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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	9431 ↓	-45	-0.47%	14.1	0.24%
FTSE 100	6505 ↓	-18	-0.27%	13.2	4.57%
DAX 30	7619 ↓	-111	-1.44%	14.2	15.49%
DOW	13267 ↓	-199	-1.48%	15.2	6.45%
NASDAQ	2541 ↓	-46	-1.77%	26.1	5.22%
S&P	1491 ↓	-27	-1.76%	15.9	5.11%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3395	0.6800	162.0300
Dollar	1.3395	1.0000	1.9689	120.9700
Sterling	0.6800	1.9689	1.0000	238.2000
Interest Rates (%)	3.7500	5.2500	5.5000	0.4800
Oil (Nymex)	66.9300			

**This Week's Research Origin**  
 Ryanair  
 C&C Group

**Today's Research**  
 British Land

**Today's Recommendation**

**British Land (£13.34) BOI's UK retail investment Stuart Draper**  
**Target : £17.50 (11/01/07; previously £17, issued 21/11/06)**

- **BOI investment** : Bank of Ireland Private Banking has demonstrated strong confidence in the UK retail sector by investing €309m on behalf of its clients to acquire a 50% stake in the UK's 7th largest retail shopping centre, the New Mersey Retail Park in Liverpool. The remaining 50% of the shopping centre is being retained by Hercules Unit Trust, which is a trust managed and 36.6% owned by British Land (BL).
- **UK retail** : Even though BL's net asset value (NAV) is not disclosed on a per property basis, it is reasonable to assume that the implied €618m valuation for the shopping centre was not at a discount to the value attributed to it contained in the group's reported NAV per share of £16.82 as at 31/03/07. As the 13% year on year growth in this NAV per share was primarily driven by the group's c.30% exposure to the fast-improving London office market, the BOI investment indicates that the fundamentals of the UK retail sector also remain solid.
- **Portfolio repositioning** : The move is also another example of BL accelerating its portfolio repositioning, which it committed to doing at the time of its full year results' announcement last month. Further such activity over the remainder of 2007 should help expose the significant discount to net asset value at which the shares are now trading. The value of British Land's office properties showed a 13.6% increase for the year ended 31/03/07 and the value of its retail properties showed a 7.6% increase. On a like for like basis, rental income increased by 3.5%, ahead of the overall market's 2.9% gain, as measured by the Investment Property Databank.
- **Value exposing** : With c.3 msf of office development projects delivering over the next 2 years, the vast majority of which is located in the fast-improving London City area, we are still forecasting further 9% NAV per share growth over the next 12 months to £18.33 as at 31/03/08. As a result, our current 12 month target price of £17.50 (31% upside) is based on a 5% discount to year end NAV per share of £18.33. Even though the historical UK property sector average NAV discount over the past 25 years is c.10% to account for CGT, the elimination of this tax through REIT conversion justifies a lower discount. In line with this REIT conversion on 01/01/07, British Land increased its full year dividend to at least 33p, representing a dividend yield of c.2.5% on the current share price : **BUY**.

**Breaking News**

**Aviva sets up insurance JV in Turkey**

Aviva announced today that it would merge its Turkish life and pension business with part of Sabanci Holding to create the largest pensions provider in the country with a 25% market share. After five years of the deal, total annual pension contributions and life premiums for the venture are expected to top £500m, with total assets under management of £2bn. The joint venture will enter into an exclusive long-term bancassurance agreement with Akbank, Turkey's second largest privately owned bank, Aviva said. The merger will combine the direct sales force of Aviva HE, the UK insurer's Turkish life and pensions business, with Ak E, the life and pensions business of Sabanci's insurance arm Aksigorta.

**Ryanair set to increase its ancillary revenue**

Ryanair's plans to launch in-flight mobile phones have been set back by four months, as regulatory approval has taken longer than expected. CEO Michael O'Leary admitted the new system would not be running until November at the earliest, and not July as hoped. In related news Ryanair is to sell advertising space on its overhead luggage compartments and the back of seats as it continues to extract revenue from ancillary services. Through ad agency Fourth Edition, contracts have already been signed with Creative, Red Bull, ING bank and Meteor. Ryanair says in-flight advertising is a great opportunity to reach an audience of 52m consumers every year.

**Lloyds reports strong trading and expect double digit growth**

Lloyds reported today that it has made a strong start to 2007 and expects its underlying profit to rise at least 10% in the first half of the year as it clamps down on costs and grows revenue. It also said bad debts in its retail unit for the six months to the end of June would be broadly in line with a year ago, when the charge was £632m. The bank said it is on track to deliver net benefits of about £125m this year by improving efficiency, and said revenue growth was "well ahead" of cost growth. This would result in a "substantial improvement" in its cost-to-income ratio, it said. Lloyds is expected to report an underlying pretax profit of £4.16bn this year, up 12% from £3.71bn in 2006.

**Business Press**

- Markets fall further over fears of interest rate rises (IT)
- Carroll moves to increase stake in Greencore (IT)
- ISEQ revamp set to benefit leading firms (II)

**Investment Press**

- **Vodafone's rebels**: Using numerals as shorthand for words is a tactic favoured by teenage texters. Now the latest crew of activist investors to take a swipe at Vodafone is spreading its message on a website called [vote4value.com](http://vote4value.com).

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