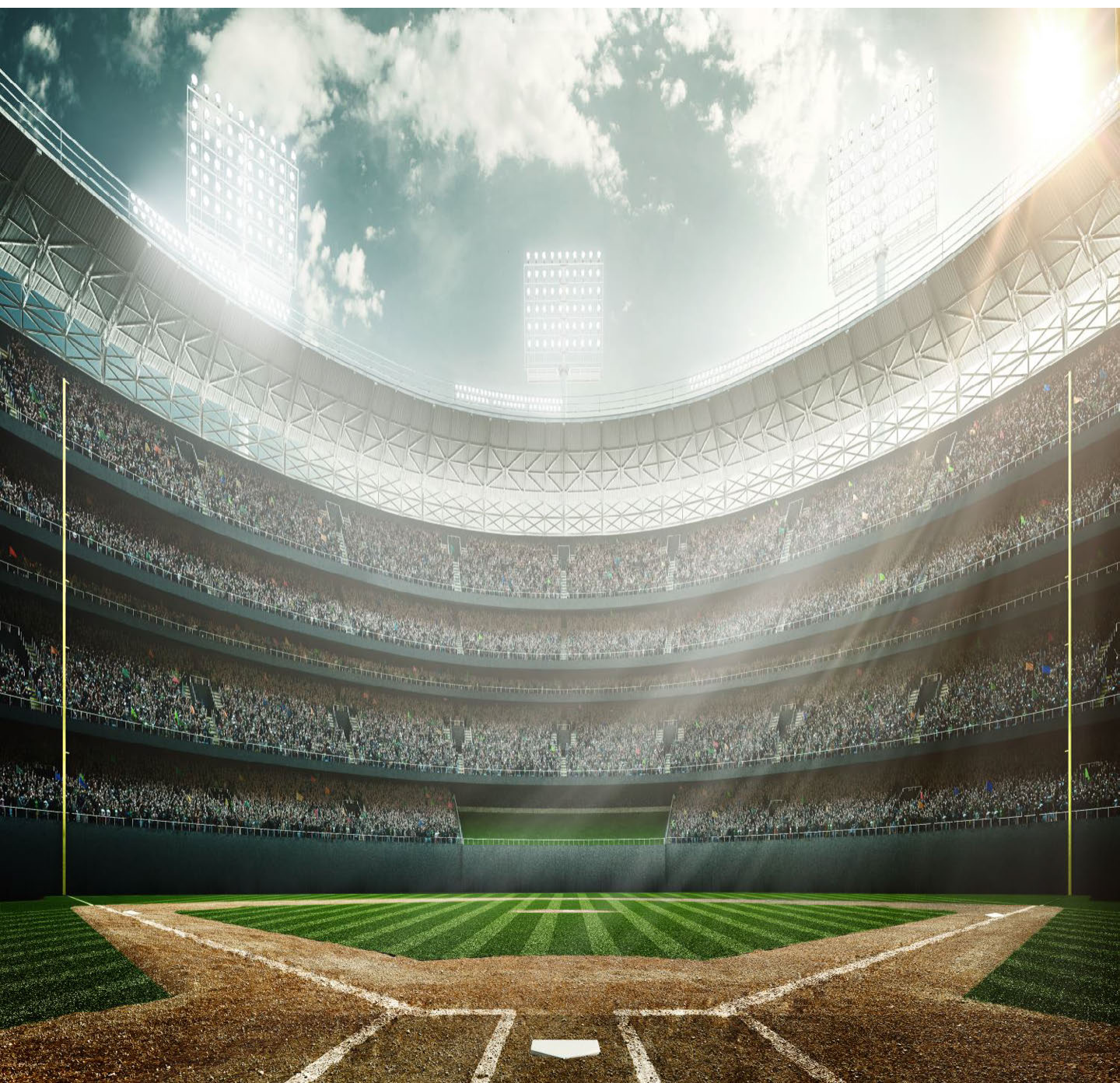




HOULIHAN LOKEY

Sports Market Update

SUMMER 2021



Houlihan Lokey Sports Update

Dear Clients and Friends,

Houlihan Lokey is pleased to present its Sports Market Update for summer 2021.

We have included industry insights and market highlights to help you stay up to date in the dynamic and constantly evolving sports sector. Driven by growing national and local media rights deals, valuations for sports teams and franchises continue to skyrocket. Over the past several months, we have seen Major League Baseball and the National Football League each ink lucrative renewals with their television partners. We expect these deals to increase investor thirst for sports franchises, for both controlling and minority ownership stakes, as franchise assets remain scarce.

In recent months, several domestic sports leagues have loosened investment restrictions and opened doors to institutional capital. We believe what is driving this is two-fold: valuations for sports teams have risen so much that even selling minority stakes becomes challenging due to a limited buyer pool, and COVID-shortened seasons have left certain leagues and their respective clubs seeking cash infusions. The influx of private equity money into the space should lend itself to greater transaction volume and values. Within this issue we are fortunate to include an interview with Arctos Sports Partners, a private equity platform dedicated to the professional sports industry and sports franchise owners.

We hope you find this update to be informative and that it serves as a valuable resource to you in staying abreast of the market. If there is additional content you would find useful for future updates, please don't hesitate to call or email us with your suggestions. We look forward to staying in touch with you.

Regards,



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Q&A With Arctos Sports Partners

Arctos Sports Partners (Arctos) is a private equity platform dedicated to the professional sports industry and sports franchise owners. We were fortunate to have a conversation with Joe Nasr and Jordan Solomon, Partners of Arctos. To learn more about Arctos, please visit <https://arctospartners.com/>.

Q Talk to us about Arctos and its strategy. What differentiates the firm?

A Arctos Sports Partners is a private investment platform dedicated to the professional sports industry and sports team owners. We invest as a limited (or minority) partner in teams in multiple ways, including growth capital on a team's balance sheet, financing to help a new buyer acquire a team, and liquidity solutions for owners looking to sell out or down their stake in a franchise. Our team has a deep and complementary skill set across sports and entertainment operations and private equity investing, and is uniquely positioned to act as a collaborative partner for sports ownership groups and leagues. Since our formal launch in Q2 of 2020, the firm has gained ownership approval in multiple leagues and has invested more than \$1 billion into multiple world-class sports franchises.

Q Can you tell us about how Arctos invests in sports?

A We are big believers in the sports ecosystem as an asset class. Our goal is to invest across multiple teams and leagues, with a focus on franchises with strong ownership groups, management teams, and growth plans. We provide flexible capital and pride ourselves on customizing our approach to fit the needs of the team owners that are our partners. We are minority investors and do not take active management roles in the teams we invest in. Having said that, our team partners can leverage Arctos and our advisors' expertise in sports to be strategic where helpful. For example, if a team wanted to discuss ways to renovate their stadium, acquire local real estate around their arena, or drive sponsorship growth, we are ready and willing to help.

Q Across the pond, private equity has been investing in sports clubs/franchises for several years. Domestically, private equity has not been associated with sports, much less teams. What changed?

A You are right. Historically, North American leagues have preferred not to have investment firms as owners of teams. However, a series of rule changes made in the past 18 months allows for specially designed institutional funds like Arctos to invest in multiple teams and leagues, and we give a lot of credit to the leagues and their advisors for taking a thoughtful and innovative approach to this topic. Allowing new sources of capital into the ecosystem will provide liquidity to support growth of teams and their valuations over time while offering owners more ways to finance their strategic initiatives and generate liquidity on an otherwise illiquid asset.

Q What are the most important intangible elements you consider when investing in sports teams, if any?

A I don't know if these are all "intangible," but some examples of the things we look for in a team include sophisticated ownership groups with long-term vision, strong management teams with proven business-building execution, attractive markets with demographic tailwinds, strong brand and fan loyalty, a deep local buyer base and/or concentration of wealth, ancillary assets such as real estate, and other revenue growth opportunities.



