PALAIS THEATRE

Matthew Langhorn
Senior Property Advisor
City of Port Phillip
St Kilda Town Hall
99a Carlisle Street
St Kilda, Victoria, 3182

Dear Matthew,

Following is the first annual report and forecast as required under clause 16, page 38 of the Palais Theatre lease agreement. We believe this report delivers our reporting obligations under the lease.

16.1 Annual Report and Forecast

A) Repairs & Maintenance Works

There were no "Major Repairs and Maintenance items undertaken in 2017, due to the Venue being a construction site up until late 2017 and the couple of meaningful repair and maintenance items that occurred between May and October were dealt with by the construction team as part of the refurbishment works.

Also all the new works and equipment came with a 12 month warranty period reducing repairs and maintenance spend. Listed below is a broad summary of the minor repairs and maintenance undertaken between May 2017 and April 2018.

Company	Description of works	Spend (ex GST)
A Grade Maintenance	Primarily relates to plumbing repairs and general maintenance	$6,343.50
All-purpose pumps	Relates to annual servicing of the pump located in the ground floor ladies toilet	$3,049.00
Bunnings	Miscellaneous items such as tools, nots, bolts, light fittings, general maintenance items	$4,826.42
Clarcon Pty Ltd	Replace window and frame that blow out from upper level dressing room	$2040.00
Croft Contracting	Quarterly serving and repairs to air-conditioning and heating system	$3,570.00
Executive Maintenance	General repairs and maintenance to exterior fencing	$1,150.00
Exopest	Pest control	$2,122.00
Initial Hygiene	Supply and servicing of sanitary bins, soap dispensers and air fresheners	$16,362.00
Locksmiths	Lock repairs and enhancements	$2,948.08
Hede's Electrics	Electrical repairs & maintenance	$4,689.50
In House Contract Labour	Seat repair and general small scale maintenance	$8,198.98
Altaire Fire Services	Monitoring, repairs and maintenance	$4,268.91

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B) Booking Schedule

2017 Event Schedule

The event schedule has been presented by calendar year as all of Live Nation reporting, tracking and statistical analysis is undertaken on a per quarter basis over a calendar year.

The following matters should be taken in to consideration when reviewing 2017.

- Live Nation phase 2 refurbishment works occurred between 14th March and the end of 2017.
- The Venue reopened on Thursday 18th May with the first event being St Kilda Film Festival.
- The Venue opened 6 weeks earlier than originally planned, so the St Kilda Film Festival and Dine with a Heart function could be held within St Kilda.
- Due to opening earlier than planned, there was very little activity in the Venue for the first couple of months after opening.
- 45 performances/functions were conducted between the 18th May and 31st December 2017.
- In addition to the number of performances and functions contracted, there was another 10 days contracted for bump in, bump out and rehearsal days.
- Average attendances were just over 1800 people per event.
- Refurbishment works were undertaken between events from the 18th May onwards.

2017 Event/Function Calendar

St Kilda Film Festival Opening Night	Thursday 18 May 2017	City of Port Phillip	Community	M&F 18+
Village People and Bjorn Again	Thursday 25 May 2017	Zaccaria Concerts and Touring	Concert	M&F 25+
Dine with Heart	Tuesday 30 May 2017	Sacred Heart Mission	Community	M&F 18+
Richard Clayderman	Friday, Saturday 2/3 June 2017	Intrasia	Concert	M&F 18+
Calisthenics Victoria State Team	Sunday 11 June 2017	Calisthenics Victoria	Dance	Families
Keith Sweat	Saturday 29 July 2017	Illusive Presents	Concert	M 25+
Train	Friday 4 August 2017	Live Nation	Concert	M&F 18+
Steve Hackett	Saturday 5 August 2017	DRW Entertainment	Concert	M 25+
Parkdale Primary School	Wednesday 16 August 2017	Parkdale Primary School	School	Families
COPP Jazz Launch	Wednesday 23 August 2017	COPP	Community	M&F 18+
Chris Hadfield	Friday, 25 August 2017	Lateral Event Management	Speaking	M&F 18+
AFL Dinner	Wednesday 30 August 2017	AFL	Private Function	M&F 18+
Punjabi Virsa	Sunday 3 September 2017	Geo Group	Cultural	Families
Elwood Primary School	Wednesday 6 September 2017	Elwood Primary School	School	Families
Michael Mosley	Sunday 10 September 2017	Live Nation	Speaking	M&F 18+
Angus & Julia Stone Rehearsal	Friday 15 September 2017	WME	Rehearsal	-
Murrumbeena Primary School	Tuesday 19 September 2017	Murrumbeena PS	School	Families
Dream Theatre	Wednesday 20 September 2017	One World Entertainment	Concert	M 30+
Scott Bradlee's Post Modern Jukebox	Friday 22 September 2017	DRW	Concert	M&F 18+

