RNS Number : 5939R
Aukett Swanke Group PLC
02 March 2023

2 March 2023

AUKETT SWANKE GROUP PLC

("Aukett Swanke", the "Company")

PROPOSED ACQUISITION OF THE TORPEDO FACTORY GROUP LIMITED

APPROVAL OF WAIVER OF OBLIGATIONS UNDER RULE 9 OF THE CITY CODE ON TAKEOVERS AND MERGERS

AND

NOTICE OF GENERAL MEETING

Aukett Swanke (AIM: AUK), a company that principally provides architectural and interior design services, is pleased to announce it has executed documentation relating to the acquisition of Torpedo Factory Group Limited ("**TFG**") an audio, visual and stage technology provider to organisations in the UK and Europe (the "**Acquisition**").

The Acquisition is being implemented by means of an offer to TFG Shareholders to acquire the entire issued and to be issued share capital of TFG. The Company has also entered into the Transaction Agreement, recording the terms on which the Principal Sellers have irrevocably agreed to accept such Offer.

The Acquisition is conditional upon, *inter alia*, the approval of Shareholders of the Resolutions (including the Waiver Resolution) which will be sought at the General Meeting convened for 10.00 a.m. on 20 March 2023. The Circular, containing the Notice of General Meeting, is being published and made available to Shareholders today.

Unless otherwise indicated, defined terms in this announcement shall have the same meaning as described in the Circular. The expected timetable of principal events and the Chairman's statement from the Circular are set out further below.

HIGHLIGHTS

- Consideration for the acquisition of 100% of TFG's current issued shares to be satisfied through the issue of 110,142,286 Consideration Shares, valued at £2,808,628.29 (based on the Company's share price at the Latest Practicable Date). Additional consideration of up to £92,593.66 to TFG Option Holders, to be satisfied through the issue of up to further 3,631,124 new Ordinary Shares after Completion.

- TFG is a technology systems integrator and services business operating primarily in three market areas, including (i) "Intelligent Environments", which designs, installs and maintains integrated audio-visual systems for corporate and public sector clients, primarily working directly with commercial property occupiers but also with main contractors on construction fit-out projects; and (ii) "Stage Technology" which creates and maintains technologically powerful systems for a wide range of performance spaces. In addition, TFG's "Live Events" business provides the technology to deliver live events, both within venues and streamed to the wider world. TFG operates in the UK and Europe, from five sites across the UK.

- Nick Clark, CEO and founder of TFG, to join the Aukett Swanke board as an executive director, at Completion.

- Following Completion, TFG Shareholders will own 40% of the enlarged Group (excluding any additional Shares issued to TFG Option Holders).

- Acquisition in line with Aukett Swanke's objective, in addition to developing the core architecture businesses, to become a master systems designer, integrator and operator in the provision of smart

buildings technology. Extending the Group's offering to its clients to include such smart solutions is expected to provide a competitive advantage to the Group's core business and to add new income streams.

Clive Carver, Aukett Swanke Group plc Chairman, said:

"Aukett Swanke's skills and knowledge gained from many years at the prestige end of the traditional architecture market combined with TFG's focus on exploiting the opportunities afforded by technology will allow the enlarged group to offer a wide range of services to existing and new clients in the property world."

Nick Clark, Founder and CEO, Torpedo Factory Group Limited, said:

"This is an exciting opportunity for both companies. Technology is transforming the way buildings are designed, built, and run. As one of the world's leading architecture firms Aukett Swanke will be at the forefront of this change. TFG brings expertise in technology system design and integration, and being part of ASG positions us well to capitalise on the growing demand for Smart Buildings. Together we can make the built environment more sustainable while providing a better experience for those who engage with it."

The Circular will be made available on the Company's website at www.aukettswankeplc.com.

Contacts

Aukett Swanke Group Plc **+44 (0) 20 7843 3000**

Clive Carver, Chairman

Robert Fry, Chief Executive

Strand Hanson Limited, Financial and Nominated Adviser **+44 (0) 20 7409 3494**

Richard Johnson, James Bellman

Zeus Capital Limited, Broker **+44 (0) 20 3829 5000**

Simon Johnson, Louisa Waddell

Investor/Media **+ 44 (0) 7979 604 687**

Chris Steele

The information contained within this announcement is deemed by the Company to constitute inside information under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR").

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The dates and times set out below are based on the Company's current expectations and may be subject to change. Any change will be notified via a Regulatory Information Service. References to times are to London times, unless otherwise stated.

Publication of the Circular	2 March 2023
Latest time and date for receipt of Forms of Proxy for the General Meeting	10.00 a.m. on 16 March 2023
Time and date of the General Meeting	10.00 a.m. on 20 March 2023
Completion of the Initial Acquisition	20 March 2023
Admission of the Consideration Shares and commencement of dealings in	

such shares on AIM	22 March 2023
Latest date for exercise of the TFG Options	20 September 2023
Last date for Admission of Additional Consideration Shares and commencement of dealing in such shares on AIM	3 October 2023

STATISTICS

Number of Ordinary Shares in issue as at the Latest Practical Date	165,213,652
Number of Consideration Shares proposed to be issued pursuant to the Initial Acquisition	110,142,286
Issue price per Consideration Share	2.55 pence
Completion Enlarged Share Capital immediately following the Initial Acquisition	275,355,938
Consideration Shares as a percentage of the Completion Enlarged Share Capital	40.00%
Maximum number of Additional Consideration Shares proposed to be issued to the Participating TFG Option Holders	3,631,124
Issue price per Additional Consideration Share	2.55 pence
Additionally Enlarged Share Capital following the exercise of TFG Options by the Participating TFG Option Holders	278,987,062
Consideration Shares and Additional Consideration Shares as a percentage of the Additionally Enlarged Share Capital	40.78%
Concert Party percentage holding of the Completion Enlarged Share Capital	32.38%
Concert Party percentage holding of the Additionally Enlarged Share Capital	31.96%
Concert Party percentage holding of the CP Options Enlarged Share Capital	34.38%

