

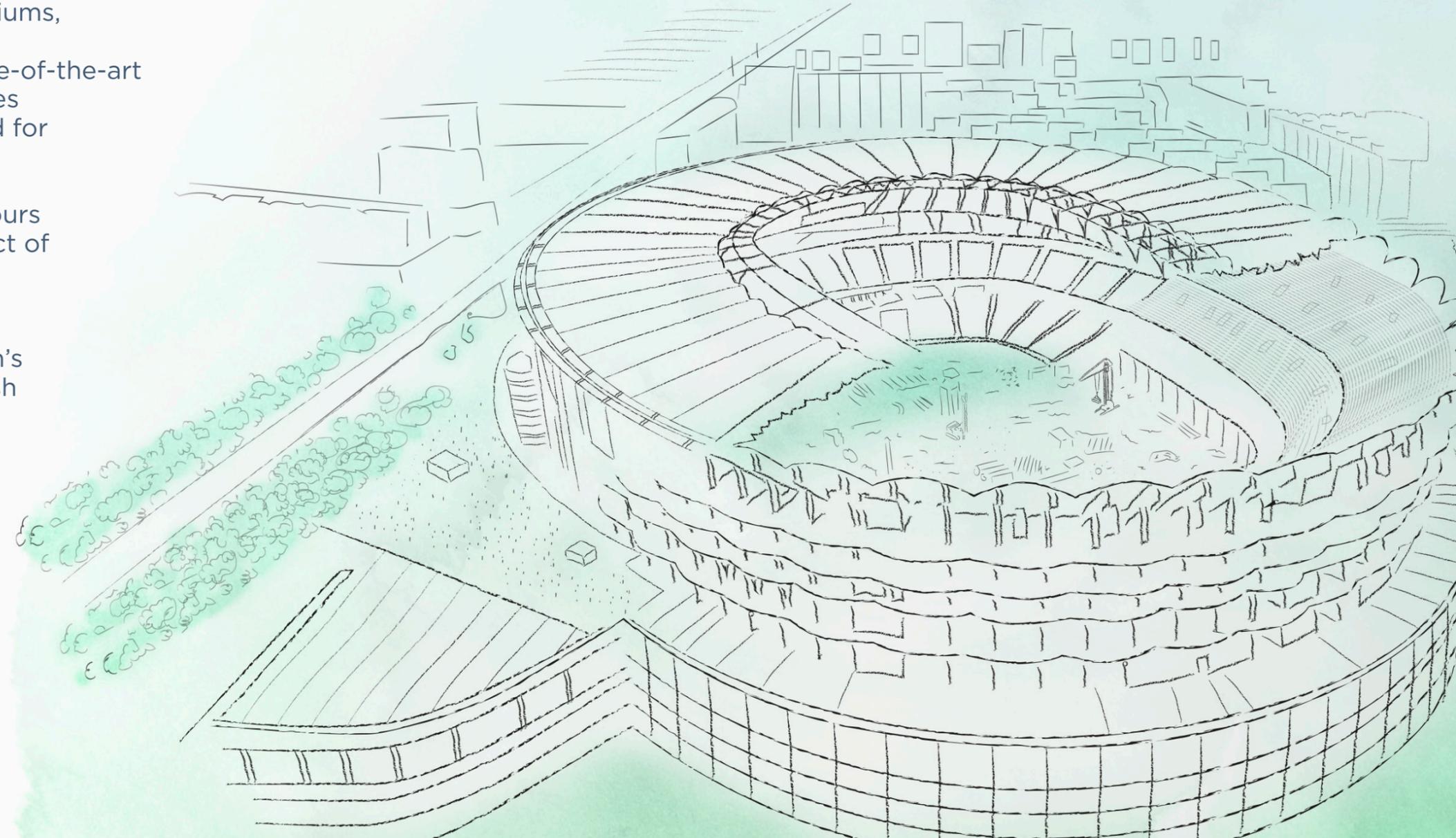
Restarting a legacy for Valencia CF's stadium

Delivering a €322 million financing package to unlock Nou Mestalla's future

The Mestalla Stadium in Valencia, one of Spain's oldest stadiums, opened its doors in 1923. In 2007, the Club embarked on an ambitious and complex development project for a new, state-of-the-art facility. However, due to a combination of financial challenges and shifting political circumstances, construction was halted for several years, leaving the new stadium's future uncertain.

