TETRAGON

First Quarter 2016 Report

Tetragon Financial Group Limited Q1 2016 Report

Contents

TFG: Delivering Results Since 2005(1)(i)

Figure 1

RETURNS

ROE TARGET(ii)	AVERAGE ROE(iii)	2016 ANNUALISED ROE
10-15%	13.2%	4.1%
Annualised range	Since April 2007 IPO	31 March 2016

SHAREHOLDER RETURNS(iv)

ONE YEAR	THREE YEARS	FIVE YEARS	SINCE APRIL 2007 IPO
+4%	+2%	+11%	+7%
	Per annum	*Per annum*	*Per annum*
to 31 March 2016	to 31 March 2016	to 31 March 2016	to 31 March 2016
FTSE All-Share: -4%	FTSE All-Share: +4%	FTSE All-Share: +6%	FTSE: All-Share: +4%

RETURNING VALUE

DIVIDEND YIELD	DIVIDEND COVER(v)	DIVIDEND GROWTH FIVE-YEAR CAGR
7%	3x	12%
		Per annum
31 March 2016	31 March 2016	to 31 March 2016

BUILDING VALUE

FAIR VALUE NAV(vi)	FULLY DILUTED FAIR VALUE NAV PER SHARE(vii)
$2.0B	$19
31 March 2016	31 March 2016

ALIGNMENT

PRINCIPAL & EMPLOYEE OWNERSHIP(viii)
21%
31 March 2016

(i)(ii)(iii)(iv)(v)(vi)(vii)(viii) Please refer to end notes for important disclosures.

Executive Summary

Tetragon Financial Group Limited ("TFG" or the "Company") is a Guernsey closed-ended investment company traded on Euronext Amsterdam N.V. under the ticker symbol "TFG.NA" and on the Specialist Fund Market[2] of the London Stock Exchange under ticker symbol "TFG.LN". In this report, we provide an update on TFG's results of operations for the period ending 31 March 2016.[3]

29 April 2016

TFG generated Fair Value[4] earnings of $20.3 million in the first quarter of 2016, giving an annualised Return on Equity ("RoE") of 4.1%. Although this return is below that of last year's first quarter and below our target return of 10-15%[5], it was achieved against a backdrop of particularly volatile capital markets during the quarter.

The majority of TFG's investments produced small positive returns (CLOs, European event-driven equities, convertibles, global real estate investments and TFG Asset Management) during the quarter and there was a small loss in the distressed strategy.

TFG Asset Management, TFG's diversified alternative asset management business, had a steady first quarter in terms of capital raising, with assets under management ("AUM") rising slightly from $17.1 to $17.2 billion[6], including a second close for TCI II[7].

The first quarter dividend was declared at $16.5 cents per share giving 12-month rolling dividend growth of approximately 5%.

During the quarter, principals of TFG's investment manager, Tetragon Financial Management LP ("TFM" or the "Investment Manager"), bought another 2.4 million TFG shares and TFG Asset Management implemented a long-term incentive plan, both of which further align the interests of the Investment Manager, employees and shareholders.

In order to give TFG flexibility going forward, in particular to exploit opportunistic investments, the Company has obtained during the quarter a $75 million revolving credit facility.

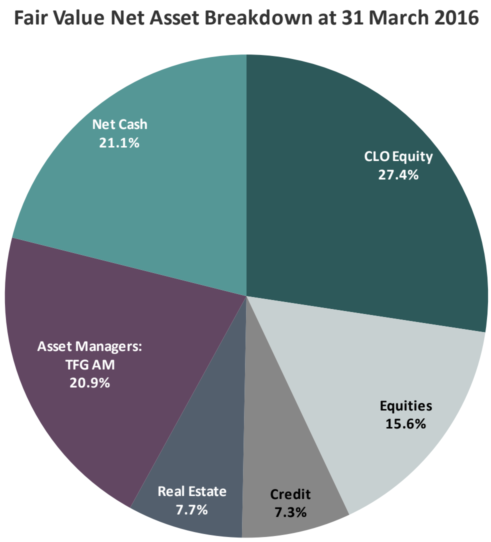
TFG Overview

TFG is a Guernsey closed-ended company traded on Euronext Amsterdam N.V. under the ticker symbol "TFG.NA" and on the Specialist Fund Market of the London Stock Exchange under ticker symbol "TFG.LN"[8].

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. The company'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.

TFG's Fair Value Net Asset Value ("NAV") as of 31 March 2016 was approximately $2.0 billion. Figure 2 shows the company's current net asset breakdown including TFG Asset Management at full estimated Fair Value.

Figure 2[(i)(ii)]



(i) Net Cash consists of: (1) cash held directly by Tetragon Financial Group Master Fund Limited, (2) excess margin held by brokers associated with assets held directly by Tetragon Financial Group Master Fund Limited, and (3) cash held in certain designated accounts related to TFG's investments, which may only be used for designated purposes without incurring significant tax and transfer costs, net of "Other Net Assets and Liabilities."

(ii) Assets characterised as "Equities" consist of the Fair Value of investments in Polygon-managed equity funds as well as the Fair Value of, or capital committed to, equity assets (as applicable) held directly on TFG's balance sheet. Please see Figure 10 for further details on asset composition.

To achieve TFG's investment objective of generating distributable income and capital appreciation, TFG's current investment strategy is:

- **To identify attractive asset classes and investment strategies.**
- **To identify asset managers it believes to be superior.**
- **To use the market experience of TFM, TFG's investment manager, to negotiate favourable terms for its investments.**
- **Through TFG Asset Management, and where sensible, to seek to own all, or a portion, of asset management companies with which it invests in order to enhance the returns achieved on its capital.**

In addition, TFM's current investment strategy is to continue to grow TFG Asset Management – as TFG's diversified alternative asset management business – with a view to a possible initial public offering and listing of its shares.

As part of its investment strategy, TFM may employ hedging strategies and leverage in seeking to provide attractive returns while managing risk.

The Investment Manager seeks to identify asset classes that offer excess returns relative to their investment risk, or "intrinsic *alpha*." It analyses the risk/reward, correlation, duration and liquidity characteristics of each potential capital use to gauge its attractiveness and incremental impact on the Company.

The Investment Manager then seeks to find high-quality managers who invest in these asset classes; selects or structures suitable investment vehicles that optimise risk-adjusted returns for TFG's capital; and/or seeks for TFG (via TFG Asset Management) to own a share of the asset management company. TFG aims to not only produce asset level returns, but also aims to enhance these returns with capital appreciation and investment income from its investments in asset management businesses that derive income from external investors.

Certain considerations when evaluating the viability of a potential asset manager typically include: performance track records, reputation, regulatory requirements, infrastructure needs and asset gathering capacity. Potential profitability and scalability of the business are also important considerations. Additionally, the core capabilities, investment focus and strategy of any new business should offer a complementary operating income stream to TFG Asset Management's existing businesses. The Investment Manager looks to mitigate potential correlated risks across TFG Asset Management's investment managers by diversifying its exposure across asset classes, investment vehicles, durations, and investor types, among other factors.

TFG's asset management businesses can operate autonomously, or on the TFG Asset Management platform. In either case, the objective is for them to benefit from an established infrastructure, which can assist in critical business management functions such as risk management, investor relations, financial control, technology, and compliance/legal matters, while maintaining entrepreneurial independence.

TFG ASSET MANAGEMENT

Figure 3

ASSETS UNDER MANAGEMENT[(i)]
$17B
31 March 2016

HEADCOUNT
CIRCA
220
Including GreenOak

OFFICES
London · New York
Plus GreenOak locations

GLOBAL OPERATING PLATFORM

	LCM™	GREENOAK™	POLYGON™	equitix™	HAWKE'S POINT™	TCIP™
	Bank Loans	Real Estate Joint Venture	Hedge Funds & Private Equity	Infrastructure	Mining Finance	CLO Equity
Approx. AUM	**$6.1 billion[(ii)]**	**$6.7 billion[(iii)]**	**$1.5 billion[(iv)]**	**$2.7 billion[(v)]**	**Start up[(vi)]**	**$0.2 billion[(vii)]**
	• LCM currently manages 14 CLOs	• Japan Fund I • Asia Fund II • UK Debt Fund I • Europe Fund I Spain • U.S. Fund I • U.S. Fund II • Global Advisory	• European Equity Opportunity Fund • Convertible Opportunity Fund • Mining Opportunity Fund • Global Equities Fund • Distressed Opportunities Fund • Recovery Fund	• Fund I • Fund II • Fund III • Fund IV • Managed Account • Energy Saving Investments • Energy Efficiency Fund		• Tetragon Credit Income II L.P. • TCI Capital Management

(i)(ii)(iii)(iv)(v)(vi)(vii) Products/mandates listed are not necessarily open for new investment and are not an offer to sell or a solicitation of an offer to purchase securities in the United States or any other jurisdiction, but to illustrate the TFG Asset Management platform strategy.

TFG Asset Management consists of:

- **LCM ASSET MANAGEMENT**[(9)] – a CLO loan manager.
- **The GREENOAK REAL ESTATE**[(10)] joint venture – a real estate-focused principal investing, lending and advisory firm.
- **POLYGON GLOBAL PARTNERS**[(11)] – a manager of open-ended hedge fund and private equity vehicles across a number of strategies.
- **EQUITIX**[(12)] – an integrated core infrastructure asset management and primary project platform.
- **HAWKE'S POINT**[(13)] – a business that seeks to provide capital to companies in the mining and resource sectors.
- **TETRAGON CREDIT INCOME PARTNERS (TCIP)**[(14)] – TCIP acts as a general partner of a private equity vehicle that, among other things, makes investments in CLOs relating to risk retention rules.

Assets under management for TFG Asset Management as of 31 March 2016 totalled approximately $17.2 billion.[(15)]

Board of Directors

TFG's Board of Directors is comprised of six members, four of whom are Independent Directors who have significant experience in asset management and financial markets. Biographies of the directors can be found in Appendix VIII.

Rupert Dorey
Independent Director

Frederic M. Hervouet
Independent Director

David Jeffreys
Independent Director

Byron Knief
Independent Director

Reade Griffith

Paddy Dear

Key Metrics

Key Metrics

The Company focuses on the following key metrics prepared on a Fair Value[16] basis, when assessing how value is being created for, and delivered to, TFG shareholders:

- **Earnings : Fair Value Return on Equity and Fair Value EPS;**
- **NAV per share; and**
- **Dividends.**

EARNINGS – FAIR VALUE RETURN ON EQUITY ("Fair Value RoE")

Annualised Fair Value RoE for 2016 was 4.1%; below TFG's long-term target range of 10-15%.[17]

Despite a challenging environment in Q1 2016, TFG was successful in recording a positive set of results, with Fair Value Net Income[18] of $20.3 million. This equated to an annualised Fair Value RoE of 4.1%.

There were positive contributions from nearly all of the investment classes across the portfolio, including TFG Asset Management on a fair value basis.

ROE TARGET

10-15%

Annualised range

AVERAGE ROE

13.2%

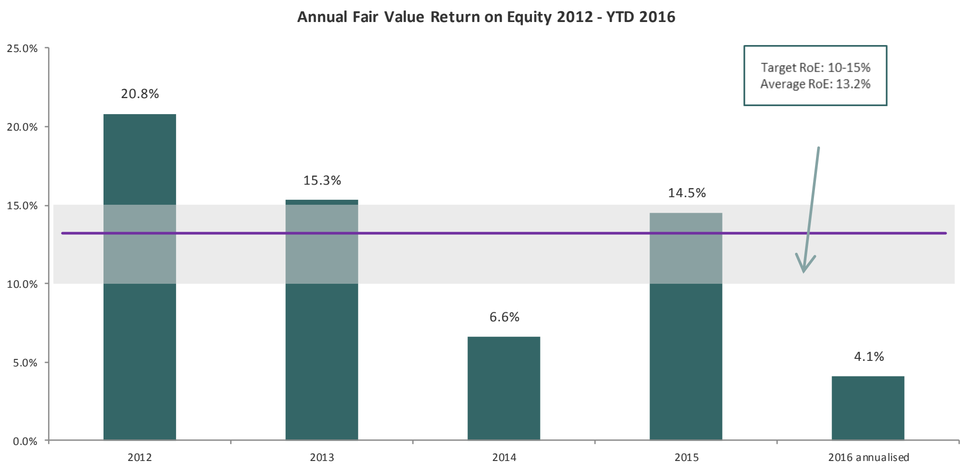
Since April 2007 IPO

2016 ANNUALISED ROE

4.1%

31 March 2016

Figure 4[(i)]



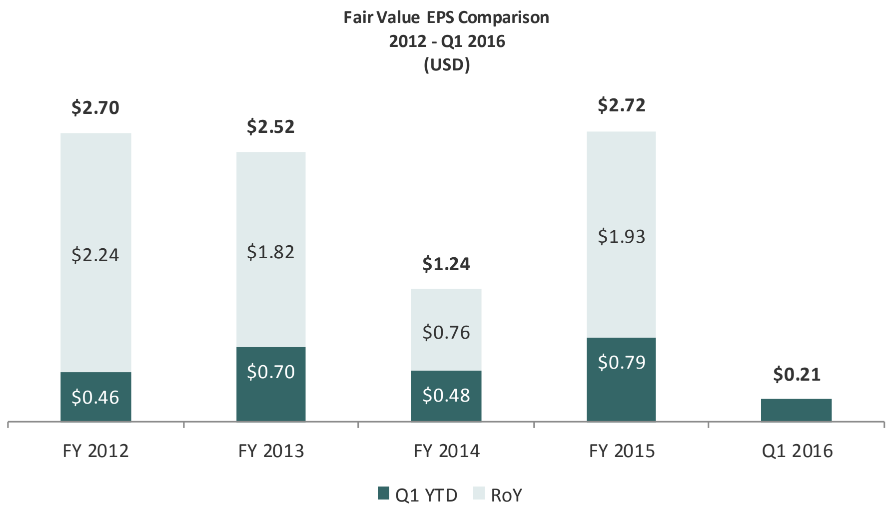
(i) Average RoE is calculated from TFG's IPO in 2007. 2015 RoE includes a fair value adjustment for certain TFG Asset Management businesses, the value of which has accumulated over several years. Consequently the full year return of 14.5% is not prepared on a like for like basis with prior years. Like for like performance for 2015 was 8.2%.

FAIR VALUE EARNINGS PER SHARE ("Fair Value EPS")

TFG generated a Fair Value EPS[19] of $0.21 in Q1 2016

The Fair Value Net Income of $20.3 million resulted in a Fair Value EPS of $0.21. These results are significantly down from the same period last year, reflecting the generally adverse and volatile conditions in Q1 2016 as well as some strong one-off contributions in Q1 2015.[20]

Figure 5



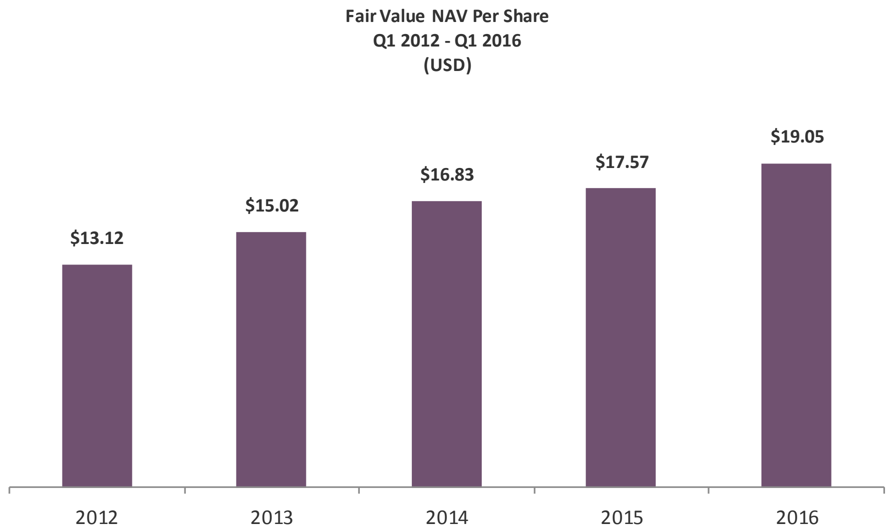
Further detailed information on the drivers of the Company's performance is provided later in this report.

FULLY DILUTED FAIR VALUE NAV PER SHARE

Fully Diluted Fair Value NAV per Share was $19.05 at the end of Q1 2016, up 8.4% from the end same period in 2015

- Total Fair Value NAV for TFG rose to $1,994.8 million at 31 March 2016, which equated to Fully Diluted Fair Value NAV per Share(21) of $19.05.
- The 8.4% growth in Fully Diluted Fair Value NAV per Share recorded year on year is after distributing dividends of $0.6475 during that period. The Q4 2015 dividend of $0.165 was distributed in Q1 2016.
- In addition to the operating performance of TFG, this metric was boosted by $0.49 per share through the repurchase of $60 million of shares in Q4 2015. In Q1 2016, the fully diluted share count rose by 0.5 million shares, 0.2 million of which related to the implementation of equity-based compensation plans for certain employees of TFG Asset Management. Such plans are described in more detail in Appendix VII.

Figure 6(i)



(i) Source: Fully Diluted Fair Value NAV per share based on TFG's financial statements as of 31 March of each of the years shown. Please see Figure 20 on page 25 for more details on the calculation of Fully Diluted Fair Value NAV Per Share.

