

Co-op agrees to sell 129-strong petrol forecourt chain to Asda for £600m

Asda has agreed to buy the Co-operative Group's 129-strong petrol forecourt chain in a deal worth around £600m.

The supermarket chain, which is owned by the billionaire Issa brothers and TDR Capital, will take over 5% of Co-op's entire retail estate – including 129 petrol stations and three development sites. Asda already runs 230 petrol stations across the UK.

In a statement, Manchester-headquartered Co-op said that offloading its petrol forecourts will allow it to focus on its convenience business as well as raising important cash for the group.

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Asda will pay £438m in cash and take on around £162m of lease liabilities as part of the deal, with the final amount set to be confirmed on completion later this year, the PA news agency reported.

The cash will go towards funding new convenience stores in the heart of more communities, and reducing its net debt, the Co-op said.

Around 2,300 Co-op staff who work across the sites being sold will transfer over to Asda once the deal is complete.

Shirine Khoury-Haq, Co-op's newly-appointed chief executive, said: "This transaction is in line with our strategy to move away from operating petrol forecourts and supports our vision of co-operating for a fairer world while building our core

leading convenience business.”

The sale is due to complete in the final three months of 2022.

Mohsin Issa, co-owner of Asda, added: “We have always been clear in our ambition to grow Asda and are hugely excited to create this new and distinct part of our business, giving us the opportunity to bring Asda value in fuel and groceries to even more customers and communities across the UK.

“We see convenience as a significant growth opportunity for the business. This acquisition accelerates our strategy in this area and forms part of our long-term ambition to become the UK’s second largest supermarket.

“We look forward to welcoming the Co-op colleagues to this new part of our business after we complete the transaction and due processes in the coming months.”

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