

WELLINGTON REGIONAL STADIUM TRUST BUSINESS PLAN 2000



1. BUSINESS PLAN OVERVIEW

THE FIRST HUNDRED DAYS

Opening

The Stadium opened on 3 January 2000 having been completed on 17 December 1999, two weeks ahead of schedule. Completion was on time, on budget and with sufficient working capital for its operational needs. This must be considered a major achievement for the development, funding and construction of such a major public asset.

Prior to opening agreement was reached with Cricket Wellington on a tenancy agreement for establishment of a 5 wicket cricket training centre. Construction of this centre, which will be a major asset for Wellington, was finished in June 2000.

Events

Since the opening we have had 20 event days and hosted approximately 400,000 patrons. Given that the first three one-day cricket matches were all affected by rain and went into a second day, this has been a very intensive use of the venue. The Stadium has received an overwhelming endorsement from both patrons and users and has proved to be an exceptional venue for watching events. The Edinburgh Military Tattoo was a very special event with some 88,000 enjoying a spectacular show. The success of these events and the positive endorsement by patrons has caused other sporting codes, concert promoters and exhibition companies to show significant interest in bringing new events to the Stadium which previously would not have come to Wellington.

A special feature has been the many communications from the public, congratulating us on the friendliness and helpfulness of the staff. It was a major objective of the Trust to create a special atmosphere at the Stadium and the staff responsiveness to patrons needs was critical to achieving this.

Concourse Problems

Difficulty in meeting the demand for food and beverage on the concourse has been the major issue in the first three months. Notwithstanding this issue the Trust has achieved a food and beverage spend which our consultants believe is at least equal to that achieved by other major Australasian stadia. The total spend on the concourse for the International Rugby Sevens was in excess of \$500,000, in spite of some significant delivery problems on those two days and queues that reached up to 45 minutes. Queuing has now been reduced to 15 minutes and considerable improvement can still be achieved. The existing outlets are being reconfigured to allow more efficient production of food to meet the demand. The Trust is also completing the construction of the additional food and beverage and beverage only outlets. However it must be recognised that a major part of the problem is an exceptionally high demand which realistically cannot be met during a half time break.

Problems in perspective

It is appropriate to benchmark the Stadiums performance against the opening experiences of Stadium Australia and Colonial Stadium in Melbourne. Twelve months after opening Stadium Australia is still experiencing food and beverage problems across all its outlets. There has also been significant public debate in Sydney over their policy on taking food and beverage into the Stadium. Colonial Stadium has opened and is getting negative publicity over queues, entry systems, turnstiles, quality of turf and failure to deliver benefits to the sports codes. The Stadium Trust believes that in dealing with our initial teething problems we have made considerable progress when compared to these major venues.

KEY ASSUMPTIONS IN THE BUSINESS PLAN

The Wellington City Councils timetable for submission of business plans means that the plan prepared and submitted by the Stadium Trust has been prepared with little operating history on which to base assumptions for the next five years, especially since the major cricket matches were effected by weather and with the service problems on the concourse. The plan therefore has been developed on the basis of actual experience in the first three months of operation and expectations for the year ending 30 June 2001. These same assumptions have been extrapolated for the next four years. The plan contains no growth or inflation assumptions.

A sensitivity schedule has been prepared which highlights the areas where the Trust has:

- Made reasonable assumptions because of lack of historical information or
- Assumed events will be confirmed though final arrangements have not yet been made

The enclosed budgets and cashflows have been prepared assuming 36 – 38 event days in each of the next five years. This compares to 22 event days in the original 1997 project plan, which some considered was high. Since that plan was issued and construction started, the International Sevens Tournament and the Edinburgh Military Tattoo were secured as additional events and the bookings for exhibitions have already been acquired.

The nature of our business is that events are not confirmed at the time of preparation of budgets and business plans so the following assumptions have been made:

- Wellington Rugby Union renews its International Sevens contract for a further three years from 2002.
- Additional special rugby and special cricket games are allocated to the Stadium as per our agreements with the codes.
- Three high profile games Shell Cup or semi finals are played at the Stadium.
- Four to five other sporting events held each year (either Australian Rules, rugby league or soccer).
- The Stadium is allocated two Rugby World Cup events.
- Four concerts are held annually.
- The Stadium hosts 10-12 exhibition days per year.

The total net revenue included in the budget from these unconfirmed events is between \$1 – 1.1 million of which concerts contribute approximately \$600,000.

Given the status of current discussions with promoters, codes and the existing contractual arrangements the Trust believe it should include the unconfirmed events in the five year strategic plan. We have not included any additional events from the Festival of the Arts though we believe that these are likely to come to the Stadium.

Financials and Sensitivities

The key financial indicators extracted from the five year plan are:

| Key Financials | Year 1 \$m | Year 2 \$m | Year 3 \$m | Year 4 \$m | Year 5 \$m |
|--|---------------|---------------|---------------|---------------|---------------|
| Profit before tax | 1.57 | 1.61 | 2.29 | 3.01 | 2.40 |
| Net Assets (incl limited recourse loans) | 49.36 | 50.97 | 53.26 | 56.27 | 58.67 |
| Cash at Year end | 3.01 | 2.99 | 3.18 | 3.07 | 1.49 |
| Net External Debt | 33.65 | 32.15 | 30.15 | 27.15 | 23.15 |

This information highlights the continued profitability of the Stadium and the application of surplus cash to reducing external debt.

