

KZN GROWTH FUND AGENCY
REQUEST FOR QUOTATIONS (RFQ)
COMMERCIAL DUE DILIGENCE SERVICES FOR THE COMMERCIAL PROPERTY DEVELOPMENT
AND MULTI TENANTED RETAIL PROPERTY INVESTMENT INDUSTRY
RFQ REFERENCE NUMBER – KZNGFA RFQ 2025-23

Closing date : **30 October 2025**
Time : 12:00
Submission format : email scm@kzngf.co.za

Name of the respondent:

Late bids will not be accepted

RFQ DETAILS

RFQ title : Provision of Commercial Due Diligence
Services for the KZN Growth Fund Agency (KZNGFA)

Procurement Reference Number : **KZNGFA RFQ 2025-23**

Description of Goods & Services : Due Diligence Services

Date of RFQ : 22 October 2025

Date of RFQ CLOSING : **30 October 2025**

CONTACT INFORMATION

Any enquiries regarding the bidding procedure may be directed to:

Procurement Officer: Sijabulile Ntshangase

Telephone: 031 372 3720

E-mail: scm@kzngf.co.za

BIDDER’S DETAILS

NAME OF BIDDER.....

POSTAL ADDRESS

STREET ADDRESS

CONTACT PERSON

TELEPHONE NUMBER Code Number

CELL PHONE NUMBER Code Number

FACSIMILE NUMBER Code Number

E-MAIL ADDRESS

Signature of Bidder Date

1. PURPOSE

The purpose of this Request for Quotations is to request quotations from service providers for the performance of a due diligence scope of work in the **property development and multi tenanted retail property investment industry** as per Annexure A, in relation to a transaction being considered for funding by the KZN Growth Fund Agency (KZNGFA).

2. BACKGROUND

KZN Growth Fund is an Agency, established and capitalised by the Provincial Government to provide debt and equity funding. The main objective of the Trust is to provide support for creating and enabling environment for activities that create jobs and accelerate the economic development of KZN whilst promoting Broad Based Black Economic Empowerment (B-BBEE).

2.1 Procurement Philosophy

It is the policy of KGFA, when purchasing goods and obtaining services to follow a course of optimum value and efficiency by adopting best purchasing practices in supply chain management, ensuring that open and fair competition has prevailed, with due regard being given to the importance of:

- a) The promotion, development and support of businesses from disadvantaged communities (small, medium, micro enterprises, as well as established businesses within those communities) in terms of its BEE Policy;
- b) The promotion of national and regional local service providers and agents before considering overseas service providers and;
- c) The development, promotion and support for the moral values that underpin the above, in terms of KGFA Business Ethics and Guidelines which requires that all commercial conduct be based on ethical and moral values and sound business practice. This value system governs all commercial behaviour within KGFA.

The KZNGFA wishes to engage with service providers who are equally committed to maintain high quality services and better pricing

3. SCOPE OF SERVICES REQUIRED

Suitably qualified and experienced service providers are invited to provide quotations based on the scope of work detailed in Annexure A. Due Diligence scope of work in the commercial property development and multi tenanted retail property investment. At a minimum, the due diligence should cover the following aspects:

- Marketing – focus on the Construction value chain, building shopping malls, industry, trends and outlook. Investigate key drivers of the business and viability assumptions. Focus on socio economic impact study and market assessment. Complete analysis of market feasibility / viability which must include catchment area analysis, competitive analysis, tenant mix strategy, mall position. Strategic planning, Target market relating to demographics, Community awareness and how they will benefit, digital marketing plan, retailer outreach, competitors and effect on local traders.
- Technical - focus on the location, design, structural and commissioning matters of the facility. Conduct a site visit and look at all technical agreements in place. Traffic impact study and tenants affordability. Reviewing the project's technical specifications and drawings. Assessing the feasibility of and constructability of the project. Evaluating the quality of material and workmanship. Examining the project's schedule and timeline. Further evaluation of, project plan, development appraisal (valuation), zoning and land use approvals, planning and municipal approval, proof of ownership (lease – long term), servitude and utility rights, sufficiency of power and water, waste and sewer provisions. Evaluation of Architectural and other drawings, verification of approved plans, Bill of quantities and correctness of costings, construction schedule, GANTT Chart, Construction contract, professional appointments profiles and correctness of scoping functions, warranties and guarantees from contractors. Project management scoping. Confirmation of all necessary requirements including Surveyor General diagram, Zoning certificates, structural engineers report, construction program, technology and system integration, testing and commissioning risk assessment, external factors and demands, contraction risk assessment, design and engineering. (defect rate, success rate, design compliance rate)
- Financial - Interrogate the financial model and assurance, expected revenue on pre signed lease, financial risk, mitigation strategies focus on the key the projections, key revenue drivers, capacities, analysis, funding instruments and other financial implications and verification of Equity

contribution. Focus on long term lease to avoid cancellation of lease by any anchor tenants. New competitor entering the market. Analysing financial statements (balance sheets, income statements, cashflow statements). Evaluating financial performance, including profitability, liquidity and solvency. Reviewing cashflow forecasts and projections. Assessing debt level and financial arrangements. Examining the company's tax compliance. Determine correctness of cash flow projections (for the duration of the project and trading components), development budget (BOQ), source and application of funds, confirmation of Owners Equity spend, cost to date and cost to complete analysis in accordance with project plan.

- Legal - focus on the legalities and compliance issues in the project. This pertains to reviewing the registration of Project Company with the relevant regulatory bodies, reviewing the shareholding and/or directorship of the Project Company, reviewing the project itself to ensure that licencing and/or other applicable regulatory requirements have been met, reviewing of the Project Company's Corporate documentation including but not limited to Notice of Incorporation, Registration Certificate, Constitutional Documents, Company Rules, Shareholders Agreement, Shareholders Register, Share Certificates, Sale or Purchase of shares, Business or Assets, Employment Contracts of Employees who are also Shareholders of the Project Company, mandates of representatives to act as representatives or act on behalf of the Project Company and resolutions pertaining thereto. All material and long-term contracts, Construction Agreements, Supply Agreements, Lease Agreements, Permits, confirmation of land ownership / title deed, disputes or encumbrances and compliance with municipal regulations. Reviewing contracts with clients, subcontractors, suppliers and other stakeholders. Examining permits, licenses and approvals required for the project Assessing the compliance programmes for the Project and the Project Company compliance with relevant legislation, including construction regulations, environmental laws and labour laws. Investigating any potential legal disputes or liabilities. Review and tracing of source of funds of the Project Company and/or Director of the Project Company in terms of any and all contributions that may be made in respect of the Project including authenticating the documentation received in confirmation of source of funds.
- Operational – focus on the technical expertise, tenant mix, overall management team, unpacking the skills, role and value-add of the project promoters and unpacking the suitability of the proposed management structure and team. Impact on local informal economies, broad spectrum economic downturns (e.g. inflation, load shedding) and tenant viability. Assessing the company's project

management processes and capabilities. Evaluating the company's track record and experience in similar projects. Reviewing the company's safety and quality control procedures. Examining the company's resources, including equipment, personnel and subcontractors. Assessing the company's ability to manage risk and mitigate potential issues. CIDB registration, SHE File, B-BBE Compliance and requirements for local content. Evaluate project insurance policies (contractors all risk, public liability, professional indemnity), health and safety plans, construction guarantees, building code compliance. Determine need for and content for project monitoring reports, cost to date and cost to complete analysis, site progress analysis (photos etc). Appointment of mall management and operation, safety hazards, regulatory and compliance, stakeholders' conflict, equipment and material failure. Assessing suitability of project team. Evaluation of BOQ

- Environmental Social Governance - focus on the environmental, social and governance issues of the project as well as labour plan. Human capital policies and requirements, socio economic impact, feasibility study, civil unrest, incorporation of local traders into mall framework. Confirmation of existing rights to use land for the project and zoning certificates. EIA compliance requirements (including report and certificate), traffic study analysis. Location analysis, Access roads, Water and Supply, Sewage and drainage, environment Clearance, Construction risk. Supply chain – sustainable sourcing evaluation.

Please refer to annexure A for a detailed scope on the above sought services. Due to the complex and evolving nature of the project, the scope of this due diligence detailed hereunder will be expanded over time.

4. EVALUATION OF PROPOSALS

4.1 All proposals must be completed and accompanied by:

- 4.1.1 Completed and signed Bidder's details (page 2)
- 4.1.2 Company Profile
- 4.1.3 Completed and signed SBD 1, 4 and 6.1
- 4.1.4 Evidence of registration on the National Treasury Central Supplier Database (MAAA) (or proof of registration)

All bids duly lodged as specified in this RFQ will be examined to determine compliance with the mandatory requirements and conditions. Failure to provide any mandatory information as requested above will result in the submission being deemed non-responsive.

4.2 FUNCTIONALITY EVALUATION

Scores will be tabulated to 70 points. Respondents must score 49 points and over to be assessed on their financial offer and preference score.

The allocation of points for the evaluation of quality/functionality is set out in Table 1 below:

FUNCTIONAL EVALUATION CRITERIA	Weight
Reference letters • 5 Letter of Reference relevant to the scope of work =25 points. • 4 Letter of Reference relevant to the scope of work =20 points. • 3 Letter of Reference relevant to the scope of work =15 points. • 2 Letter of Reference relevant to the scope of work = 10 points. • 1 Letter of Reference relevant to the scope of work = 5 points Letters of reference must be on a company letterhead, signed, dated and not older than 3 years	25
METHODOLOGY The bidder must provide a project plan and methodology with project duration. Provide a detailed approach including how you will conduct the review and restructure. • Excellent understanding of what is required in the terms of reference; innovative and practical approach to developing an application; proposed action plan including milestones and timeframes; and a project monitoring and evaluation mechanism. = 20 points • Good understanding of what is required in the terms of reference; practical approach and methodology; proposed action plan including milestones and timeframes; and a project monitoring and evaluation mechanism. = 15 points • Satisfactory (or repeat of ToRs) understanding of what is required in the terms of reference; generic or textbook approach and methodology; proposed action plan including milestones and timeframes; and a project monitoring and evaluation mechanism. = 10 points • Inadequate understanding (wrong interpretation) of what is required in the terms of reference and missing one of the of the following critical components: approach and methodology; action plan; and project monitoring and evaluation mechanism. = 5 points	20

QUALIFICATIONS, PROFESSIONAL AFFILIATIONS AND EXPERIENCE Team's qualifications, accreditation, and affiliations (<u>must</u> incl. CVs as well as relevant proof of qualification accreditation, affiliations from the relevant Professional Bodies/Council). Bidders must demonstrate that the proposed lead professional team to be allocated to this project, is adequately experienced in having carried out work of a similar nature Team <u>must</u> be made up of at least two (2) Investment Professional, one (1) ESG and one (1) Legal professional / firm. A one-page CV must be attached (CVs must be on the provided Annexure B template) Scoring for the proposed lead professional team's experience is to be allocated as follows: 1. less than or up to 30% professionally qualified team and average experience of team ranges between 1 and 5 years – (10) 2. Between 31% to 60% professionally qualified team and average experience of team ranges between 6 and 10 years (15) 3. More than 61% professionally qualified team and average experience of team is more than 10 years - (25) *The team's experience shall be determined using a simple average whereby the aggregate experience of the team members in years, is divided by the size of the team. <u>Team qualification must be attached as part of the submission (lack of submission of proof of qualification / accreditation will lead to zero scoring)</u>	25
TOTAL	70

Note: Failure to obtain the minimum of 49 out of 70 on functionality will result in disqualification from further evaluation.

