

Question	Response
<p style="text-align: center;">State owned Enterprises Restructuring Unit (SERU) 3rd Floor, Lotus Building, Temple Trees, Colombo 03.</p>	
<p>Minutes of the Pre-bid meeting held for Hotel Developers Limited.</p>	
<p style="text-align: center;">Financial Questions</p>	
<p>1 Could you please provide us with indicative pricing guidance for the Hilton Colombo and the basis for the pricing</p>	<p>No indicative price provided. RFP will be a transparent competitive bidding process as per SOE divestiture guidelines.</p>
<p>2 Entire property price</p>	<p>No indicative price provided. RFP will be a transparent competitive bidding process as per SOE divestiture guidelines.</p>
<p>3 Per unit price</p>	<p>No indicative price provided. RFP will be a transparent competitive bidding process as per SOE divestiture guidelines.</p>
<p>4 How much is the asking price</p>	<p>No indicative price provided. RFP will be a transparent competitive bidding process as per SOE divestiture guidelines.</p>
<p>5 Expected price the sellers are looking for and terms of sale</p>	<p>No indicative price provided. RFP will be a competitive bidding process. Details on terms of sale will be provided during RFP process.</p>
<p>6 Market value as on date</p>	<p>HDL was delisted from the Colombo Stock Exchange with effect from 25th August 2020</p>
<p>7 Trading data for past 2 years</p>	<p>HDL was delisted from the Colombo Stock Exchange with effect from 25th August 2020</p>
<p>8 Please advise on the financial data available, trading history of HDL and the expected sale price</p>	<p>No indicative price provided. RFP will be a competitive bidding process.</p>
	<p>Historical financials available at https://www.treasury.gov.lk/web/annual-reports-financial-statements-of-key-soes</p>
	<p>HDL was delisted from the Colombo Stock Exchange in 2020.</p>
<p>9 Could you please provide information on key financial statistics (revenue, occupancy, profitability, debt schedule, asset values)</p>	<p>Historical financials available at https://www.treasury.gov.lk/web/annual-reports-financial-statements-of-key-soes</p>
	<p>Further confidential information would be accessible within the data room to Prequalified Bidders subject to execution of a Non-disclosure Agreement.</p>
<p>10 Historic P&L from 2019 2022 and 2023</p>	<p>Historical financials available at https://www.treasury.gov.lk/web/annual-reports-financial-statements-of-key-soes</p>
	<p>Further confidential information would be accessible within the data room to Prequalified Bidders subject to execution of a Non-disclosure Agreement.</p>

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<p>11 Average expected expenses</p>	<p>Historical financials available at https://www.treasury.gov.lk/web/annual-reports-financial-statements-of-key-soes Further confidential information would be accessible within the data room to Prequalified Bidders subject to execution of a Non-disclosure Agreement.</p>
<p>12 Projected income</p>	<p>Historical financials available at https://www.treasury.gov.lk/web/annual-reports-financial-statements-of-key-soes Further confidential information would be accessible within the data room to Prequalified Bidders subject to execution of a Non-disclosure Agreement.</p>
<p>13 What is the annual turnover/revenue for 2022?</p>	<p>Historical financials available at https://www.treasury.gov.lk/web/annual-reports-financial-statements-of-key-soes Further confidential information would be accessible within the data room to Prequalified Bidders subject to execution of a Non-disclosure Agreement.</p>
<p>14 What is the GOP %?</p>	<p>Historical financials available at https://www.treasury.gov.lk/web/annual-reports-financial-statements-of-key-soes Further confidential information would be accessible within the data room to Prequalified Bidders subject to execution of a Non-disclosure Agreement.</p>
<p>15 What is the ADR & Occupancy for 2022?</p>	<p>Historical financials available at https://www.treasury.gov.lk/web/annual-reports-financial-statements-of-key-soes Further confidential information would be accessible within the data room to Prequalified Bidders subject to execution of a Non-disclosure Agreement.</p>
<p>16 No. of Shares</p>	<p>Historical financials available at https://www.treasury.gov.lk/web/annual-reports-financial-statements-of-key-soes Further confidential information would be accessible within the data room to Prequalified Bidders subject to execution of a Non-disclosure Agreement.</p>

