

Sports Law White Paper: Professional Sports Investment (US/CA/EU)

Christopher McLean, Esq.

Executive Summary

Professional sports teams in the United States, Canada, and Europe have become a mainstream institutional asset class over the past decade. For investors, however, team equity is not a generic private equity position: it is an investment inside a league ecosystem, with different legal architectures, regulatory constraints, and economic dynamics by region and sport.

This white paper outlines the structures and issues that most often drive risk allocation, valuation, and documentation in US, Canadian, and European team investments. It maps core ownership and corporate structures used in major professional team sports across these three regions, including franchise models, single-entity leagues, association/"50+1" systems, publicly influenced clubs, special purchase vehicles (SPVs) and holding structures, and multi-club ownership. The paper identifies key investor issues that drive deal structuring, valuation, and risk allocation—including league approvals and foreign ownership caps, control rights and governance, media and stadium rights, labor regimes, financial fair play and competition law considerations, tax planning, financing structures, and exit strategies. It also highlights notable recent team M&A transactions and investments in major leagues and regions, examining why they matter for valuation benchmarks, novel structures, multi-club strategies, and regulatory precedents.

The document is intended to serve as a practical guide for private equity and institutional capital entering or expanding in sports, family offices and ultra-high net worth (UHNW) investors, existing club owners and executives, and legal, tax, and financial advisors. It assumes a basic understanding of corporate and transactional practice, but no prior specialization in sports law.

1. Structural Landscape: How Pro Team Ownership Models Differ

1.1. Regional Snapshot: US, Canada, Europe

At a high level, investors will encounter distinct ownership paradigms across the three major markets. The United States is dominated by franchise leagues, typically characterized by strong central league control, hard or soft salary caps, and collective bargaining agreements (CBAs). Some leagues have experimented with single-entity characteristics to varying degrees.

Canada's major professional teams often participate in US-based leagues such as the NHL, NBA, MLB, and MLS, and therefore share those fundamental structures, overlaid with Canadian corporate, tax, and foreign-ownership rules that add an additional layer of complexity.

Europe presents a different picture, with historically association-based club systems rooted in member ownership traditions. Over time, these clubs have increasingly adopted corporate SPVs and holding company structures, and complex multi-club ownership (MCO) arrangements have become more common. Specific constraints remain central to the European landscape, including Germany's 50+1 rule and UEFA and national financial fair play (FFP) regimes that impose strict financial discipline and ownership transparency requirements.

Table 1: Core Ownership Models by Region

Model / Feature	US Leagues (NFL/NBA/MLB /NHL/MLS)	Canada (NHL/NBA/MLB/MLS/ CFL)	Europe (Football & Other Sports)
Franchise model	Primary structure	Primary (via US-based leagues)	Limited (e.g., some closed-basketball leagues)
Single-entity or quasi single-entity	MLS (historic; now hybrid), some others	MLS Canada clubs follow MLS model	Rare; some centralized licensing in smaller leagues
Member/association clubs	Rare (Green Bay Packers exception)	Rare	Traditional in many European football clubs
50+1 / fan control	No	No	Germany (Bundesliga), variants elsewhere
Public or non-profit ownership	Limited (e.g., Packers, some stadia)	Some community/non-profit models	Historically common; many now privatized corporates
SPVs/holding companies for teams	Standard (team LLC/LP)	Standard	Increasingly standard (AG, S.p.A., S.A., Ltd.)

Multi-club ownership	Growing via cross-border groups	As part of cross-border groups	Significant (City Football Group, Red Bull, etc.)
----------------------	---------------------------------	--------------------------------	---

2. Core Ownership / Corporate Structures

2.1. Franchise League Structures (US & Canada)

The franchise league model rests on a key concept: the league grants each team an exclusive territorial franchise. Teams are typically owned via LLCs, limited partnerships, or corporate entities, often nested within broader holding company structures. They operate subject to a league constitution, by-laws, and franchise agreement that govern their relationship with the league and with each other. Teams participate in centralized media, sponsorship, and licensing arrangements, and often benefit from sophisticated revenue-sharing mechanisms that redistribute league-wide income.

The legal characteristics of franchise leagues include significant central control. The league office or commissioner typically wields substantial power over discipline, approval of ownership transfers, and rule changes that affect all clubs. Entry into and exit from the league require league approval, and there are practical barriers to starting a competing league, including antitrust risk, limited stadium access, and the lock-in effect of existing media contracts. Ownership restrictions are common, with caps on the number of teams any single owner can hold, limitations on cross-league holdings, debt-level restrictions, and individual suitability tests for prospective owners.

The NFL franchise model exemplifies this structure, with 32 independently owned clubs participating in collective media arrangements and robust revenue sharing, all governed by detailed ownership policies. The Canadian impact on this model is straightforward: Canadian clubs participating in US leagues—such as the Toronto Maple Leafs and Montreal Canadiens in the NHL, or the Toronto Raptors in the NBA—follow structurally similar frameworks but remain subject to Canadian corporate and tax law and, in some cases, foreign-ownership review by Canadian authorities.

2.2. Single-Entity and Hybrid Models

The pure single-entity model represents a different approach. Under this structure, the league itself owns all teams and player contracts, and investors own interests in the league rather than in standalone club entities. This model was historically used by Major League Soccer at its inception, designed to control costs and mitigate antitrust risk. Over time,

however, MLS has evolved into a hybrid structure. The league retains ownership of player contracts and central commercial rights, but individual club groups now hold "operator-investor" rights that grant increasing autonomy over local revenue generation, branding, and day-to-day operations.