4.3. Price and Specific Goals

- 4.3.1 Quotations will be subject to an evaluation based on an 80/20 price / Specific Goals - 80 points for price and 20 points for Specific Goals.
- 4.3.2 Fixed price quotations are required; price must be inclusive of VAT and all costs relating to disbursements and accommodation.

Evaluation	Maximum points to be awarded
Relative competitiveness of the price	80
Specific Goals	20
Total Price and Specific Goals Points	100

SPECIFIC GOALS TABLE

SPECIFIC GOAL		POINTS
Black Ownership	51% - 100 %	10
	30% - 50%	6
	5% - 29%	4
	0% - 4%	0
Black Women Ownership	51% - 100 %	4
	30% - 50%	2
	5% - 29%	1
	0% - 4%	0
Black Youth Ownership	30% - 100 %	3
	5% - 29%	2
	0% - 4%	0
Disability	30% - 100 %	3
	5% - 29%	2
	0% - 4%	0
TOTAL POINTS		20

The following may be used as proof for claiming preference points

- BBBEE Certificate or BBBEE Affidavit
- CSD Report
- ID Documents of the owners of the company
- Municipal Account or Lease Agreement
- Doctors Certificate / disability database from relevant institutions (for more research)

5. THE INFORMATION REQUIRED

You are required to provide the KZNGFA with a quotation, by **no later than 12:00pm on 30 October 2025**.

6. SUBMISSION DETAILS

- Submissions and queries must be emailed to scm@kzngf.co.za attention Sijabulile Ntshangase by no later than the stipulated time above.
- For technical queries, you can contact the **Nqobile Nkwanyana** during business hours of 8:00am to 4:30pm, Monday to Friday on 031 372 3720 or scm@kzngf.co.za

Approved by



Xolani Nhlapo
Chief Investment Officer

Annexure A:
DUE DILIGENCE SCOPE OF WORK IN THE CONSTRUCTION INDUSTRY
 (TO BE SUPPORTED BY A DETAILED DUE DILIGENCE QUESTIONNAIRE AND NOT LIMITED TO THE LIST PROVIDED BELOW)

A.	Corporate Overview	<u>Business Background and Institutional Information</u> - Obtain a summary of the history of the business covering: - Date of incorporation; - Evolution of the business since incorporation; - Major milestones in the evolution of the business such as changes in ownership/ shareholding, details of mergers and acquisitions, disposals of key business units, changes in capital structures i.e. rights issues, share buy-backs etc. if available - Obtain written confirmations that the company is newly incorporated and that it has never traded; - Obtain the MOI (or other constitutional documents), including certificates of incorporation, change of name, amendments to MOI; - Obtain details of registered officers or principal places of business in each jurisdiction in which the group companies operate. - File copies of latest company secretarial documentation such as ordinary and special resolutions, appointment and removal of directors, share transfer forms etc. - Review the Share register / Register of members noting: - Equity transfers from incorporation to date; - nominee holdings; - list of shareholders, including management - Review registers of charges/directors' interests noting: - Particulars of any other businesses in which shareholders or management are interested in any significant transactions with related businesses. - Obtain delegations of authority / approvals framework of the company detailing the powers of management, the Board and the shareholders. - Obtain and review key company policies, including ESG and Risk management policies, etc.
----	--------------------	---

		10. Review the Minutes of Board meetings and meetings of shareholders for the previous year years, noting /evaluating: • whether material decisions/resolutions have been minuted; • Major borrowing decisions approved by the Board/shareholders; • Key staff appointments having been approved by the Board; • Approvals of compensation structures including share options and bonus schemes; • That rights issues and other changes to the capital structure of the business were considered by Board and shareholders; • That changes to the constitutional documents of the company were duly considered and approved; • Changes to delegations of authority framework have been duly approved; • Appointment and removal of auditors and bankers have been duly approved; • That details of related party's transactions were documented. 11. Obtain the Names and addresses of: • Company secretary; • Auditors; • Bankers; • Attorneys; and • Other advisors. 12. Obtain Supplementary information • Certified ID copies of all relevant parties in the transaction – ito FICA requirements as per KGFT FICA Policy requirements; • Income Tax & Vat registration; • UIF registration; • RSC registration; • PAYE, SDL registration; • Proof of residence of all relevant parties in the transaction - ito FICA requirements as per the KGFT FICA Policy requirements. 13. Obtain a borrowing facilities structure and:
--	--	---

- Analyse the role players
- Identify associated risks
- Review the adequacy and appropriateness of security package.

14. Obtain the project's construction structure and analyse the role players, and identify associated risks

15. Obtain the project's operations structure and:

- Analyse the role players
- Identify associated risks
- Analyse the role players ability to manage the project at its full scale

Corporate ownership

1. Please provide evidence of how much of this company does the CEO and the other company executives own? (copies of share certificates)
2. How much of this company does each member of the management team own? If applicable, please provide evidence (copies of share certificates)
3. Please provide evidence of how much of the company do external / non-executive directors own? (copies of share certificates)
4. Verify the equity contribution by shareholders to date.
5. Do any individuals outside the company own a large percentage of the company? What is their role in the company? If applicable, please provide evidence (copies of share certificates)
6. Review possible ways of bringing in the community or workers in the shareholding structure.
7. Does the company or any of its officers own 10 percent or more of the equity in any company either than the one investigated here? If so, please provide details.

Objectives and Strategy

1. Obtain the strategic plan of the business including an overview of the business and the industry in which it operates.
2. Review key value drivers in the strategic plan of the business.
3. Obtain details of
 - the group structure covering legal entities within the group;

- shareholding structure of group and group companies;
 - organizational structure covering major divisions within the group
4. Document the significant trends and dynamics prevalent in the industry.
 5. Document and evaluate the critical success factors of the business in relation to the industry in which it operates
 6. Review the SWOT analysis of the business as documented in the strategic plan.

Governance Structures and Decision Making

1. Obtain a chart of the governance structures within the company i.e., Manco, Exco, Board, Board Sub committees etc
2. Obtain charters / terms of reference of the various governance structures;
3. Obtain the composition of the various structures as well as resumes of the relevant committee members noting experience of the various members;
4. What changes have there been in the Manco, Exco, Board, Board sub committees, etc.
5. Understand the frequency of meetings of the various structures;
6. Who exercises the principal authority? Is this specified in the company constitutional document.
7. Who are the members of the board of directors? What is their background and qualifications? What compensation do they receive? What actual or potential stock ownership positions do they have?
8. Who are the invitees on the board of directors' meetings? if any. What role do they play in the company? What is the frequency of the invitations?
9. What is the relationship between management and the board of directors?
10. What is the management's attitude regarding the function of the board and the investors?
11. What other outside interests influence management's decision making?
12. What are the individual duties, responsibilities, and authorities of each member of the management group? Who defines these? Do written job descriptions exist? If yes please provide copies.

		13.Are successful and proven management personnel available to carry out plans, or does everything depend on one or two key persons? What happens if a key employee is not available for an extended period? Is there a succession plan in place, if yes, please provide a copy. 14.Is there a compensation plan being administered to attract and retain top quality personnel (retention policy, if yes please provide a copy)? Are salary levels competitive with industry norms? 15.Does the company have “Keyman” Life insurance and disability insurance on any of its officers? 16.Does the company have a pension plan, profit sharing plan, insurance plan, stock bonus plan, deferred compensation plan, or severance plan? If such a policy exists, please provide a copy. <u>Growth Strategy</u> 1. Potential project/ growth strategies in place and the stage of negotiations 2. Any potential or current JV or strategic alliances. 3. Any potential Capex in the next 12 months or during the KGFT’s investment period being planned, in addition to the one being financed?
B.	Marketing & Sales	<u>Industry & Market Overview</u> 1. How is the market segmented? 2. What are the regulatory matters in the industry both locally and in the export market? 3. What are the key drivers of demand for the product? 4. What are the factors affecting growth and profitability? 5. Review government and trade reports and trade literature regarding the market segments of the business. 6. Analyse competitors and the competitive environment in the industry 7. Benchmark and evaluation of the foundry to other foundries in the country or elsewhere to ensure success regarding specialised equipment, manpower, and mitigants to any other potential operational risks. 8. Analyse industry reports for unanticipated trends or developments. 9. Assess the comparative strengths and a weakness of competitors in terms of the dominant competitive factors in the industry (e.g., price, product, performance, etc.)

