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EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	6150 ↑	33	0.53%	11.0	-0.78%
FTSE 100	4984 ↑	7	0.13%	13.5	3.52%
DAX 30	4401 ↑	11	0.25%	15.0	3.40%
DOW	10461 ↓	-85	-0.81%	19.5	-2.98%
NASDAQ	1999 ↓	-19	-0.96%	15.6	-4.29%
S&P	1181 ↓	-10	-0.83%	21.0	-2.54%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2933	0.6865	140.0900
Dollar	1.2933	1.0000	1.8833	108.2900
Sterling	0.6865	1.8833	1.0000	203.9300
Yen	140.0900	108.2900	203.9300	1.0000

## This Week's Research

## Today's Research British Land

## Today's Recommendations

### Breaking News

#### Qualceram Shires to cut staff

Qualceram Shires said it will cut up to 220 jobs, almost a third of its workforce, as part of a restructuring of its manufacturing facility at Longton, Stoke-on-Trent. The restructuring is expected to cost about 6 million euros, with a cash flow impact of about 3 million euros. The company, which currently employs about 800 staff, will enter talks with unions and employee representatives with a view to reducing substantially the output from the Longton facility and transferring the balance of production to a number of outsourced suppliers. The restructuring is expected to be completed by late summer 2005. Following the proposed restructuring Longton will operate as a distribution centre and show room with reduced production capabilities. The restructuring of the Longton facility will reduce group costs and enhance service levels, it said.

#### Oil prices are set to remain "high and volatile"-IMF

Oil prices are set to remain "high and volatile" in coming years, and will present a "serious risk" to global economic prospects, the International Monetary Fund warned governments last week. In an analysis that threw the IMF's weight behind other warnings over the economic dangers from high crude prices, the fund said that with the oil market already tight, further strong growth in demand was poised to keep prices high. The report from the IMF highlighted the existing lack of spare oil production capacity around the world. "Projections of oil demand and supply suggest that spare capacity will remain limited going forward," the IMF said in a note accompanying its report. "In such a tight oil market, any supply disruptions or unexpected movements in demand can cause sharp changes in the price of oil."

#### Significant share purchases in Unidare

It was reported to the Stock Exchange last week that following purchases made on 1 April 2005, funds controlled by Focus Investments Limited hold 1,949,303 shares or 9.84% of the issued share capital of Unidare plc. The shares are registered in the names of Morstan Nominees Limited SEG Acct (1,275,808 shares held) and Nortrust Nominees Limited Taxable Acct (673,495 shares held).

#### British Land (£8.20) Undervalued UK property Stuart Draper

- Entry level : Following its c.8% correction over the past month, our view is that the current share price of British Land represents an attractive entry level ahead of the company's full year results' announcement on 25th May.
- NAV discount : These results are expected to show a net asset value (NAV) per share of £10.90 as at 31/03/05, meaning that the current share price of £8.20 represents a 25% discount to NAV, compared with a current 10% sector discount to NAV.
- Lease length : Our view is that such a NAV discount is excessive given that British Land's average lease length of c.16 years is longer than any of the other UK commercial property majors. This means that there is a very low risk to cashflow, with a spread of high quality office and retail tenants.
- Debt fixed : The company's funding mix is also low risk, with 87% of its debt fixed or hedged, and with an average maturity of a lengthy 17 years. Our house view is also that there will be no further significant increase in the UK cost of borrowing, with interest rates likely to peak close to current levels.
- New CEO : In addition to the upcoming results for the year ended 31/03/05, British Land appointed a new CEO, Stephen Hester, last July, when it split its CEO and Chairman roles, with John Ritblat remaining on as Chairman.
- Major upside : As this is Hester's first set of full year results, a clear statement of his future strategy for the UK commercial property company could act as a catalyst in helping to narrow the discount to peers. Our 12 month price target for British Land of £9.80 (20% upside) is based on a sector average discount of 10% to its current NAV per share of £10.90 : **BUY**.

### Business Press

- Business fears Labour tax rise (FT)
- Tesco looks beyond UK (FT)
- Ford cuts view on earnings 29%, backs off goals (WSJE)
- Labour demand drops slightly in first quarter (IT)
- RBS targets Chinese bank (IE)

### Investment Press— Lex

- Oil M&A: Historically, oil executives have splurged on acquisitions in the mistaken belief that spot prices would defy gravity forever. All that changed back in 1998, when \$10 oil forced the industry to embrace the mantra of financial returns over growth. But does ChevronTexaco's purchase of Unocal signal a return to the old days?



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