

RNS Acquisition



TWO ACQUISITIONS & DEBT FINANCING UPDATE

SUPERMARKET INCOME REIT PLC

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SUPERMARKET INCOME REIT PLC
(the "Company")
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ACQUISITION OF TWO SUPERMARKETS AND DEBT FINANCING UPDATE

Supermarket Income REIT plc (LSE: SUPR), the real estate investment trust providing secure, inflation-protected, long income from grocery property in the UK, announces the acquisition of two supermarkets, a Sainsbury's in Washington, Tyne and Wear, and an Asda in Cwmbran, South Wales, for a total purchase price of £55.1 million (excluding acquisition costs), reflecting a combined net initial yield of 5.3%. The company also announces an increase to its debt facility with Barclays and Royal Bank of Canada.

The Washington supermarket, which was originally developed in 1977 and extensively refurbished by Sainsbury's in 2011, comprises a 83,800 sq ft net sales area omnichannel supermarket, a 24-pump petrol filling station, and purpose-built online fulfilment docks. The store forms a key part of Sainsbury's online fulfilment operations across the region. The 11.7 acre site has provision for 800 car parking spaces and is prominently located in the town centre directly adjacent to the Galleries Shopping Centre. The Sainsbury's store is being acquired with an unexpired lease term of 34 years, with 7-yearly, upwards only, RPI-linked rent reviews (subject to 4.0% cap and a 1.0% floor). The acquisition also includes two standalone quick service restaurant units operated by KFC and Tim Hortons co-located on the same site.

The Asda store in Cwmbran, which represents SUPR's first Asda acquisition, comprises a 81,600 sq ft net sales area omnichannel supermarket located on a prominent 4.4 acre site adjacent to Cwmbran Shopping Centre with access to over 740 car parking spaces. Asda has been trading on the site since the 1970s, with the current store developed in 2015 to form a modern supermarket which is currently undergoing further expansion to incorporate new purpose-built online fulfilment docks. The store will form a key part of Asda's online fulfilment operations across the region. It is being acquired with an unexpired lease term of 10 years, with 5-yearly, upwards only, open market rent reviews.

Debt financing update

The company has arranged a £136.5 million increase to its Revolving Credit Facility ("RCF") with Barclays and Royal Bank of Canada. Following this increase, the total size of the facility is £250.2 million with a further £49.8 million uncommitted accordion option, which is exercisable at any time over the term of the facility. This secured, interest-only, RCF has a remaining term of two years and two further one-year extension options, with a margin of 1.5% above SONIA.

Ben Green, Director of Atrato Capital Limited, the Investment Adviser to Supermarket Income REIT plc, said:

"These acquisitions are strong additions to Supermarket Income REIT's growing portfolio of omnichannel stores and in combination are accretive to both the weighted average unexpired lease term and net initial yield of the Company's portfolio. In addition, the Asda acquisition provides further tenant diversification for the portfolio.

We are also pleased to further strengthen our relationships with Barclays and Royal Bank of Canada, who continue to be key funding partners for Supermarket Income REIT. The increased facility provides us with additional capacity as we deploy the proceeds of our recent equity raise."

FOR FURTHER INFORMATION

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NOTES TO EDITORS:

Supermarket Income REIT plc (LSE: SUPR) is a real estate investment trust dedicated to investing in grocery properties which are an essential part of the UK's feed the nation infrastructure. The Company focuses on grocery stores which are omnichannel, fulfilling online and in-person sales. All of the Company's 67 supermarkets⁽¹⁾ are let to leading UK supermarket operators, diversified by both tenant and geography.

The Company provides investors with attractive, long-dated, secure, inflation-linked, growing income with the potential for capital appreciation over the longer term and targets a 7% to 10% p.a. total shareholder return over the medium term⁽²⁾. The Company has increased its dividend target in line with inflation each year.

The Company's ordinary shares were admitted to trading on the Main Market of the London Stock Exchange, Specialist Fund Segment, on 21 July 2017.

Atrato Capital Limited is the Company's Investment Adviser.

Further information is available on the Company's website www.supermarketincomereit.com

1. 41 directly owned supermarkets, plus 26 via joint venture
2. There is no certainty that these illustrative projections will be achieved

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