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If you have sold or transferred all of your holding of Existing Ordinary Shares, please forward this Circular together with the accompanying Form of Proxy for the Extraordinary General Meeting as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold part of your holding, please consult the stockbroker, banker or other agent through which the sale was made. This Circular does not comprise a prospectus for the purpose of the Prospectus Rules and has not been submitted to the Financial Conduct Authority.

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## **RECONSTRUCTION CAPITAL II LIMITED**

(an exempted company incorporated in the Cayman Islands with registration number HL156549)

**Proposed issue of €8,450,000 nominal value Convertible Loan Notes**

**Continuation of the life of the Company**

**Notice of Extraordinary General Meeting**

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To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. Grant Thornton UK LLP, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company and no one else in connection with the Proposals and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Grant Thornton UK LLP, nor for providing advice in relation to the Proposals in this Circular nor any other matter in relation to the contents of this Circular. Grant Thornton UK LLP is not making any representation or warranty, express or implied, as to the content of this Circular. No liability is accepted by Grant Thornton UK LLP for the accuracy of any information or opinions contained in or for the omission of any material information from this Circular, for which the Company and the Directors are solely responsible.

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This Circular should be read in its entirety. This Circular does not constitute an offer to sell or the solicitation of an offer to buy a security. Your attention is drawn, in particular, to the letter from the Chairman, set out at Part I of this Circular which contains the Directors' recommendation that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting.

Notice of an Extraordinary General Meeting of the Company to be held at the offices of Sanne Fiduciary Services Limited at 13 Castle Street, St Helier, Jersey JE4 5UT, at 10.00 a.m. on Wednesday 29 October 2014 is set out at the end of this Circular. To be valid, the Form of Proxy must be completed and returned so as to be received at the offices of Sanne Fiduciary Services Limited, as soon as possible and, in any event, no later than 10.00 a.m. on Monday 27 October 2014.

The return of a completed Form of Proxy will not preclude a member from attending and voting in person at the Extraordinary General Meeting.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<b>Event</b>	<b>Time and/or date</b>
Publication of this Circular and announcement of the Proposals	<b>6 October 2014</b>
Latest time and date for receipt of Forms of Proxy for the EGM	<b>10.00 a.m. on 27 October 2014</b>
Extraordinary General Meeting	<b>10.00 a.m. on 29 October 2014</b>
Results announced through a Regulatory Information Service	<b>29 October 2014</b>
Despatch of definitive Convertible Loan Note certificates	<b>By 7 November 2014</b>

Each of the times and dates in the above timetable are London times, unless otherwise stated and are subject to change at the absolute discretion of the Company. Any such change will be notified by an announcement on a Regulatory Information Service.

## KEY STATISTICS

Number of Existing Ordinary Shares as at the date of this Circular	100,000,000
Nominal value of the Convertible Loan Notes	€8,450,000
Estimated net proceeds of the Proposals	€8,233,000
Simple interest rate per annum of the Convertible Loan Notes	10 per cent.
Maximum amount repayable on the Repayment Date	€10,985,000
Maximum number of New Ordinary Shares to be issued upon conversion of all the Convertible Loan Notes	62,614,500
Enlarged ordinary share capital assuming conversion of all the Convertible Loan Notes	162,614,500
Percentage of the enlarged ordinary share capital represented by the New Ordinary Shares issued upon conversion of the Convertible Loan Notes on the Repayment Date	38.50 per cent.

