

THE CITY OF CAPE TOWN, SOUTH AFRICA

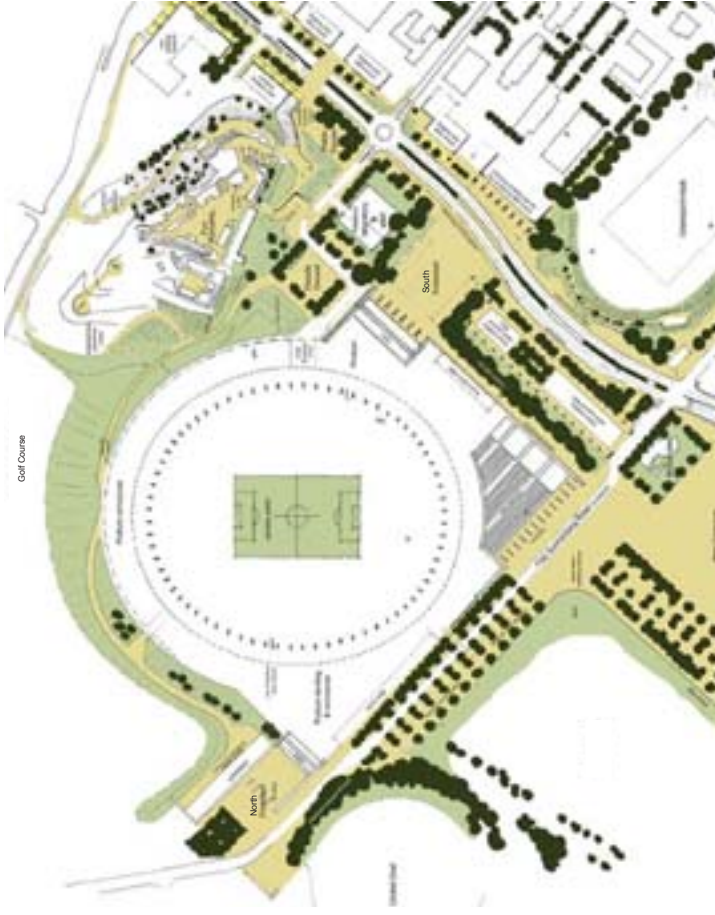
PRELIMINARY INFORMATION MEMORANDUM (PIM) EXPRESSIONS OF INTEREST

APPOINTMENT OF AN OPERATOR
New Stadium and Urban Park



CITY OF CAPE TOWN | ISIXEKO SASEKAPA | STAD KAAPSTAD

THIS CITY WORKS FOR YOU



LEGAL DISCLAIMER

Whilst every care has been taken to ensure the accuracy of the contents of this Expression of Interest, no responsibility or loss occasioned by any person acting or refraining from action as a result of any statement made will be accepted by the City of Cape Town. Persons will have to satisfy themselves as to the accuracy and completeness of the information included in this Expression of Interest. Potential bidders for the future formal tender are not obliged to take part in this element of the process and will be able to respond to the tender.

The Municipality of the City of Cape Town, South Africa

15 February 2008

ACKNOWLEDGEMENTS

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PURPOSE OF THIS PRELIMINARY INFORMATION MEMORANDUM

The Cape Town City Council is constructing a magnificent new multi-sports stadium in Green Point, which is in the heart of the city's tourism hub. This modern stadium, set against the unique scenic backdrop of Table Mountain, Signal Hill and Lion's Head, is located adjacent to the highly successful Victoria and Alfred Waterfront development and has views across Table Bay to Robben Island and beyond. The stadium and its immediate precinct are part of a much larger recreational lung in the city central area known as the Green Point Common, which currently provides facilities for athletics, bowls, cricket, football, golf, rugby and tennis as well as being available to the public at large for recreational purposes. There has been a popular informal trading market held regularly on the Common every Sunday and on public holidays for many years.

