

Tesco Refocuses on Its Core Business With 21 Store Transaction

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Tesco has regained sole ownership of 21 superstores in a transaction with British Land. The agreement comes as Tesco continues to strengthen its core UK business.

The 21 superstores and associated debt were part of a joint venture between Tesco and British Land and were all subject to RPI-indexed rent increases.

In exchange for the superstores, British Land will take over Tesco's stake in three shopping centres, three retail parks and three standalone stores which are held in two joint ventures between the two companies. Tesco will continue to lease the stores at these sites at market rents which are not subject to RPI-indexed increases.

As part of the transaction, Tesco will also receive £96m from British Land.

Dave Lewis, Tesco CEO, said:

"Last year we identified the opportunity to increase the proportion of our stores we own as freehold. This transaction with British Land allows us to increase our ownership and thereby insulate more of our businesses from indexed rent reviews. We have a long way to go but it's a transaction which takes us in the right direction. This agreement makes our business simpler and stronger."

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