ARCTOS
SPORTS PARTNERS

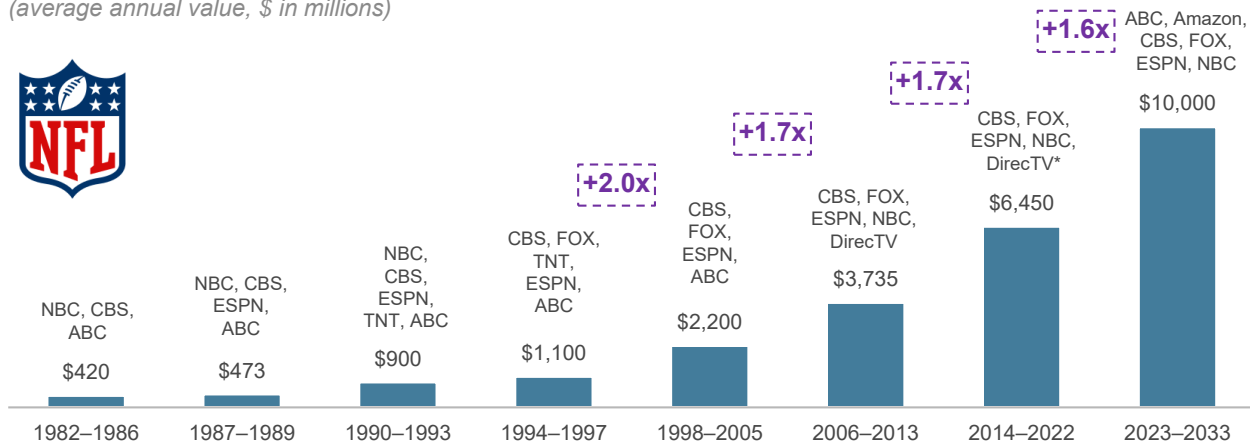
Q&A With Arctos Sports Partners (cont.)

| | |
|---|--|
| Q | Since sports teams are typically considered illiquid investments, how do you think about your exit strategy? |
| A | This has been one positive surprise since starting Arctos, as there are more potential paths to monetization than we had initially considered. The Arctos team has a deep history in illiquid markets, and our fund is intentionally set up as an evergreen fund so we can hold our investments over long horizons. |
| Q | Sports remains one of the most intriguing opportunities for investors. What are some factors that make sports so compelling in this current environment? |
| A | The sports ecosystem sits at the center of a series of compelling secular trends, including live events, digitization, data analytics, and international growth, with strong tailwinds that have even accelerated post-COVID. Moreover, sports has been uncorrelated with other asset classes for decades, driven by high recurring revenues (70%–80%+) and the premium intellectual property derived from live content. Franchises enjoy strong customer loyalties that span generations and are increasingly global, which gives teams strong pricing power. Teams are currently seeing the benefits of this loyalty in the form of pent-up demand as cities have reopened to live events. Finally, the business of sports is evolving quickly in exciting ways, with the advent of digital technology and growing financial sophistication in the space. Team properties are becoming anchor assets within broader content platforms that incorporate everything from physical real estate to mobile sports betting and gaming, with exciting potential for growth and value creation. |
| Q | Media rights are generally considered essential in a successful operation. What do you think is the future of sports media rights in the context of rising annual contracts against the backdrop of shifting consumption to digital/OTT? How long can media rights continue to increase? |
| A | Sports remains the single greatest aggregator of live content, and sports rights are an increasingly important and strategic asset within the entertainment ecosystem, which you can see through recent large step-ups in the national media rights deals with the NFL, MLB, and NHL. We are bullish on the value of these media rights over the long term and believe many of the trends around digital/OTT present new ways for leagues and teams to monetize content, engage with fans, and expand internationally. Specifically, we are seeing three things happen simultaneously that are having a very positive impact on the value of sports content. First, sports and live content more broadly are becoming increasingly important to the still highly lucrative linear bundle, as their relative share of viewership has steadily increased as scripted and nonscripted viewing moves to OTT. Second, the OTT providers are increasingly realizing the need for live sports as a customer acquisition and retention tool, as you are seeing with Amazon, Peacock, and Disney. Finally, digital is catalyzing new opportunities across sports betting, international expansion, and youth engagement to reach a new generation of fans. |
| Q | What do you think will be private equity's biggest impact on the sports industry? |
| A | This industry has historically had to fund growth organically. We think private capital will allow for high-ROI investing and growth acceleration, whether it be in real estate and new stadium development projects, technology, gaming, the fan experience, or the acquisition of another franchise. We also believe institutional capital will help to simplify ownership structures of teams where there may be dozens of limited partners. We think the industry, with access to private capital and alongside increasingly sophisticated ownership groups and management teams, will generate stronger revenue growth and profitability and, as a result, higher valuations going forward. |

The NFL's New \$110 Billion Deal

The NFL recently signed long-term agreements with its media partners running through 2033, totaling \$110 billion over that span.

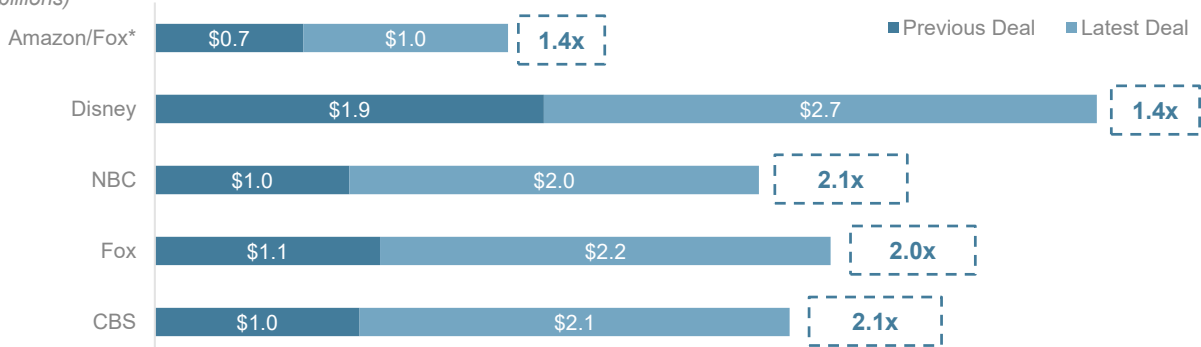
(average annual value, \$ in millions)



When the National Football League renewed its media rights after the 2013 season, the league saw a step-up of 1.7x, reaching agreements worth \$6.45 billion per year over nine years. With the current NFL national broadcasting rights set to expire in 2022, the NFL successfully negotiated itself yet another rights step-up among its broadcast partners. The NFL has inked lucrative renewals with its partners—ESPN, ViacomCBS, Fox, and Comcast—totaling over \$10 billion per year for 11 years. The deals will be very similar to previous ones, with ViacomCBS and Fox keeping their Sunday afternoon packages and Comcast’s NBC holding on to *Sunday Night Football*. CBS was also awarded Super Bowls in 2023, 2027, and 2031. Disney, which owns ESPN and ABC, will be given two Super Bowls in the new agreement in 2026 and 2030 and will pay approximately \$2.7 billion per year. The deal will bring the first Super Bowls on ABC in over a decade and also renew ESPN’s *Monday Night Football* franchise. Unique to this iteration of NFL media rights, the NFL’s regular-season schedule now includes a 17th regular-season contest, and the media rights package includes a direct-to-consumer element. ViacomCBS will stream its package on its newly rebranded streaming service, Paramount+. Meanwhile, Amazon furthered its direct-to-consumer sports programming, paying \$1 billion per year to become the exclusive distributor of *Thursday Night Football*. Previously, the *Thursday Night Football* contest had been part of a “tri-cast” model with other broadcasters that consumers could access with a cable subscription. It is reported that NBCUniversal’s new streaming service, Peacock, will also feature exclusive games on the ad-supported platform. On September 10, 2021, the 102nd season of the NFL kicked off, garnering the strongest ratings in several years, which suggests that any talks of the NFL’s demise have been premature.

Annual Rights Fees Comparison (By Network)

(\$ in billions)



*Excludes AAV rights of \$1,175, representing rights to Amazon, Verizon, and Fox’s Thursday games.

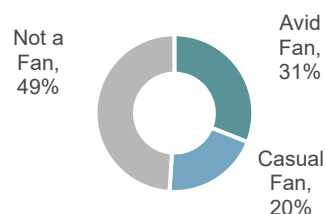
Sources: Forbes, Sports Business Journal, and other publicly available sources.

Media Rights Update for the MLB

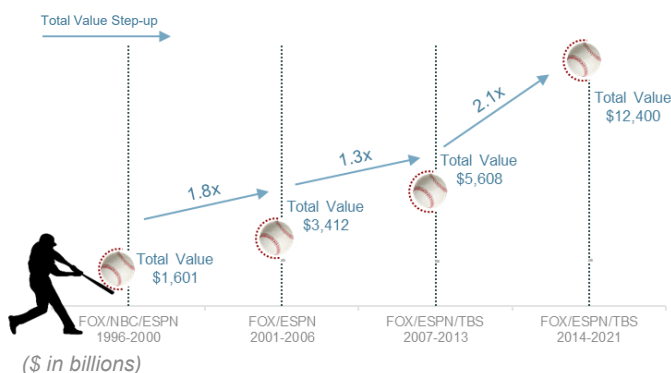
The MLB and Turner Sports finalized a seven-year rights extension with meaningful step-up, but the MLB's deal with ESPN may be smaller than its previous deal.

