

# NORTH WEST DEVELOPMENT CORPORATION (SOC) LTD



## REQUEST FOR PROPOSALS (RFP)

### TERMS OF REFERENCE (ToR):

**REQUEST FOR PROPOSALS FROM INVESTORS AND OR DEVELOPERS TO PARTNER WITH THE NORTH WEST DEVELOPMENT CORPORATION (SOC) LTD FOR THE REDEVELOPMENT OF SHOPPING COMPLEXES**

#### RFP NO(s):

- (A) NWDC/PRO004/2022 – Mogwase Shopping Complex**
- (B) NWDC/PRO005/2022 – Lehurutshe Shopping Complex**
- (C) NWDC/PRO006/2022 – Itsoseng Shopping Complex**

**Closing Date: 17<sup>th</sup> November 2022**

**Time: 11:00 am**

**Delivery address:**

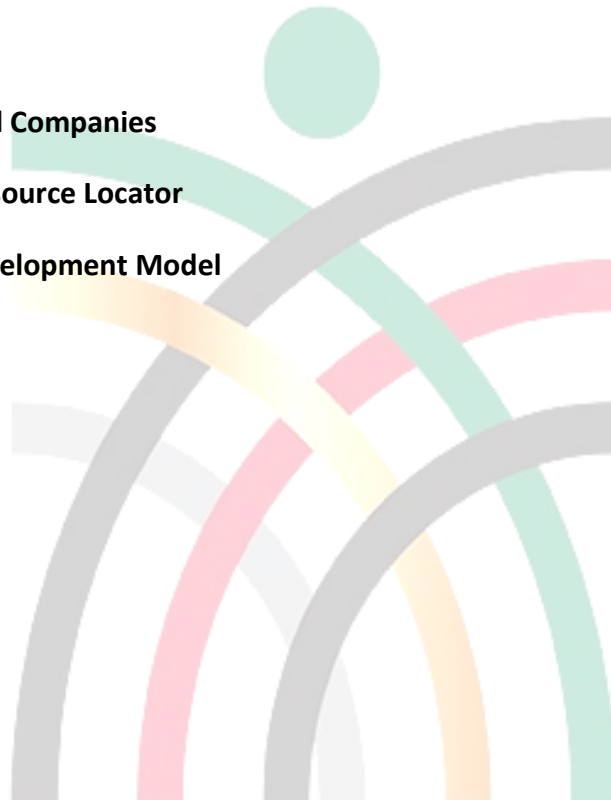
**MAHIKENG MMABATHO BRANCH OFFICE:**

NWDC (SOC) LTD  
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**BIDDER:** \_\_\_\_\_

## ABBREVIATIONS

- i. **ACT – Agriculture, Culture and Tourism**
- ii. **GLA – Gross Lettable Area**
- iii. **WBS – Work Breakdown Structure**
- iv. **NWDC – North West Development Corporation**
- v. **RFP – Request for Proposal**
- vi. **JV – Joint Venture**
- vii. **SOC – State Owned Companies**
- viii. **URL – Uniform Resource Locator**
- ix. **DDM – District Development Model**



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## 1. PREAMBLE

The NWDC's **strategic thrust** is to drive an inclusive strategy towards economic growth and transformation in the Province in line with the Provincial priorities. In taking the responsibility to actively participate in the turnaround of the entity and economic recovery post the pandemic, the entity is appropriately positioned as the implementing vehicle of the Provincial Government to roll-out the developmental agenda.

The NWDC's **purpose** is therefore to contribute towards the growth and transformation of the economy by positioning the North West Province as a competitor in the SADC Region, Africa and the globe in investment destination attraction.

The NWDC **aims** to demonstrate its leadership by implementing key programmes and providing support for the development of key sectors of the economy in line with the conventional economic and industrial policies of the Province and those at National. Key to this aim is the growth of the cooperative's economy, trade and investment facilitation and increased strategic economic infrastructure. The NWDC undertakes to support key Provincial strategies in a manner that ensures successful implementation of those strategies.