For investors, this structure has distinct implications. Equity is often in a league-level entity combined with club operating rights, rather than a traditional standalone team. Governance rights tend to be more homogenized across clubs, with strong league controls over transfers, budgets, and key decisions. Exit routes can be less flexible because the asset is structurally more entangled with league-level decision-making, making it harder to execute a clean separation. Europe has few full single-entity models, though some smaller or newer competitions may centralize key rights to a significant degree.

2.3. Association / Member-Owned Clubs & "50+1"

Many European clubs evolved from member associations—*Vereine* in Germany, *associazioni sportive* in Italy, *asociaciones deportivas* in Spain. In these structures, members (typically supporters and local stakeholders) hold voting rights to elect club leadership, and club assets were historically held within the association with limited or no external equity participation. Over the last 20 to 30 years, many clubs have restructured, spinning off their professional football operations into separate companies (such as AGs, S.p.A.s, S.A.s, or limited companies) while sometimes retaining member control or "golden share" rights in the new entity.

Germany's 50+1 rule, which applies to Bundesliga clubs, is the most prominent example of this model. The rule requires that the parent club (the association) holds at least 50% plus one share of voting rights in the professional football company, ensuring that members retain ultimate control. Exceptions exist for long-term sponsors or investors who have supported a club for more than 20 years, such as Bayer Leverkusen and VfL Wolfsburg. For investors, this typically means that outright majority voting control is not available, but negotiable governance rights—including board seats, veto powers over key decisions, and protective provisions—can still provide substantial influence and protection.

Other jurisdictions have taken different paths. In Spain, many clubs converted to *Sociedades Anónimas Deportivas* (SADs), allowing for traditional corporate ownership structures. However, a few prominent clubs—FC Barcelona, Real Madrid, Athletic Club, and Osasuna—remain member-owned and cannot be sold in the traditional sense. In Portugal, Italy,

and France, widespread use of corporate vehicles has become the norm, though legacy association rights vary significantly by club and are shaped by national law.

2.4. Public/Community Clubs

Some clubs are held in public or community ownership structures that impose unique constraints on investors. The Green Bay Packers in the NFL are the most prominent US example: a publicly held, non-profit corporation with strict restrictions on share transfers, no dividend payments, and caps on ownership concentration. In Canada and Europe, some clubs or stadia are held through municipal or non-profit structures, which significantly shape the available deal structures and investor options.

These structures share common features. Equity interests may be non-economic, offering no rights to distributions or capital appreciation. Governance changes may depend on large member votes, multi-level public approvals, or statutory constraints that make rapid decision-making difficult or impossible. Rather than pursuing control acquisitions, investors may instead participate through commercial contracts—such as naming rights, sponsorship agreements, or development projects—or by taking minority stakes in operating entities that sit alongside the public or non-profit parent.

2.5. SPVs, Holdcos, and Asset Ring-Fencing

Across all three regions, team transactions typically involve layered corporate structures designed to manage risk, optimize tax treatment, and facilitate financing. A typical structure includes a TopCo domiciled in a tax- and investor-friendly jurisdiction, one or more MidCo or BidCo entities serving as leveraged acquisition vehicles, and an OpCo that holds the league membership or shares, stadium lease or ownership rights, and player registrations.

The rationale for this complexity is practical and financial. Separate entities allow investors to ring-fence risk between real estate holdings, media intellectual property, and team operations. They facilitate debt financing by allowing lenders to take security over stadium assets or media revenue streams without jeopardizing league membership. They enable co-investments, earn-out arrangements, and minority syndications at different levels of the capital structure. And they create flexibility for future partial exits, such as selling a stake in valuable real estate while retaining the team itself.

2.6. Multi-Club Ownership (MCO)

Multi-club ownership (MCO) has become a dominant trend in European and global football, driven by both strategic and financial logic. City Football Group (CFG) is the most prominent example, with majority ownership by Abu Dhabi interests and minority stakes held by US and Chinese investors. CFG's portfolio includes Manchester City, New York City FC, and clubs in Spain, Australia, Japan, Brazil, and other countries. Red Bull operates a similar model with RB Leipzig, Red Bull Salzburg, New York Red Bulls, and others, leveraging branding and performance synergies across its network. Various private equity funds and family offices have also acquired controlling or minority stakes in multiple European clubs, though some have encountered regulatory pushback in UEFA competitions.

Regulatory authorities have responded to this trend with increasing scrutiny. UEFA's multi-club rules require that common ownership or control of multiple clubs competing in the same UEFA competition must be carefully structured to avoid conflicts of interest. The rules employ ownership thresholds, influence tests, and governance separation requirements. National league rules vary: some prohibit owning two clubs in the same domestic competition outright, while others impose disclosure and conflict-of-interest regimes rather than absolute bans.

Investors pursuing multi-club strategies often need to implement firewalls to satisfy regulators. These include separate management teams, distinct board composition, veto structures that prevent cross-club influence, and independent sporting directors who make player acquisition and tactical decisions without coordination across the portfolio. Getting these structures right is essential not only for regulatory approval but also for maintaining the sporting integrity and independence that leagues and fans demand.