Angus & Julia Stone SOLD OUT	Saturday 23 September 2017	Secret Sounds	Concert	M&F 18+
Calisthenics Victoria State Championship	Sunday 24 September 2017	Calisthenics Victoria	Dance	Families
George Clinton	Wednesday 27 September 2017	Liberty	Concert	M&F 30+
Boney M	Thursday, Friday 13/ 14 October 2017	Metropolis Touring	Concert	M&F 25+
Adam Ant	Sunday 15 October 2017	MJR Presents	Concert	M&F 30+
80's Mania	Friday 3 November 2017	Abstract Touring	Concert	M&F 30+
Private Event	Sunday 5 November 2017	Private Event	Private Function	Invitation only
Guy Sebastian	Monday 6 November 2017	The Harbour Agency	Concert	M&F 12+
Ziggy Alberts SOLD OUT	Friday 10 November 2017	Select Music	Concert	M&F 12+
A Festival of Russian Ballet (2 shows)	Sat 11 November 2017	Russian Ballet	Dance	Families
Icehouse SOLD OUT	Friday 17 November 2017 Friday 1 December 2017	Harbour	Concert	M&F 30+
Glamour Puss Studio	Saturday, 18 November 2017	Glamour Puss Studio	Dance	Families
McDonalds Super Crew Rally	Sunday 19 November 2017	Connect Entertainment	Private Function	-
Heart of St Kilda Concert	Tuesday 28 November 2017	Sacred Heart Mission	Community	M&F 18+
Go!! Show Gold	Saturday 2 December 2017	Backstage Productions	Concert	M&F 50+
The Shins	Monday 4 December 2017	Handsome Tours	Concert	M&F 18+
Star Wars: The Force Awakens Live in Concert	Thursday to Sunday 7 - 10 December 2017	MSO	Concert	Families
The Human League	Wednesday 13 December 2017	One World Entertainment	Concert	M&F 30+
La La Land Orchestral	Saturday 16 December 2017	Live Nation Australia	Concert	M&F 18+

C) Community Benefit

(i) Use of Premises in accordance with clause 11

Community Reservation Periods

- During 2017 there were 4 Community events/functions conducted at the Venue and these were:
  - St Kilda Film Festival
  - Dine with a Heart
  - Jazz Festival Launch
  - Heart Of St Kilda Concert

  All of these organisations secured the Venue for a rental cost of $1, plus costs, plus GST.

- In addition to the above, Live Nation introduced a special discounted rental rate for schools of $6,750 plus costs, plus GST, compared to the standard rental of; "the greater of $12,500 or 11.5% of net ticket sales up to a cap of $25,000". 3 school events were conducted in 2017.

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(ii) Palais Theatre Community Fund

- The Palais Theatre Community Fund Committee (PTCFC) was established in late 2017.
- The PTCFC first formal committee meeting was conducted in early 2018 and they have been meeting regularly since the committee inception.
- The Community Fund Committee is made up 6 representatives, 4 local residents and 2 Live Nation appointed representatives.
- As of the end of April 2018, there is $63,273.09 in the Community Fund Bank Account
- The first round grant process is currently underway with grants due to close at 5pm on the 18th May and applicants will be advised in late June, whether their application was successful or not.
- From my prospective the Community Fund Committee has been functioning very well and all the current members are making a meaningful contribution.
- The second round grant program is scheduled to kick off in October 2018. A decision on an exact date will occur at the conclusion of the round 1 process.
- The CoPP management team are supplied with a copy of the minutes from each meeting.

