

**ADDENDUM 1**

**TO REQUEST FOR QUALIFICATION DATED 28 JUNE 2018**

**IN CONNECTION WITH THE PROPOSED SALE OF INTEREST IN CERTAIN OF  
THE PUBLIC INVESTMENT FUND'S MILLING OPERATIONS**

**25 October 2018**

## ADDENDUM 1

This addendum (“**Addendum 1**”) is being issued by the Grains Privatization Committee in relation to the request for qualification issued by the Grains Privatization Committee on 28 June 2018 (the “**RFQ**”) and which invited interested parties (such interested parties, “**Prospective Bidders**”) to become qualified bidders in the bidding process for the Milling Companies. Capitalized terms defined in the RFQ have the same meaning when used in this Addendum 1 unless expressly defined in this Addendum 1.

Pursuant to this Addendum 1, the Grains Privatization Committee hereby notifies Prospective Bidders that:

- (i) the following defined terms shall be inserted in the Definitions section of the RFQ:
  - “**Point of Sale**” means a modern retail outlet, traditional retail outlet, HORECA outlet, wholesale premises or industrial user of ambient Food Products or Food Ingredients;”;
  - “**Modern Retail**” includes independent and chained hypermarkets, supermarkets and minimarkets;”;
  - “**Traditional Retail**” refers to independent neighborhood stores commonly referred to as baqalas in the Kingdom;”;
  - “**Wholesale**” means a third party distributor to which product is sold for onward distribution to retail, HORECA or industrial channels. Total points of sale for the wholesale category excludes micro sized firms (i.e., wholesale firms with 9 or less employees);”;
  - “**Industrial**” means an industrial food manufacturer typically using products supplied as ingredients for further processing;”;
- (ii) paragraph (iii) of the “Technical Criterion for Agri-Food Sectors” in Section 2.4(a) of the RFQ shall be deleted in its entirety and replaced with the following:
 

“**Sales and Distribution:** monthly geographic distribution reach in the countries comprising the Gulf Cooperation Council from time to time in ambient Food Ingredients or Food Products in one or more of the following channels: (i) Modern Retail; (ii) Traditional Retail; (iii) HORECA; (iv) Wholesale; or (v) Industrial. A Prospective Bidder may elect to demonstrate distribution reach through either a single channel or through multiple (two or more) channels.

If the Prospective Bidder elects to demonstrate distribution reach through a single channel it shall be evidenced by demonstrating monthly distribution to a minimum of: 550 Modern Retail Points of Sale; or 3,800 Traditional Retail Points of Sale; or 3,500 HORECA Points of Sale; or 350 Wholesale Points of Sale; or 70 Industrial Points of Sale.

If the Prospective Bidder elects to demonstrate monthly distribution reach through multiple channels, a percentage of the target number of Points of Sale for each channel is calculated and added together. Prospective Bidders should complete the table at Annex 5 with their Point of Sales data. Prospective Bidders achieving 100 or more points shall be deemed to have demonstrated distribution reach.”; For clarity, an illustrative example is provided in Appendix 1 of this Addendum 1”.
- (iii) row number 3 of the Experience Form in Annex 5 (*Experience Form*) of the RFQ shall be deleted in its entirety and replaced with the following:

Sector	Technical Criterion	Required Documents/Forms
Sales and Distribution	Monthly geographic distribution reach in	<b>Provide details of the following:</b>

