



Media release

Basel, 03 June 2020

Basel-Stadt specifies the key figures for its future stake in MCH Group Ltd.

In the context of the General Meetings held on 29 January 2020 and 24 April 2020, MCH Group Ltd. announced that it was looking into a capital increase as a means of financing the investments required for the implementation of its corporate strategy. This would be accompanied by the corresponding changes in the shareholder structure, the shareholder rights set out in the Statutes and the composition of the Board of Directors. If the planned capital increase can go ahead, it will be achieved through the involvement of a new investor and the participation of the shareholders to date, who will be granted proportional subscription rights and be able to decide whether they wish to exercise these or not. In the case of the Canton of Basel-Stadt, which currently holds 33.5 % of the shares in MCH Group Ltd., it is the cantonal parliament that has to take the decision regarding the exercise of the subscription right.

The government of the Canton of Basel-Stadt is asking the cantonal parliament to waive exercising the subscription rights for the Canton of Basel-Stadt in the event of a capital increase. This waiver would ensure that a new investor could acquire a significant minority holding, even if all other shareholders apart from the public-sector entities were to exercise their subscription right.

In its advice to the cantonal parliament, the government of the Canton of Basel-Stadt states that the Canton will only agree to the intended transaction if the new investor signs a formal agreement with MCH Group Ltd. to the effect that the profitable trade fairs and congresses will continue to be held in Basel and Zurich for an appropriate, prolonged period of time. In addition, the Canton of Basel-Stadt, together with the other public-sector shareholders, wishes to maintain a stake of at least 33.33 % so as to have a blocking minority on decisions regarding amendments to the Statutes, which also stipulate, among other things, that trade fairs, congresses and other events are to be staged in Basel and Zurich. To enable the public-sector entities to re-establish a minimum holding of this type following a capital increase without exercising their subscription rights, and in order to strengthen MCH Group's balance sheet on a sustainable basis, the government of the Canton of Basel-Stadt is looking into converting its subordinated, interest-free loan of CHF 30 million into share capital. The government would submit a corresponding application to the parliament after the summer break.

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In addition, in its advice, the government of the Canton of Basel-Stadt points out that, in the context of the intended capital increase, the voting-rights restriction laid down in the Statutes, with only the public sector entities permitted to exercise more than 5% of the voting rights, is to be abolished. At the same time, the Board of Directors is to be reduced in size. The plans are for three seats for the new investor, three seats for the public-sector entities and, depending on the definitive size of the Board, one to three seats for further members.

MCH Group Ltd. is engaged in intensive negotiations with potential investors. Providing that the negotiations can be successfully concluded with the outlined structures and conditions, and that the parliament of the Canton of Basel-Stadt agrees to waive the subscription rights, MCH Group Ltd. will convene an Extraordinary General Meeting. The outcome of the negotiations still remains open at present.

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