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Fairness Opinion on the pricing of the Intercompany Loan Agreement between Stadio TDV S.p.A. and A.S. 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 pricing of the Intercompany Loan Agreement between Stadio TDV S.p.A. (hereinafter also "Stadco") and A.S. 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 (hereafter also the "ICL 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 cost of debt of the ICL Agreement is consistent with a "fair market cost of debt". The "fair market cost of debt" (hereinafter Fair Market Cost of Debt) is the effective interest rate 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, including all fees, points, premiums or discounts paid or received between the parties.

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

It is the financing price (i.e. the effective interest rate) 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 S.p.A. adopted a specific procedure for related parties transactions.

The Internal Auditing, Risk Control and Related Parties Transaction Committee asked for the assistance of an independent professional opinion in assessing that the Intercompany Loan Agreement is regulated at fair market conditions.

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

- Stadio TDV S.p.A., a joint-stock company (società per azioni) incorporated in Italy with registered office in Milan, Via Montenapoleone 29, 20121, enrolled with the Register of Companies of Milan under no. 08732500965, as borrower (the "Borrower" or "Stadco");
- A.S. Roma S.p.A., a listed joint-stock company (società per azioni) with registered office in Rome, Piazzale Dino Viola 1, 00128, enrolled with the Register of Companies of Rome under no. 03294210582, as lender ("Lender" or "AS Roma").

2. THE LOAN AGREEMENT

The Lender agrees to make available to the Borrower a euro revolving loan facility up to a certain Commitment, which is Euro 15 million, to be increased up to Euro 30 million from the date of effectiveness of an increase of the total commitments in accordance with the provisions od clause 2.2.c. of the StadCo Facility Agreement.

The StadCo Facility Agreement is the main financing contract between StadCo, as the borrower, Goldman Sachs International Bank, as the lender, and Goldman Sachs International, as the arranger and bookrunner, for a maximum amount of Euro 30 million.

The purpose of the StadCo Facility Agreement is to finance the initial capital requirements of the project for the new stadium for the AS Roma soccer team's home matches and training activities (hereinafter also "Stadio della Roma"), and in particular certain engineering, architectural, environmental and any other pre-development costs of StadCo in connection with the construction of the Stadio della Roma.

The purpose of the Intercompany Loan Agreement is to act as a guarantee to the repayment of the StadCo Facility Agreement and not as the main source for its repayment.

The facility will be made available to the Borrower towards funding from time to time: (i) certain agreed upon project costs; (ii) any shortfall of cash of the Borrower for payment of principal and interest under the Stadco loan agreement with Goldman Sachs as arranger (the Stadco Facility Agreement); (iii) the Designated Account of the Borrower, as a reserve for payment of principal and interest under the Stadco Facility Agreement.

The Borrower will repay all loans within the earlier of: (i) the total repayment of the StadCo Facility Agreement, and (ii) the date falling 28 months after the date of the Intercompany Loan Agreement (the ICL Maturity Date).

The annual interest rate is a fixed interest rate of 6%.

The amounts due to the Lender under the Intercompany Loan Agreement will be guaranteed by a guarantee from NEEP Roma Holding S.p.A. (which in turn will be counter-guaranteed by a counter-guarantee of AS Roma SPV LLC) in favour of the Lender granted under the Guarantees Agreement to be executed on the same date of the Intercompany Loan Agreement.

3. THE FAIR MARKET COST OF DEBT

To assess the fairness of the effective cost of debt of the Intercompany Loan Agreement, it is necessary to consider that Stadco core-business is strictly linked with the soccer activity of AS Roma team, since the Stadio Della Roma will be the venue of AS Roma soccer team's home matches and training activities. It is therefore necessary to consider the following business sectors in order to determine the Fair Market Cost of Debt:

- Soccer;
- Construction of Entertainment Plants.

