

JOINT PRESS RELEASE

## ALHOKAIR AND ARABIAN CENTRES TO ACQUIRE 51% STAKE IN ONLINE FASHION RETAILER, VOGACLOSET, REDEFINING SAUDI SHOPPING EXPERIENCE

- Combined brands and resources will create an unmatched omnichannel for consumers and merchants
- Integration to build on Vogacloset's strong regional e-commerce footprint, with 12 million active users across the Middle East
- Bringing three key regional players together to create a retail infrastructure with exceptional growth potential and an unparalleled collection of brands

**(Riyadh and London - 03 March 2021):** Fawaz Abdulaziz Alhokair Co. ("Alhokair"), the leading franchise retailer in Saudi Arabia, and Arabian Centres Company ("ACC"), the leading owner, developer and operator of lifestyle shopping centres in Saudi Arabia, (together "the buyers") have announced that they will acquire a combined 51% stake in Vogacloset, a UK-based online fast fashion platform offering over 400 brands in the latest women's, men's and kids' trends to fashion enthusiasts in the Middle East.

The buyers will acquire 41.2% of Vogacloset's existing shares based on a pre-money valuation of USD 60 million, subject to an earn-out structure conditional on certain growth thresholds. In addition, USD 12 million will be injected into the capital of Vogacloset to further develop its presence in the Saudi market, accelerate the growth of its active customer base and support the integration of Alhokair brands and ACC tenant brands onto the e-commerce platform. Post transaction, Alhokair and ACC will own a combined 51% stake in Vogacloset.

It is envisaged that Vogacloset will be integrated with a Joint Venture ("JV") established by the buyers to support the development of future opportunities aimed at building the two leading Saudi retail players' unmatched omnichannel experience, for consumers and merchants alike. Plans already in the pipeline include the launch of a loyalty programme, along with a consumer finance offering.

Commenting on the acquisition, **Marwan Moukarzel, Chief Executive Officer of Alhokair**, said:

*"Our investment in an online fashion and beauty platform of Vogacloset's calibre is a significant milestone in our transformation and represents an exciting opportunity. This strategic investment in a sizeable and profitable regional e-commerce player is the most direct route for Alhokair to extend its leadership position in its core Saudi market – from offline to the online space, while safeguarding our competitive market position. We remain committed to our digital integration programme and transition to a lifestyle retailer of choice. Through Vogacloset's platform, we look forward to introducing a range of brands online that is unmatched in the Saudi retail space, addressing our growing customer demand for a genuinely omnichannel experience, and giving our brands extended reach."*

The buyers' principal strategic objective for their investment in Vogacloset is to accelerate digital transformation and create a truly modern retail business. Partnering with a leading e-commerce

platform is the first pillar of this strategy, with the intention to create an industry-leading partnership in Saudi Arabia that leverages Vogacloset's asset light and customer centric business model, efficient logistics chain and deep understanding of regional and global fashion trends.

Vogacloset's unique value proposition for European brands with a vision to serve the Middle East, and having an established bilingual and operationally sound presence in their core market of Saudi Arabia, make it an ideal partner to Alhokair and ACC.

**Faisal Al Jedaie, Chief Executive Officer of ACC,** commented:

*"In line with our ambition to create Saudi Arabia's first specialized digital retail platform, the partnership with Vogacloset will greatly enhance convenience and engagement for tenants and customers. The JV will add value to ACC by enabling us to offer a more holistic proposition for all our mall tenants, by giving their brands an improved online presence. We will also be able to provide our malls' visitors with a specialized and advanced loyalty program, and a simplified and innovative consumer financing solution. We are excited to be partnering with Alhokair and Vogacloset on this new chapter in the story of our businesses."*

ACC will strengthen its offering to mall tenants to include listings on the online marketplace, thereby providing a supplementary sales channel. Meanwhile, Vogacloset's platform will be enhanced and expanded to become a formidable online/offline play with unified back-end logistics, and the solution will differentiate it from regional peers by providing unique features such as "buy online, pick up in store", and "buy online, return in store".

**Hanin Hamarneh, CEO of Vogacloset,** commented:

*"Partnering with Alhokair and ACC in Saudi Arabia, our key market, is a strategic leap for Vogacloset. We have built a leading multi-brand fast fashion platform with a successful track record of meeting evolving consumer demands across the Middle East, supported by close alignment and tight integration with our highly-reputed and well-established European online fast fashion suppliers. This partnership, and the new investment that it will bring, will support and accelerate the execution of our very ambitious growth plans in Saudi Arabia and the Middle East, and will help us to rapidly expand the market for our suppliers' products. We are excited about the opportunity to have the support of, and work closely with, two recognised regional leaders to unlock a huge and growing market."*

Led by its current leadership team, Vogacloset will continue to operate independently, and will keep on managing and operating its online platform vogacloset.com. The executive team, including the CEO, COO and Executive Chairman, have committed to continue leading the business for at least the next five years. A Board of Directors governing Vogacloset's overall direction, supervision, and management will be formed comprising of seven members: two nominated by ACC, two nominated by Alhokair, and three nominated by the executive shareholders.

The transaction is subject to the fulfilment of various conditions precedent, expected to be completed by end of June 2021.

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