## 2. DEFINITIONS

- i. Redevelopment – refers to the development, refurbishment, upgrade, improvement and re-building of the site(s)
- ii. Investor – refers to an individual or entity that would be willing to finance the redevelopment, refurbishment or upgrade of the site(s)
- iii. Developer – refers to potential successful bidder
- iv. Partner(s) – refers to the NWDC and potential successful bidder to the tender
- v. Properties – refers to the NWDC owned properties or shopping complexes referred to in this request for proposal.

## 3. BACKGROUND

NWDC owns Shopping Centres in various areas throughout the North West Province. NWDC wants to redevelop these shopping centres, to ensure that NWDC maximises revenue (rental income) being collected at the properties.

The following are NWDC owned Shopping Centres that need to be re-developed:

No	Property Description and Location	ERF Size in m <sup>2</sup> /ha	Building in m <sup>2</sup>	Property Status at Previous inspection
1	Lehurutshe Shopping Complex	4.8220 ha	14 603m <sup>2</sup>	Fair status of maintenance, roof leakages, falling ceilings in the walkways.

No	Property Description and Location	ERF Size in m <sup>2</sup> /ha	Building in m <sup>2</sup>	Property Status at Previous inspection
2	Mogwase Shopping Complex	6.7730 ha	17 974m <sup>2</sup>	Fair status of maintenance, roof leaks. Potholes to be sealed
3	Itsoseng Shopping Complex	29 431m <sup>2</sup>	1 784m <sup>2</sup>	Current Investor Tiger Stripes developed only face one. A big land is still available for further development.

Most of the above-mentioned shopping centres are old and dilapidated. Whilst some can be re-developed into bigger and modern shopping centres, others can only be best re-built as convenient centres of similar sizes. NWDC is looking for suitable partner(s) with whom NWDC can re-develop these shopping centres.

The partner must be an experienced developer within the shopping centre property sector, with access to adequate funding to execute any proposed re-development. It is against this background that we request proposals for the redevelopment of the shopping centres. The proposals can be on all or just a selection, of the three shopping centres listed above. However, responses MUST address each location individually and separately as the tender reference numbers above suggest and must be referenced accordingly.

#### 4. PROBLEM STATEMENT(S)

All shopping centres are currently developed and generate monthly rental income. However, the structures are old. They must be reconstructed and modernized. However, Itsoseng only has a portion of the land developed as per the table above as phase 1. The remainder of the land is undeveloped. It is subject to an existing lease agreement with an option to renew.

Various tenants occupy these properties and conduct business on the properties. We need to redevelop the shopping centres, with minimal disruption to daily business of the current tenants, ensuring that services being provided to communities at the shopping centres continue during reconstruction / redevelopment.

Most of the tenants pay below-market rent at these properties. We need to ensure that market related rental rates are applied after redevelopment is completed. The respondents would be expected to indicate fair market related rental rates as per their analysis of the areas and location in their proposals.

Some of the shopping centres are too small and may not be viable in the long term in their current sizes. We need to find innovative ways to enhance such centres, to ensure their sustainability.

## 5. PROPERTY STATUS

Detailed information regarding the status of each of the properties listed in this RFP is in the presentation that will be shared during the compulsory site inspections and briefing session for this RFP.

Such information will include information on:

- Zoning,
- Ownership, and
- Stakeholders.

Where stakeholders must be engaged regarding a particular development for example, in areas on tribal land, both NWDC and the preferred investor partner (the partners) will approach relevant stakeholders to ensure that the development is successful, and that tenure is secured.

