



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No.: LM069Sep21

Plumbago Logistics Platform (Pty) Ltd (Primary Acquiring Firm)
and
DSV Real Estate Johannesburg (Pty) Ltd in respect of
the Rental Enterprise known as DSV Park (Primary Target Firm)

REASONS FOR DECISION

- [1] On 26 October 2021, the Competition Tribunal unconditionally approved the transaction involving Plumbago Logistics Platform (Pty) Ltd (“Plumbago”) and DSV Real Estate Johannesburg Proprietary Limited (“DSV Real Estate”) in respect of the rental enterprise known as DSV Park.
- [2] The proposed transaction involves Plumbago acquiring the light industrial property rental enterprise known as DSV Park from DSV Real Estate.
- [3] Plumbago has no activities and has been created for the purpose of acquiring DSV Park. Plumbago’s ultimate shareholders are Equites Property Fund Limited (“Equites”) and Eskom Pension and Provident Fund (“EPPF”), who have joint control.¹ Plumbago, and its controllers are hereinafter referred to as the “Acquiring Group”.
- [4] Through Equites, the Acquiring Group is active as a listed Real Estate Investment Trust (REIT), whose property portfolio consists of *inter alia*, light industrial property, specialised industrialised property and Grade B office property. Through EPPF, the Acquiring Group is invested in several sectors such as office property. EPPF is currently not invested in any light industrial property.
- [5] DSV Park is a light industrial property situated in Kempton Park, Gauteng. It consists of: (i) a warehouse with a gross lettable area (“GLA”) of 87 149m²; (ii) a warehouse with a GLA of 40 102m²; and (iii) Grade P office space with a GLA of 10 574m². DSV Park was specifically built for the DSV Group, hence the only tenant is the DSV Group. Post-merger, the DSV Group will remain a tenant.
- [6] The Competition Commission (“Commission”) considered the activities of the merging parties and found that the proposed transaction results in a horizontal overlap as the merging parties are both active in the provision of light industrial property and rentable office property in Gauteng.
- [7] In relation to light industrial property, the Commission assessed the following markets:

¹ Upon implementation of the proposed transaction, Equites and EPPF will indirectly exercise joint control over DSV Park.

- 7.1. the provision of light industrial property with a GLA between 25 000m² to 40 000m² in Kempton Park and surrounding nodes;
- 7.2. the provision of large light industrial property with a GLA greater than 40 000m² within Kempton Park and surrounding nodes;
- 7.3. the provision of large light industrial property with a GLA greater than 80 000m² within Kempton Park and surrounding nodes; and
- 7.4. the provision of large light industrial property with a GLA greater than 120 000m².
- [8] The Commission found that post-merger, the merging parties will have market shares of less than 30% in all of the above markets. Further, the Commission found that light industrial properties with a comparable size to DSV Park are typically greenfield developments built for specific customers.
- [9] The Commission did not assess the impact of the merger on the market for the provision of rentable office property because it found that while the parties are both active in this market, the Acquiring Group is not active in any Grade P office activities in Gauteng, and its office property is approximately 40km from DSV Park. Therefore, competition concerns are unlikely to arise.
- [10] No third parties raised concerns regarding the effects of the proposed transaction on competition.
- [11] We have no reason to disagree with the Commission's conclusion that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.
- [12] Regarding potential employment effects, the merging parties provided an unequivocal undertaking that the proposed transaction would not result in any job losses.
- [13] The proposed transaction raises no other public interest concerns.

Enver Daniels

Mr Enver Daniels
Ms Mondo Mazwai and Mr Andreas Wessels concurring

26 October 2021

Date

Tribunal Case Manager: D Mogapi
For the Merging Parties: V Chetty of Vani Chetty Competition Law (Pty) Ltd
For the Commission: N Msiza and W Gumbie