

designcapital plc (AIM: DESC)

("designcapital" or "the Company")

Corporate Restructuring

designcapital plc (AIM: DESC), the AIM listed investment company dedicated to high end contemporary furniture design, announces that, following careful consideration, the Board has decided to cease the trading activities of Artelano s.a. ("Artelano s.a."), its Paris-based French subsidiary.

The rationale for this decision derives from the international development strategy being implemented by designcapital for the Artelano brand, which is now being driven and managed through Artelano International Ltd ("Artelano International"), designcapital's UK subsidiary that has a head office, and a show-room currently under development in Mayfair, London.

Following the transfer of the Artelano brand and its contracts with designers to designcapital pursuant to this strategy, it has become increasingly apparent to the Board that maintaining the operations of Artelano s.a. in Paris, which had undergone an 18 month restructuring under the French "redressement judiciaire" process, had neither operational or strategic value to the Group.

The winding up of the business will result in a termination of the restructuring plan agreed as part of the "redressement judiciaire" process, including the obligation on Artelano s.a. to repay historical "frozen" trade liabilities amounting to approximately £1.4 million.

It will also result in a non-cash provision being made against designcapital's investment in Artelano s.a. of £2.0m in the Company's accounts for the year ended 31st December 2010.

The Artelano brand and products will continue to be distributed in France through the Company's Paris-based subsidiary, Forum Diffusion, the well-known distributor of high-end design furniture for both the home and office market.

Frederic Bobo, Executive Chairman commented,

"We believe that our strategy for the international development of the Artelano brand and business are strengthened by the changes announced today, which will result in a material reduction in costs and cash outflows in France. We remain confident in meeting the strategic and trading objectives we have for the Artelano brand which will now be run out of our London-based subsidiary Artelano International."

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Notes to Editors**Artelano**

The first business bought by designcapital, in February 2008, was Artelano (www.artelano.com), a creator of high end design/contemporary furniture. Created in 1972, Artelano is one of the most renowned French brands of high end contemporary furniture. Artelano works closely with world class designers such as Patricia Urquiola, Piero Lissoni, Christophe Pillet, Olivier Gagnère, Marco Zanuso Jr., Eric Gizard, Shin Azumi, Qiong-er Jiang, Francesc Rifé, Carlo Tamborini and Marc Krusin, and others and the brand has won a large number of international awards such as the ICFF Editors Award, le Nombre d'Or, Elle Decoration, Marie Claire Maison, etc.

Since the Design team took control it has added other "signatures" to its portfolio including product from Ora Ito and Patrick Naggar. Its collections include tables, chairs, sofas and other pieces of furniture. It should be noted that Artelano is not a manufacturer - the designcapital model is based on outsourcing all manufacturing.

The manufacturing of Artelano's products is thus sub-contracted in France or in Italy, in limited series, to skilled craftsmen who bring high quality finishing to the creative mix of the collections. Moreover, over the years, the company has fostered an unconditional policy of fine materials selection and demanding quality control processes.

Artelano products are mostly distributed through a selected network of partner show-rooms located in more than forty countries worldwide and the dedicated London showroom will mark a step change in terms of international expansion.

Forum Diffusion

In Paris, Forum Diffusion, founded in 1977, advises and sells to a wide range of private and public clients, such as the Assemblée Nationale, Opéra Bastille, Ministère de la Culture, Palais de Justice, Richemont, France Telecom, Deutsche Bank, Suez-Lyonnaise, ABN AMRO and most recently the Ministry of Foreign Affairs among others. The directors of designcapital believe that a not dissimilar customer-base can be secured by the business in the UK,

As well as looking to sell product into the affluent and 'high net worth' markets of London and the South East of England, Forum intends to offer consultancy services and supply high end contemporary furniture into the commercial market.