

Key Information Document



Purpose

This document provides you with key information about this investment product. It is not a marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Reconstruction Capital II Limited (KYG741521028)

Reconstruction Capital II Limited is a closed-ended fund incorporated in the Cayman Islands, admitted to the AIM Market of the London Stock Exchange on December 2005. This product is managed by itself. For more information on this product, please refer to <https://www.reconstructioncapital2.com/> or call +40 (0) 21 316 7680.

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You are about to purchase a product that is not simple and may be difficult to understand.

What is this product?

Type The ordinary shares of Reconstruction Capital II Limited (“the Company”) are traded on the AIM Market of the London Stock Exchange. As decided by a general shareholder meeting on 21 February 2018, the Company’s life has been extended so that the next vote to continue the life of the Company is to be held in 2023 (and then every two years thereafter). There is no recommended holding period for the ordinary shares. Typically, at any given time on any given day, the price you pay for a share will be higher than the price at which you could sell it. The price at which you can sell your shares will vary depending on market conditions and will not necessarily reflect the net asset value of the Company.

Objectives

Product objectives The Company was created to achieve medium and long-term capital appreciation by investing in private companies as well as in publicly listed companies through the two investment strategies, the Private Equity Programme and the Trading Programme. At a general shareholder meeting on 21 February 2018, the investment objective of the Company was changed so that it is now to achieve capital appreciation and/or to generate investment income returns through the acquisition of real estate assets in Romania, including the development of such assets, and/or the acquisition of significant or controlling stakes in companies established in, or operating predominantly in Romania, primarily in the real estate sector.

Investment approach & policy The Company was created to invest in private and listed equity and fixed-income securities, including convertible and other mezzanine instruments, primarily in Romania, Bulgaria, and Serbia. At a general shareholder meeting on 21 February 2018, the investment approach of the Company was changed so that it is now to invest in real estate assets in Romania, including the development of such assets, and/or the acquisition of significant or controlling stakes in companies established in, or operating predominantly in Romania, primarily in the real estate sector. Any new private equity investments in companies operating in sectors other than real estate would be limited to 25% of the Company’s total assets at the time of effecting the investment. However, the Company may continue to make follow on investments in existing portfolio companies without any limitation and will otherwise be mainly focused on the real estate industry. The

Company reserves the right to make investments also in neighboring countries. The gearing policy allows the Company to borrow up to 30 percent of its gross assets.

Benchmark The fund has no benchmark.

Distribution policy The Company’s investment objective is focused principally on the provision of capital growth. The Directors do not intend, but reserve the right, to make dividend distributions to holders of Ordinary Shares. For further details of the Company’s distribution policy, please refer to the Admission Document: <https://www.reconstructioncapital2.com/upload/files/773506.12.05%20RC%20II%20Admission%20Document.pdf>

Fund-of-Funds The Company’s investment strategy does not restrict investment in other closed-ended funds operating in the Target Region.

Sustainability policy The Company and its Investee companies aim to conduct their business with honesty, integrity, and openness, respecting human rights and the interests of their employees and third parties. The Company advocates high ethical standards in carrying out the business activities of its Investee companies.

Derivatives The Company may hedge against interest rate risks or currency risk, by entering into forward interest rate agreements, forward currency agreements, interest rates and bond futures contracts, and interest rate swaps, and purchase and write (sell) put or call options on interest rates and put or call options on futures on interest rates.

Intended retail investor The shares of the Company are intended only for investors that are capable of evaluating the risks of such an investment, who understand the potential risk of capital loss, for whom an investment in the ordinary shares constitutes part of a diversified investment portfolio and who are willing to accept they can lose the entire invested capital.

Term The product has no maturity date.

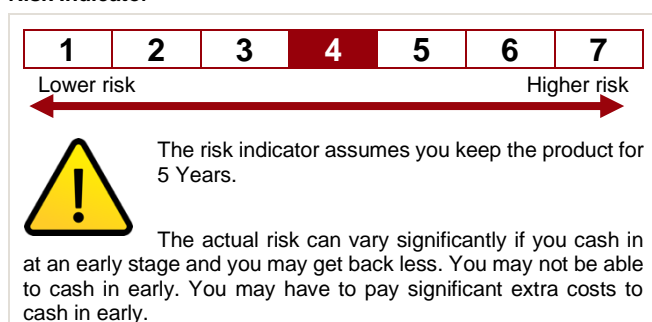
Practical information

Depository Apex Group Fiduciary Services Limited, Jersey

Further information Further information related to the Company is available online at www.reconstructioncapital2.com

What are the risks and what could I get in return?

Risk Indicator



The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 4 out of 7, which is a medium risk class. This rates the potential losses from future performance at a medium level, and poor market conditions could impact the capacity to pay you.

- Historical data may not be a reliable indication for the future.
- Currency risk: You may receive payments in a different currency from your currency, the final return being dependent on the exchange rate between the two currencies.
- Unusual market conditions or large unpredictable events can amplify the Company’s associated risk and trigger other risks such as counterparty, liquidity, and operational risks.
- Liquidity Risk: The market in the Company’s shares is highly illiquid

and you may not be able to dispose of them, even at significant discount to their net asset value.

