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McKay Securities PLC
23 July 2008

MCKAY SECURITIES PLC

PRESS RELEASE

ANNUAL GENERAL MEETING STATEMENT AND VOTING RESULTS

McKay Securities PLC held its Annual General Meeting yesterday, 22nd July 2008, at 12.00 noon at the Royal Thames Yacht Club, London W1. All twelve resolutions considered at the meeting were carried by a show of hands, and details of the proxies from shareholders in respect of each resolution are set out at the end of this release.

Comments made at the meeting by the Chairman, David Thomas, included the following:

"The year to March 2008 marked the end of a protracted period of capital growth in commercial property values. Last summer, when the weak financial position of the global banking sector was exposed, the availability of debt became severely constrained and investors deserted the property market leading to a rapid correction in stock and property prices. On top of this, inflation from a number of sources and a general lack of business confidence are now threatening an overall business downturn and we must be vigilant to position our business appropriately.

For the Group, the year highlighted continued occupier demand for good quality buildings. Despite a 12% fall in the value of the Group's portfolio, which was generally in line with sector indices, this was a productive year with continued growth in recurring profits and earnings. Adjusted profit before tax, which excludes valuation movements and other non recurring items, increased by 16% to £8.38 million, and earnings per share increased by 24% to 18.08 pence, benefiting from the reduced tax charge in the Group's first year as a REIT.

This performance was assisted by the addition of £1.10 million of rental income generated from the recent activity within the Group's development programme; lettings during the year included Lotus One, Staines, refurbished office floors at Dacre House, London, SW1, and floors at Pegasus Place, Crawley and Bartley House, Hook. Three income generating acquisitions with encouraging prospects were also added to the portfolio, with a net investment, after two property sales, of £5.95 million.

Prior to the constraints in lending, we had approached our existing banks and were successful in negotiating a £35 million increase in our facilities which now total £185 million, and were able to maintain our competitive margins whilst extending the loan maturity to a weighted average of 7.7 years. In addition, we added further hedging to protect our interest rate exposure up to £140 million. Our average weighted interest rate is 5.4% up to that level.

The Group is therefore well financed currently with £55 million of headroom from existing banking facilities, a reasonable level of gearing to shareholders funds of 66% (39% to gross property value) as at 31st March 2008, a low void and no exposure at all to speculative development.

Since the year end, the lease of Lotus Two in Staines has completed at a contracted rent of £607,600 pa, and we have firm interest in a 38,000 sq ft warehouse unit at Brooklands. In addition, two adjoining office buildings totalling 21,155 sq ft at the entrance to Ancells Business Park on the M3 were acquired on an initial yield of 7.3% with a potential reversionary yield of 8%, at an inclusive cost of £8.03 million.

Following previously announced lettings and acquisitions, contracted rents have increased by 5% to £21.2 million per annum since the year end and the portfolio void by rental value is 6% of the total portfolio.

One of the main questions facing our market is to what extent the economic climate will affect rental values. 43% of the portfolio at 31st March 2008 was invested in the office sector outside London, where rental values for better quality floor space have so far held up well, and our letting of Lotus Two in April represented a new rental high for Staines in this cycle. In the past, rents tended to fall when supply exceeded demand, and it is encouraging that the supply of good quality floor space in most of our markets outside central London remains relatively constrained.

Within London, there is already over supply in the City and with more stock to be completed over the next 12 months, we have seen a fall in rental values. Having reviewed market conditions, and in line with our current strategy of avoiding significant development exposure in such uncertain markets, we have deferred the redevelopment of 30/32 Lombard Street, EC3, and this is being kept under regular review.

How does this outlook affect property values? Well, despite the percentage falls already seen, the investment market remains volatile, with transaction volumes generally down by at least 50% on last year. The market information available points to a further reduction in values since the year end, which is likely to continue and possibly overshoot before finding a new level once the banks are prepared to lend again on reasonable terms and confidence returns to valuations and the economic outlook.

Where does this leave us? The pace of change in values has been quicker than expected, but having anticipated the shift to higher yields we have a resilient balance sheet if values do fall further. At present our cash flow exposure to falling rents and tenant failure is limited as we have a 94% occupancy rate, no ongoing speculative development, and 68% of all rents are paid by tenants with a net worth in excess of £15 million. We stay close to our tenants, and have first hand knowledge of our markets and their occupational requirements.

With long term finance at competitive rates supporting existing operations, and secured headroom for acquisitions and new projects, the board is confident that the Group is in a strong financial position to benefit in due course from this cyclical downturn."

Result of Resolutions

Resolution as marked on Proxy Form	Proxies For	Proxies Discretionary	Proxies Against	Proxies Withheld	Poll Yes/No
1	24,200,801	1,938,996	0	0	No
2	24,014,427	1,938,966	88,547	97,827	No

3	24,200,801	1,938,996	0	0	No
4	24,198,301	1,938,996	1,000	1,500	No
5	24,195,641	1,938,996	3,660	1,500	No
6	24,190,141	1,941,656	1,500	6,500	No
7	24,195,641	1,941,656	2,500	0	No
8	24,180,641	1,941,656	12,000	5,500	No
9	24,180,641	1,941,656	12,000	5,500	No
10	24,175,441	1,941,656	17,200	5,500	No
11	24,194,641	1,941,656	2,000	1,500	No
12	24,189,801	1,938,996	10,000	1,000	No

Issued share capital at the date of the meeting totalled 45,792,655 ordinary shares.

Resolutions (other than ordinary business) passed at the 2008 Annual General Meeting have been submitted to the UK Listing Authority and will shortly be available for inspection by the Document Viewing Facility, which is at:

Financial Services Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS

Contacts

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23rd July 2008