3. Key Investor Issues in US/CA/EU Team Investments

3.1. League Approvals, Ownership Caps, and “Fit & Proper” Tests

A universal reality shapes every sports team transaction: you are not simply buying a company; you are acquiring an asset subject to league consent. This fundamentally alters the deal timeline, conditionality, and risk allocation compared to a conventional corporate acquisition.

League approval processes typically cover several elements. Pre-sale league approval is required for new controlling shareholders and key minority investors, often above relatively low thresholds of 5% to 10% of equity. Leagues also review and must approve debt structures

and leveraged acquisitions, ensuring that financing arrangements do not jeopardize the club's operational stability or league membership. Related-party arrangements and naming-rights deals involving owners often face scrutiny to ensure they reflect fair market value and do not distort competition.

Ongoing suitability tests add another layer. Many European leagues and the FA and UEFA apply "fit and proper person" tests that screen prospective owners for criminal history, financial stability, integrity concerns, human-rights records, and sanctions exposure. Ownership caps further constrain investors: US leagues often limit the number of teams one owner can hold in the same league to prevent competitive imbalances, while in Europe multi-club restrictions are more competition-specific, applying primarily to UEFA tournaments and national cups. Some countries impose foreign-ownership or media-ownership caps, or at least subject such investments to heightened political and regulatory scrutiny.

Investors must account for these realities in their transaction documents. Conditionality provisions in stock purchase agreements or LLC operating agreements must be carefully drafted to allocate risk if league approval is delayed or denied. Extensive disclosure to the league is standard, and in some cases disclosure to government regulators or public bodies is also required. Transaction closing timelines are frequently driven more by league governance calendars—including scheduled owner meetings and voting procedures—than by pure corporate-law formalities. This can extend deal timelines by weeks or months and requires careful coordination with sellers and interim management.

3.2 Control Rights & Governance

Given the league and regulatory constraints described above, investors must negotiate control in more nuanced ways than in traditional private equity deals. Board composition is often the first battleground: the number of board seats and appointment rights must be negotiated between the investor and legacy or community stakeholders, with league rules sometimes imposing requirements or limitations on who can serve. Reserved matters—vetoes over annual budgets, debt levels, key hires such as CEO, sporting director, and head coach, stadium projects, and major sponsorships—become critical protective provisions.

The distinction between voting rights and economic rights takes on special significance in sports transactions. Particularly in 50+1 jurisdictions or clubs with member influence, investors may accept minority voting control but secure strong contractual governance provisions and favorable economic rights that protect their return on investment. Information

and audit rights must be carefully defined to align with financing covenants and investor reporting needs, often going beyond what would be typical in other industries given the unique performance metrics and regulatory compliance requirements in sports.

Anti-dilution and pre-emption protections are standard in any private equity investment, but in sports deals they must be harmonized with league rules on capital structure and ownership changes. Leagues may restrict the issuance of new equity or require approval for capital calls, which can limit an investor's ability to maintain its percentage ownership. Key person and non-compete provisions are also common for former owners, who often remain involved as minority investors or club ambassadors and whose conduct and public statements can materially affect the club's reputation and commercial value.

3.3 Media, Commercial Rights & Revenue Sharing

Sports team valuations hinge heavily on media and central commercial income, making the structure and stability of these revenue streams a critical diligence and negotiation focus. US leagues such as the NFL, NBA, MLB, and NHL typically centralize national media deals and distribute proceeds through sophisticated revenue-sharing mechanisms that provide significant income stability across franchises. MLS similarly centralizes much of the media and commercial value, including a significant streaming deal covering the US and Canada that provides predictable baseline revenue.

European football operates differently. National leagues such as the Premier League and La Liga sell domestic and international broadcasting rights collectively and distribute revenue according to formulas that balance performance incentives with solidarity payments to smaller clubs. UEFA Champions League and Europa-level competitions add additional centrally distributed income that can be transformative for participating clubs. Unlike in US leagues, however, European clubs typically retain greater control over local commercial rights, including sponsorship, hospitality, and revenue from non-UEFA-controlled matches. This creates both opportunity and volatility: clubs with strong commercial operations can generate substantial local revenue, but this income stream is more vulnerable to performance fluctuations and economic conditions.

Investors must address several key questions in their analysis. What proportion of total revenue is central, contractual, and stable, versus performance-dependent and volatile? For example, qualification for the Champions League can swing a top European club's revenue by tens of millions of euros year-to-year. What escrow, assignment, or security rights can be

granted to lenders without breaching league or rights-holder rules that may prohibit pledging certain revenue streams? Are there break clauses or step-downs in media deals if performance declines or league composition changes, such as through relegation or expansion? The answers to these questions directly affect both valuation and the availability and terms of debt financing.

3.4 Labor, CBAs, and Player Contracts

Labor dynamics differ sharply between North America and Europe, creating distinct risk profiles and modeling challenges. In the US and Canada, major leagues operate under collective bargaining agreements (CBAs) negotiated with players' unions. These CBAs define salary caps or luxury taxes, free agency rules, draft systems, trade rules, and grievance and arbitration mechanisms. For investors, the key modeling challenges include understanding the impact of CBA cycles on player cost inflation and operating margins, as well as assessing the risk of work stoppages such as lockouts or strikes that can wipe out entire seasons of revenue.

