

**BLOU BULLE MAATSKAPPY (Edms) Bpk BLUE BULLS COMPANY (Pty) Ltd**

19 April 2010

ATT: **HONOURABLE BM KOMPHELA**  
**CHAIRPERSON – PORTFOLIO COMMITTEE ON SPORT AND RECREATION**

BY ELECTRONIC MAIL TRANSMISSION

Dear honourable Mr. Komphela,

Re: **BRIEFING ON THE USE OF LOFTUS STADIUM AHEAD OF 2010 FIFA WORLD CUP**

We refer to the above matter and your letter dated 15 April 2010, the contents of which have come as quite a surprise to our Company as well as the Chief Executive Officer: City of Tshwane Organising Committee 2010 and Mr. Mandla Mazibuko acting as the representative of the 2010 Organising Committee for Loftus Versfeld is also unaware on any 'dispute'.

At the onset we would like to express our grave concern about the fact that you refer to a 'dispute' regarding the use of the Loftus Versfeld Stadium ahead of the 2010 FIFA Soccer World Cup, while we are soundly unaware of the existence of any such dispute. We have been under the impression that between the representatives of FIFA, the City of Tshwane Organising Committee and this Company, we have over the past few months leading up to this prestigious and greatly anticipated event, been able to resolve a great number of issues and accommodate all stakeholders involved to such extent that we did not foresee any more serious issues.

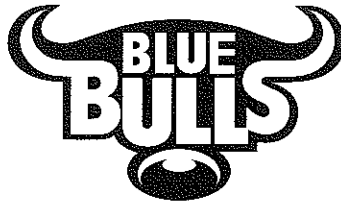
The parties involved with Loftus Versfeld Stadium have had numerous discussions and meetings and although the exclusive use period for this Stadium is only scheduled to commence on the 24<sup>th</sup> of May 2010, we already, on our own, made an enormous compromise and greatly exposed ourselves to possible claims and negativity from our contractual partners



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and supporters, by agreeing to host a possible Super 14 semi-final home match, should it take place on 22 May 2010, at Orlando Stadium in Soweto. Management of the Blue Bulls Company (Pty) Ltd took this decision following a visit by Mr. Danny Jordaan and Mr. Jerome Valcke on or about 19 March 2010 at which time they indicated that they were unhappy with the condition of the pitch at that stage. On Saturday, 20 March 2010, the pitch was re-seeded with rye grass. Under normal conditions, the process takes four to five weeks to be completed and for the pitch to be in a playable condition. During this time, the Company took yet another decision not to play any further Vodacom Cup home matches on the pitch during this period (contrary to the usual *modus operandi* each year) and moved a Vodacom Cup home match which was scheduled for 17 April 2010, to Atteridgeville Super Stadium. We were honoured by another visit from Mr. Jordaan and Mr. Valcke on 9 April 2010 at which time they expressed their satisfaction with the vast improvement of the pitch since their previous meeting. We were also informed by the representatives of the City of Tshwane Local Organising Committee that the honourable Mr. Khompela was also satisfied after your visit to the Stadium early in April 2010.

You have to bear in mind that despite the fact that these decisions may be detrimental to our relationships with third parties, contractual partners and very loyal supporters, this may also greatly prejudice the advantage that our team would have enjoyed if they had the opportunity to play a home semi-final or final Super 14 match. This is not to mention the enormous financial losses that we will have to face in such an event. Despite all of the above, this Company, without having been requested to do so, proposed this in an effort to assist the Local Organising Committee in the challenges they may face, should we have to host a home match on 22 May 2010 and to contribute to the success of hosting the FIFA Soccer World Cup event at the Loftus Versfeld Stadium.

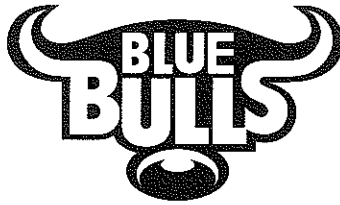
Without any detailed information at our disposal regarding the dispute referred to in your invitation letter, we can only assume that same relates to the three Super 14 home matches that



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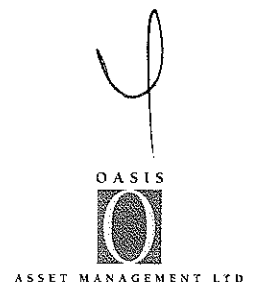
we still have scheduled for Loftus Versfeld Stadium. We therefore deem it absolutely vital to inform you of pre-existing agreements that we have in place with third parties, which will be affected by a decision to move any home match scheduled for this Stadium.

1) SANZAR//SA RUGBY SUPER 14 FRANCHISE PARTICIPATION AGREEMENT

In order for the Bulls Franchise to participate in the Super 14 tournament, we had to enter into the agreement referred to above. In terms of such agreement, we are obliged to host a number of the home matches at the venue (being the Loftus Versfeld Stadium). This venue may only be changed with the express consent of SA Rugby and provided that all third parties and commercial partners involved (including Super Sport who owns the broadcasting rights), are catered for and all their rights in terms of this agreement, accommodated. We may be exposed to substantial losses and potential claims from both parties to the agreement as well as the various commercial partners involved with this tournament if the home matches are not played at the venue as scheduled.

