McKay Securities PLC

Report and Financial Statements 2002

McKay Securities PLC

Contents

McKay Securities PLC is a property development and investment company which develops and refurbishes buildings of quality for its own portfolio, which it retains for long term investment. These include office, warehouse and industrial schemes which are concentrated mainly in the high growth areas of the West End and City of London, M25 and South East of England and other prime locations.

The Group, which has a portfolio value of over £205 million, does not trade or deal in its properties and therefore there is a hardcore rental stream underpinning profits growth which is further secured from time to time by the sale of investment properties. This policy has rewarded shareholders with above average growth in capital value, earnings and dividend distributions over many years.

Financial Highlights	2002 £'000	2001 £'000 Restated
Profit before taxation	**6,836**	7,927
Profit after taxation	**5,151**	5,347
Ordinary dividends	**3,143**	2,903
Equity shareholders' funds	**133,458**	124,927
Earnings per share – diluted	**11.44p**	11.98p
Operating earnings per share – diluted	**9.33p**	8.18p
Dividend per share	**8.1p**	7.5p
Surplus on revaluation	**8,005**	18,429
Net asset value per share	**297p**	279p

Chairman's Statement

Pre-tax profits for the year to 31st March 2002 amounted to £6,836,000 compared with £7,927,000 for the same period last year. The pre-tax profit at operating level, after interest and excluding the surplus on disposal of investment properties was £5,617,000 compared with £5,191,000 for the previous year.

A final dividend of 5.4 pence per ordinary share is being recommended (2001 - 5.0 pence) making a total dividend of 8.1 pence (2001 - 7.5 pence) an increase of 8%.

The annual revaluation of the Group's property portfolio, excluding those properties in the course of development, has resulted in an increase of 4.2%. Together with retained capital and revenue profits and taking account of the dividend set out above, net asset value per share has risen to 297 pence from 279 pence, an increase of 6.5%.

I do not usually comment on accounting standards as applied to the Group's financial figures but this year I would draw the attention of shareholders to two particular accounting standards, the effect of which I do not believe assists in giving a clear understanding of the Group's financial position.

In common with other companies the Group has been required to adopt two new accounting standards - UITF 28 and FRS 19, each of which has a differing and fundamental effect on the company's financial position. UITF 28 requires the smoothing out of net rental income over the initial period of a lease to take account of rent free periods and tenant incentives. This has the effect of taking credit in the profit and loss account at the commencement of the lease for rent not due, or receivable, and then having to account for tax on it. Should the tenant subsequently default then the entries are reversed. In the current year's figures to 31 March 2002, credit has had to be taken for £370,000 of rents not due or receivable at that date, on which tax of approximately £111,000 will be payable.

FRS 19 requires the full provision of deferred tax on all non-permanent timing differences. In layman's language as it affects the Group, this means that a liability has had to be created now contingent upon the possible repayment at some unforeseeable time in the future of all tax relief on capital allowances and development interest received in respect of Group properties. The effect of this has been to create an additional liability of £5,231,132 in the current year, which may in practice never crystallise in the future on account of the nature of the Group's business being that of long term property investment. This accounting standard has reduced shareholders' funds by 11p per share from 308p to 297p. Previous years figures have been restated accordingly.

Pegasus Place,
Crawley

Review of the year

The year has been notable for the letting of Great Brighams Mead, Reading (7,740 sq.m offices) to Hutchison 3G in October of last year on a 21 year fixed term lease. Initial rent is £1,425,000 p.a. rising to £2,280,000 p.a. in September 2003. Whilst this letting has not had a major impact on the figures for the year, I am pleased to report that operating profits after interest and before tax have shown an increase over the previous year. Gross rents receivable have increased from £10.4 million to £12.5 million, benefiting from acquisitions, new lettings and rent reviews.

Sales of investment properties during the year have included 23 Buckingham Gate, SW1 (£7,400,000), 23/24 Lovat Lane, EC3 (£3,050,000), 28 Broad Street, Bristol (£216,000), 4 shops at Yateley (£540,000) and 2 flats at Parkside (£2,406,000). We also benefited from a final overage payment in respect of the earlier sale of the residential land at Great Brighams Mead, Reading (£274,000). Since the year end the shops and offices at Farnham Common have been sold at a figure of £2,300,000.

Refurbishments at Albion House, Newbury (offices 614 sq.m), Coombe Square, Thatcham (offices 812 sq.m) and Unit 1, Bicester (industrial 2,952 sq.m) are now complete and of these, 573 sq.m of space at Thatcham is now let. Bartley House, Hook (2,050 sq.m offices) remains unlet, but there is current tenant interest.

Construction work at Pegasus Place, Crawley (offices 4,719 sq.m) is proceeding well, with completion due at the end of July. This development, situated between Gatwick airport and central Crawley close to Junction 10 of the M23, comprises three separate buildings in a landscaped setting with building areas ranging from 1,183 sq.m to 1,980 sq.m. A marketing programme is in hand.

In my last report, I mentioned the freehold acquisition of 5 Old Queen Street and 6 Storeys Gate, SW1 (offices 1,539 sq.m) situated adjacent to Birdcage Walk and close to Parliament Square. Planning is now at an advanced stage in the design of a scheme to provide 1,858 sq.m of space. This will entail the redevelopment of 6 Storeys Gate, which will dovetail into a refurbished 5 Old Queen Street, to form a single building arranged over six floors. The scheme will be known as 1 Old Queen Street. Tenancies in the existing buildings are being renegotiated with break clauses to enable a start to be made on this development as from the spring of next year. A decision to begin the development will be made later this year dependent on economic conditions at that time. Meanwhile the buildings are fully income producing.

Worple Road,
Wimbledon

Chairman's Statement

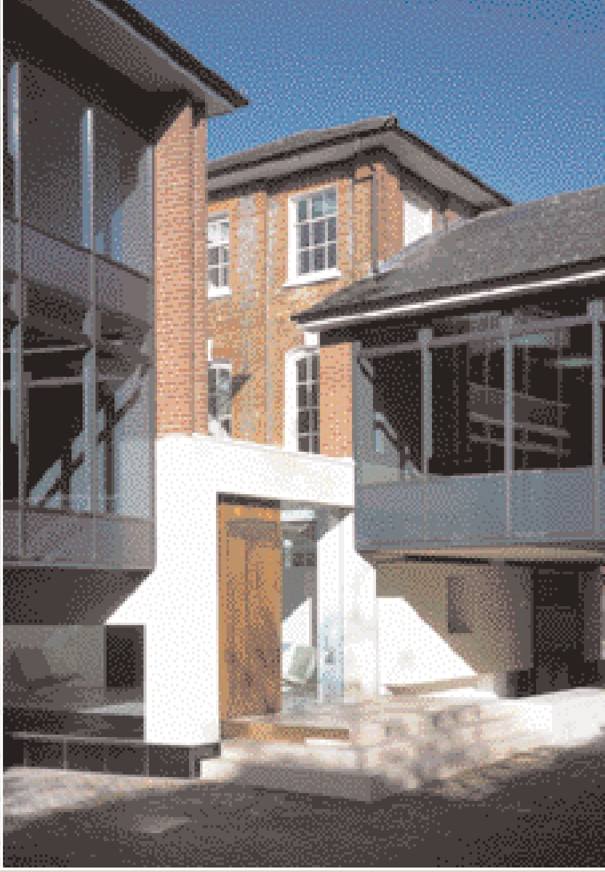
At Worple Road, Wimbledon, where we have a planning consent for 4,292 sq.m of offices and 421 sq.m of retail, a start will be made on this scheme in the spring of next year with completion by the end of 2004. This prime development is situated in the centre of Wimbledon directly opposite Elys department store and close to the station and main shopping. The building will be clad in polished granite and glass and built to the best institutional standards.

As mentioned above the property portfolio was revalued at 31st March 2002 to show an increase of 4.2%. Most notable of the increases were Great Brighams Mead, Reading on the letting to Hutchison 3G; Great Surrey House, Blackfriars Road SE1 on the re-letting to Lloyds TSB; Aldershot Arcade on completion of the office lettings and the letting of a further two shops; Blackthorne Road, Poyle on completion of the lettings there and at Portsoken House, Minories EC4 where significantly increased rental levels were achieved.

Property disposals during the year to 31st March 2002 amounted to nearly £14 million, which have assisted cash flow which remains strong. At the year end net borrowings stood at £62 million against facilities available at that time of £73 million and represented 46% of shareholders funds. Since 31st March 2002, fresh banking facilities have been put in place increasing funds available to the Group to £103 million. Maturities have also been extended such that nearly half of the Group's committed debt has now moved out to between 10 and 15 years.

Special dividend

Enclosed with this Report is Notice of an Extraordinary General Meeting which, includes a resolution proposing a special dividend of 22 pence per share, proposed to be paid in cash to both ordinary shareholders and capital shareholders. In my statement for the year ended 31st March 2000, I mentioned that during that year sales of investment properties amounted to £24 million achieving an historic profit of £21 million. Over the five years to 31st March 2002, these figures have amounted to approximately £54 million and £35 million respectively. In accounting treatment terms these profits are taken to capital reserves and in the main are not recognised through the profit and loss account. Nor is any account taken of these profits in the payment of annual dividends on account of their being non recurring and therefore non-core items. As a result of the company's recent success in this regard, the Board considers that the payment of a special dividend should be made to shareholders so that they benefit more directly from the company's fortunes. The cost will be approximately £10 million.