## DEFINITIONS

The following definitions apply throughout this Circular unless the context requires otherwise:

"AIM"	AIM, a market operated by the London Stock Exchange
"AIM Rules"	the rules for companies whose securities are admitted to trading on AIM as published by the London Stock Exchange, as amended from time to time
"Bridge Loan"	a secured seven month loan for €6.75 million dated 1 April 2014 which was made to the Company by Ion Florescu
"Board" or "Directors"	the board of directors of the Company from time to time and as at the date hereof as set out on page 4 of this Circular
"Circular"	this document including all attachments and enclosed papers
"Company" or "RC2"	Reconstruction Capital II Limited, an exempted company incorporated in the Cayman Islands with registration number HL156549
"Conversion"	the conversion of the Convertible Loan Notes into New Ordinary Shares following exercise by a Noteholder of the conversion rights in accordance with the terms and conditions of the Convertible Loan Notes
"Convertible Loan Note Instrument"	the deed constituting the Convertible Loan Notes to be executed by the Company on 30 October 2014
"Convertible Loan Notes" or "Notes"	the 10 per cent. fixed rate €8,450,000 nominal value convertible secured loan notes, to be issued on the terms of the Convertible Loan Note Instrument, further details of which are set out in Part II of this Circular
"EGM" or "Extraordinary General Meeting"	the extraordinary general meeting of the Company to be held at the offices of Sanne Fiduciary Services Limited at 13 Castle Street, St Helier, Jersey JE4 5UT at 10.00 a.m. on 29 October 2014 (or any adjournment thereof)
"EGM Notice"	the notice of the EGM set out on pages 11 to 12 of this Circular
"Enlarged Ordinary Share Capital"	The enlarged ordinary share capital assuming conversion of all the Convertible Loan Notes
"Existing Ordinary Shares"	the 100,000,000 ordinary shares of €0.01 each in the capital of the Company in issue at the date of this Circular
"FCA"	the Financial Conduct Authority
"Form of Proxy"	the form of proxy accompanying this Circular for use in connection with the EGM
"FSMA"	the Financial Services and Markets Act 2000, as amended from time to time
"Grant Thornton"	Grant Thornton UK LLP, the Company's nominated adviser, which is a limited liability partnership incorporated and registered in England and Wales with registered number OC307742
"Investment Team"	together New Europe Capital SRL, New Europe Capital

DOO and New Europe Capital Limited

<b>"Issue"</b>	the proposed issue of €8,450,000 nominal value Convertible Loan Notes
<b>"London Stock Exchange"</b>	London Stock Exchange plc
<b>"NAV"</b>	net asset value per Share
<b>"New Ordinary Shares"</b>	new ordinary shares of €0.01 each in the capital of the Company resulting from conversion of the Convertible Loan Notes
<b>"Noteholder"</b>	a registered holder of the Convertible Loan Notes
<b>"Ordinary Shares"</b>	ordinary shares of €0.01 each in the capital of the Company
<b>"Proposals"</b>	the Issue and the continuation of the Company as proposed in Resolution 1
<b>"Prospectus Rules"</b>	the rules made by the FCA under Part VI of the FSMA in relation to offers of transferable securities to the public and admission of transferable securities to trading on a regulated market
<b>"Regulatory Information Service"</b>	as defined in the AIM Rules
<b>"Relationship Agreement"</b>	an agreement between Ion Florescu and the Company dated 3 October 2014
<b>"Repayment Date"</b>	30 October 2017
<b>"Resolutions"</b>	the resolutions to be proposed at the Extraordinary General Meeting, as set out in the EGM Notice
<b>"Restricted Jurisdiction"</b>	means the United States, Australia, Canada, Japan or the Republic of South Africa
<b>"Shareholder(s)"</b>	a holder of Existing Ordinary Shares
<b>"UK" or "United Kingdom"</b>	the United Kingdom of Great Britain and Northern Ireland
<b>"UKLA" or "UK Listing Authority"</b>	the Financial Conduct Authority in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>"United States" or "US"</b>	the United States of America, its territories and possessions and any state of the United States of America and the District of Columbia

All the times referred to in this Circular are London times unless otherwise stated.

References to the singular include the plural and vice versa.