Customers

10. Document the nature of customer base to understand if there is concentration risk, elasticity of demand and any other customer linked risk and possible mitigating controls.
11. Review commercial viability of the proposed strategy to attract and grow customer base.
12. Who are the customers? What industry groups are they drawn from? What are the overall trends of this consumer?
13. What is the procedure for making a buying decision?
14. How long does the purchase decision process take?
15. What do you believe to be the key variables in the buying decision? price, service, product features, reputation of selling company, credit terms, delivery speed and method, or relationship with salesman?
16. What is the degree of brand/supplier loyalty among customers currently in the market? How is it measured or determined?
17. What methods are used to lock customers in?
18. What would be required to persuade the user of the product to switch?
19. What alternatives does the customer have? Are there substitutes for this product?
20. What factors affect the customers' need for this product? What would cause an increase in the need? What would cause a decrease in the need?
21. Does the company have any contracts or special arrangements with the major customers, including consignments? If so, describe.
22. Assessment of the major customers' ability to take up the projected volumes
23. What do you project to be the influence of overall business conditions relating to demand for the company's products? What is the importance of disposable income, population growth, and other broad economic trends to the company's business?
24. Does the company operate on the basis of long-term contracts with the clients?
25. Obtain and verify customer offtake agreements

Customer Credit

26. Will the company offer its product on credit terms? If so, who will establish the credit limits for customers?
27. Describe the credit approval process.
28. Does the company have any special credit arrangements with customers? If so, describe.

29. What role does the marketing department have in the account collection process?
30. What are the normal terms of sales?

Documentation to be obtained related to the market.

31. Obtain any copies of any marketing studies, newspaper articles, magazine articles etc., describing overall dimensions and configuration of markets and the customer.
32. Please provide a market penetration strategy that will be employed by the company.

Marketing and Distribution

33. Analyse each significant contract regarding contingencies, extent of warranties and other service obligations, rights of cancellation, etc.
34. Evaluate the company's overall marketing strategy. What are the overall objectives in the marketing area? What are the top three objectives?
35. How are the objectives to be implemented? What are the details of the strategy?
36. Evaluate the effectiveness of marketing personnel.
37. Are there any new products or services to be developed and if there are any then estimate the cost of introduction?

Product/Service Analysis

38. Please describe the product offered by the company to its customers, give a complete physical and functional description of the product (What does the product do for its users? How does it work? What need does the product fill for its user? Is the need real, created, or imagined?)
39. Conduct benchmarking exercise on product/service quality to industry standards requirement
40. Does the product have any proprietary features?
41. Is the product or any aspect of it patented? When does each patent expire? How important is the patent to the success of the business?
42. What other services/ product goes with the main product offered?
43. What new products or services are planned for the company and what are the dates when they will be available to sell?

Pricing

44. How is the product and or service priced? What does the business consider before making a pricing change? Who establishes the prices for each product or service offering? What is the rationale for the present pricing structure? Describe the process the company follows in establishing its prices.
45. What are expected future price trends? Why? This includes the reasonability of the forecasted prices.
46. What are the key drivers of the metal commodity price?
47. Understanding of precious and non-ferrous metal pricing and the impact of economic factors on the price.
48. Will engineering and other features of this product or service make it more competitive as these trends develop?
49. Who is authorized to sell product or service at a price that differs from the approved price list?
50. How often are prices reviewed?
51. Review of premiums charged to customers over and above the market prices.
52. Which product or service offering is projected to be the most profitable to the company?
53. Benchmarking of the profitability levels.
54. Is there a relationship between the profitability of each product or service and the incentives for sales personnel?
55. How do pricing policies and structure compare with those of the competition?
56. What is the industry's ability to meet current and future product demand?
57. Does management believe cost increases could be passed on? Why?
58. Is the company sensitive to industry price changes?
59. Is there a price leader in the market currently? Which company? Please describe the circumstances.

Competitive Environment and Industry structure

60. What is the number of companies in the industry by size and category, national and international?

61. To what degree is the industry concentrated in one or a few companies?
62. What is the trend of business failures or successes? Are there a lot of failures? What are the causes of these failures?
63. How is the industry structured in terms of geographical location, product lines, channels of distribution, pricing policies, degrees of integration and the type of customers?
64. What are the barriers to entry by new companies into this industry?
65. What factors will affect growth in the future? Analyse each of the following.
 - a. What are the demographic changes? If applicable.
 - b. What are the general economic trends?
 - c. How will disposable income affect the industry?
 - d. How will interest rates affect the industry?
 - e. How will the composition of the industry change with respect to new business or failing businesses?
 - f. How will the market size change?
 - g. How will the market share change for each of the companies?
 - h. What technological innovations are apt to spur growth?
 - i. What product design changes will enhance productivity and perhaps spur growth?
 - j. What economies of scale in the industry are likely to affect growth?
 - k. What pricing differentials will occur, and what products will be priced differently?
 - l. How will advertising and other forms of market development affect growth?
 - m. What factors from government affect the industry?
 - n. How will government regulations affect the industry?
 - o. How will government fiscal policy in general affect this industry?
 - p. How will consumer buying power change and affect this industry?
 - q. What environmental considerations could change the growth patterns of this industry?

Labour of the Industry

66. Is the supply of skilled labour adequate for this industry?
67. Are the pay rates in this industry competitive with those of other industries?

68. Will the company be part of an industry bargaining council?
69. Will the company recognise labour force structures? If yes, have the recent wage negotiations been accounted for in the projections?
70. Have there been any new labour contracts or renewals in this industry? What were the results of the settlement and negotiations?
71. To what degree is the industry unionized? And how will this affect the company?
72. What is the best labour practice regarding unionisation and how influential is the union in the industry?

Government Regulation of the Industry

To what extent is the company regulated by the government?

73. What regulatory agencies are responsible for regulating this industry?
74. Is there a trend toward more government regulation in this industry?
75. Are there any unique reporting requirements by this industry to government agencies?

Patents, Trademarks, Copyrights, and other Intellectual Properties

76. Are any patents, trademarks, and copyrights important to the company's line of business?
77. To what degree do the patents, trademarks and copyrights determine which company in the industry will succeed?
78. Are there any household names in this industry?

Industry Associations and Trademarks

79. Is the company a member of any trade or industry association? If so, list the name, address, phone number and association manager.
80. Is the company represented at any trade shows? If so, please list.
81. Is the company represented at any conventions? If so, please list.

Documentation of the Industry

82. Provide current periodicals, news clippings, trade association clippings and company prepared documents.

83. Provide government data and publication and census studies that provide background information on the industry and the competition.

Competition

84. What is the level of price competition between players?

85. What is the threat of substitute/ alternative product providers?

86. What is the possible reaction from competitors on Company's strategic and expansion plans?

87. What is the scope for consolidation / exit in the industry?

88. Who are the major competitors at present, both locally and internationally?

89. Please provide a comparative detail of the competitors' products and services

90. What is the financial strength of the present competition?

91. What is the basis of competition in the industry i.e. is it technology/know-how, price, location, relationships, strength of branding, established /closed feeding?

92. Are there market entrants expected in the market in the near future?

93. What are the present and expected future competitive shares of market?

94. What is the relative ease of entry into the field? What are the capital and other requirements for entry? What is the importance of intangibles such as lead time, goodwill, patents etc? What are the barriers to entry in this industry?

95. How does the company compare with competition in each of the present market share, marketing capability, financial resources, financial management, R & D capability, product quality, overall management strength and other strategic advantages?

96. Construct a chart indicating the degree of competitiveness with each significant competition on a 1 to 3 scale where 1 = superior, 2 = competitive, 3 = below average or nor competitive.

97. Compare the company's product or service offering with that of the competition, stressing uniqueness of this company's product.

98. Compare the company's price points against the competition's price points.

99. What is the strategy for other companies in the industry?

		100. To what extent will trade practices and cooperation among businesses change the industry? 101. What barriers to entry might change in order to increase competition? 102. What key factors of success may change and allow the competition to get ahead? 103. What impact would change in government policy and legislation have on the industry? Documentation to be obtained. 104. Provide a list of the company's competition with names, addresses and telephone numbers. 105. Provide product literature on the competitors. 106. Provide literature on the competition.
C.	Technical Analysis	<u>Technical module</u> 1. Please review copies of official documents, indicating the size of the land, spatial zoning/ zoning confirmation 2. Please determine the adequacy of the size of the proposed site for the intended development and use. 3. Please provide details on the availability of the following: electricity, gas, water and, road infrastructure. 4. Please determine the required electricity, gas, water, and road infrastructure and comment on the adequacy of the proposed upgrades in relation to this. 5. Please provide Geotech studies and EIA approvals on the proposed site, if available. 6. Please provide a copy of the bill of quantities in relation to the renovations and upgrades as determined by a quantity surveyor, inclusive of bulk services if they are to be financed through the project and contingencies. 7. Please provide a list of required equipment and indicative quotes/agreements from suppliers. 8. Please provide, as listed below, the professional services appointed to participate in the project. Including, but not limited to the construction contractor, surveyors, architecture, required engineers etc. a) Business profiles

		b) Related experience and where applicable CIDB grading c) BEE ratings, d) key contact person. e) Professional insurance/indemnity f) Signed or proposed contracts for the services, contracts must outline undertakings and responsibilities, fees, and payment structure. 9. Please provide profiles of other envisaged suppliers of the project that may not be South African companies highlighting their affiliation to international governance bodies/ structures. 10. Please provide a detailed description of the required equipment, its capacity in relation to the proposed operations on the site, standard maintenance and availability of after sales support by the supplier. 11. Please review whether expats are required for any imported equipment. If so, review the requirements for expats to be given permits to be in the country and expected timelines . 12. Please provide approval of building plans by the municipalities, if there will be construction of new structures. 13. Please provide any other Municipal or government agency approvals related to the site. 14. Please provide a detailed analysis of the suitability of the infrastructure and capacity thereof, as intended for the company's operations. 15. Evaluate the company's potential expansion plans and provide a detailed description of the required equipment, infrastructure improvements and its capacity in relation to the proposed operations on the site 16. Review the appropriateness of the product or service quality management system. 17. How will the company manage product quality. 18. Please provide a detailed overview of the proposed business operations and processes, including: a. Provide a high-level layout of the facility. b. Please provide approved building plans of the existing and intended infrastructure
--	--	--

		c. Please outline the service offering in detail, highlighting operational safety and quality assurance measures d. Please detail the service certification process <u>Subcontract Work</u> 1. Is any work subcontracted to others? 2. What is the nature and amount of work sub-contracted to outside firms? 3. What are the reasons for this policy? 4. What are the risks to the company from failure of sub-contractors? 5. What is the scope for further sub-contracting? 6. Is there a second and third source for this subcontracting work? 7. Are any critical parts obtained from a single subcontractor? 8. Is the subcontractor a stockholder of this company?
D.	Human Resources	<u>Management as a Team</u> 1. Provide an organization chart and job description indicating proposed management areas of responsibility. 2. Are there any loans to and from management or key shareholders? 3. Does the company have the right to repurchase shares held by employees if they leave or are fired? For how long does this right continue? Can the company repurchase shares at cost? 4. What are the proposed salary levels of management? 5. Will key employees sign non-competent agreements? 6. Is there presently any litigation or any potential liability resulting from management's previous relationships with another company? 7. How often will performance by members of the management team be reviewed? By whom? 8. What policies will be put in place for training of successors or the process of obtaining new staff to succeed the present executives. 9. Review the reasonability of high-level approach to succession planning in the company. 10. Are suitable replacements readily available? 11. What experience does the proposed management team have in this industry?