The following chart sets out the financial impact of change in some of the key assumptions:

| Sensitivities | \$m | \$m | \$m | \$m | \$m |
|---|------|------|------|------|------|
| Gross revenue from unconfirmed events | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 10% movement in food and beverage spend | .14 | .12 | .14 | .15 | .13 |
| 10% variance in overheads | .33 | .33 | .34 | .33 | .33 |
| 1% movement in interest rates on borrowings over \$15 million | .19 | .19 | .17 | .15 | .12 |

In some areas there is insufficient trading history on which to base assessment of future revenues. The plan makes the following assumptions:

- Sale of additional signage and sponsorship beyond that already sold. There is continuing interest and additional opportunities.
- Growth in the private functions business based on commencement of dedicated marketing personnel financed by Panda Catering and the Trust
- Some additional community facilities can be financed out of sponsorship and grants
- A successful arrangement is finalised with Fletchers over unsold corporate boxes

Attendances to date have been ahead of budget:

- Super 12 - attendance of 33-34,000 compared to budget of 25,000
- ODI's - exceeded budget though both were affected by rain

- Sevens - biggest first day crowd of the international circuit
- Edinburgh Military Tattoo – sold out for three nights requiring a fourth night
- Homeshow exhibition – attended by 45,000
- NPC will exceed budget because of pre-sales to members, boxholders and season tickets

The attendances in the business plan have been retained at last years levels.

Resource Consent Conditions

The Wellington Rugby Union is seeking a one-off approval for additional temporary seating for 3,000 people for the Bledisloe Cup on 5 August 2000.

The Stadium Trust contract with the Wellington Rugby Union requires the Trust to seek a change to the Resource Consent conditions to allow a permanent increase of 5,000 seats for rugby events prior to the Rugby World Cup in 2003. The Trust must achieve this if it is to realistically propose for one of the semi-finals to be held in New Zealand.

Over the next 12 months the Trust will also monitor coach parking and other traffic related issues which are subject to resource consent conditions. If the demands experienced over that period are substantially different from the assumptions made at the time granting of Resource Consent the Trust will seek a further change to the conditions to deal with these items, after discussion with affected parties.

BUSINESS PLAN OBJECTIVES

The business plan for the year ended 30th of June 2001 has the following principal objectives:

Capital Expenditure

Completion of the additional facilities, particularly the additional scoreboard at the southern end and food and beverage outlets are included in the plan. Further enhancements to the Stadium are still required and are included in the five year plan. A requirement of the contract with Wellington Rugby Union is to have available an additional 5,000 seats for the Rugby World Cup in 2003. The Trust believes it can make an accommodation with a major hire company to supply that seating.

Catering

Resolution of food delivery and queuing problems on the concourse must be achieved before the Bledisloe Cup in August. Provision is made for the completion of the additional outlets and reconfiguration of the existing outlets prior to that event.

Tax Status

Reinstatement of the charitable tax exempt status of the Trust by ensuring that it is not a LATE for tax and local government purposes. The major issue for the Trust is the need to accrue interest on the Councils non recourse loans if we are deemed to be a LATE. The Stadium Trust has significant depreciation write offs resulting in no tax liability in the foreseeable future.

Events

Building on the initial success of the Stadium by attracting more sporting events and securing concerts.

Private Functions

Development of the private function business and establishment the Stadium as the leading function centre in the city.

Cost Management

Review of processes to ensure that the quality of service is delivered at a minimum cost. This will require automation of processes in some instances.

Business Opportunities

Development of business opportunities in the Stadium and maximisation of revenues.

Asset Protection

Development and implementation of programs of planned preventative maintenance.

Basin Reserve Business Plan

The Basin Reserve plan is now included as part of the plan for the Stadium Trust. On 1 July 1999 the Stadium Trust assumed full responsibility of the management and operation of the Basin Reserve.

The Stadium agreement with Cricket Wellington and New Zealand Cricket requires that all international fixtures, including test matches scheduled in the first three years, are to be played at the Stadium. The Basin will continue to be used for all first class cricket fixtures and as a backup for international events if they cannot be held at the Stadium because of prior bookings.

Up to five Shell cup and two Shell trophy fixtures will be scheduled for the Basin for 2001 season.

Wellington Rugby is using the Basin Reserve for club rugby during the winter season.

The Basin Reserve is also hired out for private functions and has been booked by Marching Wellington Inc for the national championships in April 2001.

The principal focus of 2001 business plan for the Basin Reserve will be:

- To continue to maintain the ground to international standard, including the wicket block and practice wickets.
- Upgrade ground maintenance equipment.
- Commence renovation of the outfield.

- Re-negotiation of new service contracts.
- Completion of deferred maintenance work under agreement with Wellington City Council.
- Commence upgrade of the cricket scoreboard.
- Refurbishment programme of the R A Vance stand over two years to enhance revenue earning opportunities.

