

ANNEXURE 15 MUNICIPAL ENTITY –
BUSINESS PLAN CTICC

2014/2015

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1. EXECUTIVE SUMMARY

"... you can't connect the dots looking forwards; you can only connect them looking backwards. So you have to trust that the dots will somehow connect in your future. You have to trust in something - your gut, destiny, life, karma, whatever." - Steve Jobs

At the CTICC we continue to draw inspiration from visionaries such as Steve Jobs. His approach of *'just making it perfect'* is one that continues to permeate all that we do.

It is amazing to think though, that we have already accumulated 10 years' worth of the 'dots', i.e. the *'big data'* and we are now able to, analyse and use our historical data to inform our decisions regarding our future; one that is filled with the promise of an expanded facility, technological advancements, which will pose new challenges and new opportunities, as well as the enhanced ability to continue to deliver on our mandate of creating economic spin-off for the City of Cape Town, the Province and our Country in general.

The financial year 2012/2013, as reported in the 2013 Integrated Annual Report, was the best in the first decade of the existence of the CTICC. A contribution of R2.99 billion to the national economy and a net profit of R27 million were recorded and there were many other highlights.

The results for the first quarter of the 2013/2014 financial year indicate that the abovementioned results could be surpassed. Forecasts for the remainder of the 2013/2014 support this view.

We agreed, towards the end of 2013 to bring our budgeting process forward, in line with the processes of our parent municipality, the City of Cape Town. We have, in this document, set forth those stated objectives which are relevant to the 2013/2014 financial year as also included in our Five Year Strategic Plan 2013 - 2018. This document could be viewed as the equivalent of the City's Service Delivery and Budget Implementation Plan (SDBIP).

In this document, we set forth our approach to understanding our clients' needs. We will be introducing new and innovative revenue streams, necessitated by the fact that revenue growth in respect of venue rental will at some point in the near future stagnate as a result of capacity constraints.

Innovation, along with our other values of passion, integrity and excellence, will continue to propel us into the future, underpinning our vision of being the best long-haul convention centre in the world, by 2020.

As a municipal entity, we are required to submit, along with our annual budget, a multi-year business plan that sets key financial and non-financial performance objectives and measurement criteria. The business plan also is required to align, and be consistent with, the integrated development plan (IDP) of our parent municipality i.e. the City of Cape Town (CoCT). The table below illustrates this alignment.

Table 1: CoCT IDP Focus areas vs CTICC Mission

	City of Cape Town 2012/2017 IDP Focus Areas	CTICC Mission Statements and Activities
1	<i>The Opportunity City</i>	
1	Economic Growth and Job Creation	<ul style="list-style-type: none"> - Maximizing economic impact and job creation through - Building a CTICC brand - Increasing turnover and market share - BBBEE procurement of not less than 50% - Partnering with business tourism role players - The expansion (CTICC East) - New strategic business opportunities
2	Infrastructure-led growth and development	The CTICC East expansion will effectively double the size of the existing operation, in order to service high levels of demand. The expanded facilities will further enable us to continue to drive the economic multiplier effect.
3	Promote a sustainable environment	We have Become a world leader in sustainability through the commitment of a dedicated team of staff members and partners, who place sustainable business practice at the top of every agenda.
4	Leverage assets to drive economic growth	The CTICC's raison d'être is to contribute and in fact, drive economic impact and job creation, and we have successfully delivered on this mandate year-on-year.
5	Training and skills development	We focus on Building capable and quality staff through a constant focus on rewards and recognition, mentorship, and financial and physical wellness. Service excellence is further enhanced through continuous innovation of technology and processes.
2	<i>The Safe City</i>	Not applicable
3	<i>The Caring City</i>	Not applicable
4	<i>The Inclusive City</i>	We contribute to transformation by consistently meeting and exceeding the legal requirement of spending no less than a 50% on BBBEE suppliers.
5	<i>The Well-run City</i>	<ul style="list-style-type: none"> - Compliance with the MFMA and other legislation - Adherence to the principles of King III Code on Governance - Adequate risk identification and management processes - Obtaining clean, unqualified audits

As a results-driven organization, much emphasis is placed on attainment of targets, firstly at an organisational level, and then cascading down to departmental and finally individual performance. Our system of performance management is integral to achieving both our financial and our non-financial targets. Our Company's performance is measured by the City of Cape Town against a set of Key Performance Indicators (KPIs). These are agreed between us and the City on an annual basis. The table following illustrates the agreed KPIs for the financial year 2014/2015:

Table 2: CTICC's Key Performance Indicators

Category		Measurement	Reporting Interval	2013/14	2014/15	2015/16
1	Events	Number of events hosted compared to budgeted target	Quarterly	500	500	500
	Events	Number of international events hosted compared to budgeted target	Quarterly	32	32	32
2	Human Capital Development	Actual cost of training of permanent and temporary staff as a percentage of total salary cost	Quarterly	5%	5%	5%
3	Customer centricity and service excellence	Rating achieved in independent customer satisfaction survey	Quarterly	75%	75%	75%
4	Procurement	Percentage procurement from BBBEE compliant suppliers (in terms of BBBEE Act 53 of 2003) (minimum of 50%)	Quarterly	50%	50%	50%
5	Budget					
	- Operating Profit	Achieve or outperform budgeted operating profit	Quarterly	100%	100%	100%
	Capital Projects	Number of capital projects for year completed or committed	Quarterly	80%	80%	80%
	- Capital Expenditure	Spend of Capital Budget (excluding expansion) ensuring that the five star standards are maintained	3 rd Quarter	Five Star Tourism Grading Council	Five Star Tourism Grading Council	Five Star Tourism Grading Council
6	Governance					
	External Audit Report	Unqualified Clean Audit Report	2 nd Quarter	Unqualified Audit Report for 2012/2013 financial year	Unqualified Audit Report for 2013/2014 financial year	Unqualified Audit Report for 2014/2015 financial year
	Minimum Competency Level	Number of senior managers registered for MFMA Competency Course	Quarterly	N/A	N/A	N/A
	SDA Corporate Governance Checklist	Completion and timeous submission of legislative checklist	3 rd Quarter	Completed Checklist	Completed Checklist	Completed Checklist

7	Sustainability	Global Reporting Initiative	Annually	GRI Report	GRI Report	GRI Report
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2. 'LANGUAGE'

2.1 Brand Values

Our values of **Passion, Integrity, Innovation** and **Excellence** form the backbone of our business processes, our framework of compliance and the customer centric teamwork on which we pride ourselves.

2.2 CTICC Ethos

Through careful analysis of all of the points of integration across our various departments and activities, it becomes possible to create the seamless customer experience that our clients expect. Through a greater understanding of what our business stands for we are better equipped to create innovative customer experiences.

**Common traits of successful businesses are: a strong vision; continued innovation; the ability to recognize and seize opportunities; a passion for change and, importantly, a customer centric strategy. It is therefore important to appoint employees who have both the right aptitude and attitude, and entrenching a culture of service excellence through continuous training and motivation.*

Customers expect value for money. We see this as a high quality product coupled with superior customer service and the creation of memorable experiences. (This is generally referred to as experiential value.)

In the Experience Economy, experiential value becomes the differentiator, which delivers numerous competitive advantages, amongst others the following:

- *High levels of customer satisfaction;*
- *Increased customer loyalty;*
- *An increased willingness by customers to pay more;*
- *Positive word-of-mouth advertising;*
- *Growth of an organisation's customer base;*
- *Enhancement of the organisation's image; and*
- *The ability to 'stand out from the crowd'.*

*Pine, J. and Gilmore, J. (1999) *The Experience Economy*, Harvard Business School Press, Boston, 1999

The Progression of Economic Value proposes that customers have expanded their expectations to include positive experiences, and that quality goods and superior service must be further augmented through the addition of value in new ways, if a company is to differentiate itself from its' competitors.