Therefore, the estimate of the Fair Market Cost of Debt will be based on two main information bases: (i) the fair market cost of debt of Soccer companies comparable to AS Roma, which expresses the cost of funding for the Lender; (ii) the fair market cost of Infrastructure Construction and Entertainment Facilities companies comparable to Stadco, which expresses the market cost of funding for the Borrower and, therefore, the market price of lending for the Lender.

Since the fairness opinion aim is to determine the Stadco's fair cost of debt for the ICL Agreement, it is necessary to integrate the information base for taking into consideration the specific characteristics of the financing facility.

3.1 The fair market cost of debt for comparable soccer companies

The fair market cost of debt for comparable soccer companies can be estimated from the actual cost of debt of a sample of comparable soccer teams.

Here are presented the steps performed to estimate the fair market cost of debt of comparable soccer companies:

1. Selection of the business;
2. Selection of the comparable companies;
3. Companies data extraction;
4. Refining the sample for credit rating 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 the team that will play in the Stadio Della Roma is the AS Roma soccer team, which is playing in the Football Italian League. Data are extracted from Bloomberg, in which the "soccer teams" are included 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 regulation in other parts of the world. The companies to be compared are therefore selected among the European listed companies operating in the soccer business, taking into consideration the comparability of the credit ratings. For this purpose, we used the Standard & Poor Report "What's the Score? S&P Capital IQ's Credit Football League" (issued on September 2014), which is a credit scoring study for soccer teams[1]. This Report has been extended on July 2015, with the inclusion of nine privately-owned and one publicly-owned club (from Chile), among which

[1] Author: Pavle Sabic, FRM; *Director*, *Credit Market Development* S&P Capital IQ. Report date: October 2014.

some of European non-listed football's super-clubs. Since privately-owned clubs have access to different financial markets and are subject to different financial regulations and reporting requirements, we will consider as comparable only the European listed soccer teams.

Here is the publicly-listed soccer teams CreditModel Score[2]:

TABLE 1: Credit Scores and PDs for Publicly-Listed European Football Clubs

Company Name	Country	Market Signal PD	CreditModel Score
Celtic plc [AIM:CCP]	United Kingdom	0.0052%	bb
AFC Ajax NV [ENXTAM:AJAX]	Netherlands	0.0680%	b+
Manchester United plc [NYSE:MANU]	United Kingdom	0.1221%	bb
Borussia Dortmund GmbH & Co. Kommanditgesellschaft auf Aktien [XTRA:BVB]	Germany	0.2473%	bb-
Brøndbyernes IF Fodbold A/S [CPSE:BIF]	Denmark	0.7783%	ccc
Arsenal Holdings plc	United Kingdom	1.3311%	bb+
Juventus Football Club SpA [BIT:JUVE]	Italy	1.5497%	b+
GKS GieKSa Katowice Spólka Akcyjna [WSE:GKS]	Poland	2.4922%	-
S.S. Lazio S.p.A. [BIT:SSL]	Italy	2.5726%	b+
Olympique Lyonnais Groupe SA [ENXTPA:OLG]	France	3.1027%	ccc+
Sporting Clube de Portugal-Futebol, SAD [ENXTLS:SCP]	Portugal	6.1852%	ccc
Futebol Clube do Porto - Futebol, S.A.D. [ENXTLS:FCP]	Portugal	6.4569%	ccc
Silkeborg IF Invest A/S [CPSE:SIF B]	Denmark	11.6254%	ccc+
A.S. Roma S.P.A. [BIT:ASR]	Italy	13.0804%	ccc
Ruch Chorzów Spólka Akcyjna [WSE:RCW]	Poland	15.2042%	ccc
Sport Lisboa E Benfica - Futebol SAD [ENXTLS:SLBEN]	Portugal	41.7405%	ccc
Rangers International Football Club PLC [AIM:RFC]	Scotland	-	ccc+

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

[2] Source: S&P Capital IQ platform as of 8 September 2014.

