

1 April 2014

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

Financing Update

RC2 today announces that the board of RC2 has decided to start a period of consultations with shareholders relating to the issuance of a €9.0m secured convertible bond (the "Convertible") in order to repay all the existing liabilities of the Company and provide additional working capital for the next twelve months (the "Fundraising"). The issuance of the Convertible will be subject to shareholder approval and it is currently anticipated that the opportunity to participate in the Convertible will be extended to qualifying shareholders of the Company. A further announcement in this regard will be made in due course

The Board has also secured a €6.75 million bridge loan (the "Loan") from Ion Florescu (the "Lender"), a Director of the Company, which will be applied to repay the existing loan and accrued interest from Northview Investment Fund Ltd of €3.75 million, €0.75 million of outstanding Director loans, €1.5 million to repay outstanding fees to the Investment Manager and Investment Advisers, and €0.75 for general working capital purposes until the Fundraising is completed. The part of the Loan which will be used to repay the Northview loan is to be drawn during the first week of April, whilst the remaining tranche would be drawn by the end of May.

The Loan will be for a four month term, carries an interest rate of 12% per annum and has no arrangement fee. The Loan is secured by means of a pledge against a substantial proportion of the assets currently held by RC2.

The Lender has provided an undertaking that he would convert the Loan into the Funding Instrument subject to the terms being within certain parameters to be agreed by the shareholders on the Company at a general meeting.

The Lender is a Director of the Company. The Loan therefore constitutes a Related Party transaction under AIM Rule 13. The Directors of RC2 (other than Ion Florescu) consider, after consultation with the Company's Nominated Adviser, that the terms of the Loan are fair and reasonable in so far as its shareholders are concerned.

For further information, please contact:

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