

# News Release

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## LDDC SIGNS CANARY WHARF MASTER BUILDING AGREEMENT

Construction of the 12.2 million sq. ft, £3 billion, international financial centre on Canary Wharf, on the Isle of Dogs in London Docklands, will begin soon following the signing of the Master Building Agreement (MBA) today by the London Docklands Development Corporation (LDDC) and O&Y Canary Wharf Investments Ltd, guaranteed by the Canadian parent company Olympia & York Developments Ltd. Canary Wharf Development Co Ltd, First Boston Inc and Docklands Investments are also parties to the agreement.

Stretching across a 71 acre site in the historic West India Docks at the heart of London's Enterprise Zone (EZ), the Canary Wharf Development represents the single largest comprehensive commercial development in Europe.

The overall scheme, formulated over the last two years by the Canary Wharf Consortium led by G Ware Travelstead, and now to be undertaken by Olympia & York Developments Ltd will yield, at the end of construction, 12.2 million sq ft of office, retail, hotel and associated accommodation, as well as parking for about 8000 vehicles.

Five large open public squares, linked by malls and boulevards, will allow extensive pedestrian access to new quaysides and the river Thames. The Enterprise Zone scheme approval would permit the construction of three

LDDC's infrastructure commitments under the MBA amount to approximately £20M. Other commitments include acceleration of LDDC's proposals for improved roads throughout Docklands.

The Canary Wharf scheme has been conceived, designed and marketed on the basis that London needs substantially more modern and greater floorspace, than can be provided within the City of London and its immediate vicinity. This need is based upon the view that larger new offices, with banking and dealing floorspace catering for essential new technological facilities, are necessary if London is to retain its position as a major world financial centre.

On the signing of the MBA the following transactions are entered into:

1. O&Y Canary Wharf Investments Ltd will grant a lease of Canary Wharf to Canary Wharf Development Co Ltd, the company who will carry out the project.
2. Agreement between Canary Wharf Development Co Ltd and London Regional Transport for the construction of the City Extension to the Docklands Light Railway.
3. LDDC will grant a lease to London Regional Transport for that part of the Docklands Light Railway running through the LDDC's land (other than Canary Wharf).
4. Agreement between O&Y Canary Wharf Investments Ltd and London Borough of Tower Hamlets for the construction and adoption of Westferry Circus.
5. Agreement between Canary Wharf Development Co Ltd, O&Y Canary Wharf Investments Ltd and London Borough of Tower Hamlets for the provision of social amenities.
6. A management company will be incorporated to provide the management of the common parts of the development in which company LDDC will have a nominal shareholding.

#### NOTE TO EDITORS

The Canary Wharf development covers 71 acres, 56 of which are within the Enterprise Zone (EZ). The scheme was originally formulated by a consortium of American-led developers as a £3 billion development of up to 12.2 million sq ft (gross) of office, retail and commercial floorspace.

The original consortium entered into an option agreement with the Corporation in May 1985 for the substantial part of the site in LDDC's ownership. Since that date the option has been extended while the parties have been negotiating the MBA. In July 1986, the consortium was also granted a licence by the LDDC to allow it to undertake preliminary and enabling works on Canary Wharf.

The main parties to the MBA, which remains substantially unchanged, are subsidiaries of Olympia and York Developments Limited whose obligations are guaranteed by Olympia and York Developments Limited. Other members of the original consortium remain either as signatories (First Boston Inc.) or as major takers of space in the development (Morgan Stanley International and Credit Suisse First Boston).

The price paid for the 20 acres of LDDC-owned land on Canary Wharf equates to £1M per acre of which £8M is payable in cash and £12M is represented by the developers' commitments to various on site works of public benefit. The developer is also contributing towards the cost of London Regional Transport's extension of the Docklands Light Railway. The land price taken together with all of the other aspects of the agreement yields a value at least equivalent to the market value of LDDC's land holding as at April 1987.

towers up to 850 feet.

Fifty-six acres of the scheme lie within the EZ and enjoy tax and financial advantages, including no local authority rates until April 1992. Necessary EZ permissions, (relating to the height of buildings, the highway safeguarding zone and sensitive boundary sub zone) were granted by the LDDC, as EZ Authority, on 24 July 1986. Outline planning permission for buildings, and detailed planning permission for part of Westferry Circus and the riverside walkway, outside the Enterprise Zone at the western end of Canary Wharf, were granted by the LDDC on 6 March 1987.

The MBA, a 250 page legal document, sets out the programme for construction together with the financial obligations of the signatories. A set of Design Guidelines has also been agreed by both parties, providing the control mechanism for the detailed design of the project.

Christopher Benson, Chairman of the LDDC, comments: "The signing of the MBA today is the culmination of many months of hard and detailed work by the LDDC, the Consortium and elected members and officers of the London Borough of Tower Hamlets. Additionally we have had remarkable support from the Department of the Environment, Department of Transport and London Regional Transport throughout the negotiations and the extensive public consultation activities. Local people can confidently look forward to this project providing real jobs and opportunities for generations to come.

"The Canary Wharf agreement is a major achievement not only as a landmark in the regeneration of Docklands but also in securing the area's future as an extension of the City's Square Mile, thus enhancing London's position as a world financial capital."

Reg Ward, the Chief Executive of the LDDC, adds: "The significance of this scheme to Docklands is immense. Not only does it represent the most

significant urban regeneration project in the world, but its impact will bring the development axis in London back eastwards after 100 years of movements westwards. In extending the world financial centre from the Square Mile to the Isle of Dogs it provides the opportunity for London to become the financial capital of the world. The scheme has already transformed all the development horizons within Docklands.

"The new involvement of Olympia & York, one of the foremost developers in the world, is a wonderful endorsement of Docklands regeneration and its future role. It is an added bonus to what is, of itself, an exceptional achievement for the Corporation. 1987 will indeed be an exceptional year with this signing of Canary Wharf and the openings of the Docklands Light Railway on 30 July and the London City Airport in October."

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