

FINANCIAL TIMES

December 1, 2015

Manchester City: Chinese investors pay \$400m for 13% stake

Josh Noble in London



Chinese investors have made their first foray into English football, snapping up a 13 per cent stake in the parent of Premier League leaders Manchester City just weeks after President Xi Jinping visited the club's academy.

Football, both at home and abroad, has become a target for Chinese conglomerates and their wealthy founders, which some analysts see as an effort to curry favour with Beijing.

A consortium led by private equity groups China Media Capital and CITIC Capital will pay \$400m for the stake in City Football Group, which also owns Melbourne City and New York City football clubs, and is a minority shareholder in Japan's Yokohama F. Marinos.

The agreement values CFG at \$3bn, the company said on Tuesday, roughly the same as the market capitalisation of New York-listed local rivals Manchester United. Deloitte rates Man City as the sixth-richest club in the world by revenue.

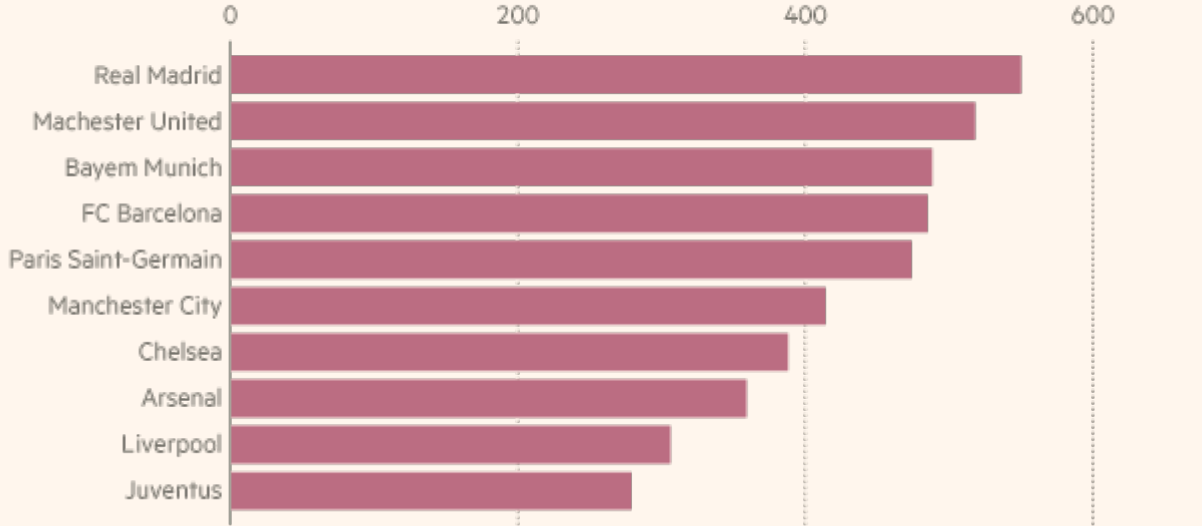
“Football is now at a fascinating and critical stage of development in China,” said Li Ruigang, CMC chairman.

“We see unprecedented growth opportunities in both its development as an industry, being China's most watched sport, and its inspirational role bringing people of all ages together with a shared passion.”

Mr Li, a former official in the Shanghai government, recently made headlines when he agreed to pay Rmb8bn (\$1.3bn) for five-year broadcasting rights for the Chinese Super League. Those same rights had previously cost just Rmb50m a year.

Top 10 clubs by revenue

For season 2013/14 (€m)



Source: Deloitte Football Money League 2015



“He wants to do for Chinese football what Rupert Murdoch and Sky TV did for the Premier League,” said Peter Schloss, chief executive of CastleHill Partners, a sports and media advisory firm in Beijing.

Investor interest in the Premier League has been rising as a sharp jump in revenues and stricter cost controls pull more teams into the black.

Man City, favourites to win the Premier League, have returned to profit for the first time since being bought for \$360m by Sheikh Mansour bin Zayed al Nahyan of Abu Dhabi in 2008.

The club quickly acquired a reputation for big spending, snatching Brazilian forward Robinho for what was then a British record of £32.5m on the day of the takeover from under the noses of Chelsea. Man City then reportedly offered to pay €150m for Lionel Messi of Barcelona just two months later.

However, Man City's financial muscle was undercut by the introduction in 2011 of the Financial Fair Play curbs on how much clubs can spend as a proportion of income. The club was fined last year by Uefa, European football's governing body, for breaking those rules.

Khaldoon Al Mubarak, CFG chairman, said the company had worked for months to secure the deal to help it tap into the "incredible potential that exists in China". Mr. Xi included a trip to Man City's academy during his official visit to the UK in October. There he appeared in a selfie with David Cameron, UK prime minister, and Sergio Aguero, the Argentine forward. Mr. Xi also appeared playing Gaelic football at Croke Park, Ireland's national stadium, during an earlier European tour.



Sergio Aguero with Xi Jinping and David Cameron

"President Xi is a very avid football fan. Businesses and tycoons are going to follow his lead," said Mr. Schloss. "We are going to see more deals."

Sporting rights are also seen as hot property in the broader battle for content. The Premier League recently returned to CCTV, China's state broadcaster, after a hiatus lasting more than 10 years.

Evergrande, the real estate developer in Guangzhou, runs the world's largest football academy, and shares ownership of a Super League team with Alibaba.

Wang Jianlin, Dalian Wanda's billionaire founder, spent \$52m to acquire a fifth of Atletico Madrid, the Spanish club, in January, marking a return to the sport for the

commercial property company turned conglomerate, which used to own a Chinese team of the same name.

Wanda also won the race this year to buy Infront Media, the sports marketing company run by the nephew of Sepp Blatter, the suspended president of Fifa, world football's governing body.