The stadium is being financed jointly by the National and Provincial Government together with the City Council as part of South Africa's Host Country obligations to provide major venues for the 2010 FIFA World Cup™. The new stadium is designed to meet the stringent standards set by FIFA as a venue to host one of the two semi-final matches for this prestigious event, as well as eight other World Cup matches, and is an iconic symbol of the city's pride in having been selected for this purpose.

Expressions of Interest (Eoi) are now being invited from suitably experienced and well-resourced organisations to be the contracted Operator of both the stadium and the urban park that is being designed to occupy a significant portion of the adjacent Common land. Essentially, such an Operator should be experienced in facilities and events operations and will be expected to perform under a full maintenance basis for this important addition to Cape Town's sporting, recreational and tourism infrastructure. The City Council will hold a one-day seminar at the end of March 2008 to brief respondents about the requirements expected from the Operator. The intention is that this meeting will be interactive, and will cater for questions and suggestions that arise from the floor. For the benefit of non-resident organisations, information will be given about the South African government's requirement for Black Economic Empowerment (BEE) when forming a bidding consortium and the necessity of including employment equity and skills training in proposals.

The Eoi is stage one of a two-stage process in selecting an Operator; the second being a tendered Request for Proposals (RFP), which is expected to be issued in April 2008. It is envisaged that the agreement will either be in the form of a Registered Lease or a Management Contract for a period of not less than 10 and not more than 30 years. This contract is viewed strictly as a commercial opportunity.

The opportunity to bid for the Naming Rights of the stadium will be addressed as a separate component of the tender – it is, however, envisaged that separate and combination bids will be permitted for the two components.

The current Eoi is, however, purely focused on the Operator role.

