

Semi-Annual Performance Report
for Period Ended 30 June 2015

TETRAGON

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Tetragon Financial Group Limited Unaudited Financial Statements for the Period Ended 30 June 2015

Tetragon Financial Group Master Fund Limited Unaudited Financial Statements for the Period Ended 30 June 2015

Shareholder Return

The numbers below show annualised total shareholder return to 30 June 2015, defined as share price appreciation including dividends reinvested, for one year, three years, five years, and since the Company's initial public offering in April 2007.

Figure 1

+ 7%

ONE YEAR

+ 17%

THREE YEARS

+ 26%

FIVE YEARS

+ 7%

FROM IPO

APRIL 2007

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.”⁽¹⁾ In this report, we provide an update on TFG’s results of operations for the period ending 30 June 2015.

31 July 2015

TFG had a good first half to 2015 with an annualised Return on Equity (“RoE”) of 12%, in line with the Company’s over-the-cycle target of 10-15% per annum.⁽²⁾

Notable performance in the first half came from (1) equities, both direct investments and Polygon’s⁽³⁾ event-driven European equity strategy; (2) U.S. CLO 1.0 and 2.0 deals; and (3) GreenOak-managed real estate⁽⁴⁾, particularly in Japan and the United States. In addition, TFG Asset Management (“TFG AM”) continued to grow organically through both underlying fund performance and asset raising. TFG AM closed on its acquisition of Equitix⁽⁵⁾ in Q1 2015.

The second quarter dividend was declared at \$16.25 cents per share, giving 12 months’ rolling dividend growth of 6.3%.

Enhancing liquidity: As indicated in our Q1 2015 report, TFG has submitted an application seeking admission for TFG’s shares to trade on the Specialist Fund Market (“SFM”)⁽⁶⁾ of the London Stock Exchange. TFG believes that the principal benefit of having this additional trading platform should be improved liquidity through (1) access to a broader investor base and (2) expanded analyst coverage. TFG would maintain its listing on

Euronext in Amsterdam. It is currently anticipated that the admission to the SFM will be completed in November 2015.⁽⁷⁾

Medium-term planning: The Company’s investment strategy with respect to TFG AM has led it to become a diversified alternative asset management business that owns majority and minority stakes in asset managers. TFG uses its balance sheet to invest in, build and grow those businesses. Some of the growth has been organic – through active capital raising into existing businesses leveraging off the TFG AM platform and launching new businesses such as Hawke’s Point. The Investment Manager⁽⁸⁾ has also sought to accelerate growth through joint ventures and partnerships with existing businesses and via acquisitions, as was the case with Equitix. The Investment Manager believes that considerable value has already been built within TFG AM. Given the significantly increased scale of TFG AM in light of this organic growth and, in particular, following the acquisition of Equitix – in terms of AUM (approximately \$15 billion)⁽⁹⁾, people (approximately 200), infrastructure and profitability – the Investment Manager is reviewing how that value might be delivered to TFG’s shareholders over the medium term.

(continued)

One option under consideration is to seek to have an initial public offering and listing of shares of TFG AM in the next three to five years. Such an IPO would potentially create value for TFG Shareholders as well as provide an acquisition currency to accelerate the growth of TFG AM. As part of that consideration, the Investment Manager has engaged a strategic and capital markets specialist adviser to assess the feasibility for an IPO and review strategic options of further optimising value in TFG AM prior to an IPO. The Investment Manager expects to update shareholders on this aspect of its investment strategy in the Q3 2015 report.

Should such a strategic plan be settled upon, one result may be that all the businesses owned by TFG AM would be required under U.S. GAAP to move to a consistent basis of accounting – fair value – rather than being partly fair valued (as is the case with Equitix and GreenOak) and partly consolidated (as is the case with LCM Asset Management (“LCM”) and Polygon). This would provide a certain consistency and thus clarity to the accounts. It would also result in a potentially material increase, net of fees, in the carrying value of businesses such as LCM and Polygon, which have historically been consolidated,

and consequently, an increase in the Net Asset Value (“NAV”) of TFG, all other things being equal.⁽¹⁰⁾ In such an event, the Investment Manager would propose to defer any performance fees otherwise resulting with respect to the initial fair valuing of LCM and Polygon for a number of years or, if earlier, an IPO of TFG AM, with a “clawback” mechanic in place should the fair value of these businesses decline in the interim period. Furthermore, the Investment Manager believes that any such fees should be converted into TFG Shares in order to further align the Investment Manager with TFG Shareholders.

