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THE FOURTH HERBERT SMITH FREEHILLS AND NLU DELHI

INTERNATIONAL NEGOTIATION COMPETITION

8 - 10 SEPTEMBER 2017

THE LION'S SHARE GENERAL BACKGROUND INFORMATION

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GENERAL BACKGROUND INFORMATION

The parties

Icon Entertainment Pty Ltd

Icon Limited ("**Icon**") is a well-known real estate business which owns and operates a unique set of property assets in Sydney, Melbourne and Perth, through its subsidiary companies. It is listed on the Australian Securities Exchange.

One of the properties in the Icon group is a building in Melbourne, affectionately named the "Shell". The name is informed by the building's enormous roof which is composed of curved metal plates overlaid on top of each other. The building originally housed Melbourne's largest contemporary art collection but has now been re-developed and re-invented as a live entertainment venue. It is currently considered less popular than the other large capacity music venues in Melbourne, as it is relatively new. Notwithstanding this, the Shell is well-equipped with a potential capacity of 60,000, modern facilities and good transport links. It also has a plot of land to one side of the property which could be developed into an outdoor entertainment space.

The Shell is owned and managed by one of Icon's subsidiary companies, Icon Entertainment Pty Ltd ("**Icon Entertainment**"). Icon Entertainment owns and manages all of Icon's entertainment venues. Icon Entertainment is experienced at managing this type of venue but, where appropriate, it may select partners to work with it on particular projects if it feels this would enhance or provide additional value to a project.

Blue Lion Pty Ltd

Blue Lion Pty Ltd ("**Blue Lion**") is a drinks company. Its primary and most successful product is a caffeinated energy drink. The Blue Lion energy drink is Australia's most popular energy drink and over six billion cans were sold worldwide in 2016; a significant increase on the previous year. Blue Lion is looking to maintain its position as Australia's preferred energy drinks company, whilst looking to improve sales of its new soft drink range.

Blue Lion's success has been partly due a very strong focus on the image of its brand. Blue Lion has invested heavily in developing a young, cool image that resonates with consumers and helps create a strong affiliation with its products. Blue Lion has purposefully entered into numerous sponsorship agreements to develop an awareness of the Blue Lion brand and reinforce consumer perceptions that the brand is modern and synonymous with fun events, such as sports or live music.

Blue Lion is always on the lookout for new brand investment opportunities and is of the view that acquiring a stake in a popular music venue in Australia would be a useful sideline for the company.

Background

The Icon group has decided that, with property prices in Melbourne remaining relatively flat, now is the time to invest in a range of new properties across the city. Icon is of the view that the stagnation of property prices in Melbourne is only temporary, and in the long term property prices will continue to rise. In order to free up funds for the purchase of new properties, Icon has decided to reduce costs in certain parts of its business. The Shell is likely to require capital expenditure in the near future; as such, it has been identified as an asset that would benefit from a joint venture partner to invest in and co-manage the property with Icon Entertainment.

Icon Entertainment has met with Blue Lion previously to explore the possibility of forming a joint venture between the companies to own and manage the Shell. Icon Entertainment has been impressed by the strength of Blue Lion's brand and is excited about the ideas that Blue Lion has floated for the project, including the development of the plot of land to the side of the Shell to host external events, such as BMX biking. However, Icon Entertainment is not sure whether Blue Lion is able to financially commit to being a 50:50 partner with it on the project. The parties have not yet discussed the precise contributions of both Blue Lion and Icon Entertainment,

GENERAL BACKGROUND INFORMATION (CONTINUED)

but Icon Entertainment has made it clear that it expects a significant capital injection by Blue Lion at the commencement of the joint venture and possible further financial commitment in the future.

Icon Entertainment has successfully run entertainment venues in the past but is aware that the Shell is not currently perceived as a leading live music venue. Icon Entertainment is encouraged by Blue Lion's experience of hosting live entertainment events and is quietly optimistic that Blue Lion can contribute fresh proposals to the project that will help to drive increased attendances at events hosted at the Shell. Icon Entertainment is also hopeful that the publicity generated by a high-profile partnership with Blue Lion will create increased interest in the venue.

Blue Lion is keen to partner Icon on the ownership and management of the iconic Shell venue. Blue Lion hopes that having a well-known music venue associated with its brand will help to cement its position in the Australian energy drinks market. Blue Lion feels this should extend beyond an ownership interest in the Shell; as such, Blue

Lion is interested in obtaining naming rights to the venue as part of the joint venture package.

Blue Lion has quite specific plans for the Shell and would like to host at least 30 brand-sponsored events there each year, including hosting international BMX and skateboard competitions. Blue Lion envisages directly streaming many of its events directly via Blue Lion TV, a web streaming service that Blue Lion has created which is currently free of charge. Blue Lion requires complete discretion over the type of events it is seeking to host at the venue. In addition, it would also want the ability to veto any non-branded events if they do not meet with Blue Lion's brand standards, as they do not want the venue to be considered dull.

Blue Lion is reluctant to commit to a full 50:50 joint venture with Icon Entertainment, as it would prefer to contribute a smaller amount than that envisaged by Icon Entertainment. Blue Lion would, however, want to retain a significant amount of control over some of the decisions to be made by the joint venture company, such as the use of the side plot of land next to the venue, the events hosted at the venue, and major supplier contracts.