

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.



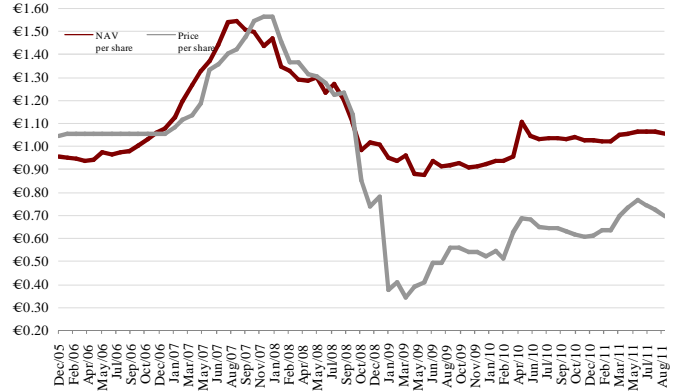
Statistics

NAV per share (€)	1.0542
Share price (€)	0.6950
Total NAV (€ m)	105.4
Mk Cap (€ m)	69.5
# of shares (m)	100.0
NAV return since inception	10.21%
12-month NAV CAGR	1.81%
NAV annualized Return*	1.73%
NAV annualized Volatility*	13.55%
Best month (NAV)	15.60%
Worst month (NAV)	-10.52%
# of months up (NAV)	40
# of months down (NAV)	28

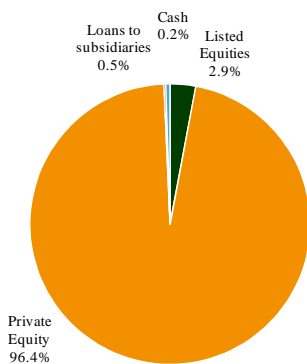
RC2 NAV returns

	2007	2008	2009	2010	2011
Jan	4.70%	-8.27%	-5.65%	1.36%	-0.54%
Feb	6.17%	-1.48%	-1.51%	0.03%	0.24%
Mar	5.90%	-3.03%	2.39%	2.07%	2.48%
Apr	5.05%	-0.26%	-8.40%	15.60%	0.70%
May	3.08%	0.93%	-0.26%	-5.42%	0.55%
Jun	5.19%	-4.75%	3.08%	-1.57%	0.25%
Jul	6.93%	2.85%	1.08%	0.53%	0.13%
Aug	0.22%	-5.55%	0.23%	0.07%	-1.10%
Sep	-2.50%	-8.34%	1.20%	-0.62%	
Oct	-0.69%	-10.52%	-1.79%	0.96%	
Nov	-4.09%	3.03%	0.46%	-1.15%	
Dec	2.46%	-0.60%	1.08%	-0.06%	
YTD	36.74%	-31.43%	-8.38%	11.07%	2.71%

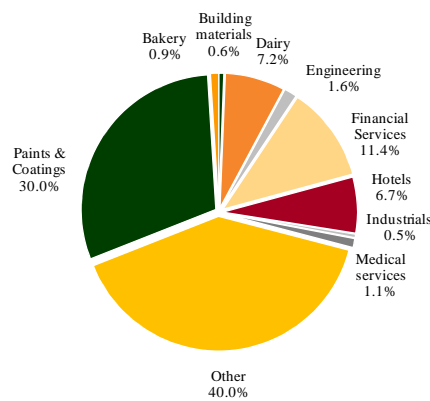
Share price / NAV per share (€)



Portfolio Structure by Asset Class

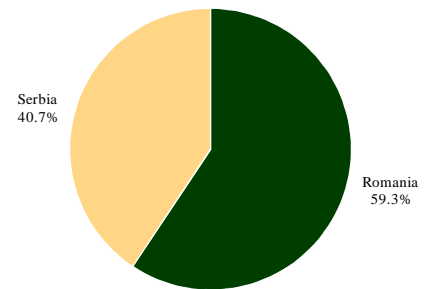


Equity Portfolio Structure by Sector



Note: EPH investment included under Other

Portfolio Structure by Geography



Note: EPH investment included under Serbia

Commentary

RC2 has completed the next phase of a series of transactions announced in the April 2011 Monthly Report, which has resulted in RC2’s shareholding in EPH increasing from 51.6% to 52.9% over the month of August.



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