

COPENHAGEN FILM FUND'S TERMS AND CONDITIONS FOR INVESTMENT IN FEATURE FILMS AND TV SERIES.

1. OBJECTIVE

- 1.1** Copenhagen Film Fund (CPHFF) aims to attract film and TV productions to the member municipalities of the Fund, the objective being to create growth and employment in the film industry and related sectors in the region, as well as to brand the Fund's member municipalities and Danish film talents.
- 1.2** CPHFF investments are targeted at qualitatively and financially interesting international film and TV productions for international distribution that generate sales in the Fund's member municipalities from all or parts of the production and which would otherwise not take place in the region.
- 1.3** CPHFF investments are also aimed at supporting film tourism, generating internships and assistant jobs, creating synergy with other funds, film and TV institutions as well as film festivals.

2. INVESTMENT IN PRODUCTION

- 2.1** CPHFF primarily invests in international productions with Danish co-producers or production service companies. CPHFF **may** choose to enter into projects with a Danish production company as the main producer, with substantial international financing. In special cases the Fund may invest in postproduction. It is **not** possible to apply to the Fund for investments in script, development and financing costs.
- 2.2** CPHFF assesses which projects meet the Fund's requirements according to the amount of spend and profiling and to which extent, and thus for which projects it will make an investment commitment.
- 2.3** Applications are processed on an ongoing basis and processing will usually take a maximum of four weeks. The production company will subsequently receive a rejection letter or a letter of intent (LOI) in writing. Following further dialogue, the decision on any commitment to invest will be made. The rejection letter will not set out any details or grounds for rejecting the application.
- 2.4** CPHFF makes its investments on condition that the production company can document or account for the fact that the production fulfils the Fund's objective of creating sales and growth in one or more of the Fund's member municipalities. As at 1 September 2013 these municipalities include the municipalities of Albertslund,

Ballerup, Brøndby, Frederiksberg, Furesø, Hvidovre, Næstved and the City of Copenhagen.

2.5 Content of and attachments to applications

2.5.1 Applications for investment must be submitted in writing, and CPHFF application form must be used.

2.5.2 The application must include the following attachments:

- Script, synopsis (max one page) and pitch (2-6 lines). The pitch and synopsis must be submitted in Danish and English
- Time schedules for preproduction, shooting, postproduction and the expected premiere date
- Production plan
- List of cast and crew
- Statement of shooting locations
- Total production budget
- Separate budget for costs incurred in the region – description of CPHFF spend.
- Financing plan
- Cash-flow plan
- Statement of any agreements made with other companies (co-production agreements)
- Recoupment schedule
- Agreement with collection agency
- Completion bond agreement
- Distribution agreement or a Letter of Intent (LOI) regarding theatrical or TV distribution (international and national)
- Release plan
- Documentation establishing that the applicant holds all the rights to use the finished film, including contracts with writers, directors, producers, etc.
- Curricula vitae for writers, directors and producers, and for other possible key personnel at the production company's discretion,
- Company information on request
- All other agreements concluded regarding the film.

2.6 Investment commitment and Letter of Interest (LOC)

2.6.1 An investment commitment will usually only be made once the production company has documented that the budget, including the contingency, has been fully financed. CPHFF can in exceptional cases choose to issue an LOC before such documentation

has been submitted.

2.7 Budget and financing plan

2.7.1 Investment is provided on the basis of a CPHFF-approved budget. The budget must state all the costs at market prices in Danish kroner and/or euro.

2.7.2 At the time the application is submitted, a minimum of 60% of the financing must be confirmed in the form of a Letter of Intent (LOC).

2.7.3 The following guidelines apply to the budget for regional costs in the Fund's member municipalities:

Director's and producer's fee are only accepted as part of the regional spend in Danish minor projects..

Administration must account for no more than 7% of the production budget, excluding the costs of project development, completion bond and contingency amount.

The contingency amount is not accepted as part of the regional spend.

For premiums concerning any completion bond or other form of provision of security, see item 2.13. Completion bond fee is accepted as part of the regional spend.

Pay-related costs/fringes (social security costs) follow the rules of the Danish Film Institute (DFI). Feature-length films 23%, Short and documentary films 21%. Cast 15%.

Budget overruns and adjustments: CPHFF must be informed and, by agreement, will grant its approval in the individual investment agreement.

