

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

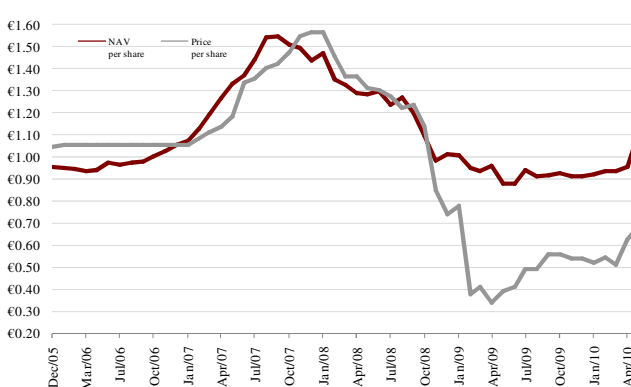
NAV per share (€)	1.1056
Share price (€)	0.6850
Total NAV (€ m)	110.6
Mk Cap (€ m)	68.5
# of shares (m)	100.0
Return since inception	15.59%
12-month CAGR	25.78%
Annualized Return*	3.40%
Annualized Volatility*	15.17%
Best month	15.60%
Worst month	-10.52%
# of months up	31
# of months down	21

* since inception

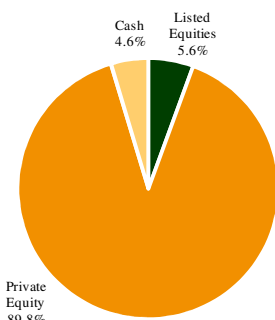
RC2 NAV returns

	2006	2007	2008	2009	2010
Jan	-0.61%	4.70%	-8.27%	-5.65%	1.36%
Feb	-0.73%	6.17%	-1.48%	-1.51%	0.03%
Mar	-0.87%	5.90%	-3.03%	2.39%	2.07%
Apr	0.44%	5.05%	-0.26%	-8.40%	15.60%
May	3.73%	3.08%	0.93%	-0.26%	-
Jun	-1.25%	5.19%	-4.75%	3.08%	-
Jul	1.23%	6.93%	2.85%	1.08%	-
Aug	0.61%	0.22%	-5.55%	0.23%	-
Sep	2.18%	-2.50%	-8.34%	1.20%	-
Oct	2.74%	-0.69%	-10.52%	-1.79%	-
Nov	2.80%	-4.09%	3.03%	0.46%	-
Dec	1.70%	2.46%	-0.60%	1.08%	-
YTD	12.47%	36.74%	-31.43%	-8.38%	19.64%

Share price / NAV per share (€)

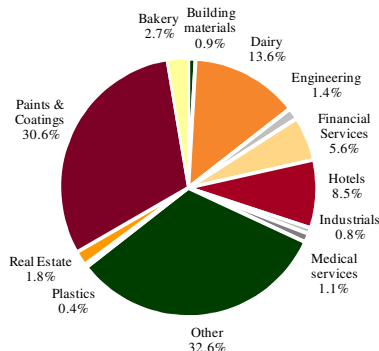


Portfolio Structure by Asset Class



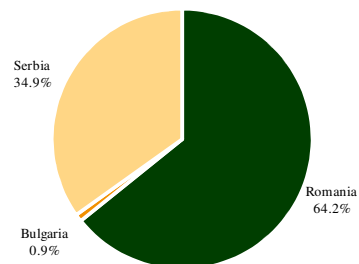
Note: Cash equivalents included under Cash

Equity Portfolio Structure by Sector



Note: EPH investment included under Other

Portfolio Structure by Geography



Note: EPH investment included under Serbia

Investment update

- As already announced, RC2 increased its shareholding in East Point Holdings Ltd (“EPH” or the “Group”) from 21.3% to 42.0% on the 27th April:
 - Under RC2’s original investment agreement, RC2 had the right to put its shares in EPH back to EPH and its founding shareholders (the “Put Option”) if a reorganisation of the Group into its various business lines (the “Reorganisation”) had not taken place by 8 December 2009.
 - Because EPH was unable to complete the required Reorganisation in due time, RC2 was able to exercise the Put Option and did so as a protective measure in early 2010.
- Following this exercise, RC2 commenced negotiations with the Group and its shareholders and, after examining all options and with particular regard to the difficulties in monetising the claim derived from the Put Option, RC2 determined that the most beneficial solution for its shareholders was to exchange its claim for additional shares in EPH.
- Pursuant to a new independent valuation of EPH, RC2’s 42% stake is now valued at €34.1m (last year’s independent valuation had implied a value of €18m for RC2’s 21.3% shareholding)
- Mainly as a result of the above uplift, RC2’s NAV increased by 15.6% over the month.



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