

3 April 2017

## **Reconstruction Capital II Limited**

### **Disposal of the Top Factoring Group**

Reconstruction Capital II Limited (the "Company") announces that it has conditionally disposed of (a) its 93% interest in Top Factoring SRL ("Top Factoring"), a Romanian receivables collection company, and (b) the whole of the non-performing loan book held by the Company's wholly owned subsidiary Glasro Holdings Limited ("Glasro"), (together the "Top Factoring Group") to Intrum Justitia AB, a leading European credit management services group listed on NASDAQ Stockholm for an enterprise value of approximately €25 million (the precise amount being dependent on the date of closing) which, net of debt and minority interest, results in a cash consideration for the Company of approximately €13.85 million (the "Disposal"). From 31 December 2016, the Top Factoring Group is valued at €11.28 million in the Company's Net Asset Value computation.

A condition of the Disposal was the acquisition by Glasro of a 74.5% interest in Telecredit IFN SA ("Telecredit"), a Romanian non-banking financial institution that provides consumer loans (the "Acquisition"), which is majority-owned by Catalin Neagu, the founder and CEO of Top Factoring. The cash consideration for the Acquisition is €2.67 million, and Glasro has also committed to making a €0.15 million capital increase in Telecredit, bringing its total shareholding to 80%. For the year ended December 2016, Telecredit had unaudited net assets of €0.75 million, and reported total revenues of €1.13 million, profit before tax of €0.35 million and net loans of €0.53 million.

The net cash receivable by the Company and Glasro following the Disposal and the Acquisition is approximately €11 million, and funds will be received conditional on regulatory approval of Intrum's acquisition of Glasro's non-performing loan book, which is expected to take place by 30 April 2017. The Board has yet to conclude on the use of the cash proceeds and will advise shareholders in due course.

As part of the Acquisition, the Company has provided Mr Catalin Neagu (together with his wife a 100% shareholder of Telecredit) with a €0.15 million interest free loan to allow him to increase the shareholder equity of Telecredit (the "Loan"). The Loan is to be repaid to the Company from the cash proceeds received by Mr Neagu from the sale of Telecredit.

Mr Neagu is a director of Top Factoring and consequently, the Acquisition and the Loan constitute related party transactions pursuant to Rule 13 of the AIM Rules for Companies. The directors of the Company, having consulted with the Company's nominated adviser, Grant Thornton UK LLP, consider that the terms of the Acquisition and the Loan are fair and reasonable insofar as the Company's shareholders are concerned.

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