The 'CTICC language' has most recently also been influenced by Apple's management philosophies, which are described in a book by Carmine Gallo entitled, *The Apple Experience*. In it, communications coach Gallo explains the vision and values behind the success of Apple.

Apple's philosophy revolves around enriching lives and not around the sale of products. We have adopted the three key customer service concepts that flow from this. The first step to customer satisfaction is to inspire employees. We want our employees to buy into our vision. They must be passionate about exceeding expectations and creating a superior experience for our clients.

The second step centres on building relationships with customers. To achieve this, employees must know how to interact with clients.

The third step focuses on presentation. Products must be clearly presented. This starts with the explanation of our processes to our clients when they book an event. Attention to detail is important in achieving our vision.

We have applied the Apple philosophy to our business and the consequent *mind-shift* has heralded the arrival of our new company ethos of 'connecting people through exceptional experiences'. This ethos will propel us through the next 5 years and beyond.

3. COMMERCIAL DEPARTMENT

3.1 Marketing

3.1.1 Love Brand Methodology

Our marketing department's focus on entrenching the 'love brand' methodology (which is aimed at creating an emotional connection between our CTICC brand and the public) during the 2013/2014 financial year will spill over into the 2014/2015 financial year, with fresh visuals being rolled out from 1 July 2015. The entrenchment of this methodology takes time and, while we've achieved a measure of success in this regard, our brand is still mainly associated with our usual market segments. We are still regarded as an exclusive venue, which is out of reach for smaller corporates and events such as weddings, banquets and matric balls. While the hosting of such events is not our core marketing focus, they are integral to entrenching CTICC as a "love brand" in the hearts and minds of the public in general. We envisage that it could take up to three years before CTICC is fully entrenched as a 'love brand' and we have just completed our first year. Constant monitoring of ROI generated by our campaigns remains ongoing.

3.1.2 Digital Approach

In order that we remain ahead of the curve regarding technological and marketing trends, we have aligned our 2014/2015 marketing strategy to focus on activations in the online arena, as opposed to the traditional media (i.e. television, radio, printed and standard online media). We believe that this will capture the attention of consumers and ultimately persuade them to hold their events at the CTICC. Interactively engaging our target audience has proven to be more beneficial than the traditional static, prescriptive marketing methods.

3.1.3 Advertising Approach

Although we have shifted our focus to the online media in line with the general trend, we will continue to advertise in the printed media albeit on a smaller scale in order to reach those who prefer printed media.

A Placement Plan will be developed early in 2014 to ensure that our advertisements feature in the right publications, in terms of the current return on investment (ROI).

3.1.4 Campaign Approach

Our 'Extraordinary Experiences' campaign, which was launched in June 2013, is aimed at making the CTICC stand out from its competitors and to create aspirational value, which ties in with our previously mentioned brand methodology. The advertisements forming part of this campaign were developed to target:

- Corporates

- Special events
- Film & media
- Conferences & congresses
- Government
- Exhibitions and trade fairs

This campaign, although originally designed for the printed and other traditional media, will have a new interactive online component, aimed at measuring its impact on our target market. A significant portion of the advertising budget i.e. 60% is therefore allocated to online advertising and only 40% to print advertising.

We are considering tracking the exposure of our printed advertisements to enable us to determine

3.1.5 Activations 2014/2015

The following activations will be implemented during 2014/2015:

- Content Marketing;
- Image-Centric Marketing;
- Digital Marketing;
- Specialised Campaigns.

Our marketing activations are now 'conversations' enabling us to understand our clients in order to meet their *actual* needs and not their *perceived* needs.

3.2 Corporate Communications

In order to build brand loyalty and enhance brand awareness of the CTICC, it is essential that our communication strategy is closely aligned to our marketing strategy. The CTICC's communication strategy is therefore geared at delivering personalized and customized communication for its intended market.

It is essential that we bring the brand essence of opportunity and exceptional experiences to life in all of our communication initiatives. The communication mix therefore includes print, digital, direct marketing, stakeholder engagement and both above, and below the line advertising.

3.2.1 Key Digital Marketing and Communication Trends

Digital communication is superseding traditional communication and changing the way in which people interact. 'Brand audiences' are increasingly found online and the CTICC's communication strategy is geared at meeting the needs of our online audiences and influencers in order to build brand loyalty and increase brand awareness.

With the advent of social media rapidly changing the way people communicate and interact, "curating" the client's experience becomes pivotal. A strategic focus area for us in the 2015 financial year will be to develop specialised communication aimed at, effectively engaging with the centre's target markets, through creating experiences.

For the 2014/2015 financial year our key communication objectives are therefore:

- To effectively communicate the CTICC brand essence of opportunity and exceptional experiences to the relevant target markets in order to position CTICC as the best long haul international convention centre by 2020, and create top of mind awareness;
- To drive more interactive and customised communications, which connect with each of our target market segments, and which provides two way communication platforms to enhance business processes and to enable us to be more responsive to our clients' expectations;
- To create customer loyalty through building and strengthening relationships between the CTICC and its intended target markets with the core aim to position CTICC as a 'love brand';
- To increase our market share through developing 'viral communities' and implementing an aggressive social media strategy;
- Improving internal communication through the addition of new communication channels.

The initiatives set out hereafter are aimed at achieving the abovementioned objectives:

- Utilising the website as a commercial tool - Our website will be used as an advertising tool to generate additional revenue. Various aspects of the CTICC website will be designed as saleable space, for our clients and suppliers to promote their events and services. This will not only create an additional revenue stream but will also increase traffic to the website.
- Curating Customers' Digital experience - A large part of the website design will be based on a social media platform and all content and functionality will be geared toward social sharing and contributing to a total experience.

This would include:

- Creating real time video galleries to promote video sharing. To promote our cuisine offerings, demonstrative cooking videos will be created, where clients can actually witness the chefs in action;
- Video event case studies which can be used to showcase the flexibility and diversity of the centre. Through creating a dedicated CTICC YouTube channel, we can showcase its service offerings;

- Creating interactive press releases. This would entail embedding multimedia elements such as video into traditional press releases. This would afford users with a complete sensory experience and provide more detailed information;
- Enhancing the CTICC's Loyalty Card Programme - A key focus will be to enhance the centre's current loyalty card offering through creating more value add service offerings.

3.2.2 Internal communication

A strategic focus area will be to enhance our internal communication processes. During the 2014/2015 financial year, the Corporate Communications division will work closely with the Human Resources division to implement innovative new communication platforms to engage with staff. Initiatives planned include developing a quarterly staff newsletter, utilizing desktop messaging and screensaver alerts.

3.2.3 Stakeholder relations - loyalty card programmes

Work will start during the 2014/2015 financial year, on developing a loyalty card programme, utilising technology to create a personal user experience. This will be aimed at rewarding clients for hosting their events at the CTICC and utilising our products and services.

3.3 Sales

3.3.1 International Sales

Company KPIs 1 and 2 on the matrix included above, are impacted by the activities listed in this section. Our 'raison d'etre' is to increase economic spin-off for the City, Province and Country. International association conferences are the ultimate means of achieving this.

Our international target market comprises associations, corporate organisations and government departments and agencies. Our main focus is on International Associations. Bidding for International Association conferences is a key component of this market segment.

Our International Sales Department has the following four objectives for 2014/2015:

3.3.1.1 Leveraging off synergies with the Cape Town Convention Bureau, South African National Convention Bureau and the City of Cape Town

Due to the bidding structure for international associations, bids are prepared by Convention Bureaus and in the case of Cape Town, the Cape Town Convention Bureau with support provided as and when necessary by the recently established South African National Convention Bureau as and when necessary.

