

Project Sunbula - Privatization of the Flour Milling Operations of the Saudi Grains Organization (SAGO)

Consolidated Q&A register

As of: 25 November 2018



Categories

- 1 Qualification Process
- 2 Qualification Criteria
- 3 Consortium Related Clarifications
- 4 Process Documentation
- 5 General

* Additional questions submitted regarding the Teaser, Milling Companies' operations or Bidding Process have been omitted from the tracker and will be responded to in the Bidding Phase

Question		Answer
1. Qualification Process		
1. 1	Investors wishing to receive a copy of the Teaser must first sign and submit an Expression of Interest, is there a deadline for submission of EOI / NDA?	A signed expression of interest and a signed non-disclosure agreements are required in order for Prospective Bidders to receive a copy of the Teaser. The Grains Privatization Committee reserves the right not to share a copy of the Teaser with any Prospective Bidder even if such Prospective Bidder has signed and delivered an expression of interest and a non-disclosure agreement. If a Prospective Bidder does not require a copy of the Teaser, then such Prospective Bidder is not required to sign and deliver a signed expression of interest and a signed non-disclosure agreement. Once a Prospective Bidder has submitted its Qualification Application, then the Grains Privatization Committee does not propose to share a copy of the Teaser with such Prospective Bidder even if a signed expression of interest and non-disclosure agreement has been delivered to the Grains Privatization Committee.
1. 2	Can you please clarify the exact format of executing and Eol and an NDA?	The required formats of the Eol and NDA are as provided in the Press Release No. 4 of June 2018 published on the SAGO website: http://www.SAGO.gov.sa/Site/Privatization . The Eol and NDA should be executed by the Prospective Bidder or, if the Prospective Bidder is a Consortium, by each member of the Consortium, on their respective letterheads, by an authorized signatory of the Prospective Bidder or Consortium member (as applicable).
1. 3	Can the Grains Privatization Committee share the word version of Expression of Interest, Non-Disclosure Agreement and RFQ submission forms?	The Word versions of the RFQ, Eol and NDA can be shared bilaterally with investors who have requested the Word version. However, note that the Grains Privatization Committee will not expect any comments/mark-ups of any of the Word documents shared.
1. 4	Is it possible a Bidding entity to submit RFQ without submitting EOI?	Submitting a Qualification Application is not predicated on submitting an Expression of Interest and non-disclosure agreement (and receiving the Teaser). We have assumed that the reference in the question to "RFQ" is to "Qualification Application" as there is no reference in the Request for Qualification for a Prospective Bidder to submit an "RFQ".
1. 5	Can the NDA be executed by the Consortium Coordinator on behalf of the Consortium or each Consortium member needs to execute an individual NDA?	Yes, provided that the Consortium Coordinator is duly authorized to execute the NDA on behalf of the Consortium, and a copy of such authority is provided to the Grains Privatization Committee and is acceptable to the Grains Privatization Committee. Otherwise, a duly Authorized Representative of each Consortium member will need to execute and deliver an NDA.
1. 6	What is the process of NDA / Eol submissions for single entities vs Consortium?	A Consortium can submit a single signed NDA/ Eol on behalf of the Consortium members along with PoA from each member or submit separate NDAs / Eols from each Consortium member.
1. 7	Is there a need for all the shareholders of a Bidding entity to submit EOI and NDA?	As set out in the RFQ, signing an Expression of Interest and a non-disclosure agreement is only required if a Prospective Bidder wants to receive a copy of the Teaser from the Grains Privatization Committee. If the Prospective Bidder wishes to obtain a copy of the Teaser, then the Prospective Bidder (and not its shareholders) will be required to sign and submit an Expression of Interest and a non-disclosure agreement. If the Prospective Bidder is a Consortium, then a member of such Consortium will be required to sign an Expression of Interest and a non-disclosure agreement and procure that each other member sign and deliver a non-disclosure agreement. Submitting a Qualification Application is not predicated on submitting an Expression of Interest and non-disclosure agreement (and receiving the Teaser).
1. 8	Non-Disclosure Agreement – Clause 2.5 If we desire to disclose any Confidential Information to any third party (who is not our Representative), we shall arrange for such third party to execute a non-disclosure agreement, substantially in the form of this letter agreement, as well as obtaining your prior written consent. As part of the RFP process, Bidders shall be required to share information with multiple potential lenders and their advisors. In view of requirements stated under Clause 2.5, we understand Grains Privatization Committee (GPC) approval shall be required prior to engaging with any of the above-mentioned entities. This will add significant administrative burden on all parties (including GPC) involved and could potentially delay the process. In view of the above, request GPC to consider waiver of the requirement of obtaining prior written consent from GPC for sharing confidential information with such entities. Please note we shall ensure a NDA, substantially in the form of the NDA shared by GPC, is in place with all such parties and their advisors prior to sharing any confidential information.	The NDA provided with the RFQ relates to the RFQ process. Separate documentation will apply to the Bidding Process once launched. In any event, any Prospective Bidder wishing to share Confidential Information with third party (including lenders and their advisors), during the RFQ process, the Grains Privatization Committee's prior written consent will be required in addition to a non-disclosure agreement being entered into on terms substantially in the form of the NDA provided under the RFQ process.
1. 9	With respect to sharing of information with potential partners, it is mentioned that prior written approval is necessary (clause 2.5 of the NDA) from GPC, in addition to execution of a Non-Disclosure Agreement (NDA). This is a cumbersome process as we will be approaching multiple partners over the course of next few weeks (before the RFQ submission). We request the requirement of prior written approval from GPC be waived. We will execute an NDA in the same form as we signed with SAGO with the potential partners.	As is typical with these types of projects, the Grains Privatization Committee needs to remain informed of the third parties with whom confidential information relating to the Proposed Transaction is shared by a Prospective Bidder. As such, the Grains Privatization Committee will not waive this requirement.
1. 10	Can we add a Consortium member (as long as under five companies) after submitting our "Expression of Interest"?	Yes, it is permissible to make changes to the membership of a Consortium following submission of an Expression of Interest. It should be expressly stated in the Expression of Interest that the Consortium membership is not complete.
1. 11	In case the Consortium composition changes from that mentioned in EOI (by Consortium members) to RFQ submissions / Bidder qualification, what shall the implication on the Consortium's qualification be?	No implications, provided that the Teaser is not shared with any new members without such members having first signed a non-disclosure agreement in the form of the existing non-disclosure agreement and the Grains Privatization Committee having consented to such disclosure.
1. 12	Please confirm we can submit our expression of interest pending finalization of (a) potential Consortium members and (b) proposed legal vehicle, as these are still under consideration at this stage	Yes, expressions of interest can be submitted pending finalization of Consortium members and proposed legal vehicle.
1. 13	What set of documents are required to be included in the submission of Qualification Application?	The documents required to be provided are listed in sections 2.3, 2.4, 2.5, 2.6 and 2.7 and Annexes 1, 2, 3, 4, 5, 6 and 7 of the RFQ. A Prospective Bidder is also required to ensure that it has reviewed Addendum 1 and all other addenda (if applicable) published by the Grains Privatization Committee in connection with the RFQ to ensure that it adheres to any amendments made to the RFQ or requests for further information.
1. 14	How long after the 26th of August will you stop accepting applications (~1 week, ~1 month or more)?	The latest update regarding timeline and deadline for accepting the Qualification Application has been announced on SAGO website on the 5th of September, as the 30th of November 2018.
1. 15	Will "Qualified Bidders" be ranked based on their capabilities? If yes, will this ranking be used during the "Bidding Procedure"?	As of now, there is no ranking system adopted in the qualification phase; the outcome of the Qualification Application is binary (qualified or not qualified to proceed to next round).
1. 16	Kindly confirm that clause (d) Evaluation Criteria in Part I - Qualification Criteria does not pertain to evaluation of Qualification Application in response to RFQ dated June 28, 2018. Please see excerpt below: "(d) Evaluation Criteria: Further information in respect of the evaluation criteria for Bids submitted by Qualified Bidders shall be set out in the Process Letter."	That is correct. Section 2.4(d) of the request for qualification is referring to the evaluation criteria in respect of bids (as defined in the request for qualification), which will be set out in the process letter.
1. 17	Is the Authorized Representative who will execute the various forms the same person who is the Attorney under POA?	That is correct. The authorized representative is the individual appointed under the power(s) of attorney to execute documents on behalf of the prospective bidder pursuant to the request for qualification.