## PART 1

### LETTER FROM THE CHAIRMAN

#### RECONSTRUCTION CAPITAL II LIMITED

(an exempted company incorporated in the Cayman Islands with registration number HL156549)

*Directors:*

Howard I. Golden (*Chairman*)  
Dirk Van den Broeck  
Markus Winkler  
Mihai Radoi

*Registered office:*

c/o Appleby Trust (Cayman) Limited  
Clifton House, 75 Fort Street  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

6 October 2014

*To Shareholders*

Dear Shareholder,

**Proposed issue of €3,450,000 nominal value Convertible Loan Notes  
Continuation of the life of the Company  
Notice of Extraordinary General Meeting**

#### 1. INTRODUCTION

On 1 April 2014, RC2 announced that the Board had decided to start a period of consultations with Shareholders relating to the issuance of a secured convertible bond in order to meet substantially all of the Company's liabilities and provide additional working capital for the following twelve months.

Having consulted a number of the Company's major Shareholders, the Board is now making proposals to Shareholders to issue the Convertible Loan Notes, and to extend the life of the Company for another two years, in order to provide more time for the asset divestment process.

The purpose of this Circular is to give you further information regarding the Proposals, to explain why your Board considers that they are in the best interests of the Shareholders and to seek your approval of certain Resolutions to be proposed at the EGM.

#### 2. BACKGROUND TO AND REASONS FOR THE PROPOSALS

On 14 December 2012, the Company held an Annual General Meeting at which its life was extended for two years in order to allow for the orderly sale of investments. Subsequently, the Investment Team initiated the sales process for certain investee companies and their underlying assets. Unfortunately, the exit process coincided with one of the worst periods for Foreign Direct Investment into South East Europe, and the efforts did not result in any substantial disposals.

Meanwhile, the Company continued to accrue liabilities as it was unable to pay its running costs. Initially these were primarily financed by the Investment Team agreeing to postpone the payment of their management and advisory fees, as well as by Director loans. However, this was not sufficient to meet all of the Company's needs. Consequently, in April 2012 the Company arranged a €3 million loan from a shareholder which was due for repayment in April 2014. The cost of this loan was high but it was expected to be temporary, based on the expectation that at least one divestment would occur during its term.

Whilst the Company started to receive dividends from certain of its investee companies in 2013, and managed to refinance loans it had made to some of its investee companies, it was not able to effect any substantial disposals of its assets prior to the repayment date of the shareholder loan.

On 1 April 2014, the Board announced that it had secured a Bridge Loan from Ion Florescu, at the time a Director of the Company. The Bridge Loan has been applied to repay the prior shareholder loan and some other accrued liabilities, and to provide working capital for the Company. The Bridge Loan is for a seven month term with repayment due on 31 October 2014 and is seen by the Board as a short term funding solution for the Company.

Although the asset divestment process is ongoing, in the absence of any firm commitments from buyers to acquire any of the investee companies, the Board considered that it was necessary to put the finances of the Company on a more stable footing by the issuance of an instrument which the Directors believe will provide sufficient funds to meet substantially all of the Company's liabilities, and the Company's working capital needs for the next twelve months.

The Board has considered several funding options for the Company and believes that the issuance of the Convertible Loan Notes will provide RC2 with financial stability over the term of the Notes.

As at the date of this Circular, the Company has received applications from certain existing Shareholders to take up €2,188,000 in aggregate of the Convertible Loan Notes. Subject to the Resolutions being agreed by Shareholders at the EGM Ion Florescu has provided an undertaking that, should there be insufficient demand for the Convertible Loan Notes, he or entities related to him would invest up to the amount of the Bridge Loan in Convertible Loan Notes.

### **3. OVERVIEW OF THE PRINCIPAL TERMS OF THE PROPOSALS**

A summary of the principal terms and conditions of the Convertible Loan Notes is contained in Part 2 of this Circular.

The Company will use all reasonable endeavours to procure that any New Ordinary Shares issued upon conversion of the Convertible Loan Note are admitted to trading on AIM as soon as practicable following conversion.

### **4. EFFECT OF THE PROPOSALS ON THE SHAREHOLDERS**

Assuming no further issues of Ordinary Shares, if Conversion were to occur in full, the Company would have an enlarged share capital comprising 162,614,500 Ordinary Shares and any Shareholder who does not subscribe for the Convertible Loan Notes would on Conversion suffer an immediate maximum dilution of approximately 38.5 per cent. to their shareholdings in the Company.

