



Press Release

9 September 2020

McKAY COMPLETES SALE OF 30 LOMBARD STREET, EC3

McKay Securities Plc (“McKay”), the only UK REIT specialising entirely in the office, industrial and logistics markets of the South East and London, announces that it has completed the sale of its long leasehold interest in 30 Lombard Street, a prime office building located in the heart of the City of London, to a German institutional fund.

The headline sale price of £76.5m reflects a net initial yield of 4.16% on a topped-up basis and a capital value of £1,308 per sq ft. Net sale proceeds of £68.5m (after the deduction of outstanding tenant incentives, tax and sale costs) will be used to pay down debt, prior to further investment in new acquisitions and portfolio opportunities.

The sale reduces McKay’s LTV to 29.6% (31 March 2020: 37.6%) on a proforma balance sheet basis as at 31 March 2020, having taken into account the sale proceeds and the warehouse acquisition announced earlier this month at a 5.7% yield. Undrawn facilities available for investment have increased following the sale to £100.0m. Although market conditions will dictate the pace of investment, this provides significant scope for future growth in earnings and returns beyond the reversionary potential that already exists in the portfolio.

McKay acquired the long leasehold interest of 30 Lombard Street in 1999 with a multi-let 1960’s office building. Redevelopment was completed in early 2019, securing a 62% increase in lettable area to 58,500 sq ft. The BREEAM ‘Excellent’ building was pre-let shortly before completion to FTSE 100 wealth manager, St. James’s Place plc on a 15 year lease until 2034 (without breaks) securing a net rent of £3.4 m pa (£65.00 per sq ft overall).

Knight Frank acted for McKay and BNP Paribas acted for the purchaser.

-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