Management & Employees

1. Analyse the staff compliment according to race, gender, and geographical representation across hierarchical levels especially at management level.
2. Evaluate performance evaluation criteria and bonus compensation/ incentive.
3. Provide copies of any employment agreements, non-compete agreements, or agreements with respect to the purchase of shares owned by management.
4. Provide detailed resumes (including past experience, salary and promotions history, and academic qualifications) and business and personal references of each key members of management and each department head.
5. Provide details of management share ownership.
6. Evaluate any union labour agreements.
 - How many employees are unionized?
 - Name of the union? Relevant union in the industry, bargaining counsel
 - When does the present contract expire?
 - Have there been any strikes in the past?
 - How are grievances handled?
 - What is the general status of union relationships?
 - Who is the union leader?
 - Obtain details of committees and minutes of their meetings
7. Summarize the names, ages, titles, education, experience, and professional biographies of the senior management team.
8. What decision making committees are available in the Company? And what are the responsibilities of each?
9. Determine whether any significant defections from management are imminent and assess their effect on competitiveness.
10. Review educational material to be distributed to employees in compliance with Health and Safety Act legislation.
11. Assess the adequacy of the labour supply for each business unit/division.
12. Obtain details of working hours/shifts.
13. How often are wages reviewed?
14. How are hiring and firing decisions made?

15. How are employees trained? What is the cost? How long does it take? What training facilities are available?
16. Does the company have any training manuals?
17. Describe the selection and training procedure for new supervisors. Who does the training?
18. Are the wage rates for the company high, low or average in relation to the industry? Area? How does the company know this?
19. Does the company have a formal procedure for reporting employee absences, reprimands, promotions, transfers etc. to personnel?

Management Characteristics

1. What experience does the management team have in this industry?
2. Have any of the officers, directors, or major stockholders been involved in legal proceedings? Criminal proceedings? If yes, please provide details.
3. Has any officer, director, member of the management group, or the company, (including subsidiaries and /or affiliates) ever filed a petition under the bankruptcy code or state receivership, or made any assignments for the benefit of creditors? If so, please provide details.
4. Has any officer, director, member of management group or the company (including subsidiary and/or affiliates ever been indicted or convicted of any crime other than a minor traffic offence? if so, please provide details.
5. Are there any actions, lawsuits, proceedings pending or threats against the company or any officers or directors? If so, please provide details.
6. Does the company have a management contracts? If so, please share details on the terms of such contract, performance measures, fees, tenure amongst others and a copy of the management contract.
7. Have there been any changes to the management team?
8. Do any affiliated transactions exist between the company and any of the officers, directors, or their relatives other than in their capacity as an officer or director? If so, please provide details.

Proposed Employee Benefits

1. Determine the proposed type of pension benefit plan.
2. What is the proposed Company contribution percentage? What is the level of employee participation?
3. Review management, employment, incentive, deferred compensation, and bonus agreements.

		Documents to obtain 1. Obtain management organization chart. 2. Obtain details of management share ownership. 3. Obtain detailed resumes (including past experience, salary and promotions history, and academic qualifications) and business and personal references of each key members of management and each department head. 4. Obtain copies of any employment agreements, non-competence agreements, or agreements with respect to the purchase of shares owned by management. 5. Obtain copies of any incentive compensation plan. 6. Obtain at least 5 business and 3 personal references for each key member of management. Business references should correspond to most recent job, as indicated in resume. 7. Obtain a complete list of the total compensation to the officers of the company including salary, commissions, bonuses, fees, prerequisites, loans, advances, autos, club fee, pension, profit sharing, and other. What does each person cost the company?
E.	Financial Management	<u>Documentation</u> 1. Obtain or assemble a complete description of the company's present capitalization 2. List equity repurchase agreements such as puts, calls, and rights of first refusal. 3. List all banks and other financial institutions with whom the company maintains a borrowing relationship by name, location, type of credit, maximum size, terms of commitment, interest rate, collateral, and other significant terms. 4. Obtain and review all loan agreements and indentures. 5. Describe financial covenants and attach latest compliance computations and auditor's/officer's certification. 6. Shareholder agreement. <u>Analysis of Financial Operations</u> <u>Accounting Policies</u> 7. Are any accounting policies unique to the company's industry? 8. What are the accounting policies that differ from industry practice, represent alternative methods where other preferable methods exist, or are excessively conservative or aggressive?

9. Are there any proposed accounting pronouncements or government regulations that may have a significant impact on the company?
10. Obtain detailed analysis of differences (quantifying effect of restatement) between "local GAAP" and IFRS in the event that the company has not adopted IFRS.

Accounting Methods and Costing Practices.

11. What accounting practices will the company use with respect to the recognition of revenue and expense?
12. Will there be any deferred costs or other intangible assets on the company's balance sheet? Over what period are these amortised?
13. What depreciation method will be used for fixed assets? will this method be used consistently? What is the rationale for any difference in methods, if any?

Energy Intensiveness

14. What percentage of operating costs is accounted for by energy purchases?
15. What is the outlook for energy supplies in areas where the company operates?
16. What ability does the company have to pass increased costs on to its customers without losing its market share?
17. What are the alternative sources of energy the company can use and how does the alternative sources compare in terms of costs?

Impact of inflation

18. How does the company manage each of the following to ensure that current inflation is taken into account:
19. Sales price increases to pass through the increased costs?
20. Fixed assets: financing methods, major replacement or expansion needs, appropriation procedures and increasing /
21. Fuel costs on older, less efficient facilities?
22. Energy costs increases.
23. Labour costs including competitiveness of wages, influence on unions,
24. Pension-funding assumptions?
25. Insurance coverage

Tax Planning

Income Taxes

26. In general, what are the applicable federal, state and local income, property, excise and other taxes paid by the company?
27. What examinations have been conducted by tax authorities?
28. Describe any special industry tax considerations such as depletion allowances, special credits or deductions, etc.
29. Examine any special allowances being claimed.
30. Enquire as to additional domestic tax liability if accumulated foreign profits are remitted.
31. Obtain a schedule of tax bases of assets especially in the event of a buy-out
32. Consider other tax issues where applicable: foreign subsidiaries, transfer pricing, secondary tax on companies (tax specialists should be involved in this review where required).

Tax Planning and Preparation

33. Is the company's tax planning adequate?
34. Has the company taken advantage of all potential tax savings?
35. Are aggressive interpretations adequately reserved for?
36. Has the company provided for the effect of any expected future legislation?

Assets

37. Determine the extent of the proposed asset base for the company (fixed and financial, current, and noncurrent), current and additional assets that may be acquired in the future.
38. Determine the adequacy of the proposed asset base.
39. Obtain any maintenance agreements on company buildings and equipment.

Property, Plant & Equipment

40. Obtain the signed offer to purchase on tangible and intangible assets and review the terms of sale.
41. Identify the sellers and investigate any conflict of interest of seller with purchaser. If any provide details of impact on the transaction

		42. Obtain the valuation report and analyse listed caveats, and provide a report on materiality and recommendations 43. Obtain list of all proposed real properties, leased or owned, with description of use. <u>Intangible Assets</u> 44. Obtain a list of all product names from the Company. If any. 45. Ensure all product names have been duly registered as trademarks of the Company. 46. Obtain a list of all patents, trademarks, copyrights and trade names so as to order searches. 47. Determine the status of such patents, trademarks, copyrights and trade names. 48. Determine if there are any disputes or infringement claims regarding any of the foregoing or any intellectual property claims of other persons. 49. Obtain a list of proprietary processes controlled by the Company. 50. Review contracts granting or receiving licenses for intellectual property rights. 51. Review contracts granting rights to future products developed by the Company. <u>Liabilities</u> 52. Determine the list, quantum of proposed liabilities (current and noncurrent) Review the current accounts payable listing. 53. Investigate any potential warranty, environmental, legal, and regulatory non-compliance issues. <u>Equity</u> 54. Obtain a shareholder list that notes the number of shares held and any special voting rights. 55. Review all Board resolutions authorizing the issuance of shares to ensure that all shares are validly issued. 56. Review all documents affecting ownership, voting or rights to acquire the Company's shares for required disclosure and significance to the purchase transactions, such as warrants, options, security holder agreements, registration rights agreements, shareholder rights, or poison pill plans. 57. Determine if any share option or purchase plans exist for officers or employees of the Company.
--	--	---

58. Compare the Company's share option or purchase plans with those of competitors (if obtainable) to assess the Company's ability to obtain and retain skilled employees.
59. Valuation of the shares using appropriate model for an arm's length transaction.

Financial management

60. Who is responsible for this section? Who are the people that will operate the financial side of business? Assess the competence of the CFO and financial management team through engagements with the team.
61. What financial reports are/ will be provided to the CEO and top management?
62. Describe how the financial and management reporting system works. Are performance reports prepared for all major areas of accountability? Do these reports relate actual performances to plans and budgets? Is adequate information provided to manage effectively and make informed judgements?
63. Describe treasury management function and procedures including management of foreign exchange and interest rate risks; use of future markets and investment policy.
64. Describe procedures for reporting, controlling, and forecasting working capital levels and cash flows.
65. Consider the nature of accounting records and the nature of management information, budgets, management accounts interim accounts, etc. and equipment used to maintain including the general reliability and efficiency of the accounting function
66. What operating manuals of accounting procedures are in place? What are the reporting guidelines in operation?
67. Obtain a general outline of any costing system in use and the integration with financial accounts
68. Ascertain the adequacy of internal controls, segregation of duties, input controls, physical security and system development and modification controls.

Budgeting and Controls

69. What are the company's proposed budgeting procedures? How often will the budgets be assembled? Will they be modified on interim basis?
70. How will budget figures be derived? Will there be supporting schedules prepared? What will be the lowest unit component of the budget?