Community Fund Reconciliation Report.

Year	Month	Payments	Cost Items	Deposits	Description	Balance
2017	May	$ 20.26	Bank Fees			-$ 20.26
2017	June	$ 20.00	Bank Fees	$3,600.00	50C/ticket donation	$ 3,559.74
2017	July	$ 1,564.20	Local paper advert for Committee Persons			$ 1,995.54
		$ 20.00	Bank Fees			$ 1,975.54
2017	August	$ 20.00	Bank Fees			$ 1,955.54
2017	September	$ -		$10,295.50	50C/ticket donation	$ 12,251.04
2017	October	$ 20.00	Bank Fees			$ 12,231.04
2017	November	$ -				$ 12,231.04
2017	December	$ -		$18,318.50	50C/ticket donation	$ 30,549.54
2018	January	$ -				$ 30,549.54
2018	February	$ -		$9,947.35	50C/ticket donation	$ 40,496.89
2018	March	$ -				$ 40,496.89
2018	April	$ 547.35	Audio Visual Equipment - Community Fund Information Session	$12,849.00	50C/ticket donation	$ 52,798.54
		$ 22.95	Bank Fees			$ 52,775.59
2018	May	$ -		$10,497.50	50C/ticket donation	$ 63,273.09

St Kilda Festival Gold Coin Donation	$ 273.85	
2017 - 64,428 tickets sold @ 50C donation	$ 32,214.00	
2018 - 66,040 tickets sold @ 50c donation	$ 33,020.00	Until 30th April
Total Donations to PTCF	$ 65,507.85	

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(iii) Community Advisory Committee

- The Advisory Committee was established in late 2017.
- The Advisory Committee first formal committee meeting was conducted in early 2018 and they have been meeting regularly since the committee inception.
- The Advisory Committee is made up 4 representatives, 2 local residents and 2 Live Nation appointed representatives.
- The Advisory Committee has been more challenging to establish, while the members are focused, keen and talented, the Advisory Committees Terms of Reference does not have enough depth within it to keep the Committee fully engaged.
- To keep the Advisory Committee fully engaged, they have been providing meaningful support to the PTCFC in a range of areas related to the grants program.
- I believe it would be beneficial and provide a better overall outcome for the local community, if the PTCFC and Advisory Committees were merged in to one Committee. This new combined Committee could be made up of 8 members (6 community members and 2 Live Nation members).

16.2 Annual Forecast

A) Management of Assets & Facilities.

A substantial amount of additional works were undertaken during the Phase 2 refurbishment works which were either listed as BISF Items brought forward or additional enhancements. The below table summarises the agreed BISF items totalling $2,040,000 that have been completed and will be removed from the schedule of remaining items.

LOCATION	SCOPE	Works Category	Dates	Year	Live Nation Enhancement Initial Investment	Live Nation Sinking Fund
FF&E, café furniture	Loose furniture for foyer non event bars	Improvement	Q2017	17/18		$15,000
FF&E, sound sys and stage	Portable sound system and stage	Improvement	Q2017	17/18		$40,000
F&B, café kitchen	Deli style kitchen in level 1 foyer	Improvement	Q2017	17/18		$150,000
Forecourt, Piazza upgrade	Entry upgrade to provide non event day café	Improvement	Q2017	17/18		$50,000
Technology, wifi	Building wifi (public)	Improvement	Q2017	17/18		$100,000
Misc	Development of environmental program and reporting scheme	Enhancement	Q1 2017	16/17		$100,000
	Replacement of foyer Chandelier	Improvement	Q2 2017	16/17		$75,000
Auditorium, cooling	Install hearing augmentation System	Improvement		30/31		$20,000
Seating, carpets phase 1	Replacement of all internal carpets phase 1 (foyers, balcony, stairs and backstage)	Life Cycle Rep	Q1 2023	22/23		$100,000
Balcony Function Room	Replace existing admin office façade with original façade features and create a non event day function space (includes Admin office, lift & balcony restoration)	Improvement		16/17	$1,000,000	$950,000
Disbled Access Level 1, toilets	Installation of disable toilets, level 1	Improvement	Q3 2021	21/22		$150,000
Disbled Access Level 1, seating	Installation of the disabled seating in the balconany lounge	Improvement	Q3 2021	21/22		$30,000
Misc	Existing PTM Assets	Improvement	Q1 2017	16/17		$250,000
Misc	Upgrade of POS system	Life Cycle Rep		20/20		$10,000
Misc	Other items acceped by CoPP					$0
Total					$1,000,000	$2,040,000

