

## Description

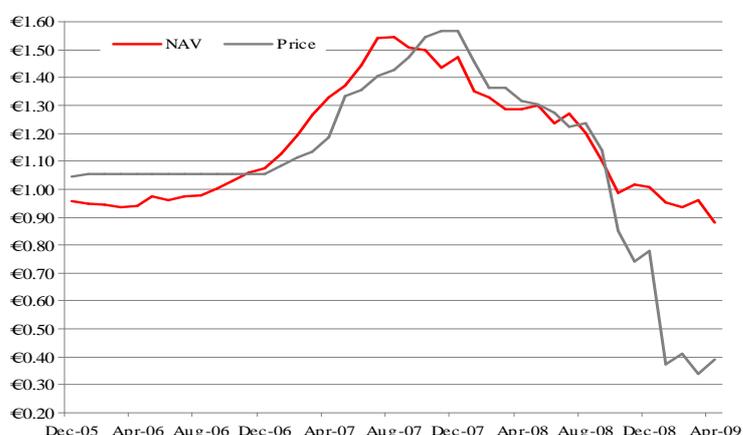
Reconstruction Capital II ("RC2") is a closed-ended, absolute return driven investment fund, incorporated in the Cayman Islands. The fund invests in Private Equity & Listed Securities in South-East Europe. RC2 was admitted to the AIM market of the London Stock Exchange in December 2005 raising €24m initially, with two follow-on offerings in May06 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.



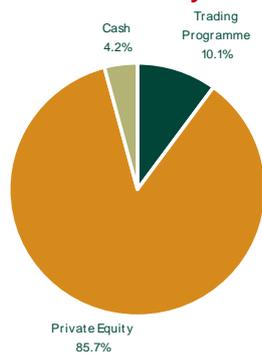
## Statistics

		RC2 NAV returns			
		2006	2007	2008	2009
NAV per share (€)	0.8790				
Share price (€)	0.3900	Jan -0.61%	4.70%	-8.27%	-5.65%
Total NAV (€ m)	87.9	Feb -0.73%	6.17%	-1.48%	-1.51%
Mk Cap (€ m)	39.0	Mar -0.87%	5.90%	-3.03%	2.39%
# of shares (m)	100.0	Apr 0.44%	5.05%	-0.26%	-8.40%
Return since inception	-8.10%	May 3.73%	3.08%	0.93%	-
12-month CAGR	-31.63%	Jun -1.25%	5.19%	-4.75%	-
Annualized Return*	-2.50%	Jul 1.23%	6.93%	2.85%	-
Annualized Volatility*	14.87%	Aug 0.61%	0.22%	-5.55%	-
Best month	6.93%	Sep 2.18%	-2.50%	-8.34%	-
Worst month	-10.52%	Oct 2.74%	-0.69%	-10.52%	-
# of months up	21	Nov 2.80%	-4.09%	3.03%	-
# of months down	19	Dec 1.70%	2.46%	-0.60%	-
* since inception		YTD 12.47%	36.74%	-31.43%	-12.85%

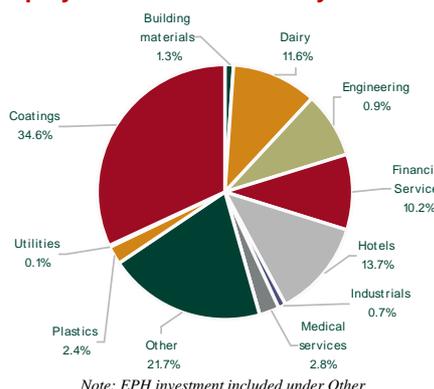
## Share Price/NAV per share (€)



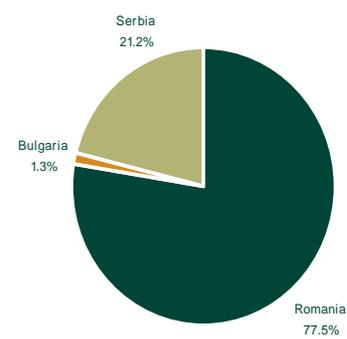
## Portfolio Structure by Asset Class



## Equity Portfolio Structure by Sector



## Portfolio Structure by Geography



## Investment Update

- The 8.4% decline in the NAV per share registered in April was entirely due to the write-down of the Fund's investment in East Point Holdings Ltd (EPH), following the valuation of this investment by an independent valuer. Previously the investment had been held at cost. The overall effect of the write-down was €12m.
- The write-down reflects the dramatic decline in worldwide equity valuations as a result of the economic downturn. This has an impact on two valuation methodologies used by the valuer: comparable multiples (where the value of a business is derived by comparing it to that of its publicly traded comparable peers) and the net present value method, which aims to derive a value from the future cash-flows of a business, these being obviously impacted by worldwide macro-economic conditions.
- Furthermore, because EPH is involved in the serial restructuring of a number of businesses, which should result in increasing EBITDA levels over coming years, any valuation of these businesses based on comparables will tend not to reflect this potential future uplift. This is

comparable because listed companies typically do not benefit from the potential upside of restructuring actions and are more correlated with general macro-economic conditions.

- In addition, the restructuring efforts at EPH's various business lines have the potential to release substantial surplus real estate, which the Investment Adviser considers is not fully reflected in the independent valuation.
- It should also be noted that in valuing EPH's Bakery business, the valuer did not use the entry price at which another private equity fund invested in this business as the sole benchmark of its value, even though this transaction was agreed as late as December 2008.
- Due to the above, and the much better than expected trading results of most of EPH's business lines over the first months of 2009, the Investment Adviser continues to believe in the strong prospects of this investment.



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