

7 April 2008

**designcapital plc**

(“**designcapital**” or the “**Company**”)

## **ACQUISITION OF FRENCH DESIGNER FURNITURE BUSINESS**

### **Acquisition of Forum Diffusion and Forum Developpement**

**designcapital** plc, the designer furniture investment company, announces the acquisition of Forum Diffusion and Forum Developpement (“the Forum businesses”), the Paris based suppliers of designer furniture to private clients and corporate markets, for home and the office.

This acquisition further consolidates the Company’s position in the designer furniture industry.

**designcapital** has acquired the share capital of Forum Diffusion s.a.s. and Forum Developpement s.a.s. for a nominal cash consideration. It may also be obliged to assume contingent liabilities in the region of 130,000 euros as a guarantor to a French bank in place of L-A Finances s.a. and Mr Georges Schulmann.

Following the completion of the acquisition, Forum Diffusion will repay a debt owed to L-A Finances s.a. of 338,408 euros.

### **About Forum Diffusion and Forum Developpement**

Forum Diffusion was founded in 1977 and has since built up a strong reputation on the French market for supplying well-known modern furniture brands. In 2003 Forum Diffusion established a sister company, Forum Developpement to win and service one-off corporate contracts.

The Forum businesses, which currently employ 52 people, are renowned for operating a 1,200 square meter showroom in the heart of Paris, the largest of its kind. The main activities of the Forum businesses are to advise, design and to complete the fitting-out of premises for businesses, public places and private clients. Around 80% of turnover of the acquired companies is generated from the contract market, with the remainder generated from retailing. ([www.forumdiffusion.fr](http://www.forumdiffusion.fr)).

Forum Diffusion and Forum Developpement have been sold by Forum Creations, a holding company controlled by L-A Finances s.a., a substantial shareholder of **designcapital**.

Since incorporation, the Forum businesses have supplied a significant number of high profile clients including Assemblée Nationale, Opéra Bastille, Musées Nationaux, Ministère de la Culture, Palais de Justice, France Telecom, Deutsche Bank, Suez-Lyonnaise, ING, CCF, ABN AMRO, Axa, Azur GMF, Vivendi, Bloomberg,

Natexis, Crédit Agricole, Microsoft, IBM, Schlumberger, Pearson, Dell Computer, Publicis, Pathé, Ogilvy and Young & Rubicam.

Eric Schuwer, who is currently managing director of designcapital's Artelano business, will also become managing director of the Forum businesses.

### **Historic financial information in respect of Forum Diffusion and Forum Developpement**

As at 31 December 2007, Forum Diffusion had gross assets of approximately €4.5 million (£3.51 million), net financial debt of €0.5 million (£0.39 million), and a negative net asset value of €1.36 million (£1 million).

Forum Diffusion made a loss after tax of €1.45 million (£1.1 million) for the year to 31 December 2007, on a turnover of approximately €14 million (£11 million).

As at 31 December 2007, Forum Developpement had gross assets of approximately €0.64 million (£0.5 million), net financial debt of €0.1 million (£0.08 million) and a net asset value of €0.04 million (£0.03 million).

Forum Developpement made a profit after tax of €0.1 million (£0.08 million) for the year to 31 December 2007, on a turnover of approximately €1.7 million (£1.32 million).

### **Strategy**

Following the acquisition, **designcapital** intends to strengthen the sales force and to re-organize the operations in order to reduce the cost base of the Forum businesses.

Economies of scale will be generated by combining some of the administration, marketing, sales and accounting activities of the Artelano and the Forum businesses.

In addition, **designcapital** will combine logistical operations, including the use of the Forum showroom in the centre of Paris to increase sales of Artelano's products.

**designcapital** acquired the French furniture designer Artelano on 27 February 2008. Artelano currently sells 16 per cent of its products internationally, through over 100 distribution retail outlets in the US, China, Germany, UK and France.

Frederic Bobo, Executive Chairman of **designcapital** plc, said,

"This acquisition is the second transaction since the Company's recent listing on AIM and reflects our commitment to quickly building up a solid business platform to capitalise on the on-going consolidation of the high-end global designer furniture industry.

"There are clear synergies between the Forum businesses and Artelano, which we acquired in February 2008, and we look forward to implementing our growth strategies in both of these companies.

“**designcapital** will continue to look at other opportunities in the designer furniture sector, including premium brands and retail.”

The acquisition of the Forum businesses is a related party transaction under the AIM Rules for Companies by virtue of the fact that L-A Finances s.a. is a substantial shareholder in the Company and an associate of Forum Creations. The directors of the Company consider, having consulted with HB Corporate, the Company’s Nominated Adviser, that the terms of the acquisition are fair and reasonable insofar as its shareholders are concerned.

### **About designcapital**

**designcapital** listed on London’s AIM market on 21 January 2008 with the intention of playing a key role in the consolidation of the designer furniture industry in Europe by making investments in luxury, contemporary design orientated companies with a particular focus on design brands and retailers of luxury furniture and design-enabled products and appliances.

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