With two international sports grounds Wellington is uniquely placed to host international events and avoid the clashes of summer and winter codes that cause problems in other major cities. The Trust would expect that position to be reflected in allocation of major sporting events.

CONCLUSION

In the year under review the Stadium will focus on establishing an efficient, cost effective operation and building its event schedule to establish a long program that meets the needs of the region. Costs will continue to be monitored and cost reductions sought wherever possible. 2001 is seen as the year for establishing a sound and profitable operating base.

Chairperson
WELLINGTON REGIONAL STADIUM TRUST

August 2000

2. STATEMENT OF TRUSTEE INTENT

Objectives

The main objectives of the Trust over the next 18 months is to finalise the remaining construction related issues, establish a profitable operation and continue to build on the events program that meets the needs of the Trust and the community.

The Trust also intends to maintain the Basin Reserve as an international cricket ground and maximise its revenues.

Nature and Scope of Activities

During this period the Trust will be involved in the following activities:

- Finalising capital fundraising and marketing of sponsorship.
- Completing the sale of memberships and corporate boxes.
- Liaising with project managers and consultants to finalise construction issues.
- Marketing of the venue to attract more sports events, concerts, private functions and exhibitions.
- Maximising operating revenue and reducing operating costs.
- Operating a Stadium that provides the patron experience required by the community.
- Improving service to members and box holders and adding value to their membership and involvement at the Stadium.
- Ensuring that the caterers provide the quality of food and speed and standard of service required in all areas of the Stadium.
- Development, operation, and maintenance of the Basin Reserve.

Ratio of Trust Assets to Liabilities

The ratio of Trusts liabilities (excluding limited-recourse loans) to total assets for year ended 30 June 2001 is expected be 58.8%.

Accounting Policies

General accounting policies applied to the financial information in the Business Plan are detailed separately under the financial plan.

Performance Targets

Targets have been established in discussion with the Wellington City Council and the Wellington Regional Council in relation to key performance indicators including:

- Revenues
- Cashflows
- Balance sheet ratios

- Capital Expenditure
- Events
- Patron User Satisfaction
- Risks

Progress against these targets will be reported by the Trustees in their quarterly reports.

Reporting

The Trustees will present a six-monthly report to both Councils which will include a written report, report on agreed key performance indicators and Financial Statements for the period.

Audited Annual Financial Statements will also be provided on completion of the annual audit.

The Trustees will inform the Councils of any significant expected obligations or contingent liabilities to third parties.

Significant Third Party Obligations

There are no significant third party obligations.

Relevant Legislation

The Trustees confirm all the Trust will comply with relevant legislation affecting the conduct of its business.

3. BUSINESS PLAN - OBJECTIVES

The following pages set out the key actions that will be taken by the Trust to achieve the objectives set out in the Statement of Trustees Intent.

Tax Status

- Work with the Wellington City Council, the Wellington Regional Council and tax advisors to reinstate its charitable and tax exempt status by seeking a change to the Stadium Empowering Act to confirm that the Trust is not a LATE.

Capital Expenditure

Items to be completed by 30 June 2000:

- Finalise construction related issues with the contractor (these fall within the construction contract and are completed at the cost of the contractor and within the fixed price).
- Assess the additional requirements necessary for efficient operation of the Stadium including:
 - Completion of remaining food and beverage outlets.
 - Provision of additional scoreboard at southern end.
 - Installation of doors on the concourse to enable exhibitions to be conducted on the concourse.
 - Purchase of additional furniture.

Capital requirements to be completed by 30 June 2001 and beyond:

- Improvements to Stadium Office, control room and operational areas.
- Ramp access control system to reduce staff costs.
- Purchase sundry building services equipment.
- Purchase additional Basin Reserve equipment to meet needs.
- Construct staff changing facility.
- Purchase additional covers and super soper.
- Additional lift and stairs between level 3 and 4.

Operations

- Revise event day operating procedures with a view to reducing costs to a minimum consistent with maintaining service requirements.
- Review efficiency of non event day procedures and automate where cost savings can be identified.

- Establish a programme of planned preventive maintenance that protects building assets.
- Liaise with Stadium neighbours and ensure compliance with conditions of resource consent.
- Continue with turf management plan that produces a playing surface required of multi-purpose venue.
- Develop turf farm that provides adequate back up during periods of peak use.

Catering

- Improve delivery of food and beverage on concourse and reduce waiting times to acceptable level.
- Establish performance criteria to all areas of the Stadium and ensure standards are achieved.
- Establish Performance Review Committee to monitor catering standards.
- Maximise food and beverage spend in all areas.

Business Development and Marketing

- Establishing a programme that increases the events at the Stadium in line with community expectations.
- Complete capital raising and sponsorship arrangements.
- Complete the sale of memberships and corporate boxes.
- Maximise the revenue from the replay screen.
- Develop merchandising, museum, shop activities at the Stadium.
- Conduct an effective PR campaign that tells the Stadium story.
- Develop exhibition conference and private business.

Finance and Administration

- Ensure internal controls and risk management procedures are in place that protect the Trusts assets.
- Produce accurate and timely reports required by management and stakeholders.
- Develop E commerce opportunities including establishing a website.
- Maximise use of technology.

