

# Brussels rule jeopardises South African gains



CITY COMMENT  
**NICK ANSTEE**

WE BRITS suffer from a sort of "oscillating Channel syndrome" when it comes to our place in the community of northern (and now wider) Europe.

In our isolationist moods we see those 34 sea kilometres to Calais as a

handy barrier.

But as pragmatic traders we have known for millennia that the Continent's shallow sea has in fact been a super-highway stretching from the Port of London directly to all the communities along the major rivers of France, Belgium, Netherlands, Germany and beyond.

Internal Markets Commissioner Michel Barnier's flying visit to the City earlier this month reminded us of the fact that EU policy makers are key to the future regulatory landscape – and this is no time to stand shy on the Dover shore.

The recent draft Alternative Investment Funds Managers Directive showed that failing to engage with

EU policy-makers early enough can lead legislators down a path full of unintended consequences.

Today the City meets Commissioner Barnier in Brussels and the key points that the City of London's Policy Chairman Stuart Fraser and I will make are based on the premise that the City is the financial hub for Europe, not just Britain, and makes a real contribution to the EU economy.

A recent Global Financial Centres report ranked London equal first (with New York), making it one of the world's twin sister-cities of finance. The streets of the Square Mile are packed with young workers from France, Germany and across Europe

and many "foreign" banks have their international teams based in London.

In this context any anti-competitive or protectionist legislation risks driving business to rival centres in the USA and Asia, leaving us all the poorer through loss of jobs across the industry.

Also in my briefcase are papers for the City delegation visit to South Africa on Sunday.

At present, four out of five South African investments in Europe are invested in Britain. Bilateral trade stands at over £9bn with more than 600 South African companies already present in the UK.

Only recently infrastructure giant Transnet announced that it will be

issuing bonds through the City to diversify – and thereby strengthen – their sources of funds. And there is scope for closer cooperation as the South African government embarks on an ambitious 10-year capital expenditure programme, worth £56bn.

My job is to encourage South Africa to look to the City when it comes to financing infrastructure development, especially when it comes to venture capital and public private partnerships. But this will only be the case if our financial services industry is not undermined by Brussels rules driving business out of Europe.

Nick Anstee is Lord Mayor of the City of London

## Richemont in £350m bid for Net-a-Porter

### ► RETAIL

By HARRY BANKS

ONLINE fashion outlet Net-a-Porter is understood to be on the verge of being bought out by Richemont, the Swiss luxury goods group.

Richemont, which already owns 29 per cent of the clothing boutique, is reported to be in advanced discussions to acquire the remaining 71 per cent in a deal which would value Net-a-Porter at up to £350m.

A transaction would bring a windfall of as much as £50m for the company's founder, former fashion journalist Natalie Massenet. She set up the London-based web operation 10 years ago and owns 18.2 per cent.

The buyout would give Geneva-based group Richemont the opportunity to sell its brands, which include Cartier and Alfred Dunhill, through the website. Net-a-Porter attracts around 2m women users per month.

One of the fastest-growing privately owned companies in Britain, Net-a-Porter racked up a 234 per cent rise in pre-tax profits to £10.1m in the year to 31 January 2009.

Beating the credit crunch and the recession, the firm recorded a 47.8 per cent increase in sales to £81.5m.

Net-a-Porter employs around 800 people in New York and the UK, featuring goods from the likes of Jimmy Choo, Alexander McQueen, Stella McCartney and Givenchy.

Speaking in an interview a year ago, Massenet told a newspaper she was always bullish on her start-up's growth prospects despite early doubts from City investors.

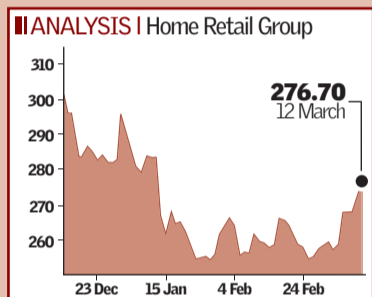
She said: "There were a lot of unimaginative private equity people who said that women would never shop online... [But] I was completely confident. I never thought it wouldn't work. I never once thought it wouldn't be huge."

Net-a-Porter and Richemont declined to comment last night.