The City of Cape Town plays a pivotal role in the bidding process of 'subvention bids', (i.e. bids requiring sponsorship). It is important that the strategies of the various role players (i.e. the Cape Town Convention Bureau and the City of Cape Town) are aligned with ours. To this end meetings will be held with the relevant stakeholders and KPIs will be aligned.

As research is fundamental to securing International Association conferences, a concerted research strategy will be developed in conjunction with the Cape Town Convention Bureau to avoid duplication.

3.3.1.2 Increasing the number of CTICC Ambassadors

The CTICC Ambassador programme was established in January 2013. The programme is designed to encourage our so-called 'ambassadors' (who are usually former clients, who are association executives and academics) to promote Cape Town and the CTICC through work with peers in their fields/industries to secure future association conferences for Cape Town. Our aim is to recruit ten new ambassadors during the 2014/2015 financial year. To this end we will approach academics/association executives who have previously been involved in winning bids since they have an understanding of what is required in a bidding process. We will also conduct research into similar programmes of other long-haul convention centres such as Singapore (200 Ambassadors), Melbourne (120 Ambassadors) with the aim of enhancing our programme. As the South African National Convention Bureau is planning to launch a national Ambassador programme in 2014, synergies will need to be identified in order to avoid approaching the same academics/association executives.

3.3.1.3 Lead generation for International Association Conferences

Our market research during the 2014/2015 financial year will include our new target markets of India, China and Africa. We will conduct market research on those corporate events in respect of which there is no consolidated database available and which are consequently more difficult to research.

We will appoint a new employee whose main focus will be the generation of leads. The additional capacity which will become available once our planned expansion is completed will enable us to accommodate an increased number of international conferences. Lead generation will be a vital component of achieving the increased number of conferences stated in our Expansion Business Case.

We will conduct market research on African Association meetings with the aim of capitalizing on the apparent increase in the prominence of regional African meetings.

3.3.1.4 Publication of Venue Rental Rates

We currently publish our venue rental rates on our website and in and in marketing brochures. As of 2015 we will no longer publish our venue rental rates. This will enable better yield management.

3.3.2 National Sales

3.3.2.1 National Conferences, Exhibitions, Trade Fairs & Special Events

As stated above, our venue rental rates will no longer be published from 2015 onwards. This is in line with international best practice. It will enable us to optimise venue rental through yield management, aimed at yielding higher rates on the most sought-after venues, during periods of high demand. We will develop a comprehensive yield management strategy. This will ensure that over high demand periods, maximum revenue is generated.

3.3.2.2 New Possibilities

To increase the number of events hosted and to maintain diversity of event types, we will be investigating the possibility of managing events at offsite venues such as the Cape Town Stadium. We have successfully hosted offsite events in the past.

3.3.2.3 New Show Creation

Research will be conducted on show creation models which would enable us to create our own sustainable exhibitions and special events, such as those implemented by Amsterdam RAI. We believe that this would not only increase the number of events hosted, but will also address gaps in the market. We will investigate the possibility of doing this in conjunction with an experienced partner.

3.3.2.4 National Conferences & Other Events

We will be enhancing our relationships with our clients and levels of satisfaction by implementing cross functional teams to reduce the impact of 'handovers' in the sales process. For short term bookings (3 months prior to an event), employees in the Sales Department will receive training on our systems and processes. They will be 'up-skilled' and enabled to deliver a seamless experience for our clients. Sales employees will become more proactive. We aim to enable employees to anticipate our clients' needs and exceed their expectations. We will continue to host Client Relationship Management (CRM) events for our loyal clients.

3.3.2.5 Banquets

A very successful banqueting campaign was implemented during the 2013 calendar year, which resulted in a positive Return on Investment. The campaign helped us by entrenching CTICC as a 'love brand'. It made the CTICC accessible to the general population of Cape Town and to persons who would otherwise not be able to attend an event at the CTICC. Due to the success of this campaign, we will introduce a series of campaigns focused once again, on this market segment.

Due to high occupancy levels of the ballroom, it has become necessary to use our exhibition halls to accommodate banquets. Clients are hesitant to book our exhibition halls for banquets due to increased costs. To address this challenge, a special banqueting package will be developed for rental of our exhibition halls.

3.3.2.6 Film Shoots

We aim to increase the number of film shoots taking place at CTICC through collaboration with the Cape Film Commission.

3.4 Event Management

3.4.1 Revenue Generation, with a focus on retention of current revenue streams

Our Event Management Department is constantly exploring possible new revenue streams with the aim of increasing revenue while also improving our clients' experiences.

We will conduct research to determine what other convention centres offer their clients and what the market requires.

The initiatives planned for the 2014/2015 financial year include:

- The hosting of a Supplier Day in conjunction with our Operations Department aimed at introducing our clients to our service providers;
- Enhancing our package deals through the inclusion of public liability insurance and emergency medical services;
- Maximising revenue from food and beverage sales;
- Exploring technological means of streamlining event communication such as mobile sites and applications.

3.4.2 The use of Technology to enhance our Clients' Experience of the CTICC

It is important that our Events Department remains abreast of technological advancements and that they are aware of new technologies, which could enhance their experience at the CTICC.

We will be exploring the following possibilities:

- Online menu engineering - utilising our website to offer clients an interactive experience in customising their menus;
- Creating a photo library for our Catering Department, with pictures & video clips of our chefs in action in our kitchens;
- Reviewing and improving our EBMS function sheets to make them more user friendly;
- Researching new public catering models in conjunction with our Catering Department.

3.4.3 Retention of existing 'Repeat Clients' and growing their Portfolios

Our Events Department has been responsible for the smooth management of all repeat events since July 2012, from the booking phase onwards.

We will, during the 2014/2015 financial year focus on ensuring the retention of existing repeat events and the conversion of between 5 to 10 percent of new events, to repeat events. We have, to this end, identified the following four key objectives:

- The development of a special pricing model for repeat clients;
- Regular interaction with our Business Strategy department;
- Restructuring of the department to enable increased efficiencies;
- Defining 'repeat events'.

3.4.4 Industry-specific Training and Development

New training interventions are continuously considered by the department. The following training and development initiatives will be pursued during the 2014/2015 financial year:

- Engagement with the local industry, SAACI and EXSA;
- Sustainability Training ;
- Site inspections of other conference facilities and innovative restaurants to glean new ideas and inspiration
- On-the-job training;
- Exploring guest lecturing opportunities with the local academic institutions that offer event management courses.

4 OPERATIONS DEPARTMENT

Our Operations Department is responsible for service delivery and the maintenance of our facility to ensure that it meets the world-class standards that our brand promises and our clients have come to expect. We have expanded our focus to include various revenue-generating activities. Some of these are form part of our Key Performance Indicators for the 2014/2015 financial year. They are customer-centricity and service excellence, operating profit, capital projects and capital expenditure.

4.1 Technical Services Department

4.1.1 Revenue Generation and Cost Reduction

4.1.1.1 Parking – P1 Expansion

There has been an increase in the demand for parking during peak times at the CTICC, which we cannot currently meet due to capacity constraints. We consequently utilise an overflow parking facility located at the V & A Waterfront during peak periods (e.g. when we host exhibitions and trade fairs at the CTICC).As this is not ideal, we are planning to expand our P1 parking facility by adding a seventh level of parking on top of the existing structure. This will generate additional parking revenue and enable us to honour our agreement with Media 24 to provide them with parking during the construction of CTICC East.

