

SCREEN

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DEUTSCH MARKS

Why Germany has become the partner of choice for international production

The film-maker strikes back

In an exclusive interview, George Lucas predicts a world without studios

Sell 101

Screen surveys buying patterns in 15 key territories

Cannes collection

The lowdown on the titles in the 2010 Official Selection



SCREEN INTERNATIONAL

UK office Greater London House, Hampstead Road, London NW1 7EJ, UK. Tel: (44) 20 7728 5000
US office Screen International, 8521 Santa Monica Blvd, #707, West Hollywood, CA 90069

E-mail: first.name.last.name@emap.com (unless stated)

Editorial

Editor

Mike Goodridge

Deputy and features editor

Louise Tutt

Head of news

Wendy Mitchell (44) 20 7728 5633

Acting features editor

Leon Forde (44) 20 7728 5632

US editor

Jeremy Kay

jeremeykay67@gmail.com

Chief critic and reviews editor

Mark Adams (44) 20 7728 5634

Group head of production and art

Mark Mowbray (44) 20 7728 5619

Group art director

Peter Gingell (44) 20 7728 5562

Art editor

Josette Carlino (44) 20 7728 5518

Features reporter

Sarah Cooper (44) 20 7728 4270

Box-office reporter

Jack Warner (44) 20 7728 5628

Contributing editors

Liz Shackleton (Asia), John Hazelton,

Leonard Klady

Group editor

Conor Dignam (44) 20 7728 5545

Advertising and publishing

International advertising manager

Andrew Dixon (44) 20 7728 5622

UK & South Africa

Andrew Dixon (44) 20 7728 5622

France, Spain, Portugal & Latin America

Nadia Romdhani (44) 020 7728 5625

Germany, Scandinavia, Benelux & Eastern Europe

Gunter Zerbach (44) 20 7728 5621

Italy, Asia & India

Ingrid Hammond (39) 05 7829 8768

ingridhammond@libero.it

New Zealand, Australia, Singapore, Thailand,

Middle East & Japan

Pippa Johnson (64) 9 415 1411

pippa@newworld.net.nz

Executive VP sales & marketing North America

Debra Ladner-Fink (3) 323 655 6087

debrafink@screenintl.com

VP sales North America

Nigel Daly (3) 323 655 6087

nigeldaly@mail@gmail.com

Sales team administrator

Jennifer Causton (44) 20 7728 5623

Production manager

David Cumming (44) 20 7728 4120

Senior commercial director

Alison Pitchford (44) 20 7728 5528

Commercial brand manager (projects & events)

Laura Woodland (44) 20 7728 4455

Head of marketing, media & built environment

Vicky Priest

Marketing executive

Claire Hyland

Festival manager and publishing assistant

Mai Le (44) 20 7728 5609

Group managing director

Claudia Arney

Cannes? Or can't?



Mike Goodridge
Editor

For better or worse, distribution of films in the US has always driven the buying and selling of films in the international marketplace.

Buyers need to know by which company and how widely a project will be released domestically before they decide to commit for their territory, mainly because exhibitors around the world tend to need the example or guarantee of US distribution before they will book a film.

So what happens when the bottom falls out of the US distribution market? Securing US distribution on any film these days is tough but toughest for films in the medium-budget range (\$5m-\$25m). Pre-selling in the US is virtually impossible. Lionsgate and Summit are just about the only independent prospects for wide releases and both companies have their own production pipelines and focus selectively on third-party acquisitions.

Territorial distributors, therefore, might have to start taking independent films out before the US, and exhibitors should take the risk with them. There is proof an aggressively marketed film can work without US precedent. Take *The Imaginarium Of Doctor Parnassus* last year, for example. Lionsgate in the UK and Moviemax in Italy went out before Sony Pictures Classics in the US and performed well in their respective markets. In Italy it grossed more than \$10m, surpassing the US take of \$7.7m.

In this month's issue, which will be widely available at Cannes, *Screen* explores the buying landscape around the world in our Buying Movies Today report (p21). We also look at the challenges of selling and releasing foreign-language films in the US (p6), and profile Bob Berney and Bill Pohlad's *Apparition* (p16), one of the few new players on the domestic scene.

It's a testing time for independents everywhere, of course. Hollywood studios are focusing all their efforts into tentpole blockbusters (see reviews of *Iron Man 2* and *Shrek Forever*

Cannes should answer many questions about the state of the international market

After from p74) and audiences are increasingly favouring them over all other films, especially in 3D.

