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EQUITIES	Close	Change	% +/-	P/E '07	YTD
ISEQ	9920 ↓	-36	-0.36%	14.1	5.44%
FTSE 100	6565 ↓	-51	-0.77%	13.2	5.54%
DAX 30	7697 ↓	-39	-0.50%	14.2	16.68%
DOW	13441 ↓	-85	-0.62%	15.2	7.84%
NASDAQ	2538 ↓	-39	-1.52%	26.1	5.08%
S&P	1508 ↓	-15	-0.97%	15.9	6.29%

CURRENCIES & RATES	Euro	Dollar	Stg	Yen
Euro	1.0000	1.3435	0.6765	163.0000
Dollar	1.3435	1.0000	1.9866	121.3300
Sterling	0.6765	1.9866	1.0000	241.0600
Interest Rates (%)	3.7500	5.2500	5.5000	0.4800
Oil (Nymex)	64.1800			

**This Week's Research**

ICADE Paddy Power  
 GlaxoSmithKline  
 CNG Travel

**Today's Research**

British Land

**Today's Recommendation**

**British Land (£14.44) FY results announced Stuart Draper**  
**Target : £17.50 (11/01/07; previously £17, issued 21/11/06)**

- Results announced : This week, British Land (BL) announced its results for the 12 months ended 31/03/07. NAV per share of £16.82 was c.1% ahead of the consensus forecast of £16.72, and was a year on year increase of 13%. The growth was primarily driven by British Land's c.30% exposure to the fast-improving London office market. The company also stated that it would accelerate its portfolio repositioning over the next 12 months to counteract the slowing rental growth of the retail warehousing sector, representing c.20% of the overall portfolio.
- Rental growth : An example of this portfolio repositioning was announced in conjunction with the full year results' announcement, with the sale of One Exchange Square, the headquarters of the European Bank for Reconstruction and Development, for £406.3m, representing a yield of c.4.56%. Further such activity over the remainder of 2007 should help expose the significant discount to net asset value at which the shares are now trading. The value of British Land's office properties showed a 13.6% increase and the value of its retail properties showed a 7.6% increase. On a like for like basis, rental income increased by 3.5%, ahead of the overall market's 2.9% gain, as measured by the Investment Property Databank.
- NAV growth : With c.3 msf of office development projects delivering over the next 2 years, the vast majority of which is located in the fast-improving London City area, we are still forecasting further 9% NAV per share growth over the next 12 months to £18.33 as at 31/03/08. As a result, our current 12 month target price of £17.50 (21% upside) is based on a 5% discount to year end NAV per share of £18.33. Even though the historical UK property sector average NAV discount over the past 25 years is c.10% to account for CGT, the elimination of this tax through REIT conversion justifies a lower discount.
- Major upside : In line with this REIT conversion on 01/01/07, British Land increased its full year dividend to at least 33p, representing a dividend yield of c.2.3% on the current share price, in line with the requirement for REIT's to distribute 90% of their net profits after capital allowances, corporation tax free. This requirement should result in further dividend increases, and the sector will no longer be liable for CGT on property sales, with the distribution of these gains only liable to 22% UK withholding tax : **BUY**.

**Breaking News**

**AIB Board endorses pension tribunal recommendation**

The Board of Allied Irish Banks has agreed to allow Ireland-based staff on defined contribution pension plans to have 'hybrid' combined defined contribution and defined benefit plans. Following pressure from labour unions, AIB management accepted the findings of an independent tribunal to allow its Ireland-based staff upgrade their pensions by endorsing the hybrid pension plan recommended by the tribunal. A spokesperson for AIB would not comment on how much the introduction of the new hybrid pension plan might cost with some analysts estimating it could cost as much as €100m.

**APN shareholders reject A\$3bn bid by Independent News & Media**

APN News & Media's shareholders have rejected a A\$3bn bid by Independent News & Media and private equity groups, Carlyle Group and Providence Equity Partners. Forty-nine percent of votes cast opposed the A\$6.20 per share cash bid, which needed 75% support to succeed. APN said the bid would have succeeded if Perpetual which has 11.7% of the votes had supported the offer. Independent News and Media had planned to reduce its stake in APN to 35% from 42% and use the proceeds to expand in high-growth markets such as Asia. Independent News and Media Chief Operating Officer, Gavin O'Reilly said the company would look at all of its options and that it was in no hurry to do anything at this point.

**RBS consortium to make ABN announcement on May 29<sup>th</sup>**

The consortium comprised of Royal Bank of Scotland, Santander and Fortis Bank intend to make an announcement on May 29<sup>th</sup> clarifying whether or not, and if so under what circumstances, the banks will make an offer for ABN. Barclays has indicated that estimated cost savings and revenue benefits from its planned takeover of ABN Amro were conservative, as a record quarter from its banking division helped it report a strong start to the year. Barclays said on April 23<sup>rd</sup> when it announced its €64.6bn agreement to buy ABN that it aims to generate €400m in additional revenue and cost cuts next year from the deal. The synergies are expected to rise to €2.1bn in 2009 and €3.5bn in 2010.

**Business Press**

- CNG shareholders urged to reject (II)
- Kingspan sees 20pc profits boost (II)
- Fyffes shares plunge 18% as it reduces earnings targets (IT)

**Investment Press**

- US housing woes: Can an 11 per cent fall in house prices be good news? In April, new US home prices slumped by the largest annual amount since 1970.

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