



## **McKAY SECURITIES PLC**

### **PRESS RELEASE**

#### **Disposal of 1 Old Queen Street, London, SW1**

McKay Securities PLC has sold the freehold interest in 1 Old Queen Street, London, SW1 to a private client of Colliers Godfrey Vaughan at the asking price of £17.25 million, representing an initial yield of 5.75%.

Having acquired the property as two separate multi let buildings in 2001, McKay implemented a speculative scheme in 2005 to create a single high quality office headquarters building of 21,786 sq ft in this prime central London location. The works, which increased the net lettable area by 30%, involved the comprehensive refurbishment of part and the redevelopment of a 1960's building fronting Storey's Gate. The result was modern high specification open plan floors with good natural light, with a traditional façade of brick and Portland stone.

The building was let on completion to The First Secretary of State on a 20 year lease, with a tenant only break at the end of year 15, at a rent of £1.05 million per annum, equivalent to £52.50 psf; a 160% increase on the building ERV prior to development. Rental values in central London are now under pressure. The historic profit on disposal was £3.48 million, representing a 26% return on cost, with the sale price 14% below book value.

Commenting on the sale, Simon Perkins, Managing Director of McKay said "the price achieved and the level of interest in the building is evidence of healthy and wide ranging demand for prime assets such as this. The quality of our speculative scheme, which completed with the remainder of our development programme before the downturn, attracted a Government covenant on a 15 year unbroken term. The value released by the sale proceeds will be recycled into new opportunities tax free due to our REIT status, and used to reduce borrowings in the meantime".

McKay Securities PLC was represented by Mellersh & Harding and NB Real Estate.

#### **Background Information**

McKay Securities PLC is a Real Estate Investment Trust specialising in the development, refurbishment and subsequent management of quality commercial buildings within established market areas of Central London and the South East of England.

#### **Contacts**

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