



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

CONVERSION OF LEGACY MANAGEMENT AGREEMENT WITH PRE-LETS AT THE MILLE, BRENTFORD

McKay Securities PLC, the only UK REIT specialising exclusively in the London and South East office and industrial markets, has completed agreements to pre-let the first two floors of its high-profile west London asset, The Mille, to leading serviced office space provider, UBCUK Ltd ("UBC").

On completion of refurbishment work by McKay, UBC will enter into 10 year leases on the 1st and 2nd floors, totalling 16,624 sq ft, at a combined contracted rent of £332,480 p.a.

McKay acquired the West London landmark building in 2014. At that time, serviced office provider UBC occupied the 2nd and 3rd floors under profit share management agreements. Since then, McKay has carried out a rolling refurbishment programme including the upgrade of reception, common parts and landscaping as well as any vacated office accommodation. Given the popularity of the building and the improvement in its management, McKay has retained UBC on conventional leases in place of the expiring legacy profit-sharing agreements, which generated limited rental income. The agreed rent of £332,480 p.a. equates to £20.00 psf and is subject to a minimum uplift at first review to the higher of compounded RPI or £25.00 psf. This compares with a blended ERV of the two floors of £21.50 psf.

The building, which totals 96,650 sq ft of office floor space over 12 floors, is located in a highly prominent position on the south side of the elevated section of the M4 motorway. It is adjacent to the GlaxoSmithKline headquarters and is opposite the University of West London.

The letting to UBC is a further sign of the continuing and growing appetite by businesses for flexible work space. Earlier in the year, McKay let its entire 40,000 sq ft scheme at 9 Greyfriars Road in Reading to co-working group, Spaces.

Simon Perkins, CEO at McKay, commented:

Retention of UBC on conventional terms provides a strong endorsement of the occupier-focused business space we have created at The Mille, and that we continue to deliver across our growing London and South East office portfolio.

By successfully transforming the historic profit-sharing serviced office management agreement into two, 10 year, institutional leases at market rents, we have retained a complimentary operator, while adding value through refurbishment and de-risking 17% of the building.

Richard Johnson, UK Managing Director, UBC said:

We are delighted to have secured a long-term lease at The Mille for a further 10 year term; this commitment represents a significant investment to UBC and the building is an important part of the UBC serviced office portfolio. Our Brentford flexible workspace offering has always been in demand, but recent improvements in the building have certainly helped raise our profile here and we are very much looking forward to delivering our brand new premium quality space early in the new year.

- 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, as at September 2017, was valued at over £450 million, comprising 36 properties in strong and established areas which deliver diversity in terms of both sector and location.