Europe lacks league-wide CBAs in most cases. Instead, national labor law and EU law apply directly to player employment. Players have individual contracts, and while some countries have sectoral CBAs or framework agreements, the landscape is far more fragmented than in North America. Some sports have sport-specific labor governance through player unions such as FIFPro or the English PFA, but their role is more advisory and advocacy-focused than the collective bargaining role played by North American unions.

The landmark Bosman ruling and subsequent EU jurisprudence have made transfer and contract rules significantly more player-friendly in Europe, limiting clubs' ability to restrict player movement and increasing wage pressure. Wage controls in Europe are often indirect, operating through FFP regimes or salary-cap rules such as La Liga's strict economic control framework or UEFA's squad-cost ratios. These rules can constrain how much investors can spend on players even when they have capital available, fundamentally shaping the investment thesis and return profile.

3.5 Competition Law, Financial Fair Play (FFP), and Cost Controls

Financial Fair Play and competition law constraints represent one of the most significant differences between investing in European football and investing in North American franchises. UEFA's FFP regime historically focused on break-even requirements, prohibiting clubs from spending significantly more than their revenues over rolling multi-year periods. The system has increasingly transitioned toward squad cost ratios that impose limits on football-related expenditure relative to revenues. Sanctions for non-compliance can include fines, squad

restrictions that limit the number of players a club can register for competitions, and exclusion from European tournaments entirely—a penalty that can devastate both sporting performance and commercial value.

Domestic economic regulations add another layer of complexity. La Liga operates one of the strictest systems, with spending limits tied to revenues and balance sheet strength that are updated each season. Clubs that exceed their limits face restrictions on player registration, forcing them to sell players or reduce wages before they can field new signings. Other leagues are considering or have introduced various forms of wage caps or cost controls, creating a patchwork of rules that multi-club investors must navigate.

Competition law and antitrust considerations also loom large. EU and national competition authorities scrutinize collective selling of media rights, "super league" projects that threaten to break away from established league structures, and exclusionary rules that may unfairly restrict entry or limit competition. In the United States, sports leagues historically benefit from certain antitrust exemptions—most notably MLB—but enforcement and litigation risk remain real, particularly around media rights, team relocation, and restrictions on new league formation.

The investor impact of these regimes is profound. FFP and cost controls may limit the pace at which new capital can be converted into squad investment, extending the timeline for competitive improvement and return realization. Multi-club ownership and related-party sponsorship deals now face enhanced scrutiny, with leagues and regulators applying fair-value assessments to ensure that transactions are commercially rational and not designed to circumvent spending restrictions. Investors must model compliance costs, potential sanctions, and the constraint on accelerated investment when underwriting returns.

3.6 Stadiums, Real Estate, and Infrastructure

Stadium and real estate considerations often define the true investment thesis in a sports team acquisition, particularly given the long-term capital requirements and value-creation opportunities. The threshold question is whether the club owns its stadium outright or leases from a municipality or separate entity. Ownership provides control and upside but comes with significant capital expenditure obligations for maintenance, renovation, and compliance with modern standards. Leasing reduces capital requirements but limits revenue capture and strategic flexibility.

Naming rights and ancillary development represent major value drivers that are often underappreciated in initial analyses. Mixed-use developments that combine the stadium with hotels, residential units, retail, and entertainment venues can materially change project economics, transforming a cost center into a profit-generating real estate platform. However, ownership and revenue splits between the club, municipality, and real estate partners must be carefully mapped, as these arrangements often involve complex partnership structures, development agreements, and long-term revenue-sharing formulas.

Public funding and public-private partnerships (PPPs) are common in North American stadium projects, which frequently involve taxpayer contributions, tax-exempt bonds, or infrastructure support such as roads, utilities, and transit connections. European projects more often involve city partnerships and land-use approvals, with municipalities contributing land or infrastructure in exchange for community benefits and public access commitments. Navigating these arrangements requires understanding local government processes, political dynamics, and community relations, not just corporate law and finance.

The legal and transactional implications are significant. Lenders often require security over stadium revenue or assets to support acquisition or development financing, but league rules may constrain direct pledges of membership rights or certain revenue streams. Long-term leases may include use restrictions that limit the stadium's availability for non-sports events, relocation prohibitions that prevent the team from moving to a different city or venue, or community obligations such as youth programs or facility access that create ongoing operational commitments and potential liabilities.

3.7 Diligence Priorities

Sports investments demand enhanced, sport-specific diligence that goes well beyond a standard corporate acquisition review. Regulatory and league diligence should include a thorough review of the league constitution, by-laws, ownership and financing rules, and recent interpretive decisions that may signal how the league will approach novel transaction structures. The team's history of compliance is critical: prior FFP breaches, disciplinary matters, or disputes with regulators can indicate ongoing risk and may affect league approvals or financing terms.

Financial and sporting performance diligence must model multiple scenarios. Multi-year cash-flow projections should stress-test revenue and costs under adverse performance outcomes such as relegation, missing playoffs, or loss of European qualification. Player wage

commitments, transfer liabilities, contingent bonuses tied to performance or individual achievements, and image-rights arrangements must all be mapped and quantified, as these obligations can represent substantial off-balance-sheet liabilities.