FAIR VALUE NAV

$2.0B

31 March 2016

FAIR VALUE
NAV PER SHARE

$19

31 March 2016

NAV PER SHARE GROWTH

+8%

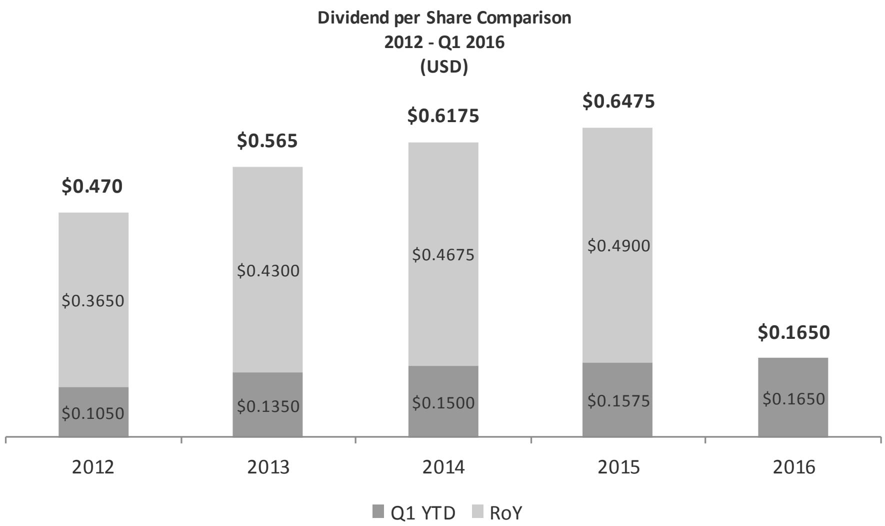
Q1 2015-2016

DIVIDENDS PER SHARE ("DPS")

TFG maintained its quarterly dividend at 16.50 cents per share in Q1 2016

- TFG declared a Q1 2016 DPS of $0.165, unchanged from Q4 2015. On a rolling 12-month basis, the dividend of $0.655 per share represents a 4.8% increase over the prior 12-month period and equates to an annualised dividend yield of 6.8% on the 31 March 2016 share price of $9.65.
- This dividend declaration continues TFG's progressive dividend policy, which targets a payout ratio of 30-50% of normalised earnings. The Q1 2016 DPS of $0.165 brings the cumulative DPS declared since TFG's IPO to $4.25.

Figure 7



DIVIDEND YIELD

7%

31 March 2016

DIVIDEND COVER

3x

31 March 2016

DIVIDEND GROWTH
FIVE-YEAR CAGR

12%

Per annum
to 31 March 2016

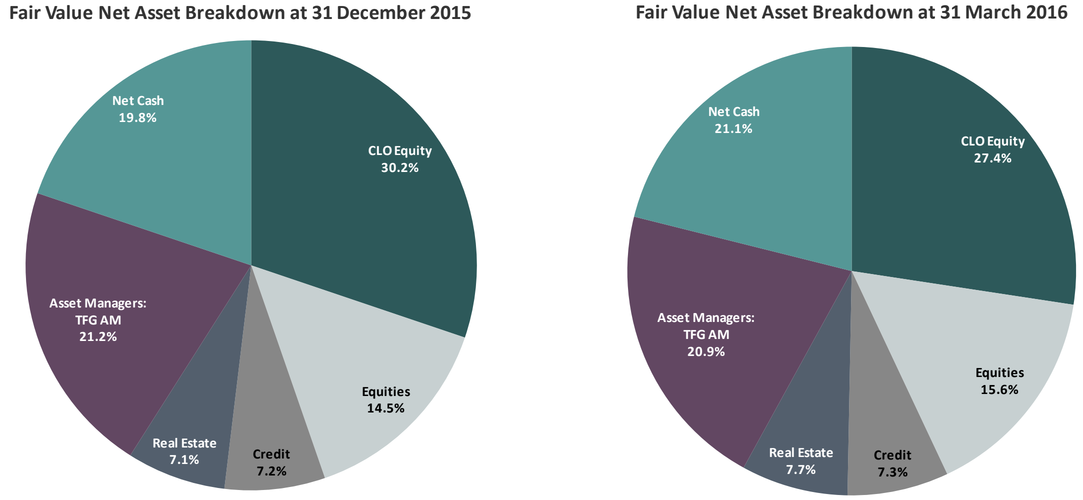
Q1 2016 In Review

Q1 2016 In Review

The figure below illustrates the composition of TFG's Fair Value net assets as of 31 March 2016 and 31 December 2015.

Figure 8[(i)(ii)]

Fair Value Net Asset Composition Summary[(i)(ii)]



(i) Net Cash consists of: (1) cash held directly by Tetragon Financial Group Master Fund Limited, (2) excess margin held by brokers associated with assets held directly by Tetragon Financial Group Master Fund Limited, and (3) cash held in certain designated accounts related to TFG's investments, which may only be used for designated purposes without incurring significant tax and transfer costs, net of "Other Net Assets and Liabilities."

(ii) Assets characterised as "Equities" consist of the Fair Value of investments in Polygon-managed equity funds as well as the Fair Value of, or capital committed to, equity assets (as applicable) held directly on TFG's balance sheet. Please see Figure 9 for further details on asset composition.

The table below highlights the fair value of TFG's ten top holdings as of 31 March 2016.

Figure 9

Top 10 Holdings at 31 March 2016

Holding	Investment Type	Description	Fair Value $MM	% of Fair Value NAV
1 Equitix (Manager)	Asset Manager	£1.9 Bn UK infrastructure fund asset manager	184.0	9.2%
2 Polygon European Equity Opportunity Fund	Fund Investment - Equities	European event driven equity hedge fund	148.0	7.4%
3 LCM (Manager)	Asset Manager	$6.1 Bn CLO manager	102.2	5.1%
4 Polygon Distressed Opportunities Fund	Fund Investment - Credit	Distressed opportunities hedge fund	92.5	4.6%
5 GreenOak Real Estate (Manager)	Asset Manager	$6.7 Bn global real estate asset manager	67.0	3.4%
6 Polygon (Manager)	Asset Manager	$1.5 Bn hedge fund manager	62.0	3.1%
7 Polygon Convertible Opportunity Fund	Fund Investment - Credit	Event driven credit hedge fund	45.4	2.3%
8 Polygon Mining Opportunities Fund	Fund Investment - Equities	Mining-related equity hedge fund	38.0	1.9%
9 LCM XVIII LP	Fund Investment - CLO Equity	US broadly syndicated corporate loans (CLO)	34.8	1.7%
10 LCM XIX LP	Fund Investment - CLO Equity	US broadly syndicated corporate loans (CLO)	31.5	1.6%
TOTAL				**40.4%**

NET ASSET BREAKDOWN AND INCOME FOR Q1 2016

Figure 10

Asset Category	Asset Subcategory	Q1 2016 Fair Value Net Assets ($MM)	Q1 2016 Fair Value Net Income ($MM)	2015 Fair Value Net Assets ($MM)	2015 Fair Value Net Income ($MM)
CLO Equity	U.S. CLO 1.0[i]	209.9	6.8	260.6	55.7
CLO Equity	U.S. CLO 2.0[i]	276.3	7.4	281.7	30.2
CLO Equity	European CLOs	59.4	5.3	58.5	6.0
Equities	Equity Funds	206.2	7.9	198.3	15.3
Equities	Other Equities[ii]	104.0	4.7	90.5	51.6
Credit	Convertible Bond Fund	45.4	0.6	44.8	2.3
Credit	Distressed Fund	92.5	(2.5)	95.1	(5.4)
Credit	Direct Loans	7.4	0.1	3.0	1.0
Real Estate	Real Estate	153.7	3.2	141.7	25.2
Asset Management	TFG Asset Management[iii]	416.5	0.8	422.1	185.2
Net Cash	Net Cash	423.5	0.3	391.0	0.1
Net Cash	Corporate Fees and Expenses	NA	(11.3)	NA	(92.2)
Net Cash	Net Hedge PnL and Taxes	NA	(3.0)	NA	(11.1)
		1,994.8	**20.3**	**1,987.3**	**263.9**

(i) "U.S. CLO 1.0" refers to U.S. CLOs issued before or during 2008. "U.S. CLO 2.0" refers to U.S. CLOs issued after 2008. The U.S. CLO 1.0 segment includes an investment in the BB tranche of a U.S. CLO 1.0 with Fair Value of $1.7 million.

(ii) Assets characterised as "Other Equities" consist of the Fair Value of, or capital committed to, investment assets held directly on the balance sheet.

(iii) The TFG Asset Management net income figure for 2015 includes the consolidated net income before tax of Polygon, LCM and Hawke's Point to 30 June 2015, and changes in the Fair Value of those investments from 1 July to 31 December 2015. The income relating to investments in Equitix and GreenOak reflects the changes in the carrying value of these equity investments, and in the case of Equitix, interest income and changes in Fair Value connected to the loans held. For Q1 2016 all calculations reflect the changes in fair value of all businesses owned by TFG Asset Management.

Figure 10 above shows Fair Value Net Assets and Fair Value Net Income by asset class for Q1 2016 compared to 2015.

- **U.S. 1.0 CLOs:** TFG's U.S. 1.0 CLO investments contributed $6.8 million in Fair Value Net Income over the first quarter of 2016. Although we did not direct the redemption of any such investments during the quarter, the natural amortization of the 1.0 portfolio and the unwinding of CLOs previously redeemed in 2015 reduced the fair value of this segment by nearly 20% over Q1 2016. Unlike the U.S. 2.0 CLOs, TFG's U.S. CLO 1.0 CLOs may be more affected by mark-to-market volatility of underlying loan assets, as such CLOs are generally no longer able to reinvest a significant amount of their principal proceeds (with a handful of exceptions). Loans were particularly volatile during Q1 2016, with the S&P/LSTA Leveraged Loan Index rallying to a 2.8% gain during the month of March, more than offsetting losses in the first two months of the year.[22] As of the end of Q1 2016, all of TFG's U.S. CLO 1.0 deals were passing their junior-most O/C tests.[23]

- **U.S. 2.0 CLOs:** TFG's U.S. 2.0 CLO investments produced $7.4 million in Fair Value Net Income in Q1 2016. As with the U.S. 1.0 CLO portfolio, the underlying loan prices of the U.S. 2.0 CLOs were volatile, but we believe in many cases, this may have produced opportunity for our CLOs that were still within their reinvestment periods. As of the end of Q1 2016, all of TFG's U.S. 2.0 CLOs were in compliance with their junior-most O/C tests.[24]

- **European CLOs:** The European CLO segment of TFG's portfolio produced $5.3 million in Fair Value Net Income during Q1 2016. Unlike in the U.S., European loan prices remained supportive of early optional redemptions of CLOs, and during the quarter, we initiated the redemption of one European CLO (please see "Q1 2016 Major Asset Sales and Optional Redemptions" for more detail). All of TFG's European CLOs were in compliance with their junior-most O/C tests as of the end of Q1 2016.[25]

- **Equity Funds:** Polygon's event-driven equity investments generated Fair Value Net Income of $7.9 million during Q1 2016, compared to $9.6 million in Q4 2015. Polygon's European event-driven strategy returned 5.1% net during Q1 2016, and its mining equity vehicle returned 1.1% net; the HFRX Event-Driven index[26] was down 1.2% during the same period. Please refer to page 21 for further details on the performance of the individual funds.

(continued)

- **Other Equities:** These assets generated Fair Value Net Income of $4.7 million in Q1 2016, compared to $4.2 million in Q4 2015.
- **Convertible Fund:** Polygon's convertible fund investment contributed Fair Value Net Income of $0.6 million during Q1 2016, the same level as during Q4 2015. The fund's performance was 1.1% net, compared to -1.1% for the HFRX Convertible Index[27]. Please refer to page 21 for further details on the fund's performance.
- **Distressed Fund:** This asset subcategory had a loss of $2.5 million during Q1. Polygon's distressed fund performance was down 2.0% net during the quarter, compared to the HFRX Distressed Index which was down 1.5% during the same period.[28] Please refer to page 21 for further details on the fund's performance.
- **Real Estate:** TFG's investment in Real Estate contributed $3.2 million of Fair Value Net Income during the quarter, primarily driven by an increase in the value of the Japan Fund. In addition, $4.5 million of cash was returned during the period.
- **TFG Asset Management:** TFG's investment in TFG Asset Management generated $0.8 million of capital appreciation and investment income during Q1 2016, as the valuations of these investments were recalibrated. The main positive contribution came from an increase in the carrying value of TFG's investment in Equitix. LCM, Polygon and GreenOak were all marked down slightly as a result of a combination of more conservative forecasts driven by Q1 2016 market volatility and uncertainty, and, where applicable, lower peer market multiples. We believe, however, that the underlying economics and momentum of these businesses remains positive, as described in the TFG Asset Management section in this report. For further information on the basis for determining the Fair Value of the TFG Asset Management investment, please see Appendix IV. TFG Asset Management's *pro forma* operating results are set out in Figure 14.
- **Net Cash:** TFG held $423.5 million of Fair Value in net cash at 31 March 2016. The Company actively manages its cash levels to cover future commitments and to enable it to capitalise on opportunistic investments.

Figure 11

TFG Asset Management - Net Income Q1 2016			
Business	**Fair Value Q1 2016 ($MM)**	**Fair Value Q4 2015 ($MM)**	**Fair Value Movement ($MM)**
Equitix	184.0	173.9	10.1
GreenOak Joint Venture	67.0	70.0	(3.0)
Hawke's Point	0.7	0.8	(0.0)
TCIP	0.4	0.3	0.1
LCM	102.2	110.2	(8.0)
Polygon	62.0	67.0	(5.0)
Change in Fair Value	**416.5**	**422.1**	**(5.7)**
Other TFGAM investment income and impact of currency hedge on Equitix			6.5
Total Capital Appreciation and Investment Income			0.8

Q1 2016 Major New Investments

- **TCI II:** During Q1 2016, TFG made a commitment of $15.0 million to TCI II, bringing TFG's total commitments to $50.0 million.
- **Real Estate:** TFG continued to add to its real estate exposure with drawdowns of $12.5 million into GreenOak-managed vehicles with exposure across the United States, Europe and Asia.

Q1 2016 Major Asset Sales and Optional Redemptions

- **European CLOs:** TFG initiated an optional early redemption of one European CLO in Q1 2016. Shortly after the end of the quarter, TFG received approximately €11.3 million from unwind proceeds from this CLO. The Company expects to receive substantially all liquidation payments from the redeemed CLO before the end of Q2 2016.
- **Real Estate:** It was a relatively quiet quarter with approximately $4.5 million being returned in total, with a significant portion coming from GreenOak's U.S. Fund I.

TFG Asset Management Overview

TFG Asset Management Overview

One of TFG's significant investments is TFG Asset Management, a diversified alternative asset management business that owns majority and minority stakes in asset managers. At 31 March 2016, TFG Asset Management comprised LCM, the GreenOak joint venture, Polygon, Equitix, Hawke's Point and TCIP[29] (please see Figure 12 for the breakdown of AUM and Fair Value by business line). TFG Asset Management has approximately $17.2 billion of assets under management[30] and approximately 220 employees globally. Figure 13 depicts the growth of that AUM over the last five years.

EBITDA

$9M

31 March 2016

EBITDA GROWTH

-51%

Q1 2015 - 2016

AUM

$17B

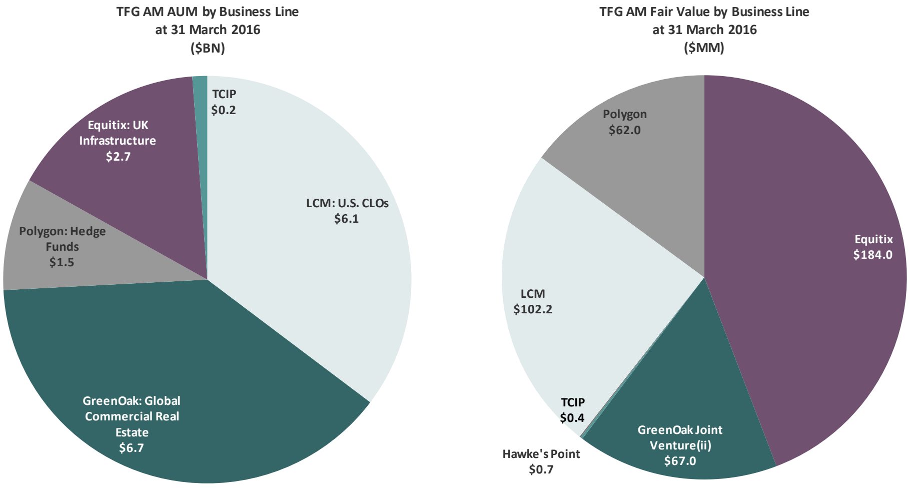
31 March 2016

AUM GROWTH

+25%

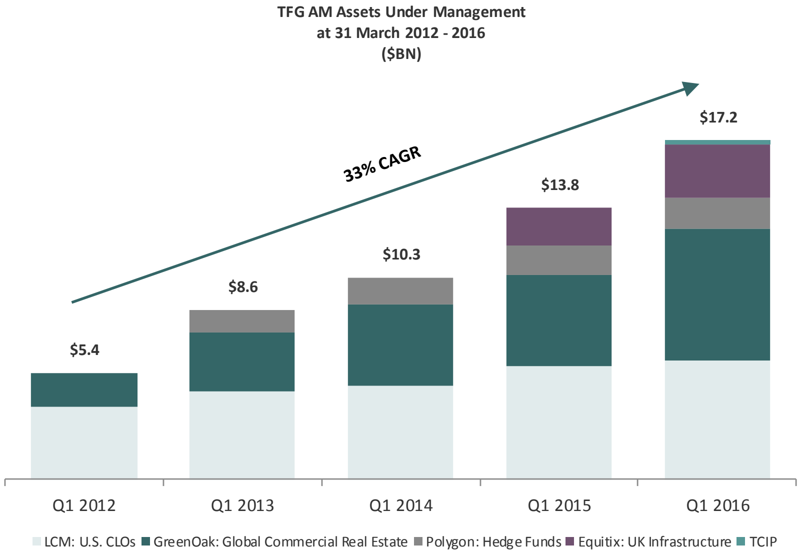
Q1 2015 - 2016

Figure 12[31]



(i) The Fair Value of TFG's 23% stake.