In response, smart entrepreneurs are coming up with new paradigms. Here in *Screen*, production veterans Mark Ordesky and Ileen Maisel talk about their company Amber Entertainment (p18), which is tailoring product for all manner of outlets, whether that be a big-budget tentpole for studio distribution or made-for-DVD movies with an exclusive window in the stores of UK retail giant Tesco. And in our focus on Germany as a location and co-production partner (p49), companies such as Studio Babelsberg and **K5 Media Group** are bringing international films to life through partnership, financing incentives and equity.

Cannes should answer many questions about the state of the international market, and how independents and studios alike can adapt to new realities. We tip projects stirring up buzz ahead of the market and give a rundown of the festival line-up (p36); while Leonard Klady analyses the box-office impact of winning a major prize at the festival (p70).

Screen will, as always, be producing print dailies at Cannes as well as our listings bumper and hosting events and receptions throughout the festival. *ScreenDaily.com* will provide thorough coverage from the Croisette for those unable to attend. **F**

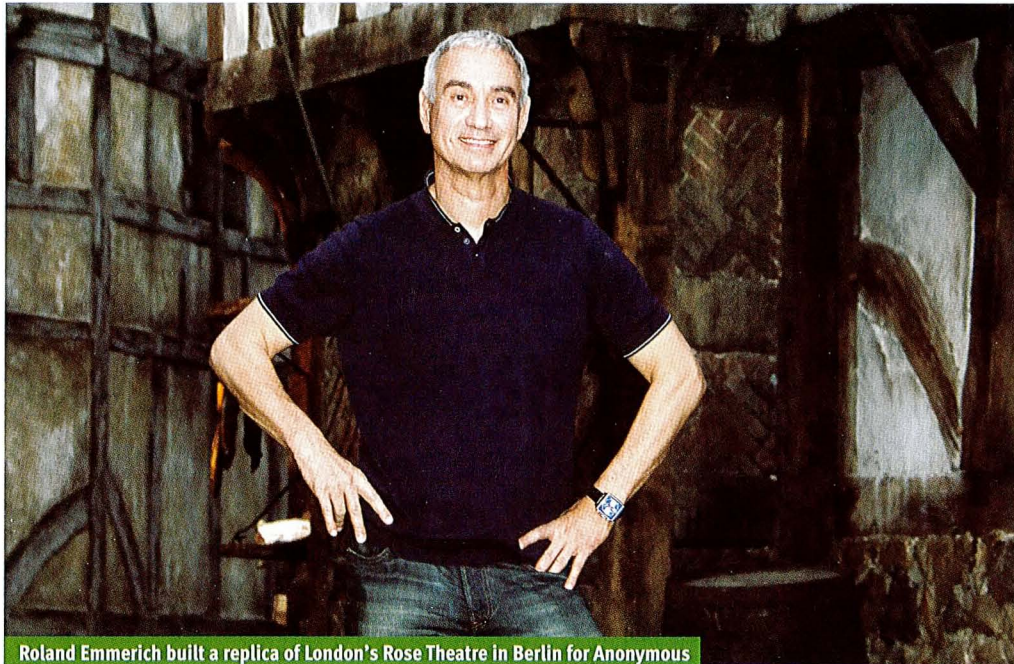
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The Imaginarium Of
Doctor Parnassus



ScreenDaily.com

Daily coverage of all the latest news, reviews and box office together with opinions, blogs, focuses, interviews and data



Roland Emmerich built a replica of London's Rose Theatre in Berlin for *Anonymous*

Teutonic shift

Germany has re-invented itself as an attractive place to make international films. In this special production focus, *Screen* explores the opportunities in Germany for overseas films, from co-production partners to finance, studios and locations

At the beginning of the new century, German film companies and funds were pouring hundreds of millions of dollars in funding into US and international productions — both through the companies which had floated on the Neuermarkt in wildly inflated valuations and the private media funds such as VIP, Cinerenta, IMF, Hollywood Partners et al.

Both studios and independents came to depend on the 'silly money' from Germany, and at one point, bankers Merrill Lynch estimated some 10%-15% of US production was being financed by German sources. Look at the end credits from many Hollywood studio block-

busters in that period and the owner of the motion picture will have 'GmbH & Co KG' listed after it.