Legal and contractual diligence should scrutinize stadium leases, sponsorship agreements, naming rights, kit deals, and media sublicenses to understand their term, termination rights, financial terms, and any change-of-control provisions. Player contracts, agency agreements, and any remnants of third-party ownership arrangements (which are now prohibited in many jurisdictions but may have legacy implications) require close review.

Litigation and investigations deserve special attention. Disputes with players, agents, tax authorities, or regulators can be financially material and reputationally damaging. Ongoing investigations into accounting practices, FFP compliance, match-fixing, or integrity concerns must be disclosed and their potential impact assessed. Reputation and ESG factors increasingly matter to investors, lenders, and leagues. Fan sentiment and the views of organized supporter groups can directly affect commercial revenue, political support for stadium projects, and regulatory flexibility. Human-rights considerations, governance practices, and geopolitical risk are particularly important for state-linked capital, which faces heightened scrutiny in many jurisdictions.

3.8 Financing Structures

Financing sports team acquisitions and operations involves several common structures, each tailored to the regulatory environment and asset characteristics. Leveraged acquisitions at the TopCo or MidCo level are typical, with debt secured directly or indirectly on team revenues, stadium cash flows, or related real estate. However, these structures are subject to league leverage caps and approval processes that can limit the amount and terms of available debt.

Ring-fenced stadium or project finance is often used for new construction or major renovations. These facilities can be financed on a non-recourse or limited-recourse basis, with loans secured by future stadium or mixed-use development revenues rather than by the operating club. This approach protects the core team operations from construction risk while unlocking capital for infrastructure investment.

Revenue monetization has become increasingly sophisticated. Some clubs securitize future media revenues or ticket income, creating tradable instruments backed by contractual cash flows. Private placements backed by long-term sponsorship or naming-rights deals offer

another path, allowing clubs to accelerate cash receipt in exchange for selling future revenue streams at a discount.

Preferred equity and hybrid instruments are growing in popularity, particularly in leagues with strict debt or leverage caps. These instruments offer economic upside through participation rights or conversion features while counting as equity rather than debt for league compliance purposes. They typically carry limited voting rights, making them acceptable to leagues that restrict passive or institutional ownership.

Key constraints shape all of these structures. Many leagues prohibit or limit pledging league membership interests as collateral, preventing lenders from directly seizing control of the franchise in a default scenario. Cash sweeps that could jeopardize minimum operational spending on players, facilities, or league commitments are often restricted. And certain forms of ownership by institutional or passive funds may be limited beyond defined thresholds, requiring case-by-case league approval.

3.9 Tax & Cross-Border Planning

Material tax issues arise in virtually every sports team transaction, and cross-border deals add significant complexity. The choice of jurisdiction for holding companies is strategic, particularly in multi-club structures spanning the US, Canada, EU, and UK. Investors must balance tax efficiency with regulatory acceptability, commercial substance requirements, and OECD's Base Erosion and Profit Shifting (BEPS) compliance.

Withholding taxes on cross-border dividends and interest payments can materially reduce returns, making treaty planning and financing structure important value drivers. Player taxation and image rights present unique challenges. Different regimes apply to foreign players working in various jurisdictions, and some countries offer special "impatriate" tax regimes—such as Spain's historical "Beckham Law"—that reduce tax burdens on highly paid foreign workers for a limited period. Image-rights company structures, where players assign commercial exploitation rights to personal companies, are common in Europe but face increasing scrutiny from tax authorities concerned about artificial profit shifting.

VAT and GST treatment varies significantly across jurisdictions and by type of transaction. Ticket sales, hospitality, and sponsorship may be subject to different rates and exemptions, and the treatment of cross-border media and digital rights is often uncertain and subject to change as tax authorities adapt to digital business models.

Investors should integrate tax planning with league rules about ownership and control of clubs by offshore vehicles, as some leagues impose transparency or substance requirements that can limit tax-driven structuring. Domestic controlled foreign corporation (CFC) rules, thin capitalization restrictions, and interest deductibility limitations must all be considered when designing cross-border financing. The OECD's BEPS initiative and Pillar Two global minimum tax rules now apply to many sports organizations, adding another layer of compliance and limiting the effectiveness of certain historical tax planning strategies.

3.10 Exits: Liquidity Options & Constraints

Realistic exit routes from sports team investments include several paths, each with distinct advantages and constraints. Sale to strategic or financial buyers remains the most common exit. These transactions often require full or renewed league approval, including detailed vetting of the buyer and approval of any changes to debt structure or governance arrangements. The process can be lengthy and uncertain, particularly if multiple bidders require sequential league reviews or if the sale occurs during a period of league leadership transition or rule changes.

Partial sell-downs allow investors to syndicate minority interests to co-investors while retaining control or significant influence. These transactions can provide partial liquidity and risk diversification, and they sometimes include roll-up provisions or tag-along and drag-along rights that facilitate future full exits. However, they require league approval for new owners above applicable thresholds and may reduce the pool of potential future buyers if the ownership structure becomes too fragmented or complex.

Public listings of sports clubs remain relatively rare and usually offer low liquidity. Some European football clubs trade publicly—Manchester United and several others have maintained listings—but their shares typically trade at thin volumes with high volatility and limited research coverage. Listings can provide modest liquidity and transparency but come with significant disclosure obligations, costs, and governance constraints that many sports investors find unattractive relative to the benefits.