Investor Day: TFG plans to host its annual Investor Day in London on 17 November 2015. The event will be webcast live. Further details regarding registration and the agenda will be published closer to the date of the event.

TFG Overview

Tetragon Financial Group Limited (“TFG”) is a Guernsey closed-ended company traded on Euronext Amsterdam N.V. under the ticker symbol “TFG” that aims to provide stable returns to investors across various credit, equity, interest rate, inflation and real estate cycles. TFG’s investment objective is to generate distributable income and capital appreciation.

To achieve this objective, 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 the Investment Manager to negotiate favourable terms for its investments.
- ▶ 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.

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 AM) 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 profits from owning asset management businesses that derive income from external investors. Thus, TFG may use its balance sheet to facilitate the growth of TFG AM to help create value for TFG shareholders.

Certain considerations when evaluating the viability of a potential asset manager typically include: performance track

(continued)

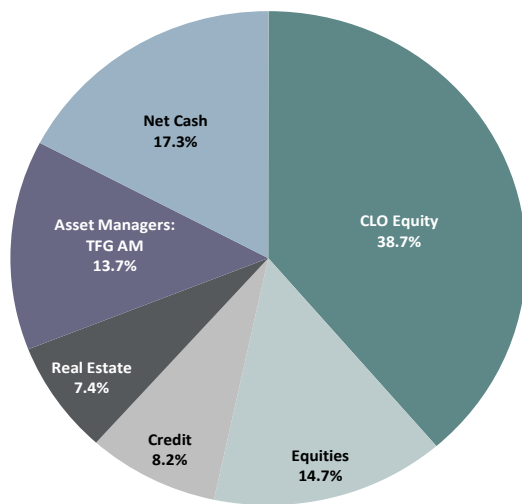
records; reputation; regulatory requirements; infrastructure needs; and asset gathering capacity. Potential profitability and scalability of the business are also important considerations. Additionally, the core capabilities, investment focus, and strategy of any new business should offer a complementary operating income stream to TFG AM's existing businesses. The Investment Manager looks to mitigate potential correlated risks across TFG AM'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 AM platform: an established global asset management platform, which comprises critical business management functions such as risk management, operations, financial control, compliance, legal, business development and technology.

Figure 2 shows the company's current net asset breakdown.

Figure 2 ⁽ⁱⁱ⁾

Net Asset Breakdown at 30 June 2015



(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 8 for further details on asset composition.

Key Metrics

KEY METRICS

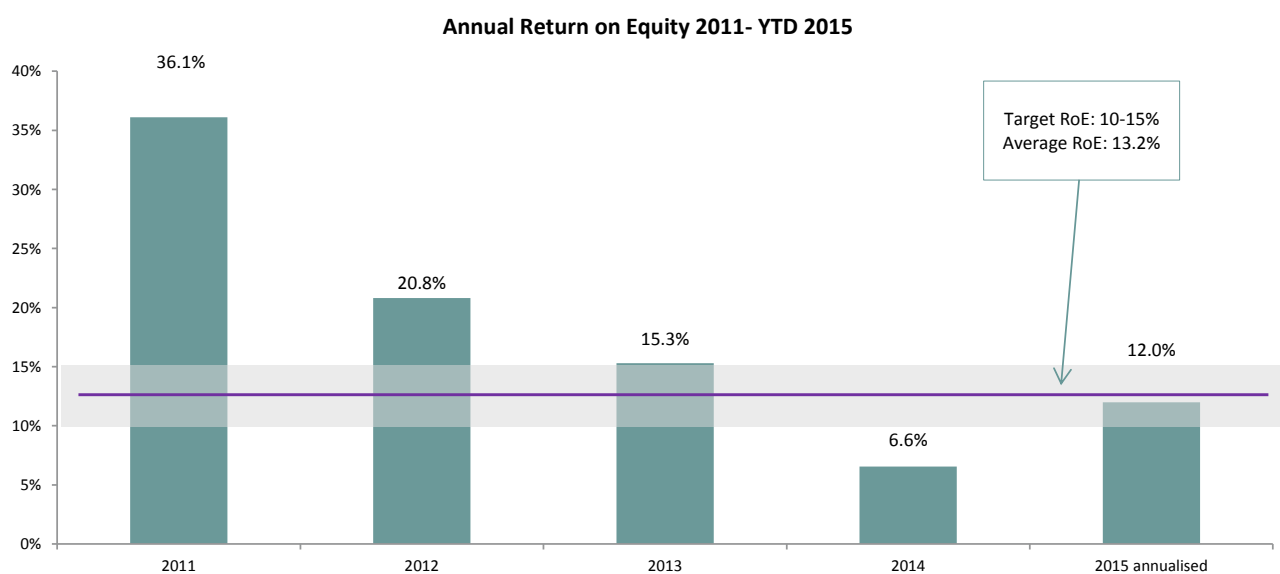
The Company focuses on the following key metrics when assessing how value is being created for, and delivered to, TFG shareholders: Earnings, Net Asset Value (“NAV”) per share, and Dividends. Drivers for each of the metrics are discussed in the following sections of the report.

