

Press Release

€60m in growth capital for Design Offices

- **EMH Partners and Art-Invest Real Estate invest in German market leader in corporate coworking**
- **Strategic support and digitalisation expertise to foster accelerated expansion**
- **German market for coworking space expands by over 25 percent each year**
- **Design Offices plans to double space offering within less than two years**

Munich / Nuremberg / Cologne, 22.05.2018. The private equity firm EMH Partners has decided to take a stake in Design Offices. Together with the present investor Art-Invest Real Estate, EMH Partners will be investing about 60 million euros in Design Offices. The enterprise headquartered in Nuremberg is the leading German provider of flexible space solutions to foster agile workflows. The fresh capital is to be invested in particular in the establishment of additional locations in Germany as well as in the expansion into the Austrian and Swiss markets. By virtue of this equity interest realised via a capital increase, EMH Partners acquires a significant minority share of Design Offices. The shareholder Art-Invest Real Estate –which will likewise participate in the capital increase– and corporate founder Michael O. Schmutzer will continue to hold a significant share in the company.

EMH and Art-Invest thus invest in one of the world's fastest-growing real estate segments. According to industry experts from CBRE, in the past ten years alone, growth in the market for flexible workstreams averaged 13 percent, which means that the market as a whole has since tripled in size. The coworking segment is currently growing at an average annual rate of 25 percent and thus even more strongly, with the dynamism in the German market being particularly high due to pent-up demand.

Coworking is working in open spaces on flexibly used desks. Originally, coworking spaces were primarily used by start-ups and freelancers. In the meantime, however, large companies and SMEs have recognised the advantages of flexible work environments, such as the short-term availability of rooms or the possibility of networking with others. The special atmosphere also has a positive effect on work performance and motivation.

A highly scalable business model

“Thanks to digitalisation, our entire world of work is undergoing a transformation. Never before has there been such robust demand for flexible workflows as today, with project work becoming increasingly important. This indicates that enormous demand for floor space is unfolding outside companies,” says Dr. Thomas von Werner, Partner at EMH Partners. “As one of the absolute pioneers on the New Work and Coworking market, not only did Design Offices identify this trend at an early stage; the company has also shaped it to a decisive degree. The enterprise is in pole position in a dynamic market with a highly scalable and profitable business model.”

“We are delighted to have found such a strong entrepreneurial partner in EMH as an additional shareholder,” says Markus Wiedemann, CEO of Art-Invest Real Estate. “In particular, EMH's expertise in digitalisation and competencies in corporate development constitute a very valuable asset for Design Offices. Design Offices caters to the trends in the direction of customer orientation, flexibility, enhanced service quality and modern worlds of work. Together, we will take the enterprise to a whole new scale over the next two years.”

Over 20 locations in 10 German cities

Design Offices was founded in 2008 with the vision to create the ideal and highly flexible working environment for each and every work situation. With over 20 locations in ten German metropolises and a total floor space of 75,000 square meters, today the enterprise is one of the most successful providers for corporate coworking and innovative space solutions in Germany. The offering ranges from flexible offices and coworking spaces, conference halls and meeting venues all the way through to event areas. Accordingly, Design Offices has occupied the attractive niche market between traditional business centers and coworking providers focusing on

start-ups. The immense variety on offer and the sophisticated and appealing design of premises are unique in this industry segment, and attract world market leaders from the automotive, finance, technology and consulting sectors as well as SMEs and start-ups. Design Offices currently has over 250 employees and plans to more than double the spaces available in 2018 and 2019 to as much as 200,000 square meters.

“New Work means offering people an inspiring place for self-determined and agile workflows in an increasingly flexible world of work,” says Michael O. Schmutzer, founder and CEO of Design Offices. “I think we’ve managed to accomplish this very well in the past ten years. We have established ourselves as a permanent fixture on the German market. Now we plan to write a further chapter of this success story and to grow into a new league in terms of scale. The DACH region offers us enormous growth potential, which we intend to fully exploit with the support of EMH Partners.”

The fourth investment launched by EMH Digital Growth Fund

Design Offices is the fourth investment by the EMH Digital Growth Fund, whose fundraising was concluded in June 2017 with a volume of 350 million euros and a co-investment program of a further 350 million euros. EMH Partners invests in European SMEs with high growth and digitalisation potential. In the process, the private equity firm relies on a long-term “build and scale” approach, in which the portfolio companies stand to benefit not only from the capital but especially from the expertise in digitalisation and entrepreneurial background of the EMH team. Apart from Design Offices, to date the portfolio of EMH Partners comprises the multichannel kitchen retailer Kiveda Group, Occhio, the market leader in high-quality design lighting as well as Native Instruments, the leading producer of software and hardware for digital music production and DJing.

About EMH Partners

EMH Partners is a European private equity firm by entrepreneurs, for entrepreneurs, with offices in Munich and London. EMH Partners represents the next generation of private equity firms. It bridges the gap between venture capital and buyout funds by supporting the growth of small and medium-sized enterprises through capital and digitalisation expertise. The entrepreneurs Maximilian and Sebastian Kuss founded EMH Partners in 2010. In 2017, EMH Partners closed its EMH Digital Growth Fund with a volume of €350 million. The investment volume totals €700 million including a co-investment programme with its investors. EMH Partners pursues a build-and-scale strategy and provides its portfolio companies with support built on partnership.

For more information, visit:

About Art-Invest Real Estate

Art-Invest Real Estate is a real estate investment and project development company that invests in land and buildings with added value potential in prime locations of major cities. The focus is on the German-speaking metropolitan regions of Berlin, Dusseldorf, Frankfurt, Hamburg, Cologne/Bonn, Munich, Vienna as well as Nuremberg and Stuttgart. Via its own capital management company, as many as 17 investment funds have already been floated for institutional investors such as public utilities and foundations. The property portfolio of Art-Invest Real Estate amounts to over 4 bn euros.

Further particulars are available at: www.art-invest.de

About Design Offices

Design Offices is the leading provider for corporate coworking and spaces for agile workflows and innovation, with over 20 locations throughout Germany and a total floor space of about 75,000 sqm. The offering comprises flexible offices and co-working spaces as well as inspiring venues for conferences and events – perfectly matched to the requirements of the New Work philosophy. The offering is complemented by a comprehensive array of on-demand services.

You will find further information at: www.designoffices.de

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