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<p>17 Face value of each share</p>	<p>Historical financials available at https://www.treasury.gov.lk/web/annual-reports-financial-statements-of-key-soes Further confidential information would be accessible within the data room to Prequalified Bidders subject to execution of a Non-disclosure Agreement.</p>
<p>18 Operational Revenue per month</p>	<p>Historical financials available at https://www.treasury.gov.lk/web/annual-reports-financial-statements-of-key-soes Further confidential information would be accessible within the data room to Prequalified Bidders subject to execution of a Non-disclosure Agreement.</p>
<p>19 Operating Expenses per month</p>	<p>Historical financials available at https://www.treasury.gov.lk/web/annual-reports-financial-statements-of-key-soes Further confidential information would be accessible within the data room to Prequalified Bidders subject to execution of a Non-disclosure Agreement.</p>
<p>20 Reserves as on date</p>	<p>Historical financials available at https://www.treasury.gov.lk/web/annual-reports-financial-statements-of-key-soes Further confidential information would be accessible within the data room to Prequalified Bidders subject to execution of a Non-disclosure Agreement.</p>
<p>21 Total debt of the company</p>	<p>Historical financials available at https://www.treasury.gov.lk/web/annual-reports-financial-statements-of-key-soes Further confidential information would be accessible within the data room to Prequalified Bidders subject to execution of a Non-disclosure Agreement.</p>
<p>22 Cost of refurbishing and the income and expenses for 2022</p>	<p>Historical financials available at https://www.treasury.gov.lk/web/annual-reports-financial-statements-of-key-soes Further confidential information would be accessible within the data room to Prequalified Bidders subject to execution of a Non-disclosure Agreement.</p>

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<p>23 Latest financials (9 months-FY 23) for Hotel Developers (Lanka) Limited.</p>	<p>Historical financials available at https://www.treasury.gov.lk/web/annual-reports-financial-statements-of-key-soes Further confidential information would be accessible within the data room to Prequalified Bidders subject to execution of a a Non-disclosure Agreement.</p>
<p>24 Last 9 months operational data (Occupancy, ADR, No. of rooms in operation)</p>	<p>Historical financials available at https://www.treasury.gov.lk/web/annual-reports-financial-statements-of-key-soes Further confidential information would be accessible within the data room to Prequalified Bidders subject to execution of a a Non-disclosure Agreement.</p>
<p>25 Existing fixed asset register details, any potential to purchase additional fixed assets for the site property and related compliance requirements</p>	<p>Historical financials available at https://www.treasury.gov.lk/web/annual-reports-financial-statements-of-key-soes Further confidential information would be accessible within the data room to Prequalified Bidders subject to execution of a a Non-disclosure Agreement.</p>
<p>26 Total debt exposure with facility wise details (As of 30.09.2023)</p>	<p>Historical financials available at https://www.treasury.gov.lk/web/annual-reports-financial-statements-of-key-soes Further confidential information would be accessible within the data room to Prequalified Bidders subject to execution of a a Non-disclosure Agreement.</p>
<p>27 Does HDL have a Business Foreign Currency Account in place</p>	<p>Details relating to bank accounts of HDL will be made available via a Data Room at the RFP Stage for due diligence purposes, subject to the prequalified Applicants executing a Non Disclosure Agreement with HDL.</p>

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Legal Questions	
1 Are there any ongoing litigation cases	Information on ongoing litigation will be fully disclosed at the RFP Stage, subject to the prequalified Applicants executing a Non Disclosure Agreement with HDL.
2 Could you please provide details of the Hilton Management Agreement (duration remaining, exit clauses, fees payable)	Hilton Management Agreement takes a standard form and access will be provided in the RFP Stage under NDA.
3 What is status on the Management Agreement with Hilton for the property	Hilton Management Agreement takes a standard form and access will be provided in the RFP Stage under NDA.
4 How would you describe the Sri Lankan employment laws and employment culture	Employment law in Sri Lanka is generally employee friendly.
5 Are there any restrictions on profit repatriation abroad	The repatriation of profits by nonresidents is not restricted. Nonresidents must establish an Inward Investment Account with a licensed commercial bank in Sri Lanka. The repatriation of returns on investment (eg dividends, sale proceeds and proceeds in the event of a liquidation) via the same Inward Investment Account is not subject to any restrictions.
6 Total extent of the land and all relevant details of this land	Please refer page 2 of teaser available at below URL for details https://www.treasury.gov.lk/api/file/cc9952ee-7428-4eae-83d4-c7e5717cfdb3
7 Could you please provide details of the leases (both hotel and sports center)	Please refer page 2 of teaser available at below URL for details https://www.treasury.gov.lk/api/file/cc9952ee-7428-4eae-83d4-c7e5717cfdb3 Details relating to lands leased and occupied by HDL will be made available via a Data Room at the RFP Stage for due diligence purposes, subject to the prequalified Applicants executing a Non Disclosure Agreement with HDL.
8 As this is a leasehold property, how many years are left on the lease	Please refer page 2 of teaser available at below URL for details https://www.treasury.gov.lk/api/file/cc9952ee-7428-4eae-83d4-c7e5717cfdb3 A period of 87 years and 8 months remains on the lease of the main hotel premises. Details relating to lands leased and occupied by HDL will be made available via a Data Room at the RFP Stage for due diligence purposes, subject to the prequalified Applicants executing a Non Disclosure Agreement with HDL.
9 Sports centre land - number of years remaining on lease	A period of 87 years and 8 months remains on the lease of the main hotel premises. Details relating to lands leased and occupied by HDL will be made available via a Data Room at the RFP Stage for due diligence purposes, subject to the prequalified Applicants executing a Non Disclosure Agreement with HDL.
10 Any building restriction on the sports centre land	The Sports Centre Land can be developed for commercial purposes, subject to due compliance with applicable laws and regulations.
11 Redevelopment opportunities associated with adjacent 1.9 acre land parcel, and necessary approvals in place for the same	The Sports Centre Land can be developed for commercial purposes, subject to due compliance with applicable laws and regulations.
12 Any special restrictions due to the Sports Centre Land facing the Lake	The Sports Centre Land can be developed for commercial purposes, subject to due compliance with applicable laws and regulations.

