



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

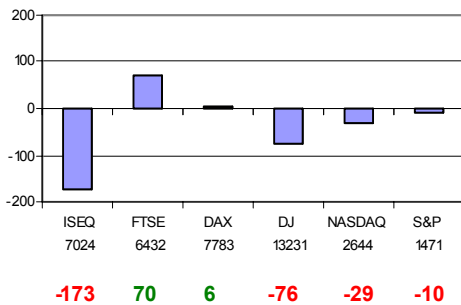
Daily Market Comment

Yesterday's Summary : The ISEQ was the worst performing market in Europe yesterday again pressured by the financials as Bank of Ireland lowered its full-year earnings guidance and failed to give clarity for next year. CRH bucked the trend however gaining close to 1% following some strong results from European peers over the last two weeks. In the UK, the FTSE had a strong day adding over 1% boosted by miners Kazakhmys and Antofagasta.

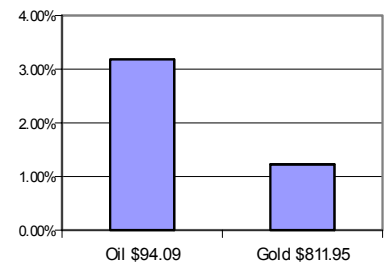
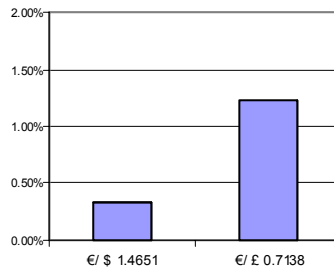
Overnight News : Asian stocks fell overnight on concerns that US growth will continue to slow. Honda Motor and Sharp both paced the declines as analysts expect their US profits to be affected by the slowdown in the US.

Breaking News : Barclays issued a trading statement this morning in relation to its Capital Markets division and said that it will post writedowns of £1.3bn on credit-related securities tied to the US subprime mortgage market. There had been speculation that subprime write downs could have been as much as £10bn. Barclays also said that profit before tax at its capital market division for the ten month period ended 31/10/07 was £1.9bn exceeding its record performance last year despite the write downs.

Equity Index's change on day



Currency daily % change Oil/Gold daily % change



Paper Headlines

- "B of I downgrades earnings growth to single digits " - **Bank of Ireland** - (Irish Times)
- "O'Brien says O'Reilly should retire from IN&M " - **Independent News & Media** - (Irish Times)
- "AIB ready to sell its UK merchant services arm " - **AIB** - (Irish Independent)
- "Eurozone growth rebounds but slowdown still looming " - (Irish Independent)

Market Themes and Movers

Investors exiting carry trade : The Japanese Yen strengthened against all 16 of the most-actively traded currencies pressuring equity markets today, encouraging investors to lighten holdings of higher-yielding assets bought with loans from Japan. Declines in equity market tend to compel investors to pare the so called carry trade, a strategy that involves borrowing funds in Japan on low borrowing costs, to finance the purchase of higher yielding securities in other currencies.

UK economy showing sings of slowing: UK Retail sales for October showed a decline of 0.1% compared with an increase of 0.3% for September a sign that higher borrowing costs are squeezing consumer spending. Economists had expected retail sales to increase by 0.1%. The Bank of England (BoE) offered some respite however after it signalled yesterday that its is on course to deliver at least one interest rate cut next year. BoE Governor Mervyn King pointed out that further slowing in consumer spending is coming from an adjustment to savings rates in which higher effective borrowing rates and tighter credit conditions will lead households to raise their savings rates.

Federal Reserve to provide increased transparency : The Federal Open Market Committee (FOMC) announced yesterday that it is to increase the frequency and expand the content of its economic projections. The FOMC pointed out that it will now compile and release projections four times each year up from two times currently with the projection horizon on economic forecasts to be extended to three years from two.

Dolmen Squawk Box

Today 10 years ago Bank of Ireland was in good demand after reporting bumper results but the share price closed unchanged. Other stocks in the financial sector benefited from the good results with AIB and Irish Life closing the day up. What a difference to yesterdays announcement when Bol reported results in line but the share price ended the day down nearly 7%.