		71. Will the company utilize a “top-down” budgeting process wherein goals are established by management? If not, how will corporate objectives integrated with the budgeting process? 72. What kind of variance analysis will the company use? How will this help to improve its budgeting process? 73. How will overall coordination between budgeted goals and operations be achieved? 74. How often will performance relative to the budget be measured? 75. Who will be held responsible for deviations from budget? 76. Will the budgeting system monitor the accuracy of forecasts? Will there be explanations of major variations? <u>Cash Management</u> 77. How many bank accounts will the company have? 78. Describe the envisaged cash management process. What procedures will the company utilize to minimize the transfer time for collected cash balances? 79. Who is authorized (cheque signatories) to make payments of company funds and what amounts are they authorized to disburse? 80. What procedures are utilized to ensure proper adherence to disbursement limits and authorization procedures? 81. What is the minimum amount of cash which the company needs to maintain for transaction purposes? How is this amount determined? 82. How much will be maintained in short-term securities? How will these amounts and maturities of these marketable securities be determined? 83. Describe the company’s proposed working capital policy and provisions. <u>Receivables Management – Credit and Collection Policy and Procedures</u> 84. How is revenue collected by the business from its clients? 85. What percentage of the company’s sales are projected to be on a credit basis? If any. 86. What are the normal credit terms? 87. What is the discount policy?
--	--	--

		88. What credit information and credit analysis does the company use to determine the eligibility and amount of credit for individual customers? 89. How are credit extension procedures coordinated with sales activities? 90. How frequent is customer credit information updated? 91. How will delinquent accounts be identified and monitored? How often will accounts receivable ageing schedules be prepared? 92. What collection procedures will the company employ? Investment Management 1. What capital budgeting procedures does the company employ? 2. Who makes the order decision for equipment and machinery? 3. What is the minimum acceptable investment return on capital items? 4. To what extent is leasing utilized? Debt Management 93. Who is the company's lead bank? How many banks does it have relationships with? 94. What assets are pledged as collateral against the liabilities? 95. Is there any "off-balance-sheet" financing and if so, obtain a summary of terms and restrictions. 96. Describe any current or pending commitments and contingencies <u>Profitability on the projections</u> 97. Provide a comprehensive list of all proposed revenue sources; 98. Determine the drivers of each of the identified revenue source; 99. What pricing methodology will be followed by the company in pricing its product and service offering; 100. Will the company independently set its own prices or will it be a price taker? 101. What is direct expense as a percentage of revenue? 102. Are the proposed operating expenses reasonable and complete, for a business of this nature?
--	--	---

103. Review the projected working capital requirements.

Taxes

104. Request copies of all applicable tax registration documents.

105. To provide advice on the tax effect regarding the assets acquisition structure (Tax leak and other Tax implications);

106. What allowances and income tax incentives exist in the tax legislation to provide relief to this business

107. What are the VAT implications on the acquisition of the property and is VAT input claimable, based on the nature of this business?

Insurance & Risk Management

108. Does the Company have an overall risk mitigation plan that it will update regularly?

109. Review all existing and proposed corporate insurance, using a schedule from the Company's insurance agency. If there is material pending litigation, determine the extent of insurance coverage and obtain insurance Company confirmation.

110. Are increased premiums anticipated as a result of unfavourable trends or the need for increased coverage?

111. What is the sum of the proposed insurance premiums?

112. To what extent will the Company self-insure its activities? Will there be uninsured risks that the Company will be aware of, but ignore?

113. Review various types of insurance including key-man policies, asset covers, third party liabilities and construction-based insurances during the development stage of the project

114. Will the company enter a bespoke contract or a standard form contract?

115. If a standard form contract is entered into, what type of standard form contract will be entered into?

116. What are the estimated replacement costs of assets held?

117. Is there an adequate contingency provided for in the project cost for unforeseen costs and general cost escalations?

Financial Projections

Whilst the company's financial model will be provided to the elected service provider, the service provider will be required to build their own independent financial model which analyses the commercial viability of the project. The service provider will also be required to provide a recommendation on the optimal funding structure and instruments based on the findings of the due diligence.

Basic Assumptions

- 118. How are the projections and the assumptions put together? Are they realistic?
Assumptions on which they are based and details of any inconsistencies in these assumptions
- 119. Is there a model for this kind of growth in this industry, or are we being pioneers here?

Projected Financial Statement Analysis

- 120. What is the basis for the projected sales?
- 121. Investigate the revenue generated by competitors in the region and compare these to the proposed revenue projections
- 122. Review the order book and contracts against forecast sales
- 123. What is the basis for the projected annual revenue increase? Is it feasible?
- 124. Are the assumptions concerning sales growth (volume and price), gross margins, working capital requirements, operating expenses, capex, operating expenditures, financing requirements and terms reasonably based on, trends, industry and overall business expectations?
- 125. Identify and describe any items that may not be recorded at fair market value:
- 126. Long-Term receivables
- 127. Plant, property and equipment
- 128. Inventory

		129. Intangible assets, patents, copyrights, computer software 130. Distribution agreements, customer lists, licenses 131. Pension obligations and assets 132. Customer lists, licenses, franchises, air rights, easements 133. Identify potential future earnings adjustments: 134. Significant business risks and opportunities which might affect the projections 135. Identification of synergy benefits arising from the proposed transaction. 136. Outline any contingencies included in the forecasts or projections. 137. Expected changes in material and other costs 138. Incremental depreciation and amortization charges resulting from expected asset / liability revaluation 139. Different tax provision due ownership structure 140. Cost savings from elimination of different facilities, overhead and synergy 141. Identification of non-recurring material items affecting projected cash flows 142. What are the anticipated industry changes / trends in accounting principles and effect upon present and future operations? 143. Consider adequacy of working capital in light of projected activity levels, of bank facilities and availability of other external finances. 144. Consider the adequacy of capital expenditure in light of projected activity levels. 145. Analysis of investment exit strategies at maturity date. Sensitivity analysis 146. What effect does variation in key assumptions underlying financial projections have on income statement, cash flow and projected balance sheet? 147. What are realistic best case and worst-case projections? 148. Was a computer model used for this analysis?
--	--	--

		149. Sensitivity analysis could include- effect of changes in selling prices, currency fluctuations, changes in raw material prices and other input costs.
F.	Information & Technology	Information Technology 1. Why accounting system will be employed by the business in its financial reporting framework? 2. What systems use third-party software, and which ones use custom-built solutions? 3. Are the third-party systems under maintenance contracts, and are the most recent versions installed? 4. Are user computers monitored for unauthorized software installations? 5. Are software copies secured and only released with proper authorization? 6. Are there adequate backup systems in place with offsite storage, both for the corporate-level databases and for individual computers? 7. What is the proposed level of security required for access to the Company's servers? <u>Internet</u> 1. Will the website usage statistics be tracked? If so, how will it be used for management decisions?
G.	Legal	General 1. Review the regulatory environment including all applicable legislation affecting the company. 2. Review the MOI including: • objects (restrictions); • borrowings powers; • rights of members and debenture holders (any pre-emptive rights); • special provisions regarding directors. 3. Indebtedness (Borrowers Indebtedness): • Obtain, review all indebtedness, guarantees, suretyships (including personal suretyships, if applicable) and any other off-balance sheet items of Borrower, Shareholders; • Review all loan and facility letters for covenants relating to the ranking of subsequent loans and consents prior to encumbering securities; • Obtain term sheets and facility agreements with other funding institutions (e.g., IDC and their Bankers);

- | | |
|--|---|
| | <p>4. Confirm that acquiring company has:</p> <ul style="list-style-type: none"> • the necessary authorised share capital (if a share issue is involved); • adequate funds (if cash consideration is involved); • the necessary borrowing powers; • memorandum which enables it to make the proposed investment; • no restrictive obligations; and • exchange control approvals. <p>5. Obtain the articles of incorporation and bylaws. Review for the existence of pre-emptive rights, rights of first refusal, registration rights, or any other rights related to the issuance or registration of securities.</p> <p>6. Review the bylaws for any unusual provisions affecting shareholder rights or restrictions on ownership, transfer or voting of shares.</p> <p>7. Obtain certificates of good standing for the Company.</p> <p>8. Please supply, in relation to each group company, copies or details of:</p> <ul style="list-style-type: none"> • any agreement, arrangement or obligation which was entered into otherwise than by way of bargain at arm's length; • any agreement or arrangement whereby any group company is a member of a joint venture, consortium, partnership or incorporated or unincorporated '-', association (other than bona fide trade associations); • all agreements relating to the acquisition or disposal of shares in any group company, its business or major assets since incorporation of the group company; • all agreements or arrangements which will be (or are capable of being) terminated or varied upon change of control of any group company; • any licenses, approvals or consents necessary for each group company to carry on its business, • any agreement or arrangement (whether written or unwritten or intended to be legally enforceable or not) restricting the trading activities of any group company, including the prices or conditions under which any goods of the group company are to be sold or to be acquired, or any services are rendered or acquired by the group company; • any agency, management or distribution agreement or arrangement entered into by any group company, whether written or oral. Examine inter-group charges; |
|--|---|

		• any standard terms and conditions of sale of business of any group company; • all other material or long term or non-routine onerous or unusual agreements, arrangements or obligations; • any power of attorney given by any group company; • material supply agreement between group companies or with former group companies; • obtain and review copies of agreements with principal contractors; • Shareholders agreements • Material sale contracts 9. What contracts and agreements are outstanding which require further examination? Examine the minute book as guide in this connection; and 10. If some of the existing contracts were not renewed, what would be the effect on the company's trading? 11. Review details of any intellectual property rights owned or used by any group company and copies of all licensing, distribution or royalty agreements relating to any intellectual property rights. 12. List of insurance policies taken out by or for the benefit of each group company and receipts for the last premiums on all insurance policies. Are there any claims outstanding? 13. Review all contracts that are important to operations. Also review any contracts with shareholders or officers. Look for the following provisions: ○ Default or termination provisions ○ Restrictions on Company action ○ Consent requirements ○ Termination provisions in employment contracts ○ Ownership of technology ○ Cancellation provisions in major supply and customer contracts ○ Unusual warranties or the absence of protective provisions 14. Obtain copies of all asset leases, and review for term, early payment, and bargain purchase clauses. 15. Obtain copies of all lease agreements, and review for term and renewal provisions. 16. Review all related party transactions, proposed management agreements.
--	--	---