EARNINGS - RETURN ON EQUITY (“RoE”)

RoE for H1 2015 was an annualised 12.0%, within TFG’s long-term target range of 10-15%⁽¹¹⁾, reflecting a good first half of the year across many of the business areas.

TFG generated Net Economic Income⁽¹²⁾ of \$109.0 million in H1 2015, compared with \$86.0 million in the equivalent period last year, representing an increase of 26.7%.

Figure 3⁽ⁱ⁾



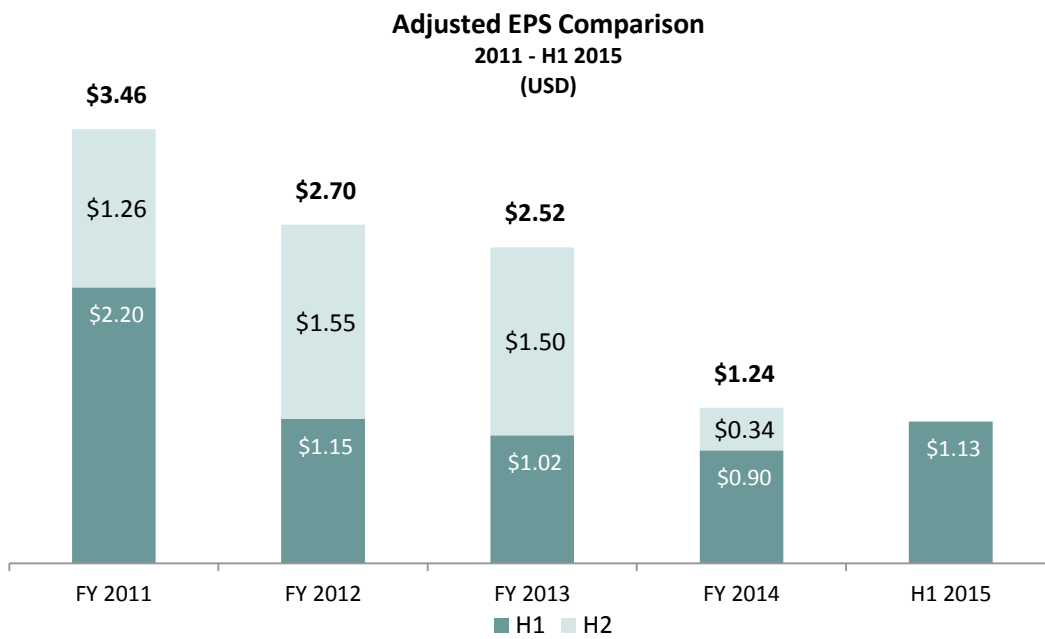
(i) Average RoE is calculated from TFG’s IPO in 2007.

EARNINGS PER SHARE (“EPS”)

TFG generated an Adjusted EPS⁽¹³⁾ of \$1.13 in H1 2015.

The H1 2015 Net Economic Income⁽¹⁴⁾ of \$109.0 million resulted in an EPS of \$1.13, the highest first half of the year adjusted EPS result for the Company since 2012.