Figure 13[32]



TFG ASSET MANAGEMENT PRO-FORMA EBITDA (Ex-GreenOak)

Figure 14

TETRAGON FINANCIAL GROUP TFG Asset Management Pro Forma Statement of Operations (excluding GreenOak)			
	Q1 2016 $MM	Q1 2015[(i)] $MM	Q1 2014 $MM
Management fee income	15.6	11.7	10.0
Performance and success fees[(ii)]	9.5	19.4	4.8
Other fee income	3.9	4.0	1.3
Interest income	0.1	0.0	0.1
Total income	**29.1**	**35.1**	**16.2**
Operating, employee and administrative expenses	(18.4)	(14.6)	(9.9)
Minority Interest	(1.4)	(1.7)	0.0
Net income - "EBITDA equivalent"	**9.3**	**18.8**	**6.3**

(i) The above table includes the income and expenses attributable to TFG's majority owned businesses, Polygon, LCM and Equitix during that period. In the case of Equitix this only covers the period from 2 February 2015, the date of the closing of TFG's acquisition of Equitix. Although TFG currently has an 85% effective economic share of its business, 100% of Equitix's income and expenses are reflected with the 15% not attributable to TFG backed out through the minority interest line. GreenOak is not included. The EBITDA equivalent is a non-GAAP measure and is designed to reflect the operating performance of the TFG Asset Management businesses rather than what is reflected in TFG's U.S. GAAP financial statements.

(ii) The performance and success fees include some realised and unrealised Polygon performance fees. These represent the fees calculated by the applicable administrator of the relevant Polygon funds, in accordance with the applicable fund constitutional documents, when determining NAV at the reporting date. Similar amounts, if any, from LCM are recognised when received. TFG is able to invest at a preferred level of fees. Success fees also include fees earned by Equitix on successfully completing certain primary projects and delivering de-risked investments into their secondary funds; these are only included when received.

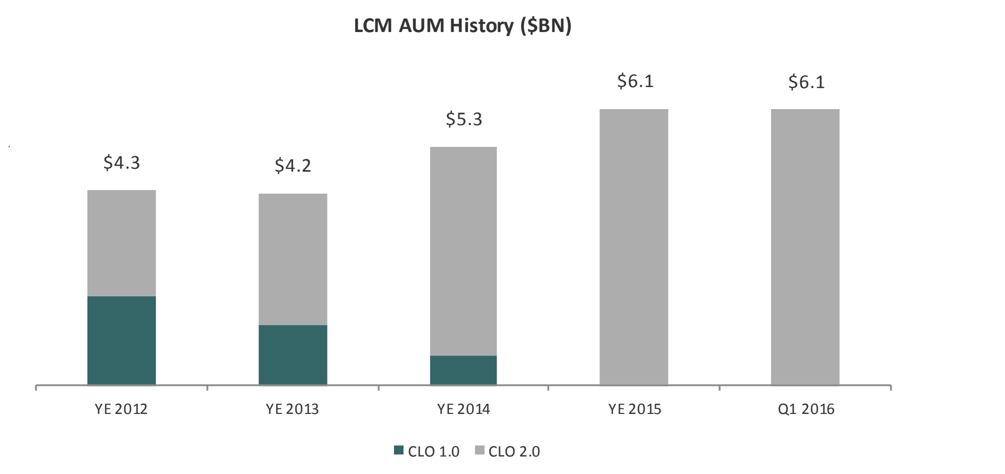
- **Overview:** Figure 14 shows a *pro forma* statement of operations which reflects the operating performance of the majority-owned asset management companies within TFG Asset Management. Although they are currently reported under U.S. GAAP, partially at Fair Value and partially on a consolidated basis, the aim of also presenting the underlying performance in this way is to give investors insight into a key driver behind that valuation. GreenOak, in which TFG holds a minority interest, is not currently included in the calculation of *pro forma* EBITDA.
- **EBITDA:** TFG Asset Management made a solid start to the year with an EBITDA of $9.3 million. Largely as a result of a very strong Q1 2015 for performance (realised and unrealised) and success fees, the EBITDA equivalent for the majority-owned TFG Asset Management businesses fell by 51% between Q1 2015 and Q1 2016. With more than 50% of the income now coming from management fees we believe that the quality of earnings is continuing to improve.
- **Management fee income:** Management fee income continued to increase with the growth of the TFG Asset Management businesses. As shown in Figure 14, fee-paying capital increased significantly year on year, primarily through organic growth of the Equitix, Polygon and LCM businesses since Q1 2015. See Figures 12 and 13 for further information on TFG Asset Management's AUM. Management fees grew by 33% between Q1 2015 and Q1 2016.
- **Performance and success fees:** Compared to Q1 2015, performance and success fees fell by 51% primarily to due to a particularly strong Q1 2015 performance from Equitix's primary business. Such fees do not tend to follow seasonal patterns and indeed this aspect of the Equitix business is working on an active deal pipeline. The Polygon businesses overall had a stronger start to 2016 than to 2015 in terms of unrealised performance fees, with the European Equity fund making a major contribution.
- **Other fee income:** This category includes third party CLO management fee income relating to certain U.S. CLO 1.0 transactions, which continued to decline in line with expectations as these transactions amortised down. In addition, it includes certain cost recoveries from TFG relating to seeded Polygon hedge funds which fell year on year. The cost recoveries, which are described in more detail in the TFG Asset Management Overview section of this report, decreased slightly year on year although the teams supporting those seeded funds continued to grow. As these businesses mature and build third party capital, such cost recoveries should reduce. The other income category also includes fee income generated by Equitix on certain management services contracts, which is a strongly growing part of the Equitix business.
- **Operating expenses:** Operating expenses rose by approximately 26% in Q1 2016 compared to Q1 2015, partly driven by the addition of the Equitix business in early February 2015 so Q1 2015 only reflects a partial quarter's costs, plus additions to the teams supporting the growing Equitix, Polygon, Hawke's Point and TCIP businesses.

BUSINESS OVERVIEWS

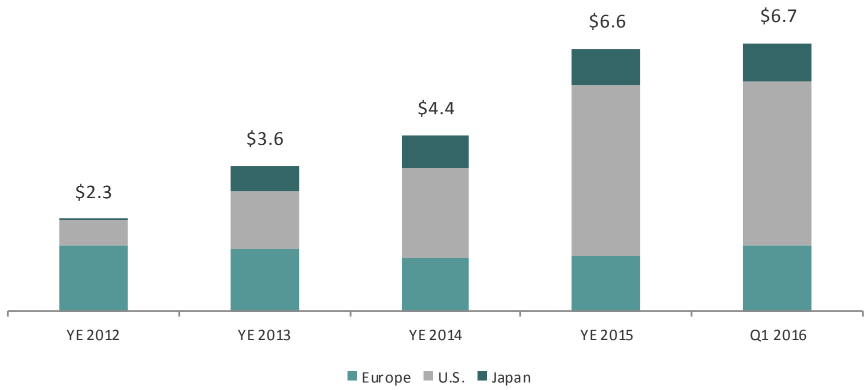
The following pages provide a summary of each asset management business and a review of AUM growth and underlying strategy / investment vehicle performance during the quarter.

All data is at 31 March 2016, unless otherwise stated.

LCM™

Description of Business:	• LCM is a specialist in below-investment grade U.S. broadly-syndicated leveraged loans. • The business was established in 2001 and has offices in New York and London. • TFG owns 100% of LCM. • Currently, LCM manages loan assets exclusively through CLOs, which are long-term, multi-year investment vehicles. The typical duration of a CLO, and thus LCM's management fee stream, depends on, among other things, the term of its reinvestment period (currently typically four to five years for a new issue CLO), the prepayment rate of the underlying loan assets, as well as post-reinvestment period reinvestment flexibility and weighted average life constraints. • CLO managers typically earn a management fee of up to 0.50% of total assets, and a performance fee of 20% over a CLO equity IRR hurdle. • Further information on LCM is available at www.lcmam.com.
Amount of TFG's Investment in Products:	$227.6 million. TFG held CLO equity investments with total fair value of $220.3 million (U.S. CLO 1.0: $9.8 million, U.S. CLO 2.0: $210.5 million) in LCM-managed CLOs. LCM lends expertise to the management of a portfolio of U.S. broadly-syndicated leveraged loans held directly on TFG's balance sheet. At the end of Q1 2016, the fair value of these loans was $7.4 million.
AUM:	Figure 15  LCM's AUM is $6.1 billion at 31 March 2016. During Q1 2016, one new issue LCM-managed CLO was priced, and that CLO closed shortly after the end of the quarter.
Performance in Q1 2016:	LCM CLOs performed well in the first quarter of 2016, with all of those that were effective and still within their reinvestment periods continuing to pay senior and subordinated management fees.

GreenOak™

Description of Business:	• GreenOak is a real estate-focused principal investing, lending and advisory firm that seeks to create long-term value for its investors and provide strategic advice to its clients. • The business was established in 2010 as a joint venture with TFG and has a presence in New York, London, Tokyo, Los Angeles, Madrid and Seoul. • TFG owns 23% of the business. • GreenOak currently has funds with investments focused on the United States, Japan, Spain, and the United Kingdom. • Funds are typically structured with management fees of 1.5%-2.0% and carried interest over a preferred return. The funds generally have a multi-year investment period, with a fund term of seven years after the final close, with possible extensions subject to certain approvals. • Further information on GreenOak is available at www.greenoakrealestate.com.
Amount of TFG's Investment in Products:	$127.2 million.
AUM:	Figure 16 **GreenOak AUM History(i) ($BN)**  (i) Includes investment funds and advisory assets managed by GreenOak at 31 March 2016. TFG owns a 23% stake in GreenOak. AUM includes all third-party interests and total projected capital investment costs. Gross AUM is $6.7 billion. During the quarter, GreenOak achieved a final close for its Japan Fund II, and first closes for UK Debt Fund II and European Debt Fund I.
Performance in Q1 2016:	GreenOak-managed vehicles continue to perform well across their European, U.S., and Asian businesses.

POLYGON™

Description of Business:

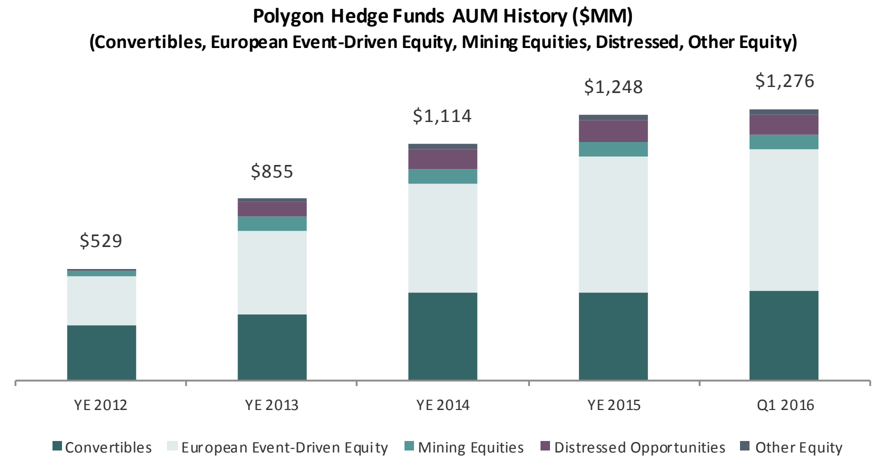
- Polygon manages open-ended hedge fund and private equity vehicles across a number of strategies.
- Polygon was established in 2002 and has offices in New York and London.
- TFG owns 100% of the business.
- Fees in these products include a management fee that is generally between 1.5% and 2.0% and the typical performance fee or carried interest is 20%.
- Further information on Polygon is available at www.polygoninv.com.

Amount of TFG's Investment in Products:

$344.1 million.

AUM:

Figure 17[(i)]



(i) Includes AUM for Polygon Convertible Opportunity Master Fund, Polygon European Equity Opportunity Master Fund and associated managed account, Polygon Mining Opportunity Master Fund, Polygon Global Equities Master Fund and Polygon Distressed Opportunities Master Fund, as calculated by the applicable fund administrator at 31 December 2012, 2013, 2014, 2015, and 31 March 2016. Includes, where relevant, investments by Tetragon Financial Group Master Fund Limited.

AUM is $1.5 billion for all funds; $1.3 billion for open strategies.

POLYGON (continued)

Performance in Q1 2016:

Figure 18[33]

Polygon Funds Summary					
Fund		AUM at 31 Mar 2016 ($MM)	Q1 2016 Net Performance	YTD Net Performance	Annualised Net LTD Performance
Convertibles[33.i]	$	427.1	1.1%	1.1%	16.6%
European Event-Driven Equity[33.ii]	$	658.6	5.1%	5.1%	11.6%
Mining Equities[33.iii]	$	70.2	1.0%	1.0%	3.3%
Distressed Opportunities[33.iv]	$	97.4	-2.0%	-2.0%	3.1%
Other Equity[33.v]	$	22.8	0.9%	0.9%	15.3%
Total AUM - Open Funds	**$**	**1,276.1**			**Estimated approx. LTD Multiple**
Private Equity Vehicle[33.vi]	$	265.7	N/A	N/A	1.9x
Total AUM	**$**	**1,541.7**			

Note: The AUM noted above includes investments in the relevant strategies by TFG, other than in respect of the Private Equity Vehicle, where there is no such investment. The Private Equity vehicle, at the time of the Polygon transaction and currently, remains a closed investment strategy.

Past performance or experience (actual or simulated) does not necessarily give a guide for the future and no representation is being made that the funds listed will or are likely to achieve profits or losses similar to those shown. Past performance or experience (actual or simulated) does not necessarily give a guide for the future and no representation is being made that the funds listed will or are likely to achieve profits or losses similar to those shown. Except as otherwise noted, all performance numbers provided herein reflects the actual net performance of the funds net of management and performance fees, as well as any commissions and direct expenses incurred by the funds, but before withholding taxes, and other indirect expenses. All returns include the reinvestment of dividends, if any. Differences in account size, timing of transactions and market conditions prevailing at the time of investment may lead to different results. Differences in the methodology used to calculate performance may also lead to different performance results than those shown.

P&L YTD in 2016 for the Private Equity Vehicle was -$6.3 million through to 31 March 2016 before FX movements of +$9.5 million. P&L is +$146.2 million from closing date net asset value before FX movements of -$29.7 million. The fund is generally precluded from hedging FX exposure. The fund has made life to date distributions of $565 million to its partners. The estimated approximate LTD multiple is based on the fund's quarter end net asset value and historical distributions and other returns over an original aggregate purchase price for the fund's initial assets of approximately $459 million and excludes the effects of FX and certain assets purchased through recycled capital. The estimated approximate LTD multiple including those two items (FX and recycled capital) would be 1.9x. Each of these multiples will be different from the multiples reflected for specific limited partners in the fund, which would be calculated with respect to relevant class of partners in accordance with the fund's limited partnership agreement.

Description of Business:

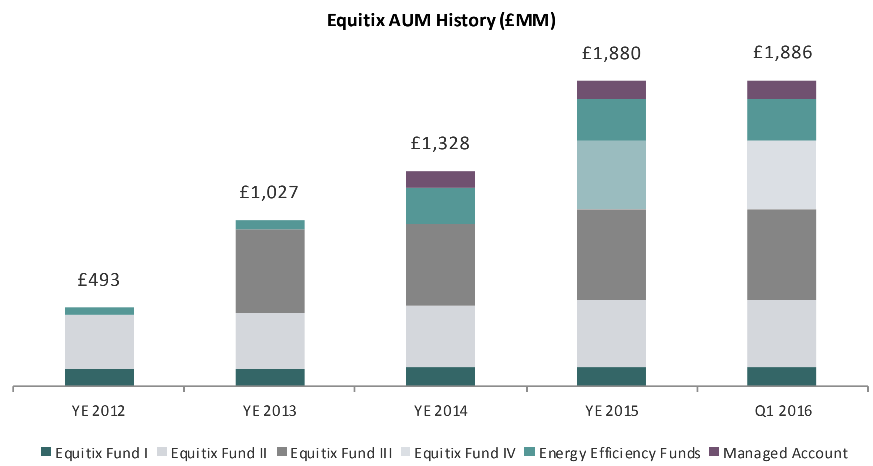
- Equitix is an integrated core infrastructure asset management and primary project platform.
- Equitix was established in 2007 and is based in London.
- TFG owns 85% of the business; over time, TFG's holding is expected to decline to approximately 74.8%. Management own the balance.
- Equitix typically invests in infrastructure projects in the United Kingdom with long-term revenue streams across the healthcare, education, social housing, highways & street lighting, offshore transmission and renewable and waste sectors.
- Fees in this product include a management fee, and a carry interest fee that is over a hurdle currently set at 7.5%. The carried interest fee is typically 20% over the hurdle, and the management fee after the investment period is typically between 1.25% and 1.65%; during the investment period it has ranged between 0.95% and 2.0% on invested capital. The core funds also have an additional fee on committed capital of approximately 0.30%.
- Further information on Equitix is available at www.equitix.co.uk.