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2. Qualification Criteria																																																									
2. 1	With respect to the geographic reach requirement in Sales & Distribution Technical Criteria (clause 2.6 of RFQ), we would appreciate if you can clarify the background for this criteria.	The purpose of this criteria is to ensure Bidders or Bidding consortia can demonstrate, either directly or indirectly, sufficient distribution capabilities within The Kingdom of Saudi Arabia to ensure that they will enhance the current distribution capabilities of the MCs in line with SAGO's objectives for the sector.																																																							
2. 2	Please clarify whether the experience of an international partner(s) in other markets (outside KSA) will be considered relevant to meet the criteria in the previous question. Also do the Milling Companies have their own distribution networks in place or is it a common network operated by SAGO?	Experience of an International Partner: Relevant experience in respect of distribution capabilities must be within The Kingdom of Saudi Arabia or Gulf Cooperation Council Countries. Milling Companies Distribution Network: Neither SAGO nor the individual MCs have their own distribution network. All Flour and feed sales are "at the mill gate". MC Customers are categorized as: "Direct", "Distributor" or "Multiple". "Distributor" sales are sales to authorized distributors who aggregate demand from "Beneficiaries" and provide a distribution service outside the direct control of the MCs.																																																							
2. 3	Should the consortia fulfill both technical requirements: "Flour Milling" and "Food Processing"? Or is one of the two enough?	Consortium to fulfill, at a minimum, either one of the core competencies - "Flour Milling" or "Food Processing". In addition a Consortium will also need to fulfill the Sales and Distribution requirement as highlighted in the RFQ, Addendum 1 and all other addenda (if applicable)																																																							
2. 4	ABC is one of the feed producers. Feed is supplied to poultry, livestock and distributors. Is the production and distribution of feeds within the scope of S & D (Sales and Distribution) or is it limited to the Sales and Distribution of food only?	The Sales & Distribution scope is limited to the sales & distribution of ambient food ingredients or food products only. It does not extend to animal feed.																																																							
2. 5	Does "Animal Feed Production" count as "Food Processing"?	"Animal Feed Production" does not count as "Food Processing" under the current definitions as it is not considered Manufacturing for the human food chain.																																																							
2. 6	What is meant by: "20% combined bi-weekly geographic distribution"?	No longer valid. Kindly refer to Addendum 1 to the RFQ demonstrating revised distribution requirements																																																							
2. 7	Can we sum the points of sales of our different Consortium's members to achieve the "Sales & Distribution Criteria"?	Yes, members of a Consortium may sum their collective points of sale to achieve the Sales & Distribution requirement.																																																							
2. 8	If we sell and distribute our products directly to the end consumers (B2C) such as farmers, can it be considered as HORECA? If not, how would we count them?	For the purpose of the Sales & Distribution criteria sales to large scale individual customers would be considered industrial. Direct sales to smaller farmers would not qualify to be considered under the criteria. Note that the Sales & Distribution scope is limited to the sales & distribution of ambient food ingredients or food products only .																																																							
2. 9	We have varying types of points of sales (HORECA, Wholesale, industrial and Retail). In case we do not achieve the minimum of one of them (e.g. 7,100 HORECA) can we count the others on a pro-rata basis to achieve the minimum (for example 1 industrial POS = 50.7 HORECA using the 7100 divided by 140)	Yes. Please refer to Addendum 1 to the RFQ containing revised distribution requirements and method to demonstrate monthly distribution reach through multiple distribution channel																																																							
2. 10	Under Required Documents/Forms for Flour Milling Sector, Prospective Bidder is required to provide details of Markets served, industrial, retail or HORECA; in relation to Sales and Distribution Channels, please clarify where the traditional outlets like Bakala's are classified. Is it part of modern retail or HORECA or any other channels?	Traditional outlets, such as Bakalas is defined under 'Traditional Retail'. Please refer to Addendum to the RFQ demonstrating revised distribution requirements.																																																							
2. 11	Under Required Documents/Forms for Flour Milling Sector, potential Bidder is required to provide details of Scale, capacities and complexity of assets managed; is there any particular classification for complexity of asset – if yes we request Grains Privatization Committee to share the classification details else kindly let us what exact details does Bidder need to provide under complexity of asset managed	There is no particular classification of complexity for assets managed. The purpose of this requirement is to enable the Committee to gain a full understanding of the existing activities/businesses engaged in by the Bidders/Bidding consortia. This requirement can be met by providing a brief narrative description of the range of activities undertaken by the Consortium members including details of products manufactured, production capacities, location of activities, markets served, number of employees etc.																																																							