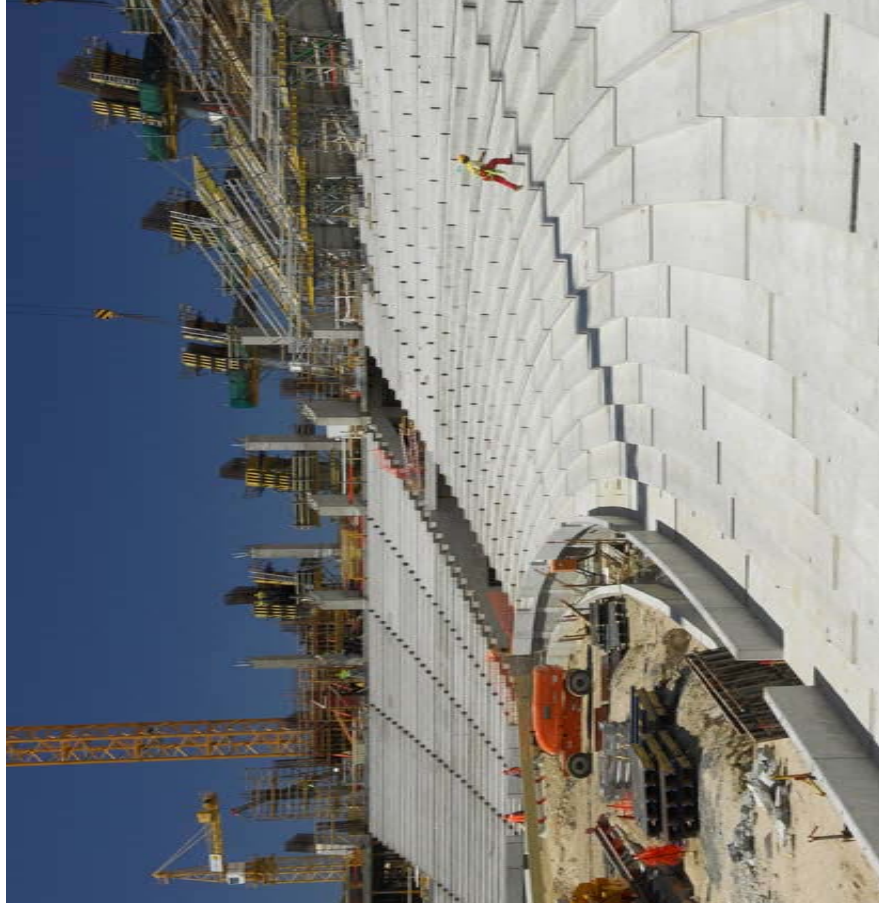
CAPE TOWN, THE WESTERN CAPE AND SOUTH AFRICA

There has been a rapid growth in tourism since South Africa held its first democratic elections in 1994, as the country provides a vast range of attractions for international tourists, many of whom return and encourage their friends and business associates to visit the country. There is also a strong domestic tourism base and Cape Town is a popular location for visitors from the Gauteng (Johannesburg) area in particular. During the 2006/7 holiday season alone, there were more than four million visitors to the Cape Town area.

As a nation, South Africans are well known for their enthusiasm for all forms of sporting activities, both as highly competitive participants and keen supporters. In the last 12 years the country has hosted the World Championships for Rugby, One-Day Cricket, Cross-country Running and Fencing. In 1996, it achieved a double first by hosting and winning the Africa Cup of Nations soccer tournament. Major international golf tournaments are held annually throughout the country, giving television audiences around the world the opportunity to see leading players compete on top-quality courses. There are two annual marathons that are open to international entrants held in the country, one of which (the Two Oceans) is Cape Town. The city also hosts the largest, individually timed bicycle race in the world on an annual basis (the Pick 'n Pay Argus Cycle Race). These events have helped to establish South Africa as a major player in the marketplace for top sporting venues and competitions.

With the opening of the sophisticated Cape Town International Convention Centre in 2003, the global corporate and institutional conference/exhibition industry has responded enthusiastically to this destination, with many delegates taking advantage of the opportunity to bring their spouses or partners with them. With a wide range of guest accommodation available in the city and region, many delegates extend their stays to enjoy the city's excellent comfort, scenery and live entertainment. Many world-famous entertainers enjoy coming to Cape Town to give live concerts, the most recent being Elton John and Celine Dion. There is a vibrant nightlife in Cape Town and modern entertainment concerts are well supported.

There is also a good pool of technical, sound, lighting and recording skills in the city that caters for all aspects of live entertainment due to the rapid expansion of the local film industry in recent years. Local musicians are highly rated and can readily support all forms of live music ranging from jazz, rock and soul to classical. The city is home to the Cape Town Jazz Festival held in March every year, which attracts international jazz artists and fans. The universities of Cape Town and nearby Stellenbosch both have excellent music faculties that offer courses to Master's Degree level including performance diplomas as well as theory. Other tertiary institutions also offer hospitality and catering industry skills.



Construction progress as at 13 February 2008

THE STADIUM DESIGN, FACILITIES AND IMMEDIATE PRECINCT

The experienced team involved in the design and supervision of this modern facility are all highly reputable South African professionals working in association with specialist German architects and engineers. Their challenge was to ensure that the facility could perform well functionally and blend into the surrounding urban and natural landscape. The main construction contract was awarded to a consortium comprising the leading South African building and civil engineering firms of Murray and Roberts partnering with WBHO Ltd.

In order to qualify for the right to hold a World Cup soccer semi-final match, the Stadium has to accommodate a minimum of 60 000 spectators and a further 8 000 guests hosted under the auspices of FIFA and the Local Organising Committee. Once the 2010 FIFA World Cup has been completed, the upper tiers of seating, which are currently envisaged as temporary in nature, will be removed and the Stadium will revert to a 55 000 spectator capacity venue in accordance with the approval granted under the Provincial Government's environmental permit.

