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CANADA-GERMANY DIGITAL MEDIA INCENTIVE

By Canada Media Fund and
Medienboard Berlin-Brandenburg

GUIDELINES

The Canada-Germany Digital Media Incentive

The Canada-Germany Digital Media Incentive (the “**Incentive**”) is a collaboration between the Canada Media Fund (“**CMF**” or **Party**) and Medienboard Berlin-Brandenburg GmbH (“**MBB**” or **Party**) (CMF and MBB, collectively the “**Parties**”) to create a joint program that encourages co-development and/or co-production of eligible digital media projects.

The combined total budget for the Incentive will be CDN \$450,000 (or approximately € 300,000), with each Party contributing CDN \$225,000 (or approximately € 150,000). The total Maximum Contribution for each funded project shall be CDN \$300,000 (or approximately € 200,000). The contribution from each country in each project will be determined on a case-by-case basis. This contribution will take the form as follows:

- In development:
 - CMF contribution: a repayable advance¹
 - MBB contribution: a loan²
- In production:
 - CMF: a recoupable investment³/
 - MBB: a loan

The Incentive may be combined with funding from other MBB’s programs and CMF’s Experimental Stream programs. It will be awarded separately, and in addition to, any amounts contributed through other programs and without regard to Maximum Contribution (as defined in CMF and MBB’s respective Guidelines) amounts applicable to those programs. In no case, however, will CMF or MBB contribute more than 75% of the respective Canadian and Berlin-Brandenburg financing from any combination of CMF and MBB’s Programs.

The Incentive shall fund projects through a selective process in which Eligible Projects are assessed according to an Evaluation grid (see below).

Eligible Projects must meet the following criteria:

1. The project is a new project. Consequently, projects that have already received funding from one of the Parties will not be eligible to the Incentive.
2. The project is either an international co-development or co-production of digital content that
 - is either a game, a web series, multiplatform content, augmented reality or virtual reality project;
 - explores a multi-channel or transmedia approach to content production or is innovative or experimental
 - is developed on an appropriate platform (or platforms) with regards to content and audiences; and
 - targets cultural markets (i.e., the storytelling has the potential to cross national boundaries and carries cultural content).
3. The project must involve at least one Berlin-Brandenburg producer (or “**Applicant**”) eligible under MBB’s criteria, and one Canadian producer (or “**Applicant**”) eligible under the CMF’s criteria. However, a project co-produced with the collaboration of a co-producer from a third country is also eligible as long as the Canadian and Berlin-

¹Repayable advance is defined in Appendix A to this document.

²Loan is defined in Appendix to this document.

³Recoupable investment is defined in Appendix A to this document.

Brandenburg producers have a significant participation, creatively and financially, in the project (i.e. in no case, the third country share should exceed 30% of the ownership and control of the project).

4. While the ownership, financial control and creative contributions (based on key creative positions) are to be determined in the co-development or co-production agreement (as applicable) between Applicants, the CMF and MBB encourage that these elements be proportional to each Party's funding contributions. Therefore, even though the minimum allowable share between the Canadian and Berlin-Brandenburg Applicants must be at least 80%-20%, the Incentive encourages projects with a 50%-50% split.
5. Each Applicant will ensure the project complies with general funding criteria from the funding entity of their respective country. As such, Canadian Applicants must meet the requirements set out in Section 3.1 of the CMF's 2018-2019 Experimental Stream Program Guidelines. In addition, all Applicants to the Incentive must meet the requirements set out in section 1 of the CMF's 2018-2019 Experimental Stream Program Guidelines with the qualification that any reference to "the CMF" shall be interpreted to include both the CMF and MBB. German Applicants must meet the requirements of the MBB funding guidelines.

The following types of projects are ineligible for funding:

- Products with a focus that is corporate, industrial or mainly promotional in nature;
- Catalogues or compilations of repurposed material, presented without any new, value-added original content;
- System software;
- Development of new platforms if those platforms are not integrated in a Transmedia storytelling architecture;
- Archival aggregator websites;
- Casino-type games

Selection Process and Criteria

Projects will be assessed and chosen by a selection committee composed of CMF and MBB representatives.

Proposals will be evaluated according to the following grid. However, an overall reciprocity approach will be adopted by the Incentive's selection committee to ensure a fair balance between territorial investments in both Canada and Berlin-Brandenburg, and to ensure a fair balance between majority and minority projects between both countries.

