

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.



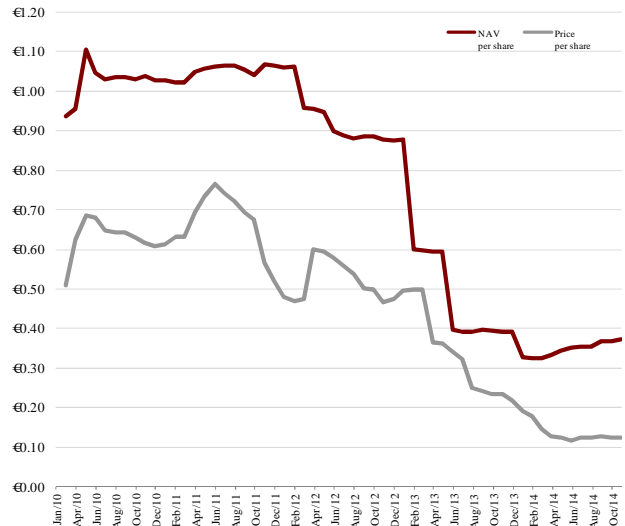
Statistics

NAV per share (€ - undiluted)	0.3738
NAV per share (€ - fully diluted)	0.2780
Total NAV (€m) - undiluted	37.4
Total NAV (€m) - fully diluted	45.2
Share price (€)	0.1238
Mk Cap (€m)	12.4
# of shares (m) - undiluted	100.0
# of shares (m) - fully diluted	162.6
NAV return since inception†	-60.92%
12-month NAV CAGR†	-4.42%
NAV annualized Return*†	-10.09%
NAV annualized Volatility*†	20.13%
Best month (NAV)†	15.60%
Worst month (NAV)†	-33.53%
# of months up (NAV)†	56
# of months down (NAV)†	50
† undiluted basis *since inception	

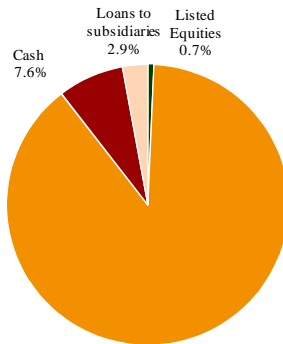
RC2 NAV returns (undiluted basis)

	2010	2011	2012	2013	2014
Jan	1.36%	-0.54%	0.12%	-31.58%	-0.65%
Feb	0.03%	0.24%	-9.69%	-0.51%	-0.34%
Mar	2.07%	2.48%	-0.50%	-0.62%	2.94%
Apr	15.60%	0.70%	-0.66%	0.29%	2.73%
May	-5.42%	0.55%	-4.98%	-33.53%	2.70%
Jun	-1.57%	0.25%	-1.47%	-0.85%	0.28%
Jul	0.53%	0.13%	-0.73%	-0.28%	0.44%
Aug	0.07%	-1.10%	0.61%	1.27%	3.23%
Sep	-0.62%	-1.25%	0.01%	-0.69%	0.01%
Oct	0.96%	2.63%	-0.82%	-0.72%	1.87%
Nov	-1.15%	-0.25%	-0.36%	0.43%	
Dec	-0.06%	-0.49%	0.29%	-16.44%	
YTD	11.07%	3.32%	-17.17%	-62.64%	13.90%

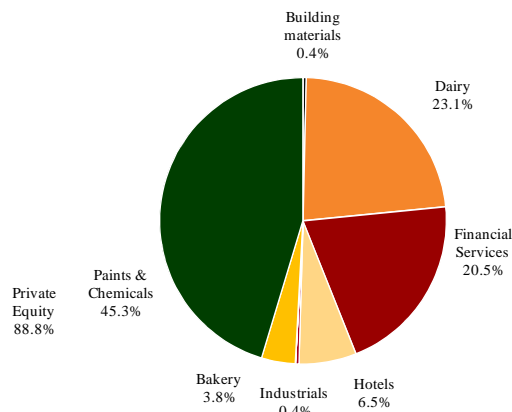
Share price / undiluted NAV per share (€)



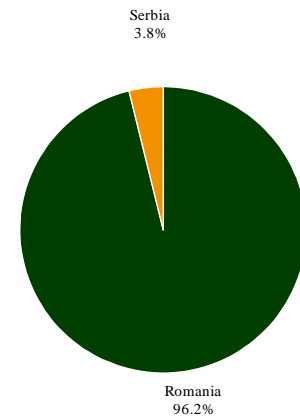
Portfolio Structure by Asset Class



Equity Portfolio Structure by Sector



Portfolio Structure by Geography



Commentary

On 30th October, RC2 issued an €8.45m convertible loan note („CLN“). Under IFRS, RC2 needs to account separately for the liability and equity components of the CLN. The liability component is calculated by discounting the future cash flows of the CLN (interest and principal) at a rate applicable to a similar debt instrument without the conversion option. The difference between the present value of the liability component and the total proceeds from the issue of the CLN is then assigned to equity. This treatment has increased RC2's equity by approximately €0.6m, increasing the overall NAV by 1.9%. Furthermore, because the total number of shares in issue has not changed, it has also boosted the NAV/share by a similar percentage. In order to show the effects on the NAV/share resulting from the conversion of the CLN, the Directors have decided also to present a diluted NAV/share on the basis that the CLN is fully converted, resulting in the issuance of 62,614,500 new shares. Consequently, the present and future Monthly Reports will show both the undiluted NAV/share as well as an NAV/share on a fully diluted basis.



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