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## **PRADA S.p.A.**

*Registered office at Milan (Italy), Via A. Fogazzaro n. 28  
Registry of Companies of Milan, Monza, Brianza, Lodi (Italy): No. 10115350158  
(Incorporated under the laws of Italy as a joint-stock company with limited liability)  
(Stock Code: 1913)*

### **CONNECTED TRANSACTION**

### **DISPOSAL OF A PROPERTY**

#### **THE DISPOSAL**

On December 29, 2020, the Company entered into the SP Agreement with Orexis, pursuant to which the Company sold and Orexis acquired the Via Spiga Property at a consideration of Euro 40 million.

#### **LISTING RULES IMPLICATIONS**

As at the date of this Announcement, the entire share capital of Orexis is owned by Prada Holding which is also the controlling shareholder of the Company, holding approximately 80% of its total issued share capital; therefore Orexis is a connected person of the Company. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since the applicable Percentage Ratios of the Disposal exceeds 0.1% but is less than 5%, this connected transaction is only subject to the reporting and announcement requirements and is exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

On December 29, 2020, the Company entered into the SP Agreement with Orexis, pursuant to which the Company sold and Orexis acquired the Via Spiga Property at a consideration of Euro 40 million.

## **SP AGREEMENT**

The principal terms of the SP Agreement are as follows:

|                       |   |
|-----------------------|---|
| <b>Date:</b>          | December 29, 2020   |
| <b>Parties:</b>       | (i) the Company, as the Vendor; and<br>(ii) Orexis, as the Purchaser  |
| <b>Property:</b>      | Location: Via Della Spiga, 18, Via Sant'Andrea 23,<br>20121 Milan, Italy<br><br>Building type: Retail<br><br>Floor Space: 2-storey building and basement floor with a<br>total floor area of approximately 590 square meters. |
| <b>Consideration:</b> | Euro 40 million<br><br>Orexis paid Euro 2 million upon the execution of the SP<br>Agreement. The balance will be paid by 2 instalments<br>over a period of two years.   |

The Consideration has been arrived at after arm's length basis negotiations with reference to the highest market evaluation of the Property of Euro 40 million, as set out in the valuation report by the Property Valuer, adopting an income based approach on the basis of rental fees of properties of comparable sizes and nature in adjacent areas.

The Consideration was agreed on the highest level of the estimate range identified by the Property Valuer, without taking into consideration the contingent situation of the local real estate market, which is depressed due to the Covid-19 pandemic, but taking into account the deferral of the payment.

## **FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS**

For illustrative purpose, based on the unaudited financial statements of the Company as at November 30, 2020, the net book value of the Via Spiga Property is approximately Euro 3 million while the consideration under the SP Agreement is Euro 40 million, therefore it is estimated that the Group will

recognize a gain from the Disposal of approximately Euro 37 million, before any corporate income taxation.

The net sale proceeds of the Disposal will be applied by the Company for general corporate purposes.

## **INFORMATION OF THE PARTIES**

The Prada Group forms one of the world's most prestigious fashion luxury goods groups and the Company is the worldwide exclusive licensee of the design, development, manufacture, advertising, promotion and distribution of the PRADA, MIU MIU, CAR SHOE trademarks and, through a subsidiary, of the CHURCH'S trademark.

Orexis is a real estate company incorporated with limited liability under the laws of Italy and is wholly owned by Prada Holding.

Prada Holding is a joint-stock company, with limited liability incorporated under the laws of Italy, and the controlling shareholder, holding approximately 80% of the total issued share capital of the Company as at the date of this announcement. Prada Holding is an investment holding company.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE DISPOSAL**

The Via Spiga Property has been historically operated as one of the Prada stores in Milan managed by Fratelli Prada S.p.A., which was acquired by the Company in 2019 - as reported in the announcement issued by the Company dated October 29, 2019 - then merged by incorporation into the Company effective as of November 1, 2020.

Following the acquisition and subsequent merger of Fratelli Prada S.p.A into the Company, the Company found itself managing 5 Prada brand stores in a restricted area of the historic center of Milan with a clear overexposure of the Prada brand's supply. As a consequence, after the closure in March 2020 due to the lockdown measures implemented in Italy, it was decided to definitively interrupt the operation of the least profitable store in Milan, namely the one operated in Via Spiga Property. Therefore the Via Spiga Property is currently an unproductive investment for the Company.