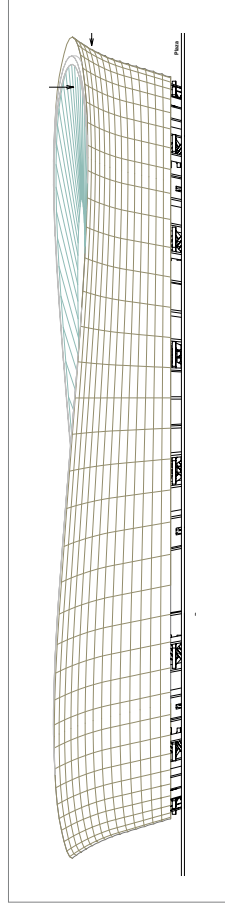
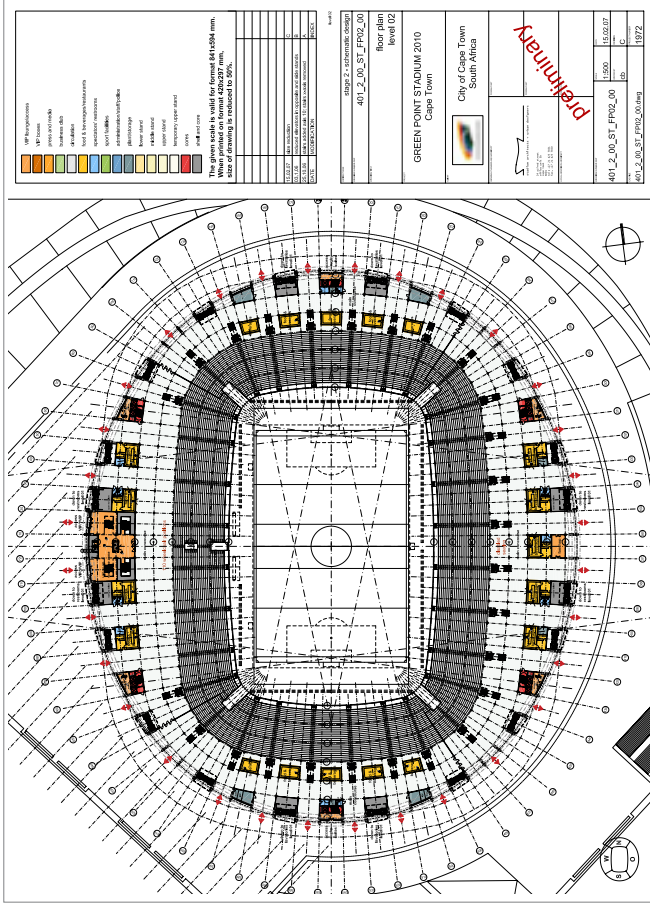
2010 FIFA WORLD CUP™

Currently the City Council is investigating the option of providing a higher than required number of "skyboxes" (corporate hospitality suites) which would displace some of the temporary seating planned for the upper tiers and remain a permanent feature into the future. The Eol process will enable feedback from interested parties on the benefits and drawbacks of this option. Unfortunately, time constraints due to the construction schedule make it unlikely that the successful bidder would be appointed prior to a final decision on this matter to enable further input.

The design provides for a roof to protect events from the unpredictability of the Cape Town weather, particularly during the winter months of July and August. It was decided quite early on that the additional construction costs involved in incorporating an IAAF standard athletics track into the design were impractical to accommodate. Such a facility already exists in the metropolitan area at Bellville, although an athletics facility is envisaged as part of the future resources on the Common.

The practical completion date for handover to the City Council as client is scheduled for 15 December 2009, which would potentially leave a period of five months to enable the successful Operator to work-up the Stadium to the necessary practical operational level for the Soccer World Cup. In reality, the Stadium's full commercial opportunity period commences after the tournament is over, although some revenue producing activities should be possible between the date of beneficial occupation until the Exclusive Use Period commences, coupled with the benefits of the publicity associated with having been appointed as the long-term Operator.

The design provides for 1 200 undercover parking bays within the Stadium complex, whilst the adjacent stadium precinct area will have a hardened surface and will be capable of providing parking facilities for some 800 vehicles. Overflow parking for a further 3 000 vehicles will be available on the neighbouring grassed recreational areas that will also be under the management control of the Stadium Operator. A high level of safety, security and access control will be required at the perimeter of the stadium precinct under the control of the Operator after the 2010 tournament. There are special arrangements for these aspects during the Soccer World Cup.





