

Description

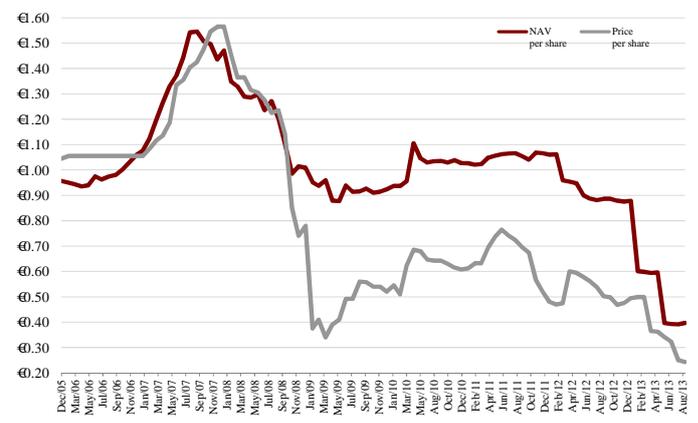
Reconstruction Capital II (“RC2” or the “Fund”) is a closed-ended, absolute return driven investment fund, incorporated in the Cayman Islands. The fund invests in Private Equity & Listed Securities in South-East Europe. RC2 was admitted to the AIM market of the London Stock Exchange in December 2005 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.



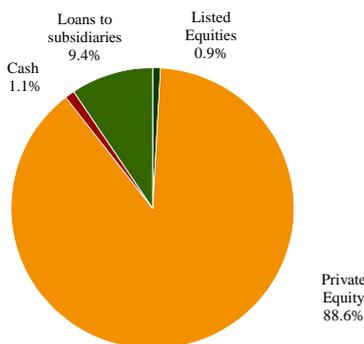
Statistics

	RC2 NAV returns	2009	2010	2011	2012	2013
NAV per share (€)	0.3967					
Share price (€)	0.2425	Jan -5.65%	1.36%	-0.54%	0.11%	-3.158%
Total NAV (€m)	39.7	Feb -1.51%	0.03%	0.24%	-9.68%	-0.50%
Mk Cap (€m)	24.3	Mar 2.39%	2.07%	2.48%	-0.51%	-0.64%
# of shares (m)	100.0	Apr -8.40%	15.60%	0.70%	-0.65%	0.29%
NAV return since inception	-58.53%	May -0.26%	-5.42%	0.55%	-4.98%	-33.53%
12-month NAV CAGR	-55.24%	Jun 3.08%	-1.57%	0.25%	-1.48%	-0.83%
NAV annualized Return*	-10.85%	Jul 1.08%	0.53%	0.13%	-0.73%	-0.28%
NAV annualized Volatility*	20.65%	Aug 0.23%	0.07%	-1.10%	0.61%	1.28%
Best month (NAV)	15.60%	Sep 1.20%	-0.62%	-1.25%	0.01%	
Worst month (NAV)	-33.53%	Oct -1.79%	0.96%	2.63%	-0.81%	
# of months up (NAV)	47	Nov 0.46%	-1.15%	-0.25%	-0.38%	
# of months down (NAV)	45	Dec 1.08%	-0.06%	-0.49%	0.30%	
*since inception		YTD	-8.38%	11.07%	3.32%	-17.17%

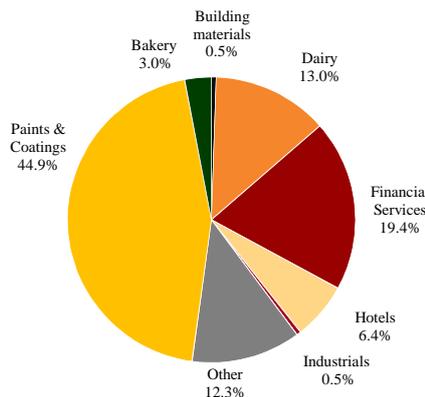
Share price / NAV per share (€)



Portfolio Structure by Asset Class

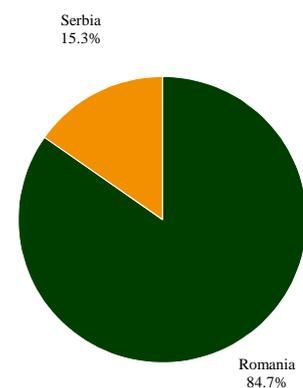


Equity Portfolio Structure by Sector



Note: EPH investment included under Other

Portfolio Structure by Geography



Note: EPH investment included under Serbia

Commentary

- Between January and July 2013, Romania’s trade deficit continued to improve, having shrunk by 41.6% compared to the same period last year (from €5.4bn to €3.1bn) due to exports growing by 7.7% year-on-year, whilst imports fell by 0.7% due to lower consumption. The improvement in the trade balance, together with a €1.5bn positive balance of services, resulted in a positive current account balance of €0.5bn, compared to a deficit of €3.0bn over the first seven months of 2012.
- Bulgaria’s current account balance was also positive (€0.4bn over the first seven months of 2013), compared to a negative €0.6bn over January to July 2012. The improvement in the Bulgarian current account balance was also the result of a positive evolution of the trade deficit, which shrank by 37.7% year-on-year, from €2.3bn over the first seven months of 2012 compared to €1.5bn over the first seven months of 2013.
- Over January – July 2013, Serbia’s foreign trade deficit narrowed by 26.1% year-on-year, mainly as a result of exports of cars produced at FIAT’s new factory in Kragujevac.



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