Asset separation—selling real estate or development rights separately from team operations—offers another exit path that can unlock value for investors with mixed-use developments or valuable stadium assets. This approach allows investors to monetize the real estate component at a potentially higher multiple while retaining the team, or vice versa, depending on their strategic priorities and market conditions.

Several constraints affect all exit strategies. Many leagues retain consent rights over any change of control and may cap passive ownership, limiting the universe of potential buyers and the price they can achieve. Valuation disconnects between on-field performance cycles and financial performance can complicate timing exits: a team that is performing poorly on the field may be depressed in value even if its financial fundamentals remain strong, or vice versa. In some structures—particularly member-owned clubs, public clubs, or non-profit entities—classic equity exits may not be available at all, shifting the investor's focus to long-term operating returns or commercial concessions rather than capital appreciation.

4. Notable Recent Team M&A / Investments by Region & League

The following examples focus on recent, publicly reported transactions that illustrate structural, regulatory, or valuation themes relevant to sports investors. They are intended to be illustrative rather than exhaustive, highlighting how the principles discussed above play out in practice.

4.1 Europe (Football)

4.1.1 *Chelsea FC (Premier League) – Boehly/Clearlake Consortium (2022)*

In May 2022, a US-led consortium including Todd Boehly, Clearlake Capital, and other investors acquired Chelsea FC from Roman Abramovich following UK government sanctions imposed in response to Russia's invasion of Ukraine. The acquisition was widely reported at approximately £4.25 billion, including the purchase price and future investment commitments in the club's infrastructure.

The transaction is notable for several reasons. First, it illustrates how state intervention and sanctions can drive a forced sale, creating urgent timelines and unusual deal dynamics. The UK government required that proceeds not benefit Abramovich and imposed conditions on the sale process that went beyond typical corporate-law requirements. Second, the deal brought significant private equity capital into a leading Premier League club at substantial scale, with Clearlake Capital as a major investor. Third, the acquisition included binding commitments to invest in stadium infrastructure, the academy, and the women's football program, showcasing how governments and leagues can impose non-price conditions that materially affect the economics and structure of sports team acquisitions. The Chelsea sale became a template for transactions involving distressed or politically sensitive sellers and demonstrated the increasing role of institutional capital in European football's top tier.

4.1.2 Manchester United (Premier League) – Minority Stake by Sir Jim Ratcliffe / INEOS (2023–2024)

Sir Jim Ratcliffe's INEOS Group acquired a 25% stake (later increased slightly above 27%) in Manchester United for approximately \$1.25 to \$1.6 billion, including a \$300 million commitment to stadium investment. The transaction was approved by the Premier League and FA in early 2024 after a thorough review process.

This deal is notable for several reasons. It represents a rare large-scale minority transaction in a top English club that includes delegated sporting control to the minority investor. The structure allows the Glazer family to retain majority economic ownership and board control while ceding operational authority over football matters—including player recruitment, coaching appointments, and sporting strategy—to INEOS. This hybrid control model illustrates the creative governance structures that can be negotiated when majority owners want to retain their investment but lack the expertise, capital, or willingness to manage complex football operations. The transaction also reinforces the Premier League's significant role in scrutinizing ownership structures and capital injection plans, even for minority investments, particularly when governance arrangements deviate from traditional majority-control models.

4.1.3 Multi-Club Expansion (City Football Group, Red Bull, Others)

City Football Group (CFG) and Red Bull continue to expand their multi-club portfolios through acquisitions across multiple continents. CFG's network now includes clubs in elite leagues and emerging markets, creating a global scouting and development platform. Smaller financial sponsors have also pursued multi-club strategies, though some have encountered regulatory resistance when attempting to field multiple clubs in the same UEFA competition.

These transactions are notable because they demonstrate how investors leverage global scouting networks, data analytics, and player development synergies across clubs at different competitive levels. The strategies have prompted UEFA and national leagues to tighten multi-club rules, forcing investors to design complex firewalls and independent-control arrangements to satisfy regulators. Multi-club ownership expands the traditional concept of clubs as local, standalone entities and instead treats them as nodes in a global network optimized for player development, brand extension, and financial performance across the portfolio rather than club-by-club.

4.2 North America – US/Canada

4.2.1 *Ottawa Senators (NHL) – Michael Andlauer Acquisition (2023)*

In June 2023, Michael Andlauer agreed to acquire approximately 90% of the Ottawa Senators. The transaction, reportedly valued near US \$1 billion, was approved by the NHL Board of Governors and closed in September 2023. At the time, it set a record valuation benchmark for an NHL franchise and illustrated several key features of North American sports transactions.

First, the deal required Andlauer to dispose of conflicting holdings: he sold his minority stake in the Montreal Canadiens to satisfy NHL rules prohibiting ownership interests in multiple teams in the same league. Second, the transaction demonstrated the NHL's rigorous Board of Governors approval process and detailed ownership vetting, which includes financial capacity reviews, character assessments, and approval of the acquisition's financing structure. Third, the acquisition emphasized the importance of arena and real estate considerations in team valuations, as future development plans for a new downtown arena became a central element of the investment thesis and public narrative. The Ottawa transaction underscored the continued strength of franchise valuations in major North American leagues and the persistent role of individual entrepreneurs and family offices as buyers, even as institutional capital increasingly participates at the minority level.

