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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	8505 ↓	-22	-0.26%	11.0	15.50%
FTSE 100	6109 ↓	-64	-1.03%	12.4	8.72%
DAX 30	6115 ↓	-71	-1.15%	15.0	13.07%
DOW	11950 ↓	-31	-0.26%	19.5	10.82%
NASDAQ	2345 ↓	-19	-0.80%	15.6	6.33%
S&P	1364 ↓	-5	-0.37%	21.0	9.56%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2548	0.6702	148.6200
Dollar	1.2548	1.0000	1.8720	118.4300
Sterling	0.6702	1.8720	1.0000	221.6700
Interest Rates (%)	3.0000	5.2500	4.7500	0.4800
Oil (Nymex)	58.9300			

**This Week's Research**  
Kingspan  
Deutsche Bank

**Today's Research**  
British Land

**Today's Recommendation**

**British Land (£14.01)** November catalysts ahead **Stuart Draper**  
Target : £15 (15/08/06; previously £13.75, issued 20/03/06)

## Breaking News

### Latest German Banana Price Data

The latest banana price data from Germany has shown the continuing trend in weakening banana prices in Q3. Average prices for 2006 are now down 14.15% compared to last year. This data indicates that the deregulation of the EU banana market continues to have an adverse impact on wholesale banana prices.

### Reuters Q3 Sales

This morning Reuters announced Q3 sales figures and said that revenue growth would be at the top end of expectations. The company said it is keeping previously stated guidance for full year revenue growth in 2006, stripping out acquisitions, disposals and currency fluctuations, of between 5% and 6%, adding it expected growth to be "at the top end" of this range. Sales for the three months ending Sept. 30 2006 rose 3.3% to £631m, compared with £611m for the Q3 of 2005. Revenue growth after stripping out the effect of acquisitions, disposals and currency fluctuations, was 5.3% in the third quarter.

In a separate announcement Reuters said it was selling its 50% stake in Factiva, a news research tool, to Dow Jones for \$160 million in cash on closing.

### Legal & General Q3 Sales Up 32%

Legal & General today announced a 32% increase in nine-month sales, helped by sustained growth in its domestic market in Q3. L&G said worldwide new business for the nine months to Sept 30 came in at £1.294bn on an APE basis, up from £979m in the same period last year. This was slightly below a £1.322bn consensus analyst forecast supplied by the company. Worldwide new business in the Q3 was up 22% on the year at £375m, with UK sales climbing 25% to £375m. L&G said its Q3 performance in the UK was helped by a surge in sales of individual annuities as competitive pressure receded. Individual annuity sales stood at £26m, double the £13m reported in the same period last year. The group also benefited from strong growth in mortgage-related protection products, which climbed 22% on the year to £44m, helped by a robust housing market and a new distribution agreement with estate agency Connells.

## Business Press

- NIB move can eat into bank's margins. (II)
- Guinness Q1 in line for annual 6% growth. (II)
- Smart shareholder opposing Murtagh. (IT)

	NAV per share	Share Price 17/10/2006	NAV discount - premium +
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British Land	15.92	14.01	-12.0%
Hammerson	13.89	13.04	-6.1%
Land Securities	19.12	20.28	+6.1%
Liberty International	13.61	13	-4.5%
Slough Estates	7.31	6.93	-5.2%
Blackrock (€)	0.35	0.39	+11.4%

- Reported NAV : The above table shows the most recently reported net asset value (NAV) per share for the major UK property companies, as well as for Blackrock International Land. In the case of Land Securities, the most recent balance sheet date is 31/03/06, but for the rest, NAV is at 30/06/06.
- NAV discount : The table shows that 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 being introduced in January 2007. The median NAV discount, as per the above table, is now Slough Estates at 5.2%, versus an historical sector average NAV discount of c.10% over the past 25 years.
- Upcoming catalysts : Within the sector, British Land's current NAV discount of 12% indicates that despite the 31% rise in its share price this year, there remains further upside potential in line with further NAV growth. In this regard, both the announcement of British Land's (BL) results for the 6 months ended 30/09/06 on 21/11/06, and the announcement of Land Securities' results for the 6 months ended 30/09/06 on 15/11/06 could both act as catalysts for the BL share price.
- Further upside : BL reported net asset value per share of £15.92 as at 30/06/06, which was an increase of 7.1% on the £14.86 reported as at 31/03/06. 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. 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**.

## Investment Press

- Citigroup: Sometimes, it hardly pays to wait. Citigroup's latest purchase looks like a case in point. At about \$3.1bn for a 20 per cent stake in Turkey's Akbank, it marks the largest deal since Charles Prince arrived at Citi's helm in 2003.



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