



Communications with impact

27 January 2017

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

Conversion of Retro Grand Debt

Porta Communications Plc, the international communications and marketing group, announces that it has agreed the settlement of a debt of £530,247 due to Retro Grand Limited ("**Retro Grand**") by way of the allotment and issue of 12,476,389 new ordinary shares of 1p each ("**Ordinary Shares**") in the capital of the Company (the "**Debt Conversion**").

Retro Grand is a company registered in the British Virgin Islands which is wholly owned by the Trustee of the Edward Trust. The Edward Trust is a trust whose principal beneficiary is Edward George Morton and is managed and administered by a corporate trustee, Morton PTC Limited, the directors of which include Susan Margaret Howard Morton, his mother, and his brother, Robert Walter Morton.

The terms of the Debt Conversion

The loan was made by Retro Grand on 21 July 2016 in the amount of £500,000 for a term of three months, at an annual interest rate of 12%, with the interest payable in full at the end of the loan term. The loan was extended for an additional three months on 21 October 2016. The total sum due as at 21 January 2017 was £530,247, consisting of the principal balance of £500,000 and interest of £30,247 (the "**Retro Grand Loan**").

The Company has agreed with Retro Grand to settle the Retro Grand Loan by way of the issue of new Ordinary Shares. The terms of the Debt Conversion are that the sum due to Retro Grand totalling £530,247 under the Retro Grand Loan is converted into 12,476,389 new Ordinary Shares at an issue price of £0.0425 per Ordinary Share (the "**Conversion Shares**").

Pursuant to the Debt Conversion, the Company has today allotted and issued the Conversion Shares to Retro Grand (subject only to admission).

Interest in Ordinary Shares

Following the issue of the Conversion Shares, Retro Grand is beneficially interested in 18,326,389 Ordinary Shares, representing approximately 5.69 per cent. of the enlarged issued share capital of the Company.

Related Party Transaction

The Debt Conversion constitutes a related party transaction pursuant to Rule 13 of the AIM Rules for Companies as Morton PTC Limited is the owner of Hawk Investment Holdings Limited (a substantial shareholder of the Company) as the trustee of the Morton Family Trust, and Retro Grand as the trustee of the Edward Trust.

The directors consider, having consulted with the Company's nominated adviser, Grant Thornton UK LLP, that the terms of this transaction are fair and reasonable insofar as the Company's shareholders are concerned.

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 30 January 2017 ("**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 321,926,396 Ordinary Shares with voting rights attached (one vote per share). The Company does not hold any shares in treasury. This figure of 321,926,396 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.

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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



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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