## 6. REQUIRED FROM POTENTIAL INVESTOR

### 6.1 SUBMISSIONS

Every potential Investor is expected to make three submissions, namely:

- 6.1.1 A Joint Venture proposal, where NWDC and the Investor Partner, each own 50% of the total equity shares in the Investment. [50% and 50%]
- 6.1.2 A proposal where NWDC is the Majority partner, owning 51% of the total equity shares in the investment. [51% and 49%] NWDC wishes to cap its majority at 51% in this case.
- 6.1.3 A proposal where NWDC is an Associate, owning less than 50% of the total equity in the investment. [49% and 51%] Here NWDC will own 49%.

**NOTE: Items 6.2 to 6.8 below, will apply for every one of the three (3) above submissions.**

### 6.2 FEASIBILITY

- 6.2.1 Each developer must conduct a Feasibility / Market Study of the proposed area of development, using an independent consultant.
- 6.2.2 The results of the study must be positive, bankable, and sustainable.
- 6.2.3 Consideration to green building and alternative energy solutions will be an advantage.

### 6.3 COMPETENCY AND ACCESS TO TENANTS

- 6.3.1 Each developer must have successfully implemented the development or redevelopment of a similar project in the past.
- 6.3.2 The developer must have a team that will give support to the management of the newly redeveloped shopping centre.

## **6.4 FUNDING**

6.4.1 Developer must be able to raise the required capital to fund the project.

6.4.2 Developer must have cash in the bank or be in good standing to borrow from banks. This must be confirmable through a letter of credit, guarantee, or Credit Rating from a Bank.

## **6.5 EMPOWERMENT**

6.5.1 The preferred developer will have to be a Black Owned Company, or a Majority Black Empowered Company.

6.5.2 This must be demonstrated through ownership documents.

6.5.3 Employment of and use of local residents.

6.5.4 Proposed sub-contracting arrangements local SMME(s).

## **6.6 PROJECT PLAN**

6.6.1 Every potential developer will submit a Project Plan with timelines.

6.6.2 Each project plan will clearly indicate important milestones and budget related to those milestones.

## **6.7 FINANCIALS**

Every potential development will submit the following:

6.7.1 A Funding Plan, indicating total funds required.

6.7.2 A projected Income Statement for the life of the project.

6.7.3 A projected Balance Sheet for the life of the project.

6.7.4 A projected Cash Flow Statement for the life of the project.

6.7.5 Financial Ratios for the project. [IRR, NPV, PAYBACK].

6.7.6 Borrowing Ratios for the first five years [Interest Cover Ratio and Debt Repayment Cover Ratio for the first five years].

## **6.8 OTHER MANDATORY SUBMISSIONS**

6.8.1 Company Registration Certificate.

6.8.2 Tax status pin.

6.8.3 Shareholders Register indicating names and percentage of shares owned.

6.8.4 Company Profile clarifying:

- ownership,
- management structure,
- principal business activities,
- experience and previous projects executed,
- proof of affiliation with relevant regulatory bodies
- contactable references (list or letters with numbers).

6.8.5 *Curriculum Vitae* (CVs) of relevant staff and management indicating their experience in the Property Development industry.

6.8.6 Forecast Financial Statements for each proposal,.

6.8.7 Joint Venture Agreements where joint ventures are proposed.

**Note:** All documents must be Originals or Certified Copies.  
All agreements must be signed by all relevant parties.

**7. PROJECT TEAM AND EXPERIENCE**

The Investor should specify all proposed team members and their role in the project. For each proposed member indicated:

- a) Member’s name and professional affiliation (where applicable);
- b) Each member’s role in the project;
- c) Brief description of the individual’s qualifications and experience;
- d) List of relevant achievements and brief description of their roles including testimonials on official letterheads of issuing companies/parties.

**8. LEGALITIES AND RULES**

- a) Proposal received from the investor will be assessed by the relevant committee for implementation.
- b) The NWDC reserves the right to appoint or not to appoint.
- c) The successful investor to this bid will; therefore, be required to enter into a partnership agreement with the NWDC, and the agreement shall be binding between the two parties.
- d) It is required that the investor sub-contract 30% of construction to local contractors.

