DOLMEN DAILY

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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	9680 ↓	-39	-0.40%	11.0	2.89%
FTSE 100	6354 ↓	-29	-0.46%	12.4	2.13%
DAX 30	6859 ↓	-52	-0.75%	15.0	3.98%
DOW	12553 ↓	-28	-0.22%	19.5	0.71%
NASDAQ	2450 ↓	-9	-0.38%	15.6	1.45%
S&P	1433 ↓	-5	-0.33%	21.0	1.06%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2984	0.6662	157.7200
Dollar	1.2984	1.0000	1.9488	121.4500
Sterling	0.6662	1.9488	1.0000	236.7200
Interest Rates (%)	3.5000	5.2500	5.2500	0.4800
Oil (Nymex)	57.8100			

This Week's Research
Vodafone

Today's Research
British Land

Breaking News

Bradford & Bingley 2006 profits rise 8%

British specialist mortgage lender Bradford & Bingley has announced that pre-tax profits increased 8% as it reported record lending in a buoyant housing market. Underlying pre-tax profit rose to £336.1m from £310.1m a year earlier. The bank said it started 2007 with a record pipeline of new business and strong trading had continued in the first few weeks of the new year. It reported record gross new residential lending last year of £10.3bn up from £7.2bn a year earlier. Market share of net lending was 4.5%, well up from 2.7% in 2005 and the bank's traditional market share of 2.9%. B&B has transformed itself in recent years into a specialist lender and shifted away from mainstream mortgages, where it lacked scale. It is now the biggest buy-to-let lender, with about 20% of the market.

Independent News & media reports strong UK sales

The latest circulation data from ABC shows that the UK Independent was the only title in the quality market to experience a year on year increase in its average daily circulation. Current volumes of the daily version have increase by 10.4% month on month and 2% year on year. The increase was driven by increased promotions and discounted sales. The Independent on Sunday volumes was also up 24.6% month on month and 2.7% year on year. This outperformed the market as a whole, which was down 6.5% on the year.

Elan signs deal on heart drug

Nitromed Inc. announced that it would use certain know-how and technology from Elan to develop a once a day version of its BiDil heart drug. Under the licensing deal, Nitromed will pay royalties to Elan. The company stated last October that it wanted to focus resources on development of an extended-release version of BiDil, which is targeted at African-American patients. BiDil currently needs to be taken thrice daily. BiDil was launched in 2005 and was expected to have sales in the region of $20m per annum. However the company sold only $8.6m worth of BiDil in the first 9 months of last year.

Today's Recommendation

British Land (£16.39) Q3 results announced Stuart Draper
Target : £17.50 (11/01/07; previously £17, issued 21/11/06)

- Results announced : This morning, British Land (BL) announced its results for the 3 months ended 31/12/06. NAV per share, before once off charges of £16.85 was largely in line with our forecast of £16.90, and was 2% higher than the group's NAV per share as at 30/09/06. The growth was primarily driven by British Land's 35% exposure to the London office market, with a further 223,000 sq ft at 201 Bishopsgate now pre-let.
- REIT charge : However, the reported NAV per share as at 31/12/06 after the once off REIT conversion charge was £16.10, and the group also stated that it expects price appreciation in the UK commercial property market to be at a slower rate in 2007 than in recent years.
- Sector discount : The discounts between the share prices of the major UK property companies and their NAV per shares have narrowed in recent months, helped by the expectation of new UK REIT legislation introduced last month. The median NAV discount is now c.5%, versus an historical sector average NAV discount of c.10% over the past 25 years.
- NAV growth : With c.2.4 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 £18.42 as at 31/12/07. Our current 12 month target price of £17.50 (7% further upside) is based on a 5% discount to 2007 year end NAV per share. When combined with the group's increased dividend yield of c.2%, this provides a sufficient further total return from current levels to justify maintaining our current BUY recommendation.
- Increased dividend : In line with BL's REIT conversion on 01/01/07, the group increased its full year dividend to at least 33p, representing a dividend yield of 2% on the current share price. This is a 94% year on year increase in the dividend, in line with the requirement for REIT's to distribute 90% of their net profits after capital allowances, corporation tax free.
- Increased investment : This requirement should result in further dividend increases, and the sector will no longer be liable for CGT on property sales, with the distribution of these gains only liable to 22% UK withholding tax. The introduction of a 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 : **BUY**.

Business Press

- Siptu votes for action at Aer Lingus (IT)
- Ryanair listing on Nasdaq 100 (IT)
- Vodafone surges after £5.7bn phone call to Indian firm (II)

Investment Press

- Asian bubbles: From Seoul real estate to Vietnamese stocks and Chinese art, Asian asset prices are soaring. Are these bubbles waiting to pop?

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