During baseball's 60-game truncated season, the league was able to ink lucrative television rights step-ups with its key national broadcasting partners. Major League Baseball and Turner Sports reached an agreement on a seven-year extension beginning in 2022 and running through the 2028 MLB season. The agreement, reported by *Sports Business Daily* to be worth approximately \$3.75 billion, represents a 65% increase over the network's current eight-year, \$2.6 billion contract. The new agreement comes with a few schedule changes for Turner: an additional nationally broadcast game on Tuesdays will be given to Turner as well as one wild-card game, two division series, and one league championship series. The network will alternate each year between American League and National League coverage. As for Fox Sports, the sports broadcaster and Major League Baseball extended their media rights agreement an additional eight seasons through 2028. This renewal extends the parties' partnership to 33 years and keeps the World Series on Fox for the next decade. *Sports Business Daily* reported the deal to be worth \$729 million per year, representing a 39% increase over Fox Sports' current deal with Major League Baseball. The step-up in television rights comes on the heels of not-so-favorable fan demographic data. Across the Big Four domestic leagues (NFL, MLB, NBA, and NHL), Major League Baseball has the oldest median viewership, as baseball fans seemingly decline year after year. With the Turner and Fox television rights deals complete, the attention turned to ESPN. ESPN historically paid the most on a cost-per-hour basis for its rights, which include *Sunday Night Baseball* as well as ancillary content and highlight rights. In May, Disney and ESPN reached an agreement on a seven-year rights deal,

MLB Interest Level in the U.S.⁽¹⁾



Total Value of Major League Baseball TV Rights



which will keep America's pastime

on ESPN through the 2028 season. Disney is scaling back its rights package, choosing to air fewer regular-season games. Beginning in 2022, ESPN will air 30 exclusive regular-season games (down from 90), eliminating its midweek slate while keeping *Sunday Night Baseball*. ESPN's streaming service, ESPN+, will continue to broadcast non-exclusive regular-season games. The reduced package sees Disney's annual fee fall from \$700 million to \$550 million. The MLB is reportedly looking for a new partner to take over the midweek slate that ESPN used to hold.

Latest Transaction



After extensive negotiations, billionaire hedge-fund manager Steven A. Cohen purchased 95% of the New York Mets from the Wilpon family, with the Wilpon family retaining the remaining 5%. The \$2.4 billion price tag is the largest deal ever for a Major League Baseball franchise, and Cohen is currently the richest owner in baseball.

The transaction was approved by the MLB on October 30, 2020, per the league's official press release, and subsequently closed.

(1) Morning Consult.

Sources: The Wall Street Journal, Sports Business Daily, and SportsPro Media.

Changing Ownership Norms Among Leagues

Recently, certain leagues, both domestically and internationally, have begun to adopt a more favorable attitude toward private equity capital being a key pillar of franchise ownership. As franchise values increase, it has become difficult for franchises to find individual LPs with enough capital to facilitate a liquidity event.

Changing League Attitudes Toward Private Equity



Major League Baseball is now allowing investment funds to take minority stakes in multiple clubs, a move that lets the league capitalize on sky-high team valuations.

—Bloomberg



As top NBA franchises draw multibillion-dollar valuations that few would-be owners can afford, league officials are mulling closer ties to private equity firms capable of covering the astronomical cost of team ownership.

—Fox Business



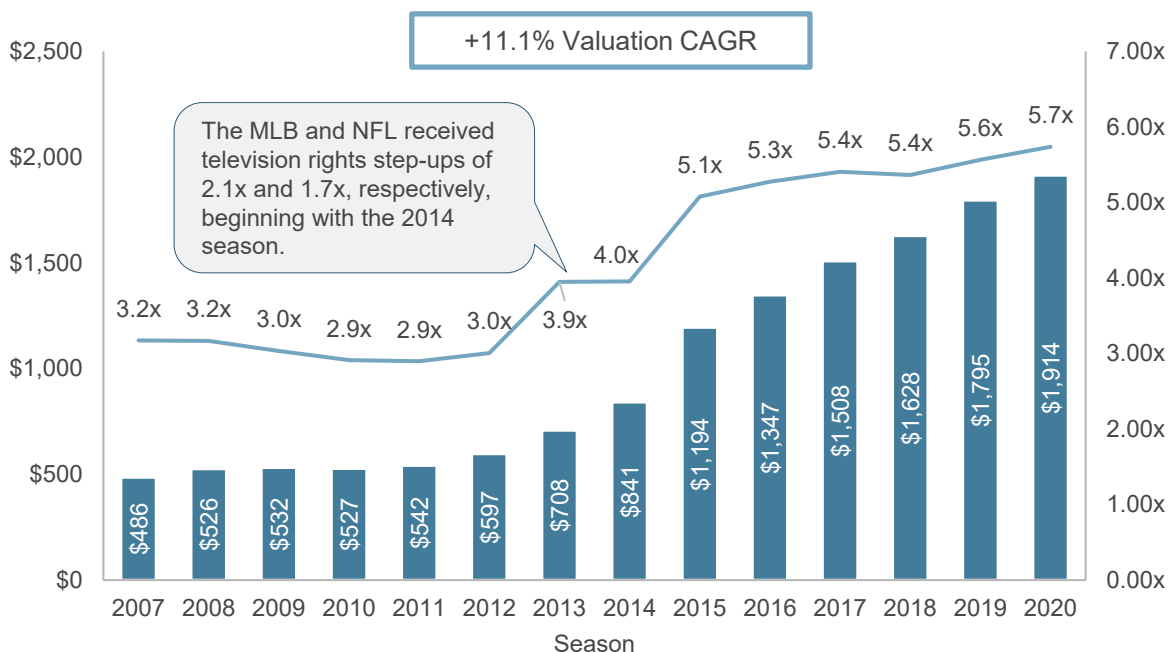
Italy's Serie A soccer clubs agreed on Wednesday to set up a new media company to handle the broadcast rights for top-flight Italian soccer.

—Reuters

Increase in Average Sports Franchise Value

(\$ in billions)

■ Average Forbes Team Values (NFL, MLB, NBA, and NHL)
 — Implied Revenue Multiple



Private Equity Growing Appetite for Sports Leagues

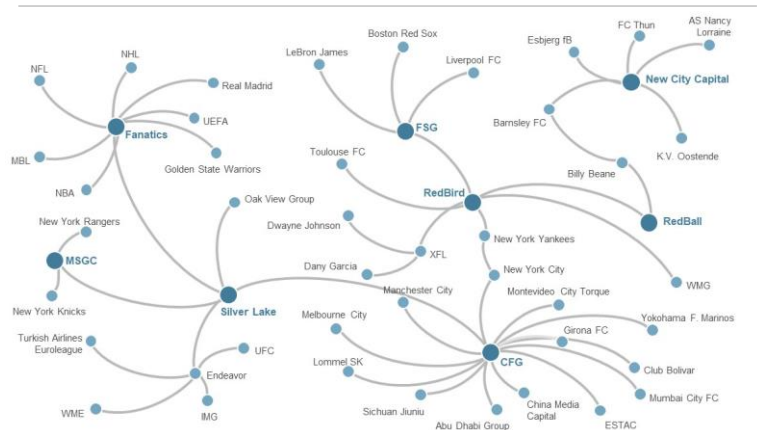
Over the past several months, private equity firms have expanded their ownership interests beyond franchises and into sports leagues.

Private Equity Turns Its Attention to Sports Leagues⁽¹⁾

Private equity firms, which have notably begun to buy ownership stakes in individual clubs, are now turning their attention to sports leagues. On August 4, 2021, CVC Capital Partners announced a \$3.2 billion minority investment in LaLiga, the top flight of Spanish soccer. LaLiga is using 15% of the investment to pay off debt, another 15% for player acquisition, and the other 70% for other purposes, such as infrastructure improvements and updated technology. This news follows CVC's recent strategy of acquiring minority stakes in competitions in order to have an influence over the commercial success of sports leagues and tournaments and to bundle media rights packages. In June, CVC Capital Partners was rumored to be taking a 15% stake in One Tennis, a new venture with aspirations to conjoin the men's and women's tour calendars while managing media and data rights. The deal was said to value One Tennis at approximately \$4 billion. CVC's deals have not stopped there.

In March of 2021, CVC invested up to £365 million for a one-seventh share in Six Nations Rugby, an international rugby tournament. This news was followed by Silver Lake Partners' \$281 million bid for a 12.5% ownership of the commercial rights to the New Zealand Rugby League. Silver Lake's deal, which was unanimously voted in favor of by New Zealand's 26 provincial rugby unions, valued the league at \$2 billion but is facing opposition from star players and may be blocked.

Sample Network of Sports Investments⁽²⁾



Links between private equity firms and the clubs in which they own shares.

