



McKAY SECURITIES PLC ("the Group" or "McKay")

McKAY UNLOCKS SUBSTANTIAL REVERSION WITH LETTING OF ENTIRE READING OFFICE DEVELOPMENT TO SPACES

McKay Securities PLC, the only UK REIT specialising exclusively in the London and South East office and industrial markets, has let the whole of 9 Greyfriars Road, its speculative 39,620 sqft office development in Reading, to the creative workspace pioneer, Spaces. This latest achievement highlights McKay's asset-picking and executional skills in the South East office market, unlocking significant reversion within the Group's portfolio, with more still to follow.

Spaces has agreed a 15 year lease term, with a tenant break option after 10 years, at a rent 3.3% ahead of March 2017 ERV. 9 Greyfriars Road will represent Spaces' eighth location in the UK, and its first in Reading, since entering the UK market in 2015.

McKay acquired the vacant 9 Greyfriars Road off market in 2014, with the objective of carrying out a transformational refurbishment to reposition and upgrade the building to modern standards. On completion, the scheme achieved the first BREEAM "Outstanding" rating to be awarded to an office building outside London and an EPC A score for its sustainable design, ensuring running costs are kept to a minimum. The building was also winner of the BCO Southern Region award for the best refurbished workspace.

Located in the heart of Reading town centre, 9 Greyfriars Road is just a three minute walk from Reading railway station which provides direct access to London Paddington and is set to become substantially better connected with the arrival of Crossrail in 2019.

Commenting on the letting, Simon Perkins, Chief Executive of McKay, said:

"Selection of 9 Greyfriars Road by the growing brand, Spaces, provides a strong endorsement of the occupier-focused business space we have created and that we continue to deliver across our growing South East office portfolio. The letting reaffirms our long-term conviction in the strength of the Reading office market and once again demonstrates our ability to meet occupier requirements and add value from comprehensive refurbishment and development projects.

"9 Greyfriars Road was purchased off market with proceeds from our £86.7 million Capital Raising in 2014. The back to frame refurbishment has transformed it from an obsolete edifice to an award-winning investment with the highest sustainability credentials, fully realising its potential. Our team has exceeded itself, and played an important role in the generation of shareholder value.

"This lease to Spaces releases 20% of our development void reversion and reduces our letting exposure. It also crystallises a significant proportion of the £9.26 million pa reversion that we have strategically built up within our portfolio and will add to the 43% increase in contracted rents and a 69% increase in portfolio value that we have already achieved since our 2014 Capital Raising."

Richard Morris, UK CEO, Spaces said:

"The opening of a new Spaces location in Reading is an exciting addition of our existing portfolio in the UK and globally. We see an increasing demand and interest for community based working and co-working in Reading and we strongly believe that the market is open to receive what we have to offer and that our brand really fits here. Spaces gives members the opportunity to meet like-minded people who believe in taking their careers into their own hands. Our locations and events enable them to get involved in this way of life."

Strutt & Parker and Campbell Gordon 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 good quality office and industrial buildings within established and proven markets of central London and South East England. The portfolio, which is valued at £430 million, comprises 36 properties in strong and established areas which deliver diversity in terms of both sector and location.