Old Queen's St / Storey's Gate,
London SW1

Albion House,
Newbury, Berkshire

Extraordinary General Meeting (EGM)

In the Notice of Meeting enclosed herewith, there are various resolutions proposed relating to a shareholder concert party which was deemed by The Panel on Takeovers and Mergers to be in existence between myself, members of my family, J.R. Chilton's family and our respective family trusts. As shareholders will be aware, taken together we have held substantial shareholdings in the company since it was floated on The London Stock Exchange in 1959. The level of these holdings has in practice remained more or less constant over the years save for the annual scrip dividend on the capital shares, which has had the effect of increasing the overall holding slightly in each year. In view of this and the Panel's ruling in relation to Rule 9 of the Takeover Code, certain resolutions are proposed to approve retrospectively the issue of capital shares to the concert party members in the circumstances set out in the Notice. The resolutions will also approve any percentage increase in these holdings as a result of any repurchase by the Company of its own shares, pursuant to the authority to be sought at the AGM, or as a result of the exercise by J.R. Chilton of his share options. At the EGM there will also be proposed a resolution to convert the capital shares into ordinary shares. Your Board, which has the power to convert these shares, has already given notice of conversion and this will be effective on 1st November 2002. However, your board considers that it is appropriate to take advantage of the opportunity presented at the EGM to accelerate this change in the company's capital. This resolution is in addition to the resolutions referred to above and the resolution to approve the payment of the special dividend. Further details of the resolutions to be proposed at the AGM, the EGM and class meetings of shareholders are set out in the accompanying circular.

Board and management changes

I would like to pay tribute to Jamie Chilton who retired as an executive Director in October of last year, and I am pleased that he remains as a non executive Director. Jamie joined the company in 1968 and was appointed to the Board in 1973. His expertise and dedication in managing the Group's property portfolio, as well as his considerable contribution to the Group's successful development and letting programme, have contributed enormously to the company's fortunes over a period of 33 years. We have indeed been lucky to have had the services of Jamie over such a long period and I am sure that shareholders will join me in wishing him a happy retirement.

Coombe Square,
Thatcham

Chairman's Statement

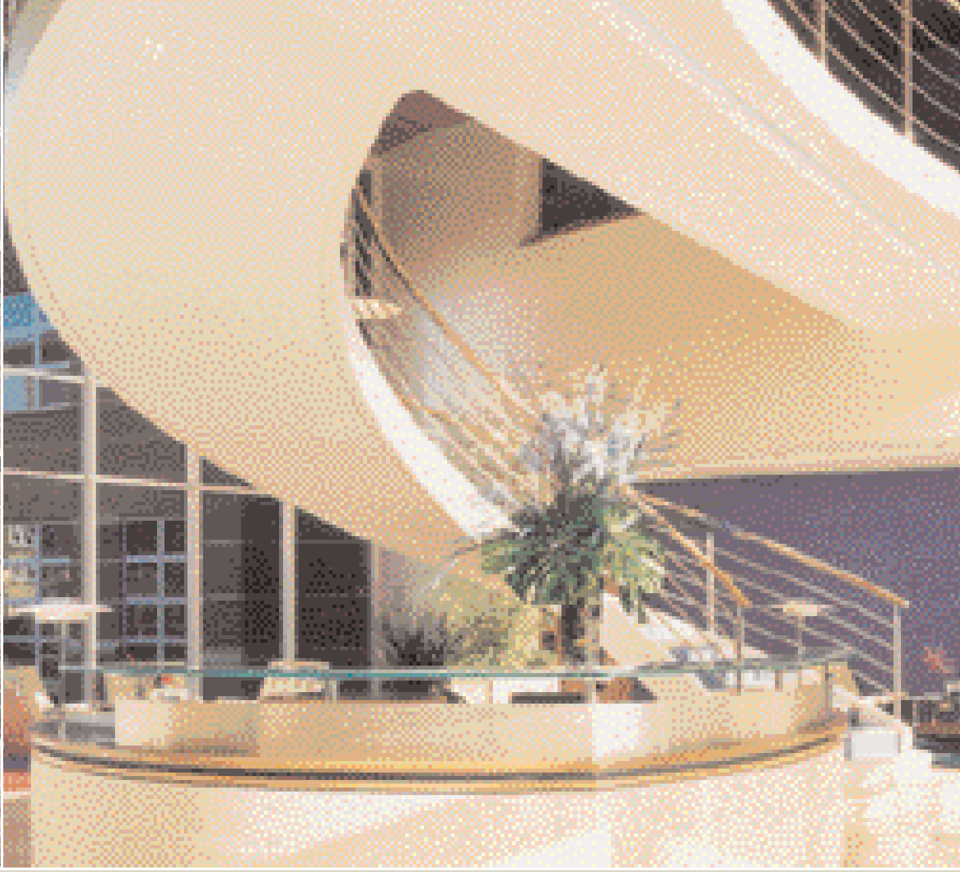
In October 2001 Simon Perkins was appointed Deputy Managing Director to assist Eric Lloyd in the strategic management of the company. Simon, currently responsible for planning, development and project management, will continue in this role pending the appointment of a successor. At the same time I would like to welcome Steven Mew, aged 34, Chartered Surveyor, who joined us as Senior Portfolio Manager in September of last year. Steven comes to us from NAI Gooch Webster, where he had been for a period of 11 years latterly as a Director in the Asset Management Team.

Future prospects

The success of the commercial property sector is dependent upon the underlying stability and strength of the overall economic environment. This has been sorely tested in the last year following the events of September 11th and the financial difficulties experienced by the telecoms and technology industries such that surplus space once again affects the market with a softening of rents now becoming evident. With the letting of Great Brighams Mead, Reading now secured, our current exposure to empty space is small in relation to the size of the property portfolio. We are confident that the current development programme will create well located and high quality buildings which will let readily on completion.

With the strength of the underlying development programme coupled with our strong financial position, we look forward to securing increased shareholder value.

I. A. McKay Chairman
26th June 2002



Great Brighams Mead,
Caversham Road, Reading

Directors

I. A. McKay
Chairman

Aged 63. Appointed a non-executive Director in 1968. Appointed non-executive Chairman in 1986. Director of Farringdon Property Trust Limited and Ronnoco Export Development Company Limited. Chairman of the Audit and Remuneration Committees.

E. S. G. Lloyd F.C.A.
Deputy Chairman and Managing Director

Aged 63. Appointed Managing Director in 1972 and Deputy Chairman in 1986. Chartered Accountant.

S. C. Perkins M.R.I.C.S.
Deputy Managing Director

Aged 37. Joined the Company in 2000. Appointed a Director in April 2001. Appointed Deputy Managing Director in October 2001. Responsible for planning, development and project management.

A. S. Childs
Finance Director

Aged 52. Joined the Company in 1973. Appointed Company Secretary in 1987 and a Director in 1996. Responsible for Group finance.

J. R. Chilton
Non-executive

Aged 61. Joined the Company in 1968. Appointed an executive Director in 1973. Responsible for portfolio management and lettings until October 2001, when he became a non-executive Director. Member of the Audit and Remuneration Committee.

M. J. C. Hawkes F.R.I.C.S.
Senior non-executive

Aged 56. Appointed a non-executive Director in 1986. Chartered Surveyor and Director of Capital and Continental SARL. Member of the Audit and Remuneration Committees.

I. C. Menzies M.A., C.A.
Non-executive

Aged 62. Appointed a non-executive Director in 1989. Chartered Accountant, Director of Poles Limited. Member of the Audit and Remuneration Committees.

Report of the Directors

The Directors have pleasure in submitting their report and audited financial statements for the year ended 31st March 2002.

Profit and distribution

The profit for the year and appropriations are set out in the consolidated profit and loss account. Profit before tax was £6,835,906 (2001 - £7,927,046). The Directors recommend a final dividend of 5.4p per share making a total for the year of 8.1p per share (2001 - 7.5p). If approved at the Annual General Meeting the dividend will be paid on 16th August 2002.

Activity and assets

The business of the Group is that of property investment and development principally in the United Kingdom. The Group also holds various investments in other companies and details of these are shown in the notes to the financial statements.

A review of the business and likely future developments are given in the Chairman's Statement on pages 2 to 6.

The Group's properties were valued by external professional valuers at 31st March 2002. The overall increase in value as at 31st March 2002 was £8,005,690, equal to 4.2%, which has been credited to Revaluation Reserve in the financial statements. The increase in values for the year is accounted for as follows:

Commercial	4.65%
Industrial	0.64%

After taking into account retained profits net asset value per share is 297 pence (2001 restated - 279 pence), an increase of 6.5%.

Accounting standards

During the year the Group adopted financial reporting standard FRS 19 (Deferred Tax) and UITF 28 (Operating Lease Incentives), both of which have impacted on the results for the year. Further details are given in the Statement of Accounting Policies on page 23.

Directors

The present members of the board, are shown on page 7. Mr J.R. Chilton retired as an Executive Director on 1st October 2001, but remains on the board as a non executive Director.

The interests in the shares of the Company of each Director are shown in note 5 on page 27.

In accordance with the Articles of Association Mr I.A. McKay, Mr A.S. Childs and Mr J.R. Chilton are to retire, and being eligible, offer themselves for re-election. In accordance with the Combined Code, it is the Company's policy that each director must apply for re-election once every three years, if applicable.

Apart from service contracts and share options relating to Mr E.S.G. Lloyd, Mr S.C. Perkins and Mr A.S. Childs, no other Director had a material interest during the year in any contract with the Company. The unexpired period of these service contracts is two years in respect of Mr E.S.G. Lloyd, Mr S.C.Perkins and Mr A.S. Childs.

Substantial shareholdings

Apart from the Directors' interests referred to in note 5 the Company has been advised of the following notifiable interests in its issued share capital (see note 17) as at 17th June 2002:

	Shares	%
C.G.N.U. plc	9,701,278	21.56
Farringdon Property Trust Limited	6,267,858	13.93
The William Pears Group of Companies Limited	3,180,000	7.07
The G.F. McKay Trust	2,782,534	6.18
Schroder Investment Management Limited	2,104,038	4.68

Corporate governance

The Board considers that the Company has complied throughout the year with the provisions of The Combined Code with the exceptions as stated within the Directors' Report.

The Board of Directors comprises three executive and four non-executive Directors with Mr M.J.C. Hawkes being the senior independent non-executive Director. It meets regularly at least six times a year and all Board members have access to the advice and services of the Company Secretary and independent legal advice, if required. A schedule of matters specifically reserved for the Board has been adopted. The four non-executive Directors sit on the Remuneration and Audit Committees.

The entire Board acts as the Nominations Committee and is responsible for the selection and approval of candidates for appointment to the Board. Whilst this does not comply with provision A.5.1 the Directors consider this to be appropriate for the small size of the Board.

