

Reconstruction Capital II Limited (the "Company")

Conditional asset sale

Reconstruction Capital II Ltd ("RC2", the "Company" or the "Group"), a close-end investment company incorporated in the Cayman Islands admitted to trading on the AIM market of the London Stock exchange, today announces the agreement to sell its 25.4% fully-diluted interest in Albalact SA, a publicly quoted Romanian dairy company ("Albalact"), to Lactalis.

Lactalis is a dairy manufacturing world-leader company owning many successful international brands such as "President", "Parmalat", and "Galbani". The Lactalis group now employs 75,000 people, and owns more than 200 plants, located in 43 countries around the world. In 2015 the Lactalis Group made a turnover of € 17 billion.

Lactalis has agreed to acquire the Albalact shares held by the Company and from certain other shareholders in Albalact representing in aggregate 70.29% of the fully-diluted issued share capital of Albalact (the "Transaction"). The closing of the Transaction, and consequently the obligation of Lactalis to launch a voluntary takeover bid for the whole of the issued share capital of Albalact (the "Offer") is subject to the fulfilment of a series of conditions precedent, including but without being limited to, favourable clearance by the Romanian Competition Council and the absence of a material adverse change, by 1 June 2016.

The agreed enterprise value (cash free, debt free) of Albalact is RON 407.3 million. The price per share will be determined using a formula starting from the enterprise value by applying contractually agreed net debt adjustments, divided by the total number of shares outstanding, minus treasury shares not allocated to an employee stock option plan currently due. The final price per share for the Offer will be computed as at the last day of the month immediately prior to the month when all the conditions precedent are satisfied, and shortly before the submission of the Offer filing by Lactalis. The launching of the Offer is further subject to Lactalis obtaining all relevant approvals from the Romanian Financial Supervisory Authority.

For illustrative purpose only and based on an adjusted net debt for Albalact of RON 118.2 million as of 30 September 2015, this would translate into a price per share of RON 0.4543. This represents a premium of approximately 37% over the closing price of Albalact shares on 27 January 2016, as quoted on the Bucharest Stock Exchange.

At this illustrative price per share, the Company's interest would be valued at RON 75.5m or EUR 16.7m based on an exchange rate of 4.5328 RON to 1 EUR. **Because of the conditionality of the Offer, and due to the requirement for the price to be set at a future date, there is no certainty that the Company will realize sale proceeds at this level or at all.**

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