

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.



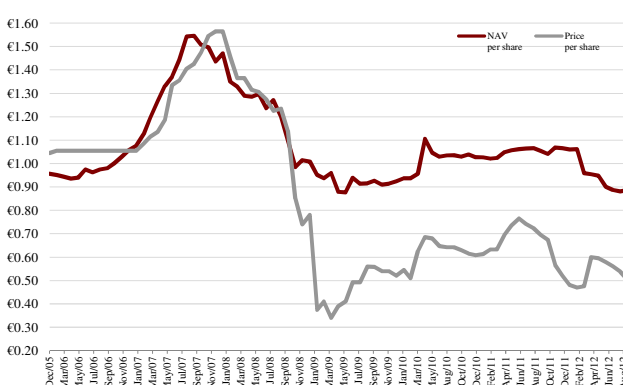
Statistics

NAV per share (€)	0.8862
Share price (€)	0.5025
Total NAV (€m)	88.6
Mk Cap (€m)	50.3
# of shares (m)	100.0
NAV return since inception	-7.35%
12-month NAV CAGR	-15.94%
NAV annualized Return*	-1.14%
NAV annualized Volatility*	13.27%
Best month (NAV)	15.60%
Worst month (NAV)	-10.52%
# of months up (NAV)	43
# of months down (NAV)	37

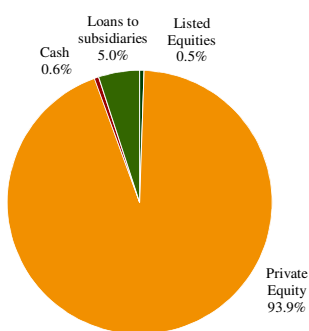
RC2 NAV returns

	2008	2009	2010	2011	2012
Jan	-8.27%	-5.65%	1.36%	-0.54%	0.11%
Feb	-1.48%	-1.51%	0.03%	0.24%	-9.68%
Mar	-3.03%	2.39%	2.07%	2.48%	-0.51%
Apr	-0.26%	-8.40%	15.60%	0.70%	-0.65%
May	0.93%	-0.26%	-5.42%	0.55%	-4.98%
Jun	-4.75%	3.08%	-1.57%	0.25%	-1.48%
Jul	2.85%	1.08%	0.53%	0.13%	-0.73%
Aug	-5.55%	0.23%	0.07%	-1.10%	0.61%
Sep	-8.34%	1.20%	-0.62%	-1.25%	
Oct	-10.52%	-1.79%	0.96%	2.63%	
Nov	3.03%	0.46%	-1.15%	-0.25%	
Dec	-0.60%	1.08%	-0.06%	-0.49%	
YTD	-3.143%	-8.38%	11.07%	3.32%	-16.44%

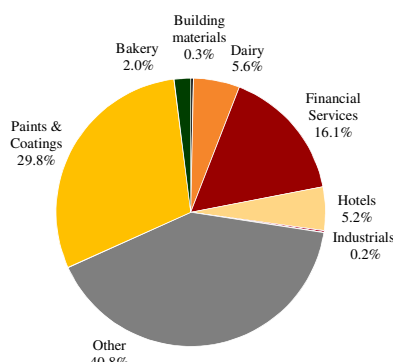
Share price / NAV per share (€)



Portfolio Structure by Asset Class

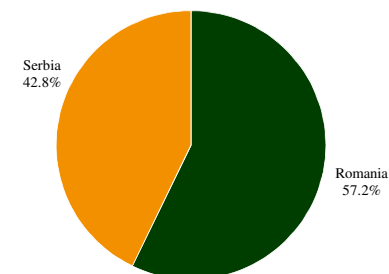


Equity Portfolio Structure by Sector



Note: EPH investment included under Other

Portfolio Structure by Geography



Note: EPH investment included under Serbia

Commentary

Romania’s second quarter GDP increased by 1.2% year-on-year and by 0.5% compared to the previous quarter, a positive evolution compared to the 0.1% quarter-on-quarter fall recorded in the first quarter. Romania’s GDP increased by 0.8% year-on-year in the first half of 2012.

Bulgaria’s second quarter GDP increased by 0.5% year-on-year and by 0.3% quarter-on-quarter, also a positive evolution from the flat growth of the first quarter.

The second quarter GDP growth recorded in both countries compares positively with the euro area’s second quarter year-on-year GDP fall of 0.5%, and quarter-on-quarter fall of 0.2%.



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