LETTER FROM THE CHAIRMAN

Aukett Swanke Group Plc

(incorporated and registered in England & Wales under the Companies Act 1985 with registered number 02155571)

Dear Sir or Madam,

Proposed issue of up to 113,773,410 new Ordinary Shares in connection with the proposed acquisition of Torpedo Factory Group Limited

Approval of Waiver of obligations under Rule 9 of the Takeover Code

Notice of General Meeting

1. INTRODUCTION

On 2 March 2023, the Board announced that Aukett Swanke Group had: (i) made an offer to buy from the TFG Shareholders the entire issued and to be issued share capital of Torpedo Factory Group, an audio, visual and stage technology provider to organisations in the UK and Europe; and (ii) entered into the Transaction Agreement recording the terms on which the Principal Sellers had irrevocably agreed to accept such Offer.

One of the purposes of this Circular is to explain, and to provided details as to, the background to and the reasons for the Acquisition and how the Acquisition would expand the Group's activities in the property arena.

IMPLEMENTATION OF THE INITIAL ACQUISITION

The Initial Acquisition will be implemented by way of the Offer and if any Minority Sellers do not accept the Offer in accordance with its terms, any TFG Shares held by such Minority Sellers will be acquired by the Company simultaneously with completion of the Offer pursuant to the Drag-Along Notice.

Accordingly, pursuant to the Initial Acquisition, the Company will, on Completion, acquire the entire issued share capital of TFG as at the date of this Circular.

The consideration for the Initial Acquisition is the issue of 110,142,286 Consideration Shares to the Sellers in proportion (as nearly as may be practicable) to their current respective TFG holdings.

The Consideration Shares shall be issued and allotted on Completion conditional on: (i) receipt by the Buyer of signed Forms of Acceptance from TFG Shareholders holding not less than 75% of the TFG Shares; and (ii) the Transaction Agreement (which contains, amongst other conditions, a condition that the Allotment and Waiver Resolutions are passed) remaining in full force and effect and having become unconditional.

The Consideration Shares are expected to represent, in aggregate, 40.00% of the Completion Enlarged Share Capital. The Concert Party, comprising the Principal Sellers, will, at Completion, together hold approximately 32.38% of the Completion Enlarged Share Capital. The Concert Party is described further in paragraph 9 of this this letter from the Chairman and paragraph 4 of Additional Information.

CP Options Shares

The Company has agreed, subject to Completion, to grant Freddie Jenner and Jason Brameld (both members of the Concert Party) options to subscribe for 3,700,000 and 4,700,000 Ordinary Shares respectively, pursuant to the terms set out in the CP Option Agreements.

Provided that Freddie Jenner and Jason Brameld remain employees of the Group, their CP Options will vest on, and become exercisable at a price of 1 pence per Ordinary Share, from, the second anniversary of the CP Option Agreements.

If both Freddie Jenner and Jason Brameld exercise the CP Options granted to them under the CP Option Agreements (once they are able to do so), and assuming all of the TFG Options are surrendered and no further Ordinary Shares are issued, the Concert Party would, in aggregate, hold Ordinary Shares carrying a maximum of 34.38% of the voting rights of the Company.

The issue of the CP Options Shares is conditional upon, *inter alia*, the Shareholders passing the Allotment Resolution and the passing of the Waiver Resolution by the Independent Shareholders, on a poll, at the General Meeting.

Forfeiture of TFG Options and Acquisition of Option Shares

Pursuant to the Letter to Option Holders, TFG has made an offer to the Participating TFG Option Holders under which they may surrender their TFG Options in return for a cash payment. The maximum aggregate sum payable by TFG to the Participating TFG Option Holders, assuming acceptance in full, in respect of this offer is £42,430.51. Payments to Participating TFG Option Holders who accept this offer are anticipated to be paid in April 2023.

Notwithstanding the above, following Completion, the TFG Option Holders (other than those who are members of the Concert Party or who have surrendered their TFG Options in accordance with the Letter to Option Holders) will be entitled to exercise their TFG Options at any time until the date falling six months after Completion.

Following valid exercise of any TFG Options by a Participating TFG Option Holder, TFG will issue the relevant Option Shares to that Participating TFG Option Holder on the second Business Day of the calendar month following the month of exercise. Upon such issue, those Option Shares will be compulsorily acquired by ASG pursuant to the drag-along rights in TFG's articles of association.

The consideration for the acquisition of any Option Shares is the issue to the Participating TFG Option Holders of 39.2555 Additional Consideration Shares for each Option Share, with such total number of Additional Consideration Shares to be issued to each Participating TFG Option Holder rounded down to the nearest whole number.

The Consideration Shares, and any Additional Consideration Shares, will rank pari passu in all respects with the Ordinary Shares in issue including the right to receive all dividends and other distributions made or paid following their respective Admission.

