

Footasylum PLC

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Footasylum: The nightmare investment that has been a nice little earner for founder's kids

Footasylum PLC's (LON:FOOT) recent woes might have made the trendy 'athleisure' retailer a nightmare investment for some but for the founder's children, it has been a nice little earner.

For David Makin's three kids - one of whom is Clare Nesbitt, the company's chief executive - have pocketed just shy of £25m from the troubled group's initial public offering in November 2017.

On top of that, they still have a combined 57% stake in Footasylum worth just over £48m at the time of writing.

Footasylum trading well below IPO price

Footasylum's shares jumped 74% to 81.2p on Monday after it agreed to be taken over by JD Sports Fashion PLC (LON:JD. for £90.1m).

READ: JD Sports to buy struggling rival Footasylum for up to £90.1m
JD, which already owns an 18.7% stake in Footasylum, will pay 82.5p in cash for each share in the footwear and hoodie chain.

The deal represents a 77.5% premium to Footasylum's share price of 46.5p at the closing bell on Friday.

While Footasylum's shares have received a much-needed boost on the back of the takeover news, they are still trading well below its initial public offering price of 164p following a series of profit warnings.

The slump in shares has left a lot of investors well out of pocket.

Those who bought in at the 164p stock market float price have seen their investment halve while those unlucky enough to buy shares at December 2017's peak have seen their stake fall in value by just over two-thirds (69.3%).

Nursing those sort of stock market-inflicted bruises, rank and file punters could be forgiven for being more than a little envious of the Makins' good fortune.

Footasylum founder's kids to inherit stake owned by Manchester City chairman

Their windfall hasn't come from their father David as you might expect. It actually comes from their dad's business partner and close friend, John Wardle, with whom Makin senior founded JD Sports Fashion PLC (LON:JD.) back in 1981.

Wardle, estimated to be worth £50m, is now in his mid 70s and has no children of his own to leave his millions to. Instead, some of his wealth is going to Clare, 31, and her two siblings, 28-year-old Tom, who is the company's marketing and e-commerce director, and Amy, 30.

That's because the former Manchester City chairman set up a trust via which he gifted them 44.5m Footasylum shares, which at one point had a value of around £118m.

1 Year Share Price Graph



Share Information

Code: FOOT

Listing: AIM

Sector: Fashion & brands

Website:

Company Synopsis:

Footasylum is a UK-based lifestyle fashion retailer, focused on bringing to market footwear and apparel collections predominantly aimed at 16 to 24 year old fashion-conscious customers. The Company operates a multi-channel model combining more than 60 stores with a fast growing eCommerce platform and a recently launched wholesale arm.

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Some of those shares, worth around £14m, were sold at the IPO last November, while the remaining stock is valued at £29m.

They and Makin senior received a further £18.7m when the company bought back preference shares that had previously been given to Wardle in payment of a loan.

At the same time, Makin gave his kids 22.5% of Footasylum's stock, now worth £19m, when he set the company up in 2005 and means they control 57% of the shares.

Based on JD's takeover price, they would receive about £49m for their combined stake.

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