2) VODACOM AND OTHER ADVERTISERS IN THE STADIUM

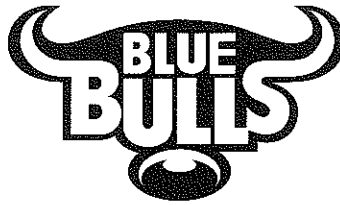
The agreements entered into with Vodacom as well as numerous other advertisers in the Stadium, are entered into on the presumption that the Super 14 and Currie Cup home matches of the teams of the Company, shall be hosted at the Stadium and that these entities will then get the exposure they desire and pay for. It is virtually impossible to move all of the branding in the stadium to another venue and should such an attempt be made, the cost thereof will be substantial and we will most certainly not be able to expect Vodacom and the advertisers to pay for those costs. Again, we will be liable for costs as well as damages and loss of exposure, should this happen. (Please see projected losses attached hereto)



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3) SUITE OWNERS AND SEASON TICKET HOLDERS

We have been fortunate to sell a record number of suites and season tickets for this season as a result of the exceptional performance of our teams over the past few years. These agreements and tickets make provision for the home matches of the Vodacom Cup, Currie Cup as well as Super 14 tournament. Suites have been decorated and prepared to host important business clients of suite owners. We have nearly 7 800 (seven thousand eight hundred) suite users that have to be catered for, not to mention the number of season ticket holders. Should any other venue be used, provision will have to be made for catering services, suites and tickets free of charge, and possibly also transport and parking facilities, depending on the location. We simply cannot afford this from a financial perspective as well as a supporter base perspective.

4) CONCESSIONARES AND OTHER SERVICE PROVIDERS

Apart from the stakeholders listed above, we also have agreements in place for the rendering of goods and services during matches as well as vending rights at the Stadium. We will negatively impact on these businesses if we move the business activities of this Company from the Stadium to another venue and we will be liable for losses incurred. (Please see projected losses attached hereto)

5) NEW ELECTRONIC TICKETING SYSTEM

Yet another important matter that we need to bring to your attention is the fact that the new electronic ticketing system which had been installed at the Stadium as part of the upgrades for the hosting of the FIFA Soccer World Cup has never been tested or used in any way whatsoever. The City of Tshwane Local Organising Committee requested to test this system at the next three Super 14 home matches scheduled to be hosted at the Stadium, failing which we shall be obliged to host the FIFA Soccer World Cup without any indication as to whether the system is working and whether the security and evacuation plans of the Stadium will be satisfactory and executable.



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6) FIFA//LOC//STADIUM AUTHORITY STADIUM USE AGREEMENT

With reference to the above and the possible consequences which may follow if the remaining Super 14 home matches of the team of this Company had to be moved to another venue, we wish to refer you to certain applicable clauses in the Stadium Use Agreement which we entered into.

Ad Clause 6.6 thereof –

This clause stipulates that FIFA and/or the LOC will only have limited use of the Stadium during the non-exclusive use period.

Ad Clause 6.7 thereof –

This clause provides for exclusive use of the Stadium by FIFA and/or the LOC during the exclusive use period (24 May 2010 to 6 July 2010).

In order to determine what the term 'limited use' entails, one has to interpret the agreement as a whole and in doing so, it clearly follows that 'limited use' by FIFA and/or the LOC during the non-exclusive use period, may not deprive the Stadium Authority of its day to day and core/fundamental business activities at the Stadium, which includes the hosting of rugby matches. This simply means that these entities will be allowed to do the necessary preparations which cannot be accommodated during the exclusive use period prior to the Soccer World Cup matches.

Furthermore, clause 12.1 of Annexure "C" to the Stadium Use Agreement explicitly states that the Stadium shall have the exclusive right to direct all aspects of operations, etc. at the Stadium during the term of the agreement, excluding the 'exclusive use period' when FIFA and the LOC shall be entitled to the exclusive use of the Stadium.

Following from the above, you will appreciate the fact that the Blue Bulls Company (Pty) Ltd is



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somewhat uncomfortable and anxious regarding the notice received and specifically in respect of the 'dispute' referred to. Surely you can appreciate the fact that we have to continue with our business activities up and until the exclusive use periods agreed to in order for us to be sustainable and to survive the FIFA Soccer World Cup and continue with our core business once this event is over. We have a duty to protect the interests of our business and all of our stakeholders.

Finally, we would like to confirm that we accept your invitation to the meeting on Tuesday, 20 April 2010 and hope that we will resolve this matter amicably and having the best interests of all parties at heart.

We trust that you find the above in order and kindly request you to consider the issues put before you in this letter.

Yours faithfully,

**BLUE BULLS COMPANY (PTY) LTD**

**CHIEF EXECUTIVE OFFICER: BAREND VAN GRAAN**

**LOFTUS VERSFELD STADIUM**

**CC: MR. DANNY JORDAAN**

**CEO – 2010 SOUTH AFRICAN ORGANISING COMMITTEE**

**CC: MR. GODFREY NKWANE**

**CITY OF TSHWANE ORGANISING COMMITTEE 2010**

**CC: MR. MANDLA MAZIBUKO**

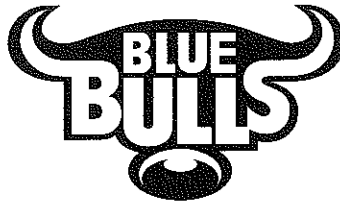
**CITY OF TSHWANE ORGANISING COMMITTEE 2010 – VENUE MANAGER**



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**CC: MR. CHRISTO FERREIRA**

**SA RUGBY**

**CC: MR. OREGAN HOSKINS**

**SA RUGBY**

**CC: MR. PIETER CLOETE**

**CITY OF TSHWANE ORGANISING COMMITTEE 2010**



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**Possible claims and lost of income**

		per match	matches	TOTAL
Suites	7,800.00	400.00	3.00	9,360,000.00
Season Tickets	10,177.00	96.49	3.00	2,945,973.68
Gate on the day	1.00	900,000.00	3.00	2,700,000.00
Advertisers				1,000,000.00
Vodacom				4,000,000.00
Restaurants and concessions				2,400,000.00
				<b><u>22,405,973.68</u></b>

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