

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or about what action to take, you are recommended immediately to seek your own professional advice from your stockbroker, solicitor, accountant or other appropriately qualified independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are taking advice in the United Kingdom or, if you are taking advice in another jurisdiction, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Shares in Reconstruction Capital II Limited you should pass this Circular with the accompanying Form of Proxy for the Extraordinary General Meeting as soon as possible, to the purchaser or transferee or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee. This Circular does not comprise a prospectus for the purpose of the Prospectus Rules and has not been submitted to the Financial Conduct Authority.

Reconstruction Capital II Limited

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

Proposed Return of Capital to Shareholders

and

Notice of Extraordinary General Meeting

Notice of the Extraordinary General Meeting of the Company to be held at 10.00 a.m. at the offices of Sanne Fiduciary Services Limited at 13 Castle Street, St Helier, Jersey JE4 5UT on 23 February 2017 is set out at the end of this document.

To be valid, Forms of Proxy for use at the meeting must be completed and returned in accordance with the notes to the Notice of Meeting and the Form of Proxy itself.

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ACTION TO BE TAKEN

SHAREHOLDERS WILL FIND ENCLOSED A FORM OF PROXY - PLEASE COMPLETE AND RETURN THE FORM OF PROXY TO INDICATE HOW YOU WISH TO VOTE ON THE RESOLUTIONS

There are three proposals for Shareholders to consider and vote on:

INCREASE IN AUTHORISED SHARE CAPITAL

1. Ordinary Resolution:

That the authorised share capital of the Company be increased 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 having a nominal value of €0.01 each and 17,000,000 non-voting, transferable B Shares having 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 each (the "Increase").

2. Special Resolution:

That the B Shares are issued as liable to be redeemed at the option of the Company.

AMENDMENT OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION

3. Special Resolution:

That the capital clause of the Memorandum and Article 4.1 of the Articles be amended to reflect the Increase and that amended and restated memorandum and articles of association be adopted in substitution for and to the exclusion of the existing Memorandum and Articles of the Company.

The Board recommends that Shareholders vote FOR all three Resolutions.

Whether or not you intend to be present at the Extraordinary 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, Sanne Fiduciary Services Limited at the address shown below, 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 your right to attend in person and vote at the Extraordinary General Meeting should you so wish.

Sanne Fiduciary Services
Limited
13 Castle Street
St Helier
Jersey
JE4 5UT
Attn: Jon Fitzmaurice

If Shareholders have any queries regarding the completion of the Form of Proxy, please contact Jon Fitzmaurice of Sanne Fiduciary Services Limited, by telephone on +44 (0) 1534 722787 or by e-mail at RC2@sannegroup.com. Please note that Sanne Fiduciary Services Limited can only give procedural advice and is not authorised to provide investment advice.

SHAREHOLDERS WILL FIND ENCLOSED AN EARLY REDEMPTION REQUEST FORM - PLEASE COMPLETE AND RETURN THE EARLY REDEMPTION REQUEST FORM IF YOU WOULD LIKE THE DIRECTORS TO REDEEM ALL OF THE B SHARES TO BE ISSUED TO YOU AS SOON AS THE DIRECTORS CONSIDER FIT AND BEFORE 14 APRIL 2017

Subject to the passing of the Resolutions, the Directors shall use their discretion to redeem the B Shares in issue on or around 14 April 2017. However, the Directors intend to give Shareholders the opportunity to request that the Directors consider redeeming their B Shares beforehand. If Shareholders would prefer the

Company to redeem their B Shares sooner than 14 April 2017, 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 at the address shown above, so as to arrive no later than 10.00 a.m. on 23 February 2017. If Shareholders request early redemption of their B Shares the Directors anticipate the redemption payment will be paid on or around 6 March 2017. In the absence of receipt of a validly completed Early Redemption Request Form, the Company shall redeem the outstanding B Shares on or around 14 April 2017.

SHAREHOLDERS WILL FIND ENCLOSED A BANK DETAILS FORM - PLEASE COMPLETE AND RETURN THE BANK DETAILS FORM

Shareholders are requested to provide their bank details so that they can be paid directly into a designated bank account with the redemption payment unless they hold their Shares in Clearstream or Euroclear (in which case their redemption proceeds will be paid to them through Clearstream or Euroclear (as the case may be)).

Please note:

If your Shares are registered under your own name, please indicate, on the enclosed Form of Proxy, your voting instructions OR appoint an individual or entity to attend on your behalf and vote on your behalf at the Meeting. If you would like to request an early redemption, please complete and submit the Early Redemption Request Form at the same time.

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).

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 ¹	14 April 2017

The Directors anticipate that Shareholders who have provided their bank details to the Company's Registrars by completing the Bank Details Form and Shareholders who will receive redemption payment on redeemed B Shares held with Clearstream or Euroclear will have their accounts credited within 5 business days of the relevant date of the redemption.

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.

For the avoidance of doubt, any reference in this Circular to a time is to GMT.

¹ The Directors will consider requests for earlier redemptions which are validly made by completing and returning the enclosed Early Redemption Request Form in accordance with the instructions printed on it.