Offside: European Super League Collapses After Hot Start⁽³⁾

April 18, 2021, will be remembered by European soccer fans as a dark day that brought reports of a European Super League threatening several domestic leagues with participation by their most prominent clubs. The Super League, boasting a group of 12 clubs from across Europe's most popular leagues, announced midweek matches and promised to drive improved interest in European soccer. The league quickly signed on major teams from England, Spain, and Italy. The announcement caused an uproar throughout Europe and prompted a response by UEFA publicly condemning the Super League and threatening expulsion from the domestic league for each participating club. Further, players participating in the Super League were faced with a potential ban from international tournaments such as the World Cup. After intense protests, Manchester City became the first club to officially announce they would withdraw from the hypothetical Super League, with multiple clubs dropping out and apologizing to fans shortly thereafter. The dismantled league was set to be financially backed by J.P. Morgan.

Original European Super League Clubs



English Premier League Clubs

LaLiga Clubs

Serie A Clubs

(1) Financial Times, PitchBook.com, SportsPro Media, and The Washington Post.

(2) Graphic represents a sample of the relationships of private equity in sports sourced from theconversation.com.

(3) The New York Times, NPR, and CBS Sports.

U.S. Sports Leagues Open the Door to Private Equity

Major League Baseball, the National Basketball Association, Major League Soccer, and the National Hockey League have begun accepting investments from alternative managers.

Private Equity in Sports

Continual increases in long-term television rights have fueled professional sports team values to record levels, riding the momentum of media rights renewals. Sky-high team valuations generally mean that limited partners seeking liquidity struggle to find buyers with the ability to spend millions (or billions) to purchase franchise stakes and tolerate the potential risk of operating losses and capital calls, depending on the league. By allowing additional capital providers in the form of alternative managers, leagues help their owner-partners by providing additional liquidity and expertise in operating know-how, and can support funding growth initiatives like sports betting and e-sports. With the recent run-up in asset prices since the trough of the pandemic, private equity managers are sitting on a record amount of dry powder partially fueled by easy monetary policy. Asset managers are also seeking returns uncorrelated with conventional assets, such as those provided by sports clubs. According to Bain & Co., dry powder in private equity has swelled since 2013 to almost \$3 trillion, one-third of which is attributed to buyout funds and SPACs, suggesting a long runway for deal-making.

In May 2020, private equity firm Dyal Capital Partners was announced as the first official private equity partner of the NBA, which allows it to raise a fund dedicated to buying minority stakes in NBA teams. Under the deal, the NBA will receive an undisclosed cut of management fees and profits. The division of Dyal responsible for these investments is called HomeCourt.

Dyal's brief "monopoly" over this market was scuttled earlier this year when NBA owners agreed on a framework allowing investment funds to own parts of franchises. The NBA's board of governors stipulated that private equity and other institutional funds can purchase a maximum of 20% of the equity in a single franchise, and that funds can own stakes in a total of only five teams. Moreover, each team can have a total of only 30% of its equity held by investment funds. Following this framework, private equity firm Arctos Sports Partners made the first private equity investment in an NBA team, purchasing approximately 5% of the Golden State Warriors. The deal values the Bay Area team at \$5.5 billion, according to Sportico.

Private Equity Firms Flock to Professional Leagues

| League | Active Funds (in order of deals closed) |
|---------------------------------|--|
| National Basketball Association |    |
| Major League Soccer |  |
| Major League Baseball |   |

"With franchise valuations skyrocketing...it has become increasingly difficult to find individual buyers wealthy enough to buy minority shares of teams, which typically come with little influence on operations...The decision to allow more institutional investors into the ownership ranks significantly expands the pool of potential buyers for minority shares, fueling competition and likely further increasing valuations."

THE WALL STREET JOURNAL. February 2021

SPACs Gain an Appetite for Sports

Blank-check companies have begun targeting sports-centered acquisitions. As of the start of September, there are 59 sports-related SPACs planning or pricing their IPOs.



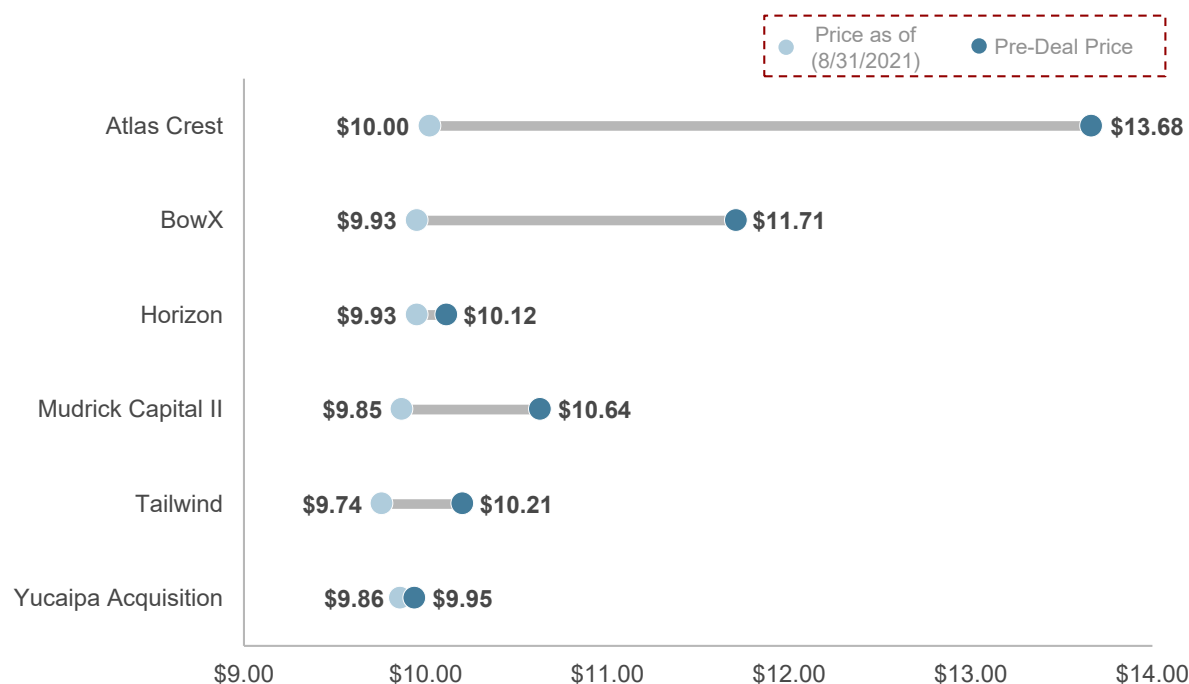
Horizon Acquisition Corp. (NYSE:HZAC) raised \$544 million in 2020

- In April 2021, Vivid Seats entered into a definitive merger agreement with Horizon Acquisition Corp.
- Todd Boehly, Chairman and CEO of Horizon Acquisition Corp., is an owner of the Los Angeles Lakers, the Los Angeles Sparks, and DraftKings.

According to Sportico's Sports SPAC Tracker, there are 69 sports SPACs planning or pricing their IPOs, 54 sports SPACs closing on a target, and 51 sports SPACs actively seeking mergers. Generally speaking, a "sports SPAC" is categorized as such if its prospectus mentions targeting sports-related businesses or has a sports figure (owner, athlete, etc.) as a key participant. Earlier in the year, Horizon Acquisition Corp. and Vivid Seats entered into a definitive merger agreement. Existing Vivid Seats shareholders will roll all of their equity into the new company. Not all is well, however, as investor support for many sports-focused SPACs has taken a turn, as depicted in the chart below.

Sports-Focused SPAC Share Prices Take a Dip

A number of sports-related SPACs with merger deals in place have traded below the share price prior to the news of their acquisition announcements.



Recent SPAC Activity

Consistent with the recent activity in the general market, there have been many sports and media-focused SPAC issuances in 2020 and 2021.

