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Business

Tesco's secret shop front

● Supermarket was behind landlord that bought rundown town centre then left it to rot

● Decline and vandalism of 'Scottish Basra' used to win approval for store's regeneration plans

Marcus Leroux Retail Correspondent

Tesco secretly bought a town centre through a front company and let it become essentially derelict as it tried to secure a landmark regeneration deal. *The Times* has learnt.

Britain's biggest supermarket group won applause from councillors and local people three years ago when it bought the centre of Linwood, in Renfrewshire, and promised to redevelop its crumbling 1960s shopping precinct.

Its acquisition from the Edinburgh-based Balmore Properties came after a "Boot out Balmore" campaign by community leaders who complained that under its ownership, the precinct had deteriorated so badly that it was dubbed Scotland's Basra.

But *The Times* has established through documentary evidence that Balmore, which bought the centre in 2001, was intertwined with Tesco from its inception. One property insider said the deal was designed to give Tesco a stronger case for securing approval for a lucrative regeneration, while ensuring a lower price.

The Linwood episode sheds fresh light on the surreptitious deals supermarkets hatch to find new sites in a fiercely competitive market. Tesco, in particular, is turning to redevelopment projects incorporating homes and offices as greenfield sites dry up.

It is common for supermarkets to buy land through agents to ensure confidentiality. But the Linwood case is different because the decline of the town centre under Balmore's management was a key factor used by Tesco — and the council — to justify its redevelopment plan. Shop closures and the deterioration of the centre were "seriously detracting from the amenity of the town as a whole", Renfrewshire's chief planner wrote. A website set up by Tesco to promote the scheme states: "Vacant units have become a magnet for vandalism and antisocial behaviour."

Balmore Properties was founded by Dallas Rhodes, a Glasgow businessman, in 2000, shortly before it bought the Linwood centre for about £17 million. It was incorporated by Semple Fraser, Tesco's law firm in Scotland and was wound down shortly after the centre was sold. Of 17 property vehicles founded by Mr Rhodes, only one other appears to have been incorporated by Semple Fraser — and it, too, was later sold to Tesco.

Semple Fraser acted for Balmore when it bought the property and later for Tesco. Eric Young & Co, Tesco's property agent in Scotland, also acted for both Balmore and Tesco. Development Property Planning, Tesco's planning consultant, made representations to the authorities for both companies.

It is unclear how much Tesco paid for the precinct, though it was reported at the time that it was a similar sum to that paid by Balmore six years earlier.

One big loser was the Church of Scotland, which swapped a former church hall with Balmore for another property. Solicitors valued the site at £200,000 at the time, but when the property was transferred from Balmore to Tesco three years later, its



One by one, tenants of the rundown Linwood shopping precinct have given up and moved away, leaving it a "magnet for vandalism and antisocial behaviour"

How one town's pariah is another's saviour

Behind the story Marcus Leroux

It was that rarest of things — a town desperate for a Tesco. As other communities in Scotland and beyond were agitating against the arrival of the grocer, Tesco's representatives were greeted with open arms in Linwood.

"I am not used to people clapping", Tesco's representative told *The Herald* newspaper as the supermarket delegation arrived to applause from residents, campaigners and councillors in 2007.

Residents had mounted a "Boot out Balmore" campaign to oust the landlord. The council had reportedly threatened it with a compulsory purchase order to seize control of the town centre. Only five out of its 45 graffiti-covered outlets were occupied by private tenants.

The small crowd's enthusiasm was understandable. Most shops had pulled down the shutters and packed up: the butcher, the greengrocer, the barber, the florist had all closed or moved elsewhere.

The warm reception was a welcome relief for Tesco, which at the time was enduring flak over its huge expansion, which had brought accusations of "Tesco towns" where it faced little competition.

Since overtaking J Sainsbury as Britain's biggest supermarket in the mid-1990s, it had built a business slightly less than twice the size of its nearest rivals.



Tesco's vision of the future, as seen on its lovellinwood website

Tesco's charm offensive continued with the opening of a website, lovellinwood.com, to showcase its plans, featuring residents enthusing over the retailer's openness and transparency.

Three years later, a different version of events has emerged. Linwood still awaits redevelopment — the discovery of a tomb has postponed its plans, to the frustration of locals.

But more fundamentally, Tesco appears to have run Linwood down in order to build it back up.

Tesco's defence is that if it does



not undertake regeneration work then none of its rivals will and that the redevelopment of town centres is a vital for the success of the Government's "town centre first" policy that allows out-of-town development only as a last resort.

It is also true that the descent of Linwood started long before Tesco laid eyes on it.

A video made for the Tesco website features apt news bulletin footage of the opening of the now long-closed Hillman Imp car plant in 1963, with a voice-over intoning: "The time has come for Scotland to start afresh in the greatest light industry of all: the making of motor cars. One of the most advanced car factories in Europe rises from what was once derelict land."

Over plaintive music, the video turns to modern-day footage of boarded-up shops, strewn with the graffiti of local gangs, in the town centre built to serve the factory workers.

Tesco has been less forthcoming on its own part in that long decline.

value had rocketed to £2.3 million. The hall is on land that Tesco wants to develop, but the Church was unaware that Balmore was connected to Tesco.

Wendy Alexander, the local MSP, said: "Balmore's stewardship was simply a disgrace. They refused to meet the community or elected representatives. Tesco gave no indication to the community of any long-standing relationship."

Campaigners for small shops yesterday seized on the secret Linwood deal to argue against handing supermarket groups the power to redevelop town centres. John Drummond, chief executive of the Scottish Grocers' Federation, said: "It is quite wrong for one business, with obvious vested interests, to control the redevelopment of this or any other site."

Former tenants in the shopping centre said that Balmore was unresponsive and unwilling to invest in the centre. Joe Lappin, owner of Linwood Carpets, which has since moved to a nearby street, said: "They were very non-committal. I had six months left on the lease and asked 'Can I extend, can I do this place up?' In the end they let me walk away from the lease."

Tesco's defenders say that it is alone in taking on complex regeneration projects and that such projects require confidentiality.

A Tesco spokesman said: "Our plans will regenerate Linwood, bringing not only a Tesco store but many jobs for the long-term unemployed and a new health centre and library. Linwood town centre has been in decline for years, before our involvement, or the involvement of Balmore, and it is our plans that will reverse this and bring investment back to the area. Our carefully considered plans have been granted planning permission on their obvious merits and will create modern retail facilities for local people."