Amount of TFG's Investment in Products:

TFG has exposure to the performance of Equitix funds indirectly through its ownership of the company as Equitix holds certain GP interests in the funds it manages. As at 31 March 2016, these interests were valued at £12.8 million ($18.4 million).

AUM:

Figure 19



AUM is £1.9 billion ($2.7 billion)(i) at 31 March 2016.

(i) USD-GBP rate as at 31 March 2016.

Performance in Q1 2016:

During Q1 2016, Equitix Fund III paid a first distribution to its partners, and Equitix Fund IV has achieved total commitments of £430 million through the end of Q1 2016.

HAWKE'S POINT™

Description of Business:	• Hawke's Point is a mining finance company established by TFG in Q4 2014 which seeks to provide capital to companies in the mining and resource sectors. • TFG Asset Management established Hawke's Point in Q4 2014 and owns 100% of the business. • Hawke's Point is currently actively evaluating a range of mine financing opportunities.
Amount of TFG's Investment in Products:	As of 31 March 2016, there were no investments on which to report.
AUM:	Not applicable.

TCIP™

Description of Business:	• TCIP acts as a general partner of a private equity vehicle that, among other things, makes investments in CLOs relating to risk retention rules.[34] • The business was established at the end of 2015 and is managed out of New York and London. • TFG owns 100% of the business. • TCIP currently acts as general partner of Tetragon Credit Income II L.P. ("TCI II"), which focuses on CLO investments relating to risk retention rules, including majority stakes in CLO equity tranches of transactions managed by LCM or sub-advised by third-party CLO managers. TCI II is structured with a management fee and carried interest over a preferred return (each on non-LCM investments). It has a multi-year investment period and a term of seven years (subject to potential extensions and otherwise as required by applicable regulatory requirements).
Amount of TFG's Investment in Products:	$50.0 million of committed capital.
Committed Capital:	TCI II had a second close in March 2016, with committed capital of $60.5 million, bringing its total committed capital to $203.4 million.
Performance in Q1 2016:	During Q1 2016, TCI II made an initial commitment for an investment in a majority stake in the equity tranche of LCM XXI LP. Shortly after the end of the quarter, TCI II made a small distribution to its LPs.

Q1 2016 Financial Review

Q1 2016 Financial Review

This section shows consolidated financial data incorporating TFG and its 100% subsidiary, Tetragon Financial Group Master Fund Limited (the "Master Fund"), adjusted from Q3 2015 to reflect the Fair Value of TFG Asset Management's businesses which are consolidated under U.S. GAAP, and provides comparative data where applicable. Where Q1 2015 comparative data is provided this has been presented on the basis of TFG's investment in Equitix being fair valued rather than consolidated, which was the basis for presentation in the Q1 2015 quarterly report.[35]

Financial Highlights

Figure 20

TETRAGON FINANCIAL GROUP Financial Highlights Through Q1 2014 - Q1 2016			
	Q1 2016	Q1 2015	Q1 2014
U.S. GAAP Net income ($MM)	$24.7	$69.7	$39.7
Fair Value Net income ($MM)	$20.3	$76.2	$47.2
U.S. GAAP EPS	$0.26	$0.73	$0.41
Fair Value EPS	$0.21	$0.79	$0.48
Fair Value Return on equity	1.0%	4.2%	2.6%
Fair Value Net Assets ($MM)	$1,994.8	$1,882.0	$1,783.6
U.S. GAAP number of shares outstanding (MM)	97.0	96.6	94.2
Fair Value NAV per share	$20.56	$19.49	$18.94
Pro Forma number of shares outstanding (MM)	104.7	107.1	106.0
Fully diluted Fair Value NAV per share	$19.05	$17.57	$16.83
DPS	$0.1650	$0.1575	$0.150

TFG uses, among others, the following metrics to understand the progress and performance of the business:

- **Fair Value Net Income ($20.3 million):** Adds back to the U.S. GAAP net income ($24.7 million) the imputed Q1 2016 share based compensation ($5.1 million), which is generated on an ongoing basis resulting from the 2012 Polygon transaction, and the Fair Value adjustment ($9.5 million) attributable to Polygon, LCM, Hawke's Point and TCIP which are currently consolidated under U.S. GAAP but are reflected in TFG's key metrics as if they are held at Fair Value and not consolidated. Please see Appendix V for further details.

- **Fair Value Return on Equity (1%):** Fair Value Net Income ($20.3 million) divided by Net Assets at the start of the year ($1,987.3 million).

- **Pro Forma Fully Diluted Shares (104.7 million):** Adjusts the U.S. GAAP shares outstanding (97.0 million) for various dilutive factors (7.7 million shares). See Figure 38 for more details.

- **Fair Value EPS ($0.21):** Calculated as Fair Value Net Income ($20.3 million) divided by weighted-average U.S. GAAP shares[i] during the period (96.2 million).

- **Fully Diluted Fair Value NAV per Share ($19.05):** Calculated as Fair Value Net Assets ($1,994.8 million) divided by Pro Forma Fully Diluted shares (104.7 million).

(i) The time-weighted average daily U.S. GAAP Shares outstanding during the applicable year.

Fair Value EPS Analysis Q1 2014-2016

Figure 21

TETRAGON FINANCIAL GROUP TFG Fair Value Earnings per Share Analysis Through Q1 2014 - Q1 2016			
	Q1 2016	Q1 2015	Q1 2014
Investment portfolio segment			
U.S. CLO 1.0	$0.07	$0.26	$0.19
U.S CLO 2.0	$0.08	$0.10	$0.05
European CLOs	$0.06	$0.03	$0.05
Equity Funds	$0.08	$0.10	$0.16
Other Equities	$0.05	$0.45	$0.23
Convertible Bond Fund	$0.01	$0.01	$0.02
Distressed Fund	($0.03)	$0.01	$0.02
Direct Loans	-	$0.01	-
Real Estate	$0.03	$0.16	$0.06
TFG Asset Management (fair value basis)	$0.01	$0.07	$0.04
FX, Options and Hedges	($0.02)	($0.08)	($0.07)
Corporate Expenses	($0.12)	($0.29)	($0.24)
Corporate Income Taxes	($0.01)	($0.04)	($0.03)
Fair Value EPS	**$0.21**	**$0.79**	**$0.48**
Weighted Average Shares (MM)	96.2	96.0	97.8

Statement of Operations (Fair Value Basis)

Figure 22

TETRAGON FINANCIAL GROUP Fair Value Statement of Operations Through Q1 2014 - Q1 2016			
	Q1 2016 $MM	Q1 2015 $MM	Q1 2014 $MM
Interest income	28.6	30.7	45.0
Fee income	0.6	13.9	12.7
Unrealised Polygon performance fees	-	1.4	3.4
Other income - cost recovery	-	4.5	5.6
Dividend income	2.1	-	-
Investment income	**31.3**	**50.5**	**66.7**
Management and performance fees	(8.8)	(27.6)	(18.1)
Other operating and administrative expenses	(2.5)	(18.9)	(21.8)
Amortisation of intangible assets	(0.9)	(1.7)	(1.7)
Total operating expenses	**(12.2)**	**(48.2)**	**(41.6)**
Net Investment income	**19.1**	**2.3**	**25.1**
Net change in unrealised appreciation in investments	37.9	79.9	16.8
Realised gain on investments	(33.6)	5.4	15.2
Realised and unrealised losses from hedging and fx	(2.4)	(6.8)	(7.8)
Net realised and unrealised gains from investments and fx	**1.9**	**78.5**	**24.2**
Net income before tax	**21.0**	**80.8**	**49.3**
Income tax	(0.7)	(4.6)	(2.1)
Net income	**20.3**	**76.2**	**47.2**

Performance Fee

A performance fee of $4.7 million was accrued in Q1 2016 in accordance with TFG's investment management agreement. The hurdle rate for the Q2 2016 incentive fee has been reset at 3.276958% (Q1 2016: 3.259558%) as per the process outlined in TFG's 2015 audited financial statements and in accordance with TFG's investment management agreement. Please see TFG's website, www.tetragoninv.com, and the 2015 TFG audited financial statements for more details on the calculation of this fee.

Balance Sheet (Fair Value Basis)

Figure 23

TETRAGON FINANCIAL GROUP Fair Value Balance Sheet as at 31 December 2014, 2015, and 31 March 2016			
	Q1 2016 $MM	2015 $MM	2014 $MM
Assets			
Investments	1,505.8	1,543.0	1,356.2
Intangible assets	-	-	29.7
Cash and cash equivalents	441.9	402.7	402.0
Amounts due from brokers	74.9	59.9	52.1
Derivative financial assets	15.7	19.4	19.2
Fixed Assets	-	-	0.1
Deferred tax asset and income tax receivable	-	-	10.0
Other receivables	0.1	3.1	33.4
Total assets	**2,038.4**	**2,028.1**	**1,902.7**
Liabilities			
Other payables and accrued expenses	37.0	36.0	54.5
Amounts payable on share options	-	-	12.3
Deferred tax liability and income tax payable	1.8	4.1	11.5
Derivative financial liabilities	4.8	0.7	5.9
Total liabilities	**43.6**	**40.8**	**84.2**
Net assets	**1,994.8**	**1,987.3**	**1,818.5**

See Appendix IV for the reconciliation between the U.S. GAAP consolidated balance sheet and the balance sheet prepared on a Fair Value basis.

Statement of Cash Flows[i]

Figure 24

TETRAGON FINANCIAL GROUP Fair Value Statement of Cash Flows Through Q1 2014 - Q1 2016			
	Q1 2016 $MM	Q1 2015 $MM	Q1 2014 $MM
Operating Activities			
Operating cash flows after incentive fees and before movements in working capital	82.1	62.6	53.4
Purchase of fixed assets	-	(0.4)	-
Amounts due (to) / from broker	(15.0)	0.9	(21.5)
Change in receivables	1.7	5.7	0.1
Cash flows from operating activities	**68.8**	**68.8**	**32.0**
Investment Activities			
Proceeds on sales of investments			
- Net proceeds from derivative financial instruments	(2.7)	(0.3)	13.4
- Proceeds from investments	-	4.1	3.4
- Proceeds from realisation of real estate investments	4.5	12.1	4.2
- Proceeds from GreenOak working capital repayment	-	6.4	-
Purchase of investments			
- Purchase of CLOs	(6.1)	(27.8)	(30.1)
- Purchase of bank loans	-	-	(1.4)
- Purchase of real estate investments	(12.5)	(21.3)	(36.0)
- Investments in asset managers	-	(133.1)	-
- Investments in Convertible Bond Fund	-	-	(15.0)
- Investments in Distressed Fund	-	(5.0)	(10.0)
- Investments in Other	-	(12.2)	(23.6)
Cash flows from operating and investing activities	**52.0**	**(108.3)**	**(63.1)**
Net purchase of shares	-	-	(50.8)
Dividends paid to shareholders	(12.8)	(12.0)	(14.2)
Cash flows from financing activities	**(12.8)**	**(12.0)**	**(65.0)**
Net increase in cash and cash equivalents	39.2	(120.3)	(128.1)
Cash and cash equivalents at beginning of period	402.7	402.0	245.9
Effect of exchange rate fluctuations on cash and cash equiva	-	0.4	-
Cash and cash equivalents at end of period	**441.9**	**282.1**	**117.8**

(i) The gross dividend payable to shareholders was $15.9 million (Q1 2015: $15.1 million, Q1 2014: $14.8 million) with a value equivalent to $3.1 million (Q1 2015: $3.1 million, Q1 2014: $0.6 million) elected to be taken by the dividend recipient in shares rather than cash.

Fair Value Net Income to U.S. GAAP Reconciliation

Figure 25

Fair Value Net Income to U.S. GAAP Reconciliation	
	Q1 2016 $MM
Fair Value Net Income	**20.3**
Fair Value Adjustments	9.5
Share based compensation	(5.1)
U.S. GAAP net income	**24.7**

TFG is primarily reporting earnings through a non-GAAP measurement called Fair Value Net Income.

The reconciliation on the table above shows the adjustments required to get from this measure of earnings to U.S. GAAP net income.

1. Adjustment one takes into account a Fair Value adjustment of $9.5 million for Polygon, LCM, Hawke's Point and TCIP as if they were de-consolidated and held at Fair Value rather than consolidated as they currently are for U.S. GAAP purposes. Further details are provided in Appendix IV.

2. Adjustment two removes share based compensation of $5.1 million as, under ASC 805, TFG is recognizing the value of the shares given in consideration for the Polygon transaction as compensation over the period in which they are vesting, as well as in relation to certain long term compensation plans. This mechanic and future vesting schedule for the Polygon transaction are described in more detail in the 2015 TFG audited financial statements. The long term compensation plans are detailed in Appendix VII.

Appendices

Appendices

APPENDIX I

Certain Regulatory Information

This Performance Report constitutes TFG's quarterly report. This report is made public by means of a press release and has been filed with the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten) pursuant to 5:25i and 5:25m of the Dutch Financial Markets Supervision act and also made available to the public by way of publication on the TFG website (www.tetragoninv.com).

An investment in TFG involves substantial risks. Please refer to the Company's website at www.tetragoninv.com for a description of the risks and uncertainties pertaining to an investment in TFG.

This release does not contain or constitute an offer to sell or a solicitation of an offer to purchase securities in the United States or any other jurisdiction. The securities of TFG have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act"), as amended, and may not be offered or sold in the United States or to U.S. persons unless they are registered under applicable law or exempt from registration. TFG does not intend to register any portion of its securities in the United States or to conduct a public offer of securities in the United States. In addition, TFG has not been and will not be registered under the U.S. Investment Company Act of 1940, and investors will not be entitled to the benefits of such Act. TFG is registered in the public register of the Netherlands Authority for the Financial Markets under Section 1:107 of the FMSA as a collective investment scheme from a designated country. This release constitutes regulated information ("gereglementeerde informatie") within the meaning of Section 1:1 of the FMSA.

TFG shares (the "Shares") are subject to legal and other restrictions on resale and the Euronext Amsterdam N.V. and SFM trading markets are less liquid than other major exchanges, which could affect the price of the Shares.

There are additional restrictions on the resale of Shares by Shareholders who are located in the United States or who are U.S. persons and on the resale of Shares by any Shareholder to any person who is located in the United States or is a U.S. person. These restrictions include that each Shareholder who is located in the United States or who is a U.S. person must be a "Qualified Purchaser" or a "Knowledgeable Employee" (each as defined in the Investment Company Act of 1940), and, accordingly, that Shares may be resold to a person located in the United States or who is a U.S. person only if such person is a "Qualified Purchaser" or a "Knowledgeable Employee" under the Investment Company Act of 1940. These restrictions may adversely affect overall liquidity of the Shares.

APPENDIX II

Fair Value Determination of CLO Equity Investments

In accordance with the valuation policies set forth on TFG's website, the values of TFG's CLO equity investments are determined using a third-party cash flow modelling tool. The model contains certain assumption inputs that are reviewed and adjusted as appropriate to factor in how historic, current and potential market developments (examined through, for example, forward-looking observable data) might potentially impact the performance of TFG's CLO equity investments. Since this involves modelling, among other things, forward projections over multiple years, this is not an exercise in recalibrating future assumptions to the latest quarter's historical data.

Subject to the foregoing, when determining the U.S. GAAP-compliant Fair Value of TFG's portfolio, the Company seeks to derive a value at which market participants could transact in an orderly market and also seeks to benchmark the model inputs and resulting outputs to observable market data when available and appropriate.

The below modelling assumptions are unchanged from last quarter.

Figure 26

U.S. CLOs Modelling Assumption

Variable	Year	Current Assumptions
CADR	**Until deal maturity**	1.0x WARF-implied default rate (2.2%)
Recovery Rate	**Until deal maturity**	73%
Prepayment Rate	**Until deal maturity**	20.0% p.a. on loans; 0.0% on bonds
Reinvestment Price	**Until deal maturity**	100%

Figure 27

European CLOs Modelling Assumption

Variable	Year	Current Assumptions
CADR	**Until deal maturity**	1.0x WARF-implied default rate (2.1%)
Recovery Rate	**Until deal maturity**	67%
Prepayment Rate	**Until deal maturity**	20.0% p.a. on loans; 0.0% on bonds
Reinvestment Price	**Until deal maturity**	100%

Figure 28

Discount Rates

CLO Type	Q1 2016	Q4 2015
U.S. 1.0	12.0%	12.0%
European 1.0	13.0%	13.0%
U.S. 2.0 - seasoned	11.0%	11.0%
U.S. 2.0 - less than 12 months old	Deal IRR	Deal IRR

APPENDIX III

Fair Value Determination In TFG Asset Management

In accordance with the accounting guidance in the AICPA Audit and Accounting Guide (2015): Investment Companies (the "Guide"), as an Investment Company, TFG carries all of its investments at Fair Value. However, as outlined in section 7.10 of the Guide, operating entities should be consolidated where TFG (i) has an economic interest in excess of 50%; (ii) is deemed to have control over the significant operational and financial decisions of the entity; and (iii) where the purpose of the operating entity is to provide services to the Investment Company (i.e., TFG) rather than realise a gain on the sale of the investment. As at 31 March 2016, this consolidation exemption was applied to TFG's holdings in Polygon, LCM and Hawke's Point (the "Consolidated Businesses") because these businesses were managing some of TFG's investment capital and thus could be deemed to be providing services to TFG. In contrast, Equitix is not managing TFG's capital so is not subject to point (iii) above, and GreenOak is minority-owned so is not subject to points (i) or (ii) above.