2.7.4 All financing agreements and co-production agreements for the film, including the production company's own investment in the film, must be submitted to CPHFF. It must appear from the co-production agreements how the financing of and rights to the film are distributed between co-producers, investors and the Danish production company. CPHFF must be a party to any existing complex of co-production agreements.

2.8 Payment of installments

2.8.1 The production investment will be disbursed to the production company in installments. The installments are determined on the basis of the approved cash-flow plan. The first installment is usually paid at the time the investment agreement is signed and/or shooting commences. Subsequent installments are paid on account upon receipt of a written request and updated cost report on regional spend. The final installment (approx.. 20%) is usually disbursed once CPHFF has received and approved the audited production accounts. Any spend not defrayed will be offset against the final installment.

2.9 Reporting and accounts

2.9.1 The production company must pay all legal costs with reference to the CPHFF application process and the preparation and drafting of all contracts.

2.9.2 During the production and postproduction, CPHFF may require the production company to keep CPHFF informed about the progress of production. CPHFF is entitled to monitor the production of the film, including viewing rough cuts and the final version of the film. If the schedule or production plan is changed, the production company must immediately notify CPHFF, which may require that the revised plan be submitted.

2.9.3 The production company must submit the film's production accounts for CPHFF's approval no later than six months after the film's world premiere. The accounts must contain the same items as contained in the approved budget, and the budget figures must be listed for comparison. The accounts must be audited by a registered or state-authorized public accountant. As a minimum, the audit must include a general audit of the accounts, including an audit of vouchers, as well as an audit of assets and liabilities and rights agreements. The production accounts must further contain a balance sheet as well as a final financing and recoupment schedule.

2.9.4 The production accounts must contain a specification of the film's production costs, including in particular costs incurred in the Fund's member municipalities. The accounts must contain a statement showing any deviations of more than 10% from the budget's main items, excepting deviations of less than DKK 5,000. The production accounts must further include a separate specification of the amounts contributed to the film's financing, including support from foundations, public grants, presales, etc.

2.10 Statements of revenue

2.10.1 Total revenues from the film must be calculated for the purpose of the recoupment of CPHFF's investment. The statement of revenue must be based on the film's total net revenues in all countries from all media. The total net revenues are defined as all revenues received for the film – less all documented sales and distribution costs.

2.10.2 Revenues are calculated as follows:

Revenues from Danish theatrical distribution are calculated as the invoiced film rental income less documented distribution fees and the production company's share of CPHFF-approved costs for prints and marketing.

Revenues from video rentals and sales (DVD, Blu-ray, etc) in Denmark are calculated as the invoiced rental and sales revenues less documented distribution and marketing costs.

Revenues from VOD (Video on Demand) are calculated as the invoiced revenues less documented distribution and marketing costs.

Revenues from TV broadcasts in Denmark and abroad, international theatrical distribution as well as distribution in all media other than the aforementioned domestically and internationally are calculated as the sales price less the documented sales and distribution costs directly incurred.

All other net revenues, for example, sales of secondary rights relating to the film, including merchandising, remakes, sequels, prequels, sales of film soundtracks and props, as well as the production company's share of revenues from OS or I/S Danske Filmproducenter's settlement of points, are fully factored into the film's revenue. Revenues from CAB, FILMKOPI and/or other management companies or other collective schemes are not included in the film's revenue.

Revenues that, according to the approved production accounts, have been contributed to the film's financing, including minimum guarantees, presales, etc, are not to be included in the calculation of the film's revenues.

Savings on the production accounts are to be transferred to the film's revenue.

2.10.3 Both during and after production CPHFF has the right of full access to all payments, and all payments concerning the film are required to be collected via a collection producer or agent.

2.10.4 The production company or collection agent must submit statements showing the film's gross and net revenues (Statements of Revenue). CPHFF must receive the statements of revenue within 45 days of the end of each statement period. The first statement period is six months from the date of the film's world premiere, reckoned

from the end of the quarter during which the film premiered. Revenues must subsequently be calculated on an annual basis.

2.10.5 Statements of revenue must be audited by a registered or state-authorized public accountant. CPHFF can grant an exemption from this requirement if the film's collection agent has assumed responsibility for submitting annual statements of revenue, etc, to CPHFF in accordance with the present terms and conditions.

2.11 Distribution rights

2.11.1 CPHFF has the right to publicise all information about the film in connection with CPHFF's information and press work unless otherwise agreed in writing with the production company.

2.11.2 The production company is under an obligation to enter into film distribution agreements that ensure the widest possible distribution for the film in all media.

