

1 November 2023

Proposed Cancellation of Admission to Trading on AIM

and

Notice of Annual General Meeting

Reconstruction Capital II Limited ("RC2", the "Company" or the "Group"), a closed-end investment company incorporated in the Cayman Islands admitted to trading on the AIM market of the London Stock Exchange, today announces that has posted a circular to shareholders (the "Circular") in connection with a proposal for the cancellation of admission of the ordinary shares in the Company (the "Ordinary Shares") to trading on AIM (the "Cancellation"), pursuant to Rule 41 of the AIM Rules for Companies (the "AIM Rules"), a proposal for the adoption of new memorandum and articles of association and continuation of the life of the Company.

The Circular will include a notice of the Annual General Meeting ("AGM") of the Company which is being convened for 10.00 a.m. on 29 November 2023, at the offices of Apex Group Fiduciary Services Limited at IFC 5, St Helier, Jersey JE1 1ST, for the purposes of considering and, if thought fit, passing the requisite shareholder resolutions to approve the Cancellation. In accordance with the requirements of the AIM Rules, the Cancellation is conditional upon the approval of not less than 75 per cent. of the votes cast by shareholders (whether present in person or by proxy) at the AGM.

Extracts of the Circular are set out in the Appendices of this announcement without material amendment or adjustment.

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The information contained within this announcement is deemed to constitute inside information as stipulated under the retained EU law version of the Market Abuse Regulation (EU) No. 596/2014 (the "UK MAR") which is part of the UK law by virtue of the European Union (Withdrawal) Act 2018. The information is disclosed in accordance with the Company's obligations under Article 17 of the UK MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

APPENDICES - EXTRACTS FROM THE CIRCULAR TO SHAREHOLDERS

APPENDIX I – LETTER FROM THE ACTING CHAIRMAN

Proposed Cancellation of admission of Ordinary Shares to trading on AIM, proposed Adoption of new Memorandum and Articles of Association, Continuation of the Life of the Company and Annual General Meeting

1 INTRODUCTION

- 1.1 At the Company's general meeting in 2018, Shareholders voted to extend the life of the Company, so that the next continuation vote would be held in 2023, and every two years thereafter. The Directors have concluded that given the slow process of selling the investments, exacerbated by the Covid-19 crisis followed by the war in Ukraine and resulting cost of living crisis, which has had a significant impact on the main investee company Policolor and on Mamaia Resort Hotels, it is in the best interests of the Company to further extend its life.
- 1.2 The Directors have also concluded that it is in the best interests of the Company and its Shareholders to seek Shareholder approval for the cancellation of the admission of the Ordinary Shares to trading on AIM. The Cancellation is conditional, pursuant to Rule 41 of the AIM Rules, upon the approval of not less than 75 per cent. of the votes cast by Shareholders (whether present in person or by proxy) at the General Meeting, notice of which is set out on page 12 of this document.
- 1.3 Given the proposed Cancellation, the Directors are also proposing to amend the Articles to reflect the Cancellation and also so that Shareholders will continue to be informed about the status of the Company with certain information rights.
- 1.4 The Board is aware that the proposed Cancellation, should it be approved by the Shareholders at the General Meeting, would make it more difficult for Shareholders to buy and sell Ordinary Shares. The Company, therefore, intends to make arrangements for a "matched bargain facility" to be established post Cancellation in order to assist Shareholders wishing to trade in the Ordinary Shares post Cancellation, assuming the Cancellation Resolution is passed. It is envisaged that the Matched Bargain Facility would be in place for at least twelve months post Cancellation.
- 1.5 The Company is seeking Shareholders' approval of the Cancellation, of the proposed changes to the Articles as a consequence thereof, and of the proposal to continue the life of the Company at the General Meeting, which has been convened for 29 November 2023. Finally, the Company is laying the balance sheet and auditors' report for the period ending 31 December 2022 before Shareholders and seeking the ratification of the same documents for the previous periods ending 31 December 2021. If the Cancellation Resolution is passed at the General Meeting, it is anticipated that the Cancellation will become effective at 7.00 am on 19 December 2023.
- 1.6 The purpose of this document is to seek Shareholders' approval for the Resolutions, to provide you with the information on the background and reasons for the Cancellation and changes to the Articles, and the proposed continuation of the life of the Company, and to explain the consequences of the Cancellation and changes to the Articles, and provide reasons why the Directors unanimously consider the Cancellation, the amendment to the Articles, the continuation of the life of the Company and the laying of the balance sheet and auditors' report for the period ending 31 December 2022 before Shareholders and the ratification of the same documents for the previous periods ending 31 December 2021 to be in the best interests of the Company and its Shareholders as a whole. The Notice of the General Meeting is set out on page 12 of this document.
- 1.7 It should be noted that interests directly and indirectly associated with Ion Florescu as beneficial owner of approximately 60.47 per cent. of the Company's voting share capital, are entitled to vote on the Cancellation Resolution and he has indicated to the Directors that such interests shall vote in favour of the Cancellation Resolution.

