

# Reconstruction Capital II Limited

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

("the Company")

*Directors:*

Howard I. Golden – *Chairman*

Ion Alexander Florescu

Franklin Pitcher Johnson Jr.

Dirk Van den Broeck

Markus Winkler

*Registered Office:*

c/o Appleby Trust Services (Cayman) Limited

Clifton House 75 Fort Street

PO Box 1350 K91-1108

Grand Cayman

Cayman Islands

18 November 2008

To Reconstruction Capital II Limited shareholders

## **Proposed Tender Offer to Repurchase up to 12,681,054 Ordinary Shares**

### **Introduction**

The Board has announced today details of the Company's offer to repurchase from shareholders up to 12,681,054 ordinary shares in the capital of the Company ("Shares"), representing approximately 11.25 per cent. of the Company's issued ordinary shares, by way of an off-market tender offer.

You are invited to offer to sell your Shares to the Company by tendering Shares at the price of €0.9849 per Share (the "Tender Offer").

The purpose of this document is to provide you with details of, and to invite you to participate in, the Tender Offer.

### **Background to and reasons for the Tender Offer**

The Company has established an annual buy-back programme, as set out in the Admission Document dated 19 December 2005, whereby profits from realisations made during the year will be used to implement a tender offer to repurchase ordinary shares at a price equal to the last published net asset value per share.

As announced on 18 November 2008, at close of business on 31 October 2008 the Company's unaudited net asset value per share was €0.9849.

Based on the Company's audited accounts for the year ended 31 December 2007, the Company has generated approximately €12.6 million of realised profits in that year. After assuring themselves that after the Tender Offer there will be sufficient working capital for the Company to continue its current operations, the Directors have decided to offer shareholders the opportunity to participate in the return of realized profits by way of the Tender Offer.

The Board considers that returning realized profits by way of an off-market tender offer is in the best interests of the Company and all its shareholders. The Tender Offer provides shareholders with more flexibility than other methods of returning realized profits.

### **Note to shareholders located in the United States**

**In order to prevent the Company from falling under the definition of "private fund" as defined by the U.S. Securities and Exchange Commission, US Persons (as defined in Regulation S under the United States Securities Act of 1933, as amended) are not permitted to redeem their interests in the Company within two years of purchasing them. For this reason and those set out in the Admission Document, the Tender Offer will only**

**extend to ordinary shares owned by US Persons if they are able to prove to the Directors that more than two years has elapsed since they purchased the Shares being tendered.**

### **Participation in the Tender Offer**

The Tender Offer is open to all holders of ordinary shares as at 5 p.m. (UK time) on 24 November 2008, except in relation to US Persons who have not held their Shares being tendered for more than two years. Participation is voluntary. If you do not want to tender your Shares, you do not need to take any action. If you choose not to participate, the number of Shares you hold will not change as a result of the Tender Offer.

Shareholders may choose to participate in the Tender Offer by tendering all or a proportion of their Shares. The Tender Offer is for up to 11.25 per cent. of the Company's issued ordinary shares, amounting to a maximum of 12,681,054 Shares. Shares tendered in excess of a shareholder's basic entitlement of 11.25 per cent. of the ordinary shares registered in his/her name (the "Basic Entitlement") will only be capable of acceptance by the Company on a pro rata basis, insofar as other shareholders do not tender their entire Basic Entitlement.

If tenders are accepted, the basis of acceptance will be as follows:

- each beneficial owner of ordinary shares will be entitled to sell to the Company any number of Shares up to his or her Basic Entitlement; and
- shareholders may also tender Shares in excess of their Basic Entitlement, which will be accepted to the extent that other shareholders do not tender the whole of their Basic Entitlement. Each such tender will be accepted pro rata to the numbers of Shares tendered in excess of the Basic Entitlement. Where shareholders who participate in the Tender Offer would become entitled to tender a fraction of a Share in the Company, such fractions will be rounded down to the nearest whole number for the purposes of acceptance by the Company.

