

GOVERNMENT OF PAKISTAN

MINISTRY OF PRIVATISATION & INVESTMENT

(Privatisation Commission)

NOTICE

Islamabad, March 21, 2005

No. PTDC -1/PC/2000-- WHEREAS the Privatisation Commission is required to publish by notice in the official gazette each Privatisation transaction within thirty days of completion, vide Section 26 of the Privatisation Commission Ordinance, 2000.

WHEREAS the Privatisation Commission has completed the Privatisation of Faletti's Hotel on February 24, 2004.

Now, THEREFORE, in pursuance of the aforesaid provisions of the Privatisation Commission Ordinance, 2000 and in exercise of powers enabling in this behalf, the Privatisation Commission hereby publishes this notice.

SECTION A Summary description of the transaction including the name and address of the contracting party.

Faletti's Hotel was built in 1880 and was one of the most famous hotels of British India. It occupies approximately 68 kanals of land in the heart of Lahore. It was owned by Associated Hotels of Pakistan (app 87 %) and minority owners. Faletti's Hotel was included in the privatisation programme in August 1997.

The first attempt to privatise Falettis Hotel was made in January 1998. Three parties took part in the bidding but all the offers were below the reference price and hence not accepted. The second attempt was made in February 1998. Ten bidders participated and the bid of Lahore Regency Private Limited amounting to PKR 590 million was above the Reference Price and accepted by the Cabinet Committee on Privatisation (CCOP). An initial amount of PKR 147.5 million was paid by the bidder but a dispute arose over the plot size and the bidder requested for a reduction in the sale consideration. The CCOP decided in August 1998 to rescind the deal and refund the initial amount to the bidder. The third attempt to privatise Faletti's Hotel was made in June 2002. Two parties took part in the bidding but their bids were below the Reference Price and hence rejected.

The fourth attempt to privatise Faletti's Hotel was initiated in December 2003. Expressions of Interest (EOIs) were invited by placing advertisements in the media and 43 EOIs were received. The CCOP had decided that the sale would be restrictive and the