

TETRAGON

TETRAGON FINANCIAL GROUP LIMITED (TFG) MONTHLY UPDATE FOR DECEMBER 2016

31 January 2017

TFG is a Guernsey closed-ended investment company traded on Euronext Amsterdam N.V. under the ticker symbol "TFG.NA" and on the Specialist Fund Segment of the main market of the London Stock Exchange plc under the symbol "TFG.LN".

In this monthly update, unless otherwise stated, we report on the consolidated business incorporating TFG and Tetragon Financial Group Master Fund Limited.⁽¹⁾

Net Asset Value Estimates as of 31 December 2016

(Amounts provided are unaudited and subject to change)

	<i>(in millions except per share data)</i>
Estimated Fair Value of Investments:	\$1,486.4
Cash and Cash Equivalents:	\$423.3
Net Other Assets / (Liabilities):	\$25.2
Estimated Net Asset Value	\$1,934.9
TFG Legal Shares Issued and Outstanding:	139.7
Fully Diluted Shares Outstanding: ⁽²⁾	96.7
Fully Diluted Net Asset Value per Share: ⁽³⁾	\$20.01

Investment Composition:

As of the end of December 2016, the company's investment portfolio comprised a broad range of assets, including a diversified alternative asset management business, TFG Asset Management, and covered bank loans (including equity tranches of U.S. and European CLOs, U.S. CLO mezzanine tranches and U.S. senior secured loans), real estate, equities, credit, convertible bonds and infrastructure, as well as cash. Derivative mark-to-market gains and losses are contained within net other assets or liabilities.

(1) TFG invests substantially all its capital through a master fund, Tetragon Financial Group Master Fund Limited (TFGMF) in which it holds a 100% share.

(2) Fully Diluted Shares adjusts the IFRS shares outstanding (87.1 million) for the impact of certain escrow shares used as consideration in the Polygon transaction and associated stock dividends (together, 3.2 million), equity-based awards (0.9 million), estimated deferred incentive fees payable in shares (2.0 million) and for the potential impact of share options issued (3.4 million), all subject to rounding. These options represent the intrinsic value of shares available for the GreenOak founders as at the end of December 2016 (1.1 million) plus potential impact of options issued to TFG's Investment Manager at the time of TFG's IPO (the "Investment Manager Options") (2.3 million). The Investment Manager Options, if exercised, will be settled by TFG on a cashless basis by issuing to the Investment Manager the net shares (based on then current share price) resulting from such exercise. IFRS Shares outstanding (approximately 87.1 million), are determined by reducing TFG Legal Shares issued and Outstanding (139.7 million) by approximately 43.3 million shares held in treasury and 9.3 million shares held in aggregate in escrow accounts, all subject to rounding.

(3) Calculation is with reference to Estimated Net Assets Value (\$1,934.9 million) divided by Fully Diluted Shares Outstanding (approximately 96.7 million), all subject to rounding.

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Investment Composition (continued):

The geographical allocation of TFG's investments was determined to be 51.6% North America, 40.8% Europe, 5.0% Asia and 2.7% Latin America at month-end. Investments in hedge funds, private equity funds and other investment vehicles are based on the jurisdiction of the underlying investments. Where such underlying investments span more than one geographic region the amounts are allocated based on the percentage of long market value in each jurisdiction relative to the aggregate long market value of the fund or vehicle, as the case may be. Interests in asset management businesses are included in this calculation and are generally based on the jurisdiction in which the business resides. For investments in asset management businesses with offices that span multiple geographic areas, the geographic allocation is based upon an estimate of resources employed between such offices.

Calendar:

Please see the TFG website for the latest calendar:

<http://www.tetragoninv.com/investors/calendar-and-events>

About TFG:

TFG is a Guernsey closed-ended investment company traded on Euronext Amsterdam N.V. under the ticker symbol "TFG.NA" and on the Specialist Fund Segment of the main market of the London Stock Exchange under ticker symbol "TFG.LN". TFG's investment objective is to generate distributable income and capital appreciation. It aims to provide stable returns to investors across various credit, equity, interest rate, inflation and real estate cycles. TFG's investment portfolio comprises a broad range of assets, including a diversified alternative asset management business, TFG Asset Management, and covers bank loans, real estate, equities, credit, convertible bonds and infrastructure.

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