2 BACKGROUND TO AND REASONS FOR THE PROPOSALS

- 2.1 The Directors have conducted a review of the benefits and drawbacks to the Company and its shareholders in retaining its admission to trading on AIM and believe that Cancellation is in the best interests of the Company and its Shareholders as a whole. In reaching this conclusion, the Directors have considered the following key factors:
- 2.1.1 whilst in principle trading on AIM should give the Shareholders access to liquidity and give them the possibility to freely trade their shares, in reality, trading in the Company's shares has been minimal with a low total volume of trades evidenced over the last 12 months;
 - 2.1.2 the considerable cost, management time and the legal and regulatory burden associated with maintaining the Company's admission to trading on AIM are, in the Directors' opinion, disproportionate to the benefits to the Company and to its size; and
 - 2.1.3 the Directors believe that the continued admission to trading on AIM is highly unlikely to provide the Company with significantly wider access to capital.
- 2.2 Following careful consideration, the Directors unanimously believe that it is in the best interests of the Company and Shareholders, taken as a whole, to seek the proposed Cancellation at the earliest opportunity.
- 2.3 Given the slow process of selling the investments, exacerbated by the Covid-19 crisis followed by the war in Ukraine and resulting cost of living crisis, which has had a significant impact on Policolor (delaying its turnaround) and on Mamaia Resort Hotels, the Board believes that it should continue with its efforts to maximize the exit value of both investments before putting them up for sale. Whilst these macro events had a limited negative effect on the Company's most recent investment, Telecredit, it remains an early stage small and medium sized enterprise financing investment.
- 2.4 In order to continue the work on realising the Company's investments, the Board considers that the life of the Company should be extended for a further five years and that the current requirement to hold a continuation vote every two years would be inconsistent with this strategy. Accordingly, the Board is proposing an ordinary resolution that would extend the life of the Company and amendments to the Articles which would mean that the next continuation vote would be held in 2028 and then every five years thereafter. The Board will continue to apply the Company's existing investing policy approved by Shareholders in February 2018.

3 PROCESS FOR, AND PRINCIPAL EFFECTS OF, THE CANCELLATION

- 3.1 Under the AIM Rules, it is a requirement that the Cancellation must be approved by not less than 75 per cent. of votes cast by Shareholders at a General Meeting. Accordingly, the Notice of General Meeting set out in Part II of this document contains a special resolution to approve the Cancellation.
- 3.2 Furthermore, Rule 41 of the AIM Rules requires any AIM company that wishes the London Stock Exchange to cancel the admission of its shares to trading on AIM to notify shareholders and to separately inform the London Stock Exchange of its preferred cancellation date at least 20 Business Days prior to such date. In accordance with AIM Rule 41, the Company's Nominated Adviser has notified the London Stock Exchange of the Company's intention, subject to the Resolutions being passed at the General Meeting, to cancel the Company's admission of the Ordinary Shares to trading on AIM.
- 3.3 Accordingly, if the Cancellation Resolution is passed, it is expected that the Cancellation will become effective at 7:00 a.m. on 19 December 2023. If the Cancellation becomes effective, Grant Thornton UK LLP will cease to be nominated adviser of the Company and the Company will no longer be required to comply

with the AIM Rules. Furthermore, if the Resolution relating to the amendment and restatement of the Articles is passed, then the amended and restated Articles will come into effect on or after the Cancellation.