The CreditModel[3] Score was used by S&P to generate the credit scores, which provide a mid - to long - term measure of creditworthiness based on a set of financial variables, as well as industry and country risk assessments.

The Market Signal Probability of Default (PD) was used by S&P to assess short-term creditworthiness for publicly-listed football clubs.

3. For the selected companies, the following financial data were extracted from the Bloomberg platform:

- Company name;
- Bloomberg Ticker;
- Market capitalization;
- Interest Rate.

Bloomberg calculates the ratio Interest Rate for the selected companies as the ratio between Total Interest Expenses and Average Financial Debts, applying the following formula:

Total Interest Expenses/(Financial Debts 2014 + Financial Debts 2015)/2

Collected data are shown in the following table, extracted from Bloomberg:

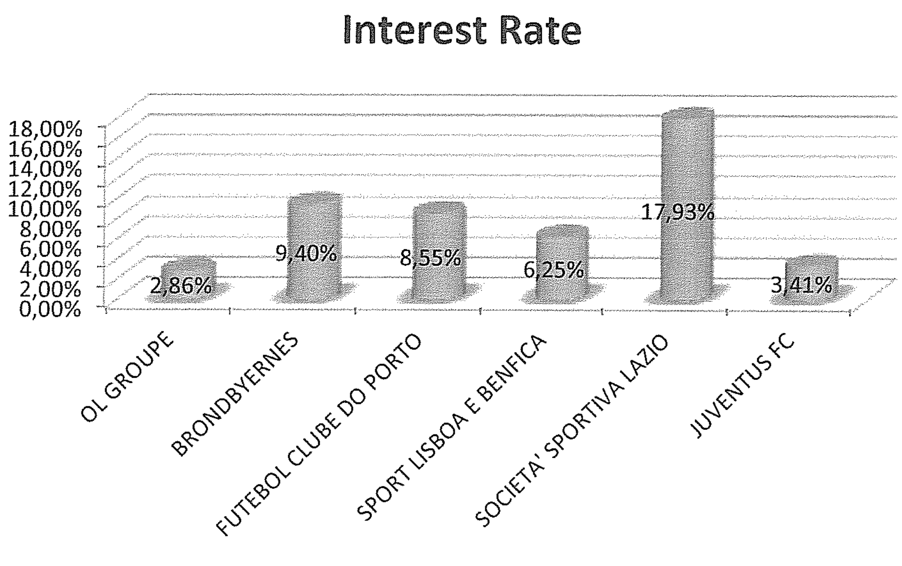
	Nome	Tkr e Borsa	Cap merc (EUR)	Eff IR:2015
	Media		321.58M	36.06%
100)	OL GROUPE	OLG FP	127.95M	2.86%
101)	JUVENTUS FOOTBALL C	JUVE IM	264.54M	3.41%
102)	ARSENAL HOLDINGS PL	AFC PZ	1.25B	5.73%
103)	BORUSSIA DORTMUND	BVB GR	363.49M	16.99%
104)	BRONDBYERNES IF FOD	BIFB DC	9.36M	9.40%
105)	FUTEBOL CLUBE DO PO	FCP PL	8.85M	8.55%
106)	RANGERS INTERNATION	RFC LN	--	--
107)	SPORT LISBOA E BENFI	SLBEN PL	26.91M	6.25%
108)	SOCIETA SPORTIVA LAZ	SSL IM	28.66M	17.93%
109)	RUCH CHORZOW SA	RCW PW	1.20M	--

[3] Registered Method by S&P Capital IQ.