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13 Does the Hilton Management Agreement expire end of next year	Hilton Management Agreement takes a standard form and will be made available via a Data Room at the RFP Stage for due diligence purposes, subject to the prequalified Applicants executing a Non Disclosure Agreement with HDL.
14 Has the notice period lapsed for the Hilton Management Agreement	Hilton Management Agreement takes a standard form and will be made available via a Data Room at the RFP Stage for due diligence purposes, subject to the prequalified Applicants executing a Non Disclosure Agreement with HDL.
15 Can dollar earnings be retained in USD in HDL's income account for repatriation	Yes, the requirement relating to conversion of export proceeds is not applicable to service providers.
16 Will there be any impact on the timeline from the court case on November 9 by Nihal Sri Ameresekere challenging the bidding process	There are no interim or other court orders/judgements preventing the bidding process. Details relating to all litigation (including those instituted by Mr. Nihal S. Ameresekere) will be made available via a Data Room at the RFP Stage for due diligence purposes, subject to the prequalified Applicants executing a Non Disclosure Agreement with HDL.

Operational Questions

1 How many keys and room types in the property	<p>Total Keys - 367</p> <p>Room types - King, Twin, King Executive, Twin Executive, J Suite, G Suite, Corner Suite, Businessman Suite, Executive Suite, Junior Presidential Suite, Presidential Suite.</p> <p>Please refer teaser available at link below for a detailed breakdown including room sizing https://www.treasury.gov.lk/api/file/cc9952ee-7428-4eae-83d4-c7e5717cfdb3</p>
2 Breakdown of type of rooms	<p>Total Keys - 367</p> <p>Room types - King, Twin, King Executive, Twin Executive, J Suite, G Suite, Corner Suite, Businessman Suite, Executive Suite, Junior Presidential Suite, Presidential Suite.</p> <p>Please refer teaser available at link below for a detailed breakdown including room sizing https://www.treasury.gov.lk/api/file/cc9952ee-7428-4eae-83d4-c7e5717cfdb3</p>
3 Are all rooms being refurbished	<p>253 rooms are included in current refurbishment plan. Accordingly, 72 rooms completed renovation in August 2023, additional 72 rooms will be completed renovation by November 2023 and 109 additional rooms will be fully renovated by Q1 2024. Total room count is 367 rooms.</p>
4 What is the status of the ongoing renovation/refurbishment project	<p>Common areas of the hotel including the lobby and the all-day dining restaurant was refurbished during 2014 - 2017.</p> <p>72 rooms completed renovation in August 2023.</p> <p>72 additional rooms will be completed renovations in November 2023.</p> <p>109 additional rooms to be fully renovated by Q1 2024, conforming to current Hilton global standards.</p> <p>Any further queries to be addressed during RFP stage.</p>

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5 Status of ongoing renovation programme, total projected cost, cost incurred until now and balance pending cost	<p>Common areas of the hotel including the lobby and the all-day dining restaurant was refurbished during 2014 - 2017.</p> <p>72 rooms completed renovation in August 2023.</p> <p>72 additional rooms will be completed renovations in November 2023.</p> <p>109 additional rooms to be fully renovated by Q1 2024, conforming to current Hilton global standards.</p> <p>Any further queries to be addressed during RFP stage.</p>
6 Are all rooms of Five Star standard	As per the Sri Lanka Tourist Development Authority criteria, the whole property is rated as 5 stars.
7 Details of the car park	To be shared in the RFP stage to shortlisted bidders.
8 Total number of staff members	To be shared in the RFP stage to shortlisted bidders.
9 Is HDL going ahead with the current construction company	Shortlisted bidders can gain clarification during the RFP stage.

