



Communications with impact

9 November 2016

Porta Communications Plc
("Porta", "the Group" or "the Company")

Conversion of Debt
Due from Twenty20 Media Vision Limited to
Hawk Investment Holdings Limited

Porta Communications Plc, the international communications and marketing group, announces that it has agreed the settlement of debt due from the Company's subsidiary, Twenty20 Media Vision Limited (in Administration) ("**Twenty20**"), to Hawk Investment Holdings Limited ("**Hawk**"), a company beneficially owned by Bob Morton, a former director of Porta, and his wife, by way of the allotment and issue of 9.12 million new ordinary shares of 1p each ("**Ordinary Shares**") in the capital of the Company.

Gene Golembiewski, Finance Director, said: "We are pleased to have satisfied this liability, which results in no cash outflow from the Company. This loan conversion represents the first step in optimising the Company's capital structure and consolidating our financial position, following the series of start-ups and corporate acquisitions that we have made over the past few years. We continue to evaluate our balance sheet and future capital requirements."

At the time Twenty20 went into administration in February 2015, it had loans outstanding due to Hawk which Twenty20 defaulted on by virtue of entering into administration. The following sums are due by Twenty20 to Hawk as at 9 November 2016:

1. £831,149.39, representing a principal balance of £300,000 and all accrued standard interest, additional interest and interest on capital due, being the total sum of £531,149.39; and
2. £242,418.57, representing a principal balance of £87,500 and all accrued standard interest, additional interest and interest on capital due, being the total sum of £154,918.57 (the "**Twenty20 Loans**").

Due to the cross default provisions contained within Hawk's other loan agreements with the Company (including a secured discounted bond with a face value of £4.11 million), the Company has agreed with Hawk for the settlement of the principal of

the Twenty20 Loans by way of the issue of new Ordinary Shares in an agreement executed today (the "**Debt Conversion Letter**"). The terms of the Debt Conversion Letter are that the principal sums due to Hawk totalling £387,500 under the Twenty20 Loans are being converted into 9,117,647 new Ordinary Shares at an issue price of £0.0425 per new Ordinary Share (the "**Conversion Shares**").

Hawk has also agreed to assign to Porta all accruing interest and benefits of the Twenty20 Loans, to the extent that funds are received from the administrator in the future. Therefore, the total outstanding interest balances of £531,149.39 and £154,918.57 will not be payable by Porta, and should any amounts be distributed by the administrator of Twenty20 in respect of these balances, they will be receivable by the Company.

The Debt Conversion Letter includes that, in return for the allotment and issue of the Conversion Shares to Hawk, Hawk will provide the Company with:

1. an irrevocable waiver in respect of the Company's defaults under the various finance documents with Hawk in relation to the Company's liability for the default by Twenty20;
2. an irrevocable release of the Company and Twenty20 from all liabilities and obligations to Hawk under or pursuant to the Twenty20 Loans; and
3. an assignment of all Hawk's rights to the continuing accruing interest on the Twenty20 Loans and all and any funds Hawk may receive from the administrator of Twenty20 to the Company,

Following execution of the Debt Conversion Letter, the Company has today allotted and issued the Conversion Shares to Hawk.

Interest in Shares

Following the issue of the Conversion Shares, Bob Morton, via his beneficial ownership of Hawk and Hawk Pension Fund Limited, is beneficially interested in 54,053,965 Ordinary Shares, representing approximately 18.25 per cent. of the enlarged share capital.

Related Party Transaction

The Debt Conversion Letter is a related party transaction under the AIM Rules for Companies as Hawk is a substantial shareholder and is also a company beneficially owned by Bob Morton who had been a director of the Company within the past year. The directors of the Company consider, having consulted with Grant Thornton UK LLP, the Company's nominated adviser, that the terms of this transaction are fair and reasonable insofar as its shareholders are concerned.



Communications with impact

Application for admission to trading on AIM

Application has been made to the AIM Market of the London Stock Exchange ("AIM") for the Conversion Shares, which rank pari passu with the Company's existing issued ordinary shares, to be admitted to trading on AIM. Dealings on AIM are expected to commence at 8:00 a.m. on or around 15 November 2016 ("**Admission**").

Total Voting Rights

For the purposes of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules ("DTRs"), following Admission the issued ordinary share capital of the Company will comprise 296,259,832 Ordinary Shares with voting rights attached (one vote per share). The Company does not hold any shares in treasury. This figure of 296,259,832 may be used by the Company's shareholders as the denominator for the calculation by which they will determine whether they are required to notify their interest in, or a change to their interest in the share capital of Porta under the DTRs.

- ends -

The information contained within this announcement is considered to be inside information prior to its release.

Enquiries

Porta Communications Plc

Gene Golembiewski, Finance Director
www.portacomms.com
+44 (0) 20 7680 6500

Grant Thornton UK LLP (Nominated Adviser)

Philip Secrett
Samantha Harrison
Daniel Bush
+44 (0) 207 383 5100

N+1 Singer (Broker)

James Maxwell
Lauren Kettle
+44 (0) 20 7496 3000

Redleaf PR (Media Enquiries)

Charlie Geller

Sam Modlin

+44 (0) 20 7382 4769

Notes to Editors:

Porta has two divisions:

- Communications - financial, corporate and consumer public relations, public affairs and research;
- Marketing & Advertising - multi-capability marketing, brand and creative communications.

The Group has offices in Abu Dhabi, Beijing, Brisbane, Bristol, Canberra, Cardiff, Edinburgh, Hong Kong, London, Manchester, Melbourne, Singapore and Sydney.

The brands and companies it owns are: Newgate Communications, PPS Group, Redleaf Communications, Publicasity, 13 Communications, Newgate Sponsorship, 2112 Communications and Summit Marketing Services.

Porta Communications' corporate website is - www.portacomms.com