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By Fred Searle

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## Sainsbury's to buy Nisa in £130m deal

Supermarket chain enters exclusive talks with mutually-owned buying group in defensive move following Tesco-Booker deal



**S**ainsbury's is in exclusive talks to buy convenience chain Nisa in a deal reportedly worth £130 million.

The Nisa buying group, which purchases and distributes products on behalf of more than a quarter of a million independently-owned stores, has been in talks with various potential buyers including the Co-op and Morrisons since Tesco's planned **£3.7 billion acquisition of rival wholesaler Booker**.

Now Nisa is set to sign an exclusivity deal with Sainsbury's, according to The Telegraph, which will temporarily block it from entering into talks with other potential suitors.

The supermarket chain, which last year bought the Home Retail Group, is offering Nisa £2,500 a share, according to the newspaper.

And the potential acquisition is being viewed as a defensive move from Sainsbury's following the Tesco-Booker deal in January.

It appears that, like Tesco, Sainsbury's is looking to tap into the consumer trend for shopping 'little and often' at local convenience stores rather than doing a larger weekly shop at a supermarket.

But the decision to sell is likely to ride on how much the chain believes that being linked to a big brand will boost sales, according to The Telegraph.

If sold, Nisa, a members-owned group, would become demutualised with ownership switching from its members to Sainsbury's. Since Nisa is the only retail group with full independence of this kind this could prove unpopular with its members.

Commenting on the potential takeover, Jonathan Buxton of Cavendish Corporate Finance said: "This deal follows Amazon's acquisition of Wholefoods last week, which sent grocery stocks tumbling as the British grocery market becomes increasingly competitive, forcing profit margins and making independent retailers seek safety in scale.

"The deal is a reactive move following Tesco's acquisition of the wholesaler and convenience store operator Booker earlier this year, and sees Sainsbury's adding another brand to its increasingly diverse portfolio, after its acquisitions of P&H and Argos.

"The grocery market is undergoing a seismic shift and we can expect to see more acquisitions of this nature from the big four as they compete not only with each other, but also the tech giants who are encroaching on their markets."

A spokesperson from the financial consultancy added: "Turbulence in the grocery market looks set to continue as Sainsbury's makes another defensive acquisition."

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