REOI Process related questions

1 Must the investment be made in US Dollars or will an LKR investment be allowed	Either USD or LKR is both acceptable.
2 Preference for USD bids/ Will a bid in USD get higher marks in the evaluation	At the RFP Stage, financial proposals will be screened in accordance with Clause 29 of the Divestiture Guidelines.
3 Is Hilton Colombo is owned by the government	HDL is 100% owned by the Government of Sri Lanka.
4 What is the Government of Sri Lanka stake in Hotel Developers (Lanka) Ltd	HDL is 100% owned by the Government of Sri Lanka.
5 Please define whether HDL is 100% owned by the government	HDL is 100% owned by the Government of Sri Lanka.
6 Why is the Government of Sri Lanka selling HDL if it is performing well	Government has decided to divest HDL as part of its SOE restructuring reforms in line with Cabinet decision, where HDL has been identified as an entity to be divested on a priority basis
7 What is the project timeline and guidance price for HDL	<p>Timeline (As adjusted by Addendum 1 released on 25 Oct 2023);</p> <p>EOI due date: 16th Nov 2023</p> <p>Prequalified Bidders to be notified: 30th Nov 2023</p> <p>RFP expected to be released: First week of December.</p> <p>indicative price provided. RFP will be a transparent competitive bidding process as per SOE divestiture guidelines.</p>
8 Assuming Controlling stake is more than 51% share holding	Yes.
9 Can a company file EOI relying on the net worth of its Parent company, and if yes, can it submit under its own name or does the EOI need to be under the Parent's name	If the Applicant is relying on the financial capability of the Parent, the financial eligibility criteria must be fulfilled by the Parent. In addition, the Parent must provide the letter set out in Appendix III – Annexure E.
10 If there are no successful bidders, will the asset be available on an unsolicited basis	In accordance with Clause 23 of the Divestiture Guidelines, unsolicited proposals will not be entertained by GoSL for divestiture of SOEs in any circumstances whatsoever.
11 Do REOI documents require physical signatures, or can digital signatures be used	Physical signatures are required; please refer Clause 2.2.1.2 of the REOI.

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<p>12 Does REOI submission need to be in person or can it be couriered</p>	<p>Submission can be couriered to the address given in Appendix II Data Sheet in the REOI, reproduced below:</p> <p>Chairman, Special Cabinet Appointed Negotiating Committee State Owned Enterprise Restructuring Unit, 3rd Floor, Lotus Building, Temple Trees, Colombo 03, Sri Lanka.</p>
<p>13 What is the due date for REOI submissions</p>	<p>As per Addendum I uploaded in the official HDL Transaction website (Link below), the due date for submissions has been extended to November 16, 2023.</p>
<p>14 With respect to financial eligibility - If the bidder does not have sufficient Net worth, but it backed/ supported by an Investor/ Lender/ Fundhouse, what is the criteria for the bidder to be eligible and what supporting documents are required</p>	<p>https://www.treasury.gov.lk/api/file/ad4642ee-88ad-49b6-9e7a-27842dbe36be</p> <p>The Applicant must demonstrate a minimum Net Worth or financial capability of at least United States Dollars Fifty Million (USD 50,000,000/-) or its equivalent to undertake the HDL Project in one of the ways set out below;</p> <p>(i) By providing the Applicant’s latest audited balance sheet, which must be dated not earlier than 31st March 2022, or the last day of the Applicant’s fiscal year, whichever is later; or</p> <p>(ii) By providing a letter issued by a Regulated Financial Institution demonstrating the financial capability of the Applicant.</p> <p>With regards to the funds house/ investor they should be apart of the consortium and must demonstrate that it has the available investible funds/capital of at least USD 50,000,000 or its equivalent to undertake the HDL Project.</p> <p>If relying on an investor/lender/ fundhouse which is not a regulated financial institute, the investor/lender/ fund house must be a member of the Consortium and would need to provide a similar letter from a regulated financial institute demonstrating financial capability, which must a binding document issued from the Regulated Financial Institution</p>