If all of the TFG Option Holders exercise their TFG Options in full, 3,631,124 Additional Consideration Shares will be issued. This will result in an Additionally Enlarged Share Capital of 278,987,062 Ordinary Shares of which 31.96% will be held by the Concert Party. If no TFG Option Holders exercise any TFG Options, the Completion Enlarged Share Capital will remain at 275,355,938 Ordinary Shares of which the Concert Party will hold 32.38%.

Waiver Resolution

The issue of the Consideration Shares, any Additional Consideration Shares, and CP Options Shares is conditional upon, *inter alia*, the Shareholders passing the Allotment Resolution and, with respect to the Consideration Shares and CP Options Shares, the passing of the Waiver Resolution by the Independent Shareholders, on a poll, at the General Meeting.

A General Meeting is therefore being convened at 10.00 a.m. on 20 March 2023 (or any reconvened meeting following any adjournment of the General Meeting) at the offices of the Company.

Should the approval of Independent Shareholders not be obtained at the General Meeting for the Resolutions, the Acquisition will not proceed.

The purpose of this letter is to explain why the Directors consider the Acquisition to be in the best interests of the Company and why they recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting.

2. BACKGROUND

Following actions to exit from certain loss making activities, the Group now comprises only the two UK architect businesses, holdings in two German architecture practices and several international licence agreements, which collectively are too small to support and justify the costs associated with maintaining a public listing. The Board has therefore been looking both to grow the core architecture practice and for an opportunity to broaden its activities.

The principal attractions of TFG are its building systems activities and its understanding of the technologies behind them. Working with the Group's architects the strategy of the enlarged group would be to augment and continue the development of its architecture businesses and to become a leading participant in the provision of smart building systems.

3. INFORMATION ON THE AUKETT SWANKE GROUP

Aukett Swanke Group is the holding company for a professional services group of companies focussed on the property sector that provides architectural design services along with specialisms in master planning, interior design and executive architecture.

ASG has established a reputation as an award winning and leading architectural design firm featuring regularly in the World Architecture 100 (2023 - 61st, 2022 - 63rd, 2021 - 54th) and Architect Journal 100 (2022 - 70th, 2021 - 68th) listings having won 8 UK design awards in 2022 and built a client base of leading investor, commercial and financial institutions representing owners, developers, occupiers, and other stakeholders in the built environment.

The Company's ability to service a broad range of clients from project conception to completion, often in a design leadership role, is supported by the significant investment made in 2D, 3D and advanced software-based building modelling systems. This has enabled the Group's businesses to work with clients throughout the design, procurement, handover, post completion and occupation stages of projects.

4. INFORMATION ON TFG

TFG is a technology systems integrator and services business operating primarily in three market areas.

The most significant of these are: (i) its "Intelligent Environments" business which designs, installs and maintains integrated audio-visual systems for corporate and public sector clients, primarily working directly with commercial property occupiers but also with main contractors on construction fit-out projects; and (ii) its "Stage Technology" business which creates and maintains technologically powerful systems for a wide range of performance spaces. In addition, TFG's "Live Events" business provides the technology to deliver live events, both within venues and streamed to the wider world.

TFG operates in the UK and Europe, from five sites across the UK.

For the 18 month period ended 30 June 2021, TFG reported audited revenues of £7.73m, loss before tax of £0.24m and net assets of £2.25m. Unaudited management accounts for the 12 month period ended 30 June 2022 indicate TFG will report revenues of £7.73m, profit before tax but after the disposal of an associated undertaking of £0.27m, and net assets of £2.52m.

Trading in the current financial year is broadly in line with TFG management expectations, with EBITDA just above breakeven. At 31 December 2022 TFG's unaudited management accounts indicate net assets were £2.40m, which included a freehold property valued at £3.05m, debts of £2.71m, and approximately £1.14m in cash. There are no current ratings or outlooks publicly accorded to TFG by ratings agencies.

5. THE ACQUISITION

As the Group's businesses emerge from the challenges of recent years, the Company expects the future of core architectural endeavour will be inextricably bound to developments in new and hybrid building typologies, technology systems, and the development of 'smart' solutions for the future built environment. We expect these will include developments in building system monitoring, management and use of buildings, artificial intelligence, off-site manufacturing and real time use of data and systems.

Extending the Group's offering to its clients to include such smart solutions is expected to provide a competitive advantage to the Group's core business and to add new income streams not dependent on an ever-expanding headcount.

In the same way as new regulatory requirements and the introduction of BIM/Revit project modelling have been embraced in recent years we expect the impact of technologies such as those illustrated above be extensive.

The Group's objective, in addition to developing the core architecture businesses, is to become a master systems designer, integrator and operator in the provision of smart buildings technology.

The Acquisition would mark the starting point for further growth activity to broaden the reach of the enlarged Group's products in the smart buildings and IoT environment. In this way, the Company expects to be able to transition the Group's business model over time from being purely transaction-based to one that can generate both the upfront revenues from construction and recurring revenues over longer time periods through software licence fees, monitoring activities and related services as extensions to its current service offerings.

The Company also believes that such an enhanced technology focus would allow the Group's clients to find better ways to deliver and achieve greater value and environmental sustainability in their construction projects.

6. **PRINCIPAL TERMS OF THE ACQUISITION**

PRINCIPAL SELLERS

The Company and the Principal Sellers have entered into the Transaction Agreement, the terms of which require the Principal Sellers to (i) accept the Offer and transfer the TFG Shares held by them to the Company on Completion; and (ii) facilitate the transfer of any TFG Shares not acquired pursuant to the Offer to the Company by exercising their "drag along" rights contained in TFG's articles of association and serving the Minority Sellers with the Drag-Along Notice.