The resultant inconsistency of treatment under U.S. GAAP of the businesses in TFG Asset Management is potentially confusing to the reader of TFG's financial statements, particularly since the determination and articulation in Q3 2015 of the "IPO Strategy"[36] for TFG Asset Management, which confirmed that the primary commercial purpose for TFG Asset Management, including the Consolidated Businesses, is to be held as an investment for capital appreciation, in line with TFG's investment objective. Consequently, from Q3 2015, TFG has prepared and presented its non-GAAP financial metrics and performance information using a consistent Fair Value basis for all of TFG Asset Management. Some of the differences resulting from the presentation of non-GAAP metrics are reconciled in Appendix IV.

TFG's investments in the TFG Asset Management businesses are considered to be "Level 3" investments in the U.S. GAAP valuation hierarchy and the Audit Committee of TFG, comprising the Independent Directors, has engaged third-party valuation specialists to determine an indicative valuation for each of these businesses. These valuations have been adopted for the purposes of reporting the Fair Value impact in TFG's non-GAAP metrics as at 31 March 2016.

Figure 29 sets out the valuation approach utilised for each of the businesses as well as the range of market metrics utilised in determining Fair Value. Both management and performance fees ("Fees") continue to be calculated based on the U.S. GAAP measure of Net Asset Value and thus the non-GAAP adjustments do not currently impact the Fees payable to the Manager.

Figure 29

Valuation approach to TFG's investments in TFG Asset Management						
Investment	**TFG holding**	**Fair Value ($MM)**	**Valuation approach**	**Ranges utilised**		
				Discount Rate	**Multiple**	**Value as % of AUM**
Equitix	75% & Debt	184.0	Discounted cash flow analysis and cross-check to quoted market multiples. Debt at par + accrued interest	9.1% 15% Discount for Lack of Liquidity ("DLOL")	5.5 x - 6.5 x EBITDA 20% discount built-in	N/A
GreenOak	23%	67.0	Quoted market multiples and cross-check using blended EBITDA and quoted market multiples	N/A	12.0 x Adjusted EBITDA	N/A
LCM	100%	102.2	Discounted cash flow analysis, cross checked to market multiples	10.6%-12.6% 15% Discount for Lack of Liquidity ("DLOL")	N/A	1.5% -1.7% DLOL built-in
Polygon	100%	62.0	Discounted cash flow analysis and cross-check to quoted market multiples	11.6-13.6% 20% DLOL	7.2 x - 8.0 x EBITDA DLOL built-in	3.5 x - 4.0 x DLOL built-in
Hawke's Point	100%	0.7	Replacement cost approach	N/A	N/A	N/A
TCIP	100%	0.4	Discounted cash flow analysis	11.6%-13.6% 15% Discount for Lack of Liquidity ("DLOL")	N/A	N/A

APPENDIX IV

Reconciliation Between U.S. GAAP and Fair Value Basis

This section describes how the non-GAAP Fair Value adjustments relating to LCM, Polygon, Hawke's Point and TCIP have been made to the U.S. GAAP financials to arrive at the Key Performance Metrics.

Figure 30 details the impact of such a change in accounting treatment for LCM, Polygon and Hawke's Point in terms of carrying value and performance fees.

In arriving at the imputed performance fee, the change in NAV is adjusted by the full amortisation of the remaining base cost ($28.8 million) of the purchase of 25% of LCM in 2012. Previously, this was being amortised on a straight-line basis over 10 years, and each quarter an applicable adjustment is made to reduce the performance fees payable to the investment manager.

Figure 30

TFG Asset Management - Impact of Use of Fair Value Metrics on Consolidated Businesses

	Fair Value 31 Mar 16 ($MM)	U.S. GAAP Consolidated Value 31 Mar 16 ($MM)	Change ($MM)
Polygon	62.0	22.6	39.4
LCM	102.2	-	102.2
Hawke's Point	0.7	-	0.7
TCIP	0.4	-	0.4
Net assets of consolidated businesses	-	18.5	(18.5)
Deferred tax liability re intangible assets	-	(5.6)	5.6
Fair Value impact gross of imputed performance fee	**165.5**	**35.5**	**130.0**

	$MM
Gross change in NAV for purposes of incentive fee calculation	130.0
Full amortisation of LCM base cost	(28.8)
NAV for purposes of incentive fee calculation	101.2
Imputed performance fee	25.3
Fair Value impact net of imputed performance fee	104.7

APPENDIX IV *(continued)*

Reconciliation Between U.S. GAAP and Fair Value Basis *(continued)*

Figure 31 shows a reconciliation between the Statement of Operations prepared on a full Fair Value basis and on a U.S. GAAP basis.

In addition to adding in the unrealised Fair Value as detailed in Figure 30, the reconciliation shows the removal of the operating P&L for Q1 2016, and the reversal of certain balance sheet items relating to Polygon, LCM, Hawke's Point or TCIP. Such items include the remaining intangible asset balance relating to Polygon's management contracts and a reversal of a deferred tax liability.

We adjust for change in notional performance fees as calculated in Figure 30.

In addition, as in prior periods, we back out share-based compensation of $5.1 million as, under ASC 805, TFG is recognizing the value of the shares given in consideration for the Polygon transaction as compensation over the period in which they are vesting. This mechanic and future vesting schedule are described in more detail in the 2015 Master Fund audited financial statements.

Figure 31

TETRAGON FINANCIAL GROUP Fair Value to U.S. GAAP Statement of Operations Reconciliation Through Q1 2016				
	Fair Value Net Income $MM	Fair Value Adjustments $MM	Share Based Compensation $MM	U.S. GAAP $MM
Interest income	28.6	-	-	28.6
Fee income	0.6	12.2	-	12.8
Other income - cost recovery	-	4.4	-	4.4
Dividend income	2.1	-	-	2.1
Investment income	**31.3**	**16.6**	**-**	**47.9**
Management and performance fees	(8.8)	(2.9)	-	(11.7)
Other operating and administrative expenses	(2.5)	(16.8)	(5.1)	(24.4)
Amortisation of intangible assets	(0.9)	-	-	(0.9)
Total operating expenses	**(12.2)**	**(19.7)**	**(5.1)**	**(37.0)**
Net Investment income	**19.1**	**(3.1)**	**(5.1)**	**10.9**
Net change in unrealised appreciation in investments	37.9	13.1	-	51.0
Realised gain on investments	(33.6)	-	-	(33.6)
Realised and unrealised losses from hedging and fx	(2.4)	-	-	(2.4)
Net realised and unrealised gains from investments and fx	**1.9**	**13.1**	**-**	**15.0**
Net income before tax	**21.0**	**10.0**	**(5.1)**	**25.9**
Income tax	(0.7)	(0.5)	-	(1.2)
Net income	**20.3**	**9.5**	**(5.1)**	**24.7**

APPENDIX IV *(continued)*

Reconciliation Between U.S. GAAP and Fair Value Basis *(continued)*

Figure 32 shows a reconciliation between the Balance Sheet prepared on a full Fair Value basis and on a U.S. GAAP basis.

In addition to adding in the unrealised Fair Value of $165.5 million as detailed in Figure 30, the reconciliation shows the removal of certain balance sheet items relating to Polygon, LCM, Hawke's Point and TCIP, including the value of Polygon's un-amortised management contracts ($22.6 million), cash of $30.4 million held in TFG Asset Management, a small amount of fixed assets, a deferred tax asset and receivables, which mainly relate to cost recoveries. On the liability side, we reverse certain accrued expenses including compensation and add back a notional performance fee of $25.3 million relating to the Fair Value adjustment as detailed in Figure 30.

Figure 32

TETRAGON FINANCIAL GROUP Fair Value to U.S. GAAP Balance Sheet Reconciliation as at 31 March 2016			
	Fair Value $MM	Fair Value Adjustments $MM	U.S. GAAP $MM
Assets			
Investments	1,505.8	(165.5)	1,340.3
Intangible assets	-	22.6	22.6
Cash and cash equivalents	441.9	30.4	472.3
Amounts due from brokers	74.9	-	74.9
Derivative financial assets	15.7	-	15.7
Fixed Assets	-	0.5	0.5
Deferred tax asset and income tax receivable	-	9.2	9.2
Other receivables	0.1	13.6	13.7
Total assets	**2,038.4**	**(89.2)**	**1,949.2**
Liabilities			
Other payables and accrued expenses	37.0	7.5	44.5
Deferred tax liability and income tax payable	1.8	8.0	9.8
Derivative financial liabilities	4.8	-	4.8
Total liabilities	**43.6**	**15.5**	**59.1**
Net assets[(i)]	**1,994.8**	**(104.7)**	**1,890.1**

(i) The U.S. GAAP net assets of Tetragon Financial Group Master Fund are $1,894.8 million which are calculated by adding back the incentive fee of $4.7 million accrued at Tetragon Financial Group Limited to its U.S. GAAP net assets of $1,890.1 million.

APPENDIX IV *(continued)*

Reconciliation Between U.S. GAAP and Fair Value Basis *(continued)*

Figure 32 shows a reconciliation between the Balance Sheet prepared on a full Fair Value basis and on a U.S. GAAP basis.

In addition to adding in the unrealised Fair Value of $165.5 million as detailed in Figure 30, the reconciliation shows the removal of certain balance sheet items relating to Polygon, LCM, Hawke's Point and TCIP, including the value of Polygon's un-amortised management contracts ($22.6 million), cash of $30.4 million held in TFG Asset Management, a small amount of fixed assets, a deferred tax asset and receivables, which mainly relate to cost recoveries. On the liability side, we reverse certain accrued expenses including compensation and add back a notional performance fee of $25.3 million relating to the Fair Value adjustment as detailed in Figure 30.

Figure 32

TETRAGON FINANCIAL GROUP

Fair Value to U.S. GAAP Balance Sheet Reconciliation as at 31 March 2016

	Fair Value $MM	Fair Value Adjustments $MM	U.S. GAAP $MM
Assets			
Investments	1,505.8	(165.5)	1,340.3
Intangible assets	-	22.6	22.6
Cash and cash equivalents	441.9	30.4	472.3
Amounts due from brokers	74.9	-	74.9
Derivative financial assets	15.7	-	15.7
Fixed Assets	-	0.5	0.5
Deferred tax asset and income tax receivable	-	9.2	9.2
Other receivables	0.1	13.6	13.7
Total assets	**2,038.4**	**(89.2)**	**1,949.2**
Liabilities			
Other payables and accrued expenses	37.0	7.5	44.5
Deferred tax liability and income tax payable	1.8	8.0	9.8
Derivative financial liabilities	4.8	-	4.8
Total liabilities	**43.6**	**15.5**	**59.1**
Net assets	**1,994.8**	**(104.7)**	**1,890.1**

APPENDIX V

Additional CLO Portfolio Statistics

Each individual deal's metrics used in the calculation of the figures below will differ from the overall averages and vary across the portfolio.

Figure 33

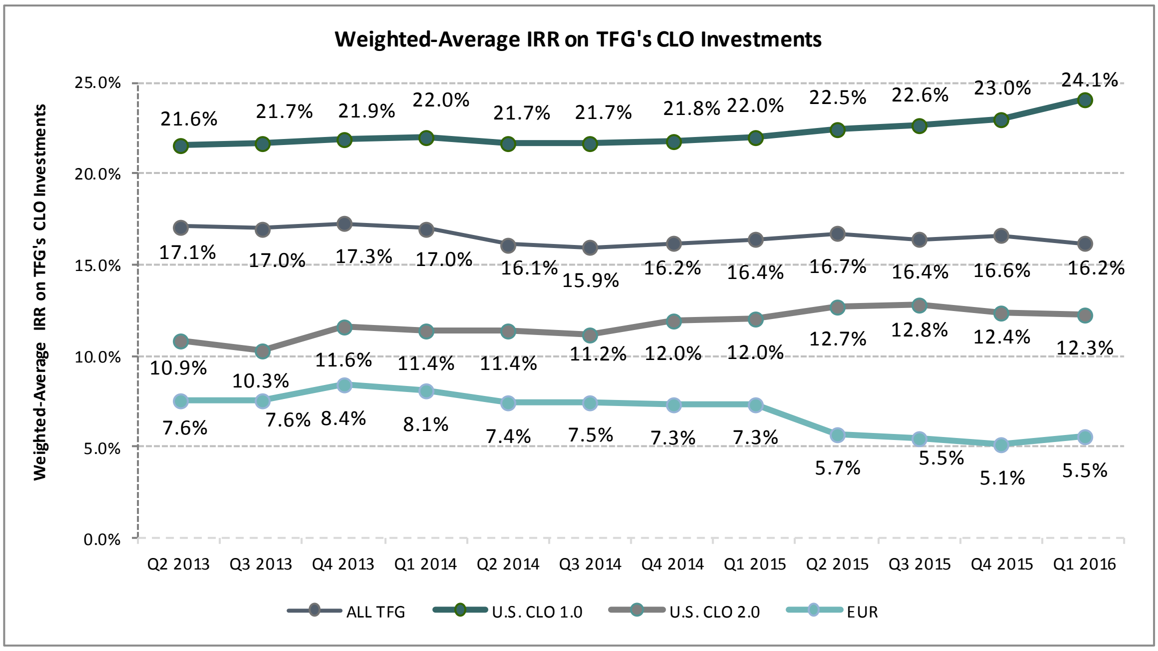
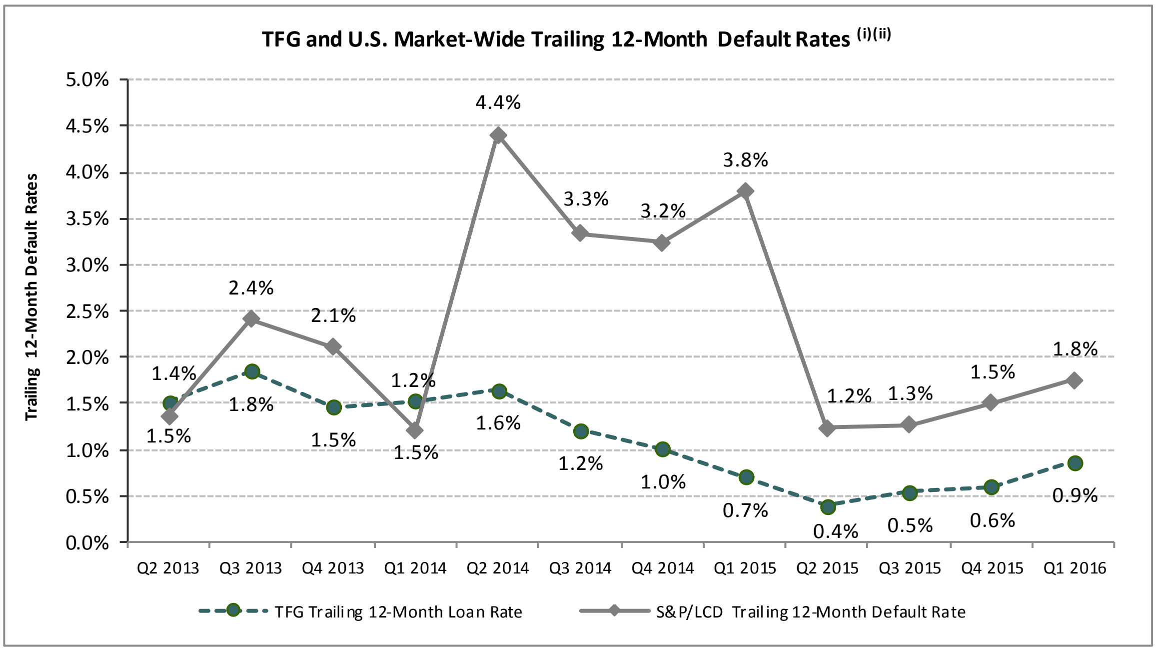


Figure 34



(i) The calculation of TFG's lagging 12-month corporate loan default rate does not include certain underlying investment collateral that was assigned a “Selective Default” rating by one or more of the applicable rating agencies. Such Selected Defaults are included the S&P/LCD lagging 12-month U.S. institutional loan default rate discussed above. Furthermore, TFG's CLO equity and direct loan investment portfolio includes approximately 10.5% CLOs with primary exposure to European senior secured loans and such loans are included in the calculation of TFG's corporate default rate.

(ii) Source: S&P/LCD Quarterly Review as of the outlined quarter-end date.