4.1.1.2 Exhibition Services

a) Appointment of a Safety Officer

The municipal bylaws of the City of Cape Town require that all events at which structures are erected must appoint a safety officer for the duration of the event. We currently utilise the services of service providers such as Event Safe and Bidvest Magnum to provide this service but have decided that it is necessary to appoint a qualified person as an employee of CTICC to fill this role. This will generate additional income for CTICC as well as expand our service offering.

b) Event Permit Application Services

The City requires organisers of events attended by two thousand or more persons to apply for a special Event Permit. We currently apply, on behalf of certain clients, for the necessary event permit allowing them to host their events at CTICC. We will in future offer this service at a charge to all our clients as well as to persons not utilising the CTICC thereby creating a new, previously untapped revenue stream.

c) Drafting of floor plans

We require that our clients submit the floor plans of their events to us for approval to ensure compliance with various laws and regulations. We currently spend a significant amount of time on amending and resubmitting our clients' floor plans for the necessary approval. Our clients are often dissatisfied with the subsequent delays.

We will have developed software solutions to address this and are currently processing between two and ten floor plans per day.

d) Supply of carpets

We will purchase 3000 square metres (the size of our hall 4A) of grey carpet tiles. We will sell this service to organisers of mainly banquets and smaller conferences who require one exhibition hall. Hall 4A is our largest exhibition hall at 2982 square metres.

e) Provision of electrical services

Significant savings have been realised through insourcing the provision of electrical service. We will be providing electrical services (such as the installation of distribution boards), thereby generating additional revenue. We aim to gradually expand this service as our capacity increases.

f) Marshalling Yard Controller

We have experienced challenges such as congestion caused by exhibitors parking in our marshalling yard for longer than the allowed period at a time. We will therefore be appointing a Marshalling Yard Controller to manage this and we will charge exhibitors a time based fee for parking in our marshalling yard.

g) Logistics Service Provider

The existing freight forwarding service providers charge a fee of R10 000 per event for freight services and they take full control of our marshalling yard. The opportunity will be put out on public tender and the tender will stipulate that the successful bidder shall pay commission of 15% of their fees charged to clients to CTICC. The service provider will be required to work closely with our Marshalling Yard Controller to be appointed.

4.2 Food and Beverage Department

Our Food and Beverage Department has the following five key objectives for the financial year 2014/15:

4.2.1 Investing in People and 'Up-skilling' Employees

A monthly skills enhancement program will be embarked upon to address the training needs in the department. An on-the-job mentoring programme which focuses on improving the skills of learners will be launched.

Increased emphasis will be placed on specialized training and responsible recruitment to ensure that only candidates with the right attitude and a passion for their work are appointed.

4.2.2 Creating Memorable Customer Experiences

We continuously strive to create a product offering that it is consistently excellent. To this end we will focus on:

- Ensuring that our cuisine and service offering is consistently of a high standard by implementing stringent quality control measures; Ensuring that our clients feel that they received good value for their money;
- Exceeding our clients' expectations by surpassing the benchmark for customer satisfaction in cuisine;
- We will test this through our Customer Satisfaction Surveys;
- We will improve our public (risk) catering by introducing new freestanding units to create a market feel.

4.2.3 Creating a Productive and Innovative Culture

We aim to increase levels of productivity through the improvement of workplace culture by motivating and inspiring our employees through the following interventions:

- We will introduce four speciality chefs whose role will be to inspire our employees through 'creating their magic' and by adding value through authenticity to our cuisine collection; we will implement a Kitchen/Food Library. Our chefs will be required to utilise this to create new dishes on a monthly basis for potential inclusion in our cuisine collection. Monthly menu tastings will be held;
- We will further investigate possibilities regarding off-site catering.

4.2.4 Encouraging Innovation and the Use of Technology

Below are a few possibilities that we will be investigating in the 2014/2015 financial year:

- Utilising iPads to display our Coffee Shop menus instead of traditional menus;
- Introduction of cashless transactions;
- Rolling out our new biometric access control system to the staff canteen;
- Utilising barcoded stock receiving systems - for procurement and stocktake along with selling goods for risk catering events;
- Adding a Kiosk in P1 – this will be an additional revenue stream but will be operated based on business levels;
- Introducing scale printers ('Harvest tables') – to enhance sales and stock control processes for public/retail catering.

4.2.5 Sustainability

We will, in the 2014/2015 financial year:

- Continue to reduce waste through proper manager of waste from source and increase awareness of the advantages of waste separation;
- Continue to purchase vegetables from local sustainable suppliers of fresh produce;
- Introduce metering of the electricity supply to our kitchens;
- Implement 'green check lists' to be completed by our suppliers;
- Eliminate the use of plastic water bottles;
- Introduce a new water filtration system in our coffee shop;
- Introduce water dispensers for the conference rooms.

4.3 Facilities Department

The following initiatives will be investigated, and implemented during the 2014/2015 financial year if we find them to be viable after doing the necessary cost/benefit analyses:

4.3.1 Procuring a Marquee Tent

Substantial costs are incurred when additional kitchen facilities are required for larger. These costs will be significantly reduced if we purchase our own marquee tent. The cost will be offset through renting it out as and when possible.

4.3.2 Purchasing our own Decor

The procurement of our own décor will be considered as potential new revenue will be considered.

4.3.3 Purchasing Electronic Registration Desks

The procurement and renting out of registration desks incorporating digital signage to our clients will be considered.

4.3.4 Upgrade of Scullery

The following improvements to our scullery will be effected during the 2014/2015 financial year:

- The implementation of an automatic pot washing system;
- The installation of an extractor fan, which will reduce maintenance on the scullery ceiling, which currently needs to be done every three months.

5 HUMAN RESOURCES

To enable us to remain an employer of choice, it is important that we continue to build on our 2013/2014 objectives of attracting employees of a high calibre, retaining high calibre employees, providing focused training and development for all our employees, offering affordable employee benefits and competitive remuneration, within a safe and working environment. Human Capital Development is one of our Company KPIs.

- To enable us to attract the best calibre employees, we will continue to provide competitive market related remuneration and affordable benefits, while aligning recruitment processes to best practice;
- We will retain employees by providing competitive market related remuneration, holistically structured wellness initiatives, and through offering development opportunities to our employees. We will also retain employees through the provision of safe and compliant working environment, where our leaders are developed to effectively lead their teams;
- We will continue with our Experience Academy training. Training needs are identified per department and Individual personal development plans will be drawn up for all employees. Internship and 'learnership' opportunities will again be offered in 2014/2015;
- We will continue with communication regarding our employee wellness campaigns;
- We will continue with our 'Employee Rewards' programme through our monthly and annual employee rewards, acknowledging exceptional performance;
- We will continue to ensure compliance with all applicable legislation;
- We will continue to develop and update our company policies to ensure that they are aligned with legislation and best practice and to make employees aware of our policies.

5.1 CTICC Bursary

During 2014/2015 we will investigate the possibility of providing bursaries, mentorships and vacation work to underprivileged youths, who wish to enter the hospitality industry.

5.2 MY CTICC Mentor Programme

We will encourage our managers to mentor students.

5.3 Employee Wellness

5.3.1 Financial

We will embark on an Employee Assistance Programme (EAP), including the facilitation of debt counselling, budgeting and financial planning advice as well as assistance with the completion and submission of tax returns to help employees to make informed decisions about their financial affairs.

5.3.2 Physical

We remain committed to enhancing the physical wellness of our employees and we will be establishing, in addition to the CTICC Soccer team, a CTICC cycling team to take part in the Annual Cape Argus Cycle Tour, amongst other activities.

5.4 Project 36

National Treasury has designed, as part of a broader skills development initiative in support of the Municipal Minimum Competency Regulations, Government Gazette 29967, of June 2007, a Minimum Competency Levels Training course, to which CTICC key staff members are enrolled. This course is presented by the School of Public Leadership, University of Stellenbosch and will have the dual benefit of not only ensuring compliance, but also develop the individual skills of each staff member.

