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Lorna Jane is Lorna's again after \$28m buyback

Michael Bailey *Rich List editor*



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Activewear queen Lorna Jane Clarkson has bought back the 40 per cent of her eponymous retail chain previously owned by CHAMP Ventures in a \$28 million deal inked just before the coronavirus turmoil started.

Under the deal, signed on March 3, Clarkson and her co-founder and husband Bill pay \$70 apiece for the 400,000 shares in Lorna Jane owned by CHAMP since 2010. It puts an overall value on Lorna Jane of \$70 million.

That's a far cry from the [\\$500 million hopes](#) the Brisbane-based couple had for an auction of the business in 2014. But it is probably still too much for CHAMP's shares given that on Monday the Australian Retailers Association warned of a "catastrophe" for non-essential retail from the [coronavirus](#).

Lorna Jane stores, the majority of which are in shopping malls, continued to trade on Tuesday but may soon be forced to close if lockdown measures to contain the spread of coronavirus are broadened.



Lorna Jane Clarkson and husband Bill have bought back the 40 per cent of their activewear chain they didn't own. **AFR**

The Clarksons will pay for CHAMP's 40 per cent stake with a combination of Lorna Jane's existing cash reserves, a \$25 million external loan and shareholder loans to the couple. Documents lodged with the corporate regulator do not reveal the source of the external loan.

The Clarksons have tried to sell all of Lorna Jane twice, either to larger private equity firms than the domestic-focused CHAMP, or to trade buyers in the company's manufacturing base of China.

After CHAMP-nominated directors Paul Readdy and Su-Ming Wong helped Lorna Jane expand to 144 stores in Australia and 35 in the US by 2014, a five-month sale process with \$500 million hopes was pulled after the Clarksons couldn't get the price they wanted for retaining a majority stake.

The Lorna Jane footprint eventually expanded to 250 stores, but that was pared back to about 200 by the time [another sale campaign was pulled last year](#), before the coronavirus crisis dented the non-essential retail sector.

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Lorna Jane's revenue declined 1.1 per cent to \$183.1 million in 2017-18, the last year for which it lodged a financial report, with Bill Clarkson blaming a reduction in brick-and-mortar stores as customers moved to online shopping.

The activewear retailer reported a \$1.8 million after-tax profit after losing \$1.8 million in 2016-17. It reported \$62 million in net assets, including \$13 million in the cash pile it will now tap for the buyback.

The Clarksons pulled \$300,000 in dividends from the company over 2017-18, but CHAMP received none as they were paid only on the six preference shares owned by the couple.

Michael Bailey writes on entrepreneurship and the arts. He is also responsible for the Financial Review's Rich Lists. He is based in Sydney. *Connect with Michael on [Twitter](#). Email Michael at m.bailey@afrc.com*



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