The Board is of the opinion that Mr M.J.C. Hawkes and Mr I.C. Menzies are independent non-executive Directors and fulfil the recommended role.

Directors' remuneration

The Remuneration Committee ("the committee") consists solely of the non-executive Directors and is chaired by Mr I.A. McKay. The other members of the committee are Mr M.J.C. Hawkes, Mr I.C. Menzies and Mr J.R. Chilton. Only Mr Hawkes and Mr Menzies are independent as required by provision B.2.2. The Board consider that the composition of the committee is appropriate given the small size of the Board.

Policy

The committee decides the remuneration policy for executive Directors and senior executives and approves the granting of share options. The committee takes independent professional advice with regard to information on compensation and salary of executive Directors and senior executives with similar responsibilities in comparable companies.

Report of the Directors

Emoluments and share options

The remuneration package of the executive Directors is performance related as required by Code provision B.1.4. The interests of the Executive Directors are aligned with those of shareholders by structuring levels of basic salary and remuneration to attract, retain and motivate executive Directors of the quality required and with appropriate skills to manage and develop the Company successfully. The committee considers comparisons with similar companies in determining the remuneration package. The remuneration package is reviewed on 1st April annually and consists of salary, an approved share option scheme, bonus scheme, pension contribution, car benefit and medical and life insurance.

Details of each Director's emoluments are shown in Note 5 on page 26.

Under the Executive Share Option Scheme certain Directors have been granted options over ordinary shares, as set out in Note 17 on page 38.

The Company operates an annual cash bonus scheme for directors and other employees, which was approved by shareholders at the Annual General Meeting in 2001. The scheme provides that, where the Company's NAV increases by at least 6% more than the increase in RPI, an amount equal to 2% of the increase in NAV is distributed to employees. This target was not achieved in the year ended 31 March 2002 and therefore no payment was made under the scheme. However, The Remuneration Committee considers that, for the scheme to have the desired effect of motivating employees, the performance criteria should be expanded to enable a lesser bonus to be earned where the Company's performance is good but where the full 6% increase over RPI is not achieved. The Remuneration Committee therefore intends, in accordance with the terms of the scheme to amend the performance criteria to give participants the ability to earn a bonus, but at a lower level, in these circumstances. The change would apply for the year ending 31 March 2003 and subsequent years. The intention would be that the arrangement should comply with the guidelines of the Association of British Insurers, under which an executive's awards should be linked to the actual success of the Company.

Service contracts

Mr E.S.G. Lloyd, Mr S.C. Perkins and Mr A.S. Childs have service contracts which are terminable by the Company on not less than two year's notice. Whilst this does not comply with the code provision B.3.3. the committee considers that notice periods of two years are in the best interests and appropriate for the size of the Company. In taking this approach the committee has fully considered the compensation commitments in buying out existing service contracts. In each case the contracts are subject to six months' notice by the executive Director.

The committee considers all proposals for the early termination of the service contracts for executive Directors and senior executives and would observe the principle of mitigation.

Pension and retirement benefits

The Company operates an Inland Revenue approved final salary non contributory pension scheme which provides pension and protection in the forms of life cover and lump sums and dependents' pensions in the event of death in service or in retirement. Pensionable salary is

Pension and retirement benefits continued

basic salary excluding any benefits. The cost of executive Directors' pensions of £123,969 (2001 – £158,880) is calculated by reference to the Company's contribution rate in respect of the members of that scheme. Although the retirement age of the scheme is 60, the Remuneration Committee and the Pension Scheme Trustees have extended the scheme retirement age for Mr E.S.G. Lloyd to 64.

No new members will be admitted to the approved final salary non contributory scheme. New directors and employees pensions will be provided by way of individual money purchase schemes.

The pension benefits earned during the year are shown in Note 25 on pages 41 and 42.

Non-executive Directors

The remuneration of non-executive Directors is recommended by the Board within the levels set in the Articles of Association. Apart from Mr I.A. McKay, who is provided with a car allowance and private medical insurance and Mr J.R. Chilton who has outstanding share options, the non-executive Directors are not eligible for any other benefits. Non-executive Directors are not appointed for specific terms as required by Code provision A.6.1, because it is not considered to be in the best interests of the Group. The non executive directors have rolling contracts providing for them to retire by rotation in accordance with the Articles of Association. To comply with the Code all Directors will submit themselves for re-election at least once every 3 years.

Relations with shareholders

The Annual General Meeting provides an opportunity for shareholders to question the Board and shareholders are given not less than 21 working days notice of the Annual General Meeting. The Chairman of the Audit Committee and the Remuneration Committee will be at the Annual General Meeting to answer any questions. Shareholders are given the opportunity of voting separately on each proposal and proxy votes are announced after each resolution.

Internal control

The Board is responsible for establishing and reviewing the Group's system of internal control to safeguard shareholders' investment and the Group's assets.

An ongoing process for identifying, evaluating and managing the significant risks faced by the Group was in place throughout the year to 31st March 2002 and to the date of approval of the annual report and accounts. The process accords with the Turnbull Guidance. The executive directors and senior management meet monthly and are responsible for identifying key risks and assessing their likelihood to impact on the Group. The Group has an established system of internal financial control which is designed to ensure the maintenance of proper accounting records and the reliability of financial information used within the business. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and, can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal financial control includes:

Report of the Directors

Financial reporting
Annual and long term revenue, cash flow and capital forecasts are updated regularly during the year. Results and forecasts are reviewed against budgets and regular reports are made to the Board on all financial and treasury matters.

Investment appraisal
Control of capital expenditure and progress on developments and all property acquisitions and disposals including detailed appraisals, sensitivity analyses and due diligence requirements are presented to the Board.

Controls
The Group has a small management team operating from one location. Accordingly, the Board exercises close control over the Group's activities and this enables the close involvement of the executive Directors with the day to day operational matters of the Company.

Audit committee
An Audit Committee which reviews half-yearly internal management reports and external auditors' reports and approves published financial information.

Identification of business risks
The risks facing the Group are kept under constant review. Important areas including risk management, corporate taxation, legal matters, detailed insurance cover and contracts including maintenance and property management come under the direct control of the executive Directors and are reviewed on an on-going basis. All matters are reported to the Board on a regular basis.

Health and safety
The Group operates and continually reviews its health and safety policy and ensures that current and proposed legislative changes are incorporated to ensure that appropriate safety standards are maintained.

The Directors confirm they have specifically reviewed the framework and effectiveness of the system of internal control for the year ended 31st March 2002.

Financial instruments

The Group's financial instruments comprise borrowings, some cash in liquid resources and various items such as trade debtors, trade creditors etc., that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest and liquidity risks. The Board reviews and agrees policies for management of these risks and they are summarised below. The policies remain under constant review. The Group finances its operations through a mixture of retained profits, sales of investment properties and bank

Financial instruments continued

borrowings. The Group's policy is to borrow at both fixed and floating rates of interest and considers these and interest rate swaps to generate the desired interest rate profile in order to manage the Group's exposure to interest fluctuations. At the year end £7,720,000 of the Group's borrowings had been fixed at 7.345% per annum. There were no interest rate swaps in place. Whilst the Group actively reviews the fixing of interest rates the present policy is to make use of the current short term rates profile. The Directors consider that the book value of the Group's financial liabilities is not materially different to their fair value

In order to maintain liquidity and to ensure continuity of funding, the Group will be seeking to extend the maturity of its borrowings. At the year end, 24% of the Group's borrowings were due to mature in more than five years. Short term flexibility is achieved by overdraft facilities and rollover profile.

The Group has no financial assets, other than short term debtors and cash at bank.

The Group has no foreign currency loans or hedging instruments.

The details of the Group's financial liabilities are set out in Note 15 on pages 35 and 36.

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors' responsibilities for the financial statements

Directors are required by Company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss for that year. In preparing the financial statements, the Directors consider that appropriate accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made. Applicable accounting standards have been followed (subject to any material departures disclosed and explained in the financial statements) and the financial statements have been prepared on the going concern basis as it is appropriate to presume that the Group will continue in business.

The Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Act 1985. The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

Payments policy

It is the policy of the Group that in the absence of dispute, amounts due to trade and other suppliers are settled promptly within their terms of payment. At the year end amounts owed to trade creditors in the accounts were the equivalent to 10 days purchases.

Report of the Directors

Donations

During the year the Group made charitable donations of £4,011 (2001 – £4,800). No political donations were made during the year (2001 – nil).

Power to purchase the Company's own shares

Authority was granted to the Company at the Annual General Meeting, held on 24th July 2001, to purchase its own ordinary and capital shares on the London Stock Exchange, subject to certain limitations.

The Directors consider that the authority should be renewed and would only exercise the authority to purchase when they think it would be in the best interests of the shareholders, taking into account the likely effect on net assets per share of the Company and after due consideration has been given to the overall financial position of the Group.

At the forthcoming Annual General Meeting a resolution will be proposed to renew this authority, on the same terms as previously agreed (other than the number of shares updated).

Power to allot shares

At the forthcoming Annual General Meeting a resolution will be proposed to renew the authority on the same terms as approved at the Annual General Meeting held on 24th July 2001 for the board to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) and to allot equity securities (within the meaning of Section 94 of the Companies Act 1985) for cash otherwise than pro rata to existing shareholders. The full text of the resolutions is contained in the Notice to the Annual General Meeting.

Annual General Meeting

The fifty-sixth Annual General Meeting of the Company will be held at 20 Parkside, 28-56 Knightsbridge, London SW1X 7JW on 30th July 2002 at 12.00 noon.

Extraordinary General and Class Meetings

An Extraordinary General Meeting and separate class meetings of the ordinary and capital shareholders will be held after the Annual General Meeting, at which resolutions will be proposed to 'whitewash' the issue of certain capital shares, to convert the capital shares into ordinary shares and to pay a special dividend of 22 pence per share, all as detailed in the accompanying Notice.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution concerning the re-appointment of KPMG Audit Plc as auditors and their remuneration will be proposed at the forthcoming Annual General Meeting.

