

31 January 2017

Reconstruction Capital II Limited

Proposed Return of Capital to Shareholders

Reconstruction Capital II Limited (the "Company") today announces that it has posted an explanatory circular (the "Circular") to Shareholders proposing to return a total of €17 million representing approximately €0.115 pence per Share to Shareholders by way of an issue of redeemable B Shares.

Return of Capital

To effect the Return of Capital (subject to approval of all resolutions at the Extraordinary General Meeting)

- Shareholders will be issued with one B Share with a nominal value of €1.00, for every 8.685 Shares held on 23 February 2017
- It is expected that the B Shares will be redeemed on or around 14 April 2017 and Shareholders will receive €1.00 for each B Share on redemption
- Shareholders are being provided with the option to request an earlier redemption date for their B Shares with redemption requests to be received no later than 10.00 a.m. on 23 February 2017

The Circular includes a notice of the Company's Extraordinary General Meeting which is to be held at 10.00 a.m. at the offices of Sanne Trust Company Limited at 13 Castle Street, St Helier, Jersey JE4 5UT at 10.00 a.m. on Thursday 23 February 2017.

The information contained below has been extracted from, and should be read in conjunction with, the Circular. Capitalised terms used but not defined in this announcement will have the same meaning as set out in the Circular. The Circular will also be posted on the Company's website: <http://www.reconstructioncapital2.com/>

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Proposed Return of Capital to Shareholders

Introduction

On 30 November 2016, at the same time as seeking authority from Shareholders to continue the life of the Company by convening an annual general meeting, the Directors announced their intention to return the majority of the proceeds from the Company's sale of its shareholding in Albalact S.A. to Shareholders. On 22 December 2016, the Company announced the result of the annual general meeting where Shareholders voted to continue the life of the Company for a further two years until 2018. The purpose of the Circular is to set out the Board's proposals for the return of approximately €17 million of the net proceeds of the disposal to Shareholders, equivalent to approximately €0.115 per Share.

The Return of Capital is being made by means of a redeemable share structure involving the issue of B

Shares. Subject to Shareholder approval at an Extraordinary General Meeting to be held at 10.00 a.m. on 23 February 2017, it is proposed that Shareholders will receive redeemable shares (known as B Shares) which would then be redeemed for cash at the option of the Directors of the Company.

The B Share Proposals

Under the terms of the B Share proposals, Shareholders will receive 1 B Share with a nominal value of €1.00, for every 8.685 Shares held on 23 February 2017. It is expected that the B Shares will be redeemed on or around 14 April 2017 and Shareholders will receive €1.00 for each B Share on redemption. The B Shares will not be admitted to the London Stock Exchange's AIM market nor will the B Shares be admitted to trading on any recognised securities investment exchange.

The Directors have been advised that under Cayman law, the Company may capitalise any sum standing to the credit of any of the Company's reserve accounts which are available for distribution (including its share premium account) by the creation and issue of shares and treat the subsequent redemption of those shares at their par value as a payment out of capital.

The Directors have been further advised that under UK law, the tax treatment in the UK should follow the treatment of the redemption in Cayman and therefore that UK tax payers may treat the redemption of the B Shares as a capital receipt. **Shareholders should consult an appropriate independent professional adviser to determine how the return of proceeds will be treated in their hands for tax purposes.**

If the Resolutions are approved at the Extraordinary General Meeting, the Directors will subsequently capitalise the Company's share premium account in accordance with the Articles by applying the share premium towards the issue of the newly created redeemable, non-voting, transferable B Shares fully paid up at their nominal value.

Extraordinary General Meeting and summary explanation of the Resolutions

The Return of Capital will be implemented by an ordinary resolution and two special resolutions respectively authorising the Directors to:

1. increase the Company's authorised share capital from €3,000,000 divided into 300,000,000 Ordinary Shares having a nominal value of €0.01 each to €20,000,000 divided into 300,000,000 Ordinary Shares with a nominal value of €0.01 each and 17,000,000 non-voting, transferable B Shares with a nominal value of €1.00 each by the creation of an additional 17,000,000 non-voting, transferable B Shares having a nominal value of €1.00 (the "**Increase**");
2. issue the B Shares as redeemable shares; and
3. amend the capital clause of the Memorandum and article 4.1 of the Articles to reflect the Increase and that the amended and restated articles be adopted in substitution for the Company's existing Memorandum and Articles.