3.4 The principal effects of the Cancellation will be that:

- 3.4.1 there will be no formal market mechanism enabling the Shareholders to trade Ordinary Shares, no recognised market or trading facility is intended to be put in place to facilitate the trading of the Ordinary Shares post Cancellation (save for the intended Matched Bargain Facility described in paragraph 4 below, which will provide a limited mechanism to facilitate the trading of Ordinary Shares off-market), no price will be publicly quoted for the Ordinary Shares and the transfer of Ordinary Shares will be subject to the provisions of the Articles;
- 3.4.2 while the Ordinary Shares will remain freely transferrable, it is likely that the liquidity and marketability of the Ordinary Shares will, in the future, be more constrained than at present and the value of such shares may be adversely affected as a consequence;
- 3.4.3 in the absence of a formal market and quote, it may be more difficult for Shareholders to determine the market value of their investment in the Company at any given time;
- 3.4.4 the Company will no longer be subject to the UK MAR regulating inside information and other matters;
- 3.4.5 Shareholders will lose certain protections provided to minority shareholders by virtue of the Company being subject to the AIM Rules, and the existing Relationship Agreement with Mr Ion Florescu will automatically terminate. The Board has, however, negotiated a new relationship agreement with Mr Ion Florescu in which he gives the following main undertakings:
 - (i) that the Company will continue to be managed independently and for the benefit of the Shareholders as a whole (provided that nothing shall preclude him and/or his connected persons from providing loans and advisory services to the Company and its subsidiaries and exercising all of their rights in respect of such loans);
 - (ii) that, at all times, the majority of the Directors will be independent directors.
 - (iii) that all transactions and relationships between himself and/or a connected person on the one hand and the Company and/or any of its subsidiaries on the other hand, will be at arm's length and on a normal commercial basis.
- 3.4.6 the Company will no longer be required to seek Shareholder approval for reverse takeovers and fundamental changes in the Company's business;
- 3.4.7 the Company will not be bound to announce material developments as required by the AIM Rules and MAR, such as interim results, final results, substantial transactions, related party transactions, and the information maintained on the Company's website under AIM Rule 26. However, the Company intends to continue to maintain its website (<http://www.reconstructioncapital2.com>) and the Directors intend to provide quarterly reports and to continue to publish audited annual accounts of the Company;
- 3.4.8 Grant Thornton UK LLP will cease to be the Company's nominated adviser and the Company will cease to have a broker; and
- 3.4.9 the Cancellation may have taxation consequences for Shareholders. Shareholders who are in any doubt about their tax position should consult their own professional independent tax adviser.

- 3.5 There is currently no intention to change the existing Directors following the Cancellation.
- 3.6 The Company will continue to be subject to Cayman Islands law notwithstanding the Cancellation and will also continue to be bound by the provisions of the Articles, pursuant to which shareholder approval is required for certain matters.
- 3.7 Conditional on the Cancellation becoming effective, the Company proposes to amend and restate its Articles. The form of the proposed amended and restated Articles can be found on the Company's website (<https://www.reconstructioncapital2.com>) and a copy of the new articles and a redline of the articles showing the changes from the existing Articles accompany this Circular.
- 3.8 The amended and restated Articles will be updated and will not contain certain of the detailed provisions of the current Articles which are common for AIM-listed companies and which will not be necessary for the Company following the Cancellation. In summary, the key proposed amendments are set out below:
- 3.8.1 the period within which the Company is required to file its accounts shall be extended from six months (required for most listed companies) to nine months following the end of the financial year and certain specific accounts content requirements will no longer apply;
- 3.8.2 the requirement to hold annual general meetings shall be removed;
- 3.8.3 certain restrictions in the Articles relating to the Company's ability to issue new shares shall be removed (e.g. to ineligible investors or restrictions requiring the Company to obtain a valuation report in the case of shares issued for non-cash consideration);
- 3.8.4 references to telex and telefax shall be removed;
- 3.8.5 various historic references shall be removed (e.g. references to the Company's initial subscribers, admission document and AIM market buyback programme); and
- 3.8.6 potentially restrictive "objects" contained in the Articles shall be removed, along with other general updates required following changes to applicable laws.

The above considerations are not exhaustive and Shareholders should seek their own independent advice when assessing the likely impact of the Cancellation on them.

Certain Shareholders may be unwilling or unable to hold Ordinary Shares following the Cancellation and may wish to consider selling their Ordinary Shares in the market prior to the Cancellation becoming effective on 19 December 2023. The Board is however making no recommendation as to whether or not Shareholders should buy, continue to hold or sell Ordinary Shares.