Figure 4

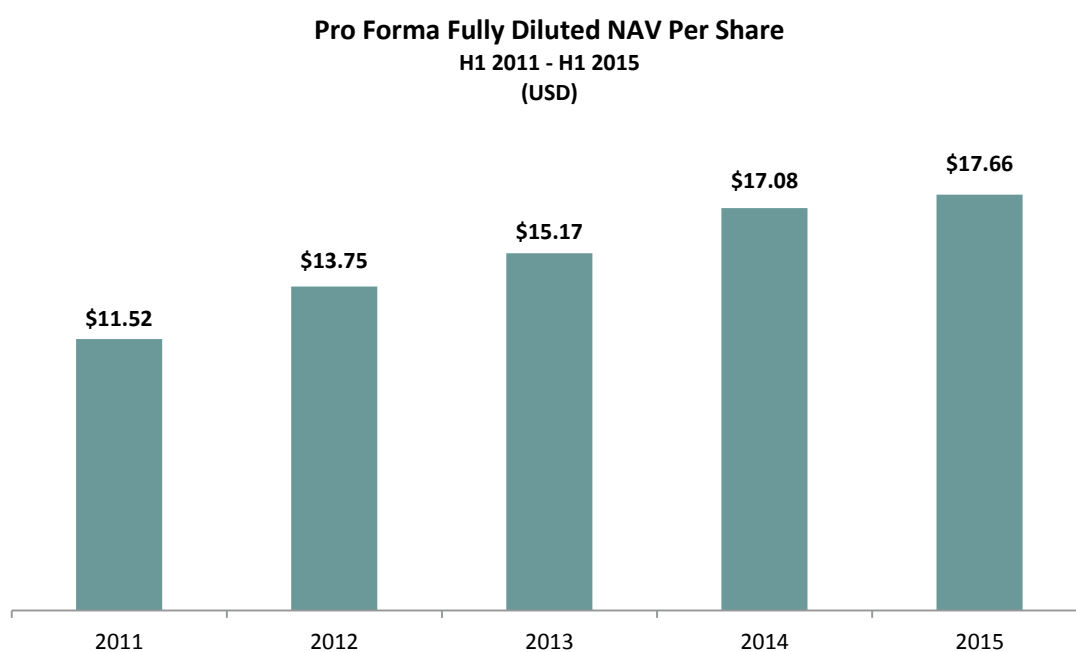


Further detailed information on the drivers of the Company’s performance is provided later in this report.

NAV PER SHARE

Pro Forma Fully Diluted NAV per Share was \$17.66 at the end of H1 2015, up 3.6% from the end of Q4 2014.

- Total NAV for TFG rose to \$1,901.0 million at 30 June 2015, which equated to Pro Forma Fully Diluted NAV per Share⁽¹⁵⁾ of \$17.66.
- The 3.6% growth in NAV per Share recorded in the first half of the year is after distributing dividends of \$0.315 during that period. The NAV per Share growth adjusting for the dividend distribution was approximately 5%.

Figure 5⁽ⁱ⁾

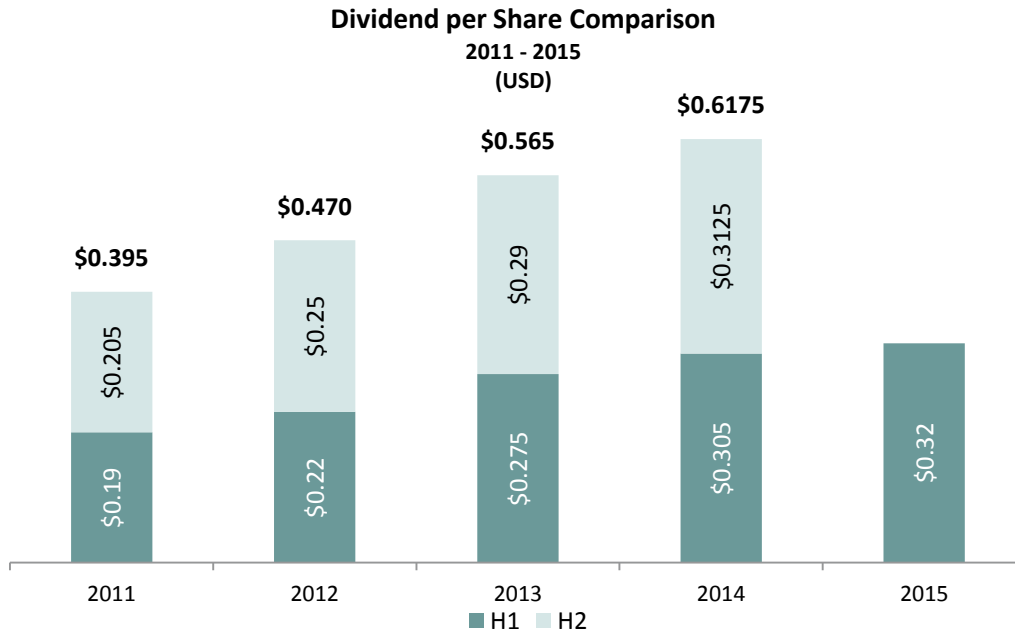
(i) Source: NAV per share based on TFG's financial statements as of 30 June of each of the years shown. Please note that the Pro Forma Fully Diluted NAV per share reported at each date excludes any shares held in treasury or in a subsidiary as of that date, but includes shares held in escrow which are 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 18 on page 26 for more details.