### **5. RELATED PARTY TRANSACTION**

Certain Directors, namely Howard I. Golden, Dirk Van den Broeck and Markus Winkler have subscribed for Notes to the value of €151,000, €202,000 and €110,000 respectively. Ion Florescu, a former Director has provided an undertaking that he or entities related to him would invest up to the amount of the Bridge Loan in Convertible Loan Notes. The Directors subscribing for Notes and Ion Florescu are related parties of the Company (as defined under the AIM Rules) and accordingly their participation in the Issue constitutes a related party transaction for the purposes of Rule 13 of the AIM Rules.

Mihai Radoi, who is not subscribing for Notes and is therefore an independent Director for these purposes, having consulted with the Company's nominated adviser, Grant Thornton, considers the participation by the other Directors and Ion Florescu in the Issue to be fair and reasonable insofar as Shareholders are concerned.

### **6. CURRENT TRADING**

On 1 October 2014, the Company announced that the unaudited NAV per Ordinary Share as at 31 August 2014 was €0.3669, which represents an increase of 3.59 per cent. from the 30 June 2014 figure of €0.3542 per Ordinary Shares, which was announced as part of the Company's Interim Results on 22 August 2014.

In May 2014, RC2 exchanged half of its shareholder loans to Klas (the bakery division of East Point Holdings Limited) for a 40.9 per cent. shareholding in the company, increasing its shareholding to 52 per cent.. Accordingly, the value of the shareholding in Klas as at 30 June 2014 increased to €1,666,836, having previously been valued at €677,100.

Policolor S.A., the largest investment of the Company, has agreed to sell its Bucharest site for €18.3 million, which is to be received over the next three years. The deal should generate net proceeds of €6.6 million for Policolor over the coming three years, after deducting the costs of building a new factory on which to relocate Policolor's production (estimated at €8.0 million), the demolition and environmental clean-up costs for the site (estimated at €1.0 million), and the estimated capital gains tax on the sale (€2.7 million).

Albalact SA and Top Factoring posted strong results in the first semester of 2014, with Albalact increasing its euro-denominated sales revenue by 10 per cent. and its recurring EBITDA following a similar trend. Top Factoring's EBITDA improved from €1.4 million to €2.4 million, largely due to the write-up of the valuation of its proprietary portfolios pursuant to quarterly impairment tests.

## **7. CONTINUATION OF THE COMPANY**

At the Company's Annual General Meeting in December 2012, Shareholders voted in favour of the life of the Company being continued for a further two years, during which time there would be an orderly realisation of the Company's current investments with no new investments being made.

At that time, the Board stated that due to the highly illiquid nature of the Company's private equity investments and the possible complexity of divestments, it was difficult to provide Shareholders with any certainty regarding the timetable for realisation, but did estimate that it could be approximately two to four years.

The Board, assisted by the Investment Team, has undertaken an exercise to estimate a realisation timetable. Although Shareholders should place only limited reliance on this information it is the Board's current estimate that the overall timetable for realisation will be a further two to three years. The Board therefore believes that the issuance of the Convertible Loan Notes represents an appropriate juncture at which to seek Shareholders' approval to continue the Company, as it is presently constituted, for a further two years.

It is therefore proposed that Resolution 1 will be put to Shareholders at the Extraordinary General Meeting to seek Shareholders' approval to continue the Company, as it is presently constituted, for a further two years until the Annual General Meeting to be convened in 2016.