17th June 2002
Reading

By Order of the Board
A.S. Childs
Secretary

Report of the Independent Auditors

To the members of McKay Securities PLC

We have audited the financial statements on pages 18 to 42.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Report. As described on page 13, this includes responsibility for preparing financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the Group is not disclosed.

We review whether the statement on page 9 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

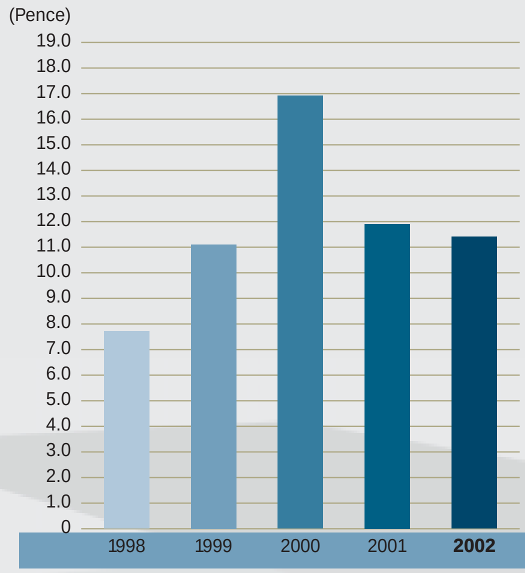
In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st March 2002 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

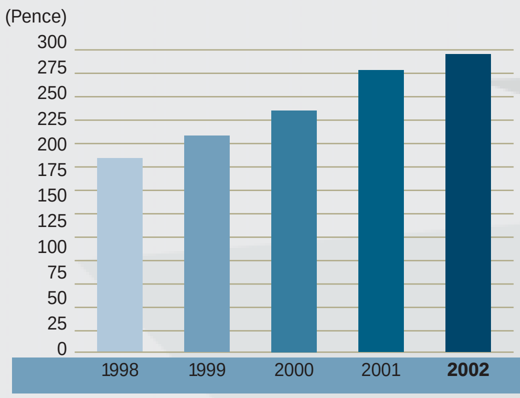
17th June 2002
Reading

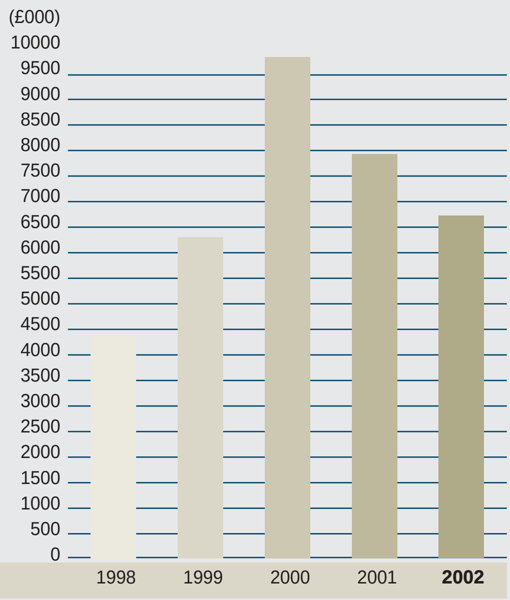
KPMG Audit Plc
Chartered Accountants
Registered Auditor

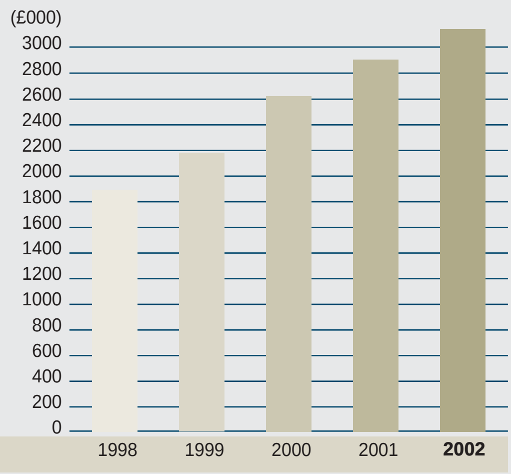
Results in Brief

	2002 £'000	2001 £'000 Restated
Gross rents and service charges receivable	**15,724**	12,809
Profit before taxation	**6,836**	7,927
Profit after taxation	**5,151**	5,347
Ordinary dividends	**3,143**	2,903
Equity shareholders' funds	**133,458**	124,927
Earnings per share – diluted	**11.4p**	11.9p
Operating earnings per share – diluted	**9.3p**	8.2p
Dividend per share	**8.1p**	7.5p
Surplus on revaluation	**8,005**	18,429









Five Year Summary

	2002	2001	2000	1999	1998
	£'000	£'000	£'000	£'000	£'000
		Restated	Restated	Restated	Restated
Gross rents and service charges receivable	**15,724**	12,809	11,229	12,672	11,133
Profit before taxation	**6,836**	7,927	9,828	6,318	4,409
Profit after taxation	**5,151**	5,347	7,463	4,856	3,349
Ordinary dividends	**3,143**	2,903	2,626	2,183	1,878
Equity shareholders' funds	**133,458**	124,927	104,551	91,542	80,762
Earnings per share – diluted (on total issued capital)	**11.4p**	11.9p	16.9p	11.1p	7.7p
Operating earnings per share – diluted (on total issued capital)	**9.3p**	8.2p	9.4p	8.5p	6.5p
Net asset value per share (on total issued capital)	**297p**	279p	236p	209p	185p

McKay Securities PLC

Consolidated Profit and Loss Account

For the year ended 31st March 2002

	Notes	2002 £'000	2001 £'000 Restated
Gross rents and service charges receivable	2	**15,724**	12,809
Direct property outgoings	2	**(4,591)**	(3,558)
Income from investment properties	2	**11,133**	9,251
Administration costs	3	**(2,163)**	(1,848)
Operating profit		**8,970**	7,403
Share of operating profit of associated undertakings		**173**	200
Profit on disposal of investment properties	8	**1,219**	2,736
Profit on ordinary activities before interest and taxation		**10,362**	10,339
Net interest payable	6	**(3,526)**	(2,412)
Profit on ordinary activities before taxation		**6,836**	7,927
Taxation	7	**(1,685)**	(2,580)
Profit on ordinary activities after taxation		**5,151**	5,347
Dividends	10	**(3,143)**	(2,903)
Retained profit for the financial year		**2,008**	2,444
Transfer to capital reserve	8	**(951)**	(1,699)
Retained profit for the year transferred to Profit and Loss Account Reserve	20	**1,057**	745
Earnings per share (note 11)			
Basic		**13.28p**	13.84p
Diluted		**11.44p**	11.98p
Adjusted earnings per share			
Basic		**14.80p**	16.28p
Diluted		**12.75p**	14.09p
Operating earnings per share (note 11)			
Basic		**10.83p**	9.44p
Diluted		**9.33p**	8.18p
Adjusted operating earnings per share			
Basic		**12.35p**	11.88p
Diluted		**10.64p**	10.29p
Dividend per share (note 10)		**8.1p**	7.5p

The results for both the current and preceding year related entirely to continuing operations.

Consolidated Statement of Total Recognised Gains and Losses

	2002 £'000	2001 £'000 Restated
Profit for the year	**5,151**	5,347
Unrealised surplus on revaluation of properties	**8,005**	18,429
UITF 28 adjustment	**(370)**	—
Taxation on previously recognised gains (note 7)	**(1,109)**	(338)
Exchange (losses)/gains	**(3)**	46
Total recognised gains relating to the year	**11,674**	23,484
Prior year adjustment (note 26)	**(3,698)**	
Total recognised gains and losses recognised since the last annual report	**7,976**	

Consolidated Historical Cost Profits and Losses

	2002 £'000	2001 £'000 Restated
Reported profit before taxation	**6,836**	7,927
Realisation of property revaluation surpluses of previous years	**4,499**	2,220
Historical cost profit before taxation	**11,335**	10,147
Historical cost profit for year retained after taxation and dividends	**5,398**	4,326

Consolidated Reconciliation of Movements in Shareholders' Funds

	2002 £'000	2001 £'000 Restated
Profit for the year	**5,151**	5,347
Dividends (note 10)	**(3,143)**	(2,903)
Retained profit for the year	**2,008**	2,444
Unrealised surplus on revaluation of properties	**8,005**	18,429
UITF 28 adjustment	**(370)**	—
Exchange (loss)/gain	**(3)**	46
Taxation on previously recognised gains (note 7)	**(1,109)**	(338)
Goodwill written off (note 13)	**—**	(320)
Premium arising on issue of shares under share option scheme	**—**	88
Nominal value of issue of shares under share option scheme	**—**	27
Net addition to shareholders' funds	**8,531**	20,376
Opening shareholders' funds (originally £108,249,000 for 2001 before deducting prior year adjustment of £3,698,000)	**124,927**	104,551
Closing shareholders' funds	**133,458**	124,927

Consolidated Balance Sheet

At 31st March 2002

	Notes	2002 £'000	2001 £'000 Restated
Fixed assets			
Tangible assets – properties and other fixed assets	12	**205,400**	195,764
Investments	13	**2,040**	1,953
		207,440	197,717
Current assets			
Debtors	14	**2,639**	1,084
Cash at bank and in hand		**1,563**	680
		4,202	1,764
Creditors			
Amounts falling due within one year	15	**(20,303)**	(11,692)
Net current liabilities		**(16,101)**	(9,928)
Total assets less current liabilities		**191,339**	187,789
Creditors			
Amounts falling due after one year	15	**(52,650)**	(57,970)
Provisions for liabilities and charges			
Deferred taxation	16	**(5,231)**	(4,892)
Net assets		**133,458**	124,927
Capital and reserves			
Called up share capital	17	**8,998**	8,946
Share premium account	18	**1,861**	1,913
Revaluation reserve	19	**61,564**	58,428
Other capital reserves	19	**40,460**	36,122
Profit and loss account	20	**20,575**	19,518
Equity shareholders' funds		**133,458**	124,927
Net asset value per share		**297p**	279p
Effect of FRS 19		**11p**	11p
Adjusted net asset value per share		**308p**	290p

Company Balance Sheet
At 31st March 2002

	Notes	2002 £'000	2001 £'000 Restated
Fixed assets			
Tangible assets – properties and other fixed assets	12	**141,040**	131,536
Investments	13	**22,708**	22,708
		163,748	154,244
Current assets			
Debtors	14	**23,685**	26,156
Cash at bank and in hand		**1,244**	367
		24,929	26,523
Creditors			
Amounts falling due within one year	15	**(38,085)**	(30,271)
Net current liabilities		**(13,156)**	(3,748)
Total assets less current liabilities		**150,592**	150,496
Creditors			
Amounts falling due after one year	15	**(45,250)**	(50,250)
Provisions for liabilities and charges			
Deferred taxation	16	**(3,475)**	(3,267)
Net assets		**101,867**	96,979
Capital and reserves			
Called up share capital	17	**8,998**	8,946
Share premium account	18	**1,861**	1,913
Revaluation reserve	19	**60,683**	60,341
Other capital reserves	19	**16,000**	13,591
Profit and loss account	20	**14,325**	12,188
Equity shareholders' funds		**101,867**	96,979

These financial statements were approved by the Board of Directors on 17th June 2002 and were signed on its behalf by I. A. McKay and E. S. G. Lloyd.