DIVIDENDS PER SHARE (“DPS”)

TFG increased its dividend to 16.25 cents per share.

- TFG declared a Q2 2015 DPS of \$0.1625, an increase on the previous quarter. On a rolling 12-month basis, the dividend of \$0.6325 cents per share represents a 6.3% increase over the prior 12-month period and equated to an annualised dividend yield of 6.3% on the 30 June 2015 share price of \$10.07.
- This dividend declaration continues TFG’s progressive dividend policy, which targets a payout ratio of 30-50% of normalised earnings. The Q2 2015 DPS of \$0.1625 brings the cumulative DPS declared since TFG’s IPO to \$3.7625.

Figure 6



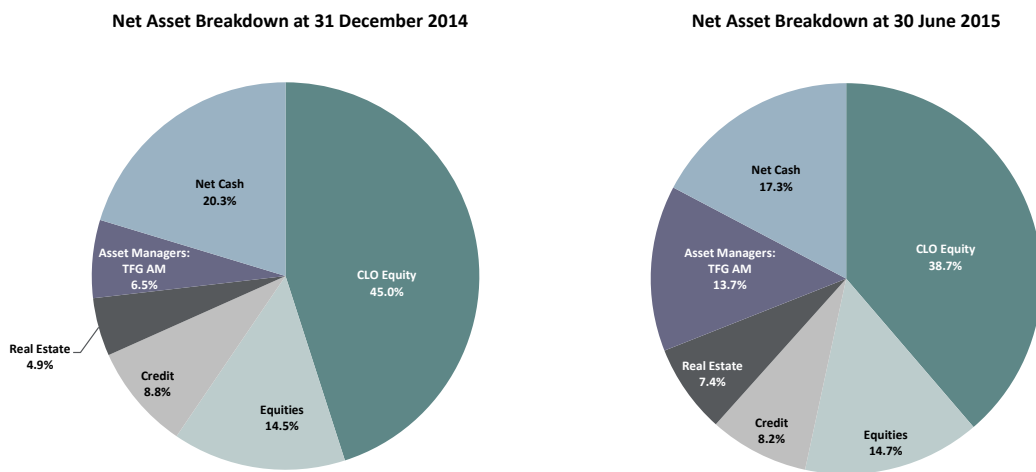
H1 2015 in Review

PERFORMANCE BY ASSET TYPE

The figure below illustrates the composition of TFG’s net assets as of the end of H1 2015 and year end 2014.

Figure 7⁽ⁱ⁾⁽ⁱⁱ⁾

Net Asset Composition Summary



- (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 8 for further details on asset composition.

NET ASSET BREAKDOWN AND INCOME FOR H1 2015

Figure 8

Asset Category	Asset Subcategory	H1 2015 Net Assets (\$MM)	H1 2015 Income ⁽ⁱⁱⁱ⁾ (\$MM)
CLO Equity	U.S. CLO 1.0 ⁽ⁱ⁾	379.9	36.0
CLO Equity	U.S. CLO 2.0 ⁽ⁱ⁾	280.9	26.1
CLO Equity	European CLOs	75.1	1.6
Equities	Equity Funds	192.6	14.7
Equities	Other Equities ⁽ⁱⁱ⁾	86.2	42.6
Credit	Convertible Bond Fund	44.6	2.1
Credit	Distressed Fund	100.9	0.4
Credit	Direct Loans	11.3	0.7
Real Estate	Real Estate	140.3	21.1
Asset Management	TFG Asset Management	260.7	13.9
Net Cash	Net Cash	328.5	0.1
Net Cash	Corporate Fees and Expenses	NA	(35.8)
Net Cash	Net Hedge PnL and Taxes	NA	(14.5)
		1,901.0	109.0

(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 \$1.8 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) TFG Asset Management income figure is "Net Economic Income Before Tax." This includes the consolidated results for Polygon and LCM in addition to any change in value, realised or unrealised, attributable to the investments in Equitix and GreenOak.

