



BEFORE THE  
COMPETITION COMMISSION OF PAKISTAN

IN THE MATTER OF

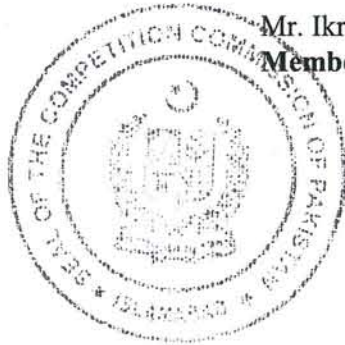
FIRST PHASE REVIEW

ACQUISITION OF SHAREHOLDING IN M/S IMMERSION PRIVATE  
LIMITED BY M/S HOMELESS INTERNATIONAL LIMITED FROM M/S ACUMEN  
FUND INC

CASE: 914/Merger-CCP/17

Commission

Ms. Vadiyya S. Khalil  
Chairperson



Mr. Ikram Ul Haque Qureshi  
Member

## ORDER

### I Background

1. On 22<sup>nd</sup> September 2017, M/s Homeless International Limited (“**Reall**” or the “**Acquirer**”) submitted a pre-merger application (the “**Application**”) to the Competition Commission of Pakistan (the “**Commission**”) through its representatives for the acquisition of \_\_\_\_\_ shares in M/s Immersion Private Limited (“**IPL**” or the “**Target**”) from M/s Acumen Fund, Inc (“**Acumen**” or the “**Seller**”). The Application was submitted along with the necessary information and applicable processing fee in accordance with the provisions of the Competition Act, 2010 (the “**Act**”) and the Competition (Merger Control) Regulations, 2016 (the “**Merger Regulations**”). The Commission's review of the proposed transaction is as under:

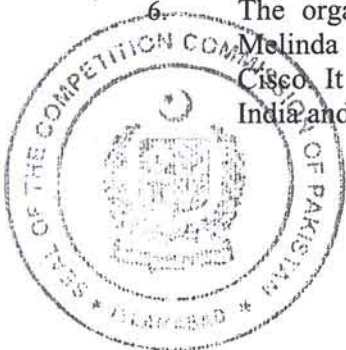
### II Merger Parties

#### *Acquirer*

2. Reall is the trading name of Homeless International Limited, a company limited by Guarantee No. 2713841. Registered as a charity in England and Wales (1017255) and in Scotland (SCO41976), Reall is funded by the United Kingdom's Department for International Development and the Swedish Development Cooperation Agency. It is an international development agency that is dedicated to empowering communities, providing housing and basic services for the lower strata of society and slum dwellers across Asia and Africa.
3. Reall holds \_\_\_\_\_ ordinary shares in Ansaar Management Company Private Limited (the “**AMCPL**”) which is the holding company of the Target. The shares were acquired in December 2016. It has one nominee director on the Board of Directors of AMCPL. In addition, Reall also owns \_\_\_\_\_ equity stake in the Target of which approval was granted via the Commission's order dated September 14, 2017.
4. As per its audited statements ending 31<sup>st</sup> March 2016, Reall generated a total income of £: \_\_\_\_\_ (equivalent to approximately PKR \_\_\_\_\_) and its asset base amounted to \_\_\_\_\_ (equivalent to approximately PKR \_\_\_\_\_) for the same period.

#### *Seller*

5. Acumen is a non-profit global venture fund that uses entrepreneurial approaches to solve the problems of global poverty. The organization seeks to prove that small amounts of philanthropic capital, combined with business acumen, can build thriving enterprises that serve large numbers of the poor. The Fund's investments focus on delivering affordable, critical goods and services – like health, water, housing and energy – through innovative, market-oriented approaches.
6. The organization has strategic partnerships with Rockefeller Foundation, Bill & Melinda Gates Foundation, Google.org, Skoll Foundation, Nike Foundation, and Cisco. It was incorporated in 2001 and has offices in four countries, Kenya, U.S.A, India and Pakistan, and invests globally.



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7. As per the consolidated financial statements provided by the Applicant, total consolidated revenue of Acumen for the year ended 31<sup>st</sup> December 2016 amounted to USD 29,571,868 (equivalent to PKR [redacted] - as of 31/12/2016) and its asset base amounted to USD [redacted] (equivalent to PKR [redacted] as of 31/12/2016).