Pursuant to the Transaction Agreement, Nick Clark, Freddie Jenner and Jason Brameld (all Principal Sellers and members of the Concert Party) have agreed to surrender all of their respective TFG Options.

The consideration for the purchase of the entire issued share capital of TFG at Completion under the Transaction Agreement, Offer and (if applicable) the Drag-Along Notice is £2,808,628.29, to be satisfied by the issue of the Consideration Shares to each of the Sellers in respect of their proportional shareholding in TFG such that the Sellers, following Completion, will own 40.00% of the Completion Enlarged Share Capital.

Nick Clark, Keith McCullagh, Freddie Jenner and Jason Brameld, being some of the Principal Sellers, have also agreed under the Transaction Agreement to give warranties to the Company subject to customary contractual limitations.

The Consideration Shares will be issued at the mid-market closing price of 2.55 pence on 28 February 2023, being the Latest Practical Date. The Consideration Shares represent a total value of £2,808,628.29.

Conditional on the passing of all the Resolutions at the General Meeting, the Company will allot the Consideration Shares and apply to the London Stock Exchange for Admission.

As explained in paragraph 1 above, CP Options will be granted by the Company to Freddie Jenner and Jason Brameld at Completion and will become exercisable by them on the second anniversary of Completion (subject to the terms of the CP Option Agreements). If these CP Options are exercised in full by Freddie Jenner and Jason Brameld, and assuming all of the TFG Options are surrendered and no further Ordinary Shares are issued, the Concert Party would, in aggregate, hold a maximum of 34.38% of the CP Options Enlarged Share Capital. If any TFG Options or any other ASG options are exercised or other Ordinary Shares are issued prior to the exercise of the CP Options by Freddie Jenner or Jason Brameld, the Concert Party holding would be diluted.

TFG OPTION HOLDERS (OTHER THAN THE TFG SURRENDERED OPTION HOLDERS)

In accordance with the TFG CSOP, all of the TFG Option Holders (other than the TFG Surrendered Option Holders) will remain entitled to exercise their TFG Options at any time during the six months following Completion, being the Option Period.

If a TFG Option Holder exercises their TFG Options during the Option Period in accordance with the TFG CSOP, TFG will issue and allot that Participating TFG Option Holder with their Option Shares on the second Business Day in the first calendar month following the month in which that TFG Option Holder exercises their TFG

Options. Upon the issue of such Option Shares, ASG will acquire those Option Shares pursuant to the "drag along" provisions in TFG's articles of association.

The consideration payable to each Participating TFG Option Holder for the purchase of their Option Shares following the exercise of any TFG Options is the issue and allotment of Additional Consideration Shares to each Participating TFG Option Holder in proportion to their TFG Options in TFG.

At each completion of a drag-along of the Option Shares, the Company will allot the relevant number of Additional Consideration Shares and apply to the London Stock Exchange for Admission.

In the event that all TFG Option Holders (other than those who are members of the Concert Party) choose to exercise their TFG Options, the TFG Option Holders and the Sellers will together hold 40.78% of the Company's Additionally Enlarged Share Capital and the Concert Party will hold 31.96% of the Company's Additionally Enlarged Share Capital.

The Additional Consideration Shares shall rank *pari passu* in all respects with the Ordinary Shares in issue. The Additional Consideration Shares represent a maximum further total value of £92,593.66.

All TFG Options that are not surrendered or exercised within the Option Period, will lapse and no further rights shall attach to them in respect of shares in either TFG of the Company.

7. **BOARD CHANGES**

On Completion, it is proposed that Nick Clark will join the Board as an executive director.

Nick is chief executive of TFG. He founded the business in 1997 and has grown it through a combination of acquisitions and organic growth. Prior to founding TFG Nick studied physics at Imperial College graduating with a BSc Hons 2(i) followed by an MPhil in Microelectronic Engineering and Semiconductor Physics at the University of Cambridge.

Upon appointment as an executive director, Nick will enter into a new employment contract with the Company.

In June 2022, Nick was appointed a non-executive director at Drumz plc, the AIM-listed investing company focused on investing in and acquiring established software businesses.

8. **APPLICATION OF THE TAKEOVER CODE**

The issuance of the Consideration Shares, any Additional Consideration Shares following the exercise of any TFG Options after Completion, and the CP Options Shares give rise to certain considerations under the Takeover Code. The Takeover Code is issued and administered by the Panel. The Takeover Code applies to all takeover and merger transactions, howsoever effected, where the offeree company is, among other things, a listed or unlisted public company resident in the United Kingdom, the Channel Islands or the Isle of Man (and to certain categories of private limited companies). The Company is a public company with its registered office in the United Kingdom, whose Ordinary Shares are admitted to trading on AIM of the London Stock Exchange, and its Shareholders are therefore entitled to the protections afforded by the Takeover Code.

Under Rule 9 of the Takeover Code, when (i) any person who acquires, whether by a series of transactions over a period of time or by one specific transaction, an interest (as defined in the Takeover Code) in shares which (taken together with shares in which he is already interested and in which persons acting in concert with him/her are interested) carry 30% or more of the voting rights of a company that is subject to the Takeover Code, or (ii) where a person (together with persons acting in concert with that person) is interested in shares (as defined in the Takeover Code) which carry 30% or more of the voting rights of a company that is subject to the Takeover Code but does not hold more than 50% of the shares carrying voting rights, and such person increases the percentage of shares carrying voting rights in which he/she are interested, that person is normally required to make a general offer to the remaining holders to acquire their shares.

