



INVITATION FOR EXPRESSION OF INTEREST

DIVESTMENT OF PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED THROUGH PRIVATISATION



FOR ACQUISITION OF 51% TO 100% SHARE CAPITAL TOGETHER WITH MANAGEMENT CONTROL OF PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED

ABOUT THE AIRLINE

Pakistan International Airlines Corporation Limited (PIA), a public limited company, is the flag carrier airline of Pakistan. The Government of Pakistan (GOP) through PIA Holding Company Limited owns approximately 96% of the issued capital of PIA. PIA is a full service airline, providing aviation services supported by its ancillary segments. The business segments include passengers, ground handling, flight training, cargo engineering and flight kitchen. Out of the total 21 million passengers traveling during 2024, PIA has successfully maintained a prominent market share and has been the market leader for 68 years. In the last financial year, PIA served approximately 4 million passengers across 30 destinations, carrying out 268 flights per week. PIA has access to 78 countries with slots in some of the most attractive international destinations, providing direct flight access to passengers travelling between Pakistan and the large diaspora target markets. Demand in the under-served Pakistani aviation market is expected to grow at a Compound Annual Growth Rate of around 6.2% from Fiscal Year 2025 to Fiscal Year 2029. Pakistan's population and its extensive global diasporas provide a solid foundation for growth of the aviation business.

TRANSACTION OVERVIEW

With the objective to restructure and privatise PIA, GOP incorporated PIA Holding Company Limited (PIA Holdco), a company limited by shares. PIA and PIA Holdco filed a Scheme of Arrangement with the Securities and Exchange Commission of Pakistan (SECP) under the Companies Act, 2017, which was sanctioned by SECP through its order dated May 3, 2024 (SOA Sanction Order). Pursuant to the SOA Sanction Order, non-core assets and non-core liabilities were transferred to PIA Holdco (Non-Core Business) and PIA continues to hold the core assets and core liabilities (Core Business). The Core Business includes assets, liabilities, employees pertaining to air transport operations and allied services (including ground handling, flight training, cargo engineering and flight kitchen), rights and obligations under various operational agreements executed by PIA including the air services agreements, code sharing agreements, fuel supply agreements and passenger sales agency agreements. Pursuant to the SOA Sanction Order, the shareholders of PIA became the shareholders of PIA Holdco and PIA became a wholly-owned subsidiary of PIA Holdco, with a single class of ordinary shares. PIA Holdco was listed on the stock exchange and PIA ceased to be listed. The SOA Sanction Order is available at the following link: <https://privatisation.gov.pk/EOI-PIACL>, which includes the split balance sheet setting out the Core Business and the Non-Core Business. PIA may enter into operational arrangements such as office space and sales offices with PIA

Holdco on an arm's-length basis if considered necessary for smooth and continued operations, which shall be determined during the course of the privatisation process of PIA. GOP and PIA Holdco through the Privatisation Commission (Privatisation Commission) invite Expressions of Interest (EOI) from prospective investors to acquire between 51% to 100% share capital of PIA (consisting as a single class of ordinary shares) together with management control (Equity Stake). The Equity Stake may comprise, inter alia: (i) sale of shares held by PIA Holdco; (ii) subscription of shares of PIA; or (iii) a combination of both (i) and (ii). The final terms and conditions for transfer and acquisition of the Equity Stake shall be set out in the bid documents, wherein GOP / PIA Holdco may offer (in their sole and absolute discretion), inter alia, the following incentives:

- a. exemption from General Sales Tax on induction of aircrafts through lease / purchase;
- b. additional support to improve the effective net equity position on PIA's balance sheet, which may include indemnification / transfer of certain liabilities; and
- c. coverage against certain tax and litigation claims.

In addition to the above, GOP / PIA Holdco may also offer (in their sole and absolute discretion), other transaction specific protections / incentives from time to time, based on feedback from the prequalified bidders.