Action to be taken by Shareholders

Shareholders are requested to **complete and return the Form of Proxy enabling them to vote at the Extraordinary General Meeting in accordance with the instructions printed on it to the Company's Registrars, Sanne Fiduciary Services Limited, so as to arrive no later than 10.00 a.m. on 21 February 2017.** Completion and return of the form of proxy will not affect the right to attend in person and vote at the Extraordinary General Meeting should you so wish.

Redemption of the B Shares

The Company intends to redeem the B Shares on or around 14 April 2017.

If Shareholders would prefer the Directors to consider an earlier redemption date for their B Shares, then Shareholders should complete and return the enclosed Early Redemption Request Form in accordance with the instructions printed on it to the Company's Registrars, Sanne Fiduciary Services Limited, so as to arrive no later than 10.00 a.m. on 23 February 2017. Early Redemption Request Forms received after this date and time will not be considered by the Company and the B Shares held by the relevant Shareholder will

be redeemed on the final redemption date, which is intended to be 14 April 2017. The Directors expect to exercise their discretion to redeem B Shares where early redemption has been requested shortly after the B Shares have been issued. It is expected that payments in respect of early redemption proceeds will be made within 5 business days of 6 March 2017.

Shareholders whose Shares are not in their own name and who are holding their Shares through Euroclear or Clearstream should not execute the enclosed Form of Proxy (as well as the Early Redemption Request Form or the Bank Details Form) themselves. In such case, please ask your custodian bank to instruct Euroclear or Clearstream accordingly, as such forms are only valid if executed by, or on behalf of, the registered holder of the shares. PLEASE NOTE: If you are submitting forms through Euroclear or Clearstream there may be earlier deadlines than the one stated in this notice so you should contact your custodian bank or broker for information in this regard.

If your Shares are registered in the name of your custodian or broker, then the custodian or broker must sign and complete the Form of Proxy (as well as the Early Redemption Request Form and the Bank Details Form).

Recommendation

The Board considers that the Return of Capital is in the best interests of the Company and its Shareholders as a whole and unanimously recommends Shareholders to vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting, as the Directors intend to do in respect of their own beneficial holdings which, in aggregate, amount to 5,886,152 Shares representing approximately 3.99 per cent of the issued share capital of the Company.

Expected timetable of principal events

Date of Posting of Circular	30 January 2017
Record date for voting at Extraordinary General Meeting	6.00 p.m. on 21 February 2017
Latest time for receipt of Forms of Proxy	10.00 a.m. on 21 February 2017
Extraordinary General Meeting	10.00 a.m. on 23 February 2017
Record Date for B Shares Entitlements	6.00 p.m. on 23 February 2017
Latest time for receipt of Early Redemption Request Forms	10.00 a.m. on 23 February 2017
Credit share register with B Share Entitlements	24 February 2017
Final date for redemption of B Shares	14 April 2017

Definitions

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

Admission Document	the document issued by the Company on 19 December 2005 relating to the admission of the Company's Shares to trading on AIM
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Adviser	New Europe Capital SRL
Articles	the articles of association of the Company as at the date of the Circular
B Shares	means the non-voting, transferable redeemable shares of €1.00 each in the capital of the Company proposed to be issued on the terms set out in Resolution 2
B Share Entitlements	means the entitlements of those Shareholders holding Ordinary Shares on the Record Date to be issued B Shares pursuant to the terms and conditions set out in the Circular;
Circular	the document dated 30 January 2017, addressed to the Shareholders
Company	Reconstruction Capital II Limited
Directors or Board	the directors of the Company from time to time
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 on 23 February 2017
Memorandum	the memorandum of association of the Company as at the date of the Circular
Resolutions	Resolutions 1, 2 and 3 to be put to the Extraordinary General Meeting as detailed on page 11 of the Circular and in the notice of the Extraordinary General Meeting
Return of Capital	the transaction comprising the return of approximately €17 million in cash to Shareholders by means of the issue of B Shares
Shareholders	holders of Shares
Share(s) or Ordinary Shares	ordinary shares of €0.01 each in the capital of the Company