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Fairness Opinion on the pricing of the Intercompany Loan Agreement between ASR Media and Sponsorship S.r.l. and AS Roma S.p.A.

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1. INTRODUCTION

Professor Riccardo Tiscini, registered at the Albo dei Dottori Commercialisti (Certified Public Accountants) of Roma, Rieti, Civitavecchia and Velletri with n. AA 004950, and registered at the Registro dei Revisori Legali (Chartered Auditors) with D.M. 25.11.1999, published on the G.U. of 17.12.1999 supplemento N.100 IV serie speciale, at n° 107738, with headquarter in Roma, Via G. Paisiello n. 24, has been requested by the Internal Auditing, Risk Control and Related Parties Transaction Committee of A.S. Roma S.p.A. to express an opinion about the fairness of the interest rate in the Intercompany Loan Agreement between ASR Media and Sponsorship S.r.l. (hereinafter also "MediaCo") and AS Roma S.p.A. (hereinafter also "AS Roma").

The scope of the work is to assess the fairness of the pricing of the Intercompany Loan Agreement (hereinafter also the "Agreement"), considering the creditworthiness of the borrower and the specific contractual clauses of the Agreement.

In particular, the scope of the engagement is to assess if the contractual interest rate of the Agreement is consistent with a "fair market interest rate". The "fair market interest rate" is the interest a borrower will pay and a lender receives for a loan in an orderly arm's length transaction between independent market participants at the date of the Agreement.

The definition of "fair market interest rate" assumes that neither the borrower nor the lender is under any pressure to complete the transaction.

It is the price that, in normal market conditions, is likely to be negotiated between the parties. If the price mutually agreed between the parties reflects the fair market value, no one party extracts specific advantages at the expense of the other.

The art. 2391-bis of the Italian Civil Code provide that listed companies adopt, under principles specified by Consob in the Reg. 17221/2010, specific rules ensuring transparency and substantial and procedural fairness of related parties transactions. In assessing the fairness of the transaction, the board of directors can be assisted by independent experts.

A.S. Roma group adopted a specific procedure for related parties transactions.

The Audit and Risks Committee asked the assistance of an independent professional opinion in assessing the Intercompany Loan Agreement is regulated at fair market conditions.

The Intercompany Loan Agreement is between the following two related parties:

- ASR Media and Sponsorship S.r.l., a limited liability company having its registered office in Rome, Via Emilia 47, 00187, enrolled with Register of Companies of Rome under no. 13121631009, as lender (the “Lender” or “MediaCo”);
- A.S. Roma S.p.A., a listed joint stock company (*società per azioni*) having its registered office in Rome, Piazzale Dino Viola 1, enrolled with the Register of Companies of Rome under no. 03294210582, as borrower (“Borrower” or “TeamCo” or “AS Roma”).

2. THE LOAN AGREEMENT

The Lender agrees to make available to the Borrower a euro term loan facility (the "Facility") in an aggregate principal amount not to exceed a specific sum that has not been defined yet (the Commitment).

The purpose of the Facility is to financially support the Borrower for its corporate purposes. The Facility will be drawn for the benefit of the Patrimonio Destinato (means the "*patrimonio destinato ad uno specifico affare*" under art. 2447-bis, first paragraph, lett. a) of the Italian Civil Code, originally created under the board resolution of TeamCo passed on 13 November 2014 and registered with the companies' register on 18 November 2014).

The Facility will be made available by the Lender to the Borrower in one or more cash advances by wire transfer of immediately available funds from time to time during the period from and including the date of the Intercompany Loan Agreement to the date falling 5 business days after the date of the Intercompany Loan Agreement.

The interest rate is variable, and it is a sum between: (i) the Euribor; and (ii) a margin ("Margin" or "Spread").

The percentage of the Margin is equal to the percentage of the margin defined in the credit facility agreement of the 10 February of 2015 ("Facility Agreement") between MediaCo (as Borrower), A.S. Roma S.p.a. (as Parent), Goldman Sachs International (as Mandated Lead Arranger and Bookrunner), the Financial Institutions (as Original Lenders). The margin reported on the Facility Agreement is 6.25 % per annum.

