

# Supermarket Income REIT PLC

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## Supermarket Income REIT beefs up balance sheet as pipeline grows

### ?????What it does

Supermarket Income Reit PLC (LON:SUPR) is an investment trust that specialises in grocery store freeholds and long leasehold property.

Supermarket Income's current portfolio comprises sites occupied by Tesco, Sainsbury's and Morrisons supermarket stores.

The company was set up by an ex-Goldman Sachs pair, Ben Green and Steve Windsor, who used to work with supermarkets to sell and lease back stores, carrying out several billion pounds worth of deals over the years.

With the advent of IFRS accounting rules, meaning that assets that supermarkets had been able to class as off their balance sheet now were being classed on their balance sheet, Green and Windsor saw a consolidation role would be profitable.

They set up Atrato Capital, which is the trust's adviser and since March has counted ex-Sainsbury's chief executive Justin King as a senior investment advisor.

### How does the trust operate?

Purchases are made only of supermarket property with long unexpired lease terms, with a targeted average lease term of more than 15 years, leased only to the UK's big four supermarkets on upward only rental contracts to provide investors with income security and considerable inflation protection.

Investments may in future be made in assets let to other supermarket operators such as Aldi, Lidl, Marks & Spencer or Waitrose.

In the short-term, the firm is looking for interesting opportunities to acquire new spaces from other companies needing to make a sale.

### How's it doing

In September, SUPR announced plans to raise £150m to take advantage of opportunities that have become available since the onset of coronavirus restrictions.

The trust said it had identified £400m worth of omnichannel sites that meet its criteria of size and online fulfilment potential.

Property funds having to meet redemptions are one source of sites, it said, and due diligence has already been carried

**Price:** 103.5

**Market Cap:** £689.24 m

#### 1 Year Share Price Graph



October 2019 April 2020 October 2020

#### Share Information

**Code:** SUPR

**Listing:** LSE

**52 week High Low**  
113 88

**Sector:** Real Estate

**Website:** www.supermarketincomereit.com

#### Company Synopsis:

Supermarket Income REIT PLC (SUPR) is a real estate investment trust dedicated to investing in supermarket property forming a key part of the future model of UK grocery. We acquire omnichannel supermarkets which operate both as physical supermarkets and as online fulfilment centres.

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out on three worth £135m in total.

Since lockdown was introduced in March, Supermarket Income has spent £240m on new additions to its portfolio.

The REIT also announced it was increasing its dividend target for 2021 to 5.86p after raising the dividend by 4% to 5.8p in the year to June just ended.

Total net assets more than doubled to £477m over the period while its net asset value (NAV) rose by 4% to 101p.

## What the boss says: Nick Hewson, chairman

"This has been another year of solid performance by the group in which we have generated a Total Shareholder Return of 11.6%.

"In an environment where income has become increasingly scarce, our highly specific investment strategy continues to provide our investors with stable, long-term, inflation-protected income, confirming our belief that supermarket real estate assets remain one of the most compelling asset classes in the UK investment market."

## Video

## Inflexion points

- **Continued expansion across the UK grocery sector**
- **Continues to raise the dividend**
- **One of the winners in the coronavirus crisis**

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