That silly money of course collapsed spectacularly; many of the players have disappeared from the industry, some ended up in court, and at least one went to prison. Hollywood moved on to devour other sources of funding — this time on its own doorstep on Wall Street — and a great many small German investors were left burnt and bruised by whole slates of movies which failed to generate a single hit.

Less than a decade later Germany has re-invented itself as an attractive international partner on its own terms. No longer is it a bank for US movies, but a co-producer, studio site and location venue for international movies big and small, which can also tap into the country's rich regional and federal funding schemes. A German setting helps — as in the case of *Inglourious Basterds*, *Valkyrie* and *The Reader* —

but it isn't necessary, as *Speed Racer* and *Ninja Assassin* proved. Roland Emmerich has just built a replica of London's Rose Theatre in Berlin for his Earl of Oxford drama *Anonymous*, while David Cronenberg will shoot most of *A Dangerous Method* in Germany starting this month. The pre-First World War drama is set in Zurich and Vienna.

Over the next 11 pages in this month's territory focus, *Screen's* veteran German writer Martin Blaney explores the thriving German landscape for international producers, looking at the facilities, talent and investment vehicles available to foreign producers as well as the host of internationally savvy local producers who can help get a film made. He takes us through the regional funds one by one as well as the Federal Film Fund and case studies of three German co-productions: Joe Wright's *Hanna*, Kevin Reynolds' *Learning Italian* and Olivier Assayas' Cannes-bound *Carlos*. And he looks

at Studio Babelsberg and its innovative funding mechanisms which are attracting big studio pictures to Berlin — and caused Bavaria Film to create a similar production entity. Earlier this year Studio Hamburg teamed with Pinewood Studios on a joint venture to encourage films to shoot in Germany.

Meanwhile *Screen* meets **Oliver Simon and Daniel Baur, the duo behind K5 Media Group** which is an ambitious new enterprise packaging, financing and producing international films from a German base.

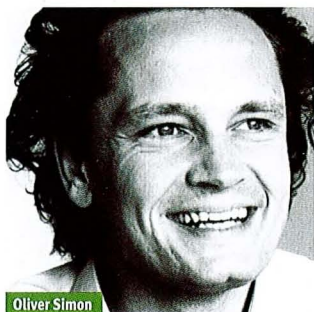
In this territory focus, we have focused on just one area of the dynamic German business. We have barely touched the surface of the German indigenous production scene which has spawned some of the best films of the decade in *The Lives Of Others* and *The White Ribbon*, nor the foreign sales sector — which has some dynamic companies in The Match Factory, Betafilm, Bavaria Film International and others — or the distribution scene which has some vibrant new players in StudioCanal's Kinowelt and Wild Bunch Germany. But the coverage of Germany is ongoing in all of *Screen's* outlets and the territory will prompt constant analysis as it continues to thrive.

Mike Goodridge, editor

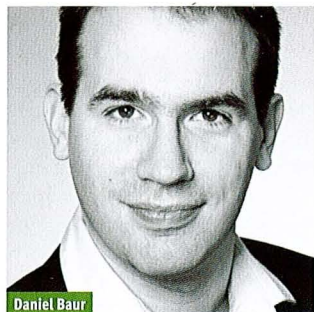
GERMANY IN NUMBERS 2009 (2008)

Population	81.8 million (82.1 million)
Admissions	146.3 million (129.4 million)
Box office	\$1.3bn [€976.1m] (\$1.1bn [€794.7m])
Cinema visits per year per capita	1.8 (1.6)
Box office per capita	\$15.90 [€11.90] (\$12.90 [€9.70])
Average ticket price	\$8.87 [€6.67] (\$8.17 [€6.14])
Cinema screens	4,734 (4,810)
German films' market share	27.4% (26.6%)
Admissions to German films	39.9 million (33.9 million)
Theatrical releases 2009	513 films: 216 German films, 92 EU, 159 US, 46 others

Source: FFA



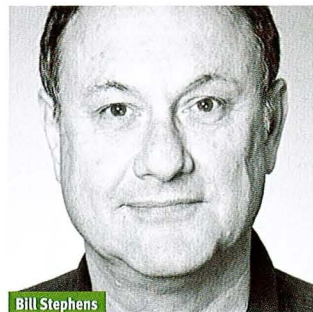
Oliver Simon



Daniel Baur



Sascha Prestel



Bill Stephens

5 and counting

An ambitious new international player has emerged from Germany in K5 Media Group, the Munich-based development, finance and sales outfit. Principals Oliver Simon and Daniel Baur speak to **Mike Goodridge**

When K5 International burst onto the sales scene in 2007 with the acquisition of Tom McCarthy's *The Visitor*, it was the first step onto the world stage for the aggressive Munich-based company which was founded a year earlier by Oliver Simon and Daniel Baur.