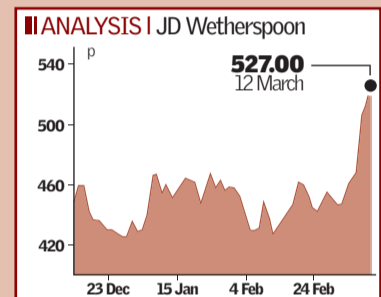
Natalie Massenet, 44, will earn up to £50m if she cashes in her stake in Net-a-Porter to a Richemont takeover

### BEST OF THE BROKERS



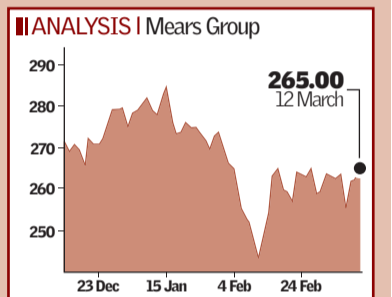
#### HOME RETAIL GROUP

Charles Stanley said the group's fourth quarter trading update covering the eight weeks to 27 February was mixed. Trading was impacted by poor weather in January, but the impact on profits has been limited as the period is traditionally a low volume one. The broker remains cautious especially over the growing threat to Argos.



#### WETHERSPOON

Evolution Securities reiterates its "buy" rating on Wetherspoon after a successful refinancing has resulted in a surprise dividend bonanza. But the real prize is the increased financial capability to accelerate the roll-out by picking up new units at knock-down prices. The broker added that Wetherspoon is having a good recession.



#### MEARS GROUP

Collins Stewart recommends investors buy Mears Group after it recorded solid profits growth and excellent cash generation at its preliminary results. Group revenues grew 12 per cent to £470m, with social housing growing organically by 18 per cent. The broker forecasts 9-10 per cent organic sales growth by 2009-12.

To appear in Best of the Brokers email your research to [notes@cityam.com](mailto:notes@cityam.com)

## Blockbuster puts Euro arm up for sale

### ► MEDIA

FILM rental chain Blockbuster has put its European arm up for sale, it emerged yesterday.

The indebted US company wants to sell its European division, which it values at about £50m, to raise cash, a report said.

Blockbuster has hired corporate finance house Winchester Capital to find a buyer for the European arm,

which has 650 British stores as well as outlets in Denmark, Ireland and Italy.

Winchester Capital is a private transatlantic investment bank based in New Haven, Connecticut, US, and London, UK.

Founded in 1986, Winchester specialises in mergers and acquisitions and global private equity.

No one at the company could immediately be reached for comment. Blockbuster, founded in 1985, has

been battling with debt since it was spun off from Viacom, the US media conglomerate, more than a decade ago.

Last month the group said it was working with financial advisers Rothschild on ways to increase its liquidity, including a possible recapitalisation. Blockbuster has sought to establish its brand in rapidly emerging new channels such as digital downloads and vending kiosks.

### CITY MOVES | WHO'S SWITCHING JOBS

Edited by Emma Sadowski



#### Coutts Private Office

Rupert Allison has joined Coutts Private Office as senior client partner from after three years with HSBC private bank as a relationship manager/director.

At Coutts, Allison will advise high-net-worth individuals whose assets top £30m and will report to global head of Coutts private office, Duncan McIntyre.

Allison also spent 15 years at Barclays Wealth in a variety of roles.

#### Norton Rose

Commercial law firm Norton Rose has bolstered its Singaporean insurance practice after hiring Anna Tipping from rival firm Linklaters.

Tipping will join Norton Rose as a partner initially in the firm's London headquarters, before she transfers to the firm's Asian office in six months time.

She advises on both life and general

insurance matters, and has experience advising on regulatory, corporate insurance programmes, reinsurance treaty wordings and general commercial transactions.

#### PricewaterhouseCoopers

PricewaterhouseCoopers (PwC) has elected Pat Newberry as president of the management consultancies association, the representative body of management consultancy firms in the UK.

Newberry has worked at PwC for over three decades and has 20 years experience in the financial services industry.

He is currently UK head of private sector consulting, but has also led the

global insurance, global actuarial and UK Financial Services consulting practices.

The management consultancy association at PwC advises 56 member companies that comprise around 70 per cent of the UK consulting industry, estimated to be worth £9bn in 2008, employ more than 40,000 consultants and work with over 90 of the top FTSE 100 companies and almost all parts of the public sector.

#### DFJ Esprit

The European venture capital firm has announced the appointment of Mikko Suonenlahti, who joins as a senior adviser and will focus on investments in

the B2B and B2C software, bio-IT, energy efficiency and med-tech.

Suonenlahti joins with 25 years experience of global management in business building, of which he spent 15 years as a venture capitalist in the Middle East, US and Finland.

He is a partner with 3i in the US and co-founder of SFK Finance Oy.

Prior to working in venture capital Suonenlahti's career includes roles with venture backed 3D Computing Oy, Nokia Data Oy, Unisys European headquarters in London and McKinsey.

He holds a MBA from the Helsinki School of Business and a BBA from Portland State University, Oregon as well as an executive education at Harvard Business School.