17. Review the terms of any outbound or inbound royalty agreements.
18. Was any Company software (either used internally or resold) obtained from another Company? If so, what are the terms under which the code is licensed? Are there any associated royalty payments?
19. Review all pending and threatened legal proceedings to which the Company or any of its subsidiaries is a party. Describe principal parties, allegations, and relief sought. This includes any governmental or environmental proceedings. Obtain copies of existing consent decrees or significant settlement agreements relating to the Company or its subsidiaries.
20. Review the auditors' letter to management concerning internal accounting controls and procedures, as well as any management responses.
21. In respect of all material contracts, review for assignability, enforceability, breaches, and escalation clauses.
22. Obtain copies of all:
 - Property zoning certificate and obtain satisfaction that it is appropriate;
 - Detailed bills of quantities as prepared by the appointed Quantity Surveyor
 - Obtain approved building plans;
 - license agreements and ancillary documents;
 - government licenses and permits;
 - secrecy or non-competition agreements;
 - membership agreements;
 - powers of attorney and agency agreements;
 - Throughput agreements;
 - Supplier agreements;
 - Sale and Purchase of Property agreements;
23. Review all proposed contracts, MOIs or negotiation
24. Investigate if there are no outstanding legal proceedings involving the target property
25. Copies of all planning and environmental licenses, consents, permits, approvals, authorisations, certificates, specifications, qualifications, applications, registrations, notifications, "Permits" and any correspondence in connection with their renewal relative to each group company.
26. Legal opinion (Provision of legal opinion by a Law Firm with a Fidelity Fund Certificate on legal risks associated with the transaction) on:

- the possible risks of uplifting and transporting goods to a foreign jurisdiction. Mitigation of this risk must be stated (where applicable);
- the risk of choice of governing law on the agreements related to this transaction;
- the risks and the steps required to institute legal action in a foreign jurisdiction especially in the event of non-performance by the foreign service provider.
- assess the provisions of export credit insurance;
- advice on exchange control provisions (if applicable);
- advice on the remedies available for breach of contract or defective goods by any service provider;
- advice on any legislative and regulatory compliance requirements required for the transaction;
- review and advice the warranties on all goods and services provided;
- advice on the tax law (taxes and excise duty) payable on the transaction.
- highlight all legal risks and mitigation thereof.

Intellectual Property

1. Review all current patent, trademark, service mark, trade name, and copyright agreements, and note renewal dates.
2. Obtain an itemization of all pending patent applications.
3. Determine annual patent renewal costs.
4. Obtain copies of all licenses of intellectual property in which the Company is the licensor or licensee.
5. List all lawsuits pertaining to intellectual property in which the organization is a party.

Litigation and Arbitration

1. Details of Government or other regulatory requirements for the industry.
2. Details of any litigation or other disputes (including, industrial tribunal actions) which any group company or its employees is or may become involved, together with details or copies of statement of claims made, opinions from counsellor others or settlement figures and estimated legal costs.
3. Similar information relating to any arbitration or quasi-judicial proceedings or hearings.
4. Details in relation to each group company of all actual or threatened inspections, investigations, proceedings, or litigation asserting adverse environmental, health or safety

		conditions or pollution damage from releases of any toxic, dangerous, hazardous or other substance or article prescribed or restricted under any environmental or health or safety laws or handling of materials or violation of permits or law together with copies of related documents and correspondence. <u>Regulatory compliance</u> 6. Determine if there are or were any enforcement or disciplinary actions or any ongoing investigations or suggestions of violations involving the Company. 7. Review any correspondence during the past five years with the Environmental authorities 8. Review any required regulatory compliance and verify that necessary licenses and permits have been maintained, as well as ongoing reports. 9. Obtain copies of any open charges of discrimination, complaints, or related litigation, or any such cases that have been closed within the past five years.

a) ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) MODULE

In today's economy, financial metrics informs only part of a company's value story. Intangibles such as brand reputation, talent and customer reach, are increasingly becoming important factors in investment decision-making. These intangible ESG factors (as depicted on the figure below) have become more topical amongst decision makers and companies who aspire to drive long-term sustainable performance and resilience in the ever-changing environment are more likely to attract investors.



Environmental Aspects

The environmental section seeks to investigate the company's compliance to various National and Regional environmental laws and regulations. You are required to provide an explanation and proof where required for your answers.

Key Issue	Description	Questions	Response/Comments and Evidence
Environment Regulations	Environmental Authorisations	Does the company have an Environmental Management policy in place?	
		Did the company undertake an environmental impact assessment? Please provide a copy of the environmental management programme (EMP) for the construction and operation the facility.	
		Have the relevant subdivisions been approved for rezoning? Please provide zoning certificate	
		Have the SDP and building plans been approved by the municipality? Please provide approval as well as proposed floor plan.	
Waste Management	Pollution prevention	Does the company have a waste management plan in place?	
		What type of waste streams will the facility produce and how each will be managed (e.g., solid domestic, hazardous, wastewater)?	
		What quantity of domestic wastewater (effluent) is produced by the business monthly? What is the estimated size of the proposed onsite effluent tanks? How will the effluent be discharged once tank is full?	
Bulk services	Access to bulk services	Has the company secured access to bulk services? Please provide service agreements from the service provides and Municipality.	
		Are there any environmental appeals lodged against the company?	

Environmental risk management	Environmental risk management	Are there signs of contamination of land from past activities on site (agricultural & industrial)?	
		Has the company received fines or penalties relating to environmental issues within the last 5 years?	
Climate change		Is the company a significant greenhouse gas producer?	

Social Aspects

Social factors look at how a company treats people (protecting human rights) and focuses on employee relations and diversity, working conditions, local communities, health and safety, and conflict. This section seeks to investigate the company's compliance to various National and Regional social and labour laws and regulations. You are required to provide an explanation and proof where required for your answers.

Key Issue	Description	Questions	Response/Comments and Evidence
Community and stakeholder Engagements	Community and stakeholder Engagements	Kindly indicate the company strategy to manage local Communities and other company stakeholders such as 1. Public Participation Process 2. Managing community Expectation Strategy to address Community Health and safety	
CSI/SED	Corporate social initiatives/ social-economical development.	Has the company established/ identified any CSI/SED projects to support?	
Basic Conditions of employment	Policies	Does the company have the following policies in place? If yes, please provide copies. 1. HR policy. 2. Occupational Health and Safety policy. 3. Training and Development policy.	
	Salaries and Wages	Kindly state what is the minimum and average salaries and wage of employees at the company. Are wages at or around the level of the minimum wages? Are salaries market related?	

	Employee contracts	Do all employees have signed employee contracts? If yes, please provide a sample of one or two (where possible) for each level of occupation.	
	Employee benefits	Does the company offer benefits to staff i.e., leave, pension fund, performance bonus, overtime, medical aid, employee incentive schemes, etc?	
	Union Representation	Are staff free to join unions of their choice?	
	Committees	Does the company have the following committees in place? 1. Employment Equity or Transformation committee?	
	Industrial Actions	Has the company had an industrial action taking place in the last 5 years? Where there any retrenchments due to industrial actions?	
Human Rights Principles	Policies and Procedures	Does the company have policies in place that protect the human rights principles and ensure that they are adhered to: 1. No Child Labour 2. Anti-Discrimination 3. Access and protection of people with Disability. 4. HIV /AIDS policy. 5. Forced labour practice. 6. Sexual harassment policy 7. Support and respect for protection of other Human rights principles. 8. Gender, race, sexuality, religion, political opinion, etc.	

Governance Aspects

Governance sections seeks to investigate the company's corporate governance system, practices, and alignment to the King IV principles of corporate governance. You are required to provide an explanation and proof where required for your answers.

Key Issue	Description	Questions	Response/Comments and Evidence
-----------	-------------	-----------	--------------------------------

Board of Directors	Custodian of Corporate Governance	Does the company have a Board of Directors? If yes, please provide a charter.	
		Does the Board composition follow good practice e.g., separation of Chairman and CEO, independent directors? If yes, please provide evidence.	
Key Individuals	Major shareholder and Directors	Are there any potential issues/ pending investigations/ inquiries/ commissions with any of the key individuals linked to the company in relation to. 1. Their source of wealth? 2. Their previous business activities or practices? If yes, please provide details.	
		Are any of the key individuals linked to the company the subject of local or international investigation in relation to economic crime?	
		Does the company have a code of business ethics / conduct that is endorsed by the CEO / Chairman and Board?	
	Performance Assessment	Does the company conduct performance evaluation for the Directors? How often are these evaluations done? Who conducts them?	
Risk Management Strategies	Risk Management Strategies	Does the company keep and monitor a risk register, if yes, please provide Does the company have a risk management strategy in place?	
	Risk Management Policies	Does the company have the following Risk Management policies in place? 1. Political donation 2. Anti-competitive Practice 3. Delegation of Authority 4. Anti-corruption 5. Gift policy.	
	Succession planning	Does the company have a Succession planning policy? If not, how is succession planning managed in the company?	

	Disclosure and Reporting	Does the company have a policy to disclose materiality issues to the shareholders?	
--	--------------------------	--	--

IDENTIFICATION OF POTENTIAL BUSINESS INTEGRITY RISKS

The KGFT would expect the service provider to rate the deal as high, medium or low from a business integrity perspective.