2. 12	Please confirm the removal of preliminary requirement for having majority Saudi ownership (or any Saudi ownership at all)	Yes, there is no RFQ requirement for a Prospective Bidder to be majority Saudi owned or have any Saudi ownership. However, please note that a Prospective Bidder must submit proof that it meets the minimum Qualification Criteria set out in the request for qualification.																																																							
2. 13	The understanding is that we can have separate partners for satisfying the technical Qualification Criteria – one satisfying the Flour Milling criteria and the other satisfying the selling / distribution criteria separately.	section 1.3(b) of the request for qualification allows each Prospective Bidder in the form of a Consortium to identify one or more members of the Consortium to fulfill the Technical Criteria set out in the request for qualification. Please refer to section 2.4 of the request for qualification for information relating to the Technical Criteria.																																																							
2. 14	<p>If a Consortium is constituted of three partners each with the Total Net Worth below:</p> <ul style="list-style-type: none"> • Partner 1 Total Net Worth: SAR 1 Billion • Partner 2 Total Net Worth: SAR 0.5 Billion • Partner 3 Total Net Worth: SAR 0.2 Billion <p>Can the shareholding of the Milling Company below be applied?</p> <ul style="list-style-type: none"> • Partner 1 Share: 40% • Partner 2 Share: 40% • Partner 3 Share: 20% 	<p>If the Prospective Bidder is a Consortium FC(a): The Prospective Bidder shall demonstrate that:</p> <p>(a) the aggregate Total Net Worth of all of the Consortium members was at least SAR750 million or equivalent as at the end of its 2017 fiscal year; and</p> <p>(b) each member of the Consortium shall demonstrate that its Total Net Worth as at the end of its 2017 fiscal year is</p> <p>(i) not less than SAR150 million, and</p> <p>(ii) at least equal to its pro rata shareholding in the Consortium (in 000,000s) (for example, if a member of a Consortium is proposed to own (directly or indirectly) 50% of the entire issued share capital of the Consortium legal entity, then such member shall be required to demonstrate that its Total Net Worth as at the end of its 2017 fiscal year is equal to SAR375 million or more)."</p> <p>Based on the example provided we would like to elaborate the understanding in the below table:</p> <table border="1"> <thead> <tr> <th>Partner</th> <th>Partner 1</th> <th>Partner 2</th> <th>Partner 3</th> </tr> </thead> <tbody> <tr> <td>Net worth (SARm)</td> <td>1,000</td> <td>500</td> <td>200</td> </tr> <tr> <td>Ownership (Percent)</td> <td>40%</td> <td>40%</td> <td>20%</td> </tr> <tr> <td colspan="4">Criteria</td> </tr> <tr> <td rowspan="3">(a) The aggregate Total Net Worth of all of the Consortium members</td> <td>The minimum requirement (SARm)</td> <td colspan="2">750</td> </tr> <tr> <td>The aggregate Total Net Worth of all of the Consortium members (SARm)</td> <td colspan="2">1,700</td> </tr> <tr> <td>Check</td> <td colspan="2">✓</td> </tr> <tr> <td rowspan="3">(b) (i) Individual Net Worth of Consortium Members</td> <td>The minimum requirement (SARm)</td> <td>150</td> <td>150</td> <td>150</td> </tr> <tr> <td>Net worth of each member of the Consortium (SARm)</td> <td>1,000</td> <td>500</td> <td>200</td> </tr> <tr> <td>Check (Pass / Fail)</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td rowspan="3">(b) (ii) Individual Net Worth of Consortium Members proportional to the Minimum Aggregate Net Worth</td> <td>The minimum aggregate net worth of Consortium members (SARm)</td> <td colspan="2">750</td> </tr> <tr> <td>Threshold requirement (SARm)</td> <td>300</td> <td>300</td> <td>150</td> </tr> <tr> <td>Net worth (SARm)</td> <td>1,000</td> <td>500</td> <td>200</td> </tr> <tr> <td>Check (Pass / Fail)</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> </tbody> </table>	Partner	Partner 1	Partner 2	Partner 3	Net worth (SARm)	1,000	500	200	Ownership (Percent)	40%	40%	20%	Criteria				(a) The aggregate Total Net Worth of all of the Consortium members	The minimum requirement (SARm)	750		The aggregate Total Net Worth of all of the Consortium members (SARm)	1,700		Check	✓		(b) (i) Individual Net Worth of Consortium Members	The minimum requirement (SARm)	150	150	150	Net worth of each member of the Consortium (SARm)	1,000	500	200	Check (Pass / Fail)	✓	✓	✓	(b) (ii) Individual Net Worth of Consortium Members proportional to the Minimum Aggregate Net Worth	The minimum aggregate net worth of Consortium members (SARm)	750		Threshold requirement (SARm)	300	300	150	Net worth (SARm)	1,000	500	200	Check (Pass / Fail)	✓	✓	✓
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Question		Answer
2. 15	In order to satisfy the Financial Criteria, can we use the personal financial statements of the major shareholder of one of the Consortium's companies?	Should the referenced "personal financial statements" refer to a legal entity's audited financial statements and can satisfy the criteria as per 2.4 (a) Financial Criteria and 2.4 (c) of the RFQ then the presented documentation can be accepted. 2.4 (c) "The Prospective Bidder, or, if the Prospective Bidder is a Consortium, any member of the Consortium, may choose to present financial statements from a Parent Company to satisfy or to help to satisfy, as the case may be, the Financial Criteria set out in this RFQ".
2. 16	Section 2.1 ... Any amounts converted from another currency into Saudi Arabian Riyals or United States Dollars must be converted at the then current exchange rate at the date of submission of the Qualification Application and the Prospective Bidder must make reference to the conversion rate(s) to Saudi Arabian Riyal used in its Qualification Application. Considering that it is logistically challenging to finalize the documents on the date of submission, it might be preferable to consider the exchange rate as on date of launch of RFQ (or any such prior date) for conversion of amounts from another currency to SAR or USD	We maintain the view that the applicable exchange rate should be at the date of submission of Qualification Application. To the extent this is not possible, we would request that the date selected be as close to it as possible, and the Qualification Application to include the date, rationale for why it was selected and the applied exchange rate.