Figure 8 above shows net assets and net income by asset class for H1 2015.

- **U.S. 1.0 CLOs:** TFG's U.S. CLO 1.0 investments performed well during H1 2015, with all such CLOs passing their junior-most O/C tests as of the end of the period.⁽¹⁶⁾ In particular, stable underlying credit quality and a reduction in the pace of structural deleveraging during H1 2015 compared with 2014 supported continued stable equity performance for TFG's U.S. CLO 1.0 transactions and allowed us to complete a number of optional redemptions and opportunistic sales, which were generally accretive to returns. In aggregate, during H1 2015 U.S. 1.0 CLOs generated net income of \$36.0 million.
- **U.S. 2.0 CLOs:** The performance of TFG's U.S. 2.0 CLOs remained stable during Q2 2015 making for a healthy H1 2015. As of the end of Q2 2015, all of TFG's U.S. 2.0 CLOs were in compliance with their junior-most O/C tests.⁽¹⁷⁾ During Q2 2015, we took advantage of favourable market conditions to refinance the liabilities of LCM XII, reducing the transaction's financing costs, which may increase the returns to the equity tranche held by the Company, all else being equal. During H1 2015, U.S. 2.0 CLOs generated net income of \$26.1 million.
- **European CLOs:** All of TFG's European CLOs were in compliance with their junior-most O/C tests as of the end of H1 2015.⁽¹⁸⁾ Nonetheless, income generation by this segment of the portfolio was weak during the first half of the year as a number of transactions suffered realised losses in their underlying loan portfolios, negatively impacting CLO equity valuations. During H1 2015, this portfolio segment generated net income of \$1.6 million.
- **Equity Funds:** Polygon's equity hedge funds all performed well during H1 2015, particularly the European event-driven equity strategy. Please refer to pages 20 and 21 for further details on the performance of the individual funds.
- **Other Equities:** This category had a quiet second quarter after the very strong first quarter driven by the sale of an equity position established in 2014.
- **Convertible Fund:** Polygon's convertible fund was profitable in H1 2015. Please refer to pages 20 and 21 for further details.
- **Distressed Fund:** Polygon's distressed fund was a small positive contributor during H1 2015. Please refer to pages 20 and 21 for further details.

(continued)

- **Real Estate:** GreenOak-managed real estate investments continued the strong performance seen in Q1 2015. Income generation was across a number of different investment vehicles, with realisations in the U.S. Fund I and the Japan Fund contributing close to 50% of income during the period.
- **TFG AM:** The first half incorporated Equitix for the first time. Equitix and other parts of TFG AM had a strong first half in terms of both performance of the underlying funds as well as new AUM growth. Further details are on page 22 of this report.

Figure 9

TFG AM—Net Assets and Income			
Business	U.S. GAAP Treatment	Net Assets (\$MM)	H1 2015 Income (\$MM)
Equitix	Fair Value	145.4	6.5
GreenOak Joint Venture	Fair Value	67.2	0.8
TFG AM Consolidated Business	Consolidated	48.1 ⁽ⁱ⁾	6.6
		260.7	13.9

(i) Comprising the Polygon management contracts plus the aggregated net assets of Polygon, LCM and Hawke's Point.

