



Tuesday 8th April 2008

DAILY COMPANY NOTE — British Land See page 2 for full details

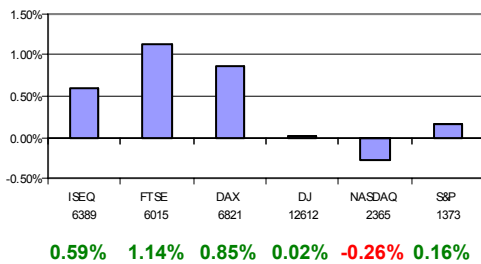
Daily Market Comment

Yesterday's Summary : Despite an afternoon sell-off, the ISEQ, inline with other European markets, finished in positive territory, closing up 0.59% at 6,389.40. The clear outperformer on the day was FBD Holdings, which after confirming it has received a takeover approach from Dutch financial group Eureko, soared 16.4% to €34. It was another mixed day for the Irish banks with AIB gaining 1.1% to €14.10 amid news that the insurance group Hibernian is acquiring 70% of the Irish health insurer Vivas, in which AIB owns the remaining 30%. It was weak day for Anglo Irish Bank and Bank of Ireland however, who fell 2.6% to €8.37 and 0.3% to €9.58 respectively. Construction stocks lost more ground yesterday with Kingspan losing 20 cents to close at €8.85.

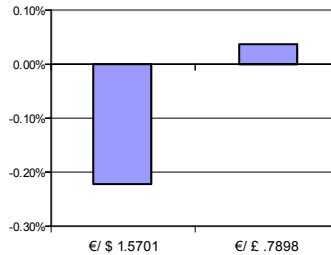
Overnight News : In Japan, Nikkei 225 closed down 1.5% at 13,250.43 on profit-taking after a gloomy outlook for earnings at Japanese companies weighed on the market. In China, the benchmark Shanghai Composite Index closed up 0.36% at 3,612.54, with property developers and airlines rising after further appreciation in the yuan.

Breaking News : Ryanair has said it will submit a high court appeal against the Aviation Regulator's recent decision to allow another 50% increase in Dublin Airport check in charges, which has now trebled in the past three years from €8,000 to €25,00. Meanwhile, Ryanair's Chief Executive Michael O'Leary has admitted that his departure from his post had become something of a "moveable feast" after saying several times over the past two years that he would go in the next two to three years. CRH has announced it has bought back 187,000 Ordinary Shares at prices between €24.87 and €25.30. BNP Paribas, France's largest bank, has said it will stick to its revenue target this year for its investment banking unit.

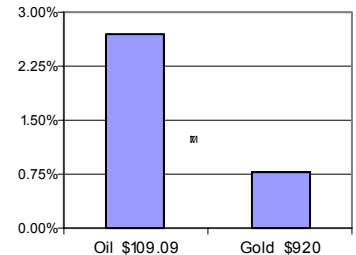
Equity Indices change on day



Currency daily % change



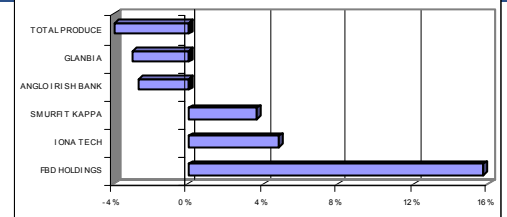
Oil/Gold daily % change



News

- "Eureko built up a small stake in FBD before €1.2bn bid"-**FBD**-(Irish Independent)
- "Economic gloom to continue well into 2008-OCED"-(Irish Independent)
- "Panel seeks clarification on O'Brien's INM intentions"-**IN&M**-(The Irish Times)
- "Anglo Irish brings action for €24m failed building firm"-**Anglo Irish Bank**-(I.T)
- "Providence Resources makes gas find"-**Providence Resources**-(Irish Examiner)

ISEQ Performers/Losers 07/04/08



Market Themes and Movers

Alcoa kick-off earnings season : Alcoa, the world's third largest aluminum company, was the first company in the Standard & Poor's 500 Index to report results for the first three months of the year. Alcoa announced that first quarter profits fell 54% due to rising energy costs, a weaker dollar and lower metal costs. Net income for the company declined to \$303 million or 37 cents a share from \$662 million, or 75 cents a year earlier. Analysts have forecasted that earnings at S&P 500 companies probably fell an average of 11% from the same period a year earlier. This is bad start to the earnings season and it has lowered investor sentiment about future earnings reports to come.