6 FINANCE AND SUPPLY CHAIN

Our finance department is a service support department to the CTICC. The department's core focus is to provide a daily finance function to the organization, which includes supply chain management. The department provides support for the various revenue streams by ensuring that monies are collected from clients and by paying suppliers/subcontractors for purchases as well as for services rendered. Although CTICC operates as a commercial entity, it is a Municipal Entity - the City of Cape Town holds the majority of the shares in the Company. We therefore have to adhere to the Municipal Finance Management Act and other legislation affecting Municipal Entities and State Owned Companies.

KEY OBJECTIVES

The Finance function is split into two key areas namely financial management and supply chain management. These two divisions function separately and duties are adequately segregated.

6.1 Supply Chain Management

6.1.1 Procurement from BBBEE compliant suppliers

One of our Company KPIs is that at least 50% of all goods and services procured by us must be procured from BBBEE compliant suppliers.

The amended Codes of Good Practice in terms of Broad Based Black Economic Empowerment, which will come into effect during October 2014. This will have the effect that it will become more difficult for us to maintain our current BBBEE rating as the targets have been set higher.

6.1.2 Green Procurement

We have implemented 'Green Procurement' at the CTICC; it means promoting environmental sustainability through responsible procurement processes. We will continue to include this under the functionality criteria of tenders as and when possible.

6.1.3 Enterprise Development and Empowerment

We will be implementing annual workshops for small and medium and micro enterprises (SMMEs) aimed at increasing competition and helping us to main our current Level 2 BBBEE score. We will compile a user friendly booklet in which we will clearly explain our procurement procedures and processes. An online version will be placed on our website.

6.2 Financial Management

6.2.1 Working Capital Management -Creditors

- a) Early payment of small, medium and micro enterprises.
- b) We will pay small, medium and micro suppliers (i.e. suppliers with a turnover below R5 million) suppliers within 15 days from statement to in support of enterprise development.
- c) These enterprises rely on a steady cash flow in order meet their financial obligations. Implementation of a payment control system for CTICC East during the construction phase.

The CTICC East expansion project had previously been put on hold but was recently reactivated. We anticipate that number of payments relating to the construction of CTICC East will increase exponentially in the next year. We will implement controls in order to monitor and control these costs and to ensure that all costs are in line with the relevant budgets, that the prescribed procurement processes have been followed, and that all invoices are duly authorised. This will require the co-operation of all parties involved with the CTICC East expansion.

6.2.2 Working Capital Management - Debtors

6.2.2.1 Credit reference checks

When contracting new business, we have not in the past checked our clients' credit history. This places the business at risk as the CTICC has no background information on clients who may default on payment, and then cannot be traced. The use of a credit rating company would decrease this risk and improve service delivery within the finance department.

We will implement credit vetting of clients prior to contracting with them through a credit vetting agency. We will be contracting TransUnion to perform this service. Credit vetting requires the consent of the potential client at the initial point of contact. Our Finance and Commercial Departments will therefore have to work closely together in this regard to ensure the success of the initiative.

6.2.2.2 Real-time Invoicing

In prior years, the turnaround time for client invoicing was as high as 7 days from the close of an event. The current average is approximately 1 day. In order to further streamline our processes we intend generating an invoice immediately after the close of an event. Achieving this objective will require interdepartmental co-operation.

6.2.2.3 Client

Debt recovery attempts have at times been unsuccessful due to the finance department not having sufficient client information. This includes the company registration number, list of directors, physical address etc. This information can easily be obtained by implementing a client vendor form to be completed prior to contracting with a client.

The success of the implementation of this measure will depend upon the co-operation of our Sales- and Event-Co-Ordination Departments.

6.2.3 Cash Flow Management

a) Optimize interest yield in line with policy.

The Municipal Finance Management Act, 2003 (Act No. 56 of 2003) requires that a municipal entity have an appropriate and effective cash management and investment policy within which the Municipal Entity must:

- (i) Conduct its cash management and investments, and
- (ii) Invest money not immediately required in accordance with any framework which may be prescribed.

The CTICC has an investment policy which is consistent with this Act and all surplus cash is invested in higher interest yielding investment accounts in order to maximise interest earnings. The introduction of low risk investments that maximise interest earning potential and comply with the CTICC Investment policy will ensure that the CTICC is fully utilising the interest earning potential of surplus cash.

6.3 Financial Reporting

a) Timeous Financial Reporting

The provision of accurate and timeous reporting to CTICC Management, the Board of Directors and the City of Cape Town is a key function of our Finance Department, which aims to achieve the following during the 2014/2015 financial year.

- Generating Management Reports by the fifth working day of each month;
- Generating reports required by the City by the seventh day of each month;
- Distributing Quarterly Reports to the Audit Committee and Board of Directors at least one week prior to the scheduled meetings;
- Submitting budgets and draft Business Plan to the City by 31 January each year;
- Obtaining Board Approval of our final budget for the following year by February each year.

Our Finance Department requires the support of the Board, Executive Management and the Leadership Team in order to achieve these deadlines.

6.4 Audit

a) Achieving an Unqualified “Clean” Audit

One of our KPIs is the achievement of an Unqualified Clean Audit Report. We aim to consistently achieve this.

b) Efficient Execution of Internal Audit Plan

Efficient execution of internal audits as per approved internal audit plan will focused on.

Internal Audit will remain an outsourced function. The main purpose of internal audit reviews is to identify weaknesses in controls to enable us to institute remedial action and improve our control environment.

The Internal Audit Plan is approved annually. We have however, already identified possible areas to be reviewed during the 2014/2015 financial year. These form part of our Three Year Plan, which was approved by our Audit Committee at its' meeting held on 21 August 2013:

Anticipated Projects	Overall risk area based on factor approach	2013/2014	2014/2015	2015/2016
Risk assessment update	Update	✓	✓	✓
Governance and compliance				
Management letter follow up	Follow up	✓	✓	✓
Board effectiveness review	Consultancy	✓		
Predetermined objective audit	Limited/Process documentation	✓		
Business Processes				
Revenue and sales audit	Full Review		✓	
Budget and cost modelling audit	Full Review		✓	
Fixed assets	Limited Review	✓		✓
Cash management audit	Full Review			✓
Supply chain management	Full Review		✓	
Temporary staff audit	Full Review		✓	
Human Resource management	Limited/Data Analytics	✓		
Inventory Management	Full Review	✓		✓
Maintenance Expenditure	Limited		✓	
Information Technology				
General Computer Controls Review	Full/Follow up Review	✓	✓	✓
Special Risk Areas				
Capital Project Adequacy Review	Full Review		✓	
Contract Management	Adequacy Review	✓		
ROI on Marketing and Commercial Spend	Consultancy			✓

Table 3: Internal audit

Although we outsource our internal Audit function, our Finance Department conducts quarterly audits as well as 'spot checks' of areas identified by Management where there are possible weaknesses in controls or non-compliance with processes and procedures. We will continue to perform these reviews on a quarterly basis.

c) Monitoring and Updating of Annual Risk Assessment and Quarterly Updates to the Audit and Board Committees.

Risk management entails the proactive identification of factors which may adversely impact the achievement of our strategic and business objectives and then managing, monitoring and reporting on these risks. Good risk management is not about eliminating or avoiding risks altogether, but rather taking acceptable risks and managing them well.

We ensure that risk to our business is adequately managed through conducting internal audit reviews and the Annual Risk Identification Workshop mentioned above as well as quarterly updating our Risk Management Action Plan.

6.5 Projects

The following projects are planned for the 2014/2015 financial year:

- 6.6.1 Improving the fixed asset management control environment;
- 6.6.2 Monitoring of Cash payments made to CTICC East Tenders
CTICC East contracts will require close monitoring and control of payments made according to completion of specific phases during the construction. This will require a new set of reports to assist in ensuring tight cash flow control;
- 6.5.3 Streamlining cash deposits through the installation of cash accepting device;
- 6.5.4 Purchasing and installation of a budgeting tool.