Valencia Club de Fútbol (Valencia CF) has been a client of ours for many years, historically working for them on every aspect of the club that requires legal advice, specifically corporate, financing, tax, litigation and employment.

We were instructed to help the club unlock the new stadium's construction plans, raise financing and help them to establish Nou Mestalla as one of the leading iconic stadiums in Spain.



WHAT HAPPENED

We served as the club's legal advisor throughout the new stadium's construction. We specifically took a lead role in the raising of funds through a strategic restructuring which would help unlock funding for the project. We negotiated the legal agreements associated with the financing, which included a €237 million bond issuance and an €85 million short-term loan. These funds were allocated to complete the stadium's construction and address existing debts.

We are also advising Valencia CF on several real estate asset disposals resulting from this deal. Specifically, the sale of the plot of land where the current Mestalla stadium is located, the adjacent commercial land next to the new stadium and Valencia CF's current headquarters premises. This would help the club repay part of the €322 million raised for the new stadium's completion and was integral to the club's financial restructuring.

The complexity of the Nou Mestalla project required a comprehensive and agile risk management strategy. We identified potential legal risks on behalf of the club associated with finance and construction and advised on the proper safeguards. This included drafting and negotiating contractual provisions such as warranties, indemnities, and covenants to protect the club's interests and ensure the project's successful completion.

In addition, we ensured that all legal aspects complied with relevant Spanish laws and regulations, specifically engaging with local authorities and stakeholders, to ensure that the project met all necessary legal requirements and received the requisite approvals.

THE OUTCOME

Our expertise ensured that the financing was structured in a way that protected the club's financial autonomy and did not compromise its sporting and institutional management. The deal received a BBB investment-grade rating, reflecting its credibility and the soundness of its legal framework.

The successful completion of this financing deal marked a significant milestone in Valencia CF's history, allowing the club to move forward with the Nou Mestalla project. The new stadium is expected to exceed the commercial revenue of the current Mestalla stadium exponentially, thanks to its expanded 70,000 seating capacity, enhanced hospitality options, and capabilities for hosting various events.

After a 16-year hiatus, the new stadium has now removed all complex project blockers, with construction resuming in 2025. Nou Mestalla is scheduled to open its doors in 2027 and will be built to meet FIFA's highest stadium classification, including the inclusion of new state-of-the-art hospitality seats, sustainable solar roof panels and more. The proposed new stadium, 'Nou Mestalla' is in the running to be included by the authorities as one of the Spanish venues hosting the 2030 FIFA World Cup.



The Addleshaw Goddard team were with us every step of the way, helping us understand the legal issues involved and finding solutions to all of the issues that came up. They were always available and kept a positive attitude, no matter the workload or the complexity of the problems at hand. Their technical knowledge and problem-solving ability played a huge part in the success of the transaction.

Inmaculada Ibáñez, CFO, Valencia C.F.

€322 MILLION+
FINANCING DEAL
FOR THE NOU
MESTALLA STADIUM

16 YEARS
OF DIFFICULT
FINANCIAL ISSUES
AND POLITICAL
CIRCUMSTANCES
TO UNPICK

2027
SCHEDULED OPENING
OF NOU MESTALLA



It has been a pleasure working with Valencia C.F. in this landmark transaction - the commitment and sophistication of the club's team paved the way for the successful closing of this very complex deal.

Joaquín Sales, Partner, Addleshaw Goddard

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