

Tender Number: T24/05/23

Tender description: APPOINTMENT OF A TRANSACTION ADVISOR TO PROVIDE SELL-SIDE ADVISORY SERVICES

Question and Answers version 1

No.	Question	Type	Answer
1	Please could you provide us with some background information relating to the asset, including:		
1.1	Whether the asset is a private or public company	Technical	The asset is a Private Company
1.2	Size of the asset by way of historic/forecast revenue and profitability		Revenue for the FYE June 2022 = R43m, Forecast to June 2023 = R50m. Management forecasts intend growing the business to a ca R70m business over 3-5 years EBITDA FYE June 2022 = -R300k, Forecast to June 2023 = R2,5m. Management forecast over 3 - 5 years = R7m (or better subject to optimisation) Number of Employees = 62
1.3	Shareholders of the asset		Shares are privately held by 3 individuals.
1.4	Is there an Existing Shareholders' Agreement in place between the shareholders of the asset and does this shareholders agreement include any minority protections such as pre-emptive rights or come along and drag along rights that could be triggered in terms of the envisaged transaction		A shareholders agreement is in place between the shareholders, IDC is not a shareholder, the shares are held privately by 3 individuals. The Shareholders agreement includes Come Along and Tag Along clauses.
1.5	Confirmation as to whether the envisaged transaction will involve the issue of new shares in the asset or whether any of the existing shareholders will be exiting or a combination of the aforementioned		The envisaged transaction will result in a dilution of existing shareholders which can be facilitated via a sale or new share issue.
1.6	Confirmation as to whether the asset is in distress		Yes - it is a distressed asset
1.7	The envisaged size of the transaction, if possible.		The transaction is likely to be in the region of R40m to R50m, dependent on the agreed valuation
2	We note that the Background Information in paragraph 2 (Section 2) of the RFP requires "...sell-side advisory services related to the formulation of a sustainable investment thesis...". However, we don't see this specifically included in the Scope of work/Terms of reference in paragraph 3 (Section 2) of the RFP. Please clarify.	Technical	The Investment Thesis forms the basis for marketing the asset to suitable SEP's and informs the IM and Financial Model which are the outcomes of the Investment Thesis as the Asset needs to be prepared for sale.
3	As regards the Costing Model requested in paragraph 7 (Section 3) read together with the Price Declaration (Section 3) of the RFP, please confirm whether only hourly rates are acceptable to IDC or whether any alternative costing model(s) customary in a transaction of this nature (eg % of transaction value on a successful transaction, with a market related retainer fee for the period of the transaction) would be acceptable to IDC.	Technical	Bidders <u>must</u> only make use of the costing model published in the bid document. It must be noted that no alternative costing models will be acceptable.
4	Reference is made to the RFP issued by the IDC to appoint a transaction advisor to provide sell-side advisory services to the IDC (reference: T24/05/23). Please advise on the sector in which the potential opportunity operates in so that we can tailor our proposal with relevant sectorial credentials and earmark the appropriate personnel for the potential assignment	Technical	The asset resides in the Agriculture Processing sector, manufacturing high end Pet Foods.
5	In paragraph 11.3.10 of the RFP, Returnable Schedules (Section 1), requires that we duly complete and sign Annexure 9 of the RFP document. However, there is no Annexure 9 included in the document. Please could you clarify.	Admin	Annexure 9 is not applicable for this tender, therefore bidders need not to submit the mentioned Annexure.
6	Kindly indicate the identity of the asset and who the auditors are.	Technical	This will only be disclosed to the preferred bidder.
7	Kindly provide further information with regards to the geographic footprint of the asset, i.e., is the asset's operations based solely in Cape Town?	Technical	Operations are based solely in Cape Town, the product produced is distributed Nationally.
8	Kindly confirm the percentage equity held by the IDC in the asset/company	Technical	Refer to question 1,3
9	Is the IDC the sole shareholder? Is it the intention of the IDC to sell its entire equity stake	Technical	IDC is a debt provider who desires to assist the Asset with raising capital. The shareholders are prepared to dilute to secure investment from a SEP.