

**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.

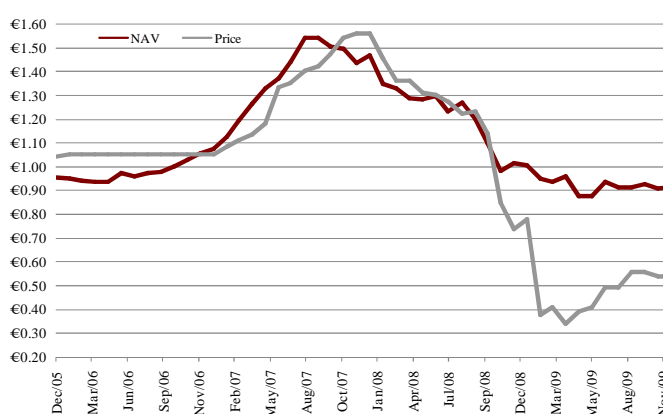


**Statistics**

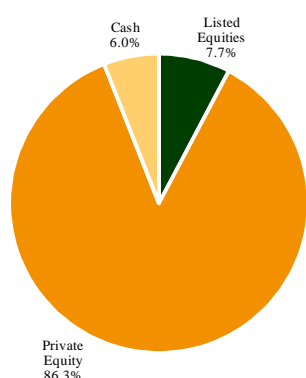
NAV per share (€)	0.9142					
Share price (€)	0.5400	2006	2007	2008	2009	
Total NAV (€ m)	91.4	Jan	-0.61%	4.70%	-8.27%	-5.65%
Mk Cap (€ m)	54.0	Feb	-0.73%	6.17%	-1.48%	-1.51%
# of shares (m)	100.0	Mar	-0.87%	5.90%	-3.03%	2.39%
Return since inception	-4.42%	Apr	0.44%	5.05%	-0.26%	-8.40%
12-month CAGR	-9.90%	May	3.73%	3.08%	0.93%	-0.26%
Annualized Return*	-1.15%	Jun	-1.25%	5.19%	-4.75%	3.08%
Annualized Volatility*	13.85%	Jul	1.23%	6.93%	2.85%	1.08%
Best month	6.93%	Aug	0.61%	0.22%	-5.55%	0.23%
Worst month	-10.52%	Sep	2.18%	-2.50%	-8.34%	1.20%
# of months up	26	Oct	2.74%	-0.69%	-10.52%	-1.79%
# of months down	21	Nov	2.80%	-4.09%	3.03%	0.46%
* since inception		Dec	1.70%	2.46%	-0.60%	-
		YTD	12.47%	36.74%	-31.43%	-9.36%

**RC2 NAV returns**

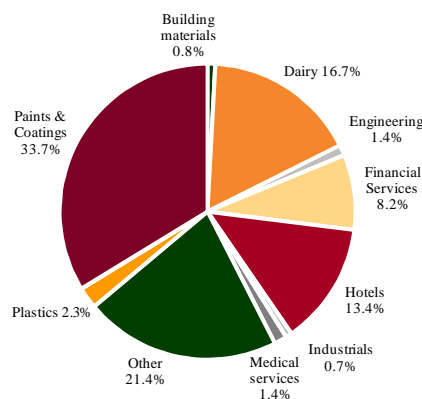
**Share Price/NAV per share (€)**



**Portfolio Structure by Asset Class**

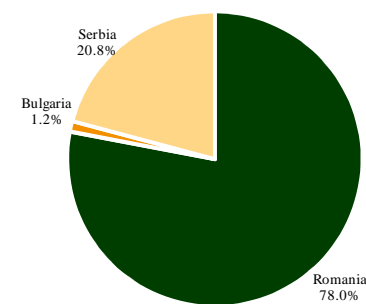


**Equity Portfolio Structure by Sector**



Note: EPH investment included under Other

**Portfolio Structure by Geography**



Note: EPH investment included under Serbia

**Investment Update**

- Top Factoring has acquired a fourth portfolio of receivables from Vodafone. This is the second portfolio Top Factoring has purchased this year.
- Due to high potential demand from corporate clients, Mamaia Resort Hotels has started fitting out a conference centre at its seaside hotel. The plan is for the conference facilities to be ready by the spring of 2010.

**Commentary**

- The Romanian presidential elections were won by the incumbent Traian Basescu in an extremely tight race. Basescu, who is backed by the Liberal Democrats, won a new five year mandate. Political consultations with political parties will start soon, as the quick formation of a government is needed for Romania to meet its commitments to the IMF, and to draw down the next instalment of its IMF loan.
- Standard & Poor has upgraded the outlook on Serbia’s credit ratings from negative to stable, whilst its BB long term and B short term sovereign credit ratings were re-affirmed. The outlook upgrade was triggered by an easing of external pressures while budgetary consolidation is expected over the medium term.



**Investment Manager**  
 New Europe Capital Ltd  
 33 Marloes Road  
 London W8 6LG  
 Tel +44 20 7244 0088  
 london@neweurocapital.com

**Investment Adviser Romania & Bulgaria**  
 New Europe Capital SRL  
 Str. Tudor Arghezi nr.21, et.6  
 Bucuresti - Sector 2  
 Tel +40 21 316 7680  
 bucharest@neweurocapital.com

**Investment Adviser Serbia**  
 New Europe Capital DOO  
 Francuska 5/12  
 11000 Beograd  
 Tel +381 11 218 7064  
 belgrade@neweurocapital.com