4.2.2 *Ongoing Minority & Institutional Investments in Major US Leagues*

Over the past several years, the NBA, MLB, NHL, and MLS have progressively relaxed rules to allow institutional and private equity investment in minority stakes, subject to caps on ownership percentages and approval of specific funds. The NBA has permitted select private equity firms to acquire passive minority interests of up to 20% in teams, provided the investments come from league-approved funds and do not confer governance or operational control. MLB and the NHL have adopted similar frameworks with varying thresholds and approval processes.

These developments are notable for several reasons. They enable greater portfolio diversification for investors, who can now gain exposure to multiple franchises across leagues without triggering cross-ownership restrictions or control concerns. The trend emphasizes standardization of minority rights packages and transparency requirements, with leagues maintaining approved fund lists and requiring detailed reporting to ensure passive investors remain truly passive. The shift also signals that liquidity for these minority positions may

increasingly come from secondary trades among approved institutional investors rather than from traditional full club sales. For investors, this creates a more liquid secondary market but also imposes constraints on governance rights and exit flexibility. As these programs continue to evolve, investors should closely monitor current league-specific PE policies, ownership caps, and approved fund lists, all of which are subject to regular updates and modification.

(Investors should review current league-specific PE policies, caps, and approved fund lists, as these evolve regularly.)

4.3 Comparative Table – Sample Recent Transactions

Region	League / Club	Year	Investor / Buyer	Type	Why Notable
EU	Chelsea FC (EPL)	2022	Boehly–Clearlake consortium	Full takeover	Sanctions-driven sale; large PE capital; infra commitments
EU	Man United (EPL)	2023–24	Sir Jim Ratcliffe / INEOS	Minority + control of football ops	Hybrid control model; complex governance; stadium funding
NA	Ottawa Senators (NHL)	2023	Michael Andlauer	Majority stake	Record NHL valuation; multi-team ownership issues
Global	CFG / Red Bull	Ongoing	City Football Group, Red Bull	Multi-club	Network model; regulatory scrutiny; global branding

(Table is illustrative, not exhaustive.)

5. Practical Takeaways for Investors

5.1 Strategy & Structuring

Successful sports team investments begin with a clear articulation of the investment thesis. Investors must determine early whether the play is primarily capital appreciation, cash yield, global brand building, real estate development, or technology and data synergies. The

chosen structure—whether control versus minority, standalone SPV versus multi-club platform—should flow directly from this thesis rather than being imposed as a template.

Transaction structures must be designed with league constraints built in from the outset. Investors should incorporate realistic approval timelines and robust conditionality provisions into their transaction documents, recognizing that closing will be driven by league governance calendars and regulatory reviews rather than purely by corporate formalities. Asset separation strategies should also be considered early: structuring distinct legal entities for team operations, intellectual property, and real estate holdings can unlock financing flexibility and future exit options, provided the arrangements comply with league rules and do not jeopardize membership or revenue-sharing rights.

5.2 Governance & Control

In majority acquisitions, investors must balance their need for clear decision-making authority with league sensitivities and community expectations. Heavy-handed control that ignores local stakeholder input can trigger regulatory resistance, fan backlash, and political interference, all of which can materially affect commercial performance and regulatory flexibility. In minority deals, investors should insist on robust reserved matters that provide meaningful protective rights, comprehensive information and audit rights that support ongoing monitoring and compliance, and well-drafted exit mechanics including put and call options, tag-along and drag-along rights, and pre-agreed valuation methodologies.

In jurisdictions with 50+1 rules or significant member influence, investors cannot achieve traditional majority voting control but can still secure substantial economic returns and governance influence. The key is to leverage contractual governance provisions—such as board representation, veto rights over material decisions, and protective covenants—and to negotiate favorable economic rights that provide downside protection and upside participation even in the absence of voting control. These structures require careful drafting and often benefit from precedents established in prior transactions in the same jurisdiction or league.

5.3 Risk Management & Compliance

Financial Fair Play rules, multi-club restrictions, and domestic cost controls should be treated as covenant-style constraints when modeling investment returns and structuring capital deployment. Unlike traditional private equity investments where additional capital can be deployed freely to accelerate growth, sports investments often face regulatory limits on the pace and manner of spending, particularly on player wages and transfers. Investors must model

these constraints realistically and understand that aggressive capital injection may be prohibited or penalized, fundamentally altering the timeline for competitive improvement and return realization.

Robust compliance programs are essential and should address multiple risk areas. Anti-bribery and corruption programs must cover player agents, transfer intermediaries, and commercial partners, all of whom operate in environments with varying levels of regulatory oversight and enforcement. Match-fixing and sporting integrity programs should include monitoring, reporting, and education for players, coaches, and staff. For cross-border and state-linked capital, sanctions screening and human-rights due diligence are critical, as these investors face heightened scrutiny from leagues, regulators, and the public. Finally, granular tax and labor-law diligence in each jurisdiction where players and staff are based is essential to avoid unexpected liabilities and ensure compliance with rapidly evolving domestic and international rules.

5.4 Stakeholder & Reputation Management

Sports clubs are not merely businesses; they are cultural assets with deep emotional and political significance. Investors who fail to recognize this reality often encounter resistance that can derail transactions, impair commercial performance, or limit regulatory flexibility. Early and genuine engagement with fan groups, local authorities, and regulators is critical to building trust and establishing a constructive working relationship.