Sector	Technical Criterion	Required Documents/Forms																																																
	<p>the countries comprising the Gulf Cooperation Council from time to time in ambient Food Ingredients or Food Products in one or more of the following channels: (i) Modern Retail; (ii) Traditional Retail; (iii) HORECA; (iv) Wholesale; or (v) Industrial. A Prospective Bidder may elect to demonstrate distribution reach through either a single channel or through multiple (two or more) channels.</p> <p>If the Prospective Bidder elects to demonstrate distribution reach through a single channel it shall be evidenced by demonstrating monthly distribution to a minimum of: 550 Modern Retail Points of Sale; or 3,800 Traditional Retail Points of Sale; or 3,500 HORECA Points of Sale; or 350 Wholesale Points of Sale; or 70 Industrial Points of Sale.</p> <p>If the Prospective Bidder elects to demonstrate monthly distribution reach through multiple channels, a percentage of the target number of Points of Sale for each channel is</p>	<p>(i) Monthly distribution reach:</p> <table border="1" data-bbox="603 315 1455 1048"> <thead> <tr> <th colspan="2" data-bbox="603 315 807 600">Channel</th> <th data-bbox="807 315 979 488">Prospective Bidder Number of Points of Sale</th> <th data-bbox="979 315 1139 488">Threshold Number of Points of Sale</th> <th data-bbox="1139 315 1295 488">Points Available</th> <th data-bbox="1295 315 1455 488">Point Awarded</th> </tr> <tr> <th colspan="2"></th> <th data-bbox="807 488 979 600">A</th> <th data-bbox="979 488 1139 600">B</th> <th data-bbox="1139 488 1295 600">C</th> <th data-bbox="1295 488 1455 600">= A/B x C (Maximum Value 100)</th> </tr> </thead> <tbody> <tr> <td data-bbox="603 600 647 667">1</td> <td data-bbox="647 600 807 667">Modern Retail</td> <td data-bbox="807 600 979 667">[Bidder Value]</td> <td data-bbox="979 600 1139 667">550</td> <td data-bbox="1139 600 1295 667">100</td> <td data-bbox="1295 600 1455 667">-</td> </tr> <tr> <td data-bbox="603 667 647 734">2</td> <td data-bbox="647 667 807 734">Traditional Retail</td> <td data-bbox="807 667 979 734">[Bidder Value]</td> <td data-bbox="979 667 1139 734">3,800</td> <td data-bbox="1139 667 1295 734">100</td> <td data-bbox="1295 667 1455 734">-</td> </tr> <tr> <td data-bbox="603 734 647 801">3</td> <td data-bbox="647 734 807 801">HORECA</td> <td data-bbox="807 734 979 801">[Bidder Value]</td> <td data-bbox="979 734 1139 801">3,500</td> <td data-bbox="1139 734 1295 801">100</td> <td data-bbox="1295 734 1455 801">-</td> </tr> <tr> <td data-bbox="603 801 647 869">4</td> <td data-bbox="647 801 807 869">Wholesale</td> <td data-bbox="807 801 979 869">[Bidder Value]</td> <td data-bbox="979 801 1139 869">350</td> <td data-bbox="1139 801 1295 869">100</td> <td data-bbox="1295 801 1455 869">-</td> </tr> <tr> <td data-bbox="603 869 647 936">5</td> <td data-bbox="647 869 807 936">Industrial</td> <td data-bbox="807 869 979 936">[Bidder Value]</td> <td data-bbox="979 869 1139 936">70</td> <td data-bbox="1139 869 1295 936">100</td> <td data-bbox="1295 869 1455 936">-</td> </tr> <tr> <td colspan="2" data-bbox="603 936 807 1048"><b>Total Points Awarded</b></td> <td></td> <td></td> <td></td> <td data-bbox="1295 936 1455 1048">SUM 1 to 5</td> </tr> </tbody> </table> <p>(ii) Geographic locations, capacities by storage type – ambient, chilled or frozen - of storage assets</p> <p>(iii) Distribution fleet number by capacity and type – ambient, chilled or frozen</p> <p>(iv) Number of years trading in relevant Sector(s)</p>	Channel		Prospective Bidder Number of Points of Sale	Threshold Number of Points of Sale	Points Available	Point Awarded			A	B	C	= A/B x C (Maximum Value 100)	1	Modern Retail	[Bidder Value]	550	100	-	2	Traditional Retail	[Bidder Value]	3,800	100	-	3	HORECA	[Bidder Value]	3,500	100	-	4	Wholesale	[Bidder Value]	350	100	-	5	Industrial	[Bidder Value]	70	100	-	<b>Total Points Awarded</b>					SUM 1 to 5
Channel		Prospective Bidder Number of Points of Sale	Threshold Number of Points of Sale	Points Available	Point Awarded																																													
		A	B	C	= A/B x C (Maximum Value 100)																																													
1	Modern Retail	[Bidder Value]	550	100	-																																													
2	Traditional Retail	[Bidder Value]	3,800	100	-																																													
3	HORECA	[Bidder Value]	3,500	100	-																																													
4	Wholesale	[Bidder Value]	350	100	-																																													
5	Industrial	[Bidder Value]	70	100	-																																													
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Sector	Technical Criterion	Required Documents/Forms
	calculated and added together. Prospective Bidders should complete the table at Annex 5 with their Point of Sales data. Prospective Bidders achieving 100 or more points shall be deemed to have demonstrated distribution reach.	