H1 2015 Major New Investments

- **U.S. 2.0 CLOs:** In H1 2015, TFG acquired a majority equity position in one LCM-managed CLO for a total cost of approximately \$27.8 million. Additionally, TFG agreed to acquire a majority equity position in a new issue LCM-managed CLO that priced during Q2 2015 for a cost of \$34.6 million; this transaction closed in July 2015.
- **Real Estate:** During H1 2015, TFG invested \$54.9 million into various real estate funds and vehicles which focus on a variety of geographical areas including the Americas, Europe and Asia.
- **Equitix:** On 2 February 2015, TFG completed the acquisition of Equitix for a total enterprise value of £159.5 million, which was partially financed by an external £60 million bank facility. TFG's investment is structured through the holding of a mezzanine loan, a 12% loan note and an equity stake which in aggregate has a combined cost of \$133.1 million. TFG holds 85% of the loan notes with management holding 15%. Over time its effective economic share through the equity holding is expected to decline to 74.8% with management owning the balance.
- **Other Equities:** During H1 2015 TFG invested \$20.0 million in two U.S. pre-IPO companies.

H1 2015 Major Asset Sales and Optional Redemptions

- **U.S. CLOs:** During H1 2015, TFG exercised its optional call rights on two U.S. CLO 1.0 deals and sold one U.S. CLO 1.0 transaction, generating call proceeds of approximately \$15.1 million and sale proceeds of \$6.5 million. TFG has received substantially all of the expected proceeds from these redemptions, with some small final payments remaining, pending the sale or settlement of certain assets and the closing of the CLOs' issuer entities.
- **European CLOs:** TFG exercised its optional call rights on one European CLO in the first half of 2015, generating call proceeds of approximately €17.4 million. TFG has received substantially all of the expected proceeds from this redemption, with a small final payment to be received after the closing of the CLO's issuer.
- **Real Estate:** During H1 2015, TFG received \$22.4 million, representing both capital and income on certain investments. The majority of these receipts were from investments focused on the United States and Japan.

TFG Asset Management Overview

TFG AM OVERVIEW

One of TFG’s significant investments is TFG AM, a diversified alternative asset management business that owns majority and minority stakes in asset managers. At 30 June 2015, TFG AM comprised LCM, the GreenOak joint venture, Polygon, Equitix and Hawke’s Point (please see Figure 10 for the breakdown of AUM by business line). TFG AM has approximately \$15 billion of assets under management⁽¹⁹⁾ and has approximately 200 employees globally. Figure 11 depicts the growth of that AUM over the last five years.

Figure 10⁽ⁱ⁾

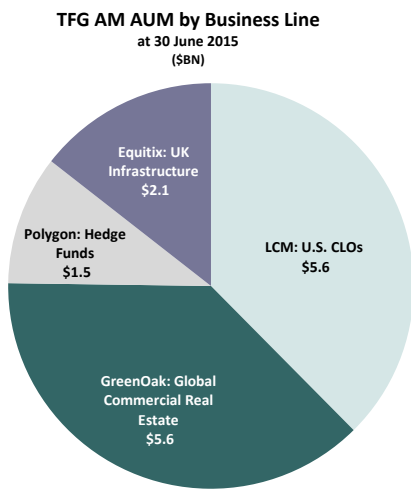
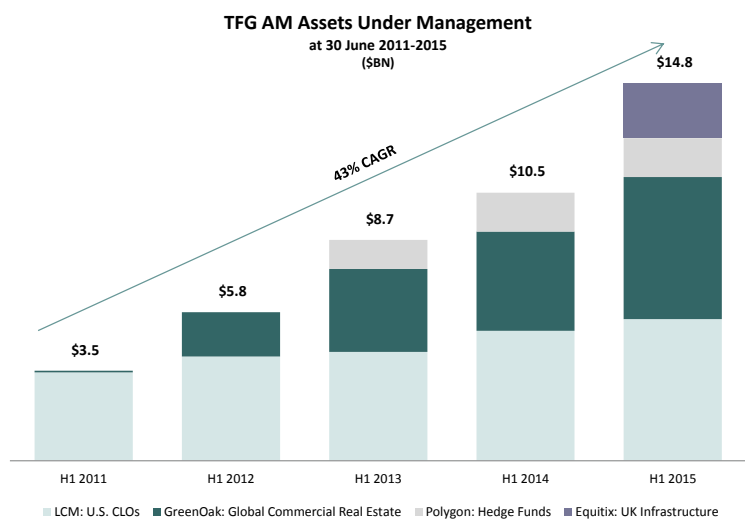


Figure 11⁽ⁱⁱ⁾



(i) Includes funds and advisory assets of the GreenOak joint venture, LCM Asset Management LLC, 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, and Equitix Holdings as calculated by the applicable administrator for value date 30 June 2015. Includes, where relevant, investments by Tetragon Financial Group Master Fund Limited. TFG AM AUM as used in this report includes the assets under management of several investment advisers, including Tetragon Asset Management L.P., and GreenOak Real Estate, LP, each of which is an investment manager registered under the U.S. Investment Advisers Act of 1940.