110) SILKEBORG IF INVEST	SIF DC	7.66M	--
111) CELTIC PLC	CCP LN	88.27M	1.00%
112) AFC AJAX	AJAX NA	155.19M	318.75%
113) GKS GIEKSA KATOWICE	GKS PW	3.73M	--
114) MANCHESTER UNITED P	MANU US	2.46B	5.76%
115) SPORTING CLUBE DE P	SCP PL	26.52M	--

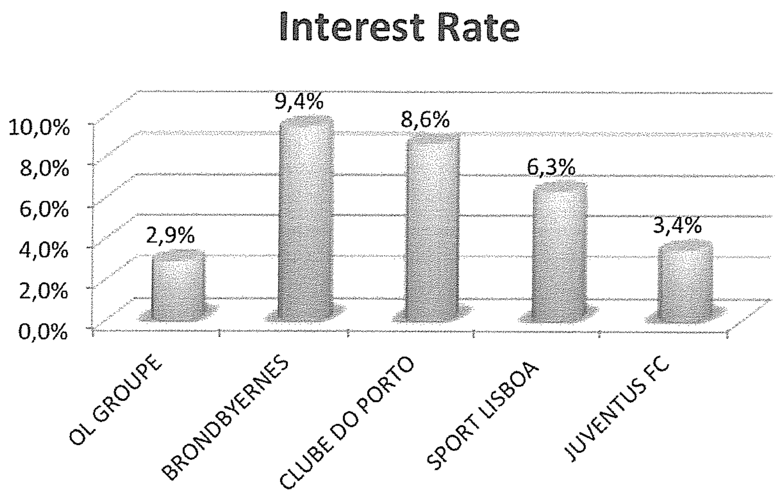
4. The sample of comparable companies has been restricted to soccer companies with a similar S&P CreditModel rating (from CCC to CCC+), in order to consider the creditworthiness of the football clubs, adding the Italian listed companies (Società Sportiva Lazio and Juventus FC), in order to consider the similarity of the business and financial environment.

The cost of debt data of the restricted sample are shown in the following graph:

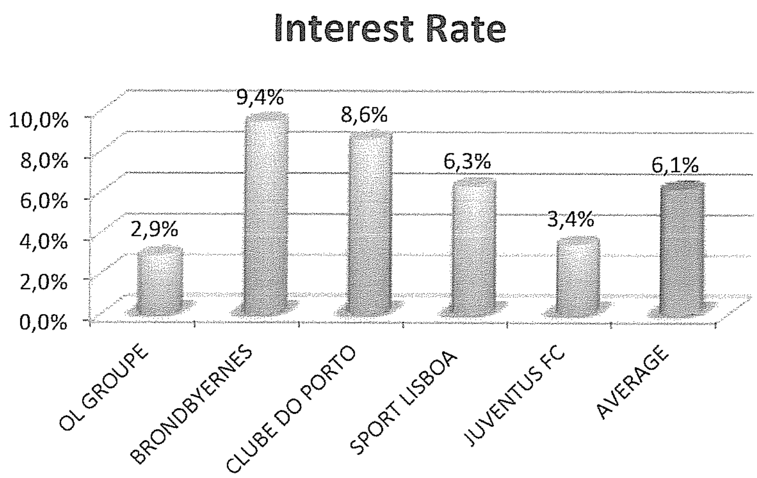


To refine the sample and increase the relevance of the analysis, the highest and the lowest interest rates, having a gap from the mean higher than 600 bps (considering that the distribution variance is 0.30%), have been considered outliers and eliminated.

The cost of debt data of the refined sample are shown in the following graph:



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



5. Considering the above steps, it can be concluded that the "fair market cost of debt" for soccer companies comparable to AS Roma is 6.09%.

3.2 The fair market cost of debt for comparable "infrastructure construction" and "entertainment facilities" companies

The Fair Market Cost of Debt for Stadco can be estimated from the fair cost of debt of companies operating in the "Infrastructure Construction" and "Entertainment Facilities" industries.

Here are presented the steps performed to estimate the fair market cost of debt for Stadco:

1. Selection of the business;
2. Selection of the comparable companies;
3. Companies data extraction;
4. Adjustment for the country risk and calculation of the average cost of debt for the comparable companies;
5. Calculation of the fair market cost of debt considering the specific characteristics of the financing facility;
6. Final calculation of the fair market cost of debt for Stadco.