OVP Associates : Landscape Architects
 Tel 021 462 1262 Fax 021 461 6162 email darryn@ovp.co.za

GREEN POINT : URBAN PARK PROPOSED SITE DEVELOPMENT PLAN / LANDSCAPE CONCEPT PLAN

2010 Soccer World Cup : Cape Town

THE URBAN PARK AND SURROUNDING RECREATIONAL FACILITIES

The Green Point Common fulfils a multi-sport recreational role at the present time and it is the City Council's intention to use the new Stadium as a catalyst to reconfigure and improve the area's existing sports facilities, and enhance public and social accessibility by creating an Urban Park. It is envisaged that the traditional informal trading market that is currently held on Sundays and public holidays will continue to feature in the revised layout. The total area of the existing Common is some 109 hectares, making it an important green lung in the central part of the city. (The Stadium and its hardened precinct will occupy about 18 hectares of this area.) At the time of printing, the Urban Park perimeters were being resolved.

The Draft Site Development Plan for this whole area remains subject to public comment and final approval by the provincial Minister for Environment, Planning and Economic Development and, subject to due process, is now expected to be in its final approved state by mid-2008. The current draft plan as adopted by the City Council is shown on pages 6 and 7.

This plan describes the following proposed arrangements:

- The Metropolitan Golf Club will have a new layout and, by means of a lease directly with the City Council, will be responsible for its own operational maintenance, security and safety.
- Historically, various sporting clubs have enjoyed exclusive use of parts of the Common. It is envisaged that the current redevelopment process will resolve the situation for the future.
- The existing grassed Green Point Track will be upgraded for cricket and rugby and controlled by the City Council. It is intended that the existing tennis courts adjacent to the privately owned Virgin Active gymnasium will be modernised and extended by Tennis Western Province to be their new provincial headquarters. This could include a high standard Centre Court that would be used for major national, African continent and international tournaments. The lease will be directly with the City Council.
- The remaining sports fields will be available for casual public use. The Stadium Operator will be required to maintain these fields and administer a permitting system for their use. They would also be available to the Operator to act as an overflow parking area for large events at the stadium or other such innovative activities.
- The remainder of the public areas will form the Urban Park, which will be available for unstructured recreational use by the community at large. The City Council will finance, design and construct the layout of the Urban Park, but it will be handed over to the Stadium Operator for administration, operational control and ongoing maintenance.
- The area designated for the informal trading market will also fall under the control of the Stadium Operator, including the responsibility for administering a permitting fee system and the removal of litter and waste.

The plan illustrates that the actual physical size of the Urban Park and sports fields, which will become the responsibility of the Stadium Operator, is relatively modest compared with the greater Common area. The objective of the City Council is for the Stadium Operator to undertake complete responsibility for all operational control, upkeep, maintenance, access, safety and security issues for these designated facilities by contractual agreement. Clearly, the stadium revenue stream will have to cross-subsidise the Urban Park and related sports fields. The casual hiring of the sports fields will have to be by means of a permitting system at public sector hiring fee levels, and NOT on a full cost recovery basis. The land is legally held in trust for the community and as such must be reasonably accessible by all. Only the Stadium and its adjacent hard-surfaced precinct will be allowed the highest access restrictions necessary to enable commercial controls for ticketed events and the enhanced safety and security measures necessitated for large public gatherings.



STADIUM USAGE – ANALYSIS OF ACTIVITIES

An independent analysis commissioned by the City Council shows which sporting activities and events are practically suitable for the Stadium and its adjacent hard-surfaced precinct, some of which may require adaptations or additions to the current final stadium design, the costs of which would be incurred by the future Operator. These are shown below as Table A. For information purposes, Table B describes activities that are currently and likely to take place generally in the overall area of the Green Point Common. Table C indicates sports activities that are not suitable.

