

**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.

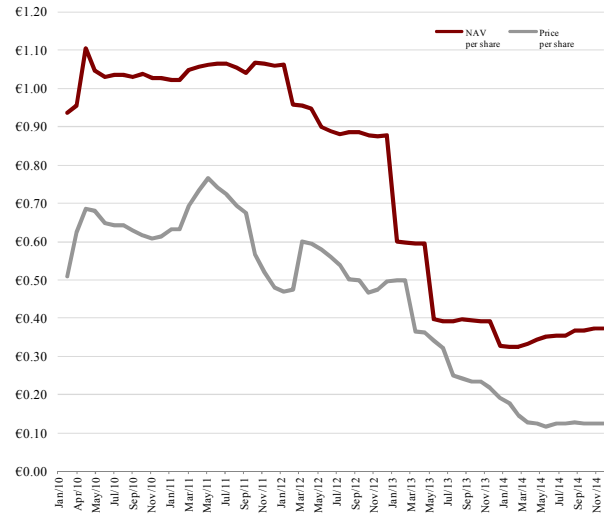


**Statistics**

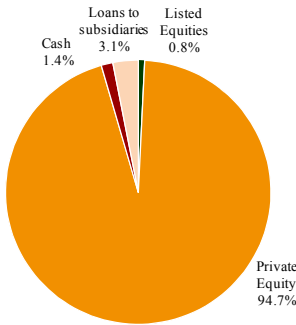
		RC2 NAV returns (undiluted basis)					
		2010	2011	2012	2013	2014	
NAV per share (€) - undiluted	0.3744	Jan	1.36%	-0.54%	0.12%	-31.58%	-0.65%
NAV per share (€) - fully diluted	0.2789	Feb	0.03%	0.24%	-9.69%	-0.51%	-0.34%
Total NAV (€m) - undiluted	37.4	Mar	2.07%	2.48%	-0.50%	-0.62%	2.94%
Total NAV (€m) - fully diluted	45.4	Apr	15.60%	0.70%	-0.66%	0.29%	2.73%
Share price (€)	0.1238	May	-5.42%	0.55%	-4.98%	-33.53%	2.70%
Mk Cap (€m)	12.4	Jun	-1.57%	0.25%	-1.47%	-0.85%	0.28%
# of shares (m) - undiluted	100.0	Jul	0.53%	0.13%	-0.73%	-0.28%	0.44%
# of shares (m) - fully diluted	162.6	Aug	0.07%	-1.10%	0.61%	1.27%	3.23%
NAV return since inception†	-60.86%	Sep	-0.62%	-1.25%	0.01%	-0.69%	0.01%
12-month NAV CAGR†	-4.68%	Oct	0.96%	2.63%	-0.82%	-0.72%	1.87%
NAV annualized Return**	-9.98%	Nov	-1.15%	-0.25%	-0.36%	0.43%	0.15%
NAV annualized Volatility**	20.04%	Dec	-0.06%	-0.49%	0.29%	-16.44%	
Best month (NAV)†	15.60%	YTD	11.07%	3.32%	-17.17%	-62.64%	14.08%
Worst month (NAV)†	-33.53%						
# of months up (NAV)†	57						
# of months down (NAV)†	50						

† undiluted basis \*since inception

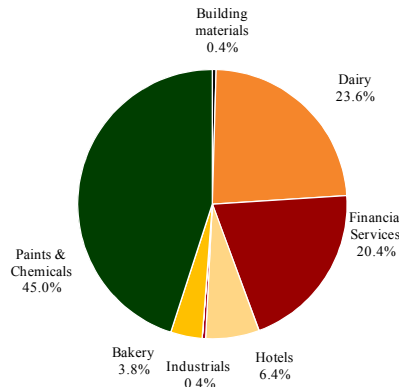
**Share price / undiluted NAV per share (€)**



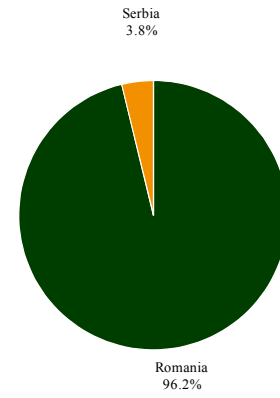
**Portfolio Structure by Asset Class**



**Equity Portfolio Structure by Sector**



**Portfolio Structure by Geography**



**Commentary**

In Romania’s Presidential elections, centre-right opposition candidate Klaus Iohannis, who is the mayor of the city of Sibiu in Transylvania, won the November 2014 Romanian presidential elections defeating social democrat Prime Minister Victor Ponta. Klaus Iohannis won 30.4% of the vote in the first round of the elections, and then defeated Prime Minister Victor Ponta in the second round, having obtained 54.4% of the vote, compared to 45.6% for Mr Ponta. Mr Iohannis was sworn in as President on the 21<sup>st</sup> of December.



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

**Investment Adviser Serbia**  
 New Europe Capital DOO  
 Francuska 12  
 11000 Beograd  
 Tel +381 11 715 1982  
 belgrade@neweuropecapital.com