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PRADA S.p.A.

*Via A. Fogazzaro n. 28, Milan, Italy
Registry of Companies of Milan, Italy: No. 10115350158
(Incorporated under the laws of Italy as a joint-stock company)
(Stock Code: 1913)*

Connected Transaction: Disposal of Works of Art

On June 28, 2012, the Company and its wholly-owned subsidiary, Prada S.A., entered into agreements for the disposal of works of art to Ludo S.A. and PaBe 1 S.A..

Ludo S.A. and PaBe 1 S.A. are “connected persons” of the Company, as defined in Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Ludo S.A. is a connected person by virtue of the fact that it is a substantial shareholder (as defined in the Listing Rules) of the Company and is a company controlled by Ms. Miuccia Prada Bianchi, who is the Chairperson, an Executive Director and a substantial shareholder (as defined in the Listing Rules) of the Company.

PaBe 1 S.A. is a connected person by virtue of the fact that it is a substantial shareholder (as defined in the Listing Rules) of the Company and is a company controlled by Mr. Patrizio Bertelli, who is the Chief Executive Officer, an Executive Director and a substantial shareholder (as defined in the Listing Rules) of the Company.

The disposal of works of art to Ludo S.A. and PaBe 1 S.A. therefore constitutes a connected transaction under the Listing Rules.

Since the relevant applicable percentage ratio for the above transaction exceeds 0.1% but is less than 5%, the connected transaction is subject to the reporting and announcement requirements but is exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

On June 28, 2012, the Company and its wholly-owned subsidiary, Prada S.A., entered into agreements with Ludo S.A. and PaBe 1 S.A. (the “**Works of Art Disposal Agreement**”) on the following principal terms:

Date	June 28, 2012
Parties	(i) The Vendors: the Company and Prada S.A., a wholly-owned subsidiary of the Company (ii) The Purchasers: (a) Ludo S.A., a substantial shareholder (as defined in the Listing Rules) of the Company and a company controlled by Ms. Miuccia Prada Bianchi who is the Chairperson, an Executive Director and a substantial shareholder (as defined in the Listing Rules) of the Company; and (b) PaBe 1 S.A., a substantial shareholder (as defined in the Listing Rules) of the Company and a company controlled by Mr. Patrizio Bertelli who is the Chief Executive Officer, an Executive Director and a substantial shareholder (as defined in the Listing Rules) of the Company.
Assets	The Vendors have agreed to sell 10 works of art, in particular 7 of which owned by Prada S.A. and 3 owned by the Company (the “ Works of Art ”) to the Purchasers, in particular, 7 to PaBe 1 S.A. and 3 to Ludo S.A.
Value of the Assets	<p>The total net book value of the Works of Art is Euro 12,868,114 based on the unaudited consolidated financial statements of the Company as at April 30, 2012 and the total value of the Works of Art, as determined by an independent third party appraiser on March 22, 2012, is Euro 12,530,000.</p> <p>The Vendors have held the Works of Art for more than 12 months.</p>
Consideration	<p>The total consideration for the disposal of the Works of Art is Euro 12,883,542 payable, within 30 days after invoice, by bank transfer. The consideration was determined on an arm’s length basis between the parties as the sum of the higher of (i) the value of each Work of Art, as at March 22, 2012, as determined by an independent third party appraiser and (ii) the net book value of each Work of Art, as at April 30, 2012, as recorded by the Company or Prada S.A., as the case may be.</p> <p>The sales proceeds will be utilized as the Group’s working capital.</p>

The Company expect to accrue a gain of Euro 15,428 as a consequence of the sale of those Works of Art which consideration is higher than the relevant net book value.

PRADA S.A. do not expect to accrue a gain or a loss as a consequence of the sale of those Works of Art.

General description of the principal business activities carried out by the parties involved in the Connected Transaction

The Company and its subsidiaries (the “**Group**”) form 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 and MIU MIU trademarks.

Prada S.A. is the legal owner, *inter alia*, of the PRADA and MIU MIU trademarks, and is responsible for their management, development and protection.

Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli are the Chairperson and Chief Executive Officer, respectively, as well as Executive Directors and substantial shareholders (as defined in the Listing Rules) of the Company.

Ludo S.A. and PaBe 1 S.A. are investment holding companies and substantial shareholders (as defined in the Listing Rules) of the Company.

Reasons for and benefits of the transaction

The Directors of the Company (including the Independent Non-executive Directors) are of the view that the Works of Art under the above Works of Art Disposal Agreement are non-core investments unrelated to the business of the Group. Such disposal allows the Group to realize these items at their fair value (after taking into account independently appraised value) for redeployment in the core business of the Group.

The Directors (including the Independent Non-executive Directors) consider that the Works of Art Disposal Agreement has been entered into in the ordinary course of business of the Group and that the Works of Art Disposal Agreement was negotiated at an arm’s length basis, on normal commercial terms, which is fair and reasonable, and in the interests of the Group and the Company’s shareholders as a whole.

Listing Rules implications

Ludo S.A. is a substantial shareholder (as defined in the Listing Rules) of the Company and a company controlled by Ms. Miuccia Prada Bianchi. Therefore it is a connected person of the Company.

PaBe 1 S.A. is a substantial shareholder (as defined in the Listing Rules) of the Company and a company controlled by Mr. Patrizio Bertelli. Therefore it is a connected person of the Company.

The disposal of the Works of Art by the Company and its wholly-owned subsidiary, Prada S.A., to Ludo S.A. and PaBe 1 S.A. constitutes a connected transaction under Chapter 14A of the Listing Rules.

Ms. Miuccia Prada Bianchi and Mr. Patrizio Bertelli have material interests in the above transaction and have abstained from voting on the board resolution approving such transaction.

Since the relevant applicable percentage ratio for the above transaction exceeds 0.1% but is less than 5%, the connected transaction is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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

Milan, Italy, June 28, 2012

As at the date of this announcement, the Company's executive directors are Ms. Miuccia PRADA BIANCHI, Mr. Patrizio BERTELLI, Mr. Carlo MAZZI and Mr. Donatello GALLI; the Company's non-executive directors are Mr. Marco SALOMONI and Mr. Gaetano MICCICHÈ and the Company's independent non-executive directors are Mr. Gian Franco Oliviero MATTEI, Mr. Giancarlo FORESTIERI and Mr. Sing Cheong LIU.