**20 September 2016**

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

**Sale of the Company's shareholding in Albalact SA**

Reconstruction Capital II Ltd ("RC2" or the "Company"), a closed-end investment company incorporated in the Cayman Islands admitted to trading on the AIM market of the London Stock Exchange, today announces that further to the announcement made on 5 August 2016 relating to the Public Offer for a voluntary takeover bid by Lactalis of Albalact SA, ("Albalact") a publicly quoted Romanian dairy company, and following the closing of the Public Offer on 14 September 2016, the Company's 166,100,478 shares, representing a 25.4% stake in Albalact, have been acquired by Lactalis at RON 0.5252 per share.

Accordingly, RC2 has received today a total of RON 87.027 million (net of brokerage fees), or EUR 19.572 million based on the exchange rate of 4.4464 RON to 1 EUR prevailing as at 20 September 2016. At this exchange rate, the Company has realised a gain of EUR 3.15 million on the book value of its holding in Albalact as at 30 June 2016, and a profit of EUR 14.9 million on the total cost of its investment.

In the first instance, the Directors intend to use the proceeds of the sale to repay the residual balance of the loan notes that have not already been converted, which was EUR 5.8 million as at 19 September 2016, to the extent that such loan notes are not subsequently converted into equity by their holders. Furthermore, the Directors intend to propose to the shareholders that the bulk of the balance be returned to them, having set aside an adequate amount for working capital purposes. An announcement with further details will be made in due course.

The information contained within this announcement is considered to be inside information prior to its release, as defined in Article 7 of the Market Abuse Regulation No. 596/2014, and is disclosed in accordance with the Company's obligations under Article 17 of those Regulations.

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