2. 17	Prospective Bidder X financial statements and other documents are public. Do they need to submit them in an attachment form or can they just provide a link where they can be downloaded?	documents will need to be submitted in accordance with section 2.4 and annex 6 of the request for qualification. A link will not be acceptable.
2. 18	What form of 'evidence' of Affiliates relationship (where required in connection with the Technical Criterion) is required? Can Prospective Bidder X provide a declaration signed by their Chief legal officer?	The documents to be provided by a Prospective Bidder to evidence that an entity constitutes an Affiliate for the purpose of satisfying the Technical Criteria will differ from one jurisdiction to the other (depending on where the Affiliate is incorporated), however, will need to include evidence showing the common ownership between the Prospective Bidder and the Affiliate (register of members (up to the common shareholder), constitutional / corporate documents and such other document the Prospective Bidder chooses to submit to evidence the affiliation between two parties). Please note that Prospective Bidders which include companies listed on a regulated stock exchange, a screen shot or extract from the relevant home-page of the stock exchange or a recognized financial software provider showing details of shareholders holding at least 5% of the share capital can be provided. A declaration signed by a chief legal officer will not be sufficient.
2. 19	For a Group of companies that are organized as independent legal entities, all owned by the same shareholders and under the same management/board, how would the Technical and Financial Criteria be applied for such a Group? A) Can the Group use the concept of combined audited financials and total Group's milling capacity to qualify? and B) For such a Group, can it use one of its investment vehicles as a Bidder/Consortium member - e.g. the investment vehicle used may not directly own any other milling operations?	A) Please refer to the definition of "Affiliate". A Prospective Bidder may submit documents (in the same form as required under section 2.4 and annex 5) for one or more Affiliates to satisfy the Technical Criteria. B) A Prospective Bidder or, if the Prospective Bidder is a Consortium, each member of the Consortium, may use an investment vehicle that does not directly own any milling operations if the Prospective Bidder or the relevant member of the Consortium is able to satisfy the Technical Criteria through one or more Affiliate and the Financial Criteria (in the manner set out in section 2.4, annex 5 and annex 6 of the request for qualification and as described in our responses above).
2. 20	The Owners Equity of Company Z as of end of December 2017 is less than the minimum required according to the submission criteria of SAR 150 million. In this context, a shareholder of Company Z owns a direct and indirect stake in company Z of 85%. In his personal capacity, he owns 35% of Z, and XYZ Company holds a 50% stake in Company Z. The shareholder also heads Company Y and holds a 17% stake. Please note that the shareholder has audited financial statements for the year 2016 with ownership equity is (1,000) million Riyals, and there are unaudited financial statements for 2017 and the ownership equity is (1,050) million Riyals. Question 1) is it possible to adapt the financial statements of the shareholder as part of the ownership equity of Company X to accept the company and excluding the minimum requirement SAR 150 million? Question 2) Can it be adopted as well to raise the Company X percentage in the Consortium to reach 45% of the total partnership rate in the Consortium? [Subject to agreement on the previous question]	Please note that section 2.4(c) of the request for qualifications allows for Prospective Bidders, or, if the Prospective Bidder is a Consortium, any member of the Consortium, to present the financial statements of a Parent Company to satisfy or to help satisfy the Financial Criteria set out in the request for qualification. A Parent Company is defined as the entity that is directly or indirectly controlling or exercising common control of the Prospective Bidder or, as the case may be, the member of the Consortium. The request for qualification also provides for what constitutes control for the purpose of the definition of (among other things) Parent Company. as such, any documentation provided by a Prospective Bidder, or a member of a Consortium in the case the Prospective Bidder is a Consortium, from its Parent Company to satisfy or help satisfy the Financial Criteria will need to be reviewed and assessed at the time of submission of the Qualification Application, including assessing the need for additional guarantees or supporting documentation from the Parent Company and/or the Prospective Bidder should the such documents be requested by the Grains Privatization Committee.
2. 21	We duly note that Bidder need to provide list of shareholders holding at least 5% of shares directly or indirectly as mentioned in Annex 3 of RFQ. Accordingly, we request Grains Privatization Committee to kindly confirm whether it would accept, in case the Prospective Bidder provides the ownership structure depicting the shareholding information up to 3rd level even if entities depicted have ownership levels greater than 5%	As required under the Request for Qualification, each Prospective Bidder will need to provide a list of shareholders of an entity, of its ultimate parent and, of any entity through which the ultimate parent holds an interest, holding directly or indirectly, at least 5% of the shares (if applicable). For Prospective Bidders which include companies listed on a regulated stock exchange, a screen shot or extract from the relevant home-page of the stock exchange or a recognized financial software provider showing details of shareholders holding at least 5% of the share capital is to be provided.

