

Joanne McNeill
Manager Asset Management & Property
St Kilda Town Hall
Delivered via e-mail

5/03/2021

Dear Joanne,

Re: Request for further Rental relief due to the ongoing impacts of Covid-19 Restrictions

Request

Following is a request from Live Nation Australia Venues (LNAV) for continuing rental relief until the end of 2021, based on the 2020 CoPP rental support package model. We forecast that we will continue to operate at a reduced level of between 50% to 80% throughout this calendar year compared to 2019.

We do not envisage international touring returning in a meaningful way until late 2021/early 2022. The benefit of the turnover model currently in place, is if LNAV can exceed our expectations regarding show count and turnover, then any request for rental support will reflect any upside in the business.

Current Status of Operations

The Palais Theatre was able to hold its first series of events during January 2021 after closing its doors in early March 2020. The 18 shows in January were co-promoted between LNAV and Live Nation and were unique in that they were held on stage with 100 patrons per night. These shows ran at an overall loss to the business. However, these shows provided us with the opportunity reactivate the venue, casual event team, suppliers, contractors and Victorian artists.

In February we conducted 4 x Victorian Opera productions of Sleeping Beauty. During the bump in for Sleeping Beauty, Melbourne went into a 5-day lockdown, causing the bump in to be halted and for shows to be rescheduled, and capacities reduced from 1000 to 600 patrons per show. If this had been a commercial promoter, instead of the Victorian Opera, these shows would have been cancelled.

Also during the 5-day lockdown and the proceeding week, the Palais Theatre had 16 shows cancel during March, April, May and June 2021 due to uncertainty caused by the lock down and the reduced capacity. The ongoing snap lockdowns and border closures are causing such uncertainty that many promoters are simply not willing to take the risk and are cancelling shows or rescheduling their shows to 2022.

We envisage that it will take all of 2021 for the Palais Theatre to recover and return to pre covid-19 levels due to the following factors:

- The level of uncertainty in re lockdowns and boarder closures
- The lead time it takes to secure an artist, lock in and build a tour (minimum 4 to 6 months).
- The increased fees some Australian artists are currently charging (due to the lack of international artists) is making it very hard for shows with a capacity limit of 1000 people to be financially viable.
- A significant amount of Artist has decided not to perform until social distancing guidelines are removed as they believe a socially distanced audience kills the vibe.
- No meaningful international touring is going to occur until late 2021 or early 2022.

The main operating overheads for LNAV are rental, staff wages, venue maintenance and insurance. Since Covid-19, the full-time staffing team has been reduced from 6 to 3 and with the end of Job Keeper approaching, and the live performance industry receiving no assurance from Federal Government of further wage relief, rental relief is going to be crucial to our ongoing sustainability.

Address 1/11 Newton Street, Cremorne, Vic 3121
Phone 03 8632 2500

Other Support Received

Throughout 2020, the Palais Theatre team has worked incredibly hard to source funding support wherever possible as we continue to strive to improve the Palais Theatre and to reduce hiring costs. A summary of the grants currently under consideration or secured are as follows.

Approved

State Application

Business Support Fund	\$10,000	Generic operating costs.
Business Support Fund	\$15,000	Generic operating costs.
Sustainability Grant	\$19,120	Upgrade main switchboard for real time power usage monitoring.

Federal Application

Live Music Support	\$25,000	Reduced mode curtain to support Covid-19 restricted capacities.
Rise (via LNA)	\$120,000	Grant to host a Podcast Event at Palais Theatre in November 2021.

Pending

State Application

Creative Victoria	\$52,500	A program to develop and support 6 Victorian Artists.
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Federal Application

Live Music Support	\$25,000	Portable Wheelchair lift and safety rail for the stage.
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Further detail can be provided on request.

Lease Commitments

LNAV is currently ahead of schedule with its overall BISF obligations and is committed to ensuring the Palais Theatre is properly maintained and enhanced wherever feasible. Due to the financial impacts and hardship caused by covid-19; we have had to place all but two 2020 BISF items on hold until we can rebuild our cash reserves.

The two BISF projects are the New Stage Deck which was completed during 2020 and the Feasibility Study Re New Airconditioning system, which is about to get underway, all other BISF items – Fire Escape Stair Cladding, Stage Proscenium Valance, Refurbish Seating, Feasibility Study Solar Panels and Room Upgrade have been placed on hold until we have rebuilt our cash reserves.

Community Commitments

The Palais Theatre Community fund was reactivated as of January, the fund will now slowly build back up to a level where another round of grants can occur in late in 2021 or early 2022. We will also continue to ensure that the community organisations are offered the opportunity to apply for the \$1 rental programme.

We hope that all the above reinforces LNAV commitment and dedication to our lease of the Palais Theatre and we only ask for rental relief support until such time we can return to somewhere near normal trading.

We thank the CoPP for its support to date and should you have any queries please let me know.

Yours Sincerely

Mark Graham

Mark Graham
Vice President - Venue Development

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