7 CORPORATE GOVERNANCE

7.1 Administration of Board Proceedings

The CTICC's approach to corporate governance extends beyond legislative compliance.

Good corporate governance is seen as a cornerstone for sustainability and is promoted and enabled through the development of a collective governance consciousness, a risk management ethos, and a culture driven by values and ethics.

To this end, the Conenco Board subscribes to the best practise principles set out in the King Report on Corporate Governance for South Africa 2009 (King III). During the 2012 2013 financial year, the Board had identified and implemented the required protocols to ensure the adoption and implementation of these governance standards. The Board places strong emphasis on maintaining the highest possible standards of financial management, accounting and reporting to ensure that the company's affairs are managed in an ethical, transparent and responsible manner, while also taking into consideration appropriate risk parameters. The Chief Executive Officer (CEO) has an open-door policy and, informal structures are in place for providing recommendations or direction to the highest governing body.

Governance features prominently in the agreed Company KPI's for this financial year, and includes External Audits, Minimum Competency Level Training and the annual completion and submission to the City (by the end of the third quarter of each year) of the Corporate Governance Checklist.

The administration of Board and Committee matters are standard KPIs and this will continue as usual.

- It is anticipated that there will be monthly Expansion Committee meetings as the planned expansion gains momentum;
- The Board evaluation process will be reviewed;
- Director Development will receive attention – with the focus on local Government legislation.

7.2 Shareholders

- Liaising with shareholders and other stakeholders as and when necessary are standard KPIs but the focus in 2014/2015 will be on expansion related matters;
- We will consider the development of a dividend policy.

7.3 Ethics – Implementation of CTICC Code of Ethics

- The implementation of the Ethics Drive will continue in 2014/2015 as part of our 'Living the Values' campaign, which is aimed at entrenching our values in the organisation. There will be quarterly interventions which will take the form of interactive workshops or .Our performance in this regard will be disclosed in the Integrated Report.

7.4 Legal

- Consideration will be given to putting legal services out to tender.

8 CTICC EAST

8.1 Introduction

The efforts of the expansion plan continue despite a few setbacks in the programme due to the public protector and statutory processes that ran their course during 2013. Whilst work on the CTICC Expansion Plan was not halted completely the project did experience some delays which led to the forecast completion date being moved out to January 2017.

During the delays to the project the City of Cape Town relooked at the tower project and identified the opportunity to for a larger tower that will maximise the bulk and increase the value of the future development. Escalation and the devaluation of the Rand (ZAR) on the forecast CAPEX required to complete CTICC East continue to directly affect the project, although efforts are underway to minimise the impact of these on the project.

8.2 Project Programme

Given the nature of the delays experienced and the new requirements to facilitate the integration of the tower and the CTICC East, both of which are large scale projects in their own right, recalibration of the programme and project milestones has been necessary.

The project road map for the integration of the projects informed the initial revised master project programme that was developed. Based on a best case scenario the earliest possible opening date of the CTICC East is January 2017. The following table sets out these key project milestones required to meet the January 2017 opening date:

REF.	DELIVERABLE	START	END
1	Project integration phase (CTICC & Tower)	4 Nov 2013	30 Nov 2013
2	Tower Brief and CTICC Business case Appraisal	1 Dec 2014	Feb 2014
3	Revised Concept Design & Budget confirmation	24 Jan 2014	10 April 2014
4	Statutory Processes & Design Development	3 Feb 2014	12 Aug 2014
5	Bulk Earthworks	1 Oct 2014	3 Feb 2015
6	Tender/award building contract	13 Aug 2014	2 Feb 2015
7	Building Construction (20 Months)	3 Feb 2015	13 Oct 2016
8	Final Commissioning (4 months)	13 Oct 2016	31 Jan 2017

Table 4: CTICC East Expansion Key Deliverables & Milestones as at December 2013

The study and investigations into the integration of the tower and CTICC East projects indicates that they will not be finished at the same time and that at best the tower development will lag by a minimum of 1 year behind that of the CTICC East. The integration of the tower and into the project possess a serious risk to the CTICC programme but during the 2014/2015 period the City's professional team will be working hard to fast track the design, development and procurement to ensure integration with the CTICC East happens as far as possible.

In order for the Key Deliverables of the CTICC East Expansion effort to be met and ultimately ensure completion of the expansion effort as forecast, the Development Programme makes certain strategic assumptions that must be supported by the shareholders and officials.

The Development Programme is based on a fast-track approach with the bulk earthworks being separated from the main building however ensuring a seamless integration between the two construction phases. The Business Plan identifies those key deliverables and associated assumptions that must be achieved in order to support the fast-track development approach going forward.

8.3 CAPEX Demand

Shareholder and Conenco commitment to the current CAPEX demand has been indicated in terms of the following table:

REF.	SHAREHOLDER/OWN FUNDS	AMOUNT (Million)
1	City of Cape Town	R550
2	Western Cape Government	R160
3	Conenco	R122
Total Contributions		R832*

Table 5: Shareholding and Conenco Contributions (supported) to CAPEX Demand

**The timing of the submission of this document, along with the fact that the project is still evolving means that updated CAPEX demand figures could not be included at this time.*

The second half of 2014 will see the on-going efforts to substantially rationalise the design and specifications within the parameters that support the business case for the expansion effort. The design will be sufficiently developed to confidently test the market and test assumptions made during the early stages of design development.

Strategies for cost reductions, hedging against FOREX fluctuations, forward purchasing and overcoming escalation will be tested and implemented throughout 2014/2015 as the project progresses.

CTICC Management in conjunction with the Professional Team will continue to implement strict value-engineering process and will be challenging design against the minimum requirements to support the business plan, all in an attempt to mitigate the build cost increases. Incentives, grants, and additional funding may be required to cover the increased forecast CAPEX Demand that supports a feasible expansion effort.

8.4 Procurement and Tendering

Midway through 2014 the project will see the finalisation of the bulk earthworks and lateral support contract. Award and appointment of this contract will take place to facilitate in time for a start on site and breaking ground in by the time the statutory process is conclude in October 2014.

Completion of detailed design will be complete in time to start with the preparation of the main contract tender documentation. This is planned to start in August 2014 with the tender process culminating in the award of the main contract at the beginning of February 2015.

8.5 Statutory Process and Building Approvals

At the start of the 2014/2015 year, the statutory approvals process will be midway through its programme and the design team will be hard at work with production of detailed design information and will be fast tracking where possible tender documentation. The Development Programme requires that the necessary Town Planning Application is approved by the City by 3 October 2014, in order that phase 1 construction tender process may be initiated. The Town Planning application will be accompanied by the relevant plans that have been modelled on an accepted concept design.

In addition, the City will have concluded an agreement with Lakeside for the acquisition of the servitude portion of Erf 247 (and included the same in the Head Lease agreement between the City and Convenco) and similarly concluded a process to expunge the servitude in favour of the public, in order that it may be used for the expansion.

8.6 Salazar Square and Parkade

The development of parking below Salazar Square is an imperative associated with the delivery of permanent parking for Naspers, being a contingent requirement of the land Sale Agreement for Erf 246 by Naspers to the City.

The City has taken over the responsibility for developing Salazar Square and will no longer be within the scope of the CTICC East Expansion Programme.

8.7 The Construction Phases

The current project master programme envisages the project will break ground with the bulk excavations on 1 October 2014. The process of site set up will commence in a mobilisation phase where hoardings are erected and site offices are constructed in preparation for official commencement of the works.

