



## McKAY SECURITIES PLC (“the Group”)

### £21.5M SOUTHWARK DISPOSAL

McKay Securities PLC, the only Real Estate Investment Trust specialising entirely in the South East and London office and industrial markets, announces that it has completed the freehold disposal of two adjoining office buildings on Blackfriars Road, London, SE1 to Barts Charity. The sale price of £21.5 million and provides an initial yield of 3.8%.

The properties are located in a prominent position on Blackfriars Road in the heart of the popular Southbank area, opposite Southwark underground station.

The larger property, 203 Blackfriars Road (21,017sqft), was built in 1985. It was acquired by McKay for £3.9 million in 1999 and occupied by Lloyds Bank until lease expiry in 2011. At that time, McKay carried out a comprehensive refurbishment and pre-let the building to the Overseas Development Institute, which has 9.5 years unexpired on its lease. The passing rent is £802,720pa, equivalent to a headline rent of £41.00 per sqft, with the potential for rental uplift at the next rent review in July 2017.

The smaller property, 202 Blackfriars Road (2,027 sqft), is a period building let to IT Training Rooms Limited until December 2019, at a rent of £52,000pa.

The sale price was 5.4% ahead of book value as at 30<sup>th</sup> September 2015, generates a profit on cost from the 2011 refurbishment of 105% and a secures a significant surplus over the £7.4 million combined historic cost of the buildings.

Savills acted for McKay and Gryphon acted for Barts Charity.

Commenting, Simon Perkins, Managing Director of McKay said:

***“The comprehensive refurbishment works repositioned 203 Blackfriars Road, enabling us to take advantage of the significant improvement in rental values in the Southwark market. Our pre-let underlined the appeal to occupiers, and the sale has released the value created from the refurbishment. The sale price is a reminder of investor appetite for quality product on longer leases with reversionary potential.***

***We will recycle the sale proceeds into refurbishment and development projects within our portfolio, and new acquisitions.”***

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Date: 8<sup>th</sup> December 2015

For further information please contact:

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