1. Keyman Probity		Yes/No	Comment / Note Ref
a.	Are there any potential issues with any of the key individuals linked to the company in relation to:		
a1.	- their source of wealth?	Yes ☐	
		No ☐	
	- has this been investigated at all by KGFT?	Yes ☐	
		No ☐	
a2.	- their previous business activities or practices?	Yes ☐	
		No ☐	
	- has this been investigated at all by KGFT?	Yes ☐	
		No ☐	
b.	Do any of the key individuals linked to the company have links (past or present) to government?	Yes ☐	
		No ☐	
c.	Are any of the key individuals linked to the company the subject of local or international investigation in relation to economic crime?	Yes ☐	
		No ☐	
d.	Has the identity of key individuals been verified in accordance with anti-money laundering procedures?	Yes ☐	
		No ☐	
2. Ethical Issues			
a.	Does the company have a mission or vision statement that includes core values (such as trust, integrity, etc)?	Yes ☐	
		No ☐	

b.	Does the company have a code of business ethics / conduct?	Yes ☐	
		No ☐	
b1.	Is it endorsed by the CEO / Chairman and Board?	Yes ☐	
		No ☐	
b2.	Is the code made available to all employees?	Yes ☐	
		No ☐	
b3.	Is the code given and explained to all new employees?	Yes ☐	
		No ☐	
c.	If the company does not have a formal code of similar document, does it give guidance to staff on how to deal with any of the following ethical issues:		
c1.	Bribery and other unconventional payments?	Yes ☐	
		No ☐	
c2.	Anti-competitive practices?	Yes ☐	
		No ☐	
c3.	Conflict of interest?	Yes ☐	
		No ☐	
c4.	Gifts and entertainment?	Yes ☐	
		No ☐	
c5.	Insider dealing?	Yes ☐	
		No ☐	
c6.	Political activity?	Yes ☐	
		No ☐	
c7.	Use of corporate assets?	Yes ☐	
		No ☐	

d.	Is there a person designated in the company to deal with ethical matters?	Yes ☐	
		No ☐	
e.	Is compliance with ethical issues monitored and are breaches properly dealt with?	Yes ☐	
		No ☐	
f.	Do employees have means to raise ethical concerns without being penalised (e.g. a whistle blowing helpline)?	Yes ☐	
		No ☐	
g.	If no consideration is currently given to ethical issues, is the company prepared to develop & implement something in line with KGF's expectations?	Yes ☐	
		No ☐	
3. Corporate Governance			
a.	Are appropriate systems in place for recording and reporting financial and tax information?	Yes ☐	
		No ☐	
b.	Are Board meetings held regularly with proper notice and papers?	Yes ☐	
		No ☐	
c.	Does the Board have effective procedures for identification of all financial and non-financial risk?	Yes ☐	
		No ☐	
d.	Does the Board composition follow good practice – e.g. separation of Chairman and CEO; independent directors	Yes ☐	
		No ☐	
Completed by:		Date:	

Curriculum Vitae

1. Role – Key Resource

Name and Surname	
Residential Address	
Project Role	

2. Relevant Qualifications/Certifications

Name of Certificate	Institution	Year Obtained	Expiry Date (if any)

3. Relevant Experience

Company Name	Position	Key responsibility	Start Date	End Date

4. References

Name	Company Name	Position	Relationship

PART A INVITATION TO BID

YOU ARE HEREBY INVITED TO BID FOR REQUIREMENTS OF THE (NAME OF DEPARTMENT/ PUBLIC ENTITY)					
BID NUMBER:	KZNGFA RFQ 2025-23	CLOSING DATE:	30 October 2025	CLOSING TIME:	12pm
DESCRIPTION	Due Diligence – Commercial Property Development and Tenanted Retail Property Investment Industry				
BID RESPONSE DOCUMENTS MAY BE DEPOSITED IN THE BID BOX SITUATED AT (STREET ADDRESS)					
scm@kzngf.co.za					
BIDDING PROCEDURE ENQUIRIES MAY BE DIRECTED TO			TECHNICAL ENQUIRIES MAY BE DIRECTED TO:		
CONTACT PERSON	Sijabulile Ntshangase		CONTACT PERSON	Pravesh Pillay	
TELEPHONE NUMBER	031 372 3720		TELEPHONE NUMBER		
FACSIMILE NUMBER			FACSIMILE NUMBER		
E-MAIL ADDRESS	scm@kzngf.co.za		E-MAIL ADDRESS	scm@kzngf.co.za	
SUPPLIER INFORMATION					
NAME OF BIDDER					
POSTAL ADDRESS					
STREET ADDRESS					
TELEPHONE NUMBER	CODE		NUMBER		
CELLPHONE NUMBER					
FACSIMILE NUMBER	CODE		NUMBER		
E-MAIL ADDRESS					
VAT REGISTRATION NUMBER					
SUPPLIER COMPLIANCE STATUS	TAX COMPLIANCE SYSTEM PIN:		OR	CENTRAL SUPPLIER DATABASE No:	MAAA
B-BBEE STATUS LEVEL VERIFICATION CERTIFICATE	[TICK APPLICABLE BOX] ☐ Yes ☐ No		B-BBEE STATUS LEVEL SWORN AFFIDAVIT		[TICK APPLICABLE BOX] ☐ Yes ☐ No
[A B-BBEE STATUS LEVEL VERIFICATION CERTIFICATE/ SWORN AFFIDAVIT (FOR EMES & QSEs) MUST BE SUBMITTED IN ORDER TO QUALIFY FOR PREFERENCE POINTS FOR B-BBEE]					
1	ARE YOU THE ACCREDITED REPRESENTATIVE IN SOUTH AFRICA FOR THE GOODS /SERVICES /WORKS OFFERED?	☐ Yes ☐ No [IF YES ENCLOSE PROOF]	2	ARE YOU A FOREIGN BASED SUPPLIER FOR THE GOODS /SERVICES /WORKS OFFERED?	☐ Yes ☐ No [IF YES, ANSWER THE QUESTIONNAIRE BELOW]
QUESTIONNAIRE TO BIDDING FOREIGN SUPPLIERS					
IS THE ENTITY A RESIDENT OF THE REPUBLIC OF SOUTH AFRICA (RSA)?				☐ YES ☐ NO	
DOES THE ENTITY HAVE A BRANCH IN THE RSA?				☐ YES ☐ NO	
DOES THE ENTITY HAVE A PERMANENT ESTABLISHMENT IN THE RSA?				☐ YES ☐ NO	
DOES THE ENTITY HAVE ANY SOURCE OF INCOME IN THE RSA?				☐ YES ☐ NO	
IS THE ENTITY LIABLE IN THE RSA FOR ANY FORM OF TAXATION?				☐ YES ☐ NO	
IF THE ANSWER IS "NO" TO ALL OF THE ABOVE, THEN IT IS NOT A REQUIREMENT TO REGISTER FOR A TAX COMPLIANCE STATUS SYSTEM PIN CODE FROM THE SOUTH AFRICAN REVENUE SERVICE (SARS) AND IF NOT REGISTER AS PER 2.3 BELOW.					

PART B TERMS AND CONDITIONS FOR BIDDING

1. BID SUBMISSION:
1.1. BIDS MUST BE DELIVERED BY THE STIPULATED TIME TO THE CORRECT ADDRESS. LATE BIDS WILL NOT BE ACCEPTED FOR CONSIDERATION.
1.2. ALL BIDS MUST BE SUBMITTED ON THE OFFICIAL FORMS PROVIDED–(NOT TO BE RE-TYPED) OR IN THE MANNER PRESCRIBED IN THE BID DOCUMENT.
1.3. THIS BID IS SUBJECT TO THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT, 2000 AND THE PREFERENTIAL PROCUREMENT REGULATIONS, 2017, THE GENERAL CONDITIONS OF CONTRACT (GCC) AND, IF APPLICABLE, ANY OTHER SPECIAL CONDITIONS OF CONTRACT.
1.4. THE SUCCESSFUL BIDDER WILL BE REQUIRED TO FILL IN AND SIGN A WRITTEN CONTRACT FORM (SBD7).
2. TAX COMPLIANCE REQUIREMENTS
2.1 BIDDERS MUST ENSURE COMPLIANCE WITH THEIR TAX OBLIGATIONS.
2.2 BIDDERS ARE REQUIRED TO SUBMIT THEIR UNIQUE PERSONAL IDENTIFICATION NUMBER (PIN) ISSUED BY SARS TO ENABLE THE ORGAN OF STATE TO VERIFY THE TAXPAYER'S PROFILE AND TAX STATUS.
2.3 APPLICATION FOR TAX COMPLIANCE STATUS (TCS) PIN MAY BE MADE VIA E-FILING THROUGH THE SARS WEBSITE WWW.SARS.GOV.ZA .
2.4 BIDDERS MAY ALSO SUBMIT A PRINTED TCS CERTIFICATE TOGETHER WITH THE BID.
2.5 IN BIDS WHERE CONSORTIA / JOINT VENTURES / SUB-CONTRACTORS ARE INVOLVED, EACH PARTY MUST SUBMIT A SEPARATE TCS CERTIFICATE / PIN / CSD NUMBER.
2.6 WHERE NO TCS PIN IS AVAILABLE BUT THE BIDDER IS REGISTERED ON THE CENTRAL SUPPLIER DATABASE (CSD), A CSD NUMBER MUST BE PROVIDED.
2.7 NO BIDS WILL BE CONSIDERED FROM PERSONS IN THE SERVICE OF THE STATE, COMPANIES WITH DIRECTORS WHO ARE PERSONS IN THE SERVICE OF THE STATE, OR CLOSE CORPORATIONS WITH MEMBERS PERSONS IN THE SERVICE OF THE STATE."

NB: FAILURE TO PROVIDE / OR COMPLY WITH ANY OF THE ABOVE PARTICULARS MAY RENDER THE BID INVALID.

SIGNATURE OF BIDDER:

CAPACITY UNDER WHICH THIS BID IS SIGNED:
(Proof of authority must be submitted e.g. company resolution)

DATE:

BIDDER'S DISCLOSURE

1. PURPOSE OF THE FORM

Any person (natural or juristic) may make an offer or offers in terms of this invitation to bid. In line with the principles of transparency, accountability, impartiality, and ethics as enshrined in the Constitution of the Republic of South Africa and further expressed in various pieces of legislation, it is required for the bidder to make this declaration in respect of the details required hereunder.

Where a person/s are listed in the Register for Tender Defaulters and / or the List of Restricted Suppliers, that person will automatically be disqualified from the bid process.

2. Bidder's declaration

2.1 Is the bidder, or any of its directors / trustees / shareholders / members / partners or any person having a controlling interest¹ in the enterprise, employed by the state? **YES/NO**

2.1.1 If so, furnish particulars of the names, individual identity numbers, and, if applicable, state employee numbers of sole proprietor/ directors / trustees / shareholders / members/ partners or any person having a controlling interest in the enterprise, in table below.

Full Name	Identity Number	Name of institution	State

2.2 Do you, or any person connected with the bidder, have a relationship with any person who is employed by the procuring institution? **YES/NO**

2.2.1 If so, furnish particulars:

.....

2.3 Does the bidder or any of its directors / trustees / shareholders / members / partners or any person having a controlling interest in the enterprise have any interest in any other related enterprise whether or not they are bidding for this contract? **YES/NO**

2.3.1 If so, furnish particulars:

.....