4 TRANSACTIONS IN THE ORDINARY SHARES POST CANCELLATION

The Board is aware that the proposed Cancellation, should it be approved by Shareholders at the General Meeting, would make it more difficult for Shareholders to buy and sell Ordinary Shares should they wish to do so. Thereafter, the Company is making arrangements for the Matched Bargain Facility to assist Shareholders to trade in the Ordinary Shares from the date of Cancellation, if the Cancellation Resolution is passed. The Matched Bargain Facility will be provided by J P Jenkins, which is an appointed representative of Prosper Capital LLP, which is authorised and regulated by the UK Financial Conduct Authority. Under the Matched Bargain Facility, Shareholders or persons wishing to acquire or dispose of Ordinary Shares will be able to leave an indication with J P Jenkins, through their stockbroker, of the number of Ordinary Shares that they are prepared to buy or sell and the price at which they are prepared to do so. In the event that J P Jenkins is able to match that order with an opposite sell or buy instruction, it would contact both parties and then effect the bargain (trade). Should the Cancellation become effective, and the Company puts in place the Matched Bargain Facility, details will be made available to Shareholders on the Company's website. It should be noted, however, that there is no guarantee

that the Matched Bargain Facility will be established, or as to the liquidity such a facility would afford the Ordinary Shares post Cancellation. Therefore, Shareholders should carefully consider, inter alia, the effects of the proposed Cancellation set out above and seek their own independent advice when assessing the likely impact of the Cancellation.

The Matched Bargain Facility is intended to operate for a minimum of twelve months after Cancellation. The Directors' current intention is that it will continue beyond that time but Shareholders should note that it may not be put in place in the first instance or, if established, be withdrawn at short notice and therefore in both instances inhibit Shareholders' ability to trade the Ordinary Shares. Further details will be communicated to the Shareholders at the relevant time. If Shareholders wish to buy or sell Ordinary Shares on AIM, they must do so prior to the Cancellation becoming effective. As noted above, in the event that Shareholders approve the Cancellation, it is anticipated that the last day of dealings in Ordinary Shares on AIM will be 18 December 2023 and that the effective date of the Cancellation will be 19 December 2023 at 7.00 a.m.

5 GENERAL MEETING AND ACTION TO BE TAKEN

The Proposals are subject to the passing of Resolutions 1 to 3 to be proposed at the General Meeting. It is intended that this meeting should also constitute the Company's annual general meeting for 2023 and that the Company's balance sheet and auditors' report for the period ending 31 December 2022 be received, and those circulated in the previous years up to and including 31 December 2021 be ratified. Page 12 of this Circular contains a notice of the General Meeting of the Company to be held at 10.00 a.m. on 29 November 2023 when the following resolutions will be proposed:

1. the cancellation of the admission to trading on AIM (the market of that name operated by London Stock Exchange plc) of the ordinary shares of €0.01 each of the Company be approved;
2. that, in accordance with 138.2 of the Articles, the Company continues as presently constituted until the next continuation vote;
3. the adoption of new memorandum of association and articles of association of the Company in substitution for and to the exclusion of the existing memorandum of association and articles of association, conditional on the Cancellation becoming effective; and
4. the balance sheet and auditors' report for the period ending 31 December 2022 be received and those circulated in the previous years up to and including 31 December 2021 be ratified.

All votes on the Resolutions will be taken via a poll in accordance with the Articles.

Resolutions 1 and 3 are each proposed as a Special Resolution. Resolution 1 requires 75 per cent. of votes cast to be in favour to be approved and Resolution 3 requires the approval of two thirds of the total number of votes capable of being cast to be in favour to be approved.

Resolution 2 will be proposed as an Ordinary Resolution and, in accordance with the Articles, will be deemed not to have been passed if the votes against the Resolution constitute a majority against the Resolution and represent at least 25 per cent. of the total number of votes capable of being cast on that Resolution.

Resolution 4 will be proposed as an Ordinary Resolution and will be passed if the votes in favour constitute a majority of the members entitled to vote present at the meeting.

Shareholders will find enclosed with this Circular a Form of Proxy to enable you to vote at the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete and return the Form of Proxy in accordance with the instructions printed on it to the Company's Registrars, Apex Group Fiduciary Services Limited, so as to arrive no later than 10.00 a.m. (London time) on 29

November 2023. Completion and return of the form of proxy will not affect your right to attend in person and vote at the Annual General Meeting should you so wish.

6 RECOMMENDATION AND VOTING INTENTIONS

Your Board considers that the Proposals are in the best interest of the Company and its Shareholders as a whole and unanimously recommends Shareholders to vote in favour of all the Resolutions to be proposed at the General Meeting. Ion Florescu and shareholders directly and indirectly connected to him have advised the Board that they intend to vote their aggregate shareholding of 81,985,081 Ordinary Shares, representing approximately 60.47 per cent. of the issued share capital of the Company, in favour of the Resolutions.