K5 Film itself was set up by then writer and agent Simon in 2001 with a first-look deal at Bavaria Film Group. The company has produced 11 features since then including Vanessa Jopp's Lola-nominated *Happy As One*.

Simon was joined by Baur in 2006. Baur had cut his teeth in entertainment law before working for Bernie Stampfer in the film-financing and packaging division at Deutsche Bank.

Founding a partnership

"I got to know Oliver in 2005 and he was looking for a partner with legal and financing skills," explains Baur. "I was looking to get away from film funds which were only interested in the package but not the projects themselves and so we decided to test a partnership for a year."

In 2006, the two new partners hatched a plan to expand into international sales. Within six months, they had raised the funding from private investors to cashflow the development of K5 International. A trip to London in September 2006 saw them meet with a handful of top sales executives and the hiring of Film Four International veteran Bill Stephens.

"From the start we never wanted to

be a German sales company," says Stephens, "selling our own German productions. We wanted to kick off with the right internationally appealing theatrical projects."

In late 2006 and early 2007, Simon, Baur and Stephens travelled to London, New York and Los Angeles to introduce K5 to producers and agents. At Toronto 2007, the company scored its first pick-up, taking international rights to *The Visitor* which would go on to be a big independent hit and an Oscar nominee in 2008. By AFM 2008, it was sold out. "We were immediately on the landscape," says Simon.

K5's second film, *Get Low*, was to prove an even more significant turning point. The company brought pre-sales and equity finance to Aaron Schneider's \$10m period drama set in Tennessee and starring Robert Duvall, Sissy Spacek and Bill Murray. The film was well-received at Toronto 2009 where Sony Pictures Classics picked up domestic rights. "The producer, Dean Zanuck, asked us if we could help package and finance the film and that has moved us more from being a pure sales company to a company that can also package and finance a project with producers," says Baur.

Last year the company added financing division K5 Media Capital and a new partner in Sascha R Prestel, the former CEO of IM Internationalmedia, to run it. Simon and Baur could focus on development and packaging. "We are becoming more active on the development side," says Baur, "which makes

FACTFILE

OLIVER SIMON

■ Co-founded freeXm, the first German script development agency in 1994; since then he has been involved in 20 films as writer, co-writer or script editor.

■ Established production company K5 Film in 2001.

■ In 2006, teamed with Daniel Baur and went on to found K5 International, Nowtilus, K5 Independent, abnormalnet.com and K5 Media Capital with Sascha R Prestel.

DANIEL BAUR

■ Interned in the entertainment division of Deutsche Bank and the copyright department of the European Commission in 2001.

■ He has consulted on the packaging and financing of more than 50 international features including *The Company*, *Ask The Dust* and *The Punisher* and co-produced *Eulogy*, produced by Steven Haft.

■ In 2006, joined K5 Film as a partner and producer.

sense given Oliver's background and also protects the investors. We now have three divisions — K5 Film, K5 International and K5 Media Capital — and ideally each project will go through all three divisions."

The expanding slate

For its next slate of films K5 is reteaming with Zanuck on Hideo Nakata's \$15m supernatural thriller *Voice From The Stone*; it has formed a partnership with Kevin Frakes and Stephan Paternot's Los Angeles-based Palmstar, the first fruit of which is a film of Bret Easton Ellis' *Lunar Park*; and it has signed Shekhar Kapur to direct murder drama *The Three Lawrences* scripted by Iris Yamashita.

K5 Film continues to produce German films and some K5 International projects will shoot in Germany to take advantage of film funds and tax breaks. However, others — such as *Lunar Park* and *The Three Lawrences* — will by their very nature need to shoot in the US.

Meanwhile K5 is close to closing a deal with Studio Babelsberg to co-develop international films to shoot in Germany that would go through the Babelsberg and K5 structures.

"*The Visitor* and *Get Low* have shown the US community that we can finance and package films," says Baur. "As a European sales company, we apparently have a different business culture to some of our competitors. We always stick to our deals and deliver fast," he concludes, adding: "Producers like to deal with us for that reason." **E**