



November 21, 2006

Contact Details:

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

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

EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	8806	↓ -3	-0.03%	11.0	19.58%
FTSE 100	6205	↑ 13	0.20%	12.4	10.42%
DAX 30	6452	↑ 40	0.62%	15.0	19.31%
DOW	12317	↓ -26	-0.21%	19.5	14.22%
NASDAQ	2453	↑ 7	0.28%	15.6	11.22%
S&P	1401	↓ -1	-0.05%	21.0	12.49%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2826	0.6757	151.4700
Dollar	1.2826	1.0000	1.8979	118.1100
Sterling	0.6757	1.8979	1.0000	224.1000
Interest Rates (%)	3.2500	5.2500	4.7500	0.4800
Oil (Nymex)	58.8000			

This Week's Research
Anglo Irish Bank

Today's Research
British Land

Breaking News

Breaking News

ICAP announces jump in H1 profits

ICAP, the world's biggest inter-dealer broker, announced today, that revenue notably at its electronic broking division, jumped in the H1 of the year, and said it was on course to meet full-year forecasts. ICAP, which recently held talks about a possible merger with the LSE, reported a 22% rise in revenues in the six months to September 30 to £542.8m. Of that, £86m came from its electronic broking platforms, representing growth of 75% on the same period last year. But the company said there has been a continued low level of activity in interest rates products such as government and corporate bonds and a steep slowdown in the volumes in the US repo market due to historically low levels of volatility.

Elan debt offering more than expected

Elan announced yesterday the pricing of of \$615 million aggregate principal amount of Senior Notes, an increase in size from the \$500 million aggregate principal amount previously announced. Following the offering, Elan expects to, issue a redemption notice for the outstanding \$254 million aggregate principal amount of 6.5% Convertible Guaranteed Notes due 2008. The net proceeds from the offering are expected to be used to repay any Convertible Notes not converted into equity of Elan prior to the redemption date and the remaining net proceeds are expected to be used to repay a portion of the outstanding \$613 million aggregate principal amount of 7.25% Guaranteed Senior Notes.

LSE rejects Nasdaq £2.9bn bid

The LSE yesterday rejected a final takeover offer from US peer Nasdaq, saying its offer of £2.9bn undervalued the company. The Nasdaq, which is the LSE's biggest shareholder, had earlier yesterday pitched an improved "final" bid and requested a meeting with management. The board believes that the proposal, which represents only a 2.0% premium to the market price at the close of business on November 17 2006, substantially undervalues the company and fails to reflect its unique strategic position and the powerful earnings and operational momentum of the business.

Business Press

- Minco upbeat on Pallas Green (II)
- Fexco in talks over bid for credit agency ICB (II)
- \$75bn in 24 hours - day deal fever hit the world (FT)
- BskyB's ITV stake likely to block bid (IT)

British Land (£16.30) Strong results announced Stuart Draper Target : £17 (21/11/06; previously £15, issued 15/08/06)

- Results announced : This morning, British Land announced its results for the 6 months ended 30/09/06. Net asset value (NAV) per share of £16.24 was c.1% ahead of the consensus forecast of £16.09, was 9% higher than the £14.86 as at 31/03/06, and was 29% higher than the £12.56 as at 30/09/05. This strong NAV growth was driven by like for like rental value growth of 2.8%, combined with £1.7 bn of asset turnover.
- Dividend increase : In line with the company's REIT conversion on 01/01/07, British Land also announced that it would be increasing its full year dividend to at least 33p, representing a 94% year on year increase. However, given the share price rise over the past 12 months, this still only represents a dividend yield of c.2% on the current share price.
- 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 being introduced in January 2007. The median NAV discount is now c.5%, versus an historical sector average NAV discount of c.10% over the past 25 years.
- Slowing growth : With a general slowdown in rental growth forecast for 2007, British Land's rate of NAV growth is likely to slow to c.10% over the next 12 months, to c.£17.86 per share as at 30/09/07. This generates our upgraded 12 month price target of £17, based on a 5% discount to NAV.
- Recommendation downgrade : However, with limited further upside to this level, a dividend yield of only 2% and the absence of any near term catalysts, now that both British Land and Land Securities have announced results in recent weeks, we downgrade our British Land recommendation from BUY to NEUTRAL, recommending a SWITCH into Blackrock International Land as providing more value at current levels in the European property sector. Our current 2 year price target for Blackrock of 48c (23% further upside) is based on a 10% discount to NAV per share of 53c as at 30/06/08. British Land's share price has risen by 57% since our BUY note of 20/12/05 : NEUTRAL.

