

**Reconstruction Capital II Limited**  
("RC2" or the "Company")

7 October 2011

**Loan to Klas d.o.o. ("Klas")**

In order to help fund Klas's investment commitments to the Serbian Privatization Agency, RC2 has made a short term loan of € 0.95million to Klas, which in turn has been financed by a €0.95million unsecured bridging loan to RC2 from certain of its directors (the "Loan"). The Loan has a 1% arrangement fee and an annual interest rate of 8% if the loan is repaid within six months, 9% if the loan is repaid within nine months, and 10% if the loan is repaid within twelve months. The Loan is necessary because RC2 is fully invested and is currently selling down its investments held under the Trading Programme to meet its own working capital needs.

The Loan constitutes a Related Party transaction under AIM Rule 13. The independent director of RC2 who did not participate in the provision of the Loan considers, having consulted with its Nominated Adviser, that the terms of the Loan to be fair and reasonable in so far as its shareholders are concerned.

**For further information, please contact:**

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