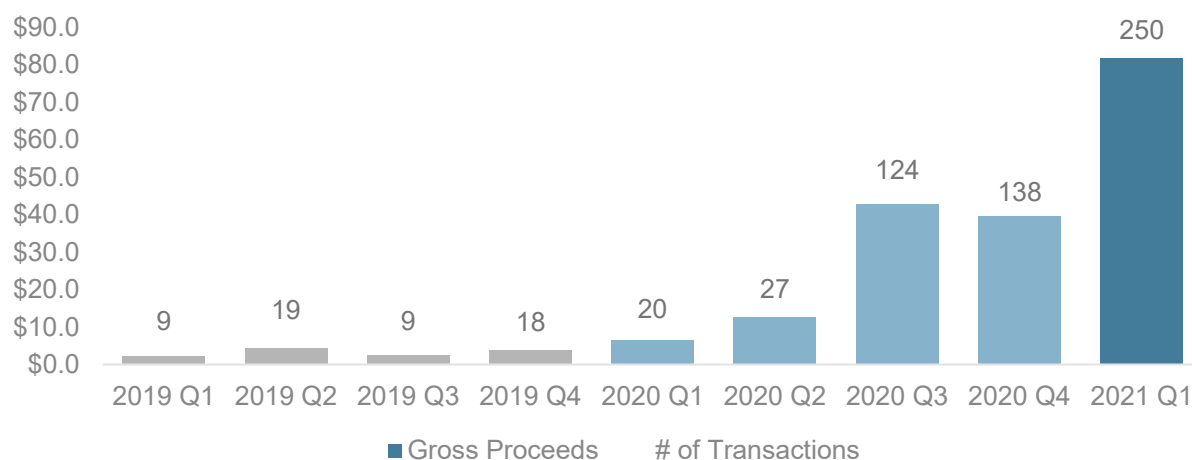
Selected Sports and Media focused SPACs⁽¹⁾

| SPAC | Ticker | Focus | IPO Size (mm) | Year of Formation |
|--|--------|--|---------------|-------------------|
| 890 5th Avenue Partners | ENFA | sports media, betting, eSports, fitness | \$250.0 | 2020 |
| Atlas Crest | ACIC | media, gaming, sports betting | \$500.0 | 2020 |
| Goal Acquisitions | PUCK | sports teams, sports | \$225.0 | 2020 |
| Marquee Raine Acquisition Corp. | MRAC | sports teams, gaming businesses, media enterprises | \$325.0 | 2020 |
| Sports Entertainment Acquisition Corp. | SEAH.U | high-growth sports-related businesses | \$400.0 | 2020 |
| Coliseum | NA | sports, entertainment, digital | \$150.0 | 2021 |
| Disruptive I | NA | health, wellness, entertainment, sports | \$250.0 | 2021 |
| Arctos NorthStar | ANAC | sports teams, leagues, technologies | \$275.0 | 2021 |
| Andretti | NA | motor sports | \$250.0 | 2021 |

- Sports Entertainment Acquisition Corp.—led by former NFL Executive Vice President Eric Grubman and Timothy Goodell, brother of NFL Commissioner Roger Goodell—has taken Super Group public in a \$4.8 billion deal. Super Group is the parent company of bookmaker Betway and iGaming brand Spin. The company will aim to capitalize on a burgeoning sports betting market. Super Group projects net gaming revenues to surpass \$1.5 billion in 2021 and has considerable international exposure. The group expects to be able to leverage its high-profile executives to secure sponsorship and market-access deals.

Total Announced SPAC Proceeds Through Q1 2021⁽²⁾

(\$ in billions)



(1) Data from Sportico's Sports SPAC Tracker and MarketWatch.

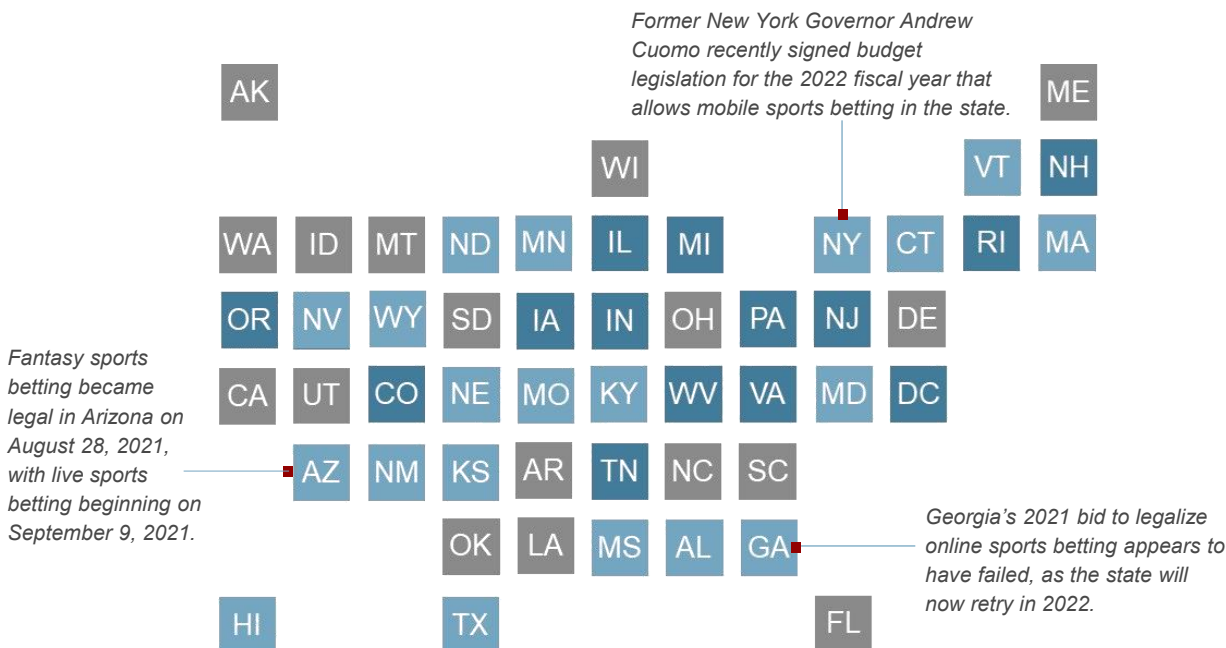
(2) "U.S. IPO Market: SPACs Continue to Dominate in the First Quarter of 2021," May 17, 2021, Factset. HOULIHAN LOKEY | 10

Sports Gambling Continues to Gain Traction

Legalization of sports gambling continues to gain traction, with 33 states either passing or considering legislation legalizing mobile sports betting. J.P. Morgan estimates the nascent industry, with \$1.5 billion in revenue in 2020, to balloon to \$9.2 billion in revenue by 2025.

Sports Betting Landscape in the United States

- Mobile sports betting currently legal (14 states + D.C.)
- Considering legislation in 2021 to legalize mobile sports betting (19)
- Mobile sports betting not legal and 2021 legislation not expected (17)



“Nineteen states will decide whether to legalize sports betting this year, either through voter referendum or state legislature statute... Investors are planning on a lot of approvals, leading to a surge in value for DraftKings and Flutter, the owner of FanDuel.”



March 13, 2021

Market Leaders



The majority of Penn National's gaming revenue comes from slot machines (87% of gaming revenue in 2020 per its latest 10-K); however, the company figures to factor heavily in the mobile sports betting landscape with the advent of Barstool Sportsbook.



DraftKings' offers mobile sports betting in 13 states. As of September 2021, DraftKings operates its online sports betting product in Arizona, Colorado, Illinois, Indiana, Iowa, Maine, Michigan, New Hampshire, New Jersey, Pennsylvania, Tennessee, West Virginia, Wyoming.



In a preliminary release by FanDuel parent, Flutter Entertainment, FanDuel's revenue is shown to have grown to \$967 million in 2020. In the United States, the sportsbook has a 40% greater share over its next closest competitor, DraftKings.

Non-Fungible Tokens—Here to Stay?

The future of card collection or just a fad? Non-fungible tokens have been the talk of the town thanks to some astronomical prices paid for digital highlights called “moments.”

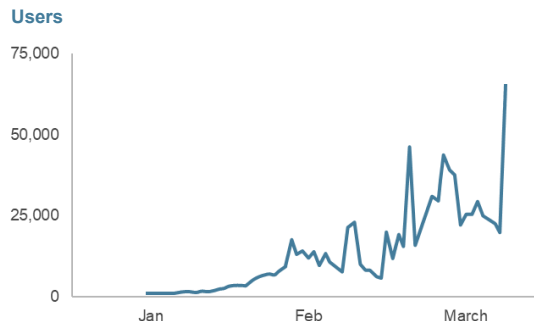
Non-fungible tokens, or NFTs, are the latest craze hitting the sports world. You can think of a non-fungible token as a unique digital asset that cannot be duplicated. Currency, for example, is a fungible asset, whereas your home is non-fungible. NFTs are a form of digital non-fungible assets that are supported by blockchain.

NFT mania captivated sports fans and collectors alike when the National Basketball Players Association collaborated with Dapper Labs to create NBA Top Shot, “a new digital platform for basketball fans to collect, trade, and own some of the greatest moments in league history on blockchain.” The service provides an online forum for trading virtual cards in the form of video clips of their favorite players, called “moments.” The NBA cuts highlights that are then handed over to Dapper Labs, which in turn decides how many of each highlight will be sold.

On the heels of its early success, Dapper Labs raised \$305 million in a round led by the tech-focused investment firm Coatue, valuing the blockchain-based platform at \$2.6 billion. In a conversation with Forbes, the CEO and founder of Dapper Labs characterized the funding as “a big bet on open platforms.” Only a few weeks after the funding, *The Information* reports that Dapper Labs is now raising a new round, also led by Coatue, that values the company above \$7.5 billion. It is too early to speculate on the enduring nature of this trend.

