

KEY INFORMATION DOCUMENT

This document provides you with key information about this investment product. It is not a marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Reconstruction Capital 2 Ltd

SEDOL B0QPWH9

ISIN number KYG741521028

This Key Information Document (KID) is produced by Reconstruction Capital 2 Ltd (the “Fund” or the “Company”). Further information about the Company can be found at: www.reconstructioncapital2.com or by contacting New Europe Capital SRL, the adviser of the Fund on 0040213167380. This document was produced in March 2018.

What is this product?

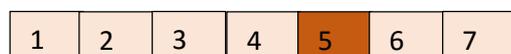
Type Ordinary shares of Reconstruction Capital 2 Ltd, a company incorporated in the Cayman Islands. The ordinary shares are traded on the AIM Market of the London Stock Exchange. As decided by a general shareholder meeting on 21 February 2018, the Company’s life has been extended so that the next vote to continue the life of the Company would be held in 2023 (and then every two years thereafter). There is no recommended holding period for the ordinary shares. Typically, at any given time on any given day, the price you pay for a share will be higher than the price at which you could sell it. The price at which you can sell your shares will vary depending on market conditions and will not necessarily reflect the net asset value of the Company.

Objectives The Company was created to invest in private and listed equity and fixed income securities, including convertible and other mezzanine instruments, primarily in Romania, Bulgaria and Serbia. At a general shareholder meeting on 21 February 2018, the investment objective of the Company was changed so that it is now to achieve capital appreciation and/or to generate investment income returns through the acquisition of real estate assets in Romania, including the development of such assets, and/or the acquisition of significant or controlling stakes in companies established in, or operating predominantly in Romania, primarily in the real estate sector. Any new private equity investments in companies operating in sectors other than real estate would be limited to 25% of the Company’s total assets at the time of effecting the investment. However, the Company may continue to make follow on investments in existing portfolio companies without any such limitation.

Intended market The shares of the Company are intended only for investors that are capable of evaluating the risks of such an investment, who understand the potential risk of capital loss, for whom an investment in the ordinary shares constitutes part of a diversified investment portfolio and who are willing to accept they can lose the entire invested capital.

What are the risks and what could I get in return?

Risk Indicator



Lower risk

Higher risk



There is no specific recommended holding period for shares in the Company. You may not be able to sell shares in the Company easily or you may have to sell at a price below the price that you paid or below the prevailing net asset value.

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because the Company is not able to pay you.

We have classified this product as 5 out of 7, which is a medium-high risk class. This rates the potential losses from future performance at a medium-high level, and the fact that poor market conditions are likely to impact the value of our ordinary shares. The price at which shares in the Company are sold in the market has not historically tracked the Company’s net asset value per share. This product does not include any protection from future market performance so you could lose some or all of your investment. There is no certainty that

the market price of shares will fully reflect their underlying NAV or that any distributions will be made, nor should shareholders rely upon any share buyback policy to offer any certainty of selling their shares at prices that reflect their underlying NAV.

Performance Scenarios

This table shows the money you could get back over the next 5 years, under different scenarios, assuming that you invest €10,000. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past, and are not an exact indicator. What you get will depend on how the market and Company performs and how long you keep the investment. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where the Company is not able to pay you.

The figures shown include all the costs of the product itself, where applicable, but may not include all the costs that you pay to your broker, adviser or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

Investment EUR 10,000		1Year	3 Years	5 Years
Stress scenario	What you might get back after costs	1,133	3,976	2,922
	Average return each year	-88.67%	-26.47%	-21.81%
Unfavourable Scenario	What you might get back after costs	6,576	4,108	2,748
	Average return each year	-34.24%	-25.66%	-22.77%
Moderate Scenario	What you might get back after costs	8,861	6,859	5,313
	Average return each year	-11.39%	-11.81%	-11.88%
Favourable Scenario	What you might get back after costs	11,667	11,190	10,036
	Average return each year	16.67%	3.82%	0.07%

What happens if the Company is unable to pay out?

As a shareholder of the Company you would not be able to make a claim to the Financial Services Compensation Scheme/other compensation body about the Company in the event that the Company were unable to make any distributions or other returns it may elect to pay from time to time, or if it were unable to pay any amounts due to you on a winding up at the end of its life. If you sell your shares on the AIM Market of the London Stock Exchange/other market, your bank or stockbroker will receive cash on delivery of your shares and should pass that to you.

What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs. The amounts shown here are the cumulative costs of the Company, for three different holding periods. The figures assume you invest €10,000. The figures are estimates and may change in the future. You should note that these costs are paid by the Company whereas the return that you may receive will depend on the Company's share price performance. There is no direct link between the Company's share price and the costs that it pays and the share price already takes into account the costs borne by the Company. If you sell your shares, you would pay your bank or stockbroker's dealing charges and be selling at the then available market offer price. That is likely to be lower than the bid price at which others could buy shares at that time.

Costs over time

The person advising you about this product may charge you other costs. If so, this person should provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

Investment €10,000 Scenarios	If you cash in after 1 year	If you cash in after 3 years	If you cash in after 5 years
Total costs (€)	340	1,019	1,698
Impact on return (RIY) per year	3.40%	3.40%	3.40%

Composition of costs

The table below shows:

- the impact each year of the different types of costs on the investment return that you might get;
- the meaning of the different cost categories.

One-off costs	Entry costs	n/a	No entry costs are payable when you acquire ordinary shares, although you may be required to pay brokerage fees or commissions.
	Exit costs	n/a	No exit costs are payable when you dispose of ordinary shares, although you may be required to pay brokerage fees or commissions.
Ongoing costs	Portfolio transaction costs	0.45%	The impact of the costs of the Company buying and selling underlying investments.
	Other ongoing costs	2.95%	The impact of the Company's operating costs, which include, among others, adviser's fee, administration fees, and other running costs.
Incidental costs	Performance fees	0%	The Company did not pay a performance fee. According to the contract between the Company and the adviser, there is an annual performance fee equal to 20% of any increase in the net asset value in excess of the base net asset value (adjusted to reflect any dividends, share redemptions or buybacks, shares issues and proceeds of option grants but before the deduction of any accrued advisory fee and performance fee.) The base net asset value is the greater of the net asset value at the time of issue of the shares and the highest net asset value based on which a performance fee is paid in any prior calendar year ("Prior High Net Asset Value") plus an additional annually compounding hurdle rate of 8 per cent. The Prior High Net Asset Value was EUR 165m in 2007.
	Carried interests	0%	There is no payment subsequent to the exit of investments.

How long should I hold it and can I take money out early?

There is no required minimum holding period for the shares in the Company, with investors being able to sell their investment in the Company's shares at will on the AIM Market of the London Stock Exchange but you may be required to pay your bank or stockbroker's dealing charges. The recommended holding period in this document is for illustrative purposes only. The Company is not obliged to acquire any of the Company's shares.

How can I complain?

If you have any complaints about the Company, you may lodge your complaint to bucharest@neweuropecapital.com

Other relevant information

The Company has shareholders' approval which allows it to borrow up to 30% of its gross assets but is not geared at the time of issuing of this document.

We are required to provide you with further documentation such as the Company's AIM Admission document, annual and interim reports, quarterly reports and net asset value statements. These documents and other information relating to the Company are available online at www.reconstructioncapital2.com

The past performance of the Company is not a guide to future performance. The price of the Company's shares can go down as well as up.