Consolidated Cash Flow Statement

For the year ended 31st March 2002

	Notes	2002		2001	
		£'000	**£'000**	£'000	£'000
Net cash inflow from operating activities	21		**6,483**		11,089
Dividends received from associated undertaking			**88**		59
Returns on investment and servicing of finance					
Interest received		**42**		99	
Interest paid		**(3,322)**		(4,306)	
Dividends received		**1**		1	
Net cash outflow from returns on investments and servicing of finance			**(3,279)**		(4,206)
Taxation					
Corporation tax refund		**219**		52	
Corporation tax paid		**(2,515)**		(2,719)	
			(2,296)		(2,667)
Capital expenditure					
Purchase and development of investment properties		**(14,241)**		(27,165)	
Purchase of other fixed assets		**(32)**		(49)	
Sales of investment properties		**13,685**		9,722	
Net cash outflow for capital expenditure			**(588)**		(17,492)
Acquisitions and disposals					
Purchase of minority interest (expenses)			**—**		(20)
Equity dividends paid			**(2,986)**		(2,703)
Cash outflow before financing			**(2,578)**		(15,940)
Financing					
Issue of ordinary share capital		**—**		115	
Increase in debt		**3,461**		14,710	
Net cash inflow from financing			**3,461**		14,825
Increase/(decrease) in cash in year	22		**883**		(1,115)

McKay Securities PLC

Notes to the Financial Statements

For the year ended 31st March 2002

1 Statement of accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties, and in accordance with applicable Accounting Standards and the Companies Act 1985 except as noted below. In accordance with Section 230 of the Companies Act 1985 a separate profit and loss account for McKay Securities PLC is not presented. The profit after tax dealt within the holding company is £5,770,000. (2001 – £4,710,000 restated).

The Directors have, in accordance with Section 226 of the Companies Act 1985, departed from the standard descriptions of the profit and loss account as set out in Schedule 4 of the Act on the grounds that the prescribed descriptions are not applicable in a property company. The financial statements comply with the requirements of Section 226 and Schedule 4 of the Act in all other circumstances, save in respect of investment properties as mentioned below.

The following principal accounting policies have been applied consistently (except as noted below) in dealing with items which are considered material in relation to the Group's financial statements.

Accounting standards

During the year the Group has adopted the first year transitional provisions of FRS 17 (Retirement Benefits) and fully adopted the provisions of FRS 18 (Accounting Policies) and FRS 19 (Deferred Tax). As required by FRS 19, the comparative amounts have been restated.

FRS 17 provides for a phased implementation period with full implementation by 2003. The Group has implemented the first year's requirements which are additional disclosures over and above those also required by SSAP24.

FRS 19 requires provision to be made for the tax that would be payable in the event that disposals are made such that all capital allowances and deductions previously claimed reverse.

The Group has adopted UITF 28 (Operating Lease Incentives) which requires property companies to account for any lease incentives as a revenue cost and also account for rental income from the commencement and not, as was the Group's previous practice, the expiry date, of any rent free period. (There is an immaterial effect on prior periods).

Basis of consolidation

The consolidated financial statements include the results of the parent undertaking and all its subsidiary undertakings for the year ended 31st March 2002.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions before 31st March 1998, when FRS10 Goodwill and intangible assets was adopted, was written off to reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit or loss on disposal.

Purchased goodwill arising on consolidation in respect of acquisitions since 31st March 1998 will be capitalised. Positive goodwill will be amortised to nil by equal annual instalments over its estimated useful life.

Changes to goodwill arising from changes in contingent consideration or deferred consideration or fair value of net assets acquired where permitted under FRS7 are treated in accordance with the accounting policy existing at the date of the acquisition.

Associated undertakings

An associate is an undertaking in which the Group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence. A joint venture is an undertaking in which the Group has a long-term interest and over which it exercises joint control. The Group's share of the profits less losses of associates and of joint ventures is included in the consolidated profit and loss account and its interest in their net assets is included in investments in the consolidated balance sheet.

Notes to the Financial Statements

For the year ended 31st March 2002

1 Statement of accounting policies continued

Associated undertakings continued

Where a Group company is party to a joint arrangement which is not an entity, that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

Properties and other fixed assets

In accordance with Statement of Standard Accounting Practice No. 19 Accounting for Investment Properties:

(i) investment properties are revalued annually on an open market basis and the aggregate surplus or deficit is transferred to a revaluation reserve except that any impairment in the value of an investment property is taken to the profit and loss account for the period; and

(ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment, as regards certain of the Group's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the Directors consider that systematic annual depreciation would be inappropriate.

The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

The valuation is carried out annually by independent external valuers. Details of the external valuation as at 31st March 2002 are given in note 12.

All other fixed assets are depreciated on a straight line basis at rates calculated to write off the cost less estimated residual value over their useful lives, which are estimated to be 5 years.

Development outgoings

Interest and other outgoings, less rental income relating to investment properties in the course of development, are transferred to the cost of properties to the extent that this is not expected to result in a deficit on valuation of the properties upon completion. Development interest is calculated using the average cost of borrowings for the year relating primarily to current developments. A property ceases to be treated as being in the course of development when substantially all the activities that are necessary to get the tangible fixed asset ready for use are complete.

Surpluses/deficits

Surpluses/deficits on realisation of properties are dealt with as a profit/loss on disposal of investment properties in the profit and loss account and then transferred to/from capital reserve.

Post retirement benefits

The Group operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the Group.

Taxation

The taxation charge in the consolidated profit and loss account is based on the profit for the year.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

1 Statement of accounting policies continued

Tax liabilities on future sales of properties

The surplus on revaluation of properties in 2002 and any surplus/deficit in prior years is included in reserves. No provision has been made for any tax which might be payable in the event of future sales of assets at book values. However, as the properties of the Group are held as long term investments, it is not anticipated that a significant proportion of this contingent liability will become payable in the near future. The potential liability is quantified in note 7 to the financial statements. This is after taking account of the capital allowances deferred tax provision as required by FRS 19.

Foreign currencies

The results of overseas operations have been translated at the average rates ruling throughout the year.

Monetary assets and liabilities in foreign currencies are converted to sterling at the exchange rates ruling at the year end. Adjustments arising from realignment of currencies occurring during the year are included in movements on reserves or, if related to trading, in the profit and loss account.

2 Income from investment properties

	2002	2001
	£'000	£'000
Gross rents receivable	**12,190**	10,473
UITF 28 adjustment	**370**	—
	12,560	10,473
Service charges receivable	**3,164**	2,336
	15,724	12,809
Direct property outgoings	**(4,591)**	(3,558)
	11,133	9,251

During the years ended 31st March 2002 and 2001 the major part of the Group's gross income arose from investment properties in the United Kingdom.

The Profit before taxation on ordinary activities is attributable to income from investment properties.

3 Administration costs

Profit on ordinary activities before taxation is stated after charging:

	2002	2001
	£'000	£'000
Depreciation of tangible fixed assets (note 12)	**22**	40
Auditors' remuneration		
as auditors – Group	**57**	55
– Company	**39**	39
other services – fees paid to the auditors and its associates	**33**	40

Notes to the Financial Statements

For the year ended 31st March 2002

4 Employees

The average number of persons employed by the Group (including Directors) during the year was 25 (2001 – 24).

Their total remuneration was:

	2002	2001
	£'000	£'000
Salaries	**1,109**	991
Social security costs	**123**	111
Pension costs	**198**	231
	1,430	1,333

5 Directors' emoluments and share interests

Directors' emoluments

The emoluments of the Directors of the Company are shown below:

				31st March	
				2002	2001
	Salary	Fees	Benefits	**Total**	Total
	£	£	£	**£**	£
Executive					
E. S. G. Lloyd	211,508	—	12,818	**224,326**	203,024
J. R. Chilton (until 31.7.01)	56,333	—	3,740	**60,073**	130,449
A. S. Childs	126,616	—	11,787	**138,403**	107,085
S. C. Perkins (from 1.4.01)	103,652	—	9,871	**113,523**	—
Non-Executive					
I. A. McKay	—	35,000	11,698	**46,698**	43,220
J. R. Chilton (from 1.8.01)	—	10,500	—	**10,500**	—
M. J. C. Hawkes	—	21,000	—	**21,000**	18,750
I. C. Menzies	—	21,000	—	**21,000**	18,750
Total	498,109	87,500	49,914	**635,523**	521,278

The aggregate of emoluments and gains on exercise of share options of the highest paid Director was £224,326 (2001 – £242,024). See note 17 for details of Directors share options.