1. The first step is about the selection of the business, that for the distinctiveness of Stadco core-business can be identified in the following industries[4]: "Engineering & Construction Services" and "Recreation Facilities Services". Data are extracted from Bloomberg database, and companies included in these two industries are classified under one single group.

[4] Bloomberg definition

2. The selection of the comparable companies reduces the sample to the companies that are more similar to Stadco in terms of specific business peculiarities. From the two industries above, we extracted the companies whose core business refers to at least one of the following sub-industries[5]: "Infrastructure Construction" and "Entertainment Facilities". The sample has then been furtherly restricted by excluding the companies whose business does not include the construction and management of entertainment infrastructure and facilities (Attachment n.1).

3. For the selected companies, the following financial data were extracted from the Bloomberg platform:

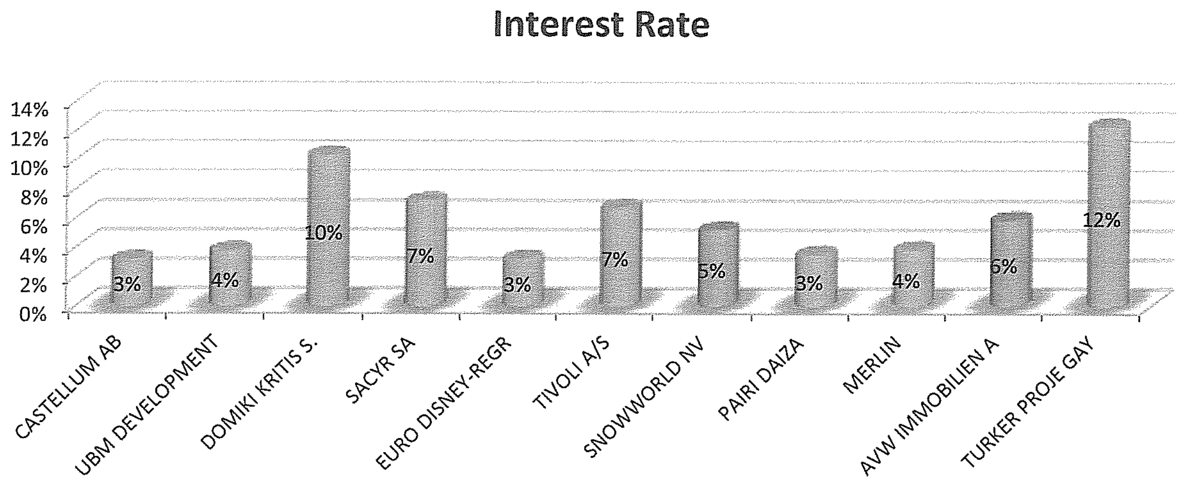
- Bloomberg Ticker;
- Company name;
- Interest Rate (cost of debt).

Bloomberg calculates the Interest Rate for any selected company as the ratio between Total Interest Expenses and Average Financial Debts, applying the following formula:

Total Interest Expenses/(Financial Debts 2014 + Financial Debts 2015)/2

The extracted data on interest rates are presented in the following graph.

[5] Bloomberg definition.



4. As the companies behold to countries with very different country risk, it is necessary, to increase the relevance of the analysis, to adjust the interest rate data for the country risk of Italy, which is the country risk born by Stadco's lenders. The table below presents the companies of the sample and their interest rates, together with their country and country risk premium, as calculated by Moody's.[6]

Companies	Interest Rate	Country	Country Risk Premium
CASTELLUM AB	3,1%	Sweden	0%
UBM DEVELOPMENT	3,7%	Austria	0%
DOMIKI KRITIS S.	10,2%	Greece	15,44%
SACYR SA	7,1%	Spain	2,94%
EURO DISNEY-REGR	3,2%	France	0,77%
TIVOLI A/S	6,7%	Denmark	0%
SNOWWORLD NV	5,1%	Netherlands	0%
PAIRI DAIZA	3,5%	Belgium	0,93%
MERLIN	3,8%	UK	0,61%
AVW IMMOBILIEN A	5,8%	Germany	0%
TURKER PROJE GAY	12,2%	Turkey	3,40%

[6] The Country Risk Premium is calculated considering the rating issued by Moody's, and a multiplier that represents the volatility for selected emerging markets.

