



No: 261/2019

Date: 8th April 2019

Major In-Harbour Reclamation at Coaling Island: Victoria Keys Commercial Terms Agreed

Her Majesty's Government of Gibraltar has agreed commercial terms for the creation of a new reclamation project and subsequent development within the harbour, in Port waters, to be known as Victoria Keys.

The development project will be undertaken by Harbour Developments Limited, a consortium made up entirely of locally based developers.

The reclamation, situated in a prime location to the West of Coaling Island, aims to create up to 60,000 sqm of new land area. This new land will provide approximately 100,000 sqm of residential buildings with leisure, community, retail and commercial use for a wide spectrum of local needs.

The land created will provide for the sustainable growth and expansion of the City of Gibraltar on the western side of the Rock, inside Port waters, for the next decade, much as the reclamation carried out by the GSLP did in the late 1980's.

In consideration for carrying out the entire reclamation at practically no cost as contractor for the Government, the developer will be granted a lease for 50% of the northernmost side of the reclaimed plot.

The reclamation costs will be financed by a Government owned company on a fully secured basis using funds raised from the £300 million institutional investment in Gibraltar.

Once the reclamation is complete, the Government owned company will be repaid, with interest, and additionally will also receive a prime site (being 50% of the southernmost side of the reclaimed plot) with a guaranteed value of £25 million.

This mechanism ensures that the entire reclamation is carried out at practically no cost to the taxpayer.

Government will also, as part of the transaction receive a 20% share in the equity of the developer.

The overall deal also ensures that this site of approximately 11,500 sqm is developed in unison with the reclaimed plot.

Together with the Coaling Island site, the Victoria Keys development will complement the natural growth of our modern city for decades to come. It will create significant recreational areas for the community and provide public access along new stretches of our harbour and marinas. In addition



the developer intends, in keeping with the Government's policy to reduce traffic, to eliminate most of the "road" traffic by having all the parking and vehicular traffic below ground, thus creating a magnificent pedestrianised area which will be an inviting "public realm", open and inviting for the whole of our community.

The development project will nonetheless be required to go through all proper procedures relating to the Town Planning Regulations and in particular the Environmental Impact Assessment procedures. Statutory consultations with Government representatives and all interested agencies and parties are due to be scheduled shortly.

Commenting on the project, the Chief Minister, Hon Fabian Picardo said: "This deal represents yet another great vote of confidence in our tiger-like economy, and the timing could not be any better. It is with a huge sense of pride that we are able to announce yet another multi-million pound project at this important juncture. Now is the time when we showcase our benefits to our widest ever worldwide audience. Our press coverage over the past year has served us in good stead. Our international prominence appears to have had a positive influence on the budding businesses and high net worth individuals that we strive to attract to Gibraltar. It is precisely projects like these that encourage and facilitate these relocations; they ensure that new businesses wanting to relocate to our Rock are able to secure accommodation for themselves and their workers. Importantly, it also provides a new offering for local residents, a demand that has and is proving insatiable given the popularity of more recent private developments.

"As the use of this area was considered by Government, it became increasingly clear that the eventual development of the reclamation needed to be carried out cohesively with the existing Coaling Island. A larger site would deliver the best future proofed project for our community. With the continued requests for commercial space, and its knock-on demand for residential accommodation, it was essential that we exploit this opportunity to its fullest, given that no reclamation is planned outside of Port waters before the General Election or the next two years. There will therefore be no reclamation outside of Port waters before the end of the currently envisaged transition period under the EU Withdrawal Agreement, if there is one. The agreement over Coaling Island, however, dates back to the former administration.

"Additionally, another advantage of this development now getting under way is that the reclamation will be created in keeping with all environmental protection rules, with the guidance of the DPC and using the 'rubble mountain' on the east side, which has become unsightly and which needs to be cleared for the affordable housing project to proceed on the Eastside reclamation, where coastal and revetment protection and improvements works will form part of that development.

"Our community will also be pleased to hear that the Victoria Keys development will have an extensive landscaped public promenade, solely for pedestrians and cyclists, along the entire waterfront perimeter. There will also be wide tree-lined avenues running east to west retaining the historical views across the bay. The success of Commonwealth Park already demonstrates that the greenery of urban living has captivated our community. I would like to see this extended to mixed-use developments and as we will also be seeing with Mid-Town as it completes. This part of our city will become our very own garden city by the sea. The developers have demonstrated their continued confidence in our economy and I wish them every success in their endeavour."