Investment Press

- Seven Network/KKR: The great sell-off of Australian media to private equity buyers continues. On Monday, Kohlberg Kravis Roberts, the US buy-out group, announced a \$4bn joint venture with Seven Network. The Seven disposal ticks several of the right boxes



Disclaimer: The information in this document has been obtained from sources, which we believe to be reliable. We cannot guarantee its accuracy or completeness. It does not constitute a solicitation for the purchase or sale of any investment. Any person acting on the information contained in this document does so at their own risk. Recommendations in this document may not be suitable for all investors. Individual circumstances should be considered before a decision to invest is taken. Investors should note the following: Past experience is not necessarily a guide to future performance. The value of investments may fall or rise against investors' interests. Income levels from investments may fluctuate. Changes in exchange rates may have an adverse effect on the value of, or income from, investments denominated in foreign currencies. Dolmen Securities is a Member Firm of the London Stock Exchange, and is authorised by the Financial Regulator under the Investment Intermediaries Act 1995. Dolmen Stockbrokers is a Member Firm of The Irish Stock Exchange, The London Stock Exchange, and is authorised by the Financial Regulator under the Stock Exchange Act 1995. Dolmen Stockbrokers is regulated by the Financial Regulator as a Mortgage Intermediary.

DOLMEN SECURITIES → Website : www.dolmenstockbrokers.ie
Dolmen House, 4 Earlsfort Terrace, Dublin 2, Ireland.

Tel : +353 1 633 3800
Tel : +353 21 422 2122

Fax : +353 1 677 7044
Fax : +353 21 422 2123

Email : info@dsl.ie
Email : cork@dsl.ie

Disclosures

This report has been prepared by Dolmen Stockbrokers ('Dolmen') for information purposes only to assist investors to make their own investment decisions and is not intended to and does not constitute personal recommendations nor provide the sole basis for any evaluation of the securities discussed. Specifically the information contained in this report should not be taken as an offer or solicitation of investment advice or, encourage the purchase or sale of any particular security, option, future or other derivative investment. Not all recommendations are necessarily suitable for all investors and Dolmen recommend that specific advice should always be sought prior to investment, based on the particular circumstances of the investor.

Although the information in this report has been obtained from sources, which Dolmen believes to be reliable and all reasonable efforts are made to present accurate information Dolmen give no warranty or guarantee as to, and do not accept responsibility for, the correctness, completeness, timeliness or accuracy of the information provided or its transmission. Nor shall Dolmen, or any of its employees, directors or agents, be liable to for any losses, damages, costs, claims, demands or expenses of any kind whatsoever, whether direct or indirect, suffered or incurred in consequence of any use of, or reliance upon, the information. Any person acting on the information contained in this report does so entirely at his or her own risk.

All estimates, views and opinions included in this report constitute Dolmen's judgement as of the date of the report but may be subject to change without notice. Changes to assumptions may have a material impact on any recommendations made herein.

Unless specifically indicated to the contrary this report has not been disclosed to the covered issuers(s) in advance of publication.

Past performance is not necessarily a guide to future returns. The value of investments and the income from them can fall as well as rise. Investments denominated in foreign currencies are subject to fluctuations in exchange rates, which may have an adverse affect on the value of the investments, sale proceeds, and on dividend or interest income. Investors may not necessarily recoup the full value of their original investment. Investors should be aware that forwarding looking statements and forecasts may not be realised.

This report may not be reproduced (in whole or in part) altered, transmitted or made available to any other person without the prior written permission of Dolmen.

Dolmen Securities is a Member Firm of the London Stock Exchange, and is authorised by the Financial Regulator under the Investment Intermediaries Act 1995. Dolmen Stockbrokers is a Member Firm of The Irish Stock Exchange, The London Stock Exchange, and is authorised by the Financial Regulator under the Stock Exchange Act 1995. Dolmen Stockbrokers is regulated by the Financial Regulator as a Mortgage Intermediary.

Conflicts of Interest & Share Ownership Policy

Dolmen, its employees, directors or related companies, may have a shareholding in the securities (or related investments/ derivatives) of certain companies covered in this report, or may provide/ solicit investment banking or other services to/ from them.

It is noted that research analysts' compensation is impacted upon by overall firm profitability and accordingly may be affected to some extent by revenues arising other Dolmen business units including Corporate Finance, Fund Management and Stockbroking. Revenues in these business units may derive in part from the recommendations or views in this report. Notwithstanding, Dolmen is satisfied that the objectivity of views and recommendations contained in this report has not been compromised.

Dolmen permits research analysts to own shares and/ or derivative positions in issuers they publish research, views and recommendations on and accordingly analysts involved in the production of this report may own stocks in a company covered in it. Any own account staff trading is undertaken in strict compliance with Dolmen's own account internal rules and therefore Dolmen is satisfied that the impartiality of research, views and recommendations remains assured.

Analyst Certification

Each research analyst responsible for the content of this report, in whole or in part, certifies that: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report. Stuart Draper and Owen Turner are responsible for the production of this report. Stuart Draper is Head of Research and Owen Turner is an equity analyst.

For US Persons Only

This report is only provided in the US to major institutional investors as defined by s. 15 a-6 of the Securities Exchange Act, 1934 as amended. A US recipient of this report shall not distribute or provide this report or any part thereof to any other person.