The Directors are of the view that the closure of one of the 5 Prada brand stores in the center of Milan represents a necessary rationalization to improve the operational efficiency of the Prada Group retail network.

From time to time the Directors undertake strategic review of the Group's assets with a view to maximizing returns on investments, while maintaining adequate financial resources. Having regard to the prevailing market conditions, the Directors are of the view that the Disposal provides an opportunity for the Company to generate additional financial resources for general capital purposes.

The Directors (including the independent non-executive Directors) consider that entering into the SP Agreement is in the ordinary and usual course of business of the Group and that the SP Agreement was negotiated at an arm's length basis, on normal commercial terms or better, which are fair and reasonable, and in the interests of the Group and the Company's Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this Announcement, Orexis is wholly owned by Prada Holding which in addition holds approximately 80% of the total issued share capital of the Company; therefore Prada Holding is the controlling shareholder of the Company under the Listing Rules and a connected person of the Company under Chapter 14A of the Listing Rules. As such, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Orexis is a company indirectly controlled by Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli, who are both Chief Executive Officers, Executive Directors and substantial Shareholders of the Company. Mr. Carlo Mazzi the Chairman of the Board and an executive director of the Company, is the sole director of Orexis.

Each of Ms. Miuccia Prada Bianchi, Mr. Patrizio Bertelli and Mr. Carlo Mazzi, is being regarded as having a material interest in the Disposal so they all have to abstain from voting the board resolution approving the Disposal and the entering into of the SP Agreement. Actually, Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli did not attend the board meeting approving such transaction, therefore did not vote on the relevant resolution; Mr. Carlo Mazzi attended the board meeting but abstained from voting on the relevant resolution.

Since the applicable Percentage Ratios of the Disposal exceeds 0.1% but is less than 5%, the Disposal constitutes a connected transaction which is only subject to the reporting and announcement requirements and is exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

In this Announcement, unless the context requires otherwise, the following terms shall have the meanings set out below:

|                           |  |
|---------------------------|--|
| “Board”                   | the board of Directors   |
| “Company”                 | PRADA S.p.A. (stock code: 1913), a company incorporated under the laws of Italy as a joint-stock company with limited liability and the shares of which are listed on the Main Board of the Stock Exchange |
| “connected person(s)”     | has the meaning as ascribed to it under the Listing Rules  |
| “controlling shareholder” | has the meaning as ascribed to it under the Listing Rules  |
| “Director(s)”             | the director(s) of the Company   |
| “Disposal”                | the disposal of the Via Spiga Property at the terms and conditions set out in the SP Agreement   |
| “Group”                   | the Company and its subsidiaries   |
| “Listing Rules”           | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Orexis”                  | Orexis S.r.l., a limited liability company incorporated under the laws of Italy which capital is wholly owned by Prada Holding   |
| “Percentage Ratio(s)”     | the applicable percentage ratio(s) under Rule 14.07 of the Listing Rules   |

|                      |  |
|----------------------|--|
| “Prada Holding”      | Prada Holding S.p.A., a joint-stock company with limited liability incorporated under the laws of Italy being the controlling Shareholder of the Company as at the date of this announcement |
| “Via Spiga Property” | the building located in Via Della Spiga, 18, Via Sant’Andrea 23, 20121 Milan, Italy being the object of the Disposal   |
| “Property Valuer”    | Mr. Arch. Giuseppe Romeo, an independent Italian qualified property valuer   |
| “Shareholder(s)”     | shareholder(s) of the Company  |
| “SP Agreement”       | the sale and purchase agreement entered into between the Company and Orexis on December 29, 2020 for the Disposal  |
| “Stock Exchange”     | The Stock Exchange of Hong Kong Limited  |
| “%”                  | per cent   |

By Order of the Board  
PRADA S.p.A.  
Mr. Carlo Mazzi  
*Chairman*

Milan, Italy, December 29, 2020

*As at the date of this announcement, the Company’s executive directors are Mr. Carlo MAZZI, Ms. Miuccia PRADA BIANCHI, Mr. Patrizio BERTELLI and Ms. Alessandra COZZANI; the Company’s non-executive director is Mr. Stefano SIMONTACCHI and the Company’s independent non-executive directors are Mr. Gian Franco Oliviero MATTEI, Mr. Giancarlo FORESTIERI, Mr. Sing Cheong LIU and Mr. Maurizio CEREDA.*