## **8. RELATIONSHIP AGREEMENT**

Ion Florescu is currently the beneficial owner either directly or indirectly of 28,297,656 Ordinary Shares, representing approximately 28.3 per cent. of the voting rights of the Company. Should there be insufficient demand for the Notes, Ion Florescu has provided an undertaking that he or entities related to him would invest up to the amount of the Bridge Loan in Convertible Loan Notes, subject to the terms being those presented to Shareholders at the EGM. On the basis that Ion Florescu subscribes for €6.26 million of the Notes, being the amount not subscribed for by other investors, and based on the number of Ordinary Shares in issue and Notes to be issued as detailed in this Circular, Ion Florescu would be the beneficial owner, either directly or indirectly, of approximately 45.94 per cent. of the voting rights of the Enlarged Ordinary Share Capital of the Company on conversion of the Notes into Ordinary Shares.

As a consequence Ion Florescu would be able to exercise controlling influence on the business of the Company and may cause or take actions that are not in, or may conflict with, the best interests of the Company or its Shareholders as a whole.

Accordingly, the Company and Ion Florescu have entered into a relationship agreement dated 3 October 2014 which is conditional on Ion Florescu and his connected persons holding, at any time, Ordinary Shares representing 30 per cent. or more of the issued share capital and which regulates the relationship between the Company and Ion Florescu and his connected persons. Under the terms of the relationship agreement, Ion Florescu agrees not to carry on any activity in conflict with those of the Company which may lead to transactions and relationships between the Company and Ion Florescu and his connected persons which are not at an arm's length or on a normal commercial basis. Accordingly, Ion Florescu undertakes that to the extent that he or his connected persons are on the Board, he shall and shall procure that his connected persons abstain from voting at any meeting of the Board in relation to any matter in which he or his connected persons may be interested other by virtue of holding Shares and not prejudice the rights of minority Shareholders in a manner which does not affect him in the same way.

## **9. EXTRAORDINARY GENERAL MEETING**

A notice convening an Extraordinary General Meeting to be held at the offices of Sanne Fiduciary Services Limited at 13 Castle Street, St Helier, Jersey JE4 5UT at 10.00 a.m. on 29 October 2014 is set out at the back of this Circular. Set out below is a summary of the Resolutions which are to be proposed at the Extraordinary General Meeting. Resolution 1 will be proposed as an extraordinary resolution and Resolution 2 will be proposed as an ordinary resolution. The vote on Resolution 1 will be taken on a poll

and will be deemed not to have 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 2 will be deemed not to have passed unless a majority of the votes cast are in favour of the Resolution.

#### Resolution 1 – Continuation of the Company

Resolution 1 is being proposed to continue the Company as presently constituted for a further two years until the Annual General Meeting to be convened in 2016.

#### Resolution 2 – Authority to allot securities in connection with the Issue

Resolution 2 is being proposed to authorise the Directors to be authorised to issue Convertible Loan Notes up to an aggregate nominal amount of €8,450,000 including the right to convert the amounts outstanding on the basis of 7.41 New Ordinary Shares for every €1.00 of outstanding amount of principal of Convertible Loan Notes (or as the conversion ratio may be adjusted under the anti-dilution provisions of the Convertible Loan Notes).

Save in respect of the allotment of any New Ordinary Shares that may need to be issued pursuant to the terms of the Convertible Loan Notes, the Directors currently have no plans to issue any New Ordinary Shares.

### **10. ACTION TO BE TAKEN IN RESPECT OF THE EGM**

Shareholders will find enclosed with this Circular a Form of Proxy for use at the EGM. The Form of Proxy should be completed and returned in accordance with the instructions printed thereon so as to arrive at the Company's Registrars, Sanne Fiduciary Services Limited, 13 Castle Street, St Helier, Jersey JE4 5UT as soon as possible and in any event not later than 10.00 a.m. on 27 October 2014.

If the Form of Proxy is not returned by 10.00 a.m. on 27 October 2014, your vote will not count.

### **11. APPLICATIONS TO SUBSCRIBE FOR CONVERTIBLE LOAN NOTES**

As at the date of this Circular, the Company has received applications from certain existing Shareholders to take up €2,188,000 in aggregate of the Convertible Loan Notes. Ion Florescu has undertaken to subscribe for the balance of the Issue immediately following the EGM. The Company has also received irrevocable commitments from existing Shareholders to vote in favour of the Resolutions in respect of 41,867,122 Ordinary Shares representing approximately 41.87 per cent. of the Ordinary Shares in issue at the date of this Circular. Subject to the passing of the Resolutions, the Directors expect to constitute and issue the Convertible Loan Notes on 31 October 2014 following the EGM to such of those persons who have validly applied for them as the Directors then determine.

