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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)

TERMINATION OF CONTINUING CONNECTED TRANSACTION

Reference is made to the announcement of the Company dated January 29, 2013 (the “**Previous Announcement**”) in relation to two continuing connected transactions, one being the Fratelli Prada Business Management Agreement. Unless otherwise defined below, capitalized terms used in this announcement shall have the same meaning as those used in the Previous Announcement.

On March 31, 2015, the Company entered into a termination agreement with Fratelli Prada S.p.A. (“**Fratelli Prada**”) to terminate the Fratelli Prada Business Management Agreement (the “**Termination Agreement**”).

Termination Agreement in respect of the Fratelli Prada Business Management Agreement

The Fratelli Prada Business Management Agreement was entered into by the Company and Fratelli Prada on November 29, 2013, to allow Fratelli Prada to manage the commercial retail activity of the Prada brand in the Galleria Property.

On March 31, 2015, the Company and Fratelli Prada, a company indirectly controlled by Ms. Miuccia Prada Bianchi, entered into the Termination Agreement to terminate the Fratelli Prada Business Management Agreement. Pursuant to the Termination Agreement, the Fratelli Prada Business Management Agreement shall be terminated with effect from April 1, 2015. Neither party is required to pay any penalty or compensation to the other party in respect of the early termination of the Fratelli Prada Business Management Agreement.

Following the execution of the Termination Agreement, the commercial retail activity in relation to the Galleria Property (being the men’s segment) will be directly managed and operated by the Company through its subsidiary, Prada Stores S.r.l.. As all the Prada branded stores based in Milan are operated and managed by Fratelli Prada pursuant to the terms of the Franchise Agreement dated January 28, 2009 between the Company and Fratelli Prada and as a result of the Termination Agreement, Fratelli Prada has renounced its right, under the Franchise Agreement, to operate and manage the commercial retail activity solely in relation to the men’s segment in the Galleria Property.

General description of the principal business activities carried out by the parties involved in the continuing connection 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, MIU MIU and Car Shoe trademarks.

Fratelli Prada is a company indirectly controlled by Ms. Miuccia Prada Bianchi. Fratelli Prada operates all the Prada-branded stores based in Milan, except the men’s store located in the Galleria Property, in accordance with the terms of the Franchise Agreement.

Reasons for entering into the Termination Agreement

Fratelli Prada had originally entered into the Fratelli Prada Business Management Agreement with the vision of a substantial development in the Galleria Property to rationalise its network of five Prada stores currently based in downtown Milan. As at the date of this announcement, the refurbishment work on the Galleria Property is still in progress and has not yet been completed and the full area of the Galleria Property has not been available to allow Fratelli Prada to rationalise its commercial retail operations. As the Galleria Property is an iconic landmark of great importance to the Group’s brand name and image, and the men’s store at the Galleria Property is considered by the Company to be one of the most important shopping destinations for the Company’s international customers, the Company and Fratelli Prada have mutually agreed to terminate the Fratelli Prada Business Management Agreement and the men’s segment in the Galleria Property will now be directly managed and operated by the Company, through its subsidiary Prada Stores S.r.l..

The Directors (including the Independent Non-executive Directors) are of the view that the Termination Agreement will present a new opportunity for the Group to directly manage and operate the commercial retail activity in the Galleria Property, being an iconic store for the Group. The Galleria Property is a prominent part of Galleria Vittorio Emanuele II, the site where Mr. Mario Prada, the grandfather of Ms. Miuccia Prada Bianchi, first opened a Prada store. The Galleria Vittorio Emanuele II remains a key part of the commercial, financial, tourism and cultural centre of the city of Milan and to directly manage the Galleria Property will be an important step in further developing and extending the Group’s brand identity through such an iconic, heritage flagship store.

The Directors (including the Independent Non-executive Directors) consider that the Termination Agreement has been entered into in the ordinary course of business of the Group and that the Termination Agreement was negotiated on 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

Fratelli Prada is a company indirectly controlled by Ms Miuccia Prada Bianchi, a Chief Executive Officer, an executive director and a substantial shareholder of the Company. As such, Fratelli Prada is a connected person (as defined in the Listing Rules) of the Company and the Fratelli Prada Business Management Agreement constituted a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. The termination of the Fratelli Prada Business Management Agreement pursuant to the Termination Agreement is subject to the announcement requirement under Chapter 14A of the Listing Rules.

Mr. Carlo Mazzi (the Chairman of the Board and an executive director of the Company) is also a director of Fratelli Prada.

Ms Miuccia Prada Bianchi and Mr Carlo Mazzi have material interest in the above transaction. Accordingly, Ms Miuccia Prada Bianchi, her husband Mr Patrizio Bertelli and Mr. Carlo Mazzi are not permitted to vote under the Listing Rules. Ms Miuccia Prada Bianchi and Mr Patrizio Bertelli did not attend the board meeting approving such transaction and therefore did not vote on the relevant resolution; Mr Mazzi attended the board meeting but did not vote on the relevant resolution.

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

Milan (Italy), April 2, 2015

As at the date of this announcement, the Company's executive directors are Mr. Carlo MAZZI, Ms. Miuccia PRADA BIANCHI, Mr. Patrizio BERTELLI, Mr. Donatello GALLI and Ms. Alessandra COZZANI; the Company's non-executive director is 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.