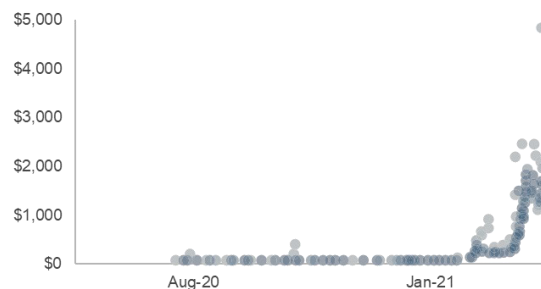
The success of Top Shot has not gone unnoticed. Recently, more than 400 people registered interest in purchasing an NFT from Club Necaxa that comes with a 1% ownership of the Liga MX club. The club instituted a \$1.3 million reserve price and has already received a higher bid. The ownership stake will come with ownership benefits but no voting rights. The Mexican Football Federation announced that any changes in team control would still require league approval.

NBA Top Shot Activity

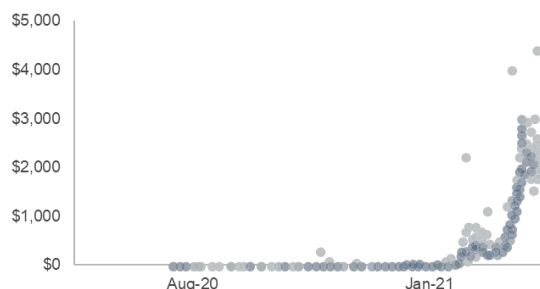


Sale Price of Select Moments

Joel Embiid Assist Base Set (Series 1)



RJ Barrett Layup Base Set (Series 1)



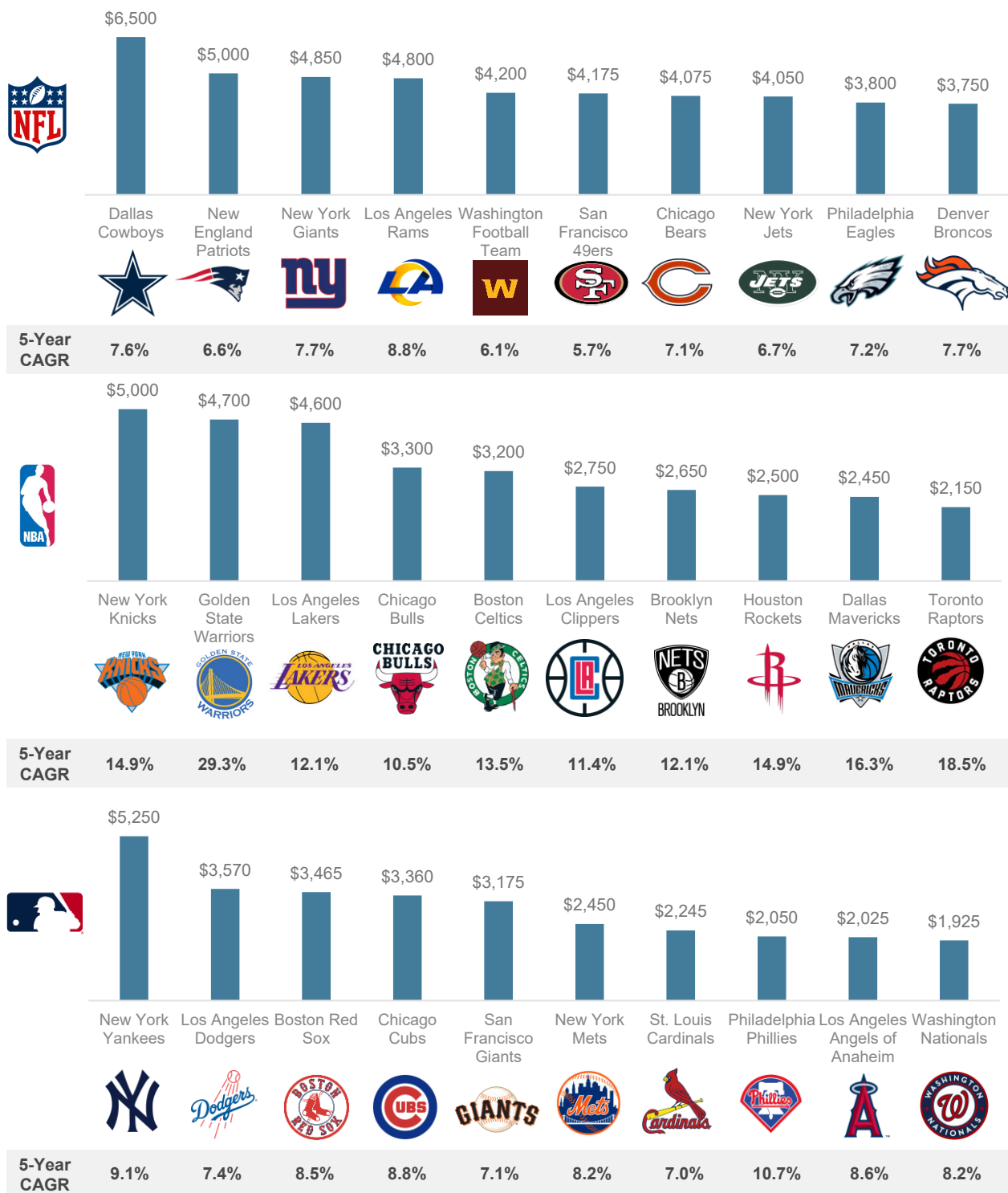
Top Sales for NBA Top Shot NFTs to Date



Forbes Franchise Values Update

Franchise valuations continue to rise, particularly for top-tier teams in major U.S. leagues.

(\$ in millions)

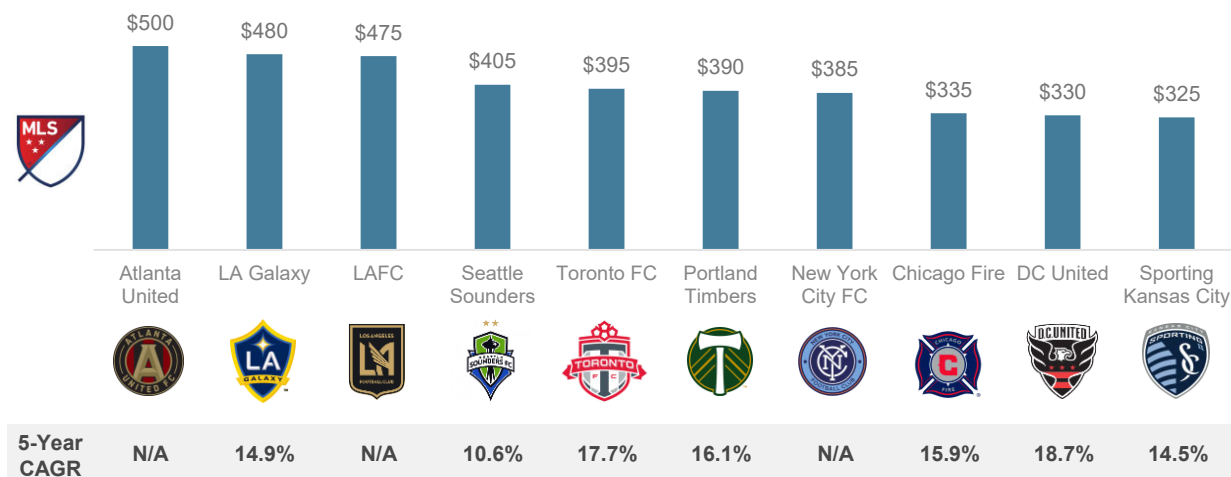
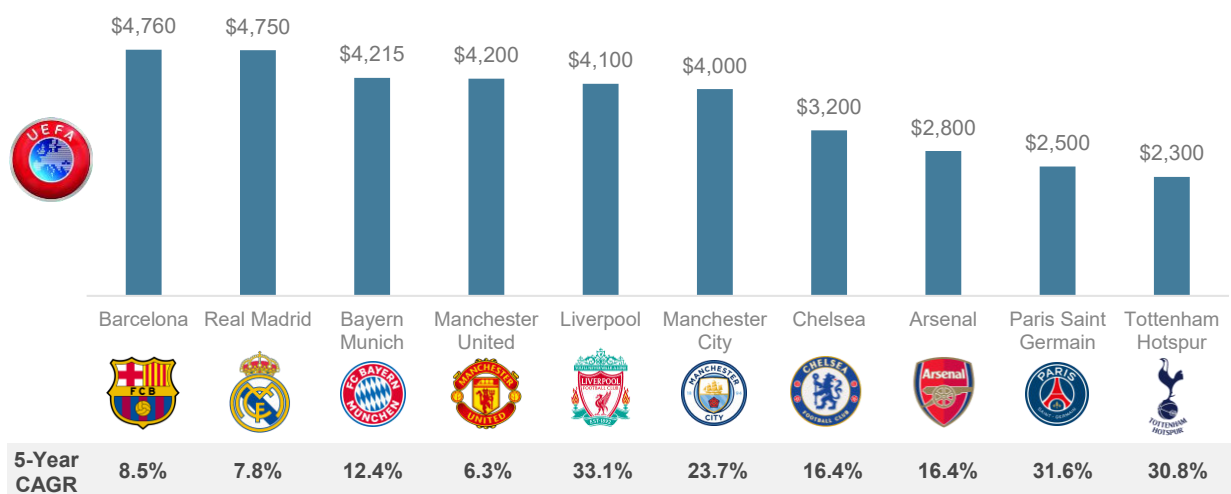
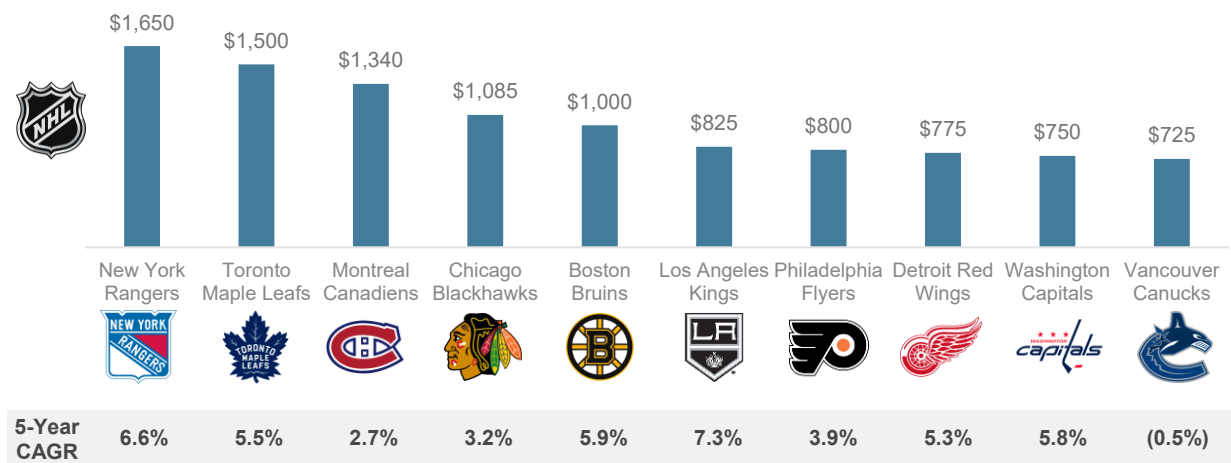