### **12. RECOMMENDATION**

The Directors, certain of whom have subscribed for Notes as set out in paragraph 5, believe that the Resolutions are fair and reasonable and in the best interests of the Shareholders of the Company as a whole. The Directors recommend that Shareholders vote in favour of the Resolutions as they intend to do so in respect of their aggregate holdings of 4,096,563 Ordinary Shares, equivalent to approximately 4.10 per cent. of the Existing Ordinary Shares.

Yours faithfully

**Howard I. Golden**  
Chairman  
Reconstruction Capital II Limited

## PART 2

### PRINCIPAL TERMS AND CONDITIONS OF THE CONVERTIBLE LOAN NOTES

<b>Issuer:</b>	The Company.
<b>Security Trustee:</b>	Josedo Limited, a company created by SMP Partners.
<b>Securities Offered:</b>	€8,450,000 principal amount of 10 per cent. convertible secured loan notes due 2017 of the Company (the " <b>Notes</b> ").
<b>Issue Price:</b>	At par.
<b>Issue Date:</b>	31 October 2014.
<b>Coupon:</b>	Simple interest at 10 per cent. per annum will accrue from the Issue Date until the Repayment Date.
<b>Security:</b>	<p>The Notes will be secured by first ranking securities granted by the Company over the shareholdings in and intercompany indebtedness owed to the Company by its direct subsidiaries, RC2 (Cyprus) Limited and Glasro Holdings Limited (being SPVs which hold the majority of the Company's investments).</p> <p>The security will be granted in favour of the Security Trustee on behalf of the Noteholders under a security trust deed in standard form. Instructions will be given to the Security Trustee, where required, by an extraordinary resolution of the Noteholders on which 75 per cent. of the votes cast are in favour ("<b>Extraordinary Resolution</b>")</p>
<b>Ranking:</b>	The Notes will rank in priority to all unsecured creditors. Without prior Noteholder consent by a resolution on which at least two-thirds of the votes cast are in favour, no dividends, returns of capital or other payments shall be made to any shareholder in respect of its shares until the Notes have been repaid in full.
<b>Repayment Date:</b>	30 October 2017.
<b>Mandatory Repayment:</b>	Customary early repayment provisions to apply, including on a takeover of the Company. In addition, at least 75 per cent. of the net proceeds received by the Company of a disposal of any investment held by the Company from time to time must be applied to redeem the outstanding Convertible Loan Notes (and any such disposal of an investment will result in the release of the security granted by the Company over that asset pursuant to the security trust deed).