An offer under Rule 9 of the Takeover Code must be in cash (or be accompanied by a cash alternative) at not less than the highest price paid by the person required to make the offer or any person acting in concert with him during the 12 month period prior to the announcement of the offer.

For the purposes of the Takeover Code, persons acting in concert include persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or frustrate the successful outcome of an offer for a company subject to the Takeover Code. For the purposes of the Takeover Code, ''control'' means an interest or interests in shares carrying in aggregate 30% or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control. Under the Takeover Code, shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Takeover Code applies are also presumed to be acting in concert in respect of that company unless the contrary is established.

9. **CONCERT PARTY AND TAKEOVER CODE**

The Company has agreed with the Panel that the Principal Sellers (but not also the Minority Sellers) should be presumed to be acting in concert for the purposes of the Takeover Code.

INFORMATION ON THE CONCERT PARTY

If the requisite resolutions are passed at the General Meeting and the Consideration Shares are issued by the Company to the Sellers (including the Concert Party) pursuant to the Transaction Agreement, Offer and Drag-Along Notice and each member of the Concert Party has surrendered the maximum number of their TFG Options, then, as set out in the table below:

a. column 3 sets out that, on Completion, assuming no further Ordinary Shares are issued by the Company and prior to the exercise of any TFG Options and/or CP Options, the Concert Party would, in aggregate, hold Ordinary Shares carrying a maximum of 32.38%. of the voting rights of the Company;

b. column 4 sets out that the minimum holding of the Concert Party following Completion would, assuming all of the TFG Options are exercised (except for the TFG Options being surrendered by Nick Clark, Freddie Jenner and Jason Brameld pursuant to the Transaction Agreement) and Freddie Jenner and Jason Brameld do not exercise their CP Options, in aggregate, be Ordinary Shares carrying a maximum of 31.96%. of the voting rights of the Company; and

c. column 5 sets out that the maximum holding of the Concert Party following Completion would, assuming all of the TFG Options are surrendered and both Freddie Jenner and Jason Brameld exercise their CP Options, in aggregate, be Ordinary Shares carrying a maximum of 34.38% of the voting rights of the Company.

(1)	(2)	(3) Completion		(4) Minimum		(5) Maximum	
Concert Party Member	**Shares currently held in TFG**	**Total number of Ordinary Shares and % in ASG's Completion Enlarged Share Capital**		**Total number of Ordinary Shares and % in ASG's Additionally Enlarged Share Capital**		**Total number of Ordinary Shares and % in ASG's CP Options Enlarged Share Capital**	
Shareholder	**Shares in TFG**	**Shares in ASG**	**%**	**Shares in ASG**	**%**	**Shares in ASG**	**%**
Nick Clark	611,672	24,011,490	8.72	24,011,490	8.61	24,011,490	8.46
Keith McCullagh	572,252	22,464,038	8.16	22,464,038	8.05	22,464,038	7.92
Siobhan Robinson	420,834	16,520,049	6.00	16,520,049	5.92	16,520,049	5.82
Jean McCullagh	480,827	18,875,104	6.85	18,875,104	6.77	18,875,104	6.65
Freddie Jenner & Melanie Jenner	154,496	6,064,817	2.20	6,064,817	2.17	9,764,817	3.44
Jason Brameld	20,000	785,110	0.29	785,110	0.28	5,485,110	1.93
Pamela Clark	6,522	256,024	0.09	256,024	0.09	256,024	0.09
Simon Clark & Amanda Boyce	4,658	182,852	0.07	182,852	0.07	182,852	0.06
Total	**2,271,261**	**89,159,484**	**32.38**	**89,159,484**	**31.96**	**97,559,484**	**34.38**

The Concert Party will therefore hold 32.38% of the Completion Enlarged Share Capital.

If any TFG Options are exercised in the Option Period (being the six months following Completion), the Company will acquire the resulting Option Shares in accordance with the drag-along provision in the TFG articles of association in consideration for the issue of Additional Consideration Shares. If all of the remaining TFG Options are exercised during the Option Period and no CP Options are exercised, the Concert Party would hold 31.96% of the Additionally Enlarged Share Capital.

If no TFG Options are exercised in the Option Period (being the six months following Completion) but both Freddie Jenner and Jason Brameld exercise their CP Options (when they are able to do so), the Concert Party would hold 34.38% of the CP Options Enlarged Share Capital. This is the maximum percentage the Concert Party could hold as a result of the Acquisition and exercise of the CP Options.

Shareholders should be aware that under the Takeover Code, as the Concert Party will hold shares carrying over 30% of the voting rights of the Company but would not hold Ordinary Shares carrying more than 50% of the voting rights in the Company and therefore, as long as members of the Concert Party continue to be acting in concert, any further increase in the Concert Party's aggregate interest in Ordinary Shares will be subject to Rule 9 of the Takeover Code.

For the purposes of the Takeover Code, members of the Concert Party are treated as acting in concert with regard to their interests in the issued share capital of the Company.

The Concert Party will not be restricted from making an offer should it wish to do so.

PANEL WAIVER

The Panel has agreed to waive the obligation for the Concert Party to make a general offer to all Shareholders under Rule 9 of the Takeover Code in circumstances where that obligation would otherwise arise, following the issuance of the Consideration Shares and the CP Options Shares following exercise of the CP Options, subject to the approval of independent shareholders (to be taken on a poll) at a general meeting of the Company. Accordingly, the Waiver Resolution is being proposed at the General Meeting.