Planning constraints under the current Zoning Scheme specify the activities that will be permitted without obtaining waivers or changes to the zoning. It should be clearly understood that bids submitted under the Stage 2 Tender/RFP process CANNOT be conditional on future changes to the current zoning whether at the site or elsewhere in the city. Such applications are assessed on an "arm's length" basis.

Table A: Most likely activities

SPORTING CODE OR EVENT	COMMENTS
Professional football	Compatible with stadium design & precinct zoning
Professional rugby	Compatible with stadium design & precinct zoning
Concerts	Compatible with stadium design & precinct zoning
Exhibitions	Compatible with stadium design & precinct zoning
Conferences & functions	Compatible with stadium design & precinct zoning
Rallies & public gatherings	Compatible with stadium design & precinct zoning
Circus	Compatible with stadium design & precinct zoning
Gymnasium/H.P. Centre	Not in current design - can be added post 2010
Action cricket	Not in current design - can be added post 2010
Badminton	Not in current design - can be added post 2010
Basketball	Not in current design - can be added post 2010
Fencing	Not in current design - can be added post 2010
Netball	Not in current design - can be added post 2010
Skatepark	Not in current design - can be added post 2010
Table tennis	Not in current design - can be added post 2010
Volleyball	Not in current design - can be added post 2010
Sports museum/shop	Compatible with current zoning
Restaurant	Would require waiver permission outside of event use

Table B: Other amateur sports codes & activities on the Common

Bowls, cricket, football, golf, hockey, rugby and tennis are existing and future activities on the Common together with the Sunday informal trading market.
Cricket and rugby take place on the Green Point Track at the present time.
The current and future Common is utilised for public jogging and similar individual or group exercises, which even include just "walking the dog!"
Overflow parking for large stadium events will be permitted on the areas under the direct control of the contracted Stadium Operator.

Table C: Sporting or recreational activities that are NOT suitable

BMX track, cycle racing, diving tank, motor sports would need careful environmental assessment beforehand. Suitable alternative facilities already exist elsewhere.

ENVIRONMENTAL OBLIGATIONS AND ZONING RESTRICTIONS

The new facility has been through an extensive public participatory, regulatory and permitting process that has culminated in the following obligations which the City Council, as the Stadium and Common landowner, has to ensure are fully complied with. In the language of statute in South Africa, these constitute conditions imposed on the development in a formal Record of Decision (ROD) issued by the provincial Minister for Environment, Planning and Economic Development:

- a Site Development Plan for the Common must be developed and approved ensuring that the Urban Park is a multi-purpose space for sporting activities, informal trading and recreational activities (City Council task)
- a Stadium and Urban Park Operating Agreement must be entered into between the City Council and the contracted Operator prior to the commencement of the operation of the Stadium to include:
 - a Stadium Operational Management Plan that must include a Generic Event Management Plan incorporating a Transport Management Plan, emergency planning, security and signage
 - an Urban Park Operational Management Plan that includes a permitting system for field and land use by the broader Cape Town community with "reasonable fee structures," together with maintenance and operational plans covering the recreational and sports areas with appropriate security and access control measures
- an Integrated Waste and Litter Management Plan including litter collection
- a Water and Energy Demand and Efficiency Management Plan
- the Stadium and Urban Park must be managed as an integrated whole
- the COSTS of implementing the above two Operational Management Plans (for the Stadium and Urban Park) must be borne by the Operator
- the Operator must compile and submit for approval by the City Council an Environmental Management System for the Stadium and the Urban Park
- there will be need to establish a Consultative Forum to resolve operational issues that may impact on the local community once operations commence; such meetings have to held regularly and not less than annually.

Note: the above is an abstract of some of the most relevant obligations under the ROD. A full copy of the original document will be made available to potential bidders when the Tender/RFP is issued.