To compare the interest rates, it is necessary to adjust the firm data for the country risk, by subtracting to the interest rates extracted from Bloomberg the difference between the "Country Risk Premium" of the specific country[7] and the Italian Country Risk Premium (equal to 2.94%).

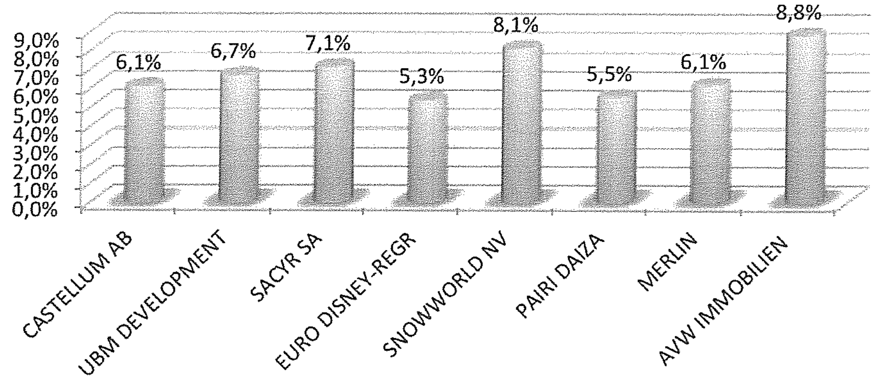
Companies	Interest Rate	Country	Country Risk Premium	Interest Rate adjusted for Italian Country Risk
	a		b	c = a - b + 2,94%
CASTELLUM AB	3,1%	Sweden	0,0%	6,1%
UBM DEVELOPMENT	3,7%	Austria	0,0%	6,7%
DOMIKI KRITIS S.	10,2%	Greece	15,4%	-2,3%
SACYR SA	7,1%	Spain	2,9%	7,1%
EURO DISNEY-REGR	3,2%	France	0,8%	5,3%
TIVOLI A/S	6,7%	Denmark	0,0%	9,6%
SNOWWORLD NV	5,1%	Netherlands	0,0%	8,1%
PAIRI DAIZA	3,5%	Belgium	0,9%	5,5%
MERLIN	3,8%	UK	0,6%	6,1%
AVW IMMOBILIEN A	5,8%	Germany	0,0%	8,8%
TURKER PROJE GAY	12,2%	Turkey	3,4%	11,8%

To refine the sample and increase the relevance of the analysis, the highest and the lowest interest rates, having a gap from the mean higher than 300 bps (considering that the distribution variance is 0.12%), have been considered outliers and eliminated.

The "interest rates adjusted for country risk" of the refined sample of comparable companies are shown in the following graph:

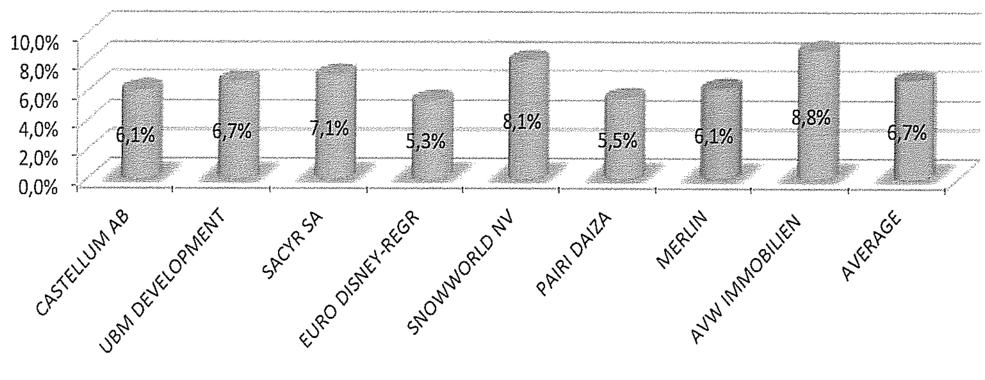
[7] From Damodaran.