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The table below summarises the remaining BISF items that remain open to be completed between now and 2023. These total $1,850,000 and the timing of these will be agreed with CoPP as part of the annual BISF schedule of planned works. Based on the above actual spend, Live Nation has no contractual obligation under the lease to undertake further BISF works until the year 2021, however, we reserve the right to bring forward future BISF expenditure as appropriate.

LOCATION	SCOPE	Works Category	Dates	Year	Live Nation Enhancement Initial Investment	Live Nation Sinking Fund
Plant, Boilers	Replace Raypak boilers	Life Cycle Rep	Q1 2023	22/23		$80,000
Plant, replacement splits	Replace existing splits systems	Life Cycle Rep	Q1 2018 - 2023	2017 - 2023		$70,000
Plant, replacement dom HHW	Replace domestic hotwater systems	Life Cycle Rep	Q1 2018 - 2023	2017 - 2023		$50,000
Plant, solar panels	Installation of 300 kW solar array	Enhancement	Q1 2019	18/19.		$500,000
Plant, heat pumps	Installation of heat pump system	Enhancement	Q1 2020	19/20		$200,000
Plant, LED's	Installation of LED FOH and House lights	Enhancement	Q1 2020	19/20		$100,000
Plant, Rain water havesting	Installation of rain water harvesting tanks and pump system	Enhancement	Q1 2021	20/21		$150,000
Plant, BMS	Installation of BMS and metering systems	Enhancement	Q1 2021	20/21		$150,000
Seating, GA floor	Create a removable seating sections in the Orchestra bays to allow for a GA floor including increase fire exit width to Cavell Street and external ground area to the west of the venue	Enhancement	Q1 2019	19/20		$250,000
Seating, reconditioning	On going refurbishment of theatre seating in line with Heritage Act	Life Cycle Rep	Q1 2019 - 2023	2018 - 2023		$300,000
Total					$0	$1,850,000

B) 2018 Event Schedule

- Live Nation has budgeted to undertake 108 performances/functions in 2018 inclusive of the 8 community dates.
- As of the 16th May, we have 97 performances/functions contracted.
- Based on 97 performances contracted to date, we are now expecting to conduct between 110 and 120 performances in 2018.
- In addition to the number of performances and functions contracted, we also have 57 days contracted for bump in, bump out and Rehearsal days.
- Average attendances to date for 2018 are just over 2200 people per performances (up 400 per performances on 2017). This is due to having a much higher quality of events booked in during 2018.
- Currently 52% of our events are Rock N Roll shows and 48% are other (e.g. Comedy, family, theatre, and the like).

Please note the booking schedule is subject to change, shows can be added or cancelled for varying reasons.

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2018 Event/Function Calendar