<b>Early Prepayment:</b>	<p>At any time on not less than 45 days' prior written notice by the Company to the holders. No early repayment penalties apply unless the repayment occurs prior to the date falling 6 months after the Issue Date in which case the repayment amount shall include a minimum interest accrual equal to the interest which would otherwise have accrued between the Issue Date and the date falling 6 months after the Issue Date.</p> <p>Prepayment to be pro rata amongst holders by reference to principal amount held.</p>
<b>Repayment Amount:</b>	At the principal plus accrued but unpaid interest as of the date of repayment.
<b>Conversion:</b>	<p>Notes will be convertible at the option of the Noteholders at any time (including prior to any proposed repayment of Notes or equity issuance) on giving 15 days' prior written notice to the Company on the basis of:</p> <p style="padding-left: 40px;">7.41 new ordinary shares of €0.01 each in the capital of the Company for every €1.00 of principal of Notes (equivalent to a conversion price of €0.135 per new ordinary share)</p> <p>Any unpaid accrued interest on the Notes will be disregarded for the purposes of conversion and shall be cancelled.</p> <p>Fractional entitlements will be rounded down to the nearest whole share.</p>
<b>Anti-dilution:</b>	<p>Customary anti-dilution provisions in respect of issues of new shares at below the conversion price per share, bonus issues, consolidation, conversion, etc.</p> <p>Noteholders will be given the opportunity to convert their Notes into shares in the event of any equity issuance or a takeover offer being made for the Company.</p>
<b>Covenants:</b>	<p>Without prior Noteholder consent by a resolution on which at least two-thirds of the votes cast are in favour, no dividends, returns of capital or other payments shall be made to any shareholder in respect of its shares until the Notes have been repaid in full.</p> <p>Without prior Noteholder consent by Extraordinary Resolution:</p> <ul style="list-style-type: none"> <li>• No further debt may be incurred ranking ahead of or pari passu with the Notes</li> <li>• No new investments (other than follow-on investments in existing investments as permitted by the Company's investment policy)</li> </ul>
<b>Provision of Information</b>	The Company will provide information to Noteholders at the same time and on the basis as it is provided to shareholders (if a Noteholder is not also a shareholder).

**Events of Default:**

- Failure to pay on due date (subject to grace period of 14 days to cure)
- Insolvency
- Breach of terms of the Notes (subject to grace period of 14 days to cure)
- Failure to have authority to issue new shares in the Issuer on Conversion (subject to grace period of 14 days to cure)
- Change of the Company's investment policy without prior Noteholder consent by Extraordinary Resolution
- Any resolution to continue the life of the Company beyond the Repayment Date not being approved by shareholders

**Transferable:**

The Notes are transferable. The Notes will not however be listed on any exchange.

**Conditions to Issue:**

- Shareholder approval of the issue of the Notes
- Shareholder approval of the continuation of the Company until at least the Annual General Meeting of the Company to be held in 2016

**Governing law:**

English law.

## RECONSTRUCTION CAPITAL II LIMITED

(the "Company")

(an exempted company incorporated in the Cayman Islands with registration number HL 156549)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the Company will be held at the offices of Sanne Fiduciary Services Limited at 13 Castle Street, St Helier, Jersey JE4 5UT on 29 October 2014, at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions of which resolution 1 will be proposed as an extraordinary resolution in accordance with Note 1 and resolution 2 will be proposed as an ordinary resolution.

### RESOLUTIONS

1. THAT the Company continues as presently constituted for a further two years until the Annual General Meeting to be convened in 2016.
2. THAT, pursuant to the proposals described in the Company's circular to shareholders dated 6 October 2014, the directors be authorised to issue convertible loan notes up to an aggregate nominal amount of €8,450,000 and to allot ordinary shares following the conversion of such convertible loan notes into new ordinary shares in accordance with the terms of the instrument constituting the convertible loan notes.

*By order of the Board:*

Howard I. Golden  
Chairman

*Registered office:*  
c/o Appleby Trust (Cayman) Limited  
Clifton House, 75 Fort Street  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

### Notes:

1. The vote on Resolution 1 will be taken on a poll and will be deemed not to have 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.
2. A member of the company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend, speak and, on a poll, vote at the EGM instead of him or her provided that if more than one proxy is appointed each proxy is appointed to exercise rights attaching to different shares. A proxy need not be a member of the company.
3. To appoint more than one proxy, please photocopy the Form of Proxy indicating on each copy the name of the proxy you wish to appoint and the number of shares in respect of which the proxy is appointed and follow the instructions set out in the Form of Proxy.
4. A Form of Proxy is enclosed with this notice. Instructions for use are shown on the form.
5. To be valid, the Form of Proxy, together with any power of attorney or other authority under which it is signed, or a duly certified copy thereof, must be received by the Company's Registrars, Sanne Fiduciary Services Limited, not later than 48 hours before the time of the meeting or, as the case may be, the adjourned meeting. Completion and return of a Form of Proxy will not prevent a member from attending and voting in person at the meeting, or any adjournment thereof, in person if he wishes to do so.
6. Entitlement to attend and vote at the meeting or any adjournment thereof, and the number of votes which may be cast

thereat, will be determined by reference to the register of members of the Company at 6.00 p.m on the date two days before the date of the meeting or any adjourned meeting (as the case may be). Changes to the register of members after 6.00 p.m. on 27 October 2014 or, if the meeting is adjourned, after 6.00 p.m. on the day prior to the day immediately before the day fixed for the adjourned meeting, will be disregarded in determining the rights of any person to attend or vote at the meeting.