Membership and Corporate Box Services

- Provide regular and effective communication to Deloitte Club members and box holders.
- Ensure that ETM delivers the level of service required to members and corporate box holders.
- Develop further membership services that enhances the value of the Stadium membership and provides additional benefits for members.
- Replace membership card with Smart card that provides purchasing opportunities, loyalty programmes and ticket free access to events.
- Establishment of Members Liaison Committee to enhance membership service and improve communication between the Trust and its members.

- Conduct regular surveys of members and boxholders to measure performance.

Human Resources

- Set up employment policies, contracts and job descriptions.
- Establish regular staff communication and review processes.
- Provide staff training program.

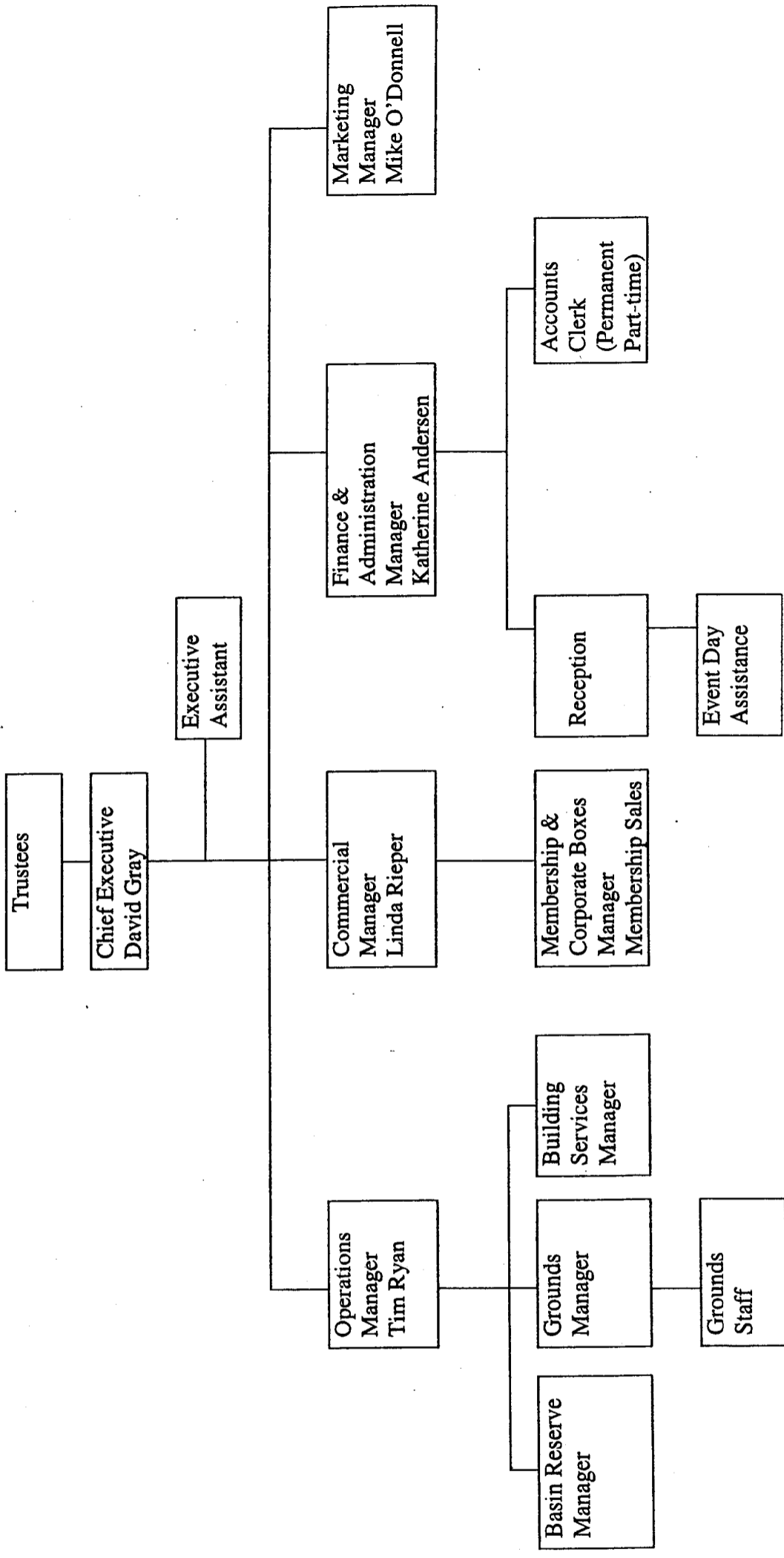
Basin Reserve

- Maintain ground to standard required for international cricket.
- Maximise business opportunities at the ground.

Resource Consent

- Review coach parking and other traffic arrangements with view to seeking amendment if requirements are in excess of needs.
- Consider requirements for an application to change the resource consent conditions to increase capacity by 5,000 seats for the Rugby World Cup in 2003.

