



Press Release

15th September 2020

McKAY UNLOCKS SUBSTANTIAL REVERSION WITH LETTING OF THEALE LOGISTICS DEVELOPMENT

McKay Securities Plc (“McKay” or “the Company”), the only UK REIT specialising entirely in the office, industrial and logistics markets of the South East and London, announces that it has let the whole of 135 Theale Logistics Park, its 134,430 sq ft speculative warehouse development at Junction 12 of the M4 near Reading, to a logistics operator.

The new tenant has agreed to a 10-year FRI lease term at a rent which is 2.0% ahead of March 2020 ERV. The letting will increase McKay’s contracted rental income (as at 31 March 2020) by 5.3% to £29.8 million and further demonstrates the Company’s ability to unlock portfolio reversion for the benefit of shareholders.

The development delivers a 39.0% increase in building area and a 100.0% increase in contracted rent compared with the original property on the site that was acquired by McKay in 2015. That asset provided an income yield of 6.6% up until the commencement of redevelopment works in 2018. The new scheme reached practical completion in April 2020 and, due to Covid-19 related movement restrictions, McKay engaged potential occupiers with virtual tours and other promotion materials which resulted in it securing this strong covenant for the entirety of the scheme.

Commenting on the letting, Simon Perkins, Chief Executive of McKay, said: “Our ability to secure a high-quality tenant for this speculative development, particularly during a period when the UK property market was struggling with Covid-19, provides a strong endorsement of the scheme and our occupier-focused approach.

“Our decision to undertake this project was driven by the ongoing low levels of supply of quality mid-size distribution space in the Thames Valley coupled with the continued growth of e-commerce which has accelerated in recent months.

“This letting underpins McKay’s continued strategic focus on the office, industrial and logistics markets of the South East and London, and once again demonstrates our ability to add value from development projects. Securing an occupier for this top-quality scheme continues the conversion of our substantial portfolio reversion into income, with plenty more to capture for the benefit of shareholders.”

Savills and Haslams acted on behalf of McKay.

-ENDS-

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About McKay Securities

McKay Securities Plc is a commercial property investment company with Real Estate Investment Trust (REIT) status, listed on the main market of the London Stock Exchange. It specialises in the development and refurbishment of office, industrial and logistics buildings within proven markets of South East England and London. The portfolio at 31 March 2020 comprised 33 properties, valued at £510.0m, located in established areas, predominantly along the M4 corridor, where McKay has deep expertise, with a focus on growing satellite towns benefitting from strong connectivity to London and robust demand amongst leading occupiers.

www.mckaysecurities.plc.uk