**9. CONFIDENTIALITY**

A contractual pre-requisite is to comply with the NWDC’s Confidentiality Agreements. It must be noted that all company information is confidential. Once appointed, the investor will be expected to enter into a Confidentiality Agreement with the NWDC.

**10. EVALUATION CRITERIA**

**10.1 EVALUATION STAGE 01 – FUNCTIONALITY**

The following criteria will be used for evaluating all proposals for functionality and investors are expected to obtain a minimum of **80%** out of **100%**.

CRITERIA	MAXIMUM POINTS POSSIBLE
<b>1. OPERATIONS PLAN AND STRATEGY</b>	<b>20%</b>
1.1. Proposed re-development solution	05%
1.2. Project (re-development) Plan with timelines	05%
1.3. Contingency plan regarding current tenants and their businesses	05%
1.4. Estimated date of re-opening the shopping centre	05%



CRITERIA	MAXIMUM POINTS POSSIBLE
<b>2. FUNDING STRATEGY AND FINANCIAL CAPACITY TO EXECUTE PROJECT</b>	<b>15%</b>
2.1. Project Funding Plan	10%
2.2. Letter of Intent from a Financial Institution, stating amount they intend to fund	05%
<b>3. CAPACITY TO MOBILIZE TENANTS</b>	<b>20%</b>
3.1. Tenant Mobilization Plan and Targeted Tenant Mix	10%
3.2. Letters of intent from potential Anchor and General tenants	10%
<b>4. CASH-FLOW</b>	<b>05%</b>
4.1. Profit share and Dividend policy (Projected Financial Statements)	05%
<b>5. COMPANY PROFILE</b>	<b>30%</b>
5.1. Company track-record in Industry (Number of previous projects)	10%
5.2. Company Black Ownership Profile (per Share Register / Registration documents)	10%
5.3. Management experience in industry (per CV's)	05%
5.4. Trade References (per Letters)	05%

## 10.2 EVALUATION STAGE 02 – PRESENTATIONS

Two shortlisted investors for each project will be expected to make presentations. This will be followed by clarification questions from the panel, where necessary.

## 11. OTHER CONDITIONS

- 11.1 ALL proposals in response to this invitation, whether successful or unsuccessful, will become the property of NWDC.
- 11.2 NWDC reserves the right NOT to proceed with the project.
- 11.3 ALL proposals must be valid for a period of 120 days after the closing date of this RFP.
- 11.4 The Investor may be required to provide further information or clarification.
- 11.5 Service Level Agreements or Contracts will be concluded with the successful Investor.
- 11.6 Wages of employees must be the same as, or more than, the gazetted rates as per the industry and region.
- 11.7 All proposals must be submitted in a sealed envelope / package and must bear the official reference number as well as title of this RFP on the outside.
- 11.8 The investor must be willing to participate in this project for a minimum period of 10 years.

**NOTE:** The qualifying score for functionality is 80 points. All the investors that fail to achieve the minimum qualifying score on functionality shall not be considered for further evaluation.

## 12. SUBMISSION FORMAT

- a) The investor must submit One (1) Original separate proposal (as per below format) and (1) hard copy (clearly marked) to fulfil the project deliverables.
- b) The sealed envelope must be placed in the tender box marked clearly as **RFP/PRO004/2022 – Redevelopment of Mogwase Shopping Complex; PRO005/2022 – Redevelopment of Lehurutshe Shopping Complex and/or PRO006/2022– Redevelopment of Itsoseng Shopping Complex** at the Main Reception Area of the NWDC Offices Mmabatho Branch : NWDC Building, 22 James Watt Crescent, Industrial Site, Mahikeng, 2745, Telephone number: (018) 381 3665; **By not later than Time 11:00 am and Date: 17<sup>th</sup> November 2022**
- c) The investor should provide the full legal corporate name of each Company/Individual identified in this RFP; and the name, title, address, telephone number, facsimile number and e-mail address of the individual to be contacted with respect to the submission. Include the URLs (website address), if applicable.
- d) If a courier service company is to be used for delivery of the RFP document, the proposal description must be endorsed on the delivery note/courier packaging and the courier must ensure that documents are placed or dropped into the tender box. **The NWDC will not be held responsible for any delays where tender documents are handed to the NWDC Receptionist.**
- e) The investor will be required to make a formal presentation of their proposal to the relevant Committee as and when they will be requested.
- f) Late submissions will not be accepted.