APPENDIX II – EXPECTED TIMETABLE OF PRINCIPAL ⁽¹⁾ ⁽²⁾

Announcement of proposed Cancellation and notice provided to the London Stock Exchange	1 November 2023
Publication and posting of this document and Form of Proxy to Shareholders	1 November 2023
Latest time and date for receipt of Forms of Proxy in respect of the Annual General Meeting	10.00 a.m. on 29 November 2023
Time and date of the Annual General Meeting	10.00 a.m. on 29 November 2023
Expected last day of dealings in Ordinary Shares on AIM	18 December 2023
Expected time and date of Cancellation ⁽³⁾	7.00 a.m. on 19 December 2023

Notes:

(1) All of the times referred to in this document and the Form of Proxy refer to London time, unless otherwise stated.

(2) Each of the times and dates in the above timetable is subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through a Regulatory Information Service.

(3) The Cancellation requires the approval of not less than 75 per cent. of the votes cast by Shareholders at the Annual General Meeting

APPENDIX III – DEFINITIONS

In this Circular, unless the context otherwise requires, the following expressions bear the following meanings:

AIM	AIM, the market operated by the London Stock Exchange;
AIM Rules	the rules for AIM companies as published by the London Stock Exchange from time to time;
Announcement	the Company's announcement relating to the contents of this Circular, dated 1 November 2023;
Articles	the memorandum and articles of association of the Company as amended from time to time
Business Day	any day which is not a Saturday, Sunday or public holiday on which banks are open for business in the City of London;
certificated or in certificated form	a share or other security which is not in uncertificated form;
Cancellation	cancellation of the admission to trading on AIM of the Ordinary Shares, in accordance with Rule 41 of the AIM Rules, subject to passing of the Cancellation Resolution;
Cancellation Resolution	Resolution 1 to be proposed at the General Meeting;
Circular or 'this document'	this circular dated 1 November 2023;
Continuation	the continuation of the Company as constituted and referred to in Resolution 2;
Directors or Board	the directors of the Company from time to time;
Form of Proxy	the form of proxy for use at the General Meeting, which accompanies this document;
General Meeting or Annual General Meeting	the annual general meeting of the Shareholders, notice of which is set out on page 12 at the end of this document;
J P Jenkins	the trading name of InfnitX Limited (Company Number: 11551708), a company incorporated in England & Wales;
London Stock Exchange	London Stock Exchange plc;
Mamaia Resort Hotels	Mamaia Resort Hotels SRL, a company that owns and operates a hotel on the Black Sea coast in Romania;
Matched Bargain Facility	the trading facility operated by J P Jenkins to facilitate trading in the Ordinary Shares on a matched bargain basis following Cancellation, details of which are set out in this Circular;
NEC	New Europe Capital SRL, the Company's investment adviser;
Notice of General Meeting	the notice of the Annual General Meeting, which is set out on page 12 at the end of this document;
Ordinary Shares	ordinary shares of €0.01 par value each in the Company;
Policolor	Policolor S.A. and its subsidiaries, a group operating in the paints, resins and chemicals business in Romania and Bulgaria;

Proposals	the Cancellation, Continuation, adoption of a new memorandum of association and articles of association, receipt of the balance sheet and auditors' report for the period ending 31 December 2022 and ratification of these for the previous years ending on 31 December 2021;
Registrars	Apex Group Fiduciary Services Limited at IFC 5, St Helier, Jersey JE1 1ST;
Regulatory Information Service	has the meaning given to it in the AIM Rules for any of the services approved by the London Stock Exchange for the distribution of AIM announcements and included within the list maintained on the website of the London Stock Exchange;
Resolutions	the Resolutions to be put to the General Meeting as detailed in this Circular and in the Notice of the General Meeting;
Shareholders	holders of Shares;
Telecredit	Telecredit IFN SA, a Romanian non-banking financial institution whose main activity is providing factoring, discounting, and microloans to small and medium-sized companies;
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland;
UK MAR	Regulation (EU) (No 596/2014) of the European Parliament and of the Council of 16 April 2014 on market abuse to the extent that it forms part of the domestic law of the United Kingdom including by virtue of the European Union (Withdrawal) Act 2018 (as amended by virtue of the European Union (Withdrawal Agreement) Act 2020); and
uncertificated or in uncertificated form	a share or security recorded in the Company's register of members as being held in uncertificated form.