EOI AND SOQ SUBMISSION INSTRUCTIONS

Interested parties that are companies, firms, body corporate or other legal entities (and not individuals or the Federal or Provincial Government of Pakistan or any enterprise owned or controlled by the Federal or Provincial Government of Pakistan) should submit EOIs (as a single entity or as a consortium) in duplicate in hard copy to the Privatisation Commission, 4th Floor, New Park Secretariat Building, Kohsar Block, Constitution Avenue, Islamabad, Pakistan and also send the EOIs electronically at dgamc@privatisation.gov.pk with non-refundable processing fee of USD 5,000/- (United States Dollars Five Thousand only) or PKR 1,400,000/- (Pakistani Rupees One Million Four Hundred Thousand only). Where an interested party is submitting an EOI as a consortium, the processing fee is only required to be paid by one member of the consortium. The non-refundable processing fee can be paid in the form of bank draft / pay order payable in favour of 'Privatisation Commission', which should be submitted with the hard copy of the EOI or through wire / electronic transfers (details for which will be available at the Privatisation Commission link below). The EOI must be available with the Privatisation Commission and the processing fee must be paid, on or before 16:00 Hours, on Tuesday, June 3, 2025. EOIs must contain the following information:

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| <p>a Name of company / group and its background information (including profile, place of incorporation, ownership details);</p> <p>b In case of local interested parties, copies of Computerized National Identity Cards (CNICs) of Directors and Shareholders holding or controlling (by itself or in concert) directly or indirectly 20% or more voting power;</p> <p>c In case of foreign interested parties, copies of passports of Directors and Shareholders holding or controlling (by itself or in concert) directly or indirectly 20% or more voting power;</p> | <p>d Name, address, email address, telephone number(s) of authorized representative;</p> <p>e Latest audited financial statements of the company / group; and</p> <p>f Signed Confidentiality Agreement. The confidentiality agreement is available at: https://privatisation.gov.pk/EOI-PIACL</p> |
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Where the interested party is a consortium, each consortium member should provide the above information. Upon receiving EOIs together with the required documents, information and processing fee, a Request for Statement of Qualification (RSOQ) and preliminary information on PIA (which will be made available to the interested parties on or after the date of issuance of the RSOQ), will be issued to interested parties compliant with the requirements set out in this invitation for EOIs (RSOQ Recipients). The RSOQ Recipients must submit the Statement of Qualification (SOQ) latest by 16:00 Hours, on Tuesday, June 3, 2025, in accordance with the RSOQ. Only RSOQ Recipients that are determined by the Privatisation Commission (in its sole and absolute discretion) as meeting the requirements set out in the RSOQ will be issued the bid documents, allowing them to participate in the due diligence and bidding process, provided they comply with the requirements to be stated in the bid documents. Following submission of original SOQ, consortium members can be added (including addition of members that did not submit EOIs) or changed, subject to compliance with the requirements of the RSOQ.

Early submission of EOI will allow parties the maximum amount of time for preparation of SOQs.

OTHER INFORMATION

At any stage, the GOP / Privatisation Commission may, inter alia, introduce incentives, modify the transaction structure or impose additional conditions, in their sole and absolute discretion. Interested parties are encouraged to review the information relating to submission of EOI, SOA Sanction Order, and Investment Teaser as made available on the following websites of Privatisation Commission and PIA respectively: <https://privatisation.gov.pk/EOI-PIACL> <https://www.piac.com.pk/corporate/> GOP / Privatisation Commission and the Financial Advisor (or any member thereof) reserves the right not to respond to any request for preliminary or other information. GOP / Privatisation Commission further reserve the right to accept or reject any or all EOIs. This Invitation for Expression of Interest is intended only to seek expression of interest from interested parties. The details of the transaction, information memorandum, conditions of sale, draft bidding documents and process would be advised to pre-qualified parties only at an appropriate time as part of the privatisation process. Any interested party who has an interest in this transaction shall not be

entitled to object at a later stage if further information, incentives or concessions are provided in relation to the transaction to pre-qualified interested parties. To facilitate the privatisation, the GOP / Privatisation Commission reserve the right to amend the transaction structure in its absolute discretion. The GOP / Privatisation Commission may also propose amendments to relevant laws to facilitate the privatisation. Documentation accompanying and comprising an EOI as provided by any interested party shall not be reclaimed or returned. This advertisement and the information provided or referenced herein (including the Investment Teaser and the SOA Sanction Order) is not intended to be, and should not be construed as: (a) an offer or invitation to acquire any securities and / or assets of PIA; (b) a representation or warranty, express or implied, with respect to any statement made herein or in any document referenced herein; and / or (c) any legal commitment of any kind to provide any indemnity, incentive or the like. The Privatisation Commission has appointed EY Consulting LLC, as the Financial Advisor to conduct this transaction.

SOQ SUBMISSION DEADLINE: 16:00 Hours Pakistan Standard Time on Tuesday, June 3, 2025

CONTACT INFORMATION

Privatisation Commission

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