

**Description**

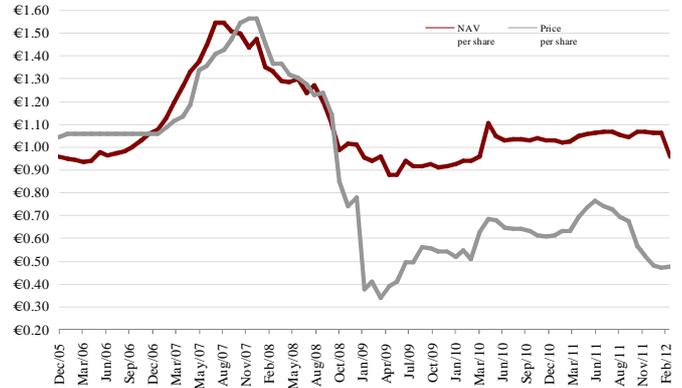
Reconstruction Capital II (“RC2” or the “Fund”) is a closed-ended, absolute return driven investment fund, incorporated in the Cayman Islands. The fund invests in Private Equity & Listed Securities in South-East Europe. RC2 was admitted to the AIM market of the London Stock Exchange in December 2005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



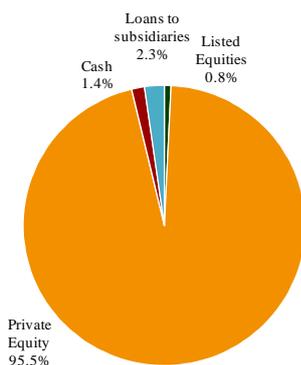
**Statistics**

	RC2 NAV returns	2008	2009	2010	2011	2012
NAV per share (€)	0.9589					
Share price (€)	0.4750	Jan -8.27%	-5.65%	1.36%	-0.54%	0.11%
Total NAV (€ m)	95.9	Feb -1.48%	-1.51%	0.03%	0.24%	-9.68%
Mk Cap (€ m)	47.5	Mar -3.03%	2.39%	2.07%	2.48%	
# of shares (m)	100.0	Apr -0.26%	-8.40%	15.60%	0.70%	
NAV return since inception	0.25%	May 0.93%	-0.26%	-5.42%	0.55%	
12-month NAV CAGR	-6.29%	Jun -4.75%	3.08%	-1.57%	0.25%	
NAV annualized Return*	0.04%	Jul 2.85%	1.08%	0.53%	0.13%	
NAV annualized Volatility*	13.63%	Aug -5.55%	0.23%	0.07%	-1.10%	
Best month (NAV)	15.60%	Sep -8.34%	1.20%	-0.62%	-1.25%	
Worst month (NAV)	-10.52%	Oct -10.52%	-1.79%	0.96%	2.63%	
# of months up (NAV)	42	Nov 3.03%	0.46%	-1.15%	-0.25%	
# of months down (NAV)	32	Dec -0.60%	1.08%	-0.06%	-0.49%	
		YTD	-31.43%	-8.38%	11.07%	3.32%
						-9.58%

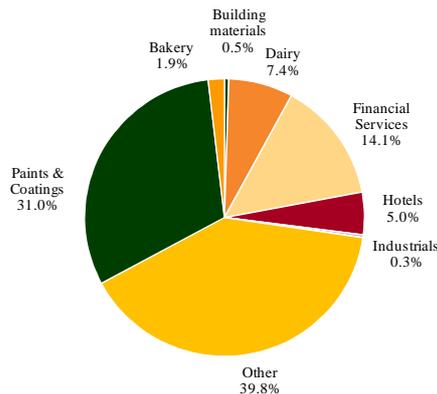
**Share price / NAV per share (€)**



**Portfolio Structure by Asset Class**

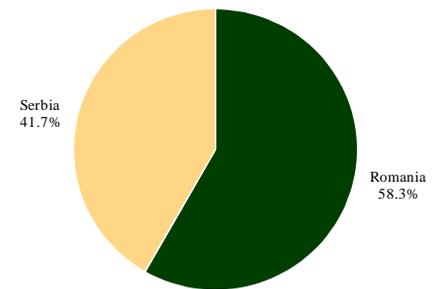


**Equity Portfolio Structure by Sector**



Note: EPH investment included under Other

**Portfolio Structure by Geography**



Note: EPH investment included under Serbia

**Commentary**

RC2 has completed the final phase of a series of transactions, whereby the founding shareholders of EPH have exited the business in exchange for certain non-core assets of the group. Consequently, RC2’s shareholding in EPH has increased from 58.9% to 63.0% over the month of February.

Independent valuers have completed their annual valuations of RC2’s private equity positions, which is the main reason for RC2’s NAV falling by 9.68% over the month. A table showing the old and new valuations of the main private equity positions based on the new valuations performed by the third party valuers is shown on the right:

Private Equity investments in EUR '000	Jan-12	Feb-12
EPH	44,671	37,970
Policolor	31,880	29,560
Top Factoring	9,887	11,999
Mamaia	7,166	4,702
Klas	1,055	1,787
<b>TOTAL</b>	<b>94,659</b>	<b>86,018</b>



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