

Sainsbury's talks to sell 18 stores in leaseback deal collapse

Sainsbury is no longer in discussions with a real estate company LXi REIT to sell and lease back 18 of its branches.

The supermarket chain [announced on September 21](#) that it was in talks to sell off a number of its stores in the South of England in a deal estimated to be worth around £500m.

LXi REIT said on Monday (September 26) that given current stock market volatility it would not proceed with the share issue that would have part-funded the transaction. Sainsbury's said the collapse of the deal would have no impact on its financial guidance.

Last week Sainsbury's said if the transaction had completed, proceeds from the deal would have been used to part-fund the purchase of 21 freehold Sainsbury's supermarkets from other property portfolios.

The supermarket has separately reached agreement to fully buy out 21 stores in the Highbury and Dragon investment vehicles on which it served notice to buy last year and earlier this year. The deal is due to complete in the first half of the financial year to March 2024.

In a statement on Monday, Sainsbury's said: "We stated on September 21 that if the LXi transaction were to proceed, the cash received from this transaction would have been used to part-fund the purchase of 21 freehold Sainsbury's supermarkets from the Highbury and Dragon portfolios.

"The purchase of these 21 stores will complete in the first half of the financial year to March 2024. Given the strength

of the Sainsbury's balance sheet and property portfolio, we have a wide variety of alternative options to finance this transaction."

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