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2. 22	What constitutes 'proof' as mentioned in Part I - Qualification Criteria of the RFQ? "As Part I of the Qualification Application, the Prospective Bidder shall submit proof that it meets the minimum Qualification Criteria set out below." With respect to Milling, will a summary of Technical Member's milling capacities, reference to their OEM specifications and plant location(s) suffice? Similarly provide clarification for selling & distribution.	There are currently no predefined legal documents that would constitute proof of capability in the technical criteria. A Prospective Bidder is expected to provide any document it deems necessary to support technical capabilities for flour milling as outlined in Annex 5 of the RFQ. Refer to Addendum 1 for revised technical qualification criteria for agri-food sector: sales & distribution. The Grains Privatization Committee also maintains the right to request additional documentation as it deems necessary to support the capabilities outlined by a Prospective Bidder in Annex 5.
2. 23	If one elects to use the Auditor Statement to confirm satisfaction with financial criteria, will the "actual net worth amount" still be required?	The Auditor Statement can either state the Total Net Worth of the Prospective Bidder or the Consortium member (if the Prospective Bidder is a Consortium) based on its 2017 fiscal year, or confirm that the Total Net Worth of the Prospective Bidder or the Consortium member (if the Prospective Bidder is a Consortium) satisfies the Financial Criteria set out in Section 2.4 of the RFQ as amended by Addendum 1. Please note that where the Prospective Bidder is a Consortium, the Auditor Statement shall expressly confirm satisfaction by a member of each of the criteria set out in paragraph FC(a) of Section 2.4 of the RFQ.
2. 24	Will the Total Net Worth declaration be calculated from audited financial statements for the year ended 31 December 2017? What is the method of calculating the Total Net Worth?	The Total Net Worth of the Prospective Bidder or the Consortium member (if the Prospective Bidder is a Consortium) shall be based on its 2017 fiscal year. Total Net Worth is defined in the RFQ: "the aggregate of the amount paid up, or credited as paid up, share capital of a company, and the amount standing to the credit of the reserves of such company (including the balance on the accumulated profit and loss account), after deducting from that aggregate any amounts set aside for dividends and/or taxation". In other words [share capital + reserve accounts + retained earnings – declared and outstanding dividends and/or taxes]. To facilitate review of the Total Net Worth calculation, a Prospective Bidder is encouraged to include the method and constituents of calculating its Total Net Worth in the Qualification Application.
2. 25	Considering Addendum 1 - item 1.vii, is the Auditor Declaration all that is needed to meet the Financial Criteria?	A Prospective Bidder or the Consortium member (if the Prospective Bidder is a Consortium) can submit an Auditor Statement in lieu of its audited financial statements to evidence its satisfaction of the Financial Criteria set out in Section 2.4 of the RFQ as amended by Addendum 1. Prospective Bidders or Consortium members (as applicable) shall also provide a Financial Declaration Form in the form set forth in Appendix 3 of Addendum 1 and a list of the names and details of the banks and financial institutions with which the Prospective Bidder has existing banking relationships.
2. 26	Is the Total Net Worth declaration required from a subsidiary as well as Parent if subsidiary owns the technical asset(s) but parent will be the financial criteria qualifier?	Prospective Bidders are required to satisfy the Financial Criteria set out in Section 2.4 of the RFQ as amended by Addendum 1. A Prospective Bidder may choose to present financial statements, or Auditor Statements in lieu thereof, from a Parent Company to satisfy or to help to satisfy the Financial Criteria.
2. 27	What types of Food Processing and Sales & Distribution activities are considered under the technical criteria?	Food Processing and Sales & Distribution activities considered under the technical criteria include, but are not limited to: - Flour and wheat product processing and/or distribution - Fresh food distribution - Frozen food processing and/or distribution - Beverages (soft drinks, water, juice) manufacturing or distributions
3. Consortium Related Clarifications		
3. 1	Request for Qualification - 2.5.b.i Existence or not of any potential, possible or future conflict of interest that a Prospective Bidder (and each member of a Consortium) may have with the Bidding Process, the Proposed Transaction, any member of the Grains Privatization Committee or any agency or instrumentality thereof or with any consultant or advisor thereof; The reference to consultants or advisers of members of the Grains Privatization Committee (GPC) is very generic and appears to refer to any consultant or adviser working with members of the GPC. Further, Bidders may be working with one or more of these consultants or advisers in one capacity or another or in other jurisdictions. In this respect, we request GPC to consider waiving the requirement on GPC's consultants or advisers.	Please note that the Grains Privatization Committee will assess and consider each Conflict of Interest and Good Standing Statement based on its content, and the existence of any potential conflict of interest does not entail automatic disqualification. As such, the Grains Privatization Committee will not waive such requirement.