The buy-back price will be the same for all Shares bought back.

Any Shares bought back will be cancelled, reducing the number of shares in issue by the number of shares bought back.

The Company reserves the right to buyback any number up to 12,681,054 Shares and the right to not buy back any Shares.

### **Action to be taken**

If you do not want to tender your Shares, you do not need to take any action.

If you do want to tender your Shares, you must complete and sign the Tender Form which is enclosed with this letter and submit your Tender Form to the Company so that is received **no later than 5 p.m. (UK time) on 12 December 2008.**

The Board makes no recommendation as to whether shareholders should tender their ordinary shares pursuant to the Tender Offer as this decision should be made by each shareholder after consultation with such professional advisors as the shareholder deems necessary.

Yours faithfully

Howard I. Golden  
Chairman

**TENDER FORM**  
**RECONSTRUCTION CAPITAL II LIMITED**  
**(the "Company")**

**COMPLETED TENDER FORMS MUST BE RECEIVED BY THE COMPANY NO LATER THAN 5 P.M.**  
**(UK TIME) ON 12 December 2008**

Please send the executed original form to the Company at:

c/o New Europe Capital Limited

33 Marloes Road

London W8 6LG

United Kingdom

Attn: Ivanka Ivanova (london@neweuropecapital.com)

I/We .....

(block capitals please)

of .....

being a holder of ..... ordinary shares in the Company (see note 1)

tender the following ordinary shares to the Company at the single price of €0.9849 per Share, on the conditions in the letter to shareholders dated 18 November 2008 (please tick as appropriate):

all of my/our ordinary shares

OR

the following number of ordinary shares: .....

**ADDITIONAL INFORMATION** (block capitals please)

1. Contact Name:

2. Telephone number:

3. Facsimile number:

4. Email:

5. Form of Shareholding:

Please choose settlement method. Please choose *only one* method.

<b>Euroclear</b> <input type="checkbox"/> Yes <input type="checkbox"/> No If you choose this settlement method, please complete <b>6.1.</b>
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<b>Clearstream</b> <input type="checkbox"/> Yes <input type="checkbox"/> No If you choose this settlement method, please complete <b>6.2.</b>
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<b>Book Registry</b> <input type="checkbox"/> Yes <input type="checkbox"/> No If you choose this settlement method, please complete <b>6.3.</b>
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6. Bank Account Details for realisation payments:

Please note that payments of redemption proceeds will be done for value date **17 December 2008**.

1. Euroclear settlement:

- Euroclear Account Name:
- Euroclear Account Number:

2. Clearstream settlement:

- Clearstream Account Name:
- Clearstream Account Number:

NB: for Euroclear and Clearstream settlement, please instruct your bank to deliver the shares to the following Euroclear account with trade and settlement date **17 December 2008**:

Account Name : SOCIETE GENERALE PARIS  
Euroclear Account Number: 90622  
Reference: RC2 Tender Offer by *(name of shareholder)*

3. Book Registry settlement:

- Intermediary bank name:
- SWIFT code:
- Account number:
- Bank name:
- SWIFT code:
- Account number:
- IBAN:

Dated ..... 2008

Signed (see note 2) .....

Notes:

- 1 The Tender Offer is open to all persons (except US Persons who have not held their shares being tendered for more than two years) who are on the Company's register of members as holders of ordinary shares in the Company purchased on or before 5 p.m. UK time on 24 November 2008
- 2 This tender form must be signed by the shareholder or his attorney duly authorised in writing. If the shareholder is a corporation this tender form should be signed on its behalf by an attorney or duly authorised officer or executed as a deed. In the case of joint holders, the tender of the senior shareholder will be accepted to the exclusion of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of the company in respect of the relevant joint holding.
- 3 To be valid, this tender form must be completed and lodged together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority at the address at the top of this form, no later than 5 p.m. UK time on 12 December 2008.