The Euribor has the meaning given to that term – *mutatis mutandis* – in the Facility Agreement. The Euribor means the euro interbank offered rate administered by the Banking Federation of the European Union (or any other person which takes over the administration of that rate) for the relevant period displayed on the page EURIBOR01 of the Reuters screen (or any replacement

Reuters page which displays that rate), or on the appropriate page of such other information service which publishes that rate from time to time in place of Reuters. If that rate is less than 0.75 %, Euribor shall be deemed to be 0.75 %.

At the date of 19 June 2017, the value is lower than 0.75, therefore, the expected interest rate will be equal to 7.00 %.

3. THE FAIR MARKET INTEREST RATE

To assess the fairness of the effective interest rate of the Intercompany Loan Agreement, it is necessary to compare it with the Fair Market Interest Rate, estimated as the average market cost of debts of comparable companies, in the same industry and with a similar creditworthiness.

Here are presented the steps performed to estimate the Fair Market Interest Rate:

1. Selection of the business;
2. Selection of the comparable companies;
3. Companies data extraction;
4. Refining the sample for credit merit differences;
5. Calculation of the average cost of debt of the comparable companies.

1. The first step is about the selection of the business, which is "soccer teams", since AS Roma is playing in the Football Italian League. Data are extracted from Company Websites, Investing.com and Bloomberg platform, in which the "soccer teams" are classified under the sub-industry Entertainment Facilities.

2. The selection of the comparable companies reduces the sample to the companies that are more similar to AS Roma. Since AS Roma is a European listed company (on "Borsa Italiana"), it has to be compared with European listed companies operating in the soccer industry, given the differences with soccer teams in other parts of the world. For this purpose, the companies to be compared are extracted from the European listed companies operating in the soccer business, as resulting from the STOXX Europe Football Index, that covers all football clubs that are listed on a stock exchange in Europe or Eastern Europe, Turkey or the EU-Enlarged region; the index accurately represents the breadth and depth of the European football industry[1].

Here is the soccer teams list[2]:

Name	Country Code
BESIKTAS	TR
FENERBAHCE SPORTIF HIZMET	TR
BORUSSIA DORTMUND	DE
PARKEN SPORT & ENTERTAINMENT	DK
JUVENTUS	IT
GALATASARAY	TR
CELTIC	GB
OLYMPIQUE LYONNAIS	FR
AFC AJAX	NL
AS ROMA	IT
TRABZONSPOR SPORTIF YATIR	TR
LAZIO	IT
BRONDBY IF B	DK
AALBORG BOLDSPILKLUB	DK
SILKEBORG	DK
SPORT LISBOA E BENFICA	PT
ARHUS ELITE	DK
TETEKS AD TETOVO	MK
SPORTING	PT
AIK FOOTBALL	SE

[1] https://www.stoxx.com/index-details?symbol=FCTP

[2] The "Parken Sport & Entertainment" will not be included in the selection of comparable companies since firm's primary activity is also the Lalandia Holiday Center, the promotion of outdoor concert tours, etc.

The selected soccer teams are listed on different European markets (Netherlands, United Kingdom, Germany, France, Denmark, Italy, Portugal, Turkey, Macedonia, Sweden).

Since not all the European listed soccer teams are included in the index, the following other listed soccer companies, as extracted from the Bloomberg sub-industry Entertainment Facilities, are added to the sample: Manchester United Plc (listed in the USA), Arsenal Holdings Plc (United Kingdom-based company that is engaged in operating as a professional football club and the related commercial activities), and Ruch Chorow SA (Poland-based company that conducts and manages a football club in Poland).

Since AS Roma plays in the Italian Market, it is appropriate to include in the sample also the no listed soccer companies of the Italian biggest towns, comparable by size, financial structure and international *palmares*. These are identified in the followings[3]:

- AC Milan;
- Internazionale FC.

3. For the selected companies, the following financial data were extracted from the Financial Statements (as obtained from Bloomberg platform, completed from Company Websites and the website www.investing.com, where necessary), referring to the annual reports as of 30.06.2016 or as of 31.12.16:

- Financial Debts;
- Financial Interest Expenses.