2.12 Recoupment

2.12.1 Investments made by CPHFF must be recouped on the same terms and conditions as apply to the rest of the film's private investment. CPHFF's share of investments is to be calculated in relation to the film's total private capital and on the basis of the approved financing plan unless otherwise agreed.

2.12.2 In accordance with the approved recoupment schedule, the recoupment of investments to CPHFF is to commence upon submission of the statement of revenue from which it appears that recoupments are to be made.

2.12.3 CPHFF usually accepts that contributions from foundations are repaid in keeping with the statutes of the foundations and also usually respects customary royalty agreements.

2.13 Security

2.13.1 As security for the film's completion in case of the production company's bankruptcy and for CPHFF's conditional claim for recoupment of its investments, CPHFF may require the production company to provide adequate security. The production company must bear all costs connected with any agreement regarding such provision of security.

2.14 Credits

- 2.14.1** The film's credits and all advertising material must state that the film has been produced with investments from CPHFF. The managing CEO must be credited alongside the fund and the CPHFF logo must be displayed equally to the other private investors. CPHFF must approve the design of any credit text and advertising material that concerns CPHFF.

3. GENERAL TERMS AND CONDITIONS

- 3.1** The following terms and conditions apply to all forms of investment made according to these terms and conditions.
- 3.2** All applications must be submitted in writing. The applicant must use CPHFF's application form.
- 3.3** All applications must contain documentation proving that the applicant holds or is able to acquire all the necessary rights for the film adaptation and distribution of the completed work.
- 3.4** CPHFF must be provided with estimates from sales and distribution channels showing that in all probability CPHFF's investment will be fully recouped.
- 3.5** The recipient undertakes to append CPHFF's terms and conditions to all contracts relating to the film that concern issues regulated by the present terms and conditions, or that may otherwise be of significance to CPHFF's rights according to the terms and conditions.
- 3.6** CPHFF may at any time require the applicant to submit any documentation necessary to process the application.
- 3.7** After the investment has been granted, CPHFF must be informed of any assignment of rights to the project to third parties, and CPHFF must approve any assignments in writing until such time as CPHFF's investments have been recouped. Any assignments must be made at market prices.
- 3.8** CPHFF may require the applicant to submit a completion bond agreement.
- 3.9** CPHFF may require the production company to ensure that a special theatrical premiere of the film will be arranged in the relevant member municipalities of the Fund.

- 3.10** If the distribution between the Danish and foreign contributions to the production changes after the investment commitment was made, CPHFF must be informed in writing immediately and it may withdraw its investment commitment.
- 3.11** If the regional sales requirements are not met relative to the commitment and disbursed investment installments, CPHFF may require that the negative balance be repaid in cash or from the film's revenues as a first priority until such time as the sum has been repaid.
- 3.12** In the commitment CPHFF may change or supplement these terms and conditions in keeping with its objective. The production company is required to comply with the terms and conditions, and any deviation must be agreed upon in writing with CPHFF. CPHFF must respond to such requests from recipients within a reasonable time.
- 3.13** CPHFF's exercise of its rights under the present terms and conditions does not imply any obligation to pay remuneration to the production company or to others unless such payment has been expressly decided.
- 3.14** If the terms and conditions are breached or it is determined that the film cannot legally be shown in Denmark, CPHFF will withdraw its commitment and any disbursed investments must be immediately repaid.
- 3.15** If the film is not completed, disbursed production investments must be repaid. CPHFF may waive its claim for repayment if it deems that special circumstances apply or if the repayment claim would be counter to the objective of CPHFF's activity.
- 3.16** CPHFF may refuse to allocate investments if CPHFF has claims against the applicant that have not been settled.

4. DELIVERIES

The production company must provide the following to CPHFF on one hard disk:

- Supply and free use of clips from the film for use on CPHFF's websites and other CPHFF activities.
- Supply and free use of trailers (Electronic Press Kit) and other artwork produced for the release of the film
- The film's press photos
- Stills from the film shoots ('behind the scenes' from any production carried out in the Fund's member municipalities) as well as still photos of the film's director and producer for the use of CPHFF in newsletters, annual reports, websites, etc.

- Five film posters for marketing and archiving purposes
 - A copy of the film for CPHFF's archives
 - Synopsis in Danish and English
 - Credit list/credits in the final version
 - **NB:** All images must include still photographer credits, the name of the production company, the name of the director, the names of the people photographed and film title.
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