



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

### **McKAY FULLY PRE-LETS 30 LOMBARD STREET, EC3**

McKay Securities PLC, the only UK REIT specialising exclusively in the London and South East office and industrial markets, has exchanged contracts to let the entirety of its 58,000 sq ft speculative office development, Aurum, at 30 Lombard Street in the City of London. The high quality office building has been pre-let on a 15-year term (without breaks) to FTSE 100 wealth manager, St. James's Place plc ("St. James's Place").

The contracted rent has been agreed at ERV with commensurate incentives, on FRI terms with 5 yearly upward only rent reviews. The agreement is contingent on practical completion of the building in the summer, with St. James's Place then taking occupation in January 2019. The letting will increase McKay's contracted rental income by 14% and represents 10% of the portfolio ERV. It follows continued leasing success across McKay's portfolio and unlocks 36% of the Group's substantial reversion for the future benefit of shareholders.

Aurum is a striking Grade A office building inspired by Lombard Street's financial heritage and is set to enhance this internationally recognised core City location. The building is set across 11 floors and benefits from column free floorspace and excellent natural light as a result of its corner location. The substantial roof terrace overlooks the 17<sup>th</sup> century Wren church opposite and other iconic city buildings. The scheme is one of a very limited number of medium sized new office developments set for completion in the City core during 2018, with this shortage contributing to the decision by St. James's Place to commit early.

McKay acquired the long leasehold interest of the site in 1999 with a 36,000 sq ft 1960's office building generating a rental income of £1.12m pa and a planning consent in place for 53,500 sq ft. Income was retained from the building while an improved planning consent was achieved for the current scheme, securing a 62% increase in lettable area. Capital investment and the decision to speculatively redevelop the property in 2015 was unlocked through McKay's successful capital raising in 2014, which provided additional financial resources to implement this unique market opportunity.

#### **Simon Perkins, Chief Executive of McKay, commented:**

"There is something special about the history and the presence of this internationally recognised City core location, which our development will both complement and benefit from. We look forward to completing this stunning City of London property for St. James's Place, and providing them with a prominent and highly attractive workspace for employees and clients alike.

"This isn't just a landmark letting for McKay and another boost for the City core but a substantial vindication of the strategy we have been pursuing since our capital raise in 2014. The 38% reversion in our portfolio continues to be transformed into income and we have plenty more to go for, generating further momentum for McKay and our shareholders.

"What the Lombard Street redevelopment also highlights is the technical and logistical complexity of providing new office floorspace in such constrained surroundings. St. James's Place has secured one of the few new build opportunities of this size, and these practical, as well as financial, constraints will continue to restrict occupier choice in the City core. What the letting also highlights once again is the importance that must be placed on creating the right kind of high quality space for occupiers. Uniquely placed with our sole focus on London and the South-East, we are acutely aware of tenant needs and will continue to create relevant and flexible space for today's businesses."

Knight Frank and Savills acted on behalf of McKay while Doherty Baines acted for St. James's Place.

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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 London and South East England. The portfolio, which was valued in excess of £450 million in September 2017, comprises 36 properties in strong and established areas which deliver diversity in terms of both sector and location.