## 13. SUBMISSION OF FICA DOCUMENTS

The following compulsory documentation must be submitted with the proposal:

### FICA REQUIREMENTS AND ADDITIONAL INFORMATION REQUIRED

Authenticated copies are permissible		
No	Document	Checked (√/X)
1	Company profile with full details of experience on previous similar projects	
2	B-BBEE certificate	
3	Company registration (CIPC) and Company Documents	
4	Proof of Audited Financial Statements of 3 latest consecutive years;	
5	Confirmation of Residential Address or Business Address	
	Proof of residence of directors	
6	SARS Registration, which must be valid at the time of the submitting the RFP	
7	CV, ID Copies and Profile of Directors, Team Members and	

Authenticated copies are permissible		
No	Document	Checked (√/X)
	Supporting Staff Members	
8	Certified copy of CIDB grading certificate 6GB/CE or higher;	
9	Certified copy of relevant contractor registration certificate;	
10	Joint Venture Agreement/ Consortium/ Sub Contracting Agreement, Signed (where applicable). 10.1 the signatories for the Joint Venture should be authorised signatories, i.e. submit the Board Resolution giving them the authority to sign the documents. 10.2 In terms of Joint Venture agreement, all parties must submit all their separate documents in the proposal	
11	Current and completed projects with contactable references and values;	
12	A letter from the bank which stipulates your company's financial risk in terms of low, medium or high in terms of financial standing at the bank i.e. bank rating letter,(not more than 3 months old)	
13	Proposal/Methodology/ Approach	
14	Project Plan and Budget estimates with clear time lines (This must address all the phases of the project)	
15	SBD 1 - Invitation to Bids	
16	SBD 3.3 - Price Schedule (Professional Services)	
17	SBD 4 – Declaration of Interest	
18	SBD 5 - National Development Planning Programme	
19	SBD 6.1 Preference points claim form in terms of the Preferential Procurement Regulations	
20	SBD 8 – Declaration of Bidders Supply Chain Practices	
21	SBD9 - Certificate of Independence	

**NOTE:**

- Please Tick (√) if available and (X) if not available.
- Tax Clearance Certificate must be valid at time of submitting the RFP.
- In case of a Consortium, Joint Venture or Subcontractor, the documents listed above must be submitted for each Consortium/JV member or subcontractor as well as certified copy of a relevant agreement.
- Non-submission of the above documents will render the RFP invalid.

**14. RFP VALIDITY PERIOD**

Responses to this RFP received will be valid for a period of 120 days counted from the closing date of the submission.

## 15. COMPULSORY BRIEFING SESSION

COMPULSORY BRIEFING SESSION will be on the following dates and address:

Mogwase Shopping Complex: 21<sup>st</sup> October 2022 @11h00

Lehurutshe Shopping Complex: 20<sup>th</sup> October 2022 @10h00

Itsoseng Shopping Complex: 19<sup>th</sup> October 2022 @10h00

## 16. ENQUIRIES

Enquiries may be directed to the following person:

Scope/Terms of Reference	RFP Document
Moagi Mahapa – Acting Project Manager Bobby Legotlo – Area Manager: Bophirima  <a href="mailto:moagim@nwdc.co.za">moagim@nwdc.co.za</a> and <a href="mailto:bobbyl@nwdc.co.za">bobbyl@nwdc.co.za</a>	Neo Mogashane - Snr Procurement Officer NWDC (014) 594 2570 <a href="mailto:neom@nwdc.co.za">neom@nwdc.co.za</a>

