates a special scheme for international co-productions and VFX heavy projects. Funds can be awarded to the German co-producer for internationally co-produced theatrical films with a total budget of EUR 5 million and a German contribution of 50% (or at least EUR 5 million).

Also, in exceptional cases line producers for VFX/creative digital editing of big international productions may be granted subsidies of up to EUR 500,000. There are no application deadlines for this scheme.

4.4.3 Funding Examples

Among the films funded by the FFF are successful national films such as *The Lives of Others* as well as international co-productions like Roland Emmerich’s *Anonymous* and, most recently, *Snowden*. In 2015, *Captain America 3* received EUR 450,000, and in 2016, *Transformers 5* received EUR 160,000 under the new VFX subsidy scheme for international co-productions.

Regional Funds

4.5 BADEN-WÜRTTEMBERG

The State of Baden-Württemberg grants subsidies through the Medien- und Filmgesellschaft Baden-Württemberg ("MFG"). For 2015 and 2016, MFG's total budget was increased to approx. EUR 16 million (with approx. EUR 9 million for production funding, which includes production of short films, TV films and series, and documentaries).

4.5.1 Production Funding

4.5.1.1 Eligibility and Award Criteria

The MFG funds the production of feature films, TV and video productions (including TV series). Since October 2014, in exceptional cases line producers may apply for funding of theatrical films or international TV productions with a high level of VFX or digital editing.

The Local Spend Requirement is a minimum of 120% of the amount of the subsidy. The producer must contribute an own investment of at least 5% of the budgeted costs to the film.

The application deadlines for production funding are published on the MFG website, and for 2017 are February 2, July 6, and November 9.

4.5.1.2 Amount, Payment and Repayment of Funds

Theatrical motion pictures with budgets exceeding EUR 500,000 can be funded with up to 50% of the applicant's contribution to the budget (with a ceiling of EUR 1 million). The maximum funding for films with smaller budgets is 70% of the applicant's contribution to the budget. For international co-productions, only the German co-production share counts as budgeted costs. TV productions are funded with up to 30% of the applicant's share in the budget. Subsidies are usually granted as limited recourse loans repayable from 50% of the distribution proceeds after recoupment of the applicant's own investment. In exceptional cases, subsidies may also be awarded as non-repayable grants.

4.5.2 Funding Examples

Most recently, MFG funded *Passengers* (EUR 600,000, 2014), *Bridge of Spies* (EUR 600,000, 2014), *A Cure for Wellness* (EUR 400,000, 2015), *The Lake* (EUR 150,000, 2015) and *Captain America 3* (EUR 350,000, 2015). In 2015, the newly established VFX subsidies were awarded to HBO series *Game of Thrones* (EUR 150,000) for the production of its season 5 and to MTV series *Shannara* (Season 1, EUR 300,000).

Contacts for Applications

FILM SUBSIDY ORGANIZATIONS IN GERMANY

Filmförderungsanstalt (FFA)

Große Präsidentenstraße 9
10178 Berlin, Germany
www.ffa.de
www.dfff-ffa.de
www.ffa.de/german-motion-picture-fund-1.html

Bundesministerium für Wirtschaft und Energie (BMWi)

Scharnhorststraße 34-37
10115 Berlin, Germany
www.bmwi-gmpf.de

Die Beauftragte der Bundesregierung für Kultur und Medien (BKM)

Köthener Straße 2
10963 Berlin, Germany
http://www.bundesregierung.de/Webs/Breg/DE/Bundesregierung/BeauftragtefuereKulturundMedien/medien/filmfoerderung/_node.html

Medienboard Berlin-Brandenburg GmbH

August-Bebel-Straße 26-53
14482 Potsdam, Germany
www.medienboard.de

Film- und Medienstiftung NRW GmbH

Kaistraße 14
40221 Düsseldorf, Germany
www.filmstiftung.de

Mitteldeutsche Medienförderung GmbH

Hainstraße 17-19
04109 Leipzig, Germany
www.mdm-online.de

FilmFernsehFonds Bayern GmbH

Sonnenstraße 21
80331 Munich, Germany
www.fff-bayern.de

MFG Medien- und Filmgesellschaft Baden-Württemberg mbH

Breitscheidstraße 4
70174 Stuttgart, Germany
<http://film.mfg.de>

Your Team

Please contact us for further information on the various national and regional film subsidy schemes available in Germany.



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– *The Legal 500 Germany, 2016*

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