WELINGTON REGIONAL STADIUM TRUST MANAGEMENT STRUCTURE



FINANCIAL PLAN

KEY PERFORMANCE INDICATORS

| | <i>This quarter</i> | | | <i>Year to date</i> | | | <i>Year end</i> | | |
|--|---------------------|---------------|---------------|---------------------|---------------|---------------|-----------------|---------------|---------------|
| | Actual \$m | Budget \$m | Variance % | Actual \$m | Budget \$m | Variance % | Actual \$m | Budget \$m | Variance % |
| Regional Stadium and Basin Reserve | | | | | | | | | |
| OPERATING PERFORMANCE | | | | | | | | | |
| Revenue: | | | | | | | | | |
| Event revenue | | | | | | | 4.86 | | |
| Advert/sponsorship | | | | | | | 1.22 | | |
| Total Revenue | | | | | | | 12.82 | | |
| Total Expenses | | | | | | | 11.25 | | |
| Net surplus (deficit) | | | | | | | 1.57 | | |
| CASHFLOW PERFORMANCE | | | | | | | | | |
| Net cashflow from operations | | | | | | | 2.04 | | |
| Increase (decrease) in cash available | | | | | | | 1.41 | | |
| BALANCE SHEET MANAGEMENT | | | | | | | | | |
| Current asset/liability ratio | | | | | | | 1.40 | | |
| Total bank debt | | | | | | | 33.65 | | |
| CAPEX | | | | | | | | | |
| Planned projects | | | | | | | | | |
| On time yes/no | | | | | | | | | |
| EVENTS (Number of) | | | | | | | | | |
| Rugby/Cricket events | | | | | | | 17 | | |
| Other sports events | | | | | | | 5 | | |
| Concerts | | | | | | | 4 | | |
| Exhibitions / other | | | | | | | 10 | | |
| EVENTS (seats sold) | | | | | | | | | |
| Average utilisation | | | | | | | 59.48% | | |
| EVENTS (spend level) | | | | | | | | | |
| Total Average spend per head | | | | | | | \$11.73 | | |
| SATISFACTION | | | | | | | | | |
| Wgtn residents satisfaction from Stadium | | | | | | | | | |
| User satisfaction - Stadium | | | | | | | | | |
| Turnover of memberships | | | | | | | | | |
| Turnover of corporate boxes | | | | | | | | | |
| RISKS (reporting by exception only) | | | | | | | | | |
| Contigent liabilities and assets | | | | | | | | | |
| Deferred maintenance | | | | | | | | | |
| Potential legal actions | | | | | | | | | |
| Significant asset loss | | | | | | | | | |
| Main policy changes | | | | | | | | | |
| Credit risk | | | | | | | | | |
| Foreign exchange | | | | | | | | | |
| Basin Reserve Only | | | | | | | | | |
| Total revenue | | | | | | | 0.15 | | |
| Events - number of days used | | | | | | | | | |
| Wellington residents satisfaction | | | | | | | | | |
| User satisfaction | | | | | | | | | |

**SUMMARY STATEMENT OF FINANCIAL PERFORMANCES FOR THE FIVE YEARS
ENDING 30 JUNE 2004**

| | 2000/1 \$m | 2001/2 \$m | 2002/3 \$m | 2003/4 \$m | 2004/5 \$m |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Revenue | | | | | |
| Events | 4.86 | 4.38 | 4.97 | 5.42 | 4.87 |
| Corporate Box Licence Fees | 2.88 | 2.80 | 2.88 | 2.88 | 2.86 |
| Other | 1.09 | 1.22 | 1.31 | 1.06 | 1.08 |
| Amortisation of Capital Fundraising | 2.67 | 2.67 | 2.67 | 2.67 | 2.67 |
| Signage and Sponsorships | 1.22 | 1.40 | 1.47 | 1.54 | 1.54 |
| Interest Revenue | 0.10 | 0.19 | 0.21 | 0.27 | 0.22 |
| Total Revenue | 12.82 | 12.66 | 13.51 | 13.84 | 13.24 |
| Less Expenses | | | | | |
| Ticket Reimbursements | 1.85 | 1.64 | 1.75 | 1.63 | 1.87 |
| Operating Costs | 3.62 | 3.57 | 3.74 | 3.64 | 3.64 |
| Interest | 2.64 | 2.69 | 2.57 | 2.40 | 2.16 |
| Depreciation | 3.14 | 3.15 | 3.16 | 3.16 | 3.17 |
| Total Expenses | 11.25 | 11.05 | 11.22 | 10.83 | 10.84 |
| Net Surplus | 1.57 | 1.61 | 2.29 | 3.01 | 2.40 |

**PROJECTED STATEMENT OF FINANCIAL POSITION FOR THE FIVE YEARS
ENDING 30 JUNE 2005**

| | 30-Jun 2001 \$m | 30-Jun 2002 \$m | 30-Jun 2003 \$m | 30-Jun 2004 \$m | 30-Jun 2005 \$m |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Equity | | | | | |
| Retained Surpluses | 9.36 | 10.97 | 13.26 | 16.27 | 18.67 |
| Represented by: | | | | | |
| Current Assets | 4.18 | 4.16 | 4.35 | 4.24 | 2.66 |
| Less Current Liabilities | 2.98 | 2.93 | 2.87 | 2.88 | 2.88 |
| Working Capital | 1.20 | 1.23 | 1.48 | 1.36 | (0.22) |
| Fixed Assets | 121.64 | 118.78 | 115.93 | 113.07 | 110.05 |
| <i>Less Non-current Liabilities</i> | | | | | |
| Bank Term Loans | 33.65 | 32.15 | 30.15 | 27.15 | 23.15 |
| Corporate Box, Membership and Signage in Advance and Other Sundry Liabilities | 39.83 | 36.89 | 34.00 | 31.01 | 28.01 |
| Unsecured Limited Recourse Loans | 40.00 | 40.00 | 40.00 | 40.00 | 40.00 |
| Net Assets | 9.36 | 10.97 | 13.26 | 16.27 | 18.67 |

