Key project for Quintain is to build up investor confidence

Peter Bill

ON PROPERTY

TWO WEEKS ago, Quintain Estates chief executive Adrian Wyatt was in northern Portugal, speaking at the launch of a partnership between Cisco Systems and Living PlanIT, a loose-fit organisation encouraging the building of a fully wired community of 250,000, some 15 kilometres north of Oporto.

One week ago, the ebullient 61-year-old was enthusing about "syntonic Cities" to a pre-lunch crowd at the Dorchester. He says the world needs 10,000 new cities that, according to the dictionary definition of syntonic, "have a high degree of emotional responsiveness to their environment". This week, Wyatt, in a natty wide-check suit, faced an emotionally unresponsive City audience to present results for a company with a slight problem. The present stock-market valuation of £271 million is miles below the £648 million net asset value at the end of March.

Afterwards, brokers Peel Hunt said that "the property valuation remains questionable". Actually, it's more a lack of confidence that Quintain can cash in on these values. That fear is keeping the share price down around 52p against the 125p per share net asset value.

The gap led to bid talk in April, with vague rumours of offers around £400 million from Hammerson or British Land. A measure of how badly the company was hit by the property crash is that HBOS very nearly bid £1.2 billion in July 2007. A £191 million rights issue in 2009 helped to repair the balance sheet. This week, Quintain reported a small trading profit of £3.6 million for 2010. A series of milestones set last year by chairman William Rucker of Lazards have almost all been met – and more have been set for this year.

Analysts at Liberum Capital are guardedly optimistic that Quintain can extract value from the 22 million square feet of granted planning permissions and from projects at Wembley and on the Greenwich Peninsula, where Georgian squares will now be built in the place of blocks of flats.

"We believe Quintain can manage the milestones and the delivery at its two development schemes, proving value as it does, and providing reassurance to investors that the declared net asset value is realistic."

What analysts say, but won't write, is this: "Okay, the crash delayed development profits. You are a great bloke, Adrian – funny, fluent, with wide interests, and extraordinarily clever. But we don't want to be sitting here in 2012 and be told that the jam is not being delivered until 2014." Wyatt gets it, of course. "We are now much closer to realising the value in our London development schemes," he says.

Finance director Becky Worthington is now in charge of Greenwich. She promises "you will see a significant acceleration from here on".

The trick over the next 12 months is to stay ahead of predators who think they can make a better fist of things. Rucker gets it, of course.

"We remain firmly focused on our ambition to strengthen further the group's profitability and financial health," he says.

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Britvic fizzes despite its cheap rivals

Russell Lynch

FIZZY drinks are selling well but pub landlords are trading down to cheaper mixers, Britvic, makers of Robinsons drinks, said today.

While the firm has seen "solid" UK sales growth in the past six months, Britvic says pubs are turning away from dearer J20 and Robinsons drinks in favour of cheaper alternatives such as dispensed fizzy drinks.

Still drink volumes were down 6.1% in the 28 weeks to April 17, despite stronger growth across Britvic's carbonated brands, thanks to new products such as Mountain Dew Energy, launched in the UK last year.

Britvic enjoyed double-digit growth across its international operations – helped by the launch of Fruit Shoot in Australia.

But pre-tax profits were flat at £27.7 million as the company comes under increasing pressure from "unprecedented" rises in input costs such as oil – which puts up the cost of its plastic bottles – and sugar. Shares rose 6p to 432p.

HOUSE CALL FUTURE DIGS

Building for tomorrow: designer Robert Dalziel

IN September, Boris Johnson's housing chief, David Lunts, has promised to cut the ribbon on Britain's very first Rational House, which sits behind Texa (sic) Fried Chicken in Fulham Palace Road.

The 1550 square feet home, designed by retired architect Robert Dalziel and also-retired engineer Tim Battle, has been sold for £800,000.

But it has cost the pair over two years and probably more than the price of the house to develop and build a prototype of this high-density family home of the future.

The reason Lunts is interested in this gracious-looking home sitting at the end of a 19th-century Fulham terrace, is that it might prove to be a 21st Century equivalent.