3. 2	Section 1.2 (b) a Consortium comprised of no more than five companies, firms, corporate bodies or other legal entities which meet the applicable Qualification Criteria and which intend to participate through joint effort in the Qualification Process and the Bidding Process and satisfy the requirements set out below (a "Consortium"). Considering that ABY is a Joint Venture between AB and Y, and ABY does not have any assets at this point in time, will ABY be considered as 1 or 2 Consortium member(s)?	If the joint venture company is able to satisfy the Technical Criteria and Financial Criteria set out in the RFQ, then the joint venture company can be the Prospective Bidder. If it is proposed that the Technical Criteria and Financial Criteria set out in the RFQ be satisfied by AB and Y, then the Prospective Bidder will be considered as a Consortium for the basis of the Qualification Criteria.
3. 3	Section 2.4 (c) Satisfaction of the Financial Criteria: Parent Companies The Prospective Bidder, or, if the Prospective Bidder is a Consortium, any member of the Consortium, may choose to present financial statements from a Parent Company to satisfy: - Considering that XYZ is a Joint Venture between XY and Z, and XYZ does not have a sufficient balance sheet at this point in time, will XY and Z be required to satisfy the Financial Criteria pro-rata of their holding in XYZ (i.e. 50% of stake in XYZ) or will the combined net worth of XY and Z will be considered for the same?	XY and Z, as consortia members, will be required to satisfy the Financial Criteria as set out in section 2.4 of the RFQ.
3. 4	The 2017 financial accounts for the entity that will be Bidding for X company as part of Y company Consortium will not be ready until later in the year. In terms of presenting documents, X company's Bidding entity will be sending the 3 precedent years (14, 15, 16); however, for the calculation of the Total Net Worth, the reference will have to be the 2016 accounts. Appreciate your comment & acceptance on the above. Kindly note that Y company who retains majority of the Consortium will be presenting 2017 financial accounts.	Please note that section 2.4 of the request for qualification provides that evidence of Total Net Worth of a Prospective Bidder or, if the Prospective Bidder is a Consortium, each member, must be as at the end of its 2017 fiscal year. Section 2.4(c) of the request for qualifications allows for Prospective Bidders, or, if the Prospective Bidder is a Consortium, any member of the Consortium, to present the financial statements of a Parent Company to satisfy or to help satisfy the Financial Criteria set out in the request for qualification. Any documentation provided by a Prospective Bidder, or a member of a Consortium in the case the Prospective Bidder is a Consortium, from its Parent Company to satisfy or help satisfy the Financial Criteria will need to be reviewed and assessed at the time of submission of the Qualification Application, including assessing the need for additional guarantees or supporting documentation from the Parent Company and/or the Prospective Bidder should the such documents be requested by the Grains Privatization Committee. In addition, please refer to the RFQ addendum issued on 25 October 2018, which provides for (among other things) certain changes to the Financial Criteria under the RFQ. For example, Prospective Bidders are no longer required to present Average Aggregate Revenues for fiscal years ending 2017, 2016 and 2015 in a relevant Sector as previously required under Annex 6 (Financial Declaration Form) of the RFQ.
3. 5	Considering that one of our Consortium members PQR has been recently incorporated, is it recommended to submit three sets of documents which are relevant for Consortium members i.e. one set for PQR and one set each for parent companies of PQR (PQ & R)?	It is unclear whether PQR is the joint venture company sitting under PQ and R or if PQR is a member of a Consortium consisting of PQR, PQ and R. If the latter, then documents from all three members are required. If the former, then you may consider the following: If the joint venture company is able to satisfy the technical, financial and legal criteria set out in the RFQ, then the joint venture company can be the Prospective Bidder. If it is proposed that the Technical Criteria and Financial Criteria set out in the RFQ be satisfied by PQ and R, then the Prospective Bidder will be considered as a Consortium for the basis of the Qualification Criteria.
3. 6	Section 2.5 (b) (i) existence or not of any potential, possible or future conflict of interest that a Prospective Bidder (and each member of a Consortium) may have with the Bidding Process, the Proposed Transaction, any member of the Grains Privatization Committee or any agency or instrumentality thereof or with any consultant or advisor thereof; and Are the Consortium members required to list existing / prior relationships with the advisors, even if there are no potential conflicts?	Relationships to be listed only relate to existing conflicts. If no conflicts exist, then a confirmation that no conflict exists is required.

