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NORTH SOMERSET COUNCIL TAKES CONTROL OF THE SOVEREIGN SHOPPING CENTRE IN WESTON-SUPER-MARE WITH SUPPORT FROM LEGAL & GENERAL

Legal & General announces that it has purchased the Sovereign Shopping Centre in the centre of Weston-Super-Mare, in partnership with North Somerset Council. On completion, the shopping centre will immediately be fully let to North Somerset Council, enabling them to retain over 60% of the shopping centre's income with no borrowing or expenditure of their own. This will generate a long-term revenue stream for the council, allow for further local investment, and enable North Somerset to curate the town centre more effectively.

The investment is part of a wider strategy for Weston-super-Mare, including converting several shops and car parks in the town centre to residential housing; regenerating the town and creating much-needed housing for local people, whilst focusing retail demand on the Sovereign Centre, to the benefit of the council's revenue.

Legal & General has invested billions into UK direct investments and urban regeneration projects to date. It focuses on a holistic investment approach, enabled through collaborative partnerships with progressive local communities, endeavouring to maximize its long-term social and economic impact. This latest deal exemplifies this investment approach and provides North Somerset Council with patient, long term investment to support the regeneration of Weston-super-Mare, in turn delivering more jobs and driving economic growth in the local area.

The Sovereign Shopping Centre has been purchased on behalf of Legal & General's LPI (Limited Price Inflation) Income Property Fund (the fund) for £21 million. The fund will lease the Sovereign Shopping Centre to the council for a term of 35 years, at which point the ownership will revert in full to the local authority. The starting rent in the lease from the council to the fund will be £717,696 a year, rising with inflation and capped at 4%. This means the council will benefit from a surplus rental income of up to £1.1m a year, which can be used both to meet council budgets stretched during austerity, and curate Weston-super-Mare's retail offer, as the council sees fit. The council will take charge of operating the centre.

The centre extends to 119,084 sq ft, comprising 32 retail units, four kiosks and a food court. The ownership includes a further 10,764 sq ft across six retail units located on High Street. In addition the centre includes an 876 space multi-storey car park, forming a large part of the town's parking provision.



The purchase of the Sovereign Centre supports the council's vision for local growth and regeneration in Weston-super-Mare's town centre. The major expansion and development of Weston College, the construction of Dolphin Square leisure complex, significant improvements to the seafront, creation of the Italian Gardens - coupled with planned housing growth and further business development will continue to impact positively on the local economy and life choices of residents and visitors alike making Weston an even better place to live and work. For more information on the regeneration of Weston-super-Mare visit www.n-somerset.gov.uk/westonvision.

Pete Gladwell, Head of Public Sector Partnerships at Legal & General, said: "Society is the sum of interrelations, and yet the financial sector has too often been a one way street; sapping wealth into speculation that benefits only a few. Our support of North Somerset Council is a productive investment that supports the original source of society's wealth – communities across the UK. By partnering with a progressive and proactive council, we can enable the regeneration of necessary retail provision for the area, deliver them sizeable revenue surpluses, and act as a catalyst for their plans for wider regeneration, boosting local jobs, homes, and driving economic growth."

Cllr David Pasley, North Somerset Council's executive member with responsibility for asset management said: "This is a bold and innovative decision that will allow us to generate a significant annual income. In the face of diminishing government funding and cut-backs, we have to take big steps to replace the funding we depend upon to continue essential public services.

"As the traditional high street continues to change, the council is making a major commitment of confidence in our local economy, community and business sectors. We will be exploring options around how a re-focused Sovereign Centre can add to the vibrancy of the town centre, encouraging local independents to take space, looking at family-focused activities and seeing whether other services could be operated from units in the centre as well as retail. All this supports our vision to enhance the town centre which focuses on living, learning and lifestyle."

Mark Robinson, Property Director at Ellandi, added: "We were brought in little over a year ago by the owners to provide strategic and asset level advice on how to maximise value. We're delighted to have realised a sale on their behalf which met their criteria and timeframe in what has been a challenging market for regional shopping centres. This is our third transaction with a local authority who are such an important partner and counter party when delivering change across the UK."

- Ends -

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Notes to editors

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