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EQUITIES	Close	Change	% +/-	P/E '05	YTD
ISEQ	6689 ↑	3	0.05%	11.0	7.92%
FTSE 100	5300 ↓	-18	-0.34%	13.5	10.10%
DAX 30	4918 ↓	-24	-0.48%	15.0	15.55%
DOW	10520 ↓	-50	-0.48%	19.5	-2.44%
NASDAQ	2137 ↓	-4	-0.19%	15.6	2.31%
S&P	1218 ↓	-4	-0.34%	21.0	0.46%

CURRENCIES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.2167	0.6787	134.6000
Dollar	1.2167	1.0000	1.7928	110.6000
Sterling	0.6787	1.7928	1.0000	198.2300
Yen	134.6000	110.6000	198.2300	1.0000
Oil (Nymex)	66.1400			

This Week's Research
Petroceltic
Tullow Oil

Today's Research
British Land

Breaking News

BHP Billiton posts 85% rise in H2 profits

BHP Billiton, the world's biggest miner, reported an 85 percent rise in second-half profit on the back of strong global demand for industrial commodities such as copper and iron ore. Net profit for the six months to June 30 rose to \$3.7 billion, in line with analysts' consensus forecast for \$3.75 billion. The result boosted full-year net profit by almost 90 percent to \$6.5 billion from \$3.4 billion a year earlier.

However, BHP Billiton said prices will inevitably ease from their highs as demand growth slows and new supply comes on stream, although it continues to expect prices to remain high by recent historical standards.

Patrick Kelly consortium denies bid reports

The consortium of Patrick Kelly, Choice Hotels Ireland, Prem Group and Heuston Hospitality has denied media reports that it could make a rival bid for Jurys Doyle Hotel Group some 5 percent higher than an existing one from Precinct Investments Ltd. The consortium's statement follows weekend media reports to that effect. 'We have no recollection of making such a statement,' the consortium said in a statement yesterday. The Patrick Kelly consortium first denied it had made an approach to Jurys on Aug 17. At the same time, it said it does have a potential interest in participating in an offer and that it would keep its position under review. In yesterday's statement, the consortium said there has been no change in its position since last week's announcement.

Former Elan chairman sells 200,000 shares

Elan's former chairman, Garo Armen, sold off 200,000 shares on Monday at a price of \$8.25 after exercising 200,000 options. The transaction leaves Armen with 270,000 shares left in the company and also has options over a further 875,000 shares.

Business Press

- DCC's UK LPG division under review (IT)
- Figures for Irish Life & Permanent (IT)
- Chinese 'interest' in Dragon Oil gets shares fired up almost 12pc (II)
- BOI pays out €326,000 after error (IE)

British Land (£8.60) NAV discount excessive Stuart Draper

- **Historic average :** We have examined the historical average discounts to NAV at which both British Land and the UK property sector have traded over the past 25 years. The sector has traded at a range of between a 52% discount and a 28% premium, giving a midpoint of a 12% discount, and British Land has traded at a similar range of between a 55% discount and a 35% premium, giving a midpoint of a 10% discount.
- **Sector average :** However, what is notable now is that while the current sector average discount of 10% is in line with its historic sector average of 12%, British Land's current discount of 23% is still well below this level and well below its historic average discount of 10%. A NAV per share of £11.11 was reported for the year ending 31/03/05, representing 15% year on year growth, and 8% profit before tax growth to £201.8m was also achieved.
- **Infrastructure boost :** British Land will also benefit from the additional infrastructure spend of £10 bn and 70,000 jobs in the London area over the next 7 years in the lead up to the 2012 Olympics, which will improve the outlook for the value of the company's extensive portfolio of London property.
- **Growth focus :** British Land's most recent acquisition was Pillar Property for £811m in cash. Pillar's property is primarily out-of-town retail warehousing, a sector with strong growth potential as a result of restrictions on planning consents for such developments. The move is part of the strategy of the company's new CEO to reshape the portfolio towards growth property and intensify the company's asset management activity. As a result, some property disposals could also be on the way, which could further boost the share price.
- **Lease length :** Our view is that the current 23% NAV discount is excessive because British Land's average lease length of c.16 years is longer than any of the other UK commercial property majors. This means that there is a very low risk to cashflow, with a spread of high quality office and retail tenants.
- **Low risk :** British Land's funding mix is also low risk, with 87% of its debt fixed or hedged, and with an average maturity of a lengthy 17 years. It also appears that the peak in the UK interest rate cycle has now been reached following the recent 0.25% cut in the MPC rate to 4.5%.
- **Attractive upside :** Our current 12 month price target for British Land of £10 (16% further upside) is based on a sector average discount of 10% to the company's NAV per share of £11.11 as at 31/03/05 : **BUY**.

Investment Press— Lex

- **Google:** Google is into the portal arms race. Its latest salvo of instant messaging and voice communication competes with services from Yahoo, MSN and AOL. As usual for Google, there is a difference.



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