Fleet Foxes	Wednesday 3 January 2018	Handsome Tours	Concert	M&F 18+
Alanis Morrisette SOLD OUT	Monday/Tuesday 22 & 23 January 2018	Chugg Entertainment	Concert	M&F 30+
Tristan and Isolde	Monday/Wednesday 5 & 7 February 2018	Melbourne Opera	Opera	M&F 18+
Al Bano SOLD OUT	Friday 9 February 2018	Abstract Touring	Concert	Italian M&F 18+
St Kilda Festival Day	Sunday 11 February 2018	CoPP	Concert	M&F 30+
Em Rusciano SHOW 2 SOLD OUT	Friday/Saturday 16 & 17 February 2018	Frontier Comedy	Comedy	F 18+
Grace Jones	Monday 26 February 2018	The Operatives	Concert	M&F 18+
Chinese New Year Celebration	Wednesday 28 February 2018	The Federation of Chinese Associations Vic	Concert	Chinese M&F 18+
Dita Von Teese	Thursday/Friday 1 & 2 March 2018	TEG Dainty Pty Ltd	Variety	M&F 18+
Pure Gold Live	Saturday 3 March 2018	Empire Touring	Concert	M&F 30+
The Empire Strips Back	Friday 9 March 2018	Tenderloins	Variety	M&F 18+
Jose Feliciano	Saturday 10 March 2018	Abstract Touring	Concert	M&F 30+
Dua Lipa SOLD OUT	Monday 12 March 2018	Live Nation	Concert	F 12+
James Blunt SOLD OUT	Friday 16 March 2018	Frontier	Concert	M&F 25+
The Gala for Oxfam - MICF SOLD OUT	Wednesday 21 March 2018	Melbourne International Comedy Festival	Comedy	M&F 18+
Korn Rehearsal	Friday 23 March 2018	Live Nation	Rehearsal	NA
Jason Isbell & The 400 Unit	Saturday 24 March 2018	Love Police Touring	Concert	M&F 18+
Opening Night Allstars Supershow - MICF SOLD OUT	Wednesday 28 March 2018	Melbourne International Comedy Festival	Comedy	M&F 18+
Jackson Browne	Thursday 29 March 2018	Live Nation	Concert	M&F 30+
Rag 'n Bone Man	Saturday 31 March 2018	Secret Sounds	Concert	M&F 18+
Robert Plant and the Sensational Space Shifters SHOW 1 SOLD OUT	Sunday/Monday 1 & 2 April, 2018	Bluesfest	Concert	M&F 30+
Sergio Mendes	Friday 6 April 2018	Abstract Touring	Concert	M&F 30+
Moscow Ballet La Classique: The Nutcracker	Saturday 7 April 2018	Grand International Concerts	Dance	Families
Ross Noble	10 and 12-14 April 2018	A-List Entertainment	Comedy	M&F 18+
Primus	Sunday 15 April 2018	Zaccaria Concerts and Touring	Concert	M 18+
Jimmy Barnes SOLD OUT	Saturday 28 April 2018	Premier Artists	Concert	M&F 30+
Dine with Heart	Tuesday 1 May 2018	Sacred Heart Mission	Community	M&F 18+
Belle & Sebastian	Friday 4 May 2018	MJR Presents	Concert	M&F 20+
Tex Perkins The Man in Black	Saturday 12 May 2018	Regional Touring	Concert	M&F 30+
Missy Higgins SOLD OUT	Sunday 13 & Monday 14 May 2018	Frontier	Concert	M&F 18+
St Kilda Film Festival Opening Night	Thursday 17 May 2018	City of Port Phillip	Film	M&F 18+
Europe	Saturday 19 May 2018	Showcase Group	Concert	M&F 30+
Jason Bonham's Led Zeppelin	Thursday 24 May 2018	Liberty	Concert	M 30+
Apia Good Times	Friday 25 May 2018	Premier Artists	Concert	M&F 30+
Toto Cutugno	Saturday 26 May 2018	Abstract Touring	Concert	M&F 30+
Jimmy Barnes	Saturday 9 June 2018	Premier Artists	Concert	M&F 30+
Calisthenics Victoria State Team in Concert	Sunday 10 June 2018	Calisthenics Victoria	Dance	Families