- (iv) the opening of Qualification Applications will not occur at an open meeting as originally contemplated pursuant to Section 4.1 of the RFQ. Qualification Applications will be opened and reviewed by the Qualification Working Team at a private meeting that is not open for the public;
- (v) the names and details of all Prospective Bidders will not be announced following the meeting referred to in (i) above and will remain confidential throughout the Qualification Process and, if applicable, the Bidding Process;
- (vi) the envelopes containing the original Qualification Application and each copy thereof shall bear the words “PROJECT SUNBULA: QUALIFICATION APPLICATION”;
- (vii) a letter from the certified public accountant (the “**Auditor Statement**”) of the Prospective Bidder or the Consortium member (if the Prospective Bidder is a Consortium) confirming the Total Net Worth of the Prospective Bidder or the Consortium member, based on its 2017 fiscal year will be accepted in lieu of the audited financial statements. Prospective Bidders or Consortium members (as applicable) shall be required to specify in the Financial Declaration Form whether the substantiating accounting documentation is in the form of the audited financial statements or the Auditor Statement;
- (viii) paragraph FC(a) of the “Financial Criterion” in Section 2.4(a) of the RFQ shall be deleted in its entirety and replaced with the following:  

“If the Prospective Bidder is a Consortium:

The Prospective Bidder shall demonstrate that (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 (“**Minimum Aggregate Net Worth**”); and (b) each member of the Consortium shall demonstrate that its Total Net Worth as at the end of its 2017 fiscal year is (i) not less than SAR150 million, and (ii) at least equal to its proposed ownership percentage in the Consortium multiplied by the Minimum Aggregate Net Worth (SAR750 million) (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). For clarity, an illustrative example is provided in Appendix 2 of this Addendum 1”;
- (ix) the definition of “**Average Aggregate Revenues**” shall be deleted from the RFQ;
- (x) the Financial Declaration Form set out in Annex 6 of the RFQ shall be deleted in its entirety and replaced with the form attached hereto as Appendix 3; and
- (xi) footnote number 3 on page 17 of the RFQ shall be deleted and replaced with the following:  

“Note: A chart showing the ownership structure including percentage shareholdings of the Prospective Bidder (or if the Prospective Bidder is a Consortium, each member of the

Consortium) is to be provided. 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.”.

The Grains Privatization Committee shall not incur any liability whatsoever arising out of this Addendum 1. The Grains Privatization Committee shall give notice of any further changes to the RFQ, if any, by the issuance of further addenda to the RFQ.

Prospective Bidders should note that the provisions of the RFQ shall remain in full force and effect except as expressly amended by this Addendum 1.

## APPENDIX 1

An illustrative example to demonstrate monthly distribution reach through multiple channels

*350 Modern Retail, 1,000 Traditional Retail, 500 HORECA Points of Sale:*

Channel		Prospective Bidder Number of Points of Sale	Threshold Number of Points of Sale	Points Available	Point Awarded
		A	B	C	= A/B x C (Maximum Value 100)
1	Modern Retail	350	550	100	64 -
2	Traditional Retail	1,000	3,800	100	26 -
3	HORECA	500	3,500	100	14 -
4	Wholesale	0	350	100	0 -
5	Industrial	0	70	100	0 -
<b>Total Points Awarded</b>					104

104 points - distribution reach meets the minimum threshold.