Evaluation Grid

25% - Innovation and creativity

- Overall appeal of the project
- Originality of the content and form
- Development and use of new technologies
- User interactivity and control
- Sophistication of features
- Potential for legacy to the Canada and Berlin-Brandenburg industries

25% - Community / Audience

- Blending of Berlin-Brandenburg and Canada's cultural or community concepts in a way that engages audiences from both territories and beyond.
- Encourages interaction or develops a community around a concept

- Meets an identified need for a specified target audience or community
- Addresses or encompasses social or cultural values relevant to the target audience
- Appropriate concept for the identified audience
- Strategy to reach the audience, including a marketing and promotion plan

20% - Realism of the estimated budget

- Viability of the project: budget plan, risk assessment, involvement of other financial partners, including any interest from market channel partners (advances, pre-sales, licences, etc.)
- Distinctiveness of the business model: revenue models and potential for revenue generation and/or creative financing.

10% - Realism of the agenda/timeline of the project

20% - Team

- Experience and achievements of the studio(s) or digital media agencies involved
- Experience and achievements of key team members and partners
- Identification of process for working together

Key Dates

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| • Publication of the Incentive Guidelines and request for projects | July 23, 2018 |
| • Application deadline | December 4, 2018 |
| • Selection Committee evaluation | December 2018/January 2019 |
| • Announcement of decisions | January 2019 |

The Incentive team will facilitate introductions between producers and digital media agencies or territorial service providers located in both Canada and Berlin-Brandenburg.

Application – Important Information and Required Documentation

- Applications must be submitted according to the deadlines published above and on the Parties’ websites and in accordance with the stipulations noted in the application form.
- Each coproducer will be responsible to submit the complete application to the authority (CMF or MBB) of its own country. The same set of documents must be submitted by each coproducer and the application form must be signed by all coproducers.
 - Canadian Producers should submit the complete application through <https://telefilm.ca/en/log-in>. The application should be submitted in English or in French.
 - Berlin-Brandenburg producers get a web link to submit the application after a consultation. The application should be submitted in German.
- The period of eligibility of costs will start on the date the application has been submitted and no funding will be applied to costs which occurred prior to the application submission date. Only the costs related to the acquisition of author right is eligible retroactively for a period of 12 months preceding the date of the submission.
- Applications must include the following **Administrative** information:

- A list of the projects produced by the Berlin-Brandenburg production company
- A list of the projects produced by the Canadian production company
- The deal memo or the co-development or co-production agreement
- Contracts proving the acquisition of necessary rights (e.g. option contract, script writer's contract etc.)
- Calendar on project stages
- Budget
- Financing plan
- Business model or potential for revenue generation
- Applications must include the following **Creative** information:
 - CV of creative and production teams (screenwriters, directors, producers – or equivalent positions in digital media)
 - Brief project summary
 - Description of the project and its main features (technology, architecture, navigation, interface, graphic design, creative elements, user experience, functionalities, etc.).
 - Support materiel (prototype, screenshots, videos, mock-ups, diagrams, tables, etc.)

The Parties reserve the right to require other documentation from applicants for the completion of the assessment of the project.

There will be no obligations for the CMF and MBB to support any of the projects submitted if the standards and objectives of the CMF and MBB are not met.

Contacts for the Incentive:

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Please note: These Guidelines may be changed or modified as required, without notice. Please consult the CMF website at www.cmf-fmc.ca and the MBB website at www.medienboard.de for the latest Guideline news and documentation.

APPENDIX A

Repayable Advance

If the project receives development financial support through the Incentive and subsequently goes into production (i.e., is developed into a project capable of being commercialized) and the CMF:

- Does provide production funding to the project, the development costs will become part of the project's production costs, the CMF development advance will form part of the production financing, and as such the development advance will be converted into a recoupable investment in the production and treated as per section Recoupable Investment below.
- Does not provide production funding to the project, the Applicant shall have the option to either:
 - repay the entire development advance no later than the first day of the start of production of the project that will be commercialized; or
 - after a formal request by the Applicant and subsequent evaluation and confirmation by the CMF, allow the development advance to be converted into a recoupable investment in the production and treated as per section Recoupable Investment below.

Should project materials or intellectual property developed with the Incentive financial support be sold, transferred or otherwise disposed of to an entity unrelated to the applicant(s), the entire CMF contribution must be repaid immediately upon the sale, transfer, or disposition.

Recoupable Investment

The CMF will recoup its investment from revenue generated by exploitation of the project.

The investment will be recoupable by the CMF on a *pro rata pari passu* basis until the CMF's investment is fully recouped.

Once the CMF has recouped 100% of its investment, the CMF will participate in profits in the same manner in which it recouped its investment.

For greater clarity, "pro rata pari passu" holds that the recoupment of the CMF will be proportional to its share of project financing compared to other sources of recoupable financing.

Loan

The MBB-funding takes the form of a performance-based repayable interest-free loan.