Mohanlal Star Nite	Monday 11 June 2018	Futurz Australia	Cultural	Indian Families
The Wiggles (3 shows) SOLD OUT	Sunday 1 July 2018	The Wiggles	Family	Families
William Tell	14, 17 & 19 July 2018	Victorian Opera	Opera	M&F 25+
Ben Howard 1 x SHOW SOLD OUT	Tuesday/Wednesday 24 & 25 July, 2018	Secret Sounds	Concert	M&F 18+
Rhett & Link	Friday 27 July 2018	Live Nation	Variety	M&F 12+
To be announced	Thursday 2 August 2018	Live Nation	Concert	M&F 25+
Suzanne Vega	Friday 3 August 2018	Lennard Promotions	Concert	M&F 30+
To be announced	Friday 10 August 2018	My Music Taste	Concert	Korean 18+
King Of The World The Elvis Mega Concert	Saturday 11 August 2018	Tony Minniti	Concert	M&F 30+
Coatesville Primary School	Wednesday 22 August 2018	Coatesville Primary School	School	Families
AFL All Australian Awards	Wednesday 29 August 2018	AFL	Private Function	Invitation
Ultimate Queen Celebration	Saturday 1 September 2018	Liberty	Concert	M&F 25+
The Ones We Love – A Celebration of REM	Thursday 6 September 2018	Metropolis	Concert	M&F 30+
The Cat Empire	Saturday 8 September 2018	The Cat Empire Touring	Concert	M&F 18+
St Kilda Art Crawl Launch	Monday 10 September 2018	St Kilda Art Crawl	Community	M&F 18+
Wakakirri	Tuesday/Wednesday 11 & 12 September 2018	Wakakirri	School	Families
Cheltenham Primary School	Thursday 13 September 2018	Cheltenham PS	School	Families
To be announced	Saturday 15 September 2018	Lateral Events	Speaking	Families
Murrumbeena Primary School	Wednesday 19 September 2018	Murrumbeena PS	School	Families
A Russian Triple Bill	Thursday 20 September 2018	Russian Ballet Touring	Dance	Families
Calisthenics Victoria 2018 State Championships	21 - 24 September 2018	Calisthenics Victoria	Dance	Families
Postmodern Jukebox	Wednesday 26 September 2018	TEG Dainty	Concert	M&F 16+
Maksim Mrvica	Thursday 27 September 2018	Castiglione Arts & Culture	Concert	M&F 18+
Pelleas et Melisande	Thursday 11 & Saturday 13 October 2018	Victorian Opera	Opera	M&F 30+
Cheap Trick	Monday 15 October 2018	Chugg	Concert	M&F 30+
Heart of St Kilda Concert	Tuesday 16 October 2018	Sacred Heart Mission	Community	M&F 25+
To be announced	Friday 19 October 2018	Chugg	Concert	M 30+
Boney M	Saturday 20 October 2018	Metropolis Touring	Concert	M&F 25+
Celentano Tribute Show	Thursday 25 October 2018	Prolive	Concert	Italian 25+
In The Mood (2 Shows)	Friday 2 November 2018	Mellen Events	Variety	M&F 18+
To be announced	Saturday 3 November 2018	Castiglione Arts & Culture	Cultural	Chinese Communit y
Steven Wilson	Saturday 10 November 2018	DRW	Concert	M 25+

To be announced	Friday 16 & Saturday 17 November 2018	Live Nation	Comedy	M&F 18+
To be announced	Friday 23 November, 2018	Something Fantastic	Concert	M&F 18+
James Reyne	Saturday 24 November 2018	Harbour	Concert	M&F 30+
To be announced	Friday 30 November 2018	Behind Pty Ltd	Concert	M 18+
Port Melbourne Primary School Concert	Monday 10 December 2018	Port Melbourne Primary School	Concert	Families
To be announced	Saturday 22 December 2018	Harbour	Concert	M&F 30+

C) Community Benefit & Activities

- Under the Palais Theatre lease agreement, Live Nation are to provide up to 8 days a year for Community use at a rental rate of $1 per day, plus costs, plus GST.
- In early 2018, the CoPP publically advertised that 8 dates a year at the Palais Theatre were available to not for profit, charity and community groups for a rental rate of $1, plus costs, plus GST.
- CoPP also created a Community Date Reservation Committee which incorporated CoPP staff and a Live Nation representative to consider the proposals received and make recommendations as to which organisation/groups should be granted a Community date.
- For 2018, the following organisations/groups have been offered a date:
  - St Kilda Art Crawl — Confirmed
  - Port Melbourne Primary School — Confirmed
  - Dine with a Heart — Confirmed
  - St Kilda Film Festival — Confirmed
  - Heart of St Kilda Concert — Confirmed
  - Multicultural Arts Victoria — Maybe
  - Launch Housing — No Reply
  - Galilee Regional Catholic Primary School — No Reply
  - Middle Park Primary School — Withdrew

  Work is underway on confirming whether Multicultural Arts Victoria, Launch Housing, Galilee Regional Catholic School will be taking up their offer or not.

We believe that this report meets our reporting requirements under the lease.

Yours Sincerely

Alex Klos
Chief Financial Officer
Live Nation Australia Venues