**SUMMARY STATEMENT OF CASHFLOWS
FOR THE FIVE YEARS ENDING 30 JUNE 2005**

| | 2000/1 \$m | 2001/2 \$m | 2002/3 \$m | 2003/4 \$m | 2004/5 \$m |
|--|---------------|---------------|---------------|---------------|---------------|
| Cashflows provided from operating activities | 10.03 | 9.47 | 10.31 | 10.51 | 9.90 |
| Cashflows applied to operating activities | (7.99) | (7.80) | (7.94) | (7.57) | (7.55) |
| Net cashflows from operating activities | 2.04 | 1.67 | 2.37 | 2.94 | 2.35 |
| Cashflows provided from Investing Activities | - | - | - | - | - |
| Cashflows applied to investing activities | (0.65) | (0.30) | (0.30) | (0.30) | (0.15) |
| Net cashflows from investing activities | (0.65) | (0.30) | (0.30) | (0.30) | (0.15) |
| Cashflows provided from financing activities | 5.65 | - | - | - | - |
| Cashflows applied to financing activities | (5.73) | (1.58) | (2.09) | (3.02) | (4.00) |
| Net cashflows from financing activities | (0.08) | (1.58) | (2.09) | (3.02) | (4.00) |
| Net increase (decrease in cash) | 1.31 | (0.21) | (0.02) | (0.38) | (1.80) |
| Interest Revenue | 0.10 | 0.19 | 0.21 | 0.27 | 0.22 |
| Opening balance brought forward | 1.60 | 3.01 | 2.99 | 3.18 | 3.07 |
| Cash at year end | 3.01 | 2.99 | 3.18 | 3.07 | 1.49 |

PROJECTED EVENTS SCHEDULE

| CONFIRMED | 2000/1 | 2001/2 | 2002/3 | 2003/4 | 2004/5 |
|--|---------------|---------------|---------------|---------------|---------------|
| Rugby Union | | | | | |
| - Test | 1 | 1 | 1 | 1 | 1 |
| - Super 12 | 4 | 3 | 4 | 3 | 4 |
| - NPC | 5 | 4 | 5 | 4 | 5 |
| - Other International | - | - | - | - | - |
| - World Cup | - | - | - | 2 | - |
| - Sevens Tournament | 2 | 2 | - | - | - |
| Cricket | | | | | |
| - Test | 2 | 2 | 2 | 2 | 2 |
| - One Day International | 2 | 2 | 2 | 2 | 2 |
| - Other International | - | - | - | - | - |
| - Shell Cup | - | - | - | - | - |
| Other Sporting Events | - | - | - | - | - |
| Other Stadium Events / Concerts | - | - | - | - | - |
| Exhibition Days | 10 | - | - | - | - |
| Total Confirmed | 26 | 14 | 14 | 14 | 14 |
| UNCONFIRMED | | | | | |
| Rugby Union | | | | | |
| - Other International | - | - | 1 | - | - |
| - World Cup | - | - | - | - | - |
| - Sevens Tournament | - | - | 2 | 2 | 2 |
| Cricket | | | | | |
| - Other International | 1 | 1 | - | - | 1 |
| - Shell Cup | - | 1 | - | 1 | 1 |
| Other Sporting Events | 5 | 4 | 5 | 4 | 4 |
| Other Stadium Events / Concerts | 4 | 4 | 4 | 4 | 4 |
| Exhibition Days | - | 12 | 12 | 12 | 12 |
| Total Unconfirmed | 10 | 22 | 24 | 23 | 24 |
| Grand Total | 36 | 36 | 38 | 37 | 38 |

KEY ASSUMPTIONS

CAPITAL RAISING

Financing

Current interest rates are:

\$15 million fixed at 7.15%
Balance floating up to 8.75%
Average for total borrowing 8%

Loan repayments are scheduled on:

| | |
|----------------------------|----------------|
| 30 th June 2002 | \$1.5 million |
| 30 th June 2003 | \$2 million |
| 30 th June 2004 | \$3 million |
| 30 th June 2005 | \$4 million |
| 30 th June 2006 | \$5 million |
| 30 th June 2007 | \$18 million * |

* Loan refinanced on 30 June 2007.

Signage

| | |
|------------|-------------|
| Year One | \$1,199,500 |
| Year Two | \$1,074,500 |
| Year Three | \$1,145,000 |
| Year Four | \$1,145,000 |
| Year Five | \$1,095,000 |

Annual signage properties available at the Stadium is currently valued at \$1,305,000.