Note: CAGR refers to compounded annual growth rate.
Source: Latest team valuations from Forbes.

Forbes Franchise Values Update (cont.)

Investment returns are usually driven through capital appreciation rather than cash-yield income.

(\$ in millions)



Source: Latest team valuations from Forbes.






Professional Sports Franchise M&A Activity

Franchise M&A activity for controlling ownership stakes continues to set records in deal size. See below for selected transactions over the past decade.

(\$ in millions)











NFL Transactions

New NFL Media Deal Announced (2/14/2011)

| Date Closed | Aug 2010 | Jan 2012 | Oct 2012 | Oct 2014 | Jul 2018 |
|-------------|---|---|---|---|---|
| | \$750 | \$760 | \$1,000 | \$1,400 | \$2,275 |
| Target |  |  |  |  |  |
| Buyer | Stan Kroenke | Shahid Khan | Jimmy Haslam | Terry and Kim Pegula | David. A Tepper |









NBA Transactions

New NBA Media Deal Announced (10/6/2014)

| Date Closed | Apr 2012 | Jun 2012 | May 2013 | Apr 2014 | May 2014 | Jun 2015 | Sep 2017 | Sep 2019 | Dec 2020 | May 2021 |
|-------------|---|---|---|---|---|---|---|---|---|---|
| | \$338 | \$377 | \$534 | \$550 | \$2,000 | \$837 | \$2,200 | \$2,300 | \$1,660 | \$1,500 |
| Target |  |  |  |  |  |  |  |  |  |  |
| Buyer | Tom Benson | Robert Pera | Vivek Ranadivé | Wesley Edens, Marc Lasry | Steven A. Ballmer | Antony Ressler | Tilman Fertitta | Joseph Tsai | Ryan Smith | Alex Rodriguez, Marc Lore |

MLB Transactions

New MLB Media Deal Announced (8/28/2012)

| Date Closed | Oct 2009 | Aug 2010 | Nov 2011 | Apr 2012 | Aug 2012 | Aug 2016 | Oct 2017 | Nov 2019 | Nov 2020 |
|-------------|---|---|---|---|---|---|---|---|---|
| | \$845 | \$469 | \$610 | \$2,000 | \$800 | \$1,469 | \$1,200 | \$1,000 | \$2,400 |
| Target |  |  |  |  |  |  |  |  |  |
| Buyer | Ricketts Family | Chuck Greenberg, Nolan Ryan | Jim Crane | Guggenheim Partners | Peter O'Malley, Ron Fowler | John Stanton | Bruce Sherman | John Sherman | Steven Cohen |









Sources: Forbes, S&P Capital IQ, public filings, and other publicly available information.

Professional Sports Franchise M&A Activity (cont.)



Franchise M&A activity for controlling ownership stakes continues to set records in deal size. See below for selected transactions over the past decade.

(\$ in millions)









NHL Transactions New NHL Media Deal Announced (4/19/2011)

| Date Closed | May 2011 | Nov 2011 | May 2012 | Aug 2013 | Sep 2013 | Jun 2017 | Jan 2018 | Jul 2019 |
|-------------|---|---|---|---|---|---|---|---|
| | \$170 | \$265 | \$120 | \$320 | \$250 | \$240 | \$688 | \$300 |
| Target |  |  |  |  |  |  |  |  |
| Buyer | True North Sports & Entertainment | Tom Gaglardi | Tom Stillman | Josh Harris, David Blitzler | Vincent Viola | Andrew Barroway | Tom Dundon | Alex Meruelo |

European Soccer Transactions

| Date Closed | Oct 2014 | Dec 2014 | Jun 2016 | Jan 2017 | Apr 2017 | Jun 2017 | Sep 2018 | Jun 2019 | Aug 2019 | Aug 2020 |
|-------------|---|---|---|---|---|---|--|---|---|---|
| | £105.2 | £92.4 | £305.4 | £71.1 | £622.1 | £262.2 | £52.6 | £122.9 | £104.8 | £534.0 |
| Target |  |  |  |  |  |  |  |  |  |  |
| Buyer | Meriton Holdings (Peter Lim) | Futebol Clube do Porto | Suning Holdings Group, LionRock Capital | Gérard López | Elliott Advisors | Sport Lisboa e Benfica SGPS SA | Ronaldo Luís Nazário de Lima | Rocco B. Commisso | Ineos | Dan Friedkin |

MLS Transactions New MLS Media Deal Announced (5/12/2011)

| Date Closed | Oct 2016 | Nov 2015 | Mar 2018 | Jul 2018 | Aug 2018 | Feb 2019 | May 2021 | May 2021 |
|-------------|---|---|---|---|---|---|---|---|
| | \$100 | | \$490 | \$245 | \$455 | \$645 | \$450 | \$400 |
| Target |  |  |  |  |  |  |  |  |
| Buyer | Erick Thohir, Jason Levien | Adrian Hanauer | Albert Friedberg | Joe Mansueto | Jason Levien | Meg Whitman, Griff Harsh | Wilf Family | Ted Segal |

Sources: Forbes, S&P Capital IQ, public filings, and other publicly available information.

Extensive Sports Franchise Clientele

Houlihan Lokey has extensive experience within the professional sports industry. We have provided fairness opinions, valuation opinions, and other financial advisory services to numerous sports franchises and sports-related entities across all major U.S. leagues. These engagements and the experience of our bankers have enabled us to develop strong relationships with professional sports team owners.