Communication strategies should be transparent and focused on long-term commitment. Stakeholders want to understand ownership intentions, ticketing and access policies, and plans for investment in stadium infrastructure, women's teams, youth academies, and community programs. Promises made during the acquisition process will be remembered and scrutinized, making it essential to under-promise and over-deliver rather than the reverse. Investors should also recognize that public scrutiny of sports team ownership is significantly higher than in most other industries, and that political risk—including the potential for government intervention, regulatory changes, or public campaigns—is a persistent feature of the landscape that must be managed actively and continuously.

5.5 Exit-Ready From Day One

Successful exits from sports investments require planning that begins at acquisition. Investors should build clear exit pathways into shareholder agreements and league communications from the outset, including pre-cleared structures for future minority sell-

downs or additional buy-ins by co-investors. Documentation should anticipate secondary sales to other league-approved funds or strategic buyers, with valuation methodologies, transfer restrictions, and approval processes clearly defined to avoid disputes and delays when exit opportunities arise.

Maintaining high-quality financial reporting, governance documentation, and regulatory compliance records throughout the investment period is essential to support future diligence by potential buyers or underwriters. Buyers will scrutinize FFP compliance history, tax positions, player contract liabilities, and stadium arrangements in detail, and any gaps or irregularities will create delays, valuation discounts, or deal failures. Investors who treat the club as a professional institutional asset from day one—rather than as a personal trophy or passion project—will find exit processes faster, smoother, and more profitable when the time comes.

6. Conclusion

Sports teams and leagues in the US, Canada, and Europe are converging as a global asset class, but they remain highly path-dependent on regional legal and cultural histories. US and Canadian markets are characterized by franchise and single-entity hybrid models with strong central league control, sophisticated revenue sharing, and collective bargaining frameworks that provide income stability and predictable labor costs. European markets remain anchored in association traditions, with evolving corporate structures, persistent member and fan influence, and stringent Financial Fair Play and competition-law frameworks that impose discipline but also constrain growth strategies. Across all three regions, multi-club ownership and institutional capital are reshaping the landscape, prompting regulators and leagues to update ownership rules, transparency requirements, and conflict-of-interest provisions in real time.

Successful investment in this asset class requires more than capital. It demands a deep understanding of league constitutions, regulatory risk, and the political and fan dynamics that shape decision-making at every level. It requires tailored governance and financing structures that respect league and community constraints while protecting investor economics and providing realistic paths to return realization. And it requires aligned long-term incentives among investors, club management, leagues, and fans—a more complex stakeholder matrix than in most private equity or real estate investments.

The key takeaways for investors entering or expanding in this space can be distilled into several core principles. First, team investments sit inside league-driven legal structures—whether franchise, single-entity, association/50+1, public/community, SPV, or multi-club models—that heavily constrain how deals are executed and how value is realized. Second, league approvals, ownership caps, and "fit and proper" tests are transaction-critical, driving conditionality, timelines, financing structures, and in some cases determining whether a deal can proceed at all. Third, valuations depend critically on central media and commercial revenues, stadium and real estate economics, and regulatory cost controls such as FFP, wage caps, and competition law, all of which can cap upside and crystallize downside in cases of underperformance or regulatory violations.

Fourth, governance and control are often shared or constrained by minority positions, 50+1 rules, or public and community stakeholders, requiring investors to engineer sophisticated board representation, veto rights, and information provisions around league and community sensitivities. Fifth, sport-specific diligence covering FFP compliance history, labor and tax exposures, integrity and ESG issues, and stadium and real estate arrangements is essential to underwriting risk and negotiating appropriate protections. And finally, league-imposed leverage limits, restrictions on pledging membership interests, and approval rights over changes of control can narrow financing options and exit routes, making it essential to design structures with these constraints in mind from day one.

For investors who approach the asset class with appropriate preparation, realistic expectations, and respect for the unique characteristics of sports team ownership, the opportunities are substantial. Franchise values have appreciated significantly over the past two decades, driven by media rights growth, globalization of fan bases, and increasing acceptance of institutional capital. New revenue streams from digital platforms, international expansion, and mixed-use real estate development continue to emerge. And the cultural and reputational value of association with elite sports properties provides intangible benefits that extend well beyond financial returns.

However, success is not guaranteed, and the risks are real. Regulatory changes, sporting underperformance, fan backlash, and geopolitical developments can all materially affect club values and investor returns. The most successful investors will be those who combine financial discipline with genuine respect for the sporting and cultural dimensions of club ownership,

who build strong relationships with leagues and communities, and who approach the asset class as long-term stewards rather than short-term opportunists.

DISCLAIMER

This white paper is provided for general informational and educational purposes only. It does not constitute legal, tax, financial, or investment advice, and should not be relied upon as a substitute for specific advice regarding any actual transaction. The paper is based on information and regulatory frameworks believed to be current as of February 2026, but laws, regulations, league rules, and market practices change frequently and may vary materially by jurisdiction and league. The document does not purport to be comprehensive or to cover all issues relevant to sports-team investments.

Prospective investors should consult with qualified legal, tax, financial, and other professional advisers in all relevant jurisdictions, and should review the current rules and policies of the applicable leagues, federations, and regulatory authorities before making any investment or transactional decisions.