PRESS RELEASE

McKAY SECURITIES PLC

THIRD QUARTER INTERIM MANAGEMENT STATEMENT

McKay Securities PLC ("McKay" or the "Group") the property investment and development group focussed on commercial property in the South East, has today issued an Interim Management Statement. This gives update on trading since 30th September 2009.

Market Review

The commercial property market staged a strong rally towards the end of 2009. After a 25 month peak to trough fall in capital values of 44%, the IPD Monthly Index recorded a 0.2% increase in August 2009. After 3 months of subsequent increases, the December 2009 monthly gain was 3.0%; the largest in IPD's 23 year history.

This rally has been particularly apparent in McKay's core market, being the South East office and industrial sectors, which together make up approximately 65% of the Group's portfolio value. Increased competition from institutional funds to invest a resurgent inflow of cash, has seen prime office yields in the South East reduce by circa 100 bps to 6.75%. New bank lending remains constrained and the volume of investment transactions for more secondary property has been limited, leaving market values less clear. The Group's next portfolio valuation on 31st March 2010 will be reported in the year end results in June 2010.

There are considerable variations in the leasing terms on offer within the different centres of the South East. A rebased market is beginning to emerge, but more transactions are required before these levels become established. Office take up for 2009 was 28% below the 5 year average, but there was greater activity towards the end of the period with an increase in occupier enquiries. 70% of the 2009 take up was new or Grade A floor space, as those occupiers prepared to move took advantage of the terms available.

With the supply of Grade A and new office floor space in certain centres below 5% and limited development in the pipeline, sustained improvement in tenant demand will trigger potentially significant upward pressure on rental values in these centres to support the delivery of new stock.

Portfolio Review

Having suspended the development programme in 2007, the Group has continued to focus on the retention and generation of income and selective sales. Quarterly rents remain resilient. In excess of 90% of all rents demanded were paid within 7 days of the December 2009 quarter date. Those paying on a monthly basis continue to represent less than 5% of total rents demanded. There were no tenant insolvencies during the period.

Over the period, four open market lettings were completed increasing the Group's annualised rental income by £57,500. Three lease renewals were completed, securing £124,500 pa compared with £147,000 pa prior to renewal. There was a 100% success rate in retaining those tenants with break clauses. The portfolio void remained virtually unchanged at 12% (by rental value).

The disposal of Lotus Park, an office scheme in Staines, completed in October 2009 for £24.23 million, representing a 4% surplus over the 31st March 2009 valuation.

Approximately 90% of an estimated £5.7billion invested in the South East office market between 2005 and 2007 was in the Group's preferred lot size of less than £30 million. If loan terms cannot be renewed or amended, the supply of opportunities to the market is likely to increase. Therefore, although the Group continues to appraise investment opportunities, it has made no acquisitions during the period.

Financial Review

Following the investment disposal made during the period, net debt reduced to £91.60 million at 31st January 2010 (30th September 2009 - £108.3 million), loan to value to 46.6% (30th September 2009 - 49.8%) and balance sheet gearing to 91.7% (30th September 2009 - 105.1%).

Banking facilities available to the Group remain at £185.00 million, of which £155.00 million is available for at least six years at competitive margins. The Group remains in compliance with all banking covenants.

Simon Perkins, Managing Director of McKay Securities PLC commented:

"There are encouraging signs of recovery in our core market. We have benefited from an improvement in demand for high quality property from institutional buyers through the sale of Lotus Park, Staines. This leaves the Group in a strong financial position with funds for reinvestment. Although the occupier market remains challenging, we have been successful in maintaining portfolio income levels during the period. With high quality assets in good locations, our portfolio is well placed to benefit as occupier markets improve.

There is limited Grade A stock in many of the centres where we focus and the long-term fundamentals of our market continue to strengthen."

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