

Description

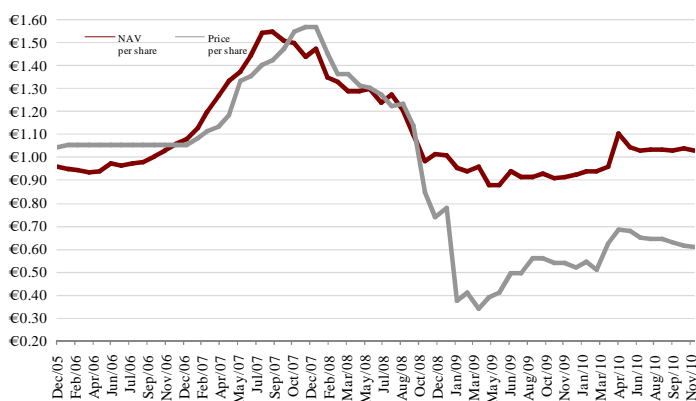
Reconstruction Capital II ("RC2" or the "Fund") is a closed-ended, absolute return driven investment fund, incorporated in the Cayman Islands. The fund invests in Private Equity & Listed Securities in South-East Europe. RC2 was admitted to the AIM market of the London Stock Exchange in December 2005 raising €24m initially, with two follow-on offerings in May-06 and Dec-07 raising a further €40m and €71m net of expenses respectively. New Europe Capital Ltd (London) is the investment manager to RC2. New Europe Capital SRL (Bucharest) and New Europe Capital DOO (Belgrade) are the investment advisers to RC2.



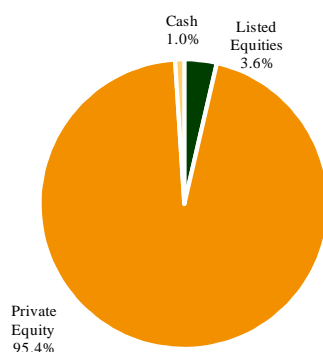
Statistics

NAV per share (€)	1.0270	2007	2008	2009	2010	
Share price (€)	0.6075	Jan	4.70%	-8.27%	-5.65%	1.36%
Total NAV (€ m)	102.7	Feb	6.17%	-1.48%	-1.51%	0.03%
Mk Cap (€ m)	60.8	Mar	5.90%	-3.03%	2.39%	2.07%
# of shares (m)	100.0	Apr	5.05%	-0.26%	-8.40%	15.60%
NAV return since inception	7.37%	May	3.08%	0.93%	-0.26%	-5.42%
12-month NAV CAGR	12.34%	Jun	5.19%	-4.75%	3.08%	-1.57%
NAV annualized Return*	1.46%	Jul	6.93%	2.85%	1.08%	0.53%
NAV annualized Volatility*	14.51%	Aug	0.22%	-5.55%	0.23%	0.07%
Best month (NAV)	15.60%	Sep	-2.50%	-8.34%	1.20%	-0.62%
Worst month (NAV)	-10.52%	Oct	-0.69%	-10.52%	-1.79%	0.96%
# of months up (NAV)	34	Nov	-4.09%	3.03%	0.46%	-1.15%
# of months down (NAV)	25	Dec	2.46%	-0.60%	1.08%	-
* since inception		YTD	36.74%	-31.43%	-8.38%	11.14%

Share price / NAV per share (€)

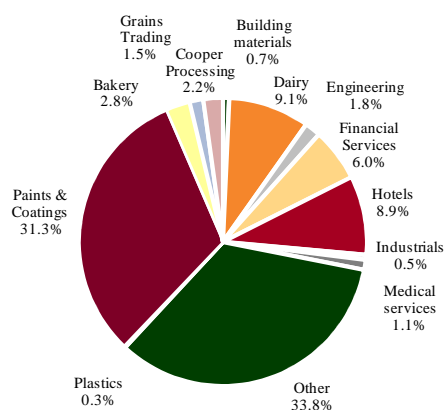


Portfolio Structure by Asset Class



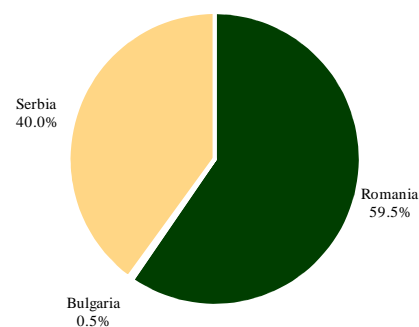
Note: Cash equivalents included under Cash

Equity Portfolio Structure by Sector



Note: EPH investment included under Other

Portfolio Structure by Geography



Note: EPH investment included under Serbia

Investment Update

- RC2 acquired a 49.9% shareholding in East Point Metals Ltd ("EPM"), EPH's sub-holding for its copper processing business for a total consideration of €2.3m; including a call option to purchase an additional 13.1% in January 2011.
- RC2 sold its 2.4% stake in Orgachim AD to Policolor for a total consideration of €0.5m.

Commentary

- In November, Fitch upgraded its outlook on Serbia from Negative to Stable.
- The National Bank of Serbia has increased its key interest rate by 100 bps to 10.5%, representing a total increase of 250 bps since August.
- In November, inflation fell slightly in Romania with, the CPI up 7.7% year-on-year, down from 7.9% in October; while Bulgaria's CPI was 4.6%, higher than the 3.9% recorded the previous month.



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