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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

Sponsorship of *Luna Rossa* yacht for its participation in the XXXIV America's Cup

The Board of Directors of PRADA S.p.A. is pleased to announce that on 10 January 2012 (European time) its wholly-owned subsidiary, Prada S.A., entered into a sponsorship agreement for the participation of *Luna Rossa* yacht in the XXXIV edition of the America's Cup.

The entire share capital of each of the Sponsored Luna Rossa Companies (as defined below) 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 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 Sponsorship are more than 0.1% but less than 5%, the Sponsorship 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 Voluntary Announcement of PRADA S.p.A. (the "**Company**") dated 19 October 2011 (the "**Voluntary Announcement**"), in which the Company announced the negotiation between its wholly-owned subsidiary, Prada S.A. ("**Prada SA**"), and a connected person of the Company in relation to the sponsorship for the participation of the *Luna Rossa* yacht (the "**Sponsorship**") in the XXXIV edition of the America's Cup (the "**Competition**"). In the Voluntary Announcement it was stated that, if the negotiations in relation to the Sponsorship are

concluded and the related sponsorship agreement is signed, this would constitute a connected transaction, as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), and the Company would make a further announcement in accordance with Chapter 14A of the Listing Rules.

The Board of Directors of the Company is therefore pleased to announce that on 10 January 2012 (European time), Prada SA - on one side - and Luna Rossa Challenge 2013 S.r.l. and Luna Rossa Challenge 2013 NZLTD - on the other side - have entered into a sponsorship agreement for the participation of the *Luna Rossa* yacht in the Competition (the “**Luna Rossa Sponsorship Agreement**”).

Principal terms of the Luna Rossa Sponsorship Agreement

Date: 10 January 2012 (European time);

Grantor: Prada SA, a wholly owned subsidiary of the Company;

Grantees: Luna Rossa Challenge 2013 S.r.l., Luna Rossa Challenge 2013 NZLTD and Luna Rossa Challenge 2013 SF USA, this latter company is in the process of being incorporated and will accede to the Sponsorship Agreement once such process is completed (together, the “**Sponsored Luna Rossa Companies**”), each directly and wholly owned by PaBe 1 S.A., which is in turn directly controlled by Mr. Patrizio Bertelli, the Company’s Chief Executive Officer, Executive Director and substantial shareholder (as defined in the Listing Rules);

Total amount of the Sponsorship: Euro 40 million (equal to approximately HK\$397.45 million);

Payment installments: over the period from January 2012 to September 2013;

Rights granted to Prada SA: the Sponsored Luna Rossa Companies have undertaken, *inter alia*, to exhibit Prada’s trademark on the *Luna Rossa* yacht during the preliminary and the final races in the Competition, in different positions as agreed between the parties and with sufficient prominence, for instance on the hulls, and to grant to Prada SA the right to use images of the *Luna Rossa* yacht and its crew for advertising purposes.

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 newly incorporated companies (or, as concerns Luna Rossa Challenge 2013 SF USA, in the process of being incorporated) to manage the participation of the *Luna Rossa* yacht in the Competition.

Reasons for and benefits of the transaction

The Directors of the Company are of the view that the effects of the Sponsorship, in terms of impact on the media as already demonstrated by the Company's sponsorship of Luna Rossa yachts in previous editions of the America's Cup, were very successful and justify the investments made in terms of visibility of Prada's trademark. The Sponsorship of Luna Rossa's participation in the Competition is also in line with the Company's communication strategy to promote Prada's brand name and trademark.

The Directors (including the independent non-executive Directors) consider that entering into 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 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 or will be 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 Sponsorship constitutes a connected transaction (as defined in the Listing Rules) of the Company.

Mr Patrizio Bertelli, who has a material interest in the Sponsorship, and his spouse Ms Miuccia Prada Bianchi, are not permitted under the Listing Rules to vote at any meeting to approve the Sponsorship.

The aggregate sponsorship amounts payable by Prada SA under 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 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, 10 January 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.