



McKAY SECURITIES PLC (“the Group”)

£175m DEBT REFINANCING

McKay Securities, the only Real Estate Investment Trust specialising entirely in the South East and London office and industrial markets, announces the completion of a comprehensive refinancing of its loan facilities.

The refinancing has increased the scale of the Group’s loan portfolio from £155 million to £175 million, with Aviva Commercial Finance Ltd introduced as a new lender and relationships maintained with three of the Group’s four lending banks. It provides an extended maturity profile and secures the Group’s borrowings ahead of loan expiries due to commence in 2016.

The new loan from Aviva is a £55 million facility with a fifteen year term, fixed at 4.13%. This replaces a bank facility of £47 million due to expire in February 2016. Facilities with other existing lending banks have been increased by £12 million to £120 million, of which new facilities account for £85 million on five year terms.

The key impacts of this refinancing with Aviva and the Group’s existing banks are as follows:

- the new loans have extended the overall maturity of the Group’s facilities from a weighted average length of 1.6 years to 9.1 years on day one;
- the next expiry is not until December 2017; and
- McKay’s overall cost of debt will be reduced from 6.60% (30th September 2014) to 4.62% on day one, reducing to 3.80% when fully drawn at the prevailing rates.

Simultaneously, McKay Securities has also reduced historic interest rate swaps by £35 million to £45 million at a cost of £13.1 million, equivalent to a reduction in EPRA NAV per share of 14.3 pence (6.0% of EPRA NAV at 30 September 2014). In addition, the terms of the refinancing and swap termination lead to an increase in EPRA NNNAV per share of 2.6 pence.

Giles Salmon, Finance Director, said:

“On the back of £75 million of investment deals over the last 16 months, and as we continue to build out our £50 million development programme, we are delighted to secure this financing package. It gives a secure platform for our continued growth on what we believe to be attractive terms.

“We are delighted to welcome Aviva as a new lender and look forward to building our relationship with them and enhancing the relationship with our retained lending banks.”

PWC acted as Debt Advisor to McKay Securities PLC.

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