Additional CLO Portfolio Statistics (continued)

CLO PORTFOLIO CREDIT QUALITY

Figure 35

ALL CLOs	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Caa1/CCC+ or Below Obligors:	5.0%	4.9%	5.4%	4.6%	3.7%	4.5%	3.3%	3.2%	4.5%	3.8%	3.5%	5.1%
WARF:	2,568	2,553	2,542	2,565	2,621	2,554	2,442	2,350	2,507	2,488	2,549	2,550

U.S. CLOs	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Caa1/CCC+ or Below Obligors:	4.1%	3.9%	3.8%	3.4%	3.0%	4.4%	2.5%	2.2%	2.6%	2.5%	2.9%	4.6%
WARF:	2,550	2,534	2,513	2,544	2,556	2,489	2,347	2,257	2,402	2,399	2,540	2,553

EUR CLOs	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Caa1/CCC+ or Below Obligors:	8.7%	9.1%	11.8%	9.4%	6.9%	4.8%	6.5%	7.2%	12.8%	10.0%	6.4%	6.7%
WARF:	2,642	2,631	2,658	2,650	2,894	2,819	2,826	2,729	2,974	2,888	2,592	2,540

CLO EQUITY PORTFOLIO DETAILS AS OF 31 MARCH 2016

Figure 36

Transaction(i)	Deal Type	Original Invest. Cost ($MM USD)(ii)	Deal Closing Date	Year of Maturity	End of Reinv Period	Wtd Avg Spread (bps)(iii)	Original Cost of Funds (bps)(iv)	Current Cost of Funds (bps)(v)	Current Jr-Most O/C Cushion(vi)	Jr-Most O/C Cushion at Close(vii)	Annualized (Loss) Gain of Cushion(viii)	IRR(ix)	ITD Cash Received as % of Cost(x)
Transaction 1	EUR CLO	37.5	2007	2024	2014	355	55	149	7.24%	3.86%	0.39%	-	51.1%
Transaction 2	EUR CLO	29.7	2006	2023	2013	383	52	115	2.27%	3.60%	(0.14%)	9.9%	140.0%
Transaction 5	EUR CLO	36.9	2007	2022	2014	398	60	69	4.55%	5.74%	(0.14%)	11.3%	131.0%
Transaction 7	EUR CLO	38.5	2007	2023	2013	392	46	104	20.70%	3.64%	1.89%	3.0%	60.7%
Transaction 10	EUR CLO	27.0	2006	2022	2012	376	50	144	15.68%	4.54%	1.15%	0.9%	58.9%
Transaction 86	EUR CLO	3.6	2006	2022	2012	376	50	144	15.68%	3.11%	1.30%	8.7%	47.0%
EUR CLO Subtotal:		**173.2**				**381**	**53**	**115**	**10.30%**	**4.26%**	**0.66%**		**86.6%**
Transaction 13	US CLO	15.2	2006	2018	2012	310	47	74	12.20%	4.82%	0.76%	21.9%	237.6%
Transaction 14	US CLO	26.0	2007	2021	2014	333	49	79	5.04%	5.63%	(0.06%)	19.3%	226.1%
Transaction 15	US CLO	28.1	2007	2021	2014	373	52	61	4.89%	4.21%	0.08%	29.8%	297.3%
Transaction 16	US CLO	23.5	2006	2020	2013	339	46	65	6.92%	4.44%	0.25%	21.1%	241.6%
Transaction 17	US CLO	26.0	2007	2021	2014	297	40	41	3.74%	4.24%	(0.05%)	24.6%	257.1%
Transaction 22	US CLO	37.4	2007	2021	2014	355	53	81	7.28%	5.00%	0.25%	22.0%	230.8%
Transaction 32	US CLO	24.0	2007	2021	2014	306	59	72	4.31%	5.57%	(0.15%)	22.3%	234.6%
Transaction 34	US CLO	22.2	2006	2020	2012	378	50	156	19.45%	6.66%	1.37%	18.6%	209.2%
Transaction 36	US CLO	28.4	2007	2021	2013	317	46	83	3.80%	5.18%	(0.15%)	19.2%	202.2%
Transaction 47	US CLO	28.3	2006	2021	2013	328	47	61	1.75%	4.34%	(0.28%)	22.6%	244.9%
Transaction 61	US CLO	29.1	2007	2021	2014	325	45	57	2.55%	4.04%	(0.17%)	17.9%	196.5%
Transaction 63	US CLO	27.3	2007	2021	2013	332	53	112	8.44%	4.78%	0.42%	19.4%	211.6%
Transaction 64	US CLO	15.4	2007	2021	2013	334	38	57	N/A	N/A	N/A	23.2%	250.9%
Transaction 66	US CLO	21.3	2006	2020	2013	292	49	69	4.92%	4.05%	0.09%	23.0%	246.7%
Transaction 68	US CLO	19.3	2006	2020	2013	319	48	56	9.47%	4.41%	0.54%	28.3%	301.3%
Transaction 69	US CLO	28.2	2007	2019	2013	317	44	53	11.67%	5.61%	0.67%	27.0%	277.3%
Transaction 75	US CLO	32.7	2011	2022	2014	338	168	194	7.33%	4.05%	0.69%	10.9%	86.3%
Transaction 77	US CLO	14.5	2011	2023	2016	355	212	214	5.43%	5.04%	0.09%	12.4%	72.8%
Transaction 78	US CLO	22.9	2012	2023	2015	380	217	176	5.71%	4.00%	0.41%	17.0%	98.8%
Transaction 79	US CLO	19.4	2012	2022	2015	346	215	184	3.41%	4.00%	(0.14%)	7.9%	70.4%
Transaction 80	US CLO	22.7	2012	2022	2016	364	185	185	3.12%	4.17%	(0.27%)	10.3%	73.6%
Transaction 81	US CLO	21.7	2012	2024	2016	391	216	193	2.44%	4.00%	(0.44%)	5.6%	56.5%
Transaction 82	US CLO	25.4	2012	2022	2016	368	206	207	3.15%	4.00%	(0.24%)	9.2%	57.2%
Transaction 83	US CLO	20.8	2013	2025	2017	415	193	193	6.00%	6.17%	(0.06%)	13.8%	65.0%
Transaction 84	US CLO	24.6	2013	2023	2017	366	183	184	3.40%	4.02%	(0.20%)	16.4%	74.7%
Transaction 85	US CLO	1.0	2013	2025	2017	367	170	171	4.82%	5.01%	(0.07%)	10.1%	58.9%
Transaction 87	US CLO	23.0	2013	2026	2018	373	199	199	3.37%	4.00%	(0.27%)	4.8%	43.2%
Transaction 88	US CLO	30.1	2014	2024	2018	370	199	200	3.37%	4.02%	(0.31%)	11.3%	46.6%
Transaction 89	US CLO	33.6	2014	2026	2018	380	195	195	3.34%	3.96%	(0.35%)	13.6%	42.6%
Transaction 90	US CLO	20.7	2014	2026	2018	388	203	200	3.81%	4.00%	(0.13%)	12.9%	30.0%
Transaction 91	US CLO	27.8	2015	2027	2019	394	215	212	3.59%	4.00%	(0.40%)	13.8%	22.0%
Transaction 92	US CLO	34.6	2015	2027	2020	395	199	199	3.82%	3.99%	(0.25%)	15.8%	18.9%
Transaction 93	US CLO	6.1	2015	2027	2019	394	215	212	3.59%	3.59%	0.00%	15.8%	0.0%
US CLO Subtotal:		**781.2**				**352**	**122**	**133**	**5.32%**	**4.43%**	**0.04%**		**149.6%**
Total CLO Portfolio:		**954.4**				**357**	**109**	**130**	**6.22%**	**4.40%**	**0.15%**		**138.2%**

Notes

(i) Transactions are investments made on a particular investment date. Multiple transactions may be associated with the same tranche of the same CLO deal. Note that certain transactions may have been removed from the table above, as the remaining value of the assets of those CLOs is immaterial. TFG may continue to hold such transactions as of the date of this report.

(ii) The USD investment cost reflects a USD-EUR exchange rate fixed at a single historical rate to avoid the impact of skewed weightings and FX volatility over time. As such, the investment costs of European CLOs as shown in this table may not be comparable to the investments costs as shown in TFG's financial statements.

(iii) Par weighted-average spread over LIBOR or EURIBOR (as appropriate) of the underlying loan assets in each CLO's portfolio.

(iv) Notional weighted-average spread over LIBOR or EURIBOR (as appropriate) of the debt tranches issued by each CLO, as of the closing date of each transaction.

(v) Notional weighted-average spread over LIBOR or EURIBOR (as appropriate) of the debt tranches issued by each CLO, as of the most recent trustee report date.

(vi) The current junior-most O/C cushion is the excess (or deficit) of the junior-most O/C test ratio over the test requirement, as of the latest trustee report available as of the report date. Calculations are ignored and stated as “N/A” In certain cases where debt has been substantially, but not fully, repaid, resulting in a junior-most O/C test cushion that is not meaningful.

(vii) The junior-most O/C cushion at close is the excess (or deficit) of the junior-most O/C test ratio over the test requirement that was expected on each deal's closing date. Please note that two of TFG's investments are so called “par structures” which don't include a junior O/C test. They have been marked by an “N/A” in the relevant junior-most O/C test columns.

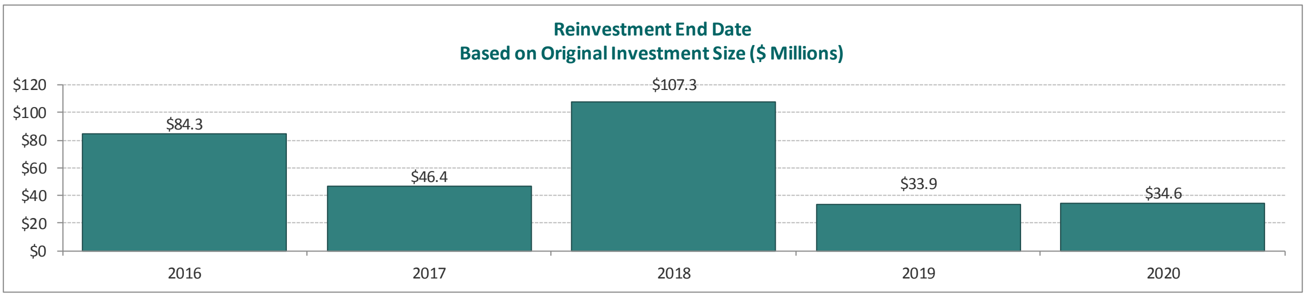
(viii) Calculated by annualising the change from the expected closing date junior-most O/C cushion to the current junior-most O/C cushion.

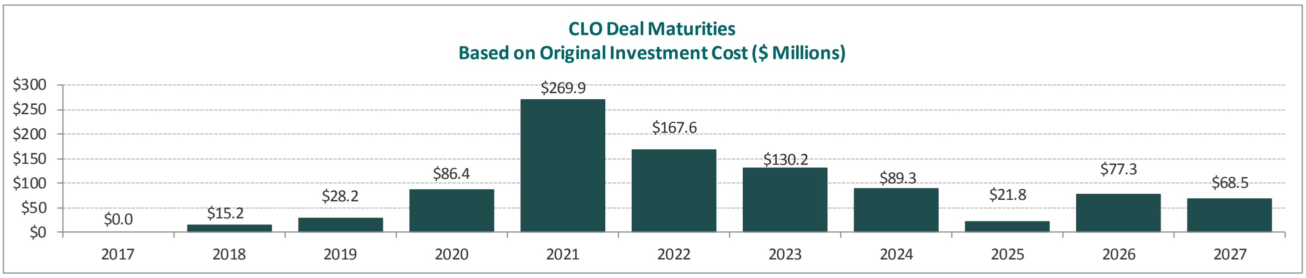
(ix) Calculated from TFG's investment date. Includes both historical cash flows received to-date and prospective cash flows expected to be received, based on TFG's base case modelling assumptions.

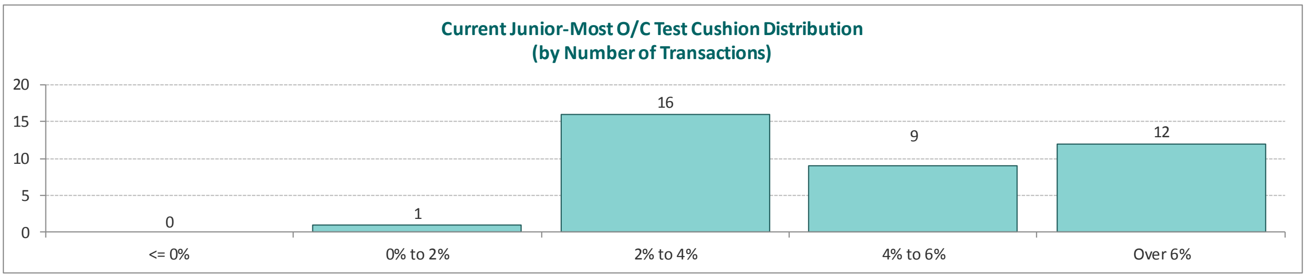
(x) Inception to report date cash flow received on each transaction as a percentage of its original cost.

CLO EQUITY PORTFOLIO DETAILS AS OF 31 MARCH 2016 (continued)

Figure 37







(i) The current junior-most O/C cushion is the excess (or deficit) of the junior-most O/C test ratio over the test requirement, as of the latest trustee report available as of the report date. Calculations are stated as "N/A" In certain cases where debt has been substantially, but not fully, repaid, resulting in a junior-most O/C test cushion that is not meaningful.

APPENDIX VI

Share Reconciliation and Shareholdings

Figure 38[37]

U.S. GAAP to Fully Diluted Shares Reconciliation	
	Q1 2016 Shares MM
Legal Shares Issued and Outstanding	**138.4**
Less: Shares Held in Subsidiary	(17.0)
Less: Shares Held in Treasury	(12.0)
Less: Total Escrow Shares [37.i]	(12.5)
U.S. GAAP Shares Outstanding	**97.0**
Add: Dilution for Share Options [37.iii]	0.8
Add: Certain Escrow Shares [37.iv]	6.7
Add: Dilution for equity-based awards [37.v]	0.2
Pro Forma Fully Diluted Shares	**104.7**

Shareholdings

Persons affiliated with TFG maintain significant interests in TFG shares. For example, as of 31 March 2016, the following persons own (directly or indirectly) interests in shares in TFG in the amounts set forth below:

Mr. Reade Griffith*	10,280,717
Mr. Paddy Dear*	3,426,611
Mr. David Wishnow	243,894
Mr. Jeff Herlyn	170,904
Mr. Rupert Dorey	114,041
Mr. Michael Rosenberg	68,052
Mr. Frederic Hervouet	13,219
Equity-based awards[38]	5,256,447

*The amounts set forth above in regards to Messrs. Griffith and Dear include their interests with respect to the Escrow Shares. In addition to the foregoing, as of 31 March 2016, certain employees of subsidiaries of TFG and other affiliated persons own in the aggregate approximately 3.4 million shares, including interests with respect to the Escrow Shares, in each case, however, excluding any TFG shares held by the GreenOak principals or employees.

As previously disclosed, non-voting shares of TFG (together with accrued dividends and previously vested shares, (the "Vested Shares")) that were issued pursuant to TFG's acquisition in October 2012 of TFG Asset Management L.P. (f/k/a Polygon Management L.P.) and certain of its affiliates (the "Polygon Transaction") have vested with certain persons (other than Messrs. Griffith and Dear), all of whom are employees or partners of TFG-owned or affiliated entities, pursuant to the Polygon Transaction.

Certain of these persons may from time to time enter into purchases or sales trading plans (each a, "Fixed Trading Plan") providing for the sale of Vested Shares or the purchase of TFG shares in the market, or may otherwise sell their Vested Shares or purchase TFG shares, subject to applicable compliance policies. Applicable brokerage firms may be authorised to purchase or sell TFG shares under the relevant Fixed Trading Plan pursuant to certain irrevocable instructions. Each Fixed Trading Plan is intended to comply with Rule 10b5-1 under the United States Securities Exchange Act of 1934, as amended. Each Fixed Trading Plan has been or will be approved by TFG in accordance with its applicable compliance policies.

For additional information regarding the Polygon Transaction and the future vesting schedule for shares issued thereunder, see Note 22 to the 2015 Tetragon Financial Group Master Fund Limited audited financial statements.

Rule 10b5-1 provides a "safe harbor" that is designed to permit individuals to establish a pre-arranged plan to buy or sell company stock if, at the time such plan is adopted, the individuals are not in possession of material, nonpublic information.

APPENDIX VII

Equity-Based Compensation Plans

In Q1 2016, TFG implemented an equity-based long-term incentive plan for certain senior employees of TFG Asset Management (excluding the principals of TFM).

Awards under the long-term incentive plan, along with other equity-based awards, are typically spread over multiple vesting dates up to 2024 which may vary for each employee and are subject to forfeiture provisions. The arrangements may also include additional periods, beyond the vesting dates, during which employees gain exposure to the performance of the TFG shares, but the shares are not issued to the employees. Such periods may range from one to five years beyond the vesting dates. The shares underlying these equity-based incentive programs typically will be held in escrow until they vest and will be eligible to receive shares under the TFG Dividend Re-investment Program ("DRIP Shares").

Where grants under these equity-based incentive programs will only be settled through the issuance of shares rather than through cash, and in accordance with U.S. GAAP rules for share-based compensation, TFG has elected to account for equity-based plans under ASC 718 – Equity-based payments to employees – and is applying the straight-line method for expense recognition and for calculating the share dilution effect. This means that the total expense of the initial awards is determined at the award date, or at the date that the award becomes eligible to be settled only in shares ("Award Date"), by applying a reference share price on the Award Date to the shares awarded. Taking into account all equity-based awards granted to TFG Asset Management employees, including the Q1 2016 LTIP awards, approximately 5.1 million shares have been awarded at a weighted average reference share price of $8.76 per share, implying a total share-based compensation charge of approximately $45 million spread over a period of up to eight years, excluding employer-related taxes.

The dilutive effect of the equity-based compensation plans will be reflected increasingly in TFG's fully diluted share count over the life of the plans. Such dilution will include, among other things and in addition to the award shares, any DRIP Shares and shares that will be required to cover employer taxes. At the end of Q1 2016, approximately 0.2 million shares were included in the fully diluted share count.

APPENDIX VIII

Board of Directors

The Board of Directors currently comprises six directors, of which four are Independent Directors.