5 Directors' emoluments and share interests continued

Directors' pension entitlements

The pension benefits earned during the year are as follows:

	Increase in accrued pension during the year £	Transfer value of increase £	**Accrued defined benefit pension at 31st March 2002 £**	Accrued defined benefit pension at 31st March 2001 £
E. S. G. Lloyd	13,300	96,000	**140,000**	126,700
A. S. Childs	17,500	117,000	**65,400**	47,900

Directors' share interests

The interests in the shares of the Company of each Director were as follows:

	At 31st March 2002			
Beneficial	**Ordinary shares**	**Capital shares**	**Total shares**	**Percentage**
I. A. McKay	**2,399,245**	**281,792**	**2,681,037**	**5.959**
E. S. G. Lloyd	**410,777**	**—**	**410,777**	**0.913**
J. R. Chilton	**1,723,631**	**145,830**	**1,869,461**	**4.160**
M. J. C. Hawkes	**215,825**	**81,763**	**297,588**	**0.661**
I. C. Menzies	**15,000**	**—**	**15,000**	**0.033**
A. S. Childs	**6,452**	**2,846**	**9,298**	**0.021**
S. C. Perkins	**6,700**	**1,000**	**7,700**	**0.017**
Non beneficial				
I. A. McKay	**1,599,531**	**1,290,177**	**2,889,708**	**6.423**
E. S. G. Lloyd	**1,296,500**	**3,500**	**1,300,000**	**2.889**
J. R. Chilton	**1,267,770**	**866,217**	**2,133,987**	**4.743**
M. J. C. Hawkes	**231,684**	**1,102**	**232,786**	**0.517**
A. S. Childs	**93,500**	**—**	**93,500**	**0.208**

Notes to the Financial Statements

For the year ended 31st March 2002

5 Directors' emoluments and share interests continued

	At 31st March 2001			
Beneficial	Ordinary shares	Capital shares	Total shares	Percentage
I. A. McKay	2,399,245	269,925	2,669,170	5.967
E. S. G. Lloyd	410,777	—	410,777	0.918
J. R. Chilton	1,723,631	132,856	1,856,487	4.150
M. J. C. Hawkes	215,825	78,320	294,145	0.658
I. C. Menzies	15,000	—	15,000	0.034
A. S. Childs	6,452	762	7,214	0.016
Non beneficial				
I. A. McKay	1,599,531	1,244,531	2,844,062	6.358
E. S. G. Lloyd	1,256,500	—	1,2456,500	2.809
J. R. Chilton	1,267,770	816,810	2,084,580	4.660
M. J. C. Hawkes	231,684	1,056	232,740	0.520
A. S. Childs	93,500	—	93,500	0.209

In addition, Mr. I. A. McKay and Mr. J. R. Chilton are interested as connected persons in 3,201,788 ordinary shares and 3,066,070 capital shares held by Farringdon Property Trust Limited. Mr. I. A. McKay is also interested in 300,000 ordinary shares held by Ronnoco Export Development Company Limited.

Further details relating to Directors' emoluments and pension entitlements are set out within the Directors' Report on pages 9 and 10 and further details relating to share options are set out in note 17 on page 38.

6 Net interest payable

	2002		2001	
	£'000	**£'000**	£'000	£'000
Interest payable:				
Bank loans, overdrafts and other loans repayable within five years	**2,770**		1,799	
All other loans	**1,024**		2,111	
	3,794		3,910	
Less: Interest relating to properties in the course of development (note 9)	**(214)**		(1,404)	
		3,580		2,506
Interest receivable:				
Bank and other short term deposits		**(54)**		(94)
		3,526		2,412

7 Taxation

	2002 £'000	2002 £'000	2001 £'000	2001 £'000
Analysis of charge in period:			Restated	
UK corporation tax:				
Current tax on income for the period	**2,482**		1,803	
Adjustments in respect of prior periods	**(31)**		1	
Share of associate's tax – current	**36**		50	
– prior periods	**(39)**		—	
		2,448		1,854
Foreign tax:				
Current tax on income for the period		**—**		370
Adjustment in respect of prior periods		**7**		—
Total current tax		**2,455**		2,224
Deferred tax (see note 16):				
Origination of timing differences		**339**		694
Tax on profit on ordinary activities		**2,794**		2,918
Less tax on previously recognised gains		**(1,109)**		(338)
		1,685		2,580

Factors affecting the tax charge for the current period:
The current tax charge for the period is higher (2001: lower) than the standard rate of corporation tax in the UK of 30% (2001 – 30%). The differences are explained below.

	2002 £'000	2001 £'000
Current tax reconciliation:		
Profit on ordinary activities before tax	**6,836**	7,927
Current tax at 30% (2001 – 30%)	**2,051**	2,378
Effects of:		
Expenses not deductible for tax purposes	**22**	10
Capital allowances for period in excess of depreciation	**(486)**	(518)
Marginal relief	**—**	(4)
Chargeable gains in excess of profit on disposal of properties	**1,011**	418
Development interest capitalised	**(64)**	(421)
Difference on tax rate on share of associate's profits	**(16)**	(10)
Foreign tax suffered	**7**	370
Adjustments to tax charge in respect of previous periods	**(70)**	1
Total current tax charge (see above)	**2,455**	2,224

Factors affecting future tax rate:
Capital allowances are claimed on eligible investment assets and calculated on the reducing balance. The availability of capital allowances in excess of depreciation in future years will depend on the Group's ongoing development and acquisition programme.

No provision for deferred tax has been made on gains which would become payable if the Group's investment properties were sold at their year end valuations. The estimate of the contingent tax is £9,785,000 (2001 – £10,956,000).

Notes to the Financial Statements

For the year ended 31st March 2002

8 Transfer to capital reserve

	2002 £'000	2001 £'000
Sale of properties	**1,219**	2,736
Less: Taxation	**(268)**	(1,037)
	951	1,699

9 Development outgoings

Interest, net rents and other outgoings relating to investment properties in the course of development are dealt with as explained in note 1 and consist of:

	2002 £'000	2001 £'000
Gross interest (note 6)	**214**	1,404

Total development interest capitalised to date amounts to £3,031,000 (2001 – £2,817,000).

10 Dividends

	2002 £'000	2001 £'000
Ordinary shares:		
Interim 2.7p (2001 – 2.5p)	**1,048**	965
Proposed 2002 final dividend of 5.4p per share (2001 – 5.0p)	**2,095**	1,938
	3,143	2,903

The capital shares do not qualify for a cash dividend.

11 Earnings per share

Earnings per share on ordinary shares are based on profit after tax of £5,150,769 (2001 restated – £5,347,133) and 38,773,869 (2001 – 38,642,330) shares, being the weighted average of ordinary shares in issue during the year. The earnings per share on total issued capital is based on the same earnings and on 44,904,439 (2001 – 44,511,629) shares, being the weighted average of total shares in issue during the year.

Diluted earnings per share are based on earnings after tax of £5,150,769 (2001 restated – £5,347,133), and on the weighted average number of shares in issue during the period of 45,006,821 (2001 – 44,639,381), which takes into account the number of potential ordinary shares arising from the exercise of share options and the number of capital shares in issue that could be converted to ordinary shares.

Operating earnings of £4,199,739 (2001 restated – £3,648,560) exclude the profits (net of tax) on the sale of investment properties, investments and other income; operating earnings per share are calculated on the basis of the same number of shares in issue as for earnings per share noted above.

Reconciliation of earnings per share to diluted earnings per share:

		EPS 2002 p	EPS 2001 p Restated
Weighted number of ordinary shares in issue	38,773,869	**13.28**	13.84
Weighted number of capital shares in issue	6,130,571	**(1.81)**	(1.83)
Number of shares under option	310,500	**(0.08)**	(0.11)
Number of shares that would have been issued at fair value	(208,119)	**0.05**	0.08
	45,006,821	**11.44**	11.98

	31st March 2002		31st March 2001	
	Basic p	**Diluted p**	Basic p	Diluted p
			Restated	
Earnings per share	**13.28**	**11.44**	13.84	11.98
Effect of FRS 19	**1.52**	**1.31**	2.44	2.11
Adjusted earnings per share	**14.80**	**12.75**	16.28	14.09
Earnings per share	**13.28**	**11.44**	13.84	11.98
Property sales after taxation (note 8)	**(2.45)**	**(2.11)**	(4.40)	(3.80)
Operating earnings per share	**10.83**	**9.33**	9.44	8.18
Effect of FRS 19	**1.52**	**1.31**	2.44	2.11
Adjusted operating earnings per share	**12.35**	**10.64**	11.88	10.29

Operating earnings per share have been disclosed to show earnings that reflect the core operating activities of the Group.

Adjusted earnings per share exclude the deferred tax provided on capital allowances and interest capitalised on properties in development, in accordance with FRS 19, where no tax payment is expected to crystalise. Where on the sale of an investment property, the agreed value for the plant and machinery disposed of is less than original cost, there is a release of part of the provision. However, in practice it is expected that the full capital allowance provision would be released.

Notes to the Financial Statements

For the year ended 31st March 2002

12 Tangible assets – properties and other fixed assets

Group	Freehold £'000	Long leasehold £'000	Other assets £'000	Total £'000
Cost or valuation				
At 1st April 2001	170,550	25,150	800	196,500
Additions	14,446	—	32	14,478
Revaluation surplus	6,005	2,000	—	8,005
UITF 28 adjustment	(370)	—	—	(370)
Disposals	(12,443)	—	(272)	(12,715)
At 31st March 2002	**178,188**	**27,150**	**560**	**205,898**
Depreciation				
At 1st April 2001			736	736
Charge for year			22	22
Disposals			(260)	(260)
At 31st March 2002			**498**	**498**
Net book value at 31st March 2002	**178,188**	**27,150**	**62**	**205,400**
Net book value at 31st March 2001	170,550	25,150	64	195,764
Consisting of as at 31st March 2002:				
Investment properties at valuation	170,508	27,150	—	197,658
Properties in development	7,680	—	—	7,680
Other assets	—	—	62	62
	178,188	**27,150**	**62**	**205,400**
The properties are made up of:				
Commercial 81%	138,923	27,150		166,073
Industrial 17%	35,325	—		35,325
Residential 2%	3,940	—		3,940
	178,188	**27,150**		**205,338**

12 Tangible assets – properties and other fixed assets continued

Parent undertaking	Freehold £'000	Other assets £'000	Total £'000
Cost or valuation			
At 1st April 2001	131,471	566	132,037
Additions	14,029	24	14,053
Revaluation surplus	3,267	—	3,267
UITF 28 adjustment	(370)	—	(370)
Disposals	(7,413)	(209)	(7,622)
At 31st March 2002	**140,984**	**381**	**141,365**
Depreciation			
At 1st April 2001		501	501
Charge for year		21	21
Disposals		(197)	(197)
At 31st March 2002		**325**	**325**
Net book value at 31st March 2002	**140,984**	**56**	**141,040**
Net book value at 31st March 2001	131,471	65	131,536
Consisting of as at 31st March 2002:			
Investment properties at valuation	133,304	—	133,304
Properties in development	7,680	—	7,680
Other assets	—	56	56
	140,984	**56**	**141,040**

In accordance with the Group's accounting policy on properties there was an external valuation at 31st March 2002. This valuation was carried out in England by Mellersh and Harding, Chartered Surveyors and Valuers, and in Scotland by Insignia Richard Ellis, Chartered Surveyors and Valuers, on an open market basis.