DEFINITIONS

In this 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
Adviser	New Europe Capital SRL
Articles	the articles of association of the Company as at the date of this 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 this Circular;
Circular	this 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 this Circular
Resolutions	Resolutions 1, 2 and 3 to be put to the Extraordinary General Meeting as detailed on page 11 of this 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

LETTER FROM THE CHAIRMAN

Reconstruction Capital II Limited

Clifton House 75 Fort Street
PO Box 1350
Grand Cayman
KY1-1108
Cayman Islands
30 January 2017

Directors:

Dirk Van den Broeck, Chairman

Markus Winkler

Mihai Radoi

Dear Shareholder

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 this 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, 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.

Your approval of the Return of Capital is being sought at an Extraordinary General Meeting to be held at 10.00 a.m. on 23 February 2017. The notice of the Extraordinary General Meeting is set out at the end of this document.

Background to and reasons for the Return of Capital

The Company sold its interests in Albalact S.A., one of its main investments, for a total consideration of €19.5 million in September 2016. This represents a premium of just under 60% over the valuation of this investment in the Company's books the month prior to the announcement of the agreement to sell this investment, and a premium of approximately 100% over the valuation of this investment the month prior to the 2014 shareholder vote on the continuation of the life of the Company.

Following the receipt of the proceeds from this sale, the Board, in conjunction with the Adviser, has been examining various options for the return of approximately €17 million, being the majority of the proceeds to Shareholders. The Company will retain the balance of the net proceeds received from the sale to provide it with sufficient funds for working capital purposes, and, if needed, some funds to provide limited support to investee companies to help them grow prior to their realisation.

The Board believes that the issue of B Shares will offer an efficient way of returning the capital proceeds to Shareholders.

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.

Resolution 1 proposes the increase of the authorised share capital of the Company 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 having a nominal value of €0.01 each and 17,000,000 non-voting, transferable B Shares having 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 each. Resolution 1 is an ordinary resolution. The B Shares will have the same rights as, and rank *pari passu* with, the existing Shares, except to the extent that they are not entitled to vote at general meetings and are redeemable at the option of the Company.

Resolution 2 proposes to authorise the Directors to issue the non-voting, transferable B Shares as redeemable at the option of the Company. Resolution 2 is a special resolution.

Resolution 3 proposes the amendment of the capital clause of the Company's Memorandum and Article 4.1 of the Articles to reflect the increase in the Company's authorised share capital pursuant to resolution 1 and the adoption of an amended and restated memorandum and articles in substitution for the existing Memorandum and Articles. Resolution 3 is a special resolution. Except for this amendment to the capital clause and Article 4.1 of the Articles to record the creation of the B Shares, no further changes are being made to the Articles.

Fractional Entitlements

B Share entitlements arising pursuant to the Return of Capital will be rounded down to the nearest whole number and any fractional entitlements to B Shares will not be issued and allotted.

Action to be taken by Shareholders

Shareholders will find enclosed with this Circular a Form of Proxy to enable you to vote at the Extraordinary 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, 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 your right to attend in person and vote at the Extraordinary General Meeting should you so wish.

Shareholders will also find enclosed with this Circular an Early Redemption Request Form (explained below) and a Bank Details Form. The Bank Details Form is the form which registered Shareholders should complete to confirm their bank account details so that they can be paid directly and have their bank accounts credited with the redemption payment. Shareholders who hold Shares in Clearstream or Euroclear do not need to complete or return a Bank Details Form.

If your Shares are registered under your own name, please indicate, on the enclosed Form of Proxy, your voting instructions OR appoint an individual or entity to attend on your behalf and vote on your behalf at the Meeting. If you would like to request an early redemption, please complete and submit the Early Redemption Request Form at the same time.

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. 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).

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. 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. If no Early Redemption Request Form is validly completed by a Shareholder, or a duly completed form is received by the Company after 10:00 a.m. on 23 February 2017, the B Shares held by the relevant Shareholder will not be redeemed early but will be redeemed on the final redemption date, which is intended to be 14 April 2017.

If Shareholders request early redemption of their B Shares the Directors anticipate the redemption payment will be paid into Shareholders' bank accounts or credited to their Clearstream or Euroclear accounts (as applicable) on or around 6 March 2017. It is expected that payments in respect of early redemption proceeds will be made within 5 business days of 6 March 2017.

Recommendation

Your 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 your 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.

Yours sincerely

Dirk van den Broeck
Chairman

RECONSTRUCTION CAPITAL II LIMITED

(the "Company")

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

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 at 10.00 a.m. on 23 February 2017 for the purpose of considering and, if thought fit, passing the following resolutions:

RESOLUTIONS

INCREASE IN AUTHORISED SHARE CAPITAL

1. RESOLVED as an ordinary resolution that the authorised share capital of the Company be and is increased 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 having a nominal value of €0.01 each and 17,000,000 non-voting, transferable B Shares having 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 each (the "Increase").
2. RESOLVED as a special resolution that the B Shares be issued as liable to be redeemed at the option of the Company.

AMENDMENT OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION

3. RESOLVED as a special resolution that the capital clause of the memorandum of association and Article 4.1 of the articles of association be amended to reflect the Increase and that amended and restated memorandum and articles of association be adopted in substitution for and to the exclusion of the existing memorandum and articles of association of the Company.

By order of the Board:
Dirk van den Broeck
Director

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

30 January 2017

NOTES:

1. 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 ordinary 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 ordinary 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 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 such date 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.
7. Shareholders whose ordinary 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. 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 ordinary shares. 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.
8. If your ordinary shares are registered in the name of your custodian or broker, then the custodian or broker must sign and complete the Form of Proxy.