Rupert Dorey has over 30 years of experience in financial markets. Rupert was at CSFB for 17 years from 1988 to 2005 where he specialised in credit related products, including derivative instruments where his expertise was principally in the areas of debt distribution, origination and trading, covering all types of debt from investment grade to high yield and distressed debt. He held a number of senior positions at CSFB, including establishing CSFB's high yield debt distribution business in Europe, fixed income credit product coordinator for European offices and head of UK Credit and Rates Sales. Since 2005, he has been acting in a Non-Executive Directorship capacity for a number of Hedge Funds, Private Equity & Infrastructure Funds, for both listed and unlisted vehicles. Rupert is a former President of the Guernsey Chamber of Commerce and is a member of the Institute of Directors. Rupert is based in Guernsey and is a Non-Executive, Independent Director.

Frederic Hervouet has over 17 years of experience in financial markets and hedge funds, including in multi-asset class investment and risk management, structured products and structured finance. Until September 2013, Frederic was a Managing Director and Head of Commodity Derivatives Asia for BNP Paribas, where he was focused on trading, structuring and sales. Previously, Frederic was a Director and Global Head of Sales at Diapason Commodities Management SA, a partner at Systeia Capital Management, which is now part of Amundi Asset Management, and a Director and Head of European Market Distribution at BAREP Asset Management, the hedge fund management subsidiary of Société Générale. Frederic has a MSc in Applied Mathematics and International Finance and a Master's Degree (DESS) in Financial Markets, Commodities Markets and Risk Management from the Université Paris Dauphine. He is a member of the Institute of Directors (IoD) and of the Guernsey Chamber of Commerce. Frederic is based in Guernsey and is a Non-Executive, Independent Director.

David Jeffreys provides directorship services to a small number of fund groups. From 1995 until 2010 David worked with EQT, a Scandinavian based private equity group, acting as a director of each of its Fund general partners and, from 2006, establishing and serving as Managing Director of EQT Funds Management Limited, its Guernsey based management and administration office. Between 1993 and June 2004, David was managing director of Abacus Fund Managers (Guernsey) Limited, where he was involved with private client trust arrangements, corporate administration, pension schemes and fund administration. He was a board member of Abacus' principal administration operating companies and served on the boards of various administrated client companies. Previously, David worked as an auditor and accountant for 12 years with Coopers & Lybrand (and its predecessor firms). He has an undergraduate degree in Economics and Accounting from the University of Bristol and is a fellow of the Institute of Chartered Accountants in England and Wales. David is based in Guernsey and is a Non-Executive, Independent Director.

Byron Knief is Managing Director of Court Square Capital Advisor, LLC. Since 1989, he has raised and invested over $3 billion of capital through a series of mezzanine and leveraged debt funds. Prior to 1989, he ran a variety of businesses for Citigroup in the United States, Europe, Canada and Latin America. Byron received an undergraduate degree from Northwestern University and an MBA from Columbia University. He has served as a director on the boards of several public and private companies. Current corporate board memberships include DavCo Restaurants, Inc., JAC Products, Inc. and Olameter, Inc. He was also formerly a director of Polygon Global Opportunities Fund and certain of its affiliates. Byron's charitable board memberships include The Milbank Memorial Fund and The Mountain Top Arboretum. Byron is based in New York and is a Non-Executive, Independent Director.

Reade Griffith co-founded Polygon in 2002 and Tetragon Financial Management LP in 2005. He was previously the founder and former chief executive officer of the European office of Citadel Investment Group, a multi-strategy hedge fund that he joined in 1998. He was a partner and senior managing director responsible for running the Global Event Driven arbitrage team in Tokyo, London and Chicago for the firm. He was previously with Baker, Nye, where he was an analyst working on an arbitrage and special situations portfolio. Reade holds a JD degree from Harvard Law School and an undergraduate degree in Economics from Harvard College. He also served as an officer in the U.S. Marine Corps and left as a Captain following the 1991 Gulf War. At Polygon, he is primarily focused on the trading businesses and risk management. Reade is based in London and is an Internal Director.

Paddy Dear co-founded Polygon in 2002 and Tetragon Financial Management LP in 2005. He was previously managing director and the global head of Hedge Fund Coverage for UBS Warburg Equities. As global head of Hedge Fund Coverage and Chairman of the Global Hedge Fund Committee, Paddy was responsible for the delivery of all of the bank's products and services to hedge fund clients globally. He was on the board of UBS Netherlands, and was a member of both the European Equity Business Committee and the Extended Global Equity Business Committee. Prior to this, Paddy was co-head of European sales trading, execution, arbitrage sales and flow derivatives. He had been with UBS since 1988, including six years in New York. Paddy was in equity sales at Prudential Bache before joining UBS. Prior to working in investment banking, he was a petroleum engineer with Marathon Oil Co. Paddy holds an undergraduate degree in Petroleum Engineering from Imperial College in London. His responsibilities at Polygon include risk management, overseeing Polygon's non-trading activities, managing investment bank interfaces and relationships and new business development. Paddy is based in London and is an Internal Director.

Shareholder Information

Registered Office of TFG and the Master Fund
Tetragon Financial Group Limited
Tetragon Financial Group Master Fund Limited
1st Floor Dorey Court
Admiral Park
St. Peter Port, Guernsey
Channel Islands GY1 6HJ

Investment Manager
Tetragon Financial Management LP
399 Park Avenue, 22nd Floor
New York, NY 10022
United States of America

General Partner of Investment Manager
Tetragon Financial Management GP LLC
399 Park Avenue, 22nd Floor
New York, NY 10022
United States of America

Investor Relations
David Wishnow / Greg Wadsworth
ir@tetragoninv.com

Press Inquiries
Sard Verbinnen & Co
tetragon-svc@sardverb.com

Auditors
KPMG Channel Islands Ltd.
Glategny Court
Glategny Esplanade
St. Peter Port, Guernsey
Channel Islands GY1 1WR

Sub-Registrar and CREST Transfer Agent
Computershare Investor Services (Guernsey) Limited
1st Floor, Tudor House
Le Bordage
St Peter Port, Guernsey
Channel Islands GY1 1DB

Legal Advisor (as to U.S. law)
Cravath, Swaine & Moore LLP
Worldwide Plaza
825 Eighth Avenue
New York, NY 10019
United States of America

Legal Advisor (as to Guernsey law)
Ogier
Redwood House
St. Julian's Avenue
St. Peter Port, Guernsey
Channel Islands GY1 1WA

Legal Advisor (as to Dutch law)
De Brauw Blackstone Westbroek N.V.
Claude Debussylaan 80
1082 MD Amsterdam
The Netherlands

Stock Listing
Euronext Amsterdam N.V.
London Stock Exchange (Specialist Fund Market)

Administrator and Registrar
State Street (Guernsey) Limited
1st Floor Dorey Court
Admiral Park
St. Peter Port, Guernsey
Channel Islands GY1 6HJ

ENDNOTES

TFG is not responsible for the contents of any third-party website noted in this report.

TFG: Delivering Results Since 2005

(1) (i) TFG commenced investing as an open-ended investment company in 2005, before its IPO in April 2007.

(ii) TFG seeks to deliver 10-15% Fair Value RoE per annum to shareholders. TFG's returns will most likely fluctuate with LIBOR. LIBOR directly flows through some of TFG's investments and, as it can be seen as the risk-free short-term rate, it should affect all of TFG's investments. In high-LIBOR environments, TFG should achieve higher sustainable returns; in low-LIBOR environments, TFG should achieve lower sustainable returns.

(iii) Fair Value RoE is calculated from TFG's IPO in 2007. 2015 RoE includes a fair value adjustment for certain TFG Asset Management businesses, the value of which has accumulated over several years. Consequently the full year return of 14.5% is not prepared on a like for like basis with prior years. Like for like performance for 2015 was 8.2%. Please refer to page 25 for a definition of Fair Value RoE and Appendix IV for more details.

(iv) Annualised total shareholder return to 31 March 2016, defined as share price appreciation including dividends reinvested, for the last year, the last three years, the last five years, and since TFG's initial public offering in April 2007. Source: Bloomberg TRA function.

(v) Fair Value EPS divided by Dividends per Share at 31 March 2016.

(vi) The vast majority of TFG's investments are held at fair value in accordance with U.S. GAAP. The fair value basis for TFG's key performance metrics adjusts U.S. GAAP to also include the fair value of certain TFG Asset Management businesses that are currently consolidated under U.S. GAAP. The fair values used are as determined by TFG's Audit Committee based on information provided by an independent valuation specialist. The consistent use of fair value across all investments is hereinafter referred to in this report as "Fair Value". Fair Value Key Metrics such as Fair Value RoE and Fair Value NAV are also adjusted to reflect incentive fees that would otherwise have arisen if these Fair Values were actually reflected in the U.S. GAAP accounting for TFG's financial statements. Please refer to Appendices III and IV for further details.

(vii) Fully Diluted Fair Value NAV per share based on TFG's financial statements as of 31 March 2016. Please note that the reported Fair Value NAV per share excludes any shares held in treasury or in a subsidiary as of that date, but includes shares held in escrow which are expected to be released and incorporated into the U.S. GAAP NAV per Share over a five-year period and the number of shares corresponding to the applicable intrinsic value of the options issued to the Investment Manager at the time of the Company's IPO. Please see Figure 20 for more details.

(viii) Partner & Employee shareholdings at 31 March 2016, including all deferred compensation arrangements. Please refer to the 2015 Audited Tetragon Financial Group Master Fund Limited financial statements for more details of these arrangements.

Executive Summary

(2) TFG's 'home Member State' for the purposes of the EU Transparency Directive (Directive 2004/109/EC) is the Netherlands.

(3) TFG invests substantially all its capital through a master fund, Tetragon Financial Group Master Fund Limited ("TFGMF"), in which it holds 100% of the issued non-voting shares. In this report, unless otherwise stated, we report on the consolidated business incorporating TFG and TFGMF. References to "we" are to Tetragon Financial Management LP, TFG's investment manager (the "Investment Manager").

(4) Please see Note (1)(ii).

(5) Please see Note (1)(ii).

(6) Includes GreenOak funds and advisory assets, LCM, Polygon Recovery Fund LP, Polygon Convertible Opportunity Master Fund, Polygon European Equity Opportunity Master Fund and associated managed account, Polygon Mining Opportunity Master Fund, Polygon Global Equities Master Fund, Polygon Distressed Opportunities Master Fund, Equitix, and TCI II, as calculated by the applicable administrator for value date 31 March 2016. Includes, where relevant, investments by Tetragon Financial Group Master Fund Limited. TFG Asset Management AUM as used in this report includes the assets under management of several investment advisers, including Tetragon Asset Management L.P., and GreenOak, each of which is an investment manager registered under the U.S. Investment Advisers Act of 1940. Figures for GreenOak and TCI II may also include committed capital.

TFG Overview

(7) Tetragon Credit Income II L.P. ("TCI II"), hereinafter referred to in this report as "TCI II".

(8) Euronext in Amsterdam is a regulated market of Euronext Amsterdam N.V. ("Euronext Amsterdam"). As is the case for Euronext Amsterdam, the SFM is a regulated market for the purposes of the Markets in Financial Instruments Directive.

(9) LCM Asset Management LLC, a CLO loan manager that is part of TFG Asset Management, hereinafter referred to in this report as "LCM".

(10) GreenOak Real Estate, LP, hereinafter referred to in this report as "GreenOak". TFG owns a 23% interest in GreenOak.

(11) Polygon Global Partners LP and Polygon Global Partners LLP (and certain of their affiliates), managers of open-ended hedge fund and private equity vehicles across a number of strategies that are part of TFG Asset Management, hereinafter referred to in this report as "Polygon". Polygon Global Partners LLP is authorised and regulated by the United Kingdom Financial Conduct Authority.

(12) Equitix Holdings Limited, hereinafter referred to in this report as "Equitix".

(13) Hawke's Point, a mining finance company that is part of TFG Asset Management, hereinafter referred to in this report as "Hawke's Point".

(14) Tetragon Credit Income Partners, hereinafter referred to in this report as "TCIP".

(15) Please see Note 6.

Key Metrics

(16) TFG's Key Metrics were modified, effective from Q3 2015, to incorporate the value that is being created in TFG Asset Management on a consistent Fair Value basis using valuations provided by an independent valuation specialist reporting to the Audit Committee. The resulting Fair Value metrics are described in this section and further detail on the drivers for each of the Fair Value metrics is discussed in the following sections of the report.

(17) Please see note (1)(ii).

(18) Please refer to Financial Highlights on page 25 of this report for the definition of Fair Value Net Income.

(19) Please refer to Financial Highlights on page 25 of this report for the definition of Fair Value EPS.

(20) In Q1 2015, there were strong contributions from Other Equities, U.S. CLO 1.0 transactions and Real Estate. Please refer to the Q1 2015 report for more details.

(21) Please refer to Financial Highlights on page 25 of this report for the definition of Pro Forma Fully Diluted Shares and Fully Diluted Fair Value NAV per Share.

Q1 2016 in Review

(22) LCDNews, "Leveraged loans gain 2.76% in March; YTD return is 1.55%", 1 April 2016.

(23) Based on the most recent trustee reports available as of 31 March 2016.

(24) Based on the most recent trustee reports available as of 31 March 2016.

(25) Based on the most recent trustee reports available as of 31 March 2016.

(26) Any index information contained herein is included to show general trends in the markets in the periods indicated, is not meant to imply that these indices are the only relevant indices, and is not intended to imply that the portfolio or investment was similar to any particular index either in composition or element of risk. The indices shown here have not been selected to represent appropriate benchmarks to compare an investor's performance, but rather are disclosed to allow for comparison of the investor's performance to that of certain well-known and widely-recognised indices. The volatility of the indices may be materially different from the individual performance attained by a specific investor. In addition, the Funds' holdings may differ significantly from the securities that comprise the indices. You cannot invest directly in an index. The HFRX ED: Event Driven Index (Bloomberg Code: HFRXED) is compiled by HFR Hedge Fund Research Inc. Further information relating to index constituents and calculation methodology can be found at www.hedgefundresearch.com.

(27) Any index information contained herein is included to show general trends in the markets in the periods indicated, is not meant to imply that these indices are the only relevant indices, and is not intended to imply that the portfolio or investment was similar to any particular index either in composition or element of risk. The indices shown here have not been selected to represent appropriate benchmarks to compare an investor's performance, but rather are disclosed to allow for comparison of the investor's performance to that of certain well-known and widely-recognised indices. The volatility of the indices may be materially different from the individual performance attained by a specific investor. In addition, the Funds' holdings may differ significantly from the securities that comprise the indices. You cannot invest directly in an index. The HFRX RV: FI-Convertible Arbitrage Index (Bloomberg Code: HFRXCA) is compiled by HFR Hedge Fund Research Inc. Further information relating to index constituents and calculation methodology can be found at www.hedgefundresearch.com.

(28) Any index information contained herein is included to show general trends in the markets in the periods indicated, is not meant to imply that these indices are the only relevant indices, and is not intended to imply that the portfolio or investment was similar to any particular index either in composition or element of risk. The indices shown here have not been selected to represent appropriate benchmarks to compare an investor's performance, but rather are disclosed to allow for comparison of the investor's performance to that of certain well-known and widely-recognised indices. The volatility of the indices may be materially different from the individual performance attained by a specific investor. In addition, the Funds' holdings may differ significantly from the securities that comprise the indices. You cannot invest directly in an index. The HFRX DS: Distressed Restructuring Index (Bloomberg Code: HFRXDS) is compiled by HFR Hedge Fund Research Inc. Further information relating to index constituents and calculation methodology can be found at www.hedgefundresearch.com.

(29) Tetragon Credit Income Partners, hereinafter referred to in this report as "TCIP".

(30) Please see Note 6.

(31) Please see Note 6.

(32) Please see Note 6.

(33) (i) The fund began trading with Class B shares, which carry no incentive fees, on 20 May 2009. Class A shares of the fund were first issued on 1 April 2010 and returns from inception through March 2010 have been *pro forma* adjusted to match the fund's Class A share terms as set forth in the Offering Memorandum (1.5% management fee, 20% incentive fee over a hurdle and other items, in each case, as set forth in the Offering Memorandum). AUM figure and net performance is for the Polygon Convertible Opportunity Master Fund as calculated by the applicable fund administrator.

(ii) The fund began trading 8 July 2009 with Class B shares which carry no incentive fee. Class A shares commenced trading on 1 December 2009. Returns from inception through November 2009 for Class A shares have been *pro forma* adjusted to match the fund's Class A share terms as set forth in the Offering Memorandum (1.5% management fee, 20% incentive fee and other items, in each case, as set forth in the offering Memorandum). From December 2009 to February 2011, the table reflects actual Class A share performance on the terms set forth in the Offering Memorandum. From March 2011, forward, the table reflects actual Class A1 share performance on the terms set forth in the Offering Memorandum. Class A1 share performance is equivalent to Class A share performance for prior periods. AUM figure and net performance is for the Polygon European Equity Opportunity Master Fund and associated managed account as calculated by the applicable fund administrators.

(iii) The fund began trading with Class B1 shares, which carry no incentive fees, on 1 June 2012. Returns through October 2013 have been *pro forma* adjusted to account for a 2.0% management fee, a 20% incentive fee, and non-trading expenses capped at 1%, in each case, as set forth in the Offering Memorandum. Class A1 shares of the Fund were first issued on 1 November 2013. From November 2013, forward, performance reflects actual Class A1 share performance on the terms set forth in the Offering Memorandum. AUM figure and net performance is for the Polygon Mining Opportunity Master Fund as calculated by the applicable fund administrator.