The historical cost of properties stated at valuation is approximately £136,000,000 (2001 – £134,000,000) for the Group and £90,000,000 (2001 – £87,000,000) for the Company.

Notes to the Financial Statements

For the year ended 31st March 2002

13 Fixed assets – investments

	2002		2001	
		Parent		Parent
	Group	**undertaking**	Group	undertaking
	£'000	**£'000**	£'000	£'000
Shares in subsidiary undertakings	**—**	**22,606**	—	22,606
Interest in associated undertaking	**2,038**	**100**	1,951	100
Other investments	**2**	**2**	2	2
	2,040	**22,708**	1,953	22,708

At 31st March 2002 McKay Securities PLC had the following wholly owned subsidiary undertakings all of which operate in England and are registered in England and Wales with the exception of Celina Holdings Limited which is registered in Gibraltar:

Acreway Limited	Baldwin House Limited
Parkside Knightsbridge Limited	McKay Securities Overseas Limited
S. W. Factories Limited	Celina Holdings Limited

The principal activity of the subsidiary undertakings is property investment and development or the holding of investments.

The historical cost of shares in subsidiary undertakings is £1,970,402 (2001 – £1,970,402), and the Directors are of the opinion that the investment in the subsidiary undertakings is worth not less than the current book value.

Following the purchase on 31st March 1997 of the minority holding in Acreway Limited additional consideration of £300,000 became payable on 12th April 2001 (see note 23). Total goodwill and costs of £320,000 have been written off against reserves.

In addition, through McKay Securities Overseas Limited, the Company holds 100% of the issued common stock of McKay International Properties Inc., a company which is incorporated in the United States of America.

The interest in the associated undertaking represents 20% of the issued share capital of 450,000 £1 ordinary shares of Property Investment Holdings Limited. The company is engaged in property investment and development, is unlisted and registered in England and Wales.

Additional information in respect of movements during the year:

Interests in associated undertakings:

	Shares at cost £'000	Share of post acquisition reserves £'000	Total investment £'000
At 1st April 2001	100	1,851	1,951
Share of profits for the year, less taxation and dividends received	—	87	87
At 31st March 2002	**100**	**1,938**	**2,038**

14 Debtors

	2002 Group £'000	**2002** Parent undertaking £'000	2001 Group £'000	2001 Parent undertaking £'000
Rents receivable	**469**	**469**	87	84
Amounts due from subsidiary undertakings	**—**	**22,532**	—	25,611
Other debtors and prepayments	**2,170**	**684**	997	461
	2,639	**23,685**	1,084	26,156

All the above debtors are receivable within one year.

15 Creditors

	2002 Group £'000	**2002** Parent undertaking £'000	2001 Group £'000	2001 Parent undertaking £'000
Bank loans and overdraft	**61,970**	**54,250**	58,290	50,250
Loan notes	**143**	**143**	62	62
	62,113	**54,393**	58,352	50,312
Rent received in advance	**2,617**	**1,744**	2,450	1,499
Corporation tax payable	**1,733**	**823**	1,392	392
Other taxation and social security costs	**4**	**4**	508	130
Amount owed to connected parties (note 24)	**1,447**	**1,447**	2,518	2,518
Amounts owed to subsidiary undertakings	**—**	**20,429**	—	22,017
Other creditors and accruals	**2,944**	**2,400**	2,505	1,716
Dividends proposed	**2,095**	**2,095**	1,937	1,937
	72,953	**83,335**	69,662	80,521
Analysed as follows:				
Due in less than 1 year	**20,303**	**38,085**	11,692	30,271
Due after 1 year	**52,650**	**45,250**	57,970	50,250
	72,953	**83,335**	69,662	80,521

All the above creditors are payable within one year except bank loans of the Group of £52,650,000 (2001 – £57,970,000) and of the parent undertaking of £45,250,000 (2001 – £50,250,000).

Notes to the Financial Statements

For the year ended 31st March 2002

15 Creditors continued

The analysis of unsecured loan notes, and bank loans which are secured on certain of the freehold and leasehold properties of the Group is as follows:

	2002	2001
	£'000	£'000
Parent undertaking		
Secured bank loans made to the parent undertaking repayable at stated dates between 2003 and 2008 at variable rates	**54,250**	50,250
Unsecured loan notes repayable at any time up to 2006 at variable rates	**143**	62
	54,393	50,312
Subsidiary undertakings		
Secured bank loan made to a subsidiary undertaking repayable at stated dates between 2002 and 2007 at a fixed rate	**7,720**	8,040
	62,113	58,352

	2002		2001	
Repayable in:	**Group**	**Parent undertaking**	Group	Parent undertaking
	£'000	**£'000**	£'000	£'000
Less than 1 year	**9,463**	**9,143**	382	62
1-2 years	**335**	**—**	8,320	8,000
2-5 years	**37,365**	**36,250**	21,550	20,500
More than 5 years	**14,950**	**9,000**	28,100	21,750
	62,113	**54,393**	58,352	50,312

Borrowing facilities

The Group has various undrawn committed borrowing facilities. The facilities available in respect of which all conditions precedent had been met were as follows:

	2002	2001
	£'000	£'000
Expiring in less than 1 year	**8,000**	—
Expiring in 1-2 years	**—**	9,000
Expiring in more than 2 years	**3,500**	6,500
	11,500	15,500

16 Provisions for liabilities and charges

	Group £'000	Parent undertaking £'000
At 1st April 2001 (restated)	4,892	3,267
Charged to profit and loss account	339	208
At 31st March 2002	**5,231**	**3,475**

	Group		**Parent Undertaking**	
	2002	2001 Restated	**2002**	2001 Restated
Difference between accumulated depreciation and capital allowances	**4,322**	4,047	**2,566**	2,422
Other timing differences	**909**	845	**909**	845
Deferred tax liability	**5,231**	4,892	**3,475**	3,267

17 Called up share capital

	2002		2001	
	Authorised £	**Allotted called up and fully paid £**	Authorised £	Allotted called up and fully paid £
Ordinary shares of 20p each	**7,819,282**	**7,760,700**	7,809,174	7,750,592
Capital shares of 20p each	**1,237,753**	**1,237,753**	1,195,309	1,195,309
Unclassified shares of 20p each	**942,965**	**—**	995,517	—
	10,000,000	**8,998,453**	10,000,000	8,945,901

The capital shares do not rank for dividends but each capital shareholder is entitled annually to a capitalisation issue of further capital shares with a value equal to the value of the dividends for the year on an equivalent holding of ordinary shares. The ordinary shares and the capital shares rank pari passu in all other respects.

On 1st August 2001 262,760 capital shares were issued as a capitalisation issue. The capital shares can be converted into ordinary shares at the option of the shareholder. During the year 50,541 capital shares were converted into ordinary shares (2001 – 3,000). The aggregate nominal value of shares issued during the year was £52,552 (2001 – £85,360).

Notes to the Financial Statements
For the year ended 31st March 2002

17 Called up share capital continued
The total number of shares in issue was:

	31st March 2002	31st March 2001
Ordinary shares of 20p each	**38,803,501**	38,752,960
Capital shares of 20p each	**6,188,765**	5,976,546
	44,992,266	44,729,506

Directors' share options

Directors' options over ordinary shares granted under the Executive Share Option Scheme approved by shareholders on 10th October 1984 are as follows:

	31st March 2001	**31st March 2002**	Exercise price	Date from which exercisable	Expiry date
E. S. G. Lloyd	67,200	**67,200**	124.00p	03.08.97	02.08.04
	67,200	**67,200**			
J. R. Chilton	43,500	**43,500**	124.00p	03.08.97	02.08.04
	43,500	**43,500**			
A. S. Childs	37,500	**37,500**	124.00p	03.08.97	02.08.04
	37,500	**37,500**			

No options were granted or lapsed during the year.

Options in respect of 162,300 ordinary shares issued to other employees remained outstanding at 31st March 2002 (2001 – 120,000). The total number of options over the ordinary shares outstanding at 31st March 2002 was 310,500 (2001 – 310,500).

The middle market price of the ordinary shares at 31st March 2002 was 217.5p. The range of the middle market prices of the ordinary shares during the year was 162p to 217.5p.

No options were exercised during the year (2001 – £90,350).

No options were granted under the 2001 Executive Share Option Scheme.

18 Share premium account

	£'000
At 1st April 2001	1,913
Issue of capital shares in year	(52)
At 31st March 2002	**1,861**

19 Capital reserves

	Group		Parent Undertaking	
	Revaluation reserve £'000	Other capital reserve £'000	Revaluation reserve £'000	Other capital reserve £'000
At 1st April 2001	58,428	36,122	60,341	13,591
Surplus on revaluation of properties	8,005	—	3,267	—
UITF 28 adjustment	(370)	—	(370)	—
Transfer on disposal of investment properties	(3,390)	3,390	(1,918)	1,918
Taxation on previously recognised gains	(1,109)	—	(637)	—
Profit on sale of properties	—	951	—	491
Exchange losses on overseas investments	—	(3)	—	—
At 31st March 2002	**61,564**	**40,460**	**60,683**	**16,000**

Cumulative goodwill written off to other capital reserve amounts to £1.359 million (2001 – £1.359 million).