Project Sunbula - Privatization of the Flour Milling Operations of the Saudi Grains Organization (SAGO)

Consolidated Q&A register

As of: 25 November 2018



Categories

- 1 Qualification Process
- 2 Qualification Criteria
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- 5 General

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Question	Answer
<p>3. 7 Section 2.6 ... In addition, if the Prospective Bidder is a Consortium, the Consortium Coordinator must: (i) be unduly authorized (through a power of attorney, as described in Section 2.7) by all other Consortium members to act on their behalf</p> <p>The Power of attorney described in Section 2.7, which is attached as Annex 7, is however limited to granting certain person(s) the authority to sign and deliver the Qualification Application documents. Request clarity on whether if the POA (as per Annex 7) along with commitment letter satisfy the requirements of Sections 2.6 and 2.7 and no additional documents are needed.</p>	<p>Each Consortium member is required to execute a power of attorney in the form attached to the RFQ authorizing the Consortium coordinator to perform all such things as set out in the form power of attorney.</p>
<p>3. 8 Schedule to Power of Attorney ...The Grantor: [... If Prospective Bidder is a Consortium, the Consortium Coordinator]</p> <p>The mentioned Consortium Coordinator (in case of a Consortium) has been mentioned as the Grantor. However, as per Section 2.7, we understand that Consortium members should be the Grantor for POA. Request clarity on this.</p>	<p>The Grantor is the relevant Consortium member granting authority to the Consortium coordinator.</p>
<p>3. 9 For Annex 7 (Power of Attorney) under Schedule to Power of Attorney, how can the Grantor be the Consortium Coordinator if the form is being filled by other consortium members? In this case, shouldn't the respective consortium member be the Grantor?</p>	<p>Each consortium member (as grantor) will be required to execute a power of attorney to appoint the representative of the consortium coordinator (as attorney) to act on the behalf of each such consortium member.</p>
<p>3. 10 In case a Prospective Bidder is a consortium, is the organizational chart required for Consortium Coordinator only or for each member of the consortium?</p>	<p>Please refer to part (xi) of addendum no. 1 to the request for qualification, dated 25 October 2018.</p>
<p>3. 11 Referring to the undertaking required from Consortium Coordinator as per clause 2.6 (Part III – Consortia Documents and Requirements) part (ii)</p> <p>Is the undertaking letter required to be submitted as part of Qualification Application or at the time of bid?</p>	<p>The undertaking letter will need to be submitted as part of the qualification application.</p>
<p>3. 12 Consortium members are expected to disclose information to SAGO and its advisors during the RFQ submission. As most of the Consortium members are private companies, the information shared would be highly confidential. Consortium members are keen to understand what comfort SAGO and its advisors will be willing to provide (prior to disclosure of this information) to Consortium members that the information will be kept confidential and not disclosed to persons other than members of SAGO's and its advisors' respective deal teams working on the Proposed Transaction.</p>	<p>Please note that the Qualification working Team will ensure that the review and evaluation process of the qualification applications will be carried out in a confidential manner. As you can appreciate, the Grains Privatization Committee and the Saudi Grains Organization, as representatives of the government, are not in a position to provide confidentiality undertakings in connection with the review and evaluation of qualification applications.</p>
<p>3. 13 With the recent release of "Potential Partners introduction mechanism" by SAGO on 30th October 2018, will SAGO accept change/ addition of a member to the Consortium OR change of shareholding of a Consortium member post submission of the RFQ document on 30th November 2018 and before the issuance of the RFP document by SAGO?</p>	<p>We understand that there could be instances / situations which lead to change or addition to consortiums. It is acceptable to receive changes / additions to a consortium to the extent that it complies with the guidelines of the RFQ and is approved by the Grains Privatization Committee. For ease of reference, please refer to section 1.3(d) of the request for qualification, which states that "a qualified bidder which is a consortium may only make changes to the membership of the consortium with the prior written consent of the Grains Privatization Committee, provided that if a new member is to be included in the consortium, the prior written consent of the Grains Privatization Committee must be requested in writing not later than one month prior to the bid date.</p>
<h4>4. Process Documentation</h4>	
<p>4. 1 What level the ownership structure should be provided?</p>	<p>The ownership structure will need to identify the shareholders of the prospective bidder up to the ultimate parent/owner of the prospective bidder</p>
<p>4. 2 As part of Qualification Application, Grains Privatization Committee requests a duly notarized and legalized POA. POA's that should be issued and notarized in Saudi Arabia should be in Arabic language, would the Grains Privatization Committee please provide an Arabic POA form?</p>	<p>Powers of attorney provided as Part IV of the Qualification Application that are issued by Saudi entities before a notary public in Saudi Arabia must, at a minimum, grant the following authorities (from the list of authorities prescribed by the Ministry Justice) to the Attorney:</p> <p>"دخول المنشآت واستلام الاستمارات - الاستلام و التسليم - مراجعة جميع الجهات ذات العلاقة وإنهاء جميع الإجراءات اللازمة والتوقيع فيما يتطلب ذلك"</p>
<p>4. 3 Can you please list the countries from which Foreign Partners will not be allowed (as of today)?</p>	<p>A Prospective Bidder (and each member of a Consortium) must, in a Conflict of Interest and Good Standing Statement, confirm that neither it nor its ultimate Parent Company, if applicable, nor any of its Affiliates is listed on or is owned or Controlled by a person listed on any sanctions list made by any Sanctions Authorities or is located in, incorporated under the laws of or owned or (directly or indirectly) Controlled by, or acting on behalf of, a person located in or organized under the laws of a country or territory that is the target of country-wide or territory-wide sanction. The countries in question would include any country that (a) The Kingdom of Saudi Arabia (i) does not have diplomatic relations with or (ii) imposed sanctions or a boycott on; and (b) any country on a sanctions list maintained by The Kingdom of Saudi Arabia, the United States of America, the United Nations, the European Union or the United Kingdom (or the respective governmental institutions or agencies of such countries and entities, such as OFAC, SDN or similar list). It is the responsibility of a Prospective Bidder (and each member of a Consortium) to familiarize themselves with these requirements and the lists as needed.</p>
<p>4. 4 In Annex 8, is the Prospective Bidder required to list potential advisors?</p>	<p>If a Prospective Bidder has appointed consultants and advisers in connection with Project Sunbula, then the Prospective Bidder will need to include a list of its appointed consultants and advisers in the annex to the Qualification Form. However, please note that the Request for Qualification does not require that a Prospective Bidder appoint consultants and advisers to submit a Qualification Application and as such, if a Prospective Bidder has not appointed consultants and advisers in connection with Project Sunbula, the relevant annex can include a statement to that effect.</p>
<p>4. 5 Should the documents required under the RFQ (e.g. Commitment of the Consortium, Annex 2, etc.) be printed on the letter head of Consortium Coordinator or on blank paper?</p>	<p>All documents issued by the consortium coordinator, in its capacity as consortium coordinator, should be printed on the consortium coordinator's letterhead.</p>
<p>4. 6 Some of the annexes and forms required under the RFQ include information to be filled out for consortium members. In the case the Prospective Bidder does not have consortium partners, can such statements be removed?</p>	<p>Please note that a Prospective Bidder will only be required to complete the information applicable to it and delete all other information not applicable to it. For example, if a Prospective Bidder is not a Consortium, then all sections applicable to a Prospective Bidder that is a Consortium can be deleted.</p>
<p>4. 7 What POA(s) should the technical member provide?</p>	<p>The technical member will need to issue the same power of attorney provided in the annex to the request for qualification.</p>
<p>4. 8 Should the PoA letter be notarized and legalized up to the Ministry of Foreign Affairs and the Embassy of KSA?</p>	<p>The power of attorney, if issued outside the kingdom of Saudi Arabia, will need to be notarized, legalized and attested up to the ministry of foreign affairs in the kingdom of Saudi Arabia.</p>
<p>4. 9 Does the technical member have to provide evidence that the authorized officer has the authority to sign on his behalf?</p>	<p>The request for qualification does not require that the consortium member provide evidence that its authorized signatory is duly authorized to sign on its behalf. However, please note that the Grains Privatization Committee may request supplementary information or documentation from a prospective bidder (including each member of a consortium) to determine eligibility for qualification.</p>
<p>4. 10 For GCC consortium members, are the memorandum of association and trade license required to be attested and legalized up to Ministry of Foreign Affairs and Embassy of KSA ? And should we provide all amendments to the Memorandum of Association?</p>	<p>Copies of the memorandum of association (including all amendments thereto) and commercial/trade license will be sufficient.</p>

