



## Press Release

23 July 2020

### Rent Collection and Trading Update

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, today provides an update on rent collection and trading from 1 April to 22 July 2020, ahead of its 74<sup>th</sup> Annual General Meeting to be held later today.

#### **Simon Perkins, CEO of McKay, commented:**

“The strong relationships that we have built up with our occupiers over many years of direct, internal management of our portfolio and the lack of exposure to the hardest hit sectors have enabled us to maintain high levels of rent collection over the last two quarters. We are mindful of the evolving impact of Covid-19 on the economy, but it is encouraging to see increasing occupation of our portfolio properties as the lockdown is eased.

“We remain confident in our focus on the office, industrial and logistics markets in the economically resilient regions of the South East and London, and our ability to continue to release the reversionary potential built up over recent years. Completion of the conditional sale of 30 Lombard St, EC3, will increase our funds for investment to c.£100.0 million, providing scope to further enhance the portfolio with selective acquisitions.

“Occupational strategies will continue to evolve, and our office properties are well placed to meet a shift to decentralised suburban M4 and western M25 locations. We offer a cost effective, accessible and sustainable alternative to central London, and provide ease of occupation with fitted out workspace and flexible lease terms, as demonstrated by the letting of an office floor at The Mille, Brentford that we are announcing today.

#### **In-house portfolio management facilitating strong rent collection**

- 74.0% of June 2020 quarter rents received, increasing to 92.0% on receipt of income from agreed monthly and deferred payment plans. Positive discussions in relation to the outstanding 8.0% expected to generate further collection over the quarter
- 82.0% of March 2020 quarter rents received, increasing to 97.0% on receipt of income from deferred payment plans. We anticipate collection of the majority of the outstanding 3.0% on conclusion of ongoing discussions
- Covid-19 safety measures implemented at all multi-let managed properties, which are open for re-occupation

#### **Active asset management**

- Successful completion of two new lettings and nine lease renewals with a combined contracted rent of £1.0 million pa
- New lettings include the whole of the 6<sup>th</sup> floor (8,177 sq ft) at The Mille, Brentford on a 10 year lease term, with a tenant only break at the end of year three, at a contracted rent of £184,000 pa equivalent to £22.50 psf (ERV: £24.00 psf)
- All lease renewals at ERV, securing a 19.7% increase in contracted rent to £800,830 pa
- Letting campaign generating encouraging occupier interest in the speculative warehouse development at Theale Logistics Park (134,430 sq ft), completed just before lockdown
- Significant 23% portfolio reversion to ERV of £6.6 million pa (as at 31 March 2020)
- Conditional disposal of 30 Lombard Street, EC3 on track to complete by the end of September 2020, realising net sale proceeds of c.£65.0 million
- Selective acquisition opportunities under active consideration

#### **Financial strength and flexibility**

- Drawn debt of £196.0 million (30 March 2020: £194.0 million), and undrawn facilities of £49.0 million
- Robust balance sheet, with no loan renewals until April 2024
- Development programme completed before lockdown, with management control and flexibility over the timing and extent of future capital expenditure



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- Low leverage, with LTV of 37.3% reducing to c.28.0% on completion of the sale of 30 Lombard Street, EC3, with the combination of sale proceeds and undrawn facilities providing c.£100.0 million for investment

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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](http://www.mckaysecurities.plc.uk)