20 Profit and loss account

	Group £'000	Parent undertaking £'000
At 1st April 2001	24,160	15,205
Prior year adjustment (see note 26)	(4,642)	(3,017)
At 1st April 2001 as restated	19,518	12,188
Retained profit for the year transferred from profit and loss account	1,057	2,137
At 31st March 2002	**20,575**	**14,325**

21 Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2002 £'000	2001 £'000
Operating profit	**9,143**	7,603
Share of profit of associated undertakings	**(173)**	(200)
(Profit)/loss on other asset disposals	**(2)**	25
Depreciation charge	**22**	40
(Increase)/decrease in debtors	**(1,543)**	3,751
Decrease in creditors	**(964)**	(130)
Net cash inflow from operating activities	**6,483**	11,089

Notes to the Financial Statements

For the year ended 31st March 2002

22 Net debt

Reconciliation of net cash flow to movements in net debt

	2002 £'000	2001 £'000
Increase /(decrease) in cash in year	**883**	(1,115)
Cash inflow from changes in debt	**(3,461)**	(14,710)
Change in net debt resulting from cash flow	**(2,578)**	(15,825)
Non cash changes in debt	**(300)**	5
Movement in net debt in year	**(2,878)**	(15,820)
Net debt at 1st April 2001	**(57,672)**	(41,852)
Net debt at 31st March 2002	**(60,550)**	(57,672)

Analysis of net debt

	At 31st March 2002 £'000	Movement in year Cash Flow £'000	Movement in year Non-Cash £'000	At 1st April 2001 £'000
Cash at bank and in hand	**1,563**	883	—	680
Debt due within one year (see note 15)	**(9,463)**	(8,781)	(300)	(382)
Debt due after one year (see note 15)	**(52,650)**	5,320	—	(57,970)
Net debt	**(60,550)**	(2,578)	(300)	(57,672)

23 Commitments and contingent liabilities

	2002 Group £'000	**2002 Parent undertaking £'000**	2001 Group £'000	2001 Parent undertaking £'000
Capital expenditure committed but not provided for	**4,306**	**4,306**	845	845

In March 1997 the minority holding in Acreway Limited was acquired for an initial consideration of £1,000,002 together with an additional deferred consideration payable by reference to proceeds arising on the sale of a property owned by Acreway Limited or, if it is not sold by 31st December 2000, by reference to an independent valuation of the property as at that date. The deferred consideration is subject to a cap, such that the maximum total consideration will not exceed £2,374,000. Following an independent valuation on 31st December 2000 an additional consideration of £300,000 became payable on 12th April 2001.

24 Transactions involving Directors

During the year the Company received cash deposits from connected parties as follows:

Lender	Relevant Director	Maximum amount deposited in the year	**Balance as at 31st March 2002**	Balance as at 31st March 2001	Basis of interest payable
Aldershot Trust Estates Limited	E. S. G. Lloyd	£100,000	**—**	—	Base rate
Farringdon Property Trust Limited	I. A. McKay J. R. Chilton	£200,278	**£196,073**	£84,083	Base rate
Ronnoco Export Development Company Limited	I. A. McKay	£35,832	**£35,832**	£33,760	Base rate
Mrs. M. A. Chilton	J. R. Chilton	£2,400,000	**£1,215,000**	£2,400,000	Base rate
		£2,736,110	**£1,446,905**	£2,517,843	

The deposits at the year end are included in creditors as amounts owed to connected parties (see note 15). The amount of interest paid by the Group during the year was £97,792 (2001 – £177,824).

The insurance requirements of the Group are placed through the insurance agency of Mr. I. A. McKay. During the year he received commission of £45,188 (2001 – £45,663) of which £11,771 (2001 – £11,632) was rebated to the Group.

25 Pensions

The Group operates a defined benefits pension scheme in the U.K. providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the Group, being invested with insurance companies. The contributions are determined by a qualified actuary on the basis of a triennial valuation using the projected unit method. The most recent valuation was as at 1st April 1999. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salaries. It was assumed that the investment returns would be 7.0% per annum and that salary increases would average 5.0% per annum.

A rate of 28.5% of total pensionable salaries was recommended to meet the cost of accruing liabilities. Premiums for death benefits and scheme administration are in addition to this rate. The most recent actuarial valuation showed that the market value of the scheme's assets was £3,426,000 and that the actuarial value of those assets represented 94.4% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The actuarial valuation due at 1st April 2002 is currently in progress but not yet completed. The scheme Actuary has advised that, in common with many other pension schemes, there was a shortfall of £192,000 in the scheme's Minimum Funding Requirement, as defined by The Pensions Act 1995. The shortfall can be made good over the period to 31st March 2007. Total pension costs charged to the Profit and Loss Account for the year were £323,000 (2001 – £319,000).

Notes to the Financial Statements
For the year ended 31st March 2002

25 Pensions continued

The paragraph below sets out the additional disclosures required by FRS 17 Retirement Benefits.

The valuation for the disclosures required by FRS 17 is based on the most recent actuarial valuation at 31st April 1999 and updated by Jardine Lloyd Thompson to take account of the requirements of FRS 17 in order to assess the liabilities of the scheme at 31st March 2002. Scheme assets are stated at their market value at 31st March 2002.

The financial assumptions used to calculate scheme liabilities under FRS 17 are:

Valuation method	Projected unit
Inflation assumption	3%
Salary increases	5%
Discount rate	7%
Pension in payment increases	2.5%

	2002 £'000
Total market value of the assets	**3,418**
Present value of scheme liabilities	**(3,863)**
Deficit in the scheme	**(445)**
Related deferred tax asset	**133**
Net pension liability	**(312)**

26 Prior year adjustments

In January 2002 FRS 19 (Deferred Tax) became effective. This standard requires a full provision to be made for deferred tax assets and liabilities arising from timing differences between recognition in the financial statements and in a tax computation. In particular where capital allowances are received in excess of depreciation FRS 19 requires deferred tax to be recognised on such allowances. This provision applies to investment property which is not depreciated. Similarly a timing difference will arise when tax relief is obtained on interest which has been capitalised.

The standard requires restatement of the comparative results and as the adoption of the standard represents a change in the Group's accounting policy for deferred tax a prior year adjustment has been made. The effect of the adjustment on opening balances at 1st April 2000 is to provide for a deferred tax liability of £3,698,000 arising from capital allowances claimed and interest capitalised.

Company Information

Secretary
A. S. Childs

Registered Office
20 Greyfriars Road, Reading
Berkshire RG1 1NL

Registered Number
421479

Registered Auditor
KPMG Audit Plc, *Chartered Accountants*
Arlington Business Park, Theale, Reading
Berkshire RG7 4SD

Registrar and Transfer Office
Lloyds TSB Registrars
The Causeway, Worthing
West Sussex BN99 6DA

Shareholder Information

Financial calendar	2002
Annual Report posted to shareholders	26th June
Annual General Meeting	30th July
Final ordinary dividend	16th August
Interim announcement	December
Interim Statement posted to shareholders	December
	2003
Interim ordinary dividend	January
Financial year end	March
Preliminary announcement	June

Enquiries relating to shareholders, such as queries concerning notification of change of address, dividend payments and lost share certificates, should be made to the Company's registrars:

Lloyds TSB Registrars
The Causeway, Worthing
West Sussex BN99 6DA

Tel: 01903 502541 Fax: 01903 854031

The best way to ensure that dividends are received as quickly as possible is to instruct the Company's registrars to pay them directly into a bank or building society account; tax vouchers are then mailed to shareholders separately. Dividend mandate forms are available from the registrars. This method also avoids the risk of dividend cheques being delayed or lost in the post.

Financial information about the Company including the Annual and Interim reports, public announcements and share price data are available from UK Equities Direct on the Internet at www.hemscott.com.

Principal Investment Properties

At 26th June 2002

London	
EC3	30/32 Lombard Street (3,450 sq.m. offices)
EC3	155/157 Minories and 83/86 Aldgate High Street (4,460 sq.m. office and shops)
SE1	203/8 Blackfriars Road (2,000 sq.m. offices)
SW1	1/2 Castle Lane (1,300 sq.m. offices)
SW1	19 Dacre Street (1,426 sq.m. offices and shops)
SW1	Parkside, Knightsbridge (50 flats)
SW1	5 Old Queen Street and 6 Storeys Gate (1,539 sq. m. offices)
SW19	Spa House, Wimbledon (3,568 sq.m. offices and shops)
Provinces	
Aldershot	The Arcade and Wellington Street (25 shops and 620 sq.m. offices)
Bicester	Station Approach (8,147 sq.m. warehouse and offices)
Bristol	Minster House (2,662 sq.m. offices)
Burnham	Summers Road (374 sq.m. offices)
Camberley	Yateley (16 shops)
Chertsey	Bridge Wharf (3,756 sq.m. industrial)
Chobham	Castle Grove Road (4,645 sq.m. warehouse and offices)
Crawley	Pegasus Place (4,719 sq.m. offices – under construction)
Folkestone	3 and 5 Acre Industrial Estates (9,712 sq.m.)
Glasgow	100 Bothwell Street (9,268 sq.m. offices)
Hook	Bartley House (2,050 sq.m. offices)
Newbury	Access House, Strawberry Hill (1,583 sq.m. offices)
	Albion House, Oxford Road (595 sq.m. offices)
	Strawberry Hill House, Bath Road (1,155 sq.m. offices)
Petersfield	Paris House (4,605 sq.m. warehouses and offices)
Poyle	McKay Trading Estate (6,712 sq.m. warehouse and offices)
Reading	Great Brighams Mead (7,740 sq.m. offices)
	20/38 Greyfriars Road (3,050 sq.m. offices)
	103 London Road (836 sq.m. offices)
	55/56 St. Mary's Butts (557 sq.m. shop/offices)
Runnymede	Windsor Road (8,300 sq.m. warehouse and offices)
Staines	Mallard Court, Market Square/Clarence Street (2,155 sq.m. offices and 372 sq.m. retail)
Sutton	Chancery House, St. Nicholas Way (5,068 sq.m. offices – 20% interest)
Thatcham	Coombe Square (1,581 sq.m. office park)

McKay Securities PLC

20 Greyfriars Road, Reading, Berkshire RG11NL
T: 0118 950 2333 F: 0118 939 1393