In order to fast track the project as far as possible, it is currently anticipated that there will be an overlapping of the main contractor and the bulk earthworks contractors and that work on site will happen as soon as the main contractor is appointed. The main contractor will establish the site and will start with piling and foundations midway through February.

8.8 Integration of the Tower and CTICC East

As noted above, it is the City's intention to maximise the bulk of the tower opportunity on the site. The current thinking by the City is that these two Projects will be eventually be developed independently, however to ensure that the correct level of integration can occur it is imperative that all parties are focused on backing this initiative during the initial stages. The concepts must be developed in tandem to clear mutually beneficial timescales and risks must be managed through the process. Once integration is complete, the projects can be spilt and they will run on their own.

The CTICC East project is on a tight deadline to meet the January 2017 opening date. If the tower development fails to keep track with the CTICC's milestones during project stages, the ability to open on the target date will be impacted.

The successful delivery of the CTICC East Expansion programme remains contingent on the achievement of strategic milestones, within a fast-track design and construction environment and will require the cooperation and commitment from the Convenco Board, Shareholders, Stakeholders and participating Officials.

9 FINANCIAL PROJECTIONS

CTICC's financial history reflects that despite the challenging global and national economic backdrop, the company has managed to generate an operating profit year on year. As a municipal entity the CTICC is mandated to ensure its self-sustainability while also contributing to GDP and job creation. The financial plan for 2014/15 reflects that, with the projected hosting of 500 events, the company will be generating both an operating and net profit for the year with growth of 8% year on year. The 2014/15 operational plans which are factored into the budgets have taken into account growth in primary and secondary revenue streams, as well as the continuous drive to save on costs. The business needs in respect of capital expenditure for the existing building, which is also funded from CTICC reserves, have been budgeted at R27million for the year. The capital expenditure is for new and existing assets, which will contribute to the CTICC remaining a world class facility.

The 2014/2015 budget process was prepared following a similar approach used in previous years. The budget takes into account the current market conditions, such as inflation of 6%, historical trend analysis, as well as the proposed city guidelines.

The 2014/2015 budget reflects positive results indicating a net profit before tax of R17.8million. The budget indicates an increase in total revenues of 8% compared to 2013/2014 forecast budget, which is 2% more than current inflation rate and is more or less in line with the average revenue trend increase, over the past five years. Total indirect costs have been budgeted at an increase of 5% on total indirect costs, which is also in line with inflation. The operating profit before interest and depreciation reflects a 26% growth, compared to 2013/2014 forecast budget.

The 2014/2015 budget includes a 35% (R29million) "blue sky" revenue, as the budget is prepared for the City well in advance of the start date of the 2014/2015 financial year, where there are few bookings in the system on which the budget can be based. The budgeted operating profit before interest and depreciation for 2014/2015 has been budgeted at R27.5 million which is R5.6 million more than the 2013/2014 budget.

Due to the nature of our business and the increase in short term bookings we have always included a portion of "unknown" revenue for the unknown or short term business. As venue rental income is the primary source of revenue the other revenue streams' budgets are prepared with these same assumptions.

Furthermore, direct costs have been budgeted on the cost of sales percentage trends of 32% of the catering revenue, and direct personnel being 14% of catering revenue. Gross Margins is budgeted to be maintained at an average of 78%. Indirect costs have been budgeted to increase at inflation, which is currently 6%, for most of the categories of indirect costs except for maintenance, electricity, water, refuse, personnel costs and building costs, which have been budgeted to increase in line with City's guidelines. The budget 2014/2015 reflects a R27.5million profit before interest and depreciation and a R17.8million profit before tax.

The following table shows the 2012/13 actual amounts as well as the current financial year budget, projected to the 2014/15 financial year.

Table 6: Financial projections

Description	Actual 2012/13	Budget 2013/14	Forecast 2013/14	Budget 2014/15
Revenues	158 899 002	165 826 097	164 126 097	177 785 217
Venue Hire	74 157 506	78 511 429	78 511 429	84 247 232
Food & Beverage	63 199 755	65 380 655	65 380 655	70 957 342
Parking & Other Income	21 541 741	21 934 013	20 234 013	22 580 643
Direct Costs	31 994 570	35 939 886	35 939 886	38 733 645
Cost of Sales	18 949 081	21 088 314	21 088 314	22 826 960
Other Direct Costs	13 045 489	14 851 572	14 851 572	15 906 685
Gross Profit	126 904 432	129 886 211	128 186 211	139 051 572
Indirect Costs	87 408 842	105 328 905	106 328 905	111 509 914
Personnel	36 950 988	41 921 820	41 921 820	44 613 339
Building Costs	29 797 899	40 478 400	40 478 400	42 542 114
Marketing and Other Indirect Costs	20 659 955	22 928 685	23 928 685	24 354 461
EBITDA	39 495 590	24 557 306	21 857 306	27 541 658
Interest Received	7 663 837	14 074 481	7 697 897	16 987 582
Depreciation	20 443 381	25 322 823	25 322 823	26 707 237
Net profit/(loss) before taxation	26 716 046	13 308 964	4 232 380	17 822 003
Taxation	8 876 556	3 903 543	1 185 066	4 990 160
Net profit/(loss) after taxation	17 839 490	9 405 421	3 047 314	12 831 843

The following graph shows the unknown portion of budgeted venue rental over the last five years.

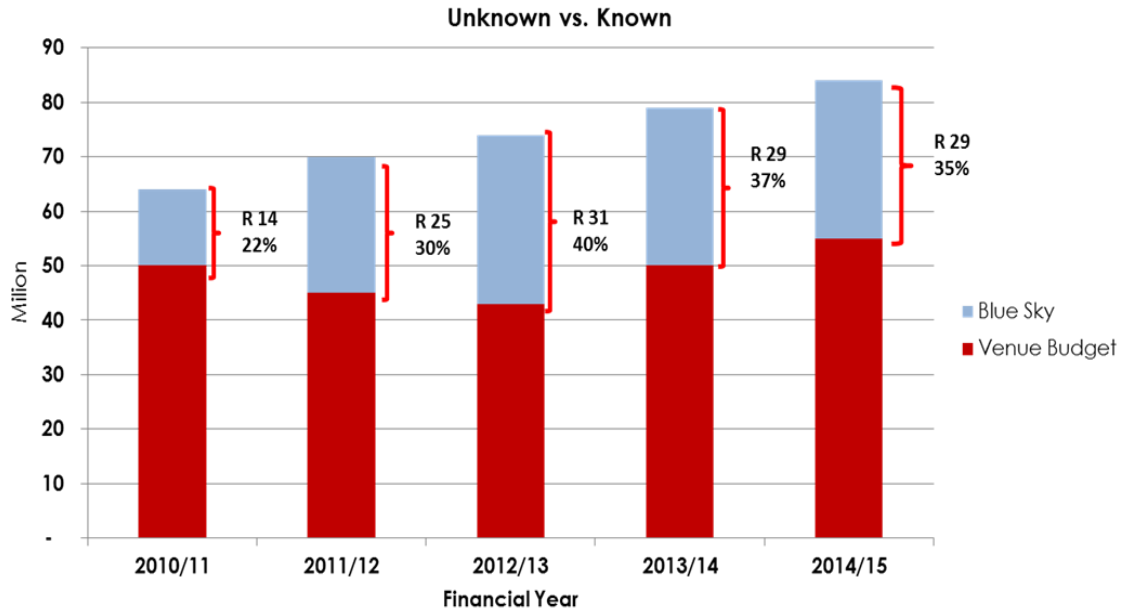


Image 1: 'Blue Sky' venue rental

Table 7: Capital Expenditure Budget 2014/15

Category and Description	BUDGET 2013-2014	BUDGET 2014 - 2015	BUDGET 2015 - 2016	BUDGET 2016 – 2017
Building Enhancements	13 455 835	13 300 000	11 995 000	12 834 000
It & Electronic Infrastructure	13 153 276	9 028 950	10 849 109	9 660 970
Kitchen Enhancements	880 000	960 000	1 500 000	1 027 200
Catering Furniture & Equipment	4 440 000	3 390 000	3 010 000	3 677 600
Total Operational Capex Budget	31 929 111	26 678 950	27 354 109	27 199 770
CTICC East	10 011 954	52 100 000	356 900 000	372 400 000
Total Capex Budget	41 941 065	78 778 950	384 254 109	399 599 770

Operational capital expenditure will be funded from the company's cash reserves CTICC East capital expenditure will be funded as agreed upon by its shareholders by way of a share issue.