The Stadium is currently zoned as "Community Facilities" with Consent uses granted for "a Place of Assembly and Place of Instruction." In general terms, this enables the facility to be used for outdoor and indoor sports, games and amusements including related accommodation, trade and agricultural exhibitions, fairs and shows. Educational and training establishments and a gymnasium would also be permitted.

The Urban Park is currently zoned as "Public Open Space" and as such is subject to the outcome of the final Site Development Plan approval process.

THE 2010 FIFA WORLD CUP™ PERIOD

There will only be a few months between the construction contractor's handover of the Stadium and the commencement of the Exclusive Use period that marks the start of the Stadium's use as a venue for the Soccer World Cup. Although brief, this period will provide the Operator with a valuable opportunity to gain practical experience of the Stadium's facilities and test its operational systems. It is likely that a number of Test Tournaments will be arranged prior to the main event.

Although the Operator will find it prestigious to participate in the Stadium's operations during the Soccer World Cup, there are a number of practical implications that need to be considered:

The appointed Operator will be required to work in co-operation with both the Local Organising Committee (LOC) and FIFA itself. The contracts already entered into by the City Council with these two bodies will mean, in effect, that the Operator will have no, or at best extremely limited, opportunity to exploit the commercial rights of the Stadium until the tournament has been fully concluded.

During the Exclusive Use period this impacts on the following:

- advertising, branding and stadium identifiers, including decoration and logos
- sale of merchandise
- television, media and photography rights
- events and all stadium use
- hospitality and seat rights
- ticketing and revenues

In particular, the responsibility for security and access control will vest in FIFA and the LOC working in co-operation with the Stadium Operator for the Exclusive Use period.

The relevant authorities will pay for the use of the Stadium, including all utility service charges and, subject to a prior budget being agreed, will also pay for the costs of support personnel together with cleaning, maintenance and repairs. The manner in which this is to be addressed will be detailed in the Tender/RFP and will be subject to final negotiation with the Preferred Bidder.



Construction progress as at 6 February 2008

HOW TO SUBMIT AN EXPRESSION OF INTEREST

Interested parties should respond with the details requested in Annexure "A."

Please note that you are NOT required to provide details of any possible consortium membership at this stage. Responses from individuals are not appropriate and will not be acknowledged. Details of the Briefing Seminar will only be advised to juristic persons (organisations, companies etc).

The Seminar is likely to be held in the final week of March 2008 at a venue in Cape Town and access will be restricted to organisations that have responded to this PIM and who have subsequently been invited by the City Council to attend. This will NOT be a public meeting. If your organisation has not responded to this Call for Expressions of Interest, you will still be able to take part in the formal tender process that will follow as Stage Two.

IMPORTANT NOTICE

Responses from individuals who are not representing companies or formal organisations will NOT be acknowledged.

The Briefing Seminar is a business-orientated meeting and will NOT be open to the general public.

Black Economic Empowerment organisations are encouraged to attend regardless of whether they have yet to align themselves with technical partners to gain knowledge of the tender's commercial obligations and the opportunity it presents, including meeting with potential partners.

ANNEXURE "A"

RESPONSE TO THE CALL FOR EXPRESSIONS OF INTEREST

Final return date - close of business, Friday, 14 March 2008

Communications must be in writing, preferably by electronic mail (e-mail), or otherwise by telefax. Submissions must be headed Expression of Interest – Stadium and Urban Park Operator, and should be addressed to:

The City of Cape Town
 Attention: Danie Malan - Manager 2010: Integration
 E-mail: danie.malan@capetown.gov.za
 Telefax: +27 21 400 5697 (domestically 021 400 5697)

If no direct acknowledgement of receipt of the communication is made within two (2) working days, kindly retransmit the message.

The following information should also accompany your submission:

- Company or organisation's name, physical and postal addresses
- Main business activity
- Contact person's name
- Contact person's day time telephone number
- Contact person's fax number
- Contact person's e-mail address
- Number of delegates who wish to attend the Briefing Seminar
- Do you require a list of local hotels for accommodation purposes? (Yes/No)





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