27 March 2017

**Reconstruction Capital II Limited**

**Loan to Policolor**

Reconstruction Capital II Limited (the “Company") announces that its subsidiary RC2 (Cyprus) Limited has provided a bridging loan of up to €1.5 million to Policolor S.A. (the “Policolor Loan”) secured by a first rank share pledge over certain shares in its subsidiary that has an interest in the trading business Orgachim AD. The Policolor Loan will carry an interest rate of 6% and a six month term.

Policolor S.A. requires the funds to meet its payment obligations under a settlement reached with former purchasers of its main Bucharest site so as to free the site from any encumbrance and allow the sale of the site to a new party. To fund this loan, Ion Florescu will loan €1.13 million to RC2 (Cyprus) Limited (the “RC2 Loan”) which is also secured by a first rank share pledge over certain shares in the subsidiary of Policolor S.A. that has an interest in the trading business Orgachim AD. The RC2 Loan will have an interest rate of 5% and a six month term. The Policolor Loan is pro rata to the 40% equity interest held in Policolor S.A. by RC2 (Cyprus) Limited. Ion Florescu will provide a further loan of €2.2 million at the same terms and conditions directly to Policolor.

By virtue of the direct and indirect shareholdings held by Ion Florescu in both the Company and in Policolor S.A., the Policolor Loan and the RC2 Loan constitute related party transactions pursuant to Rule 13 of the AIM Rules for Companies. The directors of the Company, having consulted with the Company's nominated adviser, Grant Thornton UK LLP, consider that the terms of the Policolor Loan and the RC2 Loan are fair and reasonable insofar as the Company's shareholders are concerned.

**For further information, please contact:**

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