PAKISTAN HOTELS ASSOCIATION

(REGISTERED WITH THE MINISTRY OF COMMERCE, GOVERNMNET OF PAKISTAN)

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January 16, 2026

Capt. (Retd.) Muhammad Khurram Agha
Secretary
Ministry of Interior and Narcotics Control
Government of Pakistan
Islamabad

Subject: Support for Rationalisation of Additional FAR Charges in respect of Nishat Group's Acquisition and Redevelopment of Margalla Motel, Islamabad

Dear Sir,

On behalf of Pakistan Hotels Association (PHA), the representative body of Pakistan's hotel and hospitality sector, we write to formally express our strong support for the request submitted by Nishat Group regarding the rationalisation of additional Floor Area Ratio (FAR) charges arising from its acquisition and proposed redevelopment of Margalla Motel, Islamabad.

Margalla Motel is a legacy hospitality asset located at a prime gateway of the federal capital. While historically significant, the existing structure has become functionally outdated and inadequate to meet contemporary hospitality, safety, and international service standards. Nishat Group's acquisition of the property and its intention to redevelop it into a modern, high-quality hotel represents a strategic reinvestment in Islamabad's urban and tourism infrastructure, rather than speculative real estate activity.

The hospitality sector operates on a fundamentally different commercial and financial model from sale-based developments. Hotel projects involve long gestation periods, substantial upfront capital expenditure, and extended payback horizons. In the case of Margalla Motel, these dynamics are further compounded by the costs associated with demolition, site redevelopment, compliance with updated building codes, and alignment with international brand and safety standards. The imposition of sharply escalated additional FAR charges has therefore rendered the project financially strained and risks undermining its timely execution.

PHA respectfully submits the following considerations in support of rationalisation:

1. Revitalisation of a Strategic Public-Facing Asset:

   The redevelopment of Margalla Motel will significantly enhance the visual, functional, and economic profile of a key corridor of Islamabad. Rationalising FAR charges would enable the transformation of an underutilised asset into a landmark hospitality facility aligned with the capital's stature.

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2. Differentiation between Hospitality and Commercial Real Estate:

   The Margalla Motel project is a long-term service-sector investment intended to generate sustained economic activity, employment, and tourism inflows, not short-term capital gains. Applying uniform FAR charges across fundamentally different asset classes creates structural inequity and discourages hospitality-led urban renewal.

3. Employment Generation and Supply-Chain Impact:

   The redevelopment will generate large-scale employment during construction and permanent jobs upon operation, while stimulating demand across allied industries including construction materials, furnishings, food supply, transport, and services.

4. Revenue Sustainability for Government:

   Rationalisation of FAR charges would facilitate project completion and long-term operation, resulting in recurring revenue streams for the government through taxes, duties, utilities, tourism receipts, and employment-linked contributions, far exceeding one-time FAR fee collections.

5. Policy Consistency and Investor Confidence:

   The project planning and acquisition decisions were undertaken in good faith within an evolving regulatory framework. Sudden and steep escalation of FAR charges risks weakening investor confidence. A reasoned, sector-sensitive approach would reinforce policy predictability and regulatory credibility.

6. Credibility and Track Record of Nishat Group:

   Nishat Group is among Pakistan's most reputable institutional investors, with a proven history of compliance, transparency, and long-term commitment to national development. Supporting such a strategic investor in revitalising Margalla Motel sends a positive signal to domestic and international markets alike.

In view of the above, the Pakistan Hotels Association respectfully urges the Government to approve rationalisation or rebate of additional FAR charges specifically for the redevelopment of Margalla Motel, and more broadly to adopt a differentiated FAR framework for hotel and hospitality projects in Islamabad.

PHA remains available for consultation and stands ready to support the Government in developing balanced, growth-oriented regulatory solutions for the hospitality sector.

Yours sincerely,

Shakir Bhura
Chairman
Pakistan Hotels Association

Barrister Mansoor Ali Shah
Senior Vice Chairman
Pakistan Hotels Association

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