(iv) The fund began trading on 2 September 2013. Class A shares of the fund were first issued in September 2013 and returns from inception through September 2014 have been adjusted to match the fund's class A share terms as set forth in the Offering Memorandum (1.5% management fee, 20% incentive fee and other items, in each case, as set forth in the Offering Memorandum). AUM figure and net performance is for the Polygon Distressed Opportunities Master Fund as calculated by the applicable fund administrator.

(v) The fund began trading with Class B/B1 shares, which carry no incentive fees, on 12 September 2011. Returns shown from inception through August 2013 have been *pro forma* adjusted to account for a 2.0% management fee and a 20% incentive fee, in each case, as to be set forth in further definitive documents. The fund began trading Class A shares, which are not new issue eligible, on 23 September 2011. Class A1 shares of the Fund, which are new issue eligible, were first issued on 1 November 2013, and returns from inception through October 2013 have been *pro forma* adjusted to match the Fund's Class A1 performance. AUM figure and net performance is for the Polygon Global Equities Master Fund as calculated by the applicable fund administrator.

(vi) The Private Equity Vehicle noted is the Polygon Recovery Fund L.P. ("PRF"). The manager of the PRF is a subsidiary of TFG. The management fees earned in respect of PRF are included in the TFG Asset Management business segment described herein. PRF is a limited-life vehicle seeking to dispose of its portfolio securities prior to the expiration of its term. PRF's term was extended to March 2018 with a potential further one year extension thereafter. Individual investor performance will vary based on their high water mark. Currently, the majority of Class C share class investors have not reached their high water mark, so their performance is the same as their gross performance. The AUM figure for PRF is as calculated by the applicable fund administrator.

(34) For additional information on the company's CLO equity investments, including its buy and hold strategy, please see refer to http://www.tetragoninv.com/portfolio/clo-equity.

Q1 2016 Financial Review

(35) Equitix had initially been consolidated in Q1 2015 in order to be consistent with the other majority-owned management entities. However following additional analysis of the application of Investment Company accounting to TFG AM post the acquisition of Equitix, it was concluded that Equitix's relationships with TFG and TFGMF did not have the same service provider characteristics as LCM, Polygon and Hawke's Point and thus from H1 2015 Equitix was accounted for using the default Investment Company methodology – at fair value. Where applicable the comparatives for Q1 2015 have been amended to reflect this revised presentation. This impacts some of the line items in figures 21,22 and 24 as well as the unaudited consolidated financial statements. It has not impacted any of the metrics disclosed in the Financial Highlights, Figure 20. See also Appendix V in the Semi-Annual Performance Report for Period Ended 30 June 2015 for further details as previously disclosed. On occasion, figures may not total due to rounding.

Appendix III

(36) TFM has determined that it will continue to grow TFG Asset Management, as TFG's diversified alternative asset management business, with a view to a planned initial public offering and listing of shares of TFG Asset Management in the next three to five years (referred to as the "IPO Strategy").

Appendix VI

(37) (i) The Total Escrow Shares of 12.5 million consists of 6.7 million shares which have been used as consideration for the acquisition of Polygon and applicable stock dividends relating thereto, as well as 5.8 million shares held in a separate escrow account in relation to equity-based compensation.

(ii) The number of shares corresponding to the applicable intrinsic value of the options issued to the Investment Manager at the time of the company's IPO with a strike price of $10.00, to the extent such options are in the money at period end. At the reporting date, this was 0.0 million shares. The intrinsic value of the manager (IPO) share options is calculated as the excess of (x) the closing price of the shares as of the final trading day in the relevant period over (y) $10.00 (being the exercise price per share) times (z) 12,545,330 (being a number of shares subject to the options before the application of potential anti-dilution). The terms of exercise under the options allow for exercise using cash, as well as, with the consent of the board of the company, certain forms of cashless exercise. Each of these prescribed methods of exercise may give rise to the issuance of a different number of shares than the approach described herein. If the options were to be surrendered for their intrinsic value with the board's consent, rather than exercised, the number of shares issued would equal the intrinsic value divided by the closing price of the shares as of the final trading day in the relevant period. This approach has been selected because we currently believe it is more reasonably illustrative of a likely outcome if the options are exercised. The options are exercisable until 26 April 2017.

(iii) The number of shares corresponding to the applicable intrinsic value of the remaining unexercised options issued to the GreenOak Founders in relation to the acquisition of a 10% stake in GreenOak in September 2010. At the reporting date, this was 0.8 million. The intrinsic value of the GreenOak share options is calculated as the excess of (x) the closing price of the shares as of the final trading day in the relevant period over (y) $5.50 (being the exercise price per share) times (z) 1,954,120 (being a number of shares subject to the options.

(iv) Certain Escrow Shares (6.7 million), which have been used as consideration for the acquisition of Polygon and applicable stock dividends relating thereto, and which are held in escrow and are expected to be released and incorporated into the U.S. GAAP NAV per Share over the next two years.

(v) Dilution in relation to equity-based awards by TFG Asset Management for certain senior employees. At the reporting date, this was 0.2 million. The basis and pace of recognition is expected to match the rate at which service is being provided to TFG Asset Management in relation to these shares. See Appendix VII for more details.

(38) Equity-based awards are intended to give certain senior employees of TFG Asset Management long-term exposure to TFG stock (with vesting subject to forfeiture and certain restrictions). See appendix VII for further details.

UNAUDITED QUARTERLY REPORT

TETRAGON FINANCIAL GROUP LIMITED

FOR THE QUARTER ENDED 31 MARCH 2016 AND FOR THE QUARTER ENDED 31 MARCH 2015

TETRAGON FINANCIAL GROUP LIMITED

UNAUDITED QUARTERLY REPORT
FOR THE QUARTER ENDED 31 MARCH 2016 AND FOR THE QUARTER ENDED 31 MARCH 2015

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TETRAGON FINANCIAL GROUP LIMITED

STATEMENTS OF ASSETS AND LIABILITIES

As at 31 March 2016 (unaudited)

	31 Mar 2016 US$ MM	31 Dec 2015 US$ MM
Assets		
Investment in the Master Fund	1,894.8	1,877.4
Total assets	1,894.8	1,877.4
Liabilities		
Accrued incentive fee	4.7	4.7
Total liabilities	4.7	4.7
Net assets	1,890.1	1,872.7
Equity		
Share capital	0.1	0.1
Share premium	933.1	921.9
Capital reserve in respect of share options	19.9	28.1
Share based employee compensation reserve	25.1	19.6
Retained earnings	911.9	903.0
	1,890.1	1,872.7
Shares outstanding	**Millions**	**Millions**
Shares	97.0	95.9
Net Asset Value per share	US$ 19.48	US$ 19.54

TETRAGON FINANCIAL GROUP LIMITED

STATEMENTS OF OPERATIONS

For the quarter ended 31 March 2016 and for the quarter ended 31 March 2015 (unaudited)

	Quarter Ended 31 Mar 2016 US$ MM	Quarter Ended 31 Mar 2015 US$ MM
Investment income allocated from the Master Fund		
Interest income	28.6	30.7
Fee income	12.8	13.9
Other income – cost recovery	4.4	4.5
Dividend income	2.1	-
Total investment income allocated from the Master Fund	47.9	49.1
Direct expenses		
Incentive fee	(4.7)	(20.5)
Total direct expenses	(4.7)	(20.5)
Operating expenses allocated from the Master Fund		
Employee costs	(11.9)	(12.0)
Management fees	(7.0)	(6.9)
Share based employee compensation	(5.1)	(5.8)
Legal and professional fees	(1.9)	(1.6)
Amortization on intangible assets	(0.9)	(1.7)
Audit fees	(0.1)	(0.1)
Other operating and administrative expenses	(5.5)	(5.3)
Total operating expenses allocated from the Master Fund	(32.4)	(33.4)
Total operating expenses	(37.0)	(53.9)
Net investment income	10.9	(4.8)
Net increase in unrealized depreciation on:		
Share options	-	(1.1)
Net increase in unrealized depreciation arising from direct operations	-	(1.1)
Net realized and unrealized (loss) / gain from investments and foreign currency allocated from the Master Fund		
Net realized (loss) / gain from:		
Investments	(33.0)	6.0
Derivative financial instruments	(0.6)	(0.6)
Foreign currency transactions	11.3	12.5
	(22.3)	17.9

TETRAGON FINANCIAL GROUP LIMITED

STATEMENTS OF OPERATIONS (continued)
For the quarter ended 31 March 2016 and for the quarter ended 31 March 2015 (unaudited)

	Quarter Ended 31 Mar 2016 US$ MM	Quarter Ended 31 Mar 2015 US$ MM
Net increase / (decrease) in unrealized appreciation / (depreciation) on:		
Investments	46.5	66.4
Derivative financial instruments	(8.0)	20.2
Translation of assets and liabilities in foreign currencies	(1.2)	(24.7)
	37.3	61.9
Net realized and unrealized gain from investments and foreign currency allocated from the Master Fund	15.0	79.8
Net increase from operations before tax	25.9	73.9
Income and deferred tax expense	(1.2)	(4.2)
Net income	24.7	69.7
Earnings per share		
Basic	US$ 0.26	US$ 0.73
Diluted	US$ 0.24	US$ 0.65
	Millions	**Millions**
Weighted average shares outstanding		
Basic	96.2	96.0
Diluted	103.9	106.6

TETRAGON FINANCIAL GROUP LIMITED

STATEMENTS OF CHANGES IN NET ASSETS

For the quarter ended 31 March 2016 and for the quarter ended 31 March 2015 (unaudited)

	Quarter Ended 31 Mar 2016 US$ MM	Quarter Ended 31 Mar 2015 US$ MM
From operations :		
Total investment income	47.9	49.1
Total operating expenses	(37.0)	(53.9)
Net unrealized depreciation on share options	-	(1.1)
Net realized (loss) / gain from investments and foreign currency allocated from the Master Fund	(22.3)	17.9
Net unrealized appreciation from investments and translation of assets and liabilities in foreign currencies allocated from the Master Fund	37.3	61.9
Income and deferred tax expense	(1.2)	(4.2)
Net income	24.7	69.7
Share based employee compensation	5.5	5.8
Net increase in net assets resulting from operations	30.2	75.5
Dividends paid to shareholders	(12.8)	(12.0)
Total increase in net assets	17.2	63.5
Net assets at start of period	1,872.7	1,818.5
Net assets at end of period	1,890.1	1,882.0

TETRAGON FINANCIAL GROUP LIMITED

STATEMENTS OF CASH FLOWS

For the quarter ended 31 March 2016 and for the quarter ended 31 March 2015 (unaudited)

	Quarter Ended 31 Mar 2016 US$ MM	Quarter Ended 31 Mar 2015 US$ MM
Operating activities		
Net income	24.7	69.7
Adjustments for:		
Net unrealized depreciation on share options	-	1.1
Share based employee compensation reserve	5.5	5.8
Net unrealized appreciation on investments in the Master Fund	(17.5)	(81.0)
Operating cash flows before movements in working capital	12.7	(4.4)
Increase in payables	0.1	16.4
Net cash provided by operating activities	12.8	12.0
Financing activities		
Issue of shares	-	-
Purchase of Treasury shares	-	-
Dividends paid to shareholders*	(12.8)	(12.0)
Net cash used in financing activities	(12.8)	(12.0)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	-	-

*The gross dividend payable to shareholders was US$ 15.9 million (Q1 2015: US$ 15.1 million) with value equivalent to US$ 3.1 million (Q1 2015: US$ 3.1 million) being taken by the dividend recipient in Shares rather than cash.

UNAUDITED CONSOLIDATED QUARTERLY REPORT

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

FOR THE QUARTER ENDED 31 MARCH 2016 AND FOR THE QUARTER ENDED 31 MARCH 2015

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

UNAUDITED CONSOLIDATED QUARTERLY REPORT

FOR THE QUARTER ENDED 31 MARCH 2016 AND FOR THE QUARTER ENDED 31 MARCH 2015

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TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
As at 31 March 2016 (unaudited)

	31 Mar 2016 US$ MM	31 Dec 2015 US$ MM
Assets		
Investments, at fair value	1,340.3	1,364.7
Management contracts	22.6	23.4
Cash and cash equivalents	472.3	440.4
Amounts due from brokers	74.9	59.9
Derivative financial assets	15.7	19.4
Fixed assets	0.5	0.5
Deferred tax asset	9.2	9.2
Other receivables	13.7	21.5
Total assets	1,949.2	1,939.0
Liabilities		
Derivative financial liabilities	4.8	0.7
Other payables and accrued expenses	39.8	48.5
Income tax payable	3.6	5.8
Deferred tax liability	6.2	6.6
Total liabilities	54.4	61.6
Net assets	1,894.8	1,877.4
Equity		
Share capital	0.1	0.1
Share premium	884.2	881.1
Retained earnings	985.4	976.6
Capital contribution	25.1	19.6
	1,894.8	1,877.4
Shares outstanding	**Millions**	**Millions**
Shares	97.0	95.9
Net asset value per share	US$ 19.53	US$ 19.84

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS
For the quarter ended 31 March 2016 and for the quarter ended 31 March 2015 (unaudited)

	Quarter ended 31 Mar 2016 US$ MM	Quarter ended 31 Mar 2015 US$ MM
Interest income	28.6	30.7
Fee income	12.8	13.9
Other income – cost recovery	4.4	4.5
Dividend income	2.1	-
Investment income	47.9	49.1
Employee costs	(11.9)	(12.0)
Management fees	(7.0)	(6.9)
Share based employee compensation	(5.1)	(5.8)
Legal and professional fees	(1.9)	(1.6)
Amortization on intangible assets	(0.9)	(1.7)
Audit fees	(0.1)	(0.1)
Other operating and administrative expenses	(5.5)	(5.3)
Operating expenses	(32.4)	(33.4)
Net investment income	15.5	15.7
Net realized and unrealized (loss) / gain from investments and foreign currency		
Net realized (loss) / gain from:		
Investments	(33.0)	6.0
Derivative financial instruments	(0.6)	(0.6)
Foreign currency transactions	11.3	12.5
	(22.3)	17.9
Net increase / (decrease) in unrealized appreciation / (depreciation) on:		
Investments	46.5	66.4
Derivative financial instruments	(8.0)	20.2
Translation of assets and liabilities in foreign currencies	(1.2)	(24.7)
	37.3	61.9
Net realized and unrealized gain from investments and foreign currency	15.0	79.8
Net increase from operations before tax	30.5	95.5
Income and deferred tax expense	(1.2)	(4.2)
Net income	29.3	91.3

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the quarter ended 31 March 2016 and for the quarter ended 31 March 2015 (unaudited)

	Quarter ended 31 Mar 2016 US$ MM	Quarter ended 31 Mar 2015 US$ MM
Operating activities		
Net income	29.3	91.3
Adjustments for:		
Realized losses / (gains) on investments and derivatives	34.6	(5.4)
Cash received on investments in excess of interest income	55.8	34.5
Amortization on intangible assets	0.9	1.7
Share based employee compensation	5.5	5.8
Unrealized gains	(37.3)	(61.9)
Deferred tax	(0.4)	0.4
Operating cash flows before movements in working capital	88.4	66.4
Decrease in receivables	7.8	19.1
Decrease in payables	(12.9)	(11.1)
Decrease in income tax payable	(2.2)	(2.3)
Amounts due (to) / from brokers	(15.0)	0.9
Cash flows from operations	66.1	73.0
Purchase of fixed assets	-	(0.4)
Proceeds from sale / prepayment / maturity of investments	4.5	22.6
Net payment for swap resets	(1.9)	(0.3)
Net payment for credit default swaps	(0.8)	-
Purchase of investments	(18.6)	(199.4)
Net cash provided by (used in) operating activities	49.3	(104.5)
Financing activities		
Dividends paid to shareholders*	(12.8)	(12.0)
Dividends paid to Feeder in lieu of incentive fee liability	(4.6)	(4.1)
Net cash used in financing activities	(17.4)	(16.1)
Net increase / (decrease) in cash and cash equivalents	31.9	(120.6)
Cash and cash equivalents at beginning of year	440.4	402.0
Effect of exchange rate fluctuations on cash and cash equivalents	-	0.7
Cash and cash equivalents at end of period	472.3	282.1

*The gross dividend payable to shareholders was US$ 15.9 million (Q1 2015: US$ 15.1 million) with value equivalent to US$ 3.1 million (Q1 2015: US$ 3.1 million) being taken by the dividend recipient in Shares rather than cash.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
For the quarter ended 31 March 2016 and for the quarter ended 31 March 2015 (unaudited)

	Quarter ended 31 Mar 2016 US$ MM	Quarter ended 31 Mar 2015 US$ MM
From operations:		
Net investment income	15.5	15.7
Net realized (loss) / gain from investments and foreign currency	(22.3)	17.9
Net unrealized appreciation on investments and translation of assets and liabilities in foreign currencies	37.3	61.9
Income and deferred tax expense	(1.2)	(4.2)
Net income after tax	29.3	91.3
Share based employee compensation	5.5	5.8
Net increase in net assets resulting from operations	34.8	97.1
Dividends paid to TFG Limited in lieu of incentive fee liability	(4.6)	(4.1)
Dividends paid to shareholders	(12.8)	(12.0)
Total distributions	(17.4)	(16.1)
Total increase in net assets	17.4	81.0
Net assets at start of period	1,877.4	1,834.9
Net assets at end of period	1,894.8	1,915.9