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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**

### **Supplemental Agreement to the Luna Rossa Sponsorship Agreement**

On April 16, 2013 (European time), Prada S.A. (“**Prada SA**”), a wholly owned subsidiary of PRADA S.p.A. (the “**Company**”) entered into a supplemental agreement to the Luna Rossa Sponsorship Agreement (as defined below) with Luna Rossa Challenge 2013 S.r.l. and Luna Rossa Challenge 2013 NZLTD (together, the “**Sponsored Luna Rossa Companies**”) (the “**Supplemental Sponsorship Agreement**”) for the participation of *Luna Rossa* yacht in the XXXIV edition of the America’s Cup.

The share capital of each of the Sponsored Luna Rossa Companies is wholly owned directly by PaBe 1 S.A., which is in turn directly controlled by Mr. Patrizio Bertelli, who is the Company’s Chief Executive Officer, Executive Director and substantial shareholder (as defined in the Listing Rules). Therefore, such companies are connected persons (as defined in the Listing Rules) of the Company.

Since the relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the Supplemental Sponsorship Agreement (together with the Luna Rossa Sponsorship Agreement) are more than 0.1% but less than 5%, the Supplemental Sponsorship Agreement (together with the Luna Rossa Sponsorship Agreement) will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules, subject to the reporting and announcement requirements but exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

## **Introduction**

Reference is made to the announcement of the Company dated January 10, 2012 (the “**Previous Announcement**”) in relation to the sponsorship agreement entered into between the Company’s wholly-owned subsidiary, Prada SA, and connected persons of the Company, the Sponsored Luna Rossa Companies, for the participation of the *Luna Rossa* yacht (the “**Sponsorship**”) in the XXXIV edition of the America’s Cup (the “**Competition**”) (the “**Luna Rossa Sponsorship Agreement**”). Unless otherwise defined below, capitalised terms used in this announcement shall have the same meaning as those used in the Previous Announcement.

## **The Supplemental Sponsorship Agreement**

On April 16, 2013 (European time), Prada SA, a wholly owned subsidiary of the Company, entered into the Supplemental Sponsorship Agreement with the Sponsored Luna Rossa Companies for the participation of *Luna Rossa* yacht in the XXXIV edition of the America’s Cup.

Under the Luna Rossa Sponsorship Agreement, the total amount of the Sponsorship is Euro 40 million (equal to approximately HK\$ 406.1 million) to be paid in installments over the period from January 2012 to September 2013.

In light of the importance placed on the participation of the *Luna Rossa* yacht, and the presence of the Prada brand, in an additional race in the competition to be hosted by Naples, Italy in April 16 to April 21, 2013 (the “**Naples Race**”), Prada SA has agreed to grant an additional sponsorship contribution, the maximum amount being Euro 10 million (equal to approximately HK\$ 101.5 million) (the “**Additional Sponsorship Contribution**”). Prada’s trademark will continue to be displayed on the *Luna Rossa* yacht in the Naples Race. The Additional Sponsorship Contribution has been determined on the basis of the budget for the participation of the *Luna Rossa* yacht in the Naples Race, including moving its operations from New Zealand to Naples, Italy. The Additional Sponsorship Contribution will be paid in full by September 2013.

Save as disclosed above, all other terms and conditions of the Luna Rossa Sponsorship Agreement remain unchanged.

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

Prada is one of the world’s most prestigious fashion luxury goods groups and the worldwide exclusive licensee of the design, development, manufacture, advertising, promotion and distribution of, *inter alia*, the trademarks PRADA and MIU MIU.

Prada SA is the legal owner of the PRADA, MIU MIU and LUNA ROSSA trademarks, responsible for their management, development and protection. In addition, Prada SA grants sponsorship contributions to entities worldwide that are recognised in the fields of sport and art.

The Sponsored Luna Rossa Companies are companies incorporated to manage the participation of the *Luna Rossa* yacht in the Competition. It was disclosed in the Previous Announcement that Luna Rossa Challenge 2013 SF USA was in the process of being incorporated and would accede to the Luna Rossa Sponsorship Agreement upon completion of such process. However, Luna Rossa Challenge 2013 SF USA was not subsequently incorporated and is therefore not a party to the Luna Rossa Sponsorship Agreement or the Supplemental Sponsorship Agreement.

### **Reasons for and benefits of the transaction**

The Directors of the Company are of the view that the effect of the Sponsorship, in terms of media impact as already demonstrated by the sponsorship of *Luna Rossa* yachts in previous editions and the current edition of the America's Cup, has been very successful and justifies the investment made in terms of visibility of Prada's trademark. Due to the current success of the *Luna Rossa* yachts in the preparatory races of the Competition in raising the Company's profile and promoting the Company's brand name, the Directors of the Company are of the view that the Company's involvement in the Naples Race is important to Prada's image in the Italian and international community and will enhance the exposure of Prada's trademark. Since the Naples Race will be held in Prada's country of origin and all the contestants in the Competition are expected to participate in the Naples Race, the Directors of the Company believe that the absence of the *Luna Rossa* yacht and the Prada brand from the Naples Race would be likely to have an adverse impact on the Prada brand name and image.

The Directors (including the Independent Non-executive Directors) consider that entering into the Supplemental Sponsorship Agreement (together with the Luna Rossa Sponsorship Agreement) for promoting Prada's brand name and trademark is in the ordinary course of business of the Company and its subsidiaries (the "**Group**") and that the Supplemental Sponsorship Agreement (together with the Luna Rossa Sponsorship Agreement) was entered on arm's length basis, on normal commercial terms, which are fair and reasonable, and in the interests of the Group and the Company's shareholders as a whole.

## **Listing Rules implications**

The entire share capital of each of the Sponsored Luna Rossa Companies is indirectly owned 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. Therefore, the Sponsored Luna Rossa Companies are connected persons (as defined in the Listing Rules) of the Company and the Supplemental Sponsorship Agreement constitutes a connected transaction (as defined in the Listing Rules) of the Company.

Neither Mr. Patrizio Bertelli, who has a material interest in the Sponsorship and the Supplemental Sponsorship Agreement, nor his spouse Ms. Miuccia Prada Bianchi is a director of Prada SA. They did not vote at any meeting of Prada SA to approve the Supplemental Sponsorship Agreement and did not vote on any resolution of the Company regarding the Supplemental Sponsorship Agreement.

The aggregate amount of sponsorship payable by Prada SA under the Supplemental Sponsorship Agreement (together with the Luna Rossa Sponsorship Agreement) represents more than 0.1% but less than 5% of the applicable percentage ratios (as defined in the Listing Rules) for the Company. Accordingly, the Supplemental Sponsorship Agreement (together with the Luna Rossa Sponsorship Agreement) 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, April 16, 2013

*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.*