



Communications with impact

7 December 2016

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

**Acquisition of additional interest in Newgate Australia and Newgate Hong Kong**

Porta Communications Plc, the international communications and marketing group, announces that it has increased its equity ownership in Newgate Communications PTY Ltd ("Newgate Australia") and Newgate Communications (Hong Kong) Ltd ("Newgate Hong Kong").

Gene Golembiewski, Finance Director of Porta, said: "We have now reached the first stage, as outlined in the shareholder agreements, for us to increase our shareholding in Newgate Australia and Newgate Hong Kong. Both of these start-up businesses, which were funded by Porta, have gained traction very quickly in the initial start-up phase and have contributed significantly to Porta's growth and financial performance; solid proof that our overseas start-up strategy has delivered results and is an incentive for local management which, we believe, will benefit all shareholders."

**Newgate Australia**

Porta founded Newgate Australia as a 51 per cent subsidiary in 2013, with the remaining 49 per cent held by members of the Newgate Australia management team, including Brian Tyson, Felicity Allen and Campbell Moors, all current or former directors of Newgate Australia (the "Australian Management Shareholders"), and a number of other employee shareholders (together the "Australian Newgate Shareholders"). Under the terms of the shareholders' agreement between Porta and the Australian Newgate Shareholders (the "Australian Shareholder Agreement"), Porta has the right to acquire an additional 29 per cent of Newgate Australia from the Australian Newgate Shareholders, consideration for which is to be satisfied by the issue of new ordinary shares of 1p each in Porta ("Ordinary Shares"). This acquisition was to be staged in two parts; with 9 per cent being acquired during 2016 and 20 per cent being acquired during 2017.

Newgate Australia plan to launch an additional brand in Australia to help facilitate the future development and growth of this business in which Porta and the Australia Management team will be major beneficiaries. In light of this strategy and in order to align and incentivise the Newgate Australia management team to continue to drive their strong business performance, Porta and the Newgate Australia

Shareholders have agreed to amend the Australian Shareholder Agreement, including *inter alia* to:

- reduce the interest to be acquired by Porta during 2016 from 9 per cent to 6.86 per cent of Newgate Australia, by acquiring the entirety of Felicity Allen's (a recently ex-director of Newgate Australia) shareholding in Newgate Australia, rather than on a pro rata basis from each of the Australian Newgate Shareholders; and
- require Porta to acquire a further 4.428 per cent interest in Newgate Australia in 2017 and each of the subsequent four years. The subsequent acquisitions from the remaining Australian Newgate Shareholders will be on a pro rata basis, or as otherwise agreed between the Australian Newgate Shareholders, and notified to Porta in accordance with the Australian Shareholder Agreement. The consideration will be satisfied by the issue of ordinary shares in the capital of Porta.

Calculation of the consideration payable in respect of the acquisition described above remains unchanged from the original Australian Shareholder Agreement; being with reference to the profits after tax of Newgate Australia for the financial year prior to the year in which the acquisition is to be made (for example in reference to the profits after tax of Newgate Australia for the year to 31 December 2016 in respect of acquisitions to be made in 2017).

Consequently, Porta has acquired 6.86 per cent of Newgate Australia, increasing Porta's interest from 51 per cent to 57.86 per cent. The consideration for this additional interest is £345,840 which is being satisfied by the issue of 8,646,000 Ordinary Shares at a price of 4p per Ordinary Share, being the average of the middle market quotation for each of the last five business days preceding the date of issue. The share consideration is subject to a lock-in agreement which provides for a six-month lock-in period and a further six-month orderly market period.

### **Newgate Hong Kong**

Porta has also acquired a further 9 per cent of the share capital of Newgate Hong Kong that was held by Richard Barton and Zhang Yan, Grace (together the "Hong Kong Management Shareholders"), increasing Porta's interest from 51 per cent to 60 per cent. The consideration for the additional interest is £181,767 which is being satisfied by the issue of 4,544,175 Ordinary Shares at an issue price of 4p per Ordinary Share, being the average of the middle market quotation for each of the last five business days preceding the date of issue. The share consideration is subject to a lock-in agreement which provides for a six-month lock-in period and a further six-month orderly market period.

Under the terms of the shareholder agreement between Porta and the Hong Kong Management Shareholders, Porta has the right to acquire an additional 20 per cent of the share capital of Newgate Hong Kong from the Hong Kong Management Shareholders during 2018, calculated with reference to the profits after tax of Newgate Hong Kong for the year to 31 December 2017.



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## **Related Party Transaction**

The amendments made to the Australian Shareholder Agreement constitute a related party transaction under the AIM Rules for Companies as the Australian Management Shareholders are related parties by virtue of being directors of a subsidiary of Porta. 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.

## **Application for admission to trading on AIM**

Application has been made to the AIM Market of the London Stock Exchange ("AIM") for 13,190,175 new Ordinary 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 12 December 2016 ("**Admission**").

## **Total Voting Rights**

For the purposes of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules ("DTRs"), following Admission the issued share capital of the Company will comprise 309,450,007 Ordinary Shares with voting rights attached (one vote per share). The Company does not hold any shares in treasury. This figure of 309,450,007 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**

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**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](http://www.portacomms.com)