

Responses to Queries/Requests for Additional Information as per clause 2.1.4.2

Question	Response
<p>1 As you are no doubt aware the original UDA approval for the lease expired in June 2012. On October 3rd 2016 the then Government, based on a cabinet memorandum by the Minister in Charge of the subject of Public Enterprises, agreed for an extension of the lease until 2111. For the five year period UDA charged a lease premium which was capitalised in the Books of HDL and further shares were issued to GOSL. The document is correct when its states that as per the Cabinet decision 88 years or more correctly 87+ years is the unexpired lease term. The issue you will have is under the state lands ordinance any disposition exceeding 50 years needs to be to my understanding issued under the hand and seal of the President, this is compounded by the fact that under the crown lands ordinance the Governor General and his successor under the state lands ordinance the President needs to sign the lease agreement has this been done?</p>	<p>The lease agreement for the main hotel premises has been executed by the President in terms of the State Lands Ordinance.</p>
<p>2 Subsequent to the lease, the finance ministry, which borders the sports complex acquired some land (I believe 30 perches) from the sports complex and an agreement was signed between the UDA for 30 perches in land adjacent to the sports complex to shift the car park but the lease period was 4 years from January 2020. Was the new 30 perches subsequently amalgamated into the master lease?</p>	<p>The details relating to the Sports Centre Land, with an extent of 7,609 sqm (1 A, 3r, 20.84 P) 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. Currently this land area is not amalgamated to the main hotel premises.</p>
<p>3 Will any discussion be held with regard to the status of the Court cases filed by Nihal Sri Amerresekere and Cornel and Company specifically SC HCCA LA 225/16, Case No. H.C. (Civil) 754/2018/MR enjoining order on the share transfer by Nihal amerresekere and 38.6 S.C. Case No 182/2021 (FR) the fundamental rights case before the supreme court which could have an impact on the execution of the transaction.</p>	<p>There are no interim or other court orders/judgements preventing the transfer of shares of HDL to a successful Bidder. Details relating to all litigation 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>
<p>4 How many rooms are operational at present</p>	<p>As per the 2022 Annual report 153 room keys were under operation. Further 72 rooms completed renovation in August 2023. Accordingly, the present room keys under operation as of October 2023 is 225 room keys.</p>

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<p>5 Would clarity be made with regard to the financial eligibility criteria? We understand the net worth of USD 50 Mn and the provision of audited financial statements. The client we represent is a licensed gaming operator with 2 specific operations in Goa and a major property development for which approval has been granted by the State Government of Haryana. Your requirement in the EOI for a regulated financial institution to provide a letter demonstrating the financial capability of the applicant is too vague. Could I respectfully propose that maybe at the EOI discussion or prior to the EOI submission that this be clarified as the availability of working capital facilities and a minimum quantum for such working capital be specified; this will remove the arbitrary nature of the current requirement.</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>
<p>6 My client's financial statements are in INR; to assess the eligibility would benchmark exchange rates be issued by the procurement entity in accordance with the requirements contained in the GOSL procurement manual?</p>	<p>The exchange rate as per the latest audited balance sheet date provided in the EOI will be used for the purpose of calculation of Net Worth or financial capability.</p>
<p>7 Will pre qualified bidders be given a period to do a due diligence financial, legal and HR prior to the RFP or will any issues that might arise for the successful bidder be handled through the sale and purchase agreement? If no due diligence is envisaged would a data room be supplied for potentially qualified bidders to peruse major contracts such as the contract with the management company?</p>	<p>The prequalified Applicants will be given access to a data room containing all related information and data relating to HDL subject to a minimum period of 60 days and the execution of a Non-Disclosure Agreement with HDL in accordance with the Divestiture Guidelines.</p>
<p>8 Also Please note that under the GOSL Procurement manual a 2 stage bidding process defined in section 3.10 of the procurement manual requires specific cabinet approval and is used for turnkey projects where the solution is undefined; this does not appear appropriate for this process. The correct procurement guideline is International Competitive Bidding (ICB) under section 3.1 which allows the procurement entity to call for EOI and issue the RFP to pre qualified bidders. Am I missing something here? Also please not for pre-qualifications; section 3.12f states all qualified participants need to be given the RFP and pre qualification cannot be used to limit bidders. We would hope that clarification is given that any bidder that qualifies under the requirements financial eligibility criteria would be given the RFP.</p>	<p>The applicable procurement process is set out under the Divestiture Guidelines. Please note the definition thereof under REOI; the link is set out below for ease of reference.</p> <p>https://www.treasury.gov.lk/web/circular-gazette-acts/section/guidelines</p>