Major League Baseball



National Basketball Association



National Football League



National Hockey League

















































European Soccer



Select Sports Transactions

Houlihan Lokey's professionals have unparalleled experience in advising sports franchises and sports-focused companies.

| | | | | |
|--|---|--|---|--|
|  <p>has been acquired by a wholly-owned subsidiary of</p>  <p>Financial Advisor & Fairness Opinion</p> |  <p>has been acquired by</p>   <p>Company Advisor</p> |  <p>a subsidiary of</p>  <p>has acquired</p>  <p>Financial Advisor</p> |  <p>has been acquired by</p>  <p>Sellside Advisor</p> |  <p>a subsidiary of</p>  <p>has been acquired by</p>  <p>Sellside Advisor</p> |
|  <p>a subsidiary of</p>  <p>has been acquired by</p>  <p>Sellside Advisor</p> |  <p>Provided financial advisory services and a valuation opinion in connection with the purchase of Tribune Media's 5% interest in Chicago Entertainment Ventures, LLC</p> <p>Financial Opinion</p> |  <p>We rendered a valuation opinion for financial reporting purposes to Yankee Entertainment & Sports Network</p> <p>Financial Opinion</p> |  <p>has successfully completed the spin-off of</p>  <p>Houlihan Lokey provided financial opinions to the Board of Directors of both Twenty-First Century Fox and Fox Corporation.</p> <p>Financial Opinion</p> |  <p>has been acquired by</p>  <p>Sellside Advisor</p> |
|  <p>has been acquired by</p>  <p>Sellside Advisor</p> |  <p>a subsidiary of</p>  <p>has been acquired by</p>  <p>Sellside Advisor</p> |  <p>has received strategic investments from</p>  <p>and</p>  <p>Sellside Advisor</p> |  <p>We rendered a valuation opinion for tax & financial reporting purposes to The Topps Company regarding its sports & entertainment business</p> <p>Financial Opinion</p> |  <p>has successfully concluded a syndicated loan in the amount of €50,000,000</p> <p>Financing Advisor</p> |
|  <p>\$28 million financing led by</p>  <p>Financial Advisor</p> |  <p>\$275,000,000 Series E Preferred Stock</p>     <p>Placement Agent*</p> |  <p>\$70,000,000 Series D Preferred Stock</p>    <p>Placement Agent*</p> |  <p>\$15,000,000 Series B Preferred Stock</p>  <p>Financial Advisor*</p> |  <p>has been acquired by</p>  <p>Strategic Advisor*</p> |

Tombstones included herein represent transactions closed from 2008 forward.

*Selected transactions were executed by Houlihan Lokey professionals while at other firms acquired by Houlihan Lokey.

Select Professional Sports Franchise Experience

| | | |
|---|---|---|
|  | <p>Valuation of an MLB Franchise, a Premier League Club, and a Regional Sports Network</p> | <p>Houlihan Lokey was retained by an investment fund to value a Major League Baseball franchise, an English Premier League club, and an affiliated regional sports network for financial reporting purposes.</p> |
|  | <p>Valuation of Various European Soccer Club Interests</p> | <p>Houlihan Lokey was retained by an investment fund to value Division 1 and Division 2 European soccer clubs in connection with the fund's minority interest of an ownership group with interests in a number of European clubs.</p> |
|  | <p>Valuation of a Ligue 1 Franchise</p> | <p>Houlihan Lokey performed valuation services to the ownership group of a Ligue 1 franchise for financial reporting purposes.</p> |
|  | <p>Valuation of an NFL Franchise</p> | <p>Houlihan Lokey provided valuation services on behalf of the majority owner of an NFL franchise for tax planning purposes.</p> |
|  | <p>Valuation of a Formula 1 Team</p> | <p>Houlihan Lokey provided valuation services on behalf of a noncontrolling shareholder of a Formula 1 team for financial reporting purposes.</p> |
|  | <p>Valuation of an NBA Franchise</p> | <p>Houlihan Lokey was retained by counsel on behalf of a minority owner who owns equity interests in an NBA franchise and related sports properties in connection with a dispute.</p> |
|  | <p>Valuation of a Serie A Franchise</p> | <p>Houlihan Lokey provided a financial opinion to the ownership group of an Italian Serie A club.</p> |
|  | <p>Valuation of an MLS Franchise</p> | <p>Houlihan Lokey was retained by counsel to value a Major League Soccer franchise in connection with its evaluation of a potential minority interest transaction.</p> |
|  | <p>Valuation of NHL and MLS Franchises</p> | <p>Houlihan Lokey provided valuation services to a company with majority ownership of a National Hockey League franchise and a Major League Soccer franchise for financial reporting purposes.</p> |
|  | <p>Valuation of an MLB Franchise</p> | <p>Houlihan Lokey was retained by counsel on behalf of a Major League Baseball franchise in connection with its evaluation of a put and call option agreement and potential arbitration process.</p> |
|  | <p>Valuation of an NBA Franchise</p> | <p>Houlihan Lokey was retained by counsel on behalf of an estate that owned minority equity interests in a leading NBA franchise for estate settlement purposes. Ownership interests included approximately 25% of the professional sports franchise.</p> |

How Houlihan Lokey Can Help

Our firm is extremely well equipped to help our clients navigate uncertain times. We respond quickly to challenging situations and are continually helping clients analyze, structure, negotiate, and execute the best possible solutions from both strategic and financial perspectives.

What We Offer

1 Corporate Finance

Mergers and Acquisitions

Capital Markets

Private Funds Group

Board and Special Committee Advisory

2 Financial Restructuring

Company Advisory

Financial Restructuring

Distressed M&A

Liability Management

Creditor Advisory

3 Financial and Valuation Advisory

Portfolio Valuation and Fund Advisory

Transaction Opinions

Corporate Valuation Advisory Services

Transaction Advisory Services

Real Estate Valuation and Advisory

Dispute Resolution Consulting

Corporate Finance

We are widely recognized as a leading M&A advisor to the mid-cap segment and have long-standing relationships with capital providers, including commercial banks and other senior credit providers, insurance funds, asset managers, and mezzanine fund investors. Few other investment banks maintain the breadth of relationships and capital markets intelligence that we do.

Financial Restructuring

We have the largest restructuring practice of any global investment bank. Since 1988, we have advised on more than 1,400 restructuring transactions (with aggregate debt claims in excess of \$3 trillion). We served as an advisor in 12 of the 15 largest bankruptcies from 2000 to 2020.

Financial and Valuation Advisory

For nearly four decades, we have established ourselves as one of the largest financial and valuation advisory firms. Our transaction expertise and leadership in the field of valuation helps inspire confidence in the financial executives, boards of directors, special committees, investors, and business owners we serve.

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- ✓ Dominant in Special Situations and Restructuring
- ✓ Significant Experience With Financing Markets
- ✓ Senior-Level Commitment and Dedication
- ✓ Deep, Industry-Specific Expertise
- ✓ Superior Work Product/Technical Abilities
- ✓ Creativity, Imagination, Tenacity, and Positivity



Houlihan Lokey is the trusted advisor to more top decision-makers than any other independent global investment bank.

- 1,500+ Employees
- 23 Offices Globally
- \$1+ Billion of Revenue
- >\$6 Billion Market Cap

Corporate Finance

2020 M&A Advisory Rankings All U.S. Transactions

| | Advisor | Deals |
|---|-----------------------|------------|
| 1 | Houlihan Lokey | 210 |
| 2 | Goldman Sachs & Co | 172 |
| 3 | JP Morgan | 132 |
| 4 | Evercore Partners | 126 |
| 5 | Morgan Stanley | 123 |

Source: Refinitiv (formerly known as Thomson Reuters)

No. 1 U.S. M&A Advisor

Top 5 Global M&A Advisor

Leading Capital Markets Advisor

Financial Restructuring

2020 Global Distressed Debt & Bankruptcy Restructuring Rankings

| | Advisor | Deals |
|---|-----------------------|------------|
| 1 | Houlihan Lokey | 106 |
| 2 | PJT Partners Inc | 63 |
| 3 | Lazard | 50 |
| 4 | Rothschild & Co | 46 |
| 5 | Moelis & Co | 39 |

Source: Refinitiv (formerly known as Thomson Reuters)

No. 1 Global Restructuring Advisor

1,400+ Transactions Completed Valued at More Than \$3 Trillion Collectively

Technology, Media, and Telecom

2018 to 2020 M&A Advisory Rankings U.S. Technology, Media, Entertainment & Telecom Transactions Under \$5 Billion*

| | Advisor | Deals |
|---|-----------------------------|------------|
| 1 | Houlihan Lokey | 133 |
| 2 | Goldman Sachs & Co | 123 |
| 3 | Raymond James Financial Inc | 110 |
| 3 | Morgan Stanley | 110 |
| 5 | JP Morgan | 108 |

Source: Refinitiv (formerly known as Thomson Reuters)
*Includes acquired firm transactions.

No. 1 U.S. TMT Practice

TMT Investment Bank of the Year—The Deal Awards 2020

43 Completed Transactions in 2020

Financial and Valuation Advisory

2001 to 2020 Global M&A Fairness Advisory Rankings

| | Advisor | Deals |
|---|-----------------------|------------|
| 1 | Houlihan Lokey | 956 |
| 2 | JP Morgan | 876 |
| 3 | Duff & Phelps | 802 |
| 4 | Morgan Stanley | 599 |
| 5 | BofA Securities Inc | 542 |

Refinitiv (formerly known as Thomson Reuters). Announced or completed transactions.

No. 1 Global M&A Fairness Opinion Advisor Over the Past 20 Years

1,000+ Annual Valuation Engagements

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