The Waiver to the which the Panel has agreed will be invalidated if any purchases of Ordinary Shares are made by any member of the Concert Party, or any person acting in concert with them, in the period between the date of this Circular and the General Meeting.

INTENTIONS OF THE CONCERT PARTY

The individual members of the Concert Party have each confirmed to the Company that they are not proposing, following Completion and issuance of the Consideration Shares, Additional Consideration Shares, and the CP Options Shares following exercise of the CP Options, and save as a result of the Acquisition, to seek any changes in the general nature of the Company's business. The Concert Party members have further specifically confirmed that they have no intention to change the Company's plans with respect to:

(i) the future business of the Company (including any research and development functions);

(ii) the composition of the Board, nor the Company's plans with respect to the continued employment of employees and management of the Company and its subsidiaries or their headcount (including to the conditions of employment or any material change to the balance of skills and functions of employees and management); or

(iii) the strategic plans for the Company and their likely repercussions on employment and on the locations of the Company's place of business, including the location of the Company's headquarters and headquarters functions;

(iv) employer contributions into any of the Company's pension schemes, the accrual of benefits for existing members, nor the admission of new members;

(v) redeployment of the Company's fixed assets; or

(vi) the maintenance of the Company's Ordinary Shares being admitted to trading on AIM.

The Directors, all being independent, believe the Acquisition is in the best interests of the Company and Shareholders, and that the Waiver Resolution be passed and hereby recommend that Shareholders vote in favour of the Waiver Resolution. Strand Hanson, as the Company's independent financial adviser, has taken into account the Directors' commercial assessments. In accordance with the requirements of the Takeover Code, members of the Concert Party are not permitted to vote on the Waiver Resolution and in any event do not hold any Ordinary Shares as at the date of this Circular.

Your attention is drawn to Additional Information below which sets out certain further information and financial information that is required to be disclosed pursuant to the Takeover Code.

10. GENERAL MEETING

For the reasons set out above, Completion is conditional upon, *inter alia*, the approval by the Shareholders of the Resolutions at the General Meeting. You will find set out at the end of this Circular the Notice of General Meeting to be held at 10.00 am on 20 March 2023 at the offices of the Company, for the purpose of considering,

and if thought fit, passing the Resolutions set out in the Notice of General Meeting, and further described below.

Allotment Resolution

The Allotment Resolution is an ordinary resolution to provide the Directors with authority to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company) up to an aggregate nominal amount of £1,221,734.10, in connection with the Acquisition and the grant of the CP Options.

The authority granted by the Allotment Resolution is required to provide the Board with authority to allot the Consideration Shares, as well as any Additional Consideration Shares and CP Options Shares, and the Directors will not use the authority granted by the Allotment Resolution for any other reason.

Waiver Resolution

The Waiver Resolution is required in order for the Acquisition and any issue and allotment of CP Options Shares pursuant to the exercise of the CP Options to proceed. It will be proposed as an ordinary resolution to be voted on a poll by the Independent Shareholders only in accordance with the requirements of the Panel.

The waiver granted by the Panel of the obligation that would otherwise arise for the members of the Concert Party to make a general offer for the entire issued share capital of the Company not held by them as a result of the issue of up to 89,159,484 Ordinary Shares to them at Completion and 8,400,000 Ordinary Shares to Freddie Jenner and Jason Brameld on exercise of the CP Options, is subject to approval of the Waiver Resolution.

In order to comply with the Takeover Code, this Waiver Resolution will be taken on a poll and each of the members of the Concert Party (none of whom in any event currently hold any shares in the Company) will not be eligible to vote on such resolution.

All Shareholders may attend the General Meeting.

11. APPLICATION FOR ADMISSION OF THE CONSIDERATION SHARES AND ADDITIONAL CONSIDERATION SHARES

It is expected that Admission of the Consideration Shares will become effective and that dealings in such shares will commence on 22 March 2023, conditional on, and subsequent to, the passing of the Allotment Resolution and the Waiver Resolution at the General Meeting.

It is expected that Admission of any Additional Consideration Shares issued to Participating TFG Option Holders in consideration for the transfer of their Option Shares will become effective and dealings would commence on the second Business Day of the calendar month following the month in which the relevant TFG Options are exercised, subsequent to the issue of those Additional Consideration Shares to the relevant TFG Option Holder.

In the event that the CP Options are exercised, it is expected that Admission of any CP Option Shares issued to Freddie Jenner and/or Jason Brameld would become effective within two Business Days of the CP Options Shares being issued.

The total number of Ordinary Shares in issue following the issue of the Consideration Shares will be 275,355,938, if the maximum number of Additional Consideration Shares is issued, the total number of Ordinary Shares in issue will be 278,987,062 and, if the maximum number of CP Options Shares is issued, the total number of Ordinary Shares in issue will be 287,387,062, in each case assuming that there is no further issue of Ordinary Shares or exercise or conversion of other ASG options.

12. ACTIONS TO BE TAKEN

A Form of Proxy for use in connection with the General Meeting is enclosed. Whether or not you intend to attend the General Meeting, it is important, particularly in view of the fact that the Waiver Resolution to be put to the General Meeting will be determined by a poll of Independent Shareholders, that you duly complete, execute and return the enclosed Form of Proxy, by hand or by post, to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA in accordance with the instructions printed thereon. To be valid, the completed Form of Proxy must be returned as soon as possible and, in any event, so as to arrive by no later than 10.00 a.m. on 16 March 2023 (or, in the case of an adjournment of the General Meeting, not later than 48 hours before the time fixed for the holding of the adjourned meeting).