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British Land

Target (issued 15/11/07) **£14.00**
Previous Current (issued 11/01/07) **£17.50**
£9.30
FTSE
Real Estate
Company Profile

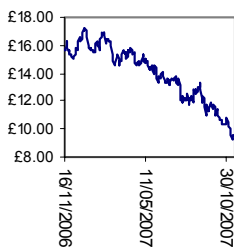
British Land is a property investment company based in London, United Kingdom. During the fiscal year ended March 31, 2007, the Company's out-of-town portfolio comprised 208 retail schemes, including super-stores providing 22m square feet arranged in 1,680 retail units. Its in-town portfolio comprises seven shopping centers comprising 3.7m square feet, 38 department stores comprising 5.6 million square feet, 53 high street shops and 11supermarkets.

Results announced : This morning, British Land (BL) announced its results for the 6 months ended 30/09/07. The key net asset value (NAV) per share figure of £17.45, adjusted to reflect the fair value of debt and derivatives and the deferred tax on revaluation movements, was 39% higher year on year, even though it was 3% lower than the £18.01 reported as at 30/06/07. A Q2 dividend per share of 8.75p was declared, going ex on 16/01/08, with the Q1 dividend per share of 8.75p being paid tomorrow, 16/11/07. This keeps the group on course to pay a full year dividend per share of 35p, representing a yield of 3.8% on the current share price.

Retail slowdown : The main driver of the 3% Q2 NAV reduction appears to have been the group's retail portfolio, which showed a 2.9% valuation decrease over the 6 months ended 30/09/07, offsetting a 3.6% valuation increase at the office portfolio over the same period. This slowdown should trigger a Bank of England interest rate cut over the next 3 months which could as a major positive catalyst for the UK property sector. The group's underlying occupancy level is also very strong at 99%, with an average lease length of 14.4 years.

Low gearing : British Land's gearing is now at its lowest level since 1995, with a current loan to value ratio of 44%. This is highlighted by the fact that it currently has £2 bn of committed undrawn facilities. All of its debt is fixed with an average maturity of 12.7 years and an average cost of 5.3%. It has £125m of its existing share buyback programme still to complete, and with the last shares being repurchased at the end of September at £11.82, this share buyback programme is likely to resume now.

Portfolio repositioning : The group's current strategy is to tighten its sector focus on its core markets of London Offices and Out of Town retail, where it has leading market positions. BL is committed to accelerating its portfolio repositioning under the new REIT legislation, and further such activity during Q1 2008 should help expose the significant discount to NAV at which its shares are currently trading.

Statistics
Price Performance

Revenue Breakdown


- Retail 56%
- Offices 42%
- Other 2%

Significantly undervalued : Even assuming that the group's NAV per share falls by 10% over the next 12 months to £15.70 and that the shares are 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 £14 is generated, providing 50% upside from current levels. With a current year dividend yield of 3.8% paid quarterly and a potential catalyst over the next 3 months from a UK interest rate cut, we continue to recommend the shares as a BUY. The resumption of the group's share buyback programme now should also limit further downside from current levels.

Major Shareholders	%	Peer Group Multiples.			
		Company name	P/E 07	P/E 08	EPS Growth 07-08
Barclays	10.90%	British Land	18.7	17.4	7.55%
Stiching Pension Fun	4.88%	Land Securities	20.25	18.47	10.42%
Legal & General	4.12%	Liberty International	29.8	28.0	6.57%
Vanguard	3.75%				

Shares Outstanding 512.15m

Share Data	Financial Data	2006a	2007e	2008e
Current Price (£)	Revenue (£m)	649	656	712
Mkt Cap (£m)	PBT (£m)	1,440	315	323
Reuters	EPS (£)	0.53	0.50	0.54
Bloomberg	P/E(x)	17.6	18.7	17.4
Sector	DPS (£)	0.16	0.35	0.38
CEO	Yield	1.76%	3.77%	4.07%
Finance Director				
Website				





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