10 ANNEXURES

FINANCIAL PERFORMANCE

Table 8: 3yr budget 2015 – 2017

Category	Actual 2012/13	Total Budget 2013/14	Adjustments	Adjusted Total Budget 2013/14	Total Budget 2014/15	Total Budget 2015/16	Total Budget 2016/17
<u>Revenue by Source</u>							
Rent of facilities and equipment	74 157 506	78 511 429	-	78 511 429	84 247 232	89 302 066	94 660 190
Interest earned – external investments	7 663 837	14 074 481	(6 376 583)	7 697 898	16 987 582	6 158 629	5 942 189
Other revenue	84 741 496	87 314 668	(1 700 000)	85 614 668	93 537 985	99 150 264	105 099 280
Total Revenue	166 562 839	179 900 578	(8 076 583)	171 823 995	194 772 799	194 610 959	205 701 659
<u>Expenditure by Type</u>							
Employee related costs	36 743 267	41 656 820	-	41 656 820	44 324 190	47 211 916	50 044 631
Remuneration of board members	207 722	265 000	-	265 000	289 149	324 888	344 382
Depreciation & asset impairment	20 443 382	25 322 823	-	25 322 823	26 707 237	28 309 671	30 008 251
Other expenditure	82 452 422	98 714 710	(1 632 262)	100 346 972	105 630 220	111 991 557	118 711 050
Total Expenditure	139 846 793	165 959 353	(1 632 262)	167 591 615	176 950 796	187 838 032	199 108 314
Surplus/(Deficit) before taxation	26 716 046	13 941 225	(9 708 845)	4 232 380	17 822 003	6 772 927	6 593 345
Taxation	8 876 556	3 903 543	(2 718 477)	1 185 066	4 990 160	1 896 420	1 846 137
Surplus/(Deficit) after taxation	17 839 490	10 037 682	(6 990 368)	3 047 314	12 831 843	4 876 507	4 747 208

FINANCIAL POSITION

Table 9: 3yr budget 2015 – 2017

	Actual 2012/13	Total Budget 2013/14	Total Budget 2014/15	Total Budget 2015/16	Total Budget 2016/17
ASSETS					
Non-current assets	185 429 288	202 047 426	254 119 140	610 063 576	979 655 095
Property, plant and equipment	185 429 188	202 047 426	254 119 140	610 063 576	979 655 095
Investment in subsidiary	100	-	-	-	-
Current assets	168 644 351	368 726 232	565 950 768	464 551 462	202 537 306
Inventories	1 120 056	1 860 469	2 013 857	2 134 688	2 262 770
Trade and other receivables	12 676 167	12 542 008	13 585 803	14 401 058	15 265 121
Cash and cash equivalents	154 848 128	354 323 755	550 351 108	448 015 716	185 009 415
Total assets	354 073 639	570 773 658	820 069 908	1 074 615 038	1 182 192 401
NET ASSETS AND LIABILITIES					
Net assets	290 685 749	523 733 063	766 564 905	1 021 441 412	1 026 188 621
Contribution from owners	565 639 701	795 639 701	1 025 639 701	1 275 639 701	1 275 639 701
Accumulated deficit	(274 953 952)	(271 906 638)	(259 074 796)	(254 198 289)	(249 451 080)
Non-current liabilities	4 639 770	4 639 770	4 639 770	4 639 770	104 639 770
Deferred taxation	4 639 770	4 639 770	4 639 770	4 639 770	4 639 770
Long Term Loans	-	-	-	-	100 000 000
Current liabilities	58 748 120	42 400 825	48 865 233	48 533 856	51 364 010
Client deposits	25 071 289	9 847 566	10 667 113	11 307 140	11 985 568
Trade and other payables	30 068 617	28 453 758	30 048 712	31 905 672	33 820 012
Provisions	2 688 593	2 914 435	3 159 247	3 424 624	3 712 293
Receiver of revenue	919 621	1 185 066	4 990 161	1 896 420	1 846 137
Total net assets and liabilities	354 073 639	570 773 658	820 069 908	1 074 615 038	1 182 192 401

CASH FLOW STATEMENT

Table 10: 3yr budget 2015 – 2017

	Actual 2012/13	Total Budget 2013/14	Total Budget 2014/15	Total Budget 2015/16	Total Budget 2016/17
Cash flow from operating activities	51 652 488	11 416 593	44 806 303	31 918 715	36 593 470
Cash generated from operations	55 634 440	4 638 317	29 003 787	30 750 248	32 547 700
Finance costs	(39 746)	-	-	-	-
Finance income	7 703 583	7 697 897	16 987 582	6 158 628	5 942 189
Taxation paid	(11 645 789)	(919 621)	(1 185 066)	(4 990 161)	(1 896 419)
Cash flow from investing activities	(29 737 192)	(41 940 965)	(78 778 950)	(384 254 109)	(399 599 770)
Acquisition of property, plant and equipment	(29 737 192)	(41 941 065)	(78 778 950)	(384 254 109)	(399 599 770)
Proceeds on disposal of property, plant and equipment	-	100	-	-	-
Cash flow from financing activities	-	230 000 000	230 000 000	250 000 000	100 000 000
Cash received from shareholders	-	230 000 000	230 000 000	250 000 000	-
Proceeds from Loan	-	-	-	-	100 000 000
Increase/(decrease) in cash and cash equivalents	21 915 296	199 475 628	196 027 353	(102 335 394)	(263 006 300)
Cash and cash equivalents at beginning of the year	132 932 832	154 848 128	354 323 756	550 351 109	448 015 715
Cash and cash equivalents at end of the year	154 848 128	354 323 756	550 351 109	448 015 715	185 009 415
Cash generated from/(utilized in) operations					
(Deficit)/income before taxation	26 716 046	4 232 380	17 822 003	6 772 927	6 593 345
Adjustments for:					
Depreciation	20 443 380	25 322 823	26 707 237	28 309 671	30 008 251
Interest received	(7 703 583)	(7 697 897)	(16 987 582)	(6 158 629)	(5 942 189)
Finance costs	39 746	-	-	-	-
Assets written off	137 834	-	-	-	-
(Decrease)/increase in provision for bonuses	(379 116)	225 842	244 813	265 377	287 669
Increase/(decrease) in provision for impairment of trade receivables	103 615	-	-	-	-
	39 357 922	22 083 148	27 786 471	29 189 346	30 947 076
Movements in working capital	(16 276 518)	(17 444 831)	1 217 317	1 560 902	1 600 624
(Increase)/decrease in inventories	257 371	(740 410)	(153 388)	(120 831)	(128 082)
Decrease/(Increase) in receivables	(6 257 347)	134 159	(1 043 796)	(815 254)	(864 063)
(Decrease)/Increase in payables	22 276 494	(16 838 580)	2 414 501	2 496 987	2 592 769
	55 634 440	4 638 317	29 003 789	30 750 248	32 547 700
Capex additions	29 737 192	31 929 111	26 678 950	27 354 109	27 199 770
CTICC East	-	10 011 954	52 100 000	356 900 000	372 400 000