Grants

Additional grants of \$175,000 a year for 3 years are obtained to finance improvements to Stadium that benefit the community.

Capital Expenditure

| | |
|----------------------------|-----------|
| 30 th June 2001 | \$650,000 |
| 30 th June 2002 | \$300,000 |
| 30 th June 2003 | \$300,000 |
| 30 th June 2004 | \$300,000 |
| 30 th June 2005 | \$150,000 |

Events

Events assumed to take place as set out on page 14 of the business plan.

Attendances

| Event | Attendance Numbers |
|------------------------------|--------------------|
| Rugby | |
| Tests | |
| Super 12 / Sevens | 25,634 |
| Special | 19,958 |
| NPC | 19,981 |
| World Cup | 30,000 |
| Cricket | |
| Test | 17,977 |
| ODI | 28,010 |
| Special | 15,151 |
| Shell Cup | 10,613 |
| League | |
| Test | 20,331 |
| NRL | 15,401 |
| Soccer | |
| International / Kingz | 12,526 |
| AFL | 12,526 |
| Concerts | 25,115 |
| Exhibitions (per day) | 10,000 |

Food and Beverage Spends

The following food and beverage spends are achieved:

| | Ground | Members – Dining | Members – Lounge | Boxes | Other |
|-----------------------|---------|------------------|------------------|---------|---------|
| Tests | \$6.50 | \$60.50 | \$26.40 | \$57.60 | \$48.00 |
| Super 12 | \$6.50 | \$60.50 | \$26.40 | \$57.60 | \$48.00 |
| RWC | \$6.50 | \$60.50 | \$26.40 | \$57.60 | \$48.00 |
| International Special | \$6.50 | \$60.50 | \$26.40 | \$57.60 | \$48.00 |
| NPC | \$6.50 | \$49.50 | \$26.30 | \$54.00 | - |
| Cricket Test | \$10.00 | \$49.50 | \$26.40 | \$29.60 | \$61.00 |
| ODI | \$10.00 | \$60.50 | \$26.40 | \$69.60 | \$61.00 |
| Rugby League Tests | \$6.50 | \$49.50 | \$26.40 | \$69.60 | \$61.00 |
| Soccer | \$5.25 | \$25.00 | \$10.00 | \$10.00 | - |
| Shell Cup | \$5.25 | \$54.00 | \$20.40 | \$54.00 | - |
| Other sporting events | \$5.25 | \$25.00 | \$10.00 | \$54.00 | - |
| Concerts | \$5.00 | \$49.00 | \$15.00 | \$36.00 | - |

Merchandise

Assume \$400,000 of sales at 12.5% which also assume Stadium shop and café opening in January 2001. Increasing by 40% per annum from June 2001.

Functions and Exhibitions

10 exhibition days in 2001 and 12 per year thereafter.
Food and beverage spend is \$1.50 per head.
\$15,000 rental per day.

Car Park

500 car parks available for the public.
350 pre sold on annual basis.
50% of the balance are occupied for each event.
Assume \$20,000 received annually for non-event day car parking.

Costs – Major Fixtures

Match day operating costs are budgeted in accordance with level of attendance.

Corporate Boxes

Agreement has been reached with Fletcher Construction Ltd on repurchase of the 19 boxes subject to the underwrite.

Signage and Sponsorship

Assumed 90% of annual signage contracts are renewed and payable in January each year.

Functions

The employment of a full time sales person will generate additional functions included in the budget.

Costs

Some costs relating to bus parking, traffic management and matches can be reduced.

ACCOUNTING POLICIES

1. STATEMENT OF ACCOUNTING POLICIES

Measurement base

The financial statements have been prepared on a historical cost basis.

Membership, Corporate Box and Sponsorship Funding

The development of the Stadium was partially funded by the sale of stadium club memberships, corporate boxes and signage and sponsorship properties. The term of the memberships and corporate box licenses is 15 years. The term of the signage and sponsorship agreements range from one year to ten years. Payment for these items has been received and recorded as revenue in advance. This funding is amortised as revenue on a straight-line basis over the term of the agreement. Amortisation of revenue from memberships and corporate boxes commenced from 1 January 2000. Where signage and sponsorship agreements were entered into prior to the opening of the Stadium, amortisation of revenue commenced from 1 January 2000.

Donations and Grants

Donations and Grants are recognised as revenue on receipt.

Income tax

The income tax expense charged against the net surplus for the year is the estimated liability in respect of that surplus and is calculated after allowance for permanent differences. The Trust uses the liability method of accounting for deferred taxation and applies this on a comprehensive basis. Future tax benefits attributable to tax losses or timing difference are only recognised when there is virtual certainty of realisation.

Because of the uncertainty over the tax status of the Trust (refer to Note 2), the deferred tax liability has not been recognised in the financial statements.

Goods and Services Tax (GST)

The financial statements have been prepared exclusive of goods and services tax (GST) with the exception of receivables and payables which are stated with GST included.