Interest Rate



The graph below shows the cost of debt for each comparable company adjusted for the Italian country risk and the average value for the sample (red column):

Interest Rate



The average cost of debt, adjusted for the country risk, of the selected comparable companies is 6.7%.

5. Considering the above steps, it can be concluded that the "fair market cost of debt" for companies comparable to Stadco is 6.7%.

3.3 The Fair Market Cost of Debt for the Intercompany Loan Agreement

As explained before, the estimate of the Fair Market Cost of Debt is based on two main information bases: (i) the fair market cost of debt of Soccer companies comparable to AS Roma, which expresses the cost of funding for the Lender; (ii) the fair market cost of Infrastructure Construction and Entertainment Facilities companies comparable to Stadco, which expresses the market cost of funding for the Borrower and, therefore, the market price of lending for the Lender.

To assess the fairness of the effective cost of debt of the Intercompany Loan Agreement, it is necessary to combine the above information bases.

The fair market cost of debt for comparable soccer companies (hereinafter also "Soccer Cost of Debt") can be interpreted as a floor rate under which the use of funds does not reward the AS Roma market cost of debt capital.

The fair market cost of debt for comparable "infrastructure construction and entertainment facilities" companies (hereinafter also "Infrastructure Cost of Debt") can be interpreted as the fair market cost of debt of the borrower Stadco, subject to adjustments for the need of rewarding the specific risks of the Intercompany Loan Agreement and the specific risks of the soccer business.

Regarding as the specific risks of the contract, the fair market cost of debt for the "infrastructure construction and entertainment facilities" must be adjusted for taking into consideration the specific characteristics and clauses of the Intercompany Loan Agreeement.

Under this point of view, the contractual provisions having the higher effects on the risks for the Lender, and therefore on the pricing of the loan, refers to the guarantee from Neep (which in turn will be counter-guaranteed by AS Roma SPV LLC) in favour of the Lender granted under the Guarantees Agreement.

These guarantees reduce significantly the risks for the Lender, compared to the average risks of the financial sources of the comparable companies.

This implies that the fair market cost of debt should be adjusted for taking into consideration the risk mitigation effects of the guarantees.

According to market practices, a 100 bps discount can be considered a fair estimate of the risk mitigation effects of the guarantees.

The fair market cost of debt for "infrastructure construction and entertainment facilities" comparable companies, adjusted for the guarantees, is then equal to 5.7% (hereinafter also "Adjusted Infrastructure Cost of Debt").

Since the Soccer Cost of Debt is higher than the Adjusted Infrastructure Cost of Debt, the Fair Market Cost of Debt of the ICL Agreement can be estimated within the range between the Adjusted Infrastructure Cost of Debt (not to price the loan for less than the fair market cost of debt for the borrower) and the Soccer Cost of Debt (to take into consideration the soccer financing risk).

Based on the above considerations, the fair market interest rate of the Intercompany Loan Agreement should be included in the range between the 5.7% and the 6.1%, which can be considered an appropriate "confidence range" for the estimation. As the effective interest rate of the Intercompany Loan Agreement, according to the more recent information acquired from the AS Roma, is equal to 6%, it is possible to assess that it is surely included in an appropriate "confidence range" of "fair market cost of debts".

4. Conclusion

The above analysis allows the conclusion that the "Intercompany Loan Agreement" is contracted at "fair market conditions", being the contractual cost of debt included in the confidence range of "fair market cost of debts" between the 5.7% and the 6.1% interest rates.

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

Rome, 4 May 2016

Prof. Riccardo Tiscini