**RECONSTRUCTION CAPITAL II LIMITED**

**FORM OF PROXY FOR EXTRAORDINARY GENERAL MEETING**

I/We (BLOCK CAPITALS).....

of .....

.....

being a member of Reconstruction Capital II Limited (the "**Company**") appoint the chairman of the meeting (see **note 4** below) in respect of ..... ordinary shares held by me/us in the Company.

as my/our proxy to vote for me/us on my/our behalf at the extraordinary general meeting of the Company to be held on 29 October 2014 at 10.00 a.m. and at any adjournment of the meeting, on the following resolutions as indicated by an 'X' in the appropriate box, and on any other resolutions as he thinks fit:

<b>Business</b>		<b>For</b>	<b>Against</b>	<b>Vote Withheld</b>
Resolution 1	To continue the Company as presently constituted for a further two years.			
Resolution 2	To authorise the Directors to issue convertible loan notes			

Dated.....2014      Signature .....

**NOTES**

1. To be valid, completed forms must be returned to the Company by one of the following methods:
  - (a) in hard copy form by post, by courier or by hand to the Company's Registrars, Sanne Fiduciary Services Limited, at 13 Castle Street, St Helier, Jersey JE4 5UT; or
  - (b) when submitted by fax to +44 1534 769770 or by email to *RC2@sannegroup.com*

and in each case must be received by the Company not less than 48 hours before the time fixed for the meeting. If someone else signed the form on your behalf, you or that person must send the power of attorney or other written authority under which it is signed to the Company's Registrars so that it is received not less than 48 hours before the time fixed for the meeting.
2. A corporation must execute this form either under its common seal or under the hand of an officer or attorney duly authorised in writing.

3. This form enables you to instruct your proxy how to vote, whether on a show of hands or on a poll, on the resolutions to be proposed at the meeting. If you want your proxy to vote in a certain way on the resolutions specified please place an 'X' in the relevant boxes. If you fail to select any of the given options your proxy can vote as he or she chooses or can decide not to vote at all. The proxy can also do this on any other resolution that is put to the meeting. The 'Vote Withheld' option is provided to enable you to abstain on any particular resolution; however it should be noted that a 'vote withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
4. Every holder has the right to appoint some other person(s) of their choice, who need not be a shareholder, as their proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting, provided each proxy is appointed to exercise rights in respect of different shares. The appointment of the chairman as proxy has been included for convenience. If you wish to appoint any other person or persons as proxy or proxies delete the words "the chairman of the meeting" and add the name and address of the proxy or proxies appointed. If you do not delete such words and you appoint a proxy or proxies, the chairman shall not be entitled to vote as proxy. If your proxy is being appointed in relation to less than your full voting entitlement, the number of shares in respect of which each such proxy is to vote must be specified. In the absence of any specific direction, a proxy shall be deemed to be entitled to vote in respect of all the shares in the relevant holding.
5. To appoint more than one proxy, please photocopy this form indicating on each copy the name of the proxy you wish to appoint and the number of shares in respect of which the proxy is appointed.
6. In the case of joint holders, the signature of any one holder will be sufficient but the names of all the joint holders should be stated and the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority will be determined by the order in which the names stand in the register of members in respect of the shares.
7. Returning the form of proxy will not prevent you from attending the meeting and voting in person.
8. You may not use any electronic address provided either in this form of proxy or any related documents (including the notice of meeting) to communicate with the Company for any purposes other than those expressly stated.