

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 SRL (Bucharest) is the adviser to RC2.



Statistics

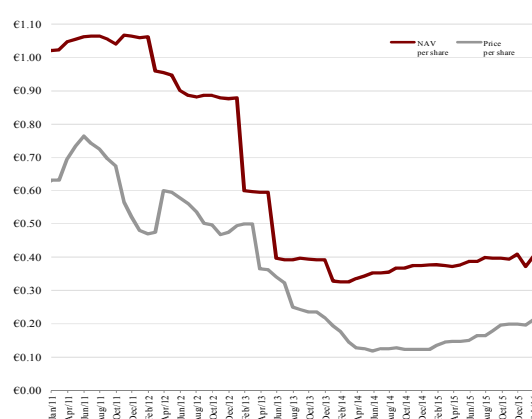
NAV per share (€) - undiluted	0.4085
NAV per share (€) - fully diluted	0.3072
Total NAV (€ m) - undiluted	40.8
Total NAV (€ m) - fully diluted	50.0
Share price (€)	0.2238
Mk Cap (€ m)	22.4
# of shares (m) - undiluted	100.0
# of shares (m) - fully diluted	162.6
NAV return since inception†	-57.29%
12-month NAV CAGR†	8.77%
NAV annualized Return*†	-8.03%
NAV annualized Volatility*†	19.24%
Best month (NAV)†	15.60%
Worst month (NAV)†	-33.53%
# of months up (NAV)†	65
# of months down (NAV)†	57

† undiluted basis * since inception

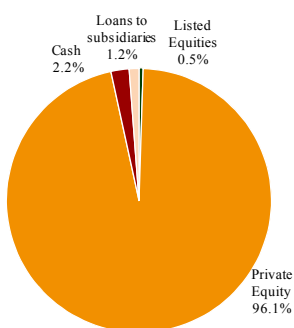
RC2 NAV returns (undiluted basis)

	2012	2013	2014	2015	2016
Jan	0.12%	-31.58%	-0.65%	-0.07%	8.03%
Feb	-9.69%	-0.51%	-0.34%	-0.34%	1.22%
Mar	-0.50%	-0.62%	2.94%	-0.70%	
Apr	-0.66%	0.29%	2.73%	0.93%	
May	-4.98%	-33.53%	2.70%	3.11%	
Jun	-1.47%	-0.85%	0.28%	-0.38%	
Jul	-0.73%	-0.28%	0.44%	3.24%	
Aug	0.61%	1.27%	3.23%	-0.85%	
Sep	0.01%	-0.69%	0.01%	0.31%	
Oct	-0.82%	-0.72%	1.87%	-0.35%	
Nov	-0.36%	0.43%	0.15%	3.17%	
Dec	0.29%	-16.44%	0.73%	-8.47%	
YTD	-17.17%	-62.64%	14.91%	-0.94%	9.35%

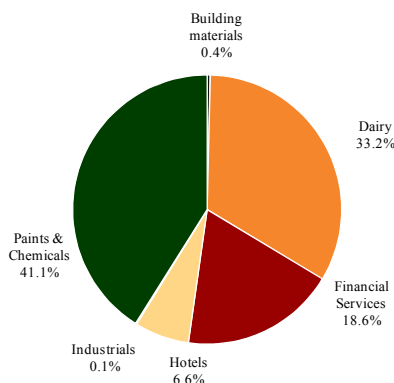
Share price / undiluted NAV per share (€)



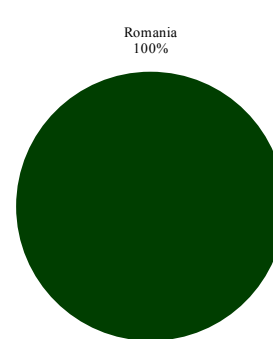
Portfolio Structure by Asset Class



Equity Portfolio Structure by Sector



Portfolio Structure by Geography



Commentary

In February, Klas completed the sale of its former production site at Juzni Bulevar for total proceeds of €2.4m. The company has used these proceeds to repay bank debt of €1.9m, to invest €0.1m in a chilled products line, to pay €0.2m in overdue taxes, and to boost the company’s working capital by €0.2m. Klas has now reduced its bank debt to €1.4m on which it enjoys a principal and interest payment holiday until March 2017.