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Contact Details:

Email : research@dsl.ie
info@dsl.ie

Tel : +353 1 633 3800
Fax : +353 1 677 4708

EQUITIES	Close	Change	% +/-	P/E '06	YTD
ISEQ	7977 ↑	55	0.69%	11.0	8.32%
FTSE 100	5999 ↑	6	0.10%	13.5	6.77%
DAX 30	5882 ↓	-15	-0.26%	15.0	8.77%
DOW	11280 ↑	26	0.23%	19.5	4.61%
NASDAQ	2306 ↑	7	0.30%	15.6	4.59%
S&P	1307 ↑	2	0.15%	21.0	5.00%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2175	0.6930	141.4600
Dollar	1.2175	1.0000	1.7563	116.1800
Sterling	0.6930	1.7563	1.0000	204.0400
Yen	141.4600	116.1800	204.0400	1.0000
Oil (Nymex)	62.7700			

This Week's Research

Today's Research British Land

Today's Recommendation

Breaking News

Award of Algerian Drilling Contract and \$25m placing

Petroceltic has announced the award of a major drilling contract to Schlumberger for the Company's 2006 drilling programme in Algeria in addition to the execution of a \$25 million underwriting agreement with by RAB Capital, in conjunction with a placing of 102 million ordinary shares to new and existing shareholders of the Company. RAB has agreed to underwrite 102,000,000 new Ordinary Shares at a placing price of 14p with a total value of approximately \$25 million, subject to a minimum participation by RAB of approximately \$12 million in the Placing. The placing is expected to be completed by no later than 31st March 2006. The 2006 programme provides for the drilling and testing of two appraisal wells on the Company's Isarene blocks 228 and 229 in the Illizi Basin of Algeria. It is currently expected that drilling operations will commence by the end of June 2006.

Vodafone completes sale of Japanese unit

Vodafone on Friday agreed to a £8.9bn sale of its Japanese mobile telecoms business to internet conglomerate Softbank, after it snubbed a potential rival bid from a financial group. Softbank beat Cerberus, the US hedge fund which made an all-cash offer to Vodafone on Thursday with its partner Providence Equity Partners. The Cerberus interest was believed to have accelerated Vodafone's talks with Softbank, which had been expected to extend into April. Vodafone said on Friday that it would return £6bn to shareholders on completion of the sale, which should take 1-2 months.

Aviva confirms Prudential bid

Aviva has confirmed that it has made a takeover bid for Prudential, valuing its rival at £17.2bn. Aviva said it would not go hostile with its bid, which was made on March 16 and rejected by Prudential over the weekend. "Aviva is only prepared to proceed with the proposal on a recommended basis," the group said in an official statement to the London Stock Exchange. Prudential said on Sunday it had turned down the approach from Aviva because it was not in the best interests of its shareholders. Aviva said on Monday that its approach valued Prudential at 708 pence per share, via an all-share offer of 82 new Aviva shares for every 100 Prudential shares.

Business Press

- ISE forecast to putperform rivals (IT)
- Sugar beet fight gets under way for €145m prize (IT)
- More suitors circling BAA and ready to rival £8.75bn Ferrovial bid (IT)

British Land (£11.87) Potential Budget catalyst Stuart Draper

- Budget catalyst : This Wednesday, 22nd March, UK finance minister Gordon Brown, will present his annual budget. This year's Budget Bill is expected to include the final version of the UK REIT legislation. If this version shows some flexibility on the previous version that would make it easier for British Land to meet the qualification requirements, then Wednesday's announcement could be a positive catalyst for the share price.
- Potential flexibility : The previous legislation included a 2.5x interest cover minimum and a 10% single shareholder maximum. New flexibility in this area could include reducing this interest cover minimum or using an alternative gearing measure such as LTV, as well as allowing a grace period for the 10% single shareholder rule. The new UK-REIT structure is due to be effective for UK property companies from January 2007.
- Tax benefits : The new UK REIT legislation could result in some important tax benefits for the UK property sector. As currently drafted, UK property companies will no longer be liable for CGT on property sales, with the distribution of these gains only liable to UK withholding tax at 22%. They will also be able to distribute 95% of their net profits after capital allowances, which should significantly boost dividend yields paid.
- Q3 NAV : Last month, British Land reported a NAV per share of £13.90 as at 31/12/05, a strong 11% increase on the £12.56 per share as at 30/09/05. We see the potential to achieve further NAV growth over the next 12 months from the sale of some of the group's high street retail properties. Following a recent strategic review of its property portfolio, British Land has started selling some of its high street retail properties as a result of the buoyant market for such properties.
- Sector discount : Over the next 12 months, a conservative assumption is that the group's NAV per share will grow by a further 10% to £15.29. 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%.
- Further upside : As a result, ahead of this week's UK Budget, we now upgrade our current 12 month price target for British Land from £12 to £13.75 (16% further upside), which is based on a 10% discount to a forecast NAV per share for the group of £15.29 as at 31/12/06. British Land's share price has risen by 15% since our BUY note of 19/12/05 : **BUY**.

Investment Press

- Insurance consolidation: The insurance industry is re-entering the globalisation race, after several years of rebuilding balance sheets. Aviva is trying to buy its smaller UK rival, Prudential, and St Paul Travelers is reported to have held talks with Zurich Financial Services.



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