Dalziel shies away from the "pre-fab" tag, as the Rational Home has 9-foot ceilings, full-height, triple-glazed Scandinavian doors and windows dressed with Parisian-style shutters. But the skeleton, walls and roof, complete with open terrace, is a kit of parts, which allows you to build homes from two to four floors, with one to four bedrooms.

What will interest the world beyond Fulham is that the 14 Rational Houses of 1800 square feet can be fitted in the space occupied by 10 Fulham terraces of 1400 square feet.

"They can be built as dense as a five-storey block of flats," says Dalziel. "We can get the cost down to £150 a square foot and Savills says the design should attract a 15% premium to other homes in the area."

The pair have formed a company called City House Projects with Dalziel's former employers, architects 3D Reid, and engineers Arup.

"The purpose is to deliver houses in volume," says Battle.

He says they are close to persuading a big-name builder to build 50 or 60 Rational Homes on a 600-unit site on the Olympic Park.

Battle is not keen to say who, but a little light detective work comes up with the name Barratt.

Shaftesbury keeps hands off Soho in a spirit of 'patient neighbourliness'

"YOU didn't want to know me when I was younger" Paul Raymond once told Jonathan Lane, chief executive of Shaftesbury, prim neighbour to louche Soho Estates, the £360 million property business built up by the Soho porn king who died in 2008. "I was a bad boy."

Indeed he was. Raymond would occasionally delight in shocking visitors by showing them a box of Hitler's cutlery.

Lane has been a very good boy since he co-founded Shaftesbury with Peter Levy in 1986. On Wednesday the bespectacled 65-year old posted a solid set of results before he semi-retires in October. Shaftesbury's accumulation of 500 shops and restaurants in and around Soho, now worth £1.5 billion, yielded profits of £101 million in the six months to March.

Retirement for Lane consists of becoming deputy chairman and handing over day-to-day running to 56-year-old finance director, Brian Bickell, who has partnered Lane from the start.

Headhunters appointed in December failed to come up with an outside candidate. "Some very bright people applied," says Lane. "But none of them really 'got' our strategy.

"Its urban farming on 12 acres of land: last year our crop of 1.6 million square feet yielded £43.70 per square foot, this year it's up to £45.90.

"We like lots of little transactions. We buy to keep. If someone came along and said the strategy is going to change, our shareholders would get very upset."

Surely not too upset if Shaftesbury were to farm Soho Estates' four acres?

The reason for asking is that 20% of the Raymond farm – almost all outside Soho – has this year been handed to Raymond's son Howard. The remaining acreage is run for his granddaughters, Fawn and India Rose James and any children they might have.

Neither has shown public interest in taking over the farm. So, has Lane called over the fence? No.

"We prefer patient neighbourliness. Let's see how things work out."

Soho so good: Cambridge Circus's plethora of restaurants and other attractions make it one of London's most lucrative goldmines

Gas fields blow hits Northern Petroleum shares

SHARES in Northern Petroleum fell by a third today after it revealed that three of its Dutch gas fields contain considerably lower reserves than it had previously said.

The energy company said the three fields between them held some 13 million barrels of oil equivalent less than it had reported last year.

That means the company will fall into the red in 2010 after taking depletion and impairment charges against the three Dutch gas fields.

It said revenues would be roughly in line with expectations at around €15 million (£13 million).

The company's shares dropped by 37½p to a two and a half year low of 76p.

HSBC holds out bigger divi hope

SHAREHOLDERS in Europe's biggest bank, HSBC, were today told they would be paid bigger dividends if the Government dropped its £2.5 billion bank levy.

Chairman Douglas Flint said: "We take no issue with the right of the UK Government to raise a levy on the banking industry, particularly when it has had to risk taxpayers' money to rescue a number of UK institutions.

"We estimate this annual charge will amount to around $600 million in 2011, of which approximately two thirds would relate to our non-UK balance sheet. We regard the levy as akin to a distribution of profits and, should it be restructured, we intend to add any amount saved to future dividends paid to our shareholders"