## APPENDIX 2

An illustrative example for the Financial Criteria tests for a virtual Consortium wishing to participate as a Prospective Bidder

Members of the Consortium	1	2	3
Total Net Worth	SAR 1000m <b>A1</b>	SAR 500m <b>A2</b>	SAR 200m <b>A3</b>
Ownership in the Consortium	40% <b>B1</b>	40% <b>B2</b>	20% <b>B3</b>

**Based on the example provided above, the financial criteria can be satisfied as the below illustration**

<b>Criteria 1</b>			
Consortium members, on aggregate, are expected to demonstrate a Total Net Worth exceeding the minimum requirement of SAR 750m			
The <b>minimum requirement</b> for the aggregate Total Net Worth of a consortium	SAR 750m		
The <b>aggregate Total Net Worth of the Consortium members</b>	<b>SAR 1700m</b>		
	<b>A1 + A2 + A3</b>		
Criteria satisfied	<b>Yes</b>		
<b>Criteria 2</b>			
Each Consortium member is expected to demonstrate an individual Total Net Worth exceeding the minimum requirement of SAR 150m			
The <b>minimum requirement</b> for each Consortium member's net worth	SAR 150m	SAR 150m	SAR 150m
The <b>Total Net Worth for each member of the Consortium</b>	<b>SAR 1000m</b>	<b>SAR 500m</b>	<b>SAR 200m</b>
	<b>A1</b>	<b>A2</b>	<b>A3</b>
Criteria satisfied	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Criteria 3</b>			
Each member of a Consortium should demonstrate an Individual Total Net Worth not less the proportional of its ownership in the consortium to the Minimum Aggregate Total Net Worth of SAR750			
What is the minimum requirement for the aggregate Total Net Worth of a Consortium	SAR 750m		
	<b>C</b>		
What is the current threshold requirement for each Consortium member's Total Net Worth proportional to ownership in a Consortium	<b>SAR 300m</b>	<b>SAR 300m</b>	<b>SAR 150m</b>
	<b>B1 x C</b>	<b>B2 x C</b>	<b>B3 x C</b>
What is the current Total Net Worth of each consortium member	SAR 1000m	SAR 500m	SAR 200m
	<b>A1</b>	<b>A2</b>	<b>A3</b>
Criteria satisfied?	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>

**APPENDIX 3**  
**FINANCIAL DECLARATION FORM**

**Name of Prospective Bidder:**

*[If the Prospective Bidder is not a Consortium]*

1. The Total Net Worth of *[Name of Prospective Bidder]* was at least SAR*[insert]* million or equivalent as at the end of its 2017 fiscal year or the Total Net Worth of *[Name of Parent Company of Prospective Bidder]* was at least SAR*[insert]* million or equivalent as at the end of its 2017 fiscal year, as set forth in the attached audited financial statements for such fiscal years.

*[If the Prospective Bidder is a Consortium]*

1. The Total Net Worth of *[all Consortium members collectively]* was at least SAR*[insert]* million or equivalent as at the end of each Consortium member's 2017 fiscal year or, in respect of *[relevant Consortium member]* the Total Net Worth of *[Name of Parent Company of the relevant Consortium Member]* was at least SAR*[insert]* million or equivalent as at the end of its 2017 fiscal year, as set forth in the attached audited financial statements for such fiscal year.
2. Set out below is the Total Net Worth of each Consortium member (as at the end of each Consortium member's 2017 fiscal year<sup>1</sup> as set forth in the attached audited financial statements for such fiscal year) and each Consortium member's proposed shareholding interest in the Consortium:

<i>[relevant member]</i>	<i>Consortium</i>	SAR <i>[insert]</i> million or equivalent	or	Proposed Shareholding Interest in the Consortium (%)

Authorized Representative

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Name: *[insert]*  
 Title: *[insert]*  
 Date: *[insert]*  
 Capacity: *[insert]*

(A copy of the referenced audited financial statements **must** be attached, or alternatively a letter duly authorized by certified public accountant confirming the amount of the Total Net Worth along with a summary page outlining the Total Net Worth calculation and referring to relevant sections / page numbers of the statements)

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<sup>1</sup> Note: For calculation purposes, this should be the aggregate of each Consortium member's own fiscal years closest to the relevant years.