The completion and return of the Form of Proxy will not prevent Shareholders from attending and voting at the General Meeting in person should you subsequently wish to do so.

13. RECOMMENDATIONS

The Directors, who have been so advised by Strand Hanson, consider the Acquisition and the approval of the Allotment Resolution and the Waiver Resolution to be fair and reasonable and in the best interests of the Shareholders and the Company as a whole. In providing its advice to the Directors, Strand Hanson has taken into account the commercial assessments of the Directors. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of each of the Resolutions as the Directors will be doing in respect of their own beneficial holdings being, in aggregate, 11,390,018 Ordinary Shares (representing approximately 6.894% of the Issued Ordinary Shares).

Yours faithfully

Clive Carver
Chairman

DEFINITIONS

"Acquisition"	the Initial Acquisition and any acquisition of the Option Shares held by the Participating TFG Option Holders (in one or more transactions) as contemplated by the Transaction Agreement
"Acting in Concert"	has the meaning attributed to it in the Takeover Code
"Admission"	the admission of the Consideration Shares and, if applicable, the Additional Consideration Shares (as applicable) to trading on AIM becoming effective in accordance with the AIM Rules
"Additional Consideration Shares"	up to 3,631,124 new Ordinary Shares proposed to be issued to the Participating TFG Option Holders

"Additionally Enlarged Share Capital"	the issued share capital of the Company (assuming that there is no further issue of Ordinary Shares or exercise or conversion of ASG options (including the CP Options) in the capital of the Company) as enlarged by the issue and allotment of the Consideration Shares and the maximum number of the Additional Consideration Shares
"AIM"	the AIM market operated by the London Stock Exchange
"AIM Rules"	the AIM Rules for Companies issued by the London Stock Exchange
"Allotment Resolution"	the resolution, as set out in the Notice of General Meeting, to be voted on by the Shareholders at the General Meeting to authorise the Board to allot the Consideration Shares on a non-pre-emptive basis
"Arrangement"	includes any indemnity or option arrangements, or any agreement or understanding, formal or informal, of whatever nature, relating to the relevant securities which may be an inducement to deal or refrain from dealing
"Associate"	includes (without limitation) in relation to a company: I. its parent, subsidiaries and fellow subsidiaries, its associated companies and companies of which any such companies are associated companies (for this purpose ownership or control of 20% or more of the equity share capital of a company is regarded as the test of associated company status); II. its connected advisers (as defined in the Takeover Code) or the connected advisers to a company covered in (i) above, including persons (other than exempt principal traders or exempt fund managers) controlling, controlled by or under the same control as such connected advisers; III. its directors (together with their close relatives and related trusts); IV. its pension funds or the pension funds of a company covered in (i) above; and V. its employee benefit trusts or those of a company covered in (i) above.
"Board" or **"Directors"**	the board of directors of the Company as at the date of this Circular consisting of Clive Carver, Raul Curiel, Robert Fry, and Antony Barkwith

"borrowed" or "lent"	includes for these purposes any financial collateral arrangement of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code, but excludes any borrowed Ordinary Shares which have either been redelivered or accepted for redelivery
"Circular"	this document
"Companies Act" or "Act"	the Companies Act 2006 as amended from time to time
"Company" or "Aukett Swanke Group" or "ASG"	Aukett Swanke Group PLC, a company incorporated in England and Wales with registration number 02155571 whose registered office is situated at 10 Bonhill Street, London, England, EC2A 4PE
"Concert Party"	Together (i) Nick Clark & Siobhan Robinson; (ii) Keith McCullagh & Jean McCullagh; (iii) Freddie Jenner & Melanie Jenner; (iv) Jason Brameld; (v) Pamela Clark; and (vi) Simon Clark & Amanda Boyce
"Completion"	completion of the Initial Acquisition
"Completion Enlarged Share Capital"	the issued share capital of the Company at the date of Admission of the Consideration Shares (assuming that there is no further issue of Ordinary Shares, exercise of CSOP Options or exercise of ASG options in the capital of the Company)
"Connected Persons"	means in relation to a director, those persons whose interests in Ordinary Shares the director would be required to disclose pursuant to Part 22 of the Companies Act and related regulations and includes any spouse, civil partner, infants (including stepchildren), relevant trusts and any company in which a director holds at least 20% of its voting capital
"Consideration Shares"	the 110,142,286 new Ordinary Shares proposed to be issued to the Sellers in consideration of the Initial Acquisition
"CP Option Agreements"	means the option agreements to be entered into between the Company and each of Freddie Jenner and Jason Brameld on the date of Completion
"CP Options"	the options to be granted by the Company to Freddie Jenner and Jason Brameld to subscribe for the CP Options Shares pursuant to the CP Option Agreements
"CP Options Enlarged Share Capital"	the issued share capital of the Company at the date of Admission of the Consideration Shares and the CP Options Shares (assuming that no Additional Consideration Shares are issued and there is no further issue of Ordinary Shares or exercise of ASG options in the capital of the Company)
"CP Options Shares"	an aggregate of 8,400,000 Ordinary Shares
"CREST"	the computerised settlement system (as defined in the CREST Regulations) operated