¹ the power, by one person or a group of persons holding the majority of the equity of an enterprise, alternatively, the person/s having the deciding vote or power to influence or to direct the course and decisions of the enterprise.

3 DECLARATION

I, the undersigned, (name)..... in submitting the accompanying bid, do hereby make the following statements that I certify to be true and complete in every respect:

- 3.1 I have read and I understand the contents of this disclosure;
- 3.2 I understand that the accompanying bid will be disqualified if this disclosure is found not to be true and complete in every respect;
- 3.3 The bidder has arrived at the accompanying bid independently from, and without consultation, communication, agreement or arrangement with any competitor. However, communication between partners in a joint venture or consortium² will not be construed as collusive bidding.
- 3.4 In addition, there have been no consultations, communications, agreements or arrangements with any competitor regarding the quality, quantity, specifications, prices, including methods, factors or formulas used to calculate prices, market allocation, the intention or decision to submit or not to submit the bid, bidding with the intention not to win the bid and conditions or delivery particulars of the products or services to which this bid invitation relates.
- 3.4 The terms of the accompanying bid have not been, and will not be, disclosed by the bidder, directly or indirectly, to any competitor, prior to the date and time of the official bid opening or of the awarding of the contract.
- 3.5 There have been no consultations, communications, agreements or arrangements made by the bidder with any official of the procuring institution in relation to this procurement process prior to and during the bidding process except to provide clarification on the bid submitted where so required by the institution; and the bidder was not involved in the drafting of the specifications or terms of reference for this bid.
- 3.6 I am aware that, in addition and without prejudice to any other remedy provided to combat any restrictive practices related to bids and contracts, bids that are suspicious will be reported to the Competition Commission for investigation and possible imposition of administrative penalties in terms of section 59 of the Competition Act No 89 of 1998 and or may be reported to the National Prosecuting Authority (NPA) for criminal investigation and or may be restricted from conducting business with the public sector for a period not exceeding ten (10) years in terms of the Prevention and Combating of Corrupt Activities Act No 12 of 2004 or any other applicable legislation.

I CERTIFY THAT THE INFORMATION FURNISHED IN PARAGRAPHS 1, 2 and 3 ABOVE IS CORRECT.

I ACCEPT THAT THE STATE MAY REJECT THE BID OR ACT AGAINST ME IN TERMS OF PARAGRAPH 6 OF PFMA SCM INSTRUCTION 03 OF 2021/22 ON PREVENTING AND COMBATING ABUSE IN THE SUPPLY CHAIN MANAGEMENT SYSTEM SHOULD THIS DECLARATION PROVE TO BE FALSE.

.....
Signature

.....
Date

.....
Position

.....
Name of bidder

² Joint venture or Consortium means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract.

PREFERENCE POINTS CLAIM FORM IN TERMS OF THE PREFERENTIAL PROCUREMENT REGULATIONS 2022

This preference form must form part of all tenders invited. It contains general information and serves as a claim form for preference points for specific goals.

NB: BEFORE COMPLETING THIS FORM, TENDERERS MUST STUDY THE GENERAL CONDITIONS, DEFINITIONS AND DIRECTIVES APPLICABLE IN RESPECT OF THE TENDER AND PREFERENTIAL PROCUREMENT REGULATIONS, 2022

1. GENERAL CONDITIONS

1.1 The following preference point systems are applicable to invitations to tender:

- the 80/20 system for requirements with a Rand value of up to R50 000 000 (all applicable taxes included); and
- the 90/10 system for requirements with a Rand value above R50 000 000 (all applicable taxes included).

1.2 **To be completed by the organ of state**

(delete whichever is not applicable for this tender).

~~a) The applicable preference point system for this tender is the 90/10 preference point system.~~

b) The applicable preference point system for this tender is the 80/20 preference point system.

~~c) Either the 90/10 or 80/20 preference point system will be applicable in this tender. The lowest/highest acceptable tender will be used to determine the accurate system once tenders are received.~~

1.3 Points for this tender (even in the case of a tender for income-generating contracts) shall be awarded for:

- (a) Price; and
- (b) Specific Goals.

1.4 **To be completed by the organ of state:**

The maximum points for this tender are allocated as follows:

	POINTS
PRICE	80
SPECIFIC GOALS	20
Total points for Price and SPECIFIC GOALS	100

- 1.5 Failure on the part of a tenderer to submit proof or documentation required in terms of this tender to claim points for specific goals with the tender, will be interpreted to mean that preference points for specific goals are not claimed.
- 1.6 The organ of state reserves the right to require of a tenderer, either before a tender is adjudicated or at any time subsequently, to substantiate any claim in regard to preferences, in any manner required by the organ of state.

2. DEFINITIONS

- (a) **“tender”** means a written offer in the form determined by an organ of state in response to an invitation to provide goods or services through price quotations, competitive tendering process or any other method envisaged in legislation;
- (b) **“price”** means an amount of money tendered for goods or services, and includes all applicable taxes less all unconditional discounts;
- (c) **“rand value”** means the total estimated value of a contract in Rand, calculated at the time of bid invitation, and includes all applicable taxes;
- (d) **“tender for income-generating contracts”** means a written offer in the form determined by an organ of state in response to an invitation for the origination of income-generating contracts through any method envisaged in legislation that will result in a legal agreement between the organ of state and a third party that produces revenue for the organ of state, and includes, but is not limited to, leasing and disposal of assets and concession contracts, excluding direct sales and disposal of assets through public auctions; and
- (e) **“the Act”** means the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000).

3. FORMULAE FOR PROCUREMENT OF GOODS AND SERVICES

3.1. POINTS AWARDED FOR PRICE

3.1.1 THE 80/20 OR 90/10 PREFERENCE POINT SYSTEMS

A maximum of 80 or 90 points is allocated for price on the following basis:

80/20

or

90/10

$$Ps = 80 \left(1 - \frac{Pt - P_{min}}{P_{min}} \right) \text{ or } Ps = 90 \left(1 - \frac{Pt - P_{min}}{P_{min}} \right)$$

Where

Ps = Points scored for price of tender under consideration

Pt = Price of tender under consideration

Pmin = Price of lowest acceptable tender

3.2. FORMULAE FOR DISPOSAL OR LEASING OF STATE ASSETS AND INCOME GENERATING PROCUREMENT

3.2.1. POINTS AWARDED FOR PRICE

A maximum of 80 or 90 points is allocated for price on the following basis:

80/20

or

90/10

$$Ps = 80 \left(1 + \frac{Pt - P_{max}}{P_{max}} \right) \text{ or } Ps = 90 \left(1 + \frac{Pt - P_{max}}{P_{max}} \right)$$

Where

Ps = Points scored for price of tender under consideration

Pt = Price of tender under consideration

Pmax = Price of highest acceptable tender

4. POINTS AWARDED FOR SPECIFIC GOALS

4.1. In terms of Regulation 4(2); 5(2); 6(2) and 7(2) of the Preferential Procurement Regulations, preference points must be awarded for specific goals stated in the tender. For the purposes of this tender the tenderer will be allocated points based on the goals stated in table 1 below as may be supported by proof/ documentation stated in the conditions of this tender:

4.2. In cases where organs of state intend to use Regulation 3(2) of the Regulations, which states that, if it is unclear whether the 80/20 or 90/10 preference point system applies, an organ of state must, in the tender documents, stipulate in the case of—

- (a) an invitation for tender for income-generating contracts, that either the 80/20 or 90/10 preference point system will apply and that the highest acceptable tender will be used to determine the applicable preference point system; or

(b) any other invitation for tender, that either the 80/20 or 90/10 preference point system will apply and that the lowest acceptable tender will be used to determine the applicable preference point system,

then the organ of state must indicate the points allocated for specific goals for both the 90/10 and 80/20 preference point system.

Table 1: Specific goals for the tender and points claimed are indicated per the table below.

(Note to organs of state: Where either the 90/10 or 80/20 preference point system is applicable, corresponding points must also be indicated as such.)

Note to tenderers: The tenderer must indicate how they claim points for each preference point system.)

The specific goals allocated points in terms of this tender	Number of points allocated (90/10 system) (To be completed by the organ of state)	Number of points allocated (80/20 system) (To be completed by the organ of state)	Number of points claimed (90/10 system) (To be completed by the tenderer)	Number of points claimed (80/20 system) (To be completed by the tenderer)
Black Ownership		10		
Black Women Ownership		4		
Black Youth Ownership		3		
Disability		3		

DECLARATION WITH REGARD TO COMPANY/FIRM

4.3. Name of company/firm.....

4.4. Company registration number:

4.5. TYPE OF COMPANY/ FIRM

- ☐ Partnership/Joint Venture / Consortium
- ☐ One-person business/sole propriety
- ☐ Close corporation
- ☐ Public Company
- ☐ Personal Liability Company

- ☐ (Pty) Limited
 - ☐ Non-Profit Company
 - ☐ State Owned Company
- [TICK APPLICABLE BOX]

4.6. I, the undersigned, who is duly authorised to do so on behalf of the company/firm, certify that the points claimed, based on the specific goals as advised in the tender, qualifies the company/ firm for the preference(s) shown and I acknowledge that:

- i) The information furnished is true and correct;
- ii) The preference points claimed are in accordance with the General Conditions as indicated in paragraph 1 of this form;
- iii) In the event of a contract being awarded as a result of points claimed as shown in paragraphs 1.4 and 4.2, the contractor may be required to furnish documentary proof to the satisfaction of the organ of state that the claims are correct;
- iv) If the specific goals have been claimed or obtained on a fraudulent basis or any of the conditions of contract have not been fulfilled, the organ of state may, in addition to any other remedy it may have –
 - (a) disqualify the person from the tendering process;
 - (b) recover costs, losses or damages it has incurred or suffered as a result of that person's conduct;
 - (c) cancel the contract and claim any damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation;
 - (d) recommend that the tenderer or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, be restricted from obtaining business from any organ of state for a period not exceeding 10 years, after the *audi alteram partem* (hear the other side) rule has been applied; and
 - (e) forward the matter for criminal prosecution, if deemed necessary.

..... SIGNATURE(S) OF TENDERER(S)	
SURNAME AND NAME:	
DATE:	
ADDRESS:	
	
	
	