- High portfolio concentration: The Company's investment portfolio being highly concentrated, its performance will be highly dependent of the performance of its remaining investments.

This product does not include any protection from future market performance so you could lose some or all of your investment.

If we are not able to pay you what is owed, you could lose your entire investment.

Performance Scenarios

The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your advisor, stock broker or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

What you will get from this product depends on future market performance, amongst other factors. Market developments in the future are uncertain and cannot be accurately predicted.

The unfavourable, moderate, and favourable scenarios shown below are illustrations using the worst, average, and best performance of the product over the last 10 years. Markets could develop very differently in the future.

The stress scenario shows what you might get back in extreme market circumstances.

This product cannot be easily cashed in.

If you exit the investment earlier than the recommended holding period you do not have a guarantee.

Recommended holding period Example Investment Scenarios	5 years EUR 10 000	If you exit after 1 Year	If you exit after 5 years
Minimum	There is no minimum guaranteed return. You could lose some or all of your investment.		
Stress	What you might get back after costs	1 433.1 EUR	1 861.1 EUR
Unfavourable	Average return each year What you might get back after costs	-85.67% 3 443.2 EUR	-28.56% 4 096.4 EUR
Moderate	Average return each year What you might get back after costs	-65.57% 10 000 EUR	-16.35% 6 865.4 EUR
Favourable	Average return each year What you might get back after costs	0.00% 16 601.9 EUR	-7.25% 24 797.9 EUR
	Average return each year	66.02%	19.92%

Unfavourable scenario: This type of scenario occurred for an investment between (04/2017 - 04/2022).

Moderate scenario: This type of scenario occurred for an investment between (12/2015 - 12/2020).

Favourable scenario: This type of scenario occurred for an investment between (05/2014 - 05/2019).

What happens if the Company is unable to pay out?

As a shareholder of the Company you would not be able to make a claim to the Financial Services Compensation Scheme/other compensation body about the Company in the event that the Company were unable to make any distributions or other returns it may elect to pay from time to time, or if it were unable to pay any amounts due to you on a winding up at the end of its life. If you sell your shares on the AIM Market of the London Stock Exchange/other market, your bank or stockbroker will receive cash on delivery of your shares and should pass that to you.

What are the costs?

The person advising on or selling you this product may charge you other costs. If so, this person will provide you with information about these costs and how they affect your investment.

Costs over time

The tables show the amounts that are taken from your investment to cover different types of costs. These amounts depend on how much you invest, how long you hold the product and how well the product does. The amounts shown here are illustrations based on an example investment amount and different possible investment periods.

We have assumed:

- In the first year you would get back the amount that you invested (0 % annual return). For the other holding periods we have assumed the product performs as shown in the moderate scenario.
- EUR 10 000 is invested.

Investment EUR 10 000 Scenarios	If you exit after 1 Year	If you exit after 5 years
Total Costs	326 EUR	1 216 EUR
Annual Cost impact(*)	3.3%	3.1% each year

(*) This illustrates how costs reduce your return each year over the holding period. For example it shows that if you exit at the recommended holding period under the moderate scenario your average return per year is projected to be -4.17% before costs and -7.25% after costs.

Composition of costs

One-off costs upon entry or exit		If you exit after 1 year
Entry costs	0.0%, the Company does not charge an entry fee, but the person selling you the product may do so.	0 EUR
Exit costs	0.0%, The Company does not charge an exit fee for this product, but the person selling you the product may do so.	0 EUR
Ongoing costs taken each year		
Management fee and other administrative or operating costs	3.3% of the value of your investment per year. This is an estimate based on actual costs over the last year.	326 EUR
Transaction costs	0.0% of the value of your investment per year. This is an estimate of the costs incurred when we buy and sell the underlying investments for the product. The actual amount will vary depending on how much we buy and sell.	0 EUR
Incidental costs taken under specific conditions		
Performance fees	0.0%. A performance fee of 20% is applicable on the returns the sub-fund achieves above its highwater mark as described in the prospectus. The actual amount will vary depending on how well your investment performs. The aggregated cost estimation above includes the average over the last 5 years.	0 EUR

How long should I hold it and can I take my money out early?

Recommended holding period: 5 Years

There is no required minimum holding period for the shares in the Company, with investors being able to sell their investment in the Company's shares at will on the AIM Market of the London Stock Exchange, subject to liquidity, but you may be required to pay your bank or stockbroker's dealing charges. The recommended holding period in this document is for illustrative purposes only. The Company is not obliged to buy-back any of its shares.

How can I complain?

If you have any complaints about the Company, you may lodge your complaint to bucharest@neweuropecapital.com.

Other relevant information

The Company is required to provide you with further documentation such as the Company's AIM Admission document, annual and interim reports, quarterly reports, and net asset value statements. These documents and other information relating to the Company are available online at www.reconstructioncapital2.com. The past performance of the Company is not a guide to future performance. The price of the Company's shares can go down as well as up.

Past performance over the last years can be consulted at the link: <https://priips-performance-chart.com/neweuropecapital/KYG741521028/en/>

Previous calculated performance scenarios can be consulted at the link: <https://priips-scenarios.com/neweuropecapital/KYG741521028/en/>