

Interflora four to emerge with £3.2m stake in sale to 3i

INTERFLORA'S FOUR executive directors will get a 14 per cent equity stake in the flower delivery network if a proposed £23m buyout by 3i, the private equity group, goes ahead.

The board's plans to demutualise the 80-year-old association will leave its 1,853 members owning just 35 per cent of the new business. 3i will control 49 per cent, leaving the remaining 2 per cent in the hands of a new chairman – whom 3i will appoint – according to draft documents seen yesterday by *The Independent*.

The proposed sale has split the trade body, seven years after a rebellion by Interflora members stopped a previous board from shaking up the association. Two action groups are fighting the move, claiming members will not benefit from the deal.

Jonathan Silverman, a partner at Silverman Sherliker, the law firm representing one group of rebels, said: "A number of

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members are very disappointed that executives who have recently joined the company will do so well out of the sale to the disadvantage of the members."

None of the four executive directors – Steve Richards, the chief executive, Maurice De-Castro, the commercial director, Michael Barringer, the marketing director, and Rhys Hughes, the finance director – has been a florist. All joined within the past three years. Mr Richards was drafted in last year to oversee the current shake-up. Their 14 per cent stake will be worth £3.2m.

The board, which is advised by PriceWaterhouseCoopers, needs approval from 75 per cent of members for the sale to go ahead. Members will receive documentation about the proposal, carried out as a scheme of arrangement under the Companies Act, in December and



The 1,853 members of Interflora would control just 35 per cent of the new business under 3i *John Lawrence*

vote on the deal six weeks later.

Mr Richards, who has been criticised for being close to 3i, claimed yesterday to have support from "85 to 90 per cent" of the network's members. He said the four directors did not stand to make any money from the sale, since they do not have existing equity stakes. This is in direct contrast to the situation at Londis last year, when members of the mutual convenience store group derailed its initial

attempt to sell itself to Ireland's Musgrave because its executive directors stood to receive multi-million-pound payouts.

Mr Richards said Interflora's members would receive between £5,000 and £12,000 for their stakes and could choose whether to take the cash or reinvest it in the new company. Interflora is limited by guarantee and so cannot raise the funds it needs to compete with rivals such as Tesco and Marks & Spencer.

THE INDEPENDENT
Friday 5 November 2004