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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	8349 ↑	73	0.89%	11.0	13.37%
FTSE 100	6031 ↑	30	0.49%	12.4	7.33%
DAX 30	6084 ↓	-1	-0.02%	15.0	12.50%
DOW	11858 ↑	8	0.06%	19.5	9.97%
NASDAQ	2312 ↑	12	0.51%	15.6	4.83%
S&P	1351 ↑	1	0.08%	21.0	8.49%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2599	0.6741	149.9600
Dollar	1.2599	1.0000	1.8683	119.0100
Sterling	0.6741	1.8683	1.0000	222.3800
Interest Rates (%)	3.0000	5.2500	4.7500	0.4800
Oil (Nymex)	59.9600			

This Week's Research
BP

Today's Research
British Land

Today's Recommendation

**British Land (£13.96) REIT legislation in January Stuart Draper
Target : £15 (15/08/06; previously £13.75, issued 20/03/06)**

- REIT legislation : The new UK REIT legislation, expected to be introduced in January 2007, should help generate further significant upside for the British Land (BL) share price between now and year end. The announcement of the company's results for the 6 months ended 30/09/06 on Tuesday 21st November could also act as a positive catalyst for the share price.
- Increased investment : This is because the introduction of the REIT structure in the US drove a major increase in property investment there, and the new UK legislation is forecast to double the size of the UK quoted property sector. The new legislation will make it less costly for British Land to convert to a REIT than was originally expected, requiring a 1.25x minimum interest cover (rental income to interest charge), in line with the US REIT market, as well as a reduced conversion charge of 2% of market value, versus the original 5% expected. This can also be spread over 4 years in 4 different installments.
- Increased yield : The requirement for REIT's to distribute 90% of their net profits after capital allowances, corporation tax free, should also significantly boost BL's dividend yield to c.4%, from 1.3% currently. The new legislation means that BL will no longer be liable for CGT on property sales, with the distribution of these gains only liable to 22% UK withholding tax.
- NAV growth : BL reported net asset value per share of £15.92 as at 30/06/06, which was 3.4% ahead of the consensus forecast of £15.40, and was an increase of 7.1% on the £14.86 reported as at 31/03/06. This strong NAV growth, representing 28.4% on an annualised basis, was helped by the company's above sector average (c.30%) exposure to the London financial district office market, including the Broadgate Estate.
- Further upside : Over the next 6 months, the group's NAV per share should grow by at least a further 5% to £16.65 as at 31/03/07. Over the past 25 years, the historical average discount to NAV for both British Land and the UK property sector has been c.10%, and the current UK property sector discount to NAV is 10%. Post the Q1 results, we upgraded our 12 month price target for British Land from £13.75 to £15 (7% further upside), which is based on a 10% discount to a forecast NAV per share of £16.65 as at 31/03/07. When combined with the increased dividend yield of c.4% under the new REIT regime, this provides an attractive further total return : **BUY**.

Breaking News

Citigroup sets its sights on buying outside US

In article in yesterday's FT it was reported that Citigroup is setting its sights on buying outside the US. Chuck Prince, CEO of Citigroup, is quoted as saying that the group is looking to increase the proportion of earnings from outside the US from 45% to 60% over the coming years. Citigroup has considered a number of potential deals in recent months, including banks in Taiwan, Turkey, Central America, China and western Europe, and Prince said he was expecting progress before the end of the year. A series of regulatory problems resulted in the US Federal Reserve banning the company from doing big deals until it improved its internal controls. That restriction was lifted six months ago.

Australian government to discuss media ownership regulations

The Australian government is to meet this week to discuss its media ownership laws and the outcome could have positive implications for IN&M and its 40% stake in APN. Currently foreign parties are only allowed to own stakes of up to 20% in metropolitan titles and 49.9% in regional titles. An improvement in these terms would allow IN&M to increase its stake in selected regional titles, particularly in the Queensland area, where the economy continues to perform strongly.

BIAM retains NPRF mandate

Last week it was revealed that Bank of Ireland Asset Management (BIAM) has retained the National Pensions Reserve Fund (NPRF) passive equity mandate. The NPRF had previously stated that it was re-tendering the mandate but on Friday it announced that it had decided to continue its relationship with BIAM and Barclays Global Investors, with each manager managing c.€3bn of assets.

Business Press

- Island Oil agrees €3m drilling deal (IT)
- Conroy Diamonds reviews site (IT)
- Greenstar acquires two waste firms for €20m (IT)

Investment Press

- Oil market: The slide in the oil price since early August might be seen as a setback for Opec. But it represents something of a victory for Opec's biggest member, Saudi Arabia.



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