Fixed Assets

Fixed assets are initially stated at cost and depreciated as outlined below. Initial cost includes the purchase consideration, or fair value in the case of a donated asset, and those costs directly attributable to bringing the asset to the location and condition necessary for its intended use. These costs include, where appropriate, site preparation costs, installation costs and the costs of obtaining initial resource consents. Costs cease to be capitalised when substantially all the activities necessary to bring an asset to the location and condition for its intended use are complete.

Finance Leases

Leases where the Trust assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease are stated initially at an amount equal to the present value of the future minimum lease payments, and are depreciated as described below.

Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses in the periods in which they are incurred.

Depreciation

Depreciation is calculated on a straight line basis to allocate the cost or revalued amount of an asset, less any residual value, over its useful life. The estimated useful lives of fixed assets are as follows:

| | |
|--------------------------------------|-----------------------|
| Land | Indefinite |
| Pitch | Indefinite – 15 years |
| Stadium Buildings | 50 years |
| Replay screen & production equipment | 15 years |
| Fitout | 5-50 years |
| Fittings | 5-10 years |
| Plant & machinery & equipment | 3-50 years |

Investments

Investments are stated at the lower of cost or net realisable value, where this can be reasonably estimated. Where in the opinion of the trustees there has been a permanent diminution in the value of the investments this has been recognised in the statement of financial performance.

Receivables

Receivables are valued at anticipated realisable value. An estimate is made for doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified.

Financial Instruments

The Trust is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, money market deposits, debtors, creditors and loans. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the statement of financial performance.

APPENDIX I

STRATEGIC PLAN FOR FIRST FIVE YEARS – UPDATED APRIL 2000

Objectives:

1. To operate the best venue in New Zealand as measured by:
 - Patron Satisfaction
 - Match Allocation
 - Attraction of special events
 - Attendance
 - Return to hirers
2. To place Stadium in strong financial position.
3. To be recognised as a good neighbour by residents.
4. To increase event programmes by adding regular quality events so that the Stadium becomes a significant part of the region's entertainment scene.
5. Public accountability

Outcomes:

- Rugby League, AFL and Soccer events held on an annual basis.
- Regular attendance and consistently higher patronage than other NZ venues.
- Preferred venue for NZ Cricket, Rugby because of atmosphere – popularity with patrons.
- Events profitable to users to encourage bookings.
- Profitable Stadium with substantial debt reduction.
- No complaints from residents about management of noise, lights and parking.
- Seek to have a regular programme of events – 30 regular annual events within 5 years, excluding exhibitions.
- Fulfil all reporting requirements and keep public of the region informed of objectives and outcomes of operation.

Nature and Scope of Activities

Objectives:

Best Venue

- Ensure that quality management and administration of events, facilitates attendance by providing efficient booking, arrival, attendance and departure processes.
- Efficient delivery of high quality food and beverage service.
- Ensure that venue is profitable to hirers to encourage return bookings.

Outcomes:

- Provide quality, user friendly booking systems with easy access to the public.
- Good transport plans with publicity covering cars, buses, trains and ferries.
- No delays at entrances.
- Adequate supply of quality food beverages and merchandise with acceptable queuing times. Good crowd control and behaviour standards.

Objectives:

- Provision of regular event programs and quality fixtures that attract regular attendances from region.
- Ensure Wellington gets share of “superstars”.

Budget

- Maximise revenue.
- Manage costs.
- Maximise revenues from E Commerce opportunities.

Good Neighbour

- Manage crowd noise, parking and traffic in accordance with resource consent requirements.
- Encourage responsible behaviour by patrons arriving and leaving the venue.
- Be a pro-active participant in Community Liaison Group.

Event Programme

- Establish regular events programme.
- Work with principal tenants to attract additional major events.
- Encourage a regular home base for other sporting codes at the Stadium.
- Work with concert promoters to ensure high quality events at Stadium.
- Work with event promoters to ensure Stadium facilities are part of regular convention offering.
- Promote the venue specifically and as part of Wellington’s convention promotion.

Outcomes:

- Hirers profitability will come from higher attendances and public satisfaction with Stadium experience.
- Variety of program sports and cultural events catering for community needs.
- Ensure all business centres are maximising revenues and we share in those revenues.
- Good accounting systems to control costs.
- Efficient use of resources.
- Implement all requirements of Resource Consent.
- Communicate activities to residents.
- Residents and business operating in close proximity to Stadium are satisfied with Stadium management.
- Minimal affect from noise, parking and lights.
- Communicate with Rugby and Cricket and review requirements.
- Capitalise on opportunities for growth and discuss with other Codes particularly rugby league, soccer and AFL.
- Seek to have 6 concerts a year by 2003 – all high quality events.
- Tie in marketing opportunities with Totally Wellington, Te Papa and other Wellington venues.
- Attract major conferences to Wellington.
- Undertake professional marketing of venue to promoters in NZ and overseas. Ensure Stadium facilities are in convention centre promotions.

Cont’d

Objectives:

Public Accountability

- Fulfil all reporting requirements of the Funding and Trust Deeds.
- Fulfil all statutory responsibilities.
- Ensure timely reporting to the WCC & WRC.
- Obtain clean audit report.

Outcomes:

- Ensure that the processes are observed in such a way that the WCC, the WRC and the Wellington region public are aware of the Stadiums broad objectives and the outcome of its operations.