	by Euroclear which facilitates the transfer of shares in uncertificated form
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755) including any enactment or subordinated legislation which amends or supersedes those regulations or any such enactment or subordinate legislation for the time being
"Drag-Along Notice"	the Drag-Along Notice sent to the Minority Sellers by the Principal Sellers, enclosing the Offer Document
"Equiniti"	Equiniti Limited, the Company's registrars
"Euroclear"	Euroclear UK & Ireland Limited, the operator of CREST
"FCA"	the Financial Conduct Authority
"Form of Acceptance"	the form of acceptance in relation to the Offer, enclosed with the Offer Document
"Form of Proxy"	the enclosed form of proxy for use by Shareholders at the General Meeting
"General Meeting" or "GM"	the general meeting of the Company convened by the Notice of General Meeting, to be held at the offices of the Company at 10 Bonhill Street, London, EC2A 4PE on 20 March 2023 at 10.00 a.m., notice of which is set out at the end of this document
"Group"	Aukett Swanke Group PLC and its subsidiaries
"Independent Shareholders"	Shareholders who are independent of a person who would otherwise be required to make a Rule 9 Offer and any person acting in concert with him or her (as defined by the Code) which, for the purposes of the Waiver, excludes all members of the Concert Party
"Initial Acquisition"	the proposed acquisition by Aukett Swanke Group of the entire issued share capital of TFG as at the date of this Circular, in accordance with the terms and conditions of the Offer Document, Transaction Agreement and Drag-Along Notice
"Issued Ordinary Shares"	the 165,213,652 Ordinary Shares in issue as at the Latest Practical Date
"Issue Price"	2.55 pence per Consideration Share and Additional Consideration Share
"Latest Practical Date"	28 February 2023, being the date that is the latest practicable date prior to the publication of this Circular
"Letter to Option Holders"	means the letter sent by TFG to the TFG Option Holders in relation to the Offer
"Lock-In Deed"	the deed between the Company and each of the Principal Sellers, further details of which are set out in paragraph 11 of Part III (*Additional Information*) incorporated into this document

"London Stock Exchange"	London Stock Exchange plc
"Longstop Date"	30 June 2023
"Minority Sellers"	the shareholders of TFG as at the date of this Circular, other than the Principal Sellers
"Notice of General Meeting"	the notice of general meeting which is set out at the end of this Circular
"Offer"	the offer made by ASG to buy the entire issued and to be issued share capital of TFG from the TFG Shareholders, as set out in the Offer Document
"Offer Document"	means the offer document dated 2 March 2023 sent by ASG to the TFG Shareholders
"Ordinary Shares"	the ordinary shares of £0.01 each in the capital of the Company
"Option Period"	means the six month period commencing on Completion
"Option Shares"	means any and all of the ordinary shares of £0.05 each in TFG which may be issued pursuant to the exercise of the TFG Options
"Panel"	the Panel on Takeovers and Mergers
"Participating TFG Option Holders"	the TFG Option Holders (other than those who are members of the Concert Party) who exercise their TFG Options at or after Completion in accordance with the TFG CSOP
"Principal Sellers"	the members of the Concert Party
"Resolutions"	the resolutions to be proposed at the General Meeting as set out in the Notice of General Meeting
"Rule 9 Offer"	a general offer under Rule 9 of the Takeover Code
"Securities Act"	US Securities Act of 1933, as amended from time to time
"Sellers"	the sellers of the ordinary shares of £0.05 each in TFG as at the date of this Circular, being the Principal Sellers and the Minority Sellers
"Shareholders"	the holders of Ordinary Shares
"Short Position"	means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require any other person to purchase or take delivery
"Strand Hanson"	Strand Hanson Limited, the Company's Nominated Adviser for the purposes of the AIM Rules and independent financial adviser for the purposes of Rule 3 of the Takeover Code
"subsidiary" or "subsidiary undertaking"	have the meanings given to them by the Act

"Takeover Code"	the City Code on Takeovers and Mergers
"TFG" or "Torpedo Factory Group"	Torpedo Factory Group Limited, a company registered in England and Wales with registration number 03298917 whose registered office is situated at The Old Torpedo Factory, St Leonard's Road, London, NW10 6ST
"TFG CSOP"	the Torpedo Factory Group Company Share Option Plan 2015 and 2017
"TFG Surrendered Option Holders"	Nick Clark, Freddie Jenner, Jason Brameld and any other TFG Option Holders who surrender their TFG Options prior to Completion in accordance with the Letter to Option Holders or Transaction Agreement (as applicable)
"TFG Options"	the options granted by TFG to various of its employees to subscribe for an aggregate of 352,500 ordinary shares of £0.05 each in TFG pursuant to the TFG CSOP
"TFG Option Holders"	the holders of TFG Options, other than the Principal Sellers
"TFG Shareholders"	the Principal Sellers and Minority Sellers
"TFG Shares"	means all of the issued shares in the capital of TFG
"Transaction Agreement"	the transaction agreement dated 28 February 2023 entered into by (i) Aukett Swanke Group and (ii) the Principal Sellers, further details of which are set out in Part II (*letter from the Chairman*) incorporated into this document
"Waiver"	the waiver granted by the Panel (conditional on the approval of the Waiver Resolution by the Independent Shareholders on a poll) of the obligation of the Concert Party to make a Rule 9 Offer under the Takeover Code on the allotment and issue to it (or members of it) of the Consideration Shares and CP Options Shares
"Waiver Resolution"	the ordinary resolution of the Independent Shareholders to approve the Waiver in respect of the issue and allotment of the Consideration Shares and CP Options Shares to be proposed on a poll at the General Meeting and set out in the Notice of General Meeting
"UK"	the United Kingdom of Great Britain and Northern Ireland
"£" or "Pounds"	the lawful currency of the UK

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our Privacy Policy.

END

MSCUPUQGWUPWPGG