*Target*

8. IPL was incorporated in Pakistan on 28<sup>th</sup> August 2008 as a private limited company under the Companies Ordinance, 1984. The registered office of IPL is situated in Lahore. AMCPL (Seller), holding [redacted] of the total number of shares which carry voting rights in IPL, is responsible for the management of the Target.
9. Thus, IPL is a subsidiary of AMCPL, by virtue of control, and is engaged in the business of providing affordable, quality housing to the low-income sector in Pakistan with a focus on nationwide scalability and sustainability through an integrated for-profit, low-cost approach. Furthermore, it provides management services for not-for-profit low-income housing developments. IPL is one of the project vehicles used by AMCPL to set up a low-income housing development project in Lahore in collaboration with its partners being the Seller and Acumen Fund, Inc. (registered in USA).
10. For the year ended 30<sup>th</sup> June 2016, IPL generated income totaling PKR [redacted] while its assets were valued at PKR [redacted] million for the same period.

**III Transaction**

11. In the proposed transaction, Acumen intends to sell its equity stake of [redacted] in IPL, by disposing its entire shareholding to Reall. The value of the transaction is valued at GBP [redacted] (approximately PKR [redacted] - as of 04/10/2017). There is no financial support being received by the Acquirer for this transaction as it is purchasing the shares from its own funds. The transaction will involve payment to the Seller outside Pakistan.
12. The transaction meets the notification thresholds as prescribed in Regulation 4(2)(a), (b) & (d) of the Merger Regulations, with the combined assets of the merger parties being more than PKR 1 billion and combined turnover being more than PKR 1 billion. The percentage of shares to be acquired also exceeds 10% of the total shareholding in the Target.

**IV Relevant Market:**

13. The relevant product market in this case is defined as the "**Development and provision of low-income and affordable housing**" and the relevant geographic market is "**Pakistan**" as such housing projects can be set up across the country, wherein the conditions of competition are sufficiently homogenous.



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## V Competition Assessment

*The competition assessment in Phase I have resulted in the following findings:*

14. The proposed transaction would result in acquisition of      shares of the Target by the Acquirer from the Seller.
15. Prior to this transaction, the Commission granted approval via its order dated September 14, 2017, to previous acquisition of      shares in the Target from M/s Oasis Capital Mauritius Limited by the Acquirer.
16. Post the intended acquisition, the Board will continue to comprise of 3 nominated directors from AMCPL and 2 nominated directors of Reall. Hence, even though Reall will have greater than      shareholding in the Company, the management control of the Company will remain with AMCPL.
17. According to the Application, the Acquirer and the Target see a long-term potential and are willing to take the financial risk in what is virtually a non-existent market. It is anticipated that if the Target, with assistance of Reall and AMCPL, can prove a model of low-income housing that is financially sustainable, then other real estate developers will enter into this market segment. Consequently, healthy competition will be catalyzed in an otherwise severely underserved market.
18. Currently, such development of low-income housing projects is undertaken at a government level. The Punjab government started Aashiyana housing schemes for Pakistanis in which hundreds of houses have been built for homeless people. According to the Application, AMCPL is the only socially driven private sector business developing and implementing affordable housing solutions for the lower-income segment of the Pakistani population.
19. According to the Application, the Target along with its fellow group companies operating under the umbrella of AMCPL are the only undertakings currently involved in such low-cost development projects in the relevant market.
20. Post-transaction, although the Acquirer is increasing its stake in the Target, however, there will be no change in the market dynamics of the relevant market in Pakistan and the market share of the Target therein will remain unchanged.
21. Therefore, the intended acquisition does not meet the presumption of a dominant position as determined under Section (2)(1)(e) read with Section 3 of the Act and is not likely to result in the creation or strengthening of a dominant position in the relevant market.

## VI Condition

22. The Share Purchase Agreement was not submitted along with the pre-merger application, therefore, this order is being issued on the condition that the merger parties will submit the final version of the Share Purchase Agreement to the Commission within 30 days of its execution.



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**VII Conclusion**

23. In conclusion, the intended transaction is unlikely to substantially lessen competition through the creation or strengthening of a dominant position in the relevant market. The transaction is hereby authorized under Section 31(1)(d)(i) of the Act.
24. It is so ordered.

*Vadiyya S. Khalil*  
(Vadiyya S. Khalil)  
Chairperson

*Ikram Ul Haque Qureshi*  
(Ikram Ul Haque Qureshi)  
Member



Islamabad the 22<sup>nd</sup> October 2017