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As of: 25 November 2018



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- 2 Qualification Criteria
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Question		Answer
5. General		
5. 1	Is there are any geographic restrictions on the sale of Flour for each of the Milling Companies at present or in the future?	Post privatization it is envisaged that there will be no geographic restrictions on the sales of Flour for any of the Milling Companies across Saudi Arabia.
5. 2	Could you please provide us with a copy of the latest Flour Mills Law, and also confirm that the Draft Flour Mills Law Implementing Regulations document on your privatization website is the latest version?	Kindly note that the Flour Milling sector law is available on SAGO's website under (https://cp.SAGO.gov.sa/files/Reg200518.pdf) In relation to the Implementing Regulations, we confirm that the draft version for public consultation on SAGO's website is the latest version of the Implementing Regulations.
5. 3	What will be the relationship between the new buyer and the Government, if any?	The new buyer will be a shareholder of one of the milling companies licensed by the government (SAGO) to carry out milling operations in The Kingdom pursuant to the milling law, its implementing regulations and the milling license issued thereunder.
5. 4	Can you please provide clarity whether this transaction comes under the purviews of draft PSP law issued recently?	To be clarified further during the Bidding Process.
5. 5	Can you please provide clarity regarding the start date for exclusivity period? Moreover, in case SAGO does not receive Bids for all the MCs, how would the unsold MC / (s) be dealt with and how would the start date for exclusivity period be determined in that case?	Further details regarding exclusivity period and sale process dynamics will be disclosed during the Bidding phase.
5. 6	What would be the mechanism of wheat buying, is it controlled by Government or open market?	Subsidized wheat will be provided through SAGO to the MCs (The MCs will purchase the subsidized wheat from SAGO based on supply agreements and a regulatory registration process which would be communicated in due course to qualified investors. For unsubsidized wheat, the MCs can purchase/import additional quantities of wheat from any source to fulfil their production needs (provided that they obtain the necessary license(s) / approval(s) from relevant authorities and SAGO, if any).
5. 7	What will be the status on the subsidy after the privatization of mills?	Further clarity on the subsidy regime in the sector is expected to be provided in due course.
5. 8	What would be the likely ticket size of investment in each Company ?	The transaction is envisaged as public tender offer, where all Qualified Bidders are expected to submit their Bids after conducting the required due diligence. As of today, guidance on expected size / valuation is not expected to be shared with investors.
5. 9	Will the new buyer sells in open market or to the Government?	Post sale, the MCs (managed by new buyers) will be selling their products to the open market.
5. 10	What would be pricing mechanism? Will the selling price of flour be regulated by the Government? If yes, what would be the mechanism implemented by SAGO?	The pricing mechanism in respect of wheat and flour will be determined at a later stage and clarified during the Bidding Phase.
5. 11	Are the Consortium members expected to submit the RFQ document on Friday 30th November 2018 or 2nd December 2018, the first working day of the following week ?	Kindly note that representatives from the Qualification Working Team will be available until 5pm on Friday the 30th of November 2018 to receive Qualification Applications at the address set out in annex 1 the Data Sheet.