UK Halifax house price index declines : Halifax, the UK's largest mortgage lender, has released its housing price index which shows that house prices in Britain fell 2.5% in the month of March. This is compared with analyst expectations for a monthly fall of 0.4% and an annual three month gain of 2.3%. Halifax's figures imply the annual three-month rate of house price inflation has lowered to 1.1% and the average house price to 3191,556.



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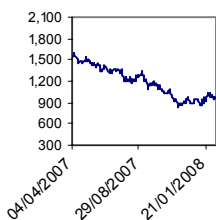
British Land

FTSE
Property
Company Profile

The Group's principal activity is operating in the field property investing and developing, financing and investing. Investments include warehouses, superstore, meadowhall, town retail, broadgate, Regent's place and fund management. The Group's development programme comprises a total of 483,200 square metres under construction.

Fundamental view : The chief executive of Aldar, Adu Dhabi's largest property company which owns property worth c.£6 bn, has been quoted this week in the UK press as stating that the company is looking at "companies which are listed in markets where we believe there is good potential and made good commercial sense", which "rules the UK in". As a result, there is an above average probability now of at least a sizeable stake being purchased in one of the three FTSE 100 property companies, Hammerson, Land Securities or British Land (BL). Any such corporate activity, in helping to highlight the sector's long term value, should act as a positive catalyst for the BL share price. In February, BL announced net asset value (NAV) per share of £14.37 as at 31/12/07, adjusted to reflect the fair value of debt and derivatives and the deferred tax on revaluation movements. Like-for-like rental growth of 5% was achieved for the 9 months ended 31/12/07, outperforming the Investment Property Databank benchmark of 3.4%, and helping to generate Q3 year on year profit before tax growth of 12.5% to £72m. BL's underlying occupancy level remains very strong at 99%, with an average lease length of 14.4 years, and its gearing remains at its lowest level since 1995, with a current loan to value ratio of 44%. All of its debt is fixed at an average cost of 5.28% and an average loan maturity of 12.6 years, and the group also has c.£2 bn of committed undrawn facilities currently.

Next catalyst : In conjunction with the February results' announcement, BL announced £600m of property sales since 30/09/07, indicating that the appetite for UK commercial property investment is starting to recover. Further such activity during the next 6 months should help expose the significant discount to NAV at which the shares are currently trading. Earlier this year, the Government of Singapore Investment Corporation (GSIC) acquired a 3% shareholding in BL. Management subsequently described GSIC as a "supportive, highly intelligent shareholder whom we are really pleased to have on our register". Even assuming that the group's NAV per share falls by a further 5% over the next 12 months to £13.65 as at 31/12/08, and that the shares are then fairly valued at a 10% discount to NAV, in line with BL's and the overall UK property sector's average NAV discount over the last 20 years prior to the introduction of the REIT legislation, a 12 month share price target of £12.30 is generated, providing 37% upside from current levels. With potential catalysts over the next 6 months from further UK interest rate cuts, perhaps as soon as this Thursday, and property disposals, our view is that BL's FTSE 100 share price outperformance since the start of 2008 should continue for the remainder of the year. Tomorrow week, 16th April, the group's Q3 dividend per share of 8.75p will go ex, keeping the company on target to pay a full year dividend per share of 35p, representing a yield of c.3.9% on the current share price.

Statistics
Price Performance

Chart view: British Land

Support Primary: 857
 Support Secondary: 818
 Resistance Primary: 942
 Resistance Secondary: 970

Stock continues to trade sideways in its 5 month 850-1000 trading range and any weakness towards the lower end of this range should be used as a buying opportunity. A break of trend resistance at 970 is needed to turn the longer-term outlook positive.

Sales by Sector


- Retail 71%
- Offices 25%
- Others 4%

Major Shareholders	%	Peer Group Multiples			
Barclays Global Investors	10.93%	Company name	P/E 08	P/E 09	EPS Growth 08-09
Legal & General Invnt. Mgt.	4.13%	British Land	17.25	16.31	5.77%
Govt. of Singapore Invnt.	4.04%	Land Securities	20.7	18.2	10.90%
APG Investments	3.95%	Hammerson	32.2	26.56	6.90%
Morgan Stanley Invnt.	2.43%	Liberty International	25.7	23.9	6.22%
Shares Outstanding	510.92m				

Share Data	Financial Data	2007	2008e	2009e
Current Price (p)	Revenue (£m)	897	649	700
Mkt Cap (£m)	Profit Before Tax (£m)	4,596	257	271
Reuters	EPS (p)	BLND.L	43	52
Bloomberg	P/E(x)	BLND LN	20.86	17.25
Sector	DPS (p)	Property	20	35
CEO	Dividend Yield %	Stephen Hester	2.23%	3.90%
CFO		Graham Roberts		4.12%
Website		www.britishland.com		





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