[3] SSC Napoli is excluded from the sample since at the closing date of 30.06.16 it had not financial debts.

The average cost of debt for any selected company was calculated as the ratio between Financial Interest Expenses and Average Financial Debts, applying the following formula:

Financial Interest Expenses/[(Financial Debts 2015 + Financial Debts 2016)/2]

The sample of comparable companies has been refined to soccer companies with a similar "financial debts/sales" ratio to AS Roma, excluding the companies with a "financial debts/sales" ratio higher or lower than 50% of the AS Roma ratio.

Collected and calculated data for the whole sample are shown in the following table[4]:

Soccer Team	**Market capitalization**	**Sales Last Closing Date**	**Interest Expenses 2016**	**Financial Debts 2016**	**Financial Debts 2015**	**Financial Debts 2016/Sales Last Closing Date**	**Financial Debts/Sales Delta % AS Roma - Comparables**	**Average cost of debt 2015-2016**
	a	**b**	**c**	**d**	**e**	**f = d / b**	**g**	**h = c / ((d-e)/2)**
Futebol Clube do Porto	14,0	75,1	12,4	79,1	100,0	1,1	25%	13,9%
Olympique Lyonnais Groupe	170,4	218,1	9,1	299,3	196,9	1,4	2%	3,7%
Sport Lisboa e Benfica	24,2	112,7	17,7	154,3	72,6	1,4	2%	15,6%
Silkeborg IF Invest	17,1	8,2	1,7	39,5	39,3	4,8	-243%	4,3%
Sporting Clube de Portugal	44,2	60,8	3,0	88,1	80,4	1,5	-4%	3,5%
Broendbyernes IF Fodbold	23,7	18,6						
Juventus	527,1	331,8	5,1	232,1	196,1	0,7	50%	2,4%
SS Lazio	42,2	83,1	1,3	6,6	7,2	0,1	94%	19,5%
AFC Ajax	207,2	96,0	0,0	0,0	0,0	0,0	100%	65,1%
Arsenal Holdings	1.350,0	478,1	16,5	261,5	289,2	0,5	61%	6,0%
Borussia Dortmund	579,6	421,2	2,2	19,0	21,6	0,0	97%	11,0%
Celtic PLC	105,9	100,1	0,2	13,1	15,7	0,1	91%	1,1%
Galatasaray	202,0	105,2	24,6	77,7	92,0	0,7	47%	29,0%
Manchester United	2.380,0	642,8	25,0	630,2	578,8	1,0	30%	4,1%
Aarhus Elite	8,2	15,4	0,0	-	-			
Aalborg	11,3							
Besiktas	263,7	154,9	22,4	56,7	50,0	0,4	74%	41,9%
Trabzonspor	67,9	40,9	6,7	24,3	25,5	0,6	57%	26,9%
AIK Football	4,5	22,6	0,0	-	0,3			13,2%
Tetesk Tetovo	8,1	6,6						
Fenerbache	259,1	139,0		58,3		0,4	70%	
Milan		220,2	4,7	182,3	191,5	0,8	41%	2,5%
Inter		241,4	15,3	220,0	230,2	0,9	35%	6,8%

The table below shows only the refined sample of soccer companies with a similar ratio "financial debts/sales" to AS Roma, excluding the

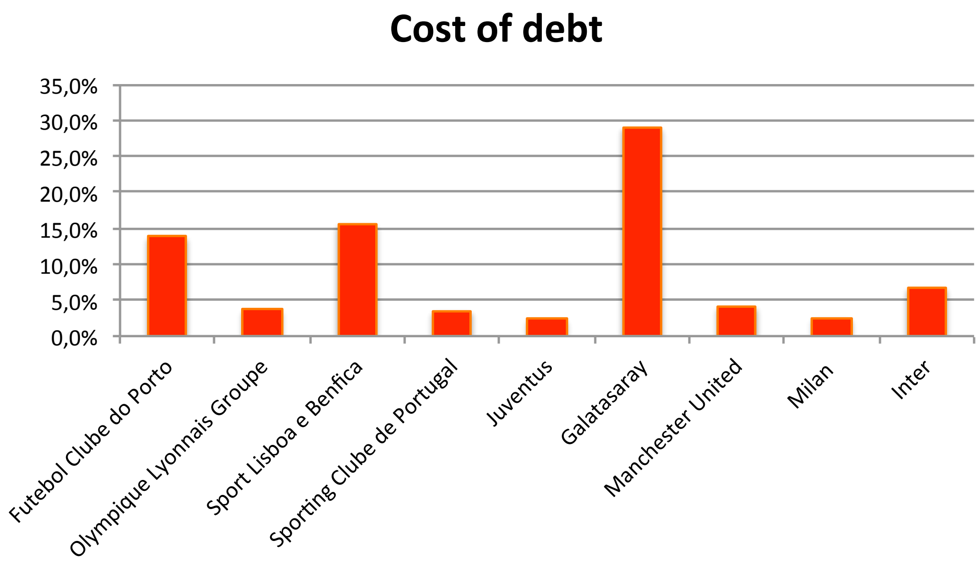
[4] Values are in euro million.

companies with a ratio “financial debts/sales” higher or lower then 50% of the AS Roma ratio[5].

Soccer Team	Market capitalization	Sales Last Closing Date	Interest Expenses 2016	Financial Debts 2016	Financial Debts 2015	Financial Debts 2016/Sales Last Closing Date	Financial Debts/Sales Delta % AS Roma - Comparables	Average cost of debt 2015-2016
	a	b	c	d	e	f = d / b	g	h = c / ((d-e)/2)
Futebol Clube do Porto	14,0	75,1	12,4	79,1	100,0	1,1	25%	13,9%
Olympique Lyonnais Groupe	170,4	218,1	9,1	299,3	196,9	1,4	2%	3,7%
Sport Lisboa e Benfica	24,2	112,7	17,7	154,3	72,6	1,4	2%	15,6%
Sporting Clube de Portugal	44,2	60,8	3,0	88,1	80,4	1,5	-4%	3,5%
Juventus	527,1	331,8	5,1	232,1	196,1	0,7	50%	2,4%
Galatasaray	202,0	105,2	24,6	77,7	92,0	0,7	47%	29,0%
Manchester United	2.380,0	642,8	25,0	630,2	578,8	1,0	30%	4,1%
Milan		220,2	4,7	182,3	191,5	0,8	41%	2,5%
Inter		241,4	15,3	220,0	230,2	0,9	35%	6,8%

AVERAGE	9,1%

The graph below shows the average cost of debt of the European listed soccer teams included in the refined sample:



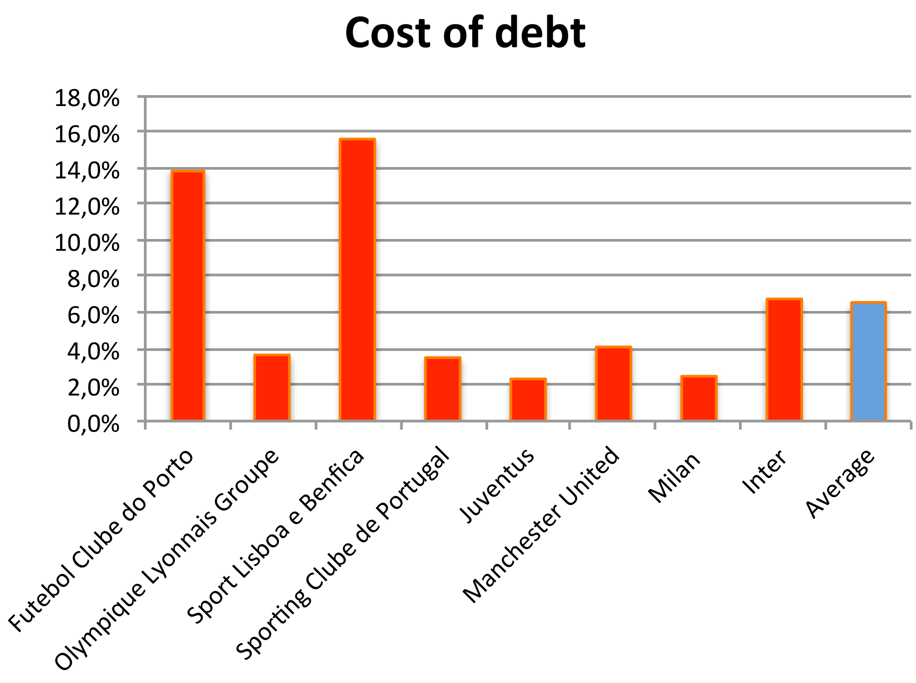
4. To increase the relevance of the analysis, the outliers (cost of debt < or > for 80% than the average) have been eliminated.

5 Values are in euro million.

The data of the reduced sample are shown in the following table:

Soccer Team	**Average cost of debt 2015-2016**
Futebol Clube do Porto	13,9%
Olympique Lyonnais Groupe	3,7%
Sport Lisboa e Benfica	15,6%
Sporting Clube de Portugal	3,5%
Juventus	2,4%
Manchester United	4,1%
Milan	2,5%
Inter	6,8%
Average	**6,6%**

The graph below shows the average cost of debt of the comparable European listed soccer teams of the reduced sample and the average of the sample (blue column):

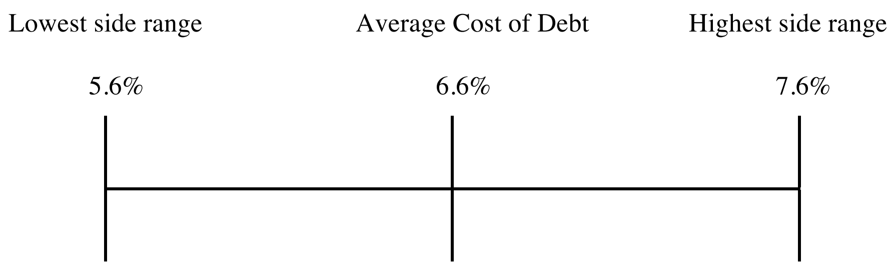


5. The average cost of debt for the selected companies is about 6.6%. This cost of debt can be then considered as a “fair market interest rate” for debtors comparable of AS Roma in terms of financial structure.

The clauses of the Intercompany Loan Agreement are commonly used financing clauses; thus, they allow a comparison between the contractual interest rate and the “fair market interest rate” calculated above.

For the interest rate of the “Intercompany Loan Agreement” to be fair, it must be included in a “confidence range” around the estimated “fair market interest rate”. A “confidence range” of +/- 100 bps (1%) is considered appropriate.

All the effective interest rates included in the range between 5.6% and 7.6% can then be considered “fair market interests rates”.



As the effective interest rate of the “Intercompany Loan Agreement” is equal to 7.0%, it is included in the “confidence range” around the “average cost of debt”. Consequently, it is possible to assess that the effective interest rate of the “Intercompany Loan Agreement” is a “fair market interest rate”.

The fairness of the pricing of the “Intercompany Loan Agreement” is also confirmed by comparing it with a comparable arm’s length transaction, in normal market conditions.

The “Facility Agreement” of the 10 February of 2015 as further amended and restated on year 2017 (between MediaCo as Borrower, A.S. Roma S.p.a. as Parent, Goldman Sachs International as Mandated Lead Arranger and Bookrunner, and the Financial Institutions as Original Lenders) granted to AS Roma group is a transaction between independent market participants, negotiated under normal market conditions, and, therefore, its contractual interest rate can be assumed as a “fair market interest rate”.

The fact that the interest rate applied for the “Intercompany Loan Agreement” is equal to the interest rate applied for the “Facility Agreement”, confirms that the former is consistent with a “fair market interest rate”.

4. CONCLUSION

The above analysis allows the conclusion that the “Intercompany Loan Agreement” is contracted at “fair market conditions”, being the contractual interest rate of 7.0% included in the relevant range of “fair market interest rates”.

Having with the above report fulfilled the engagement, I remain available for any further clarification.

Rome, 19 June 2017

Prof. Riccardo Tiscini