(ii) Please see note (i) above.

BUSINESS OVERVIEWS

The following pages provide a summary of each asset management business and a H1 2015 review of AUM growth and underlying strategy / investment vehicle performance.

All data is at 30 June 2015, unless otherwise stated.

LCM™

<p>Description of Business:</p>	<ul style="list-style-type: none"> • 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. 																								
<p>Amount of TFG's Investment in Products:</p>	<p>\$239.3 million.</p> <p>TFG held equity investments with total fair value of \$228.0 million (U.S. CLO 1.0: \$31.7 million, U.S. CLO 2.0: \$196.3 million) in LCM-managed CLOs.</p>																								
<p>Carrying Value of Asset Manager:</p>	<p>\$0.0 million.</p>																								
<p>AUM:</p>	<p>\$5.6 billion.</p> <p>Figure 12</p> <p style="text-align: center;">LCM AUM History (\$BN)</p> <table border="1"> <caption>LCM AUM History (\$BN)</caption> <thead> <tr> <th>Period</th> <th>CLO 1.0 (\$BN)</th> <th>CLO 2.0 (\$BN)</th> <th>Total (\$BN)</th> </tr> </thead> <tbody> <tr> <td>YE 2011</td> <td>~2.0</td> <td>~1.4</td> <td>3.4</td> </tr> <tr> <td>YE 2012</td> <td>~2.0</td> <td>~2.3</td> <td>4.3</td> </tr> <tr> <td>YE 2013</td> <td>~1.5</td> <td>~2.7</td> <td>4.2</td> </tr> <tr> <td>YE 2014</td> <td>~0.5</td> <td>~4.8</td> <td>5.3</td> </tr> <tr> <td>H1 2015</td> <td>~0.5</td> <td>~5.1</td> <td>5.6</td> </tr> </tbody> </table>	Period	CLO 1.0 (\$BN)	CLO 2.0 (\$BN)	Total (\$BN)	YE 2011	~2.0	~1.4	3.4	YE 2012	~2.0	~2.3	4.3	YE 2013	~1.5	~2.7	4.2	YE 2014	~0.5	~4.8	5.3	H1 2015	~0.5	~5.1	5.6
Period	CLO 1.0 (\$BN)	CLO 2.0 (\$BN)	Total (\$BN)																						
YE 2011	~2.0	~1.4	3.4																						
YE 2012	~2.0	~2.3	4.3																						
YE 2013	~1.5	~2.7	4.2																						
YE 2014	~0.5	~4.8	5.3																						
H1 2015	~0.5	~5.1	5.6																						
<p>Performance in H1 2015:</p>	<p>LCM CLOs performed well in the second quarter of 2015, with all of those that were effective and still within their reinvestment periods continuing to pay senior and subordinated management fees. LCM CLOs also significantly outperformed the U.S. leveraged loan default rate during the second half of 2015. As of June 30, 2015 LCM Cash Flow CLO default rate⁽²⁰⁾ stood at 0.02% vs. 3.4% for the S&P/LSTA universe.⁽²¹⁾</p>																								

GREENOAK™

<p>Description of Business:</p>	<ul style="list-style-type: none"> • The GreenOak joint venture 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, Luxembourg, Madrid, Munich, 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. 												
<p>Amount of TFG's Investment in Products:</p>	<p>\$123.7 million.</p>												
<p>Carrying Value of Asset Manager:</p>	<p>\$67.2 million.</p>												
<p>AUM:</p>	<p>\$5.6 billion.</p> <p>Figure 13</p> <p style="text-align: center;">GreenOak AUM History⁽ⁱ⁾ (\$BN)</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <caption>GreenOak AUM History (\$BN)</caption> <thead> <tr> <th>Period</th> <th>Total AUM (\$BN)</th> </tr> </thead> <tbody> <tr> <td>YE 2011</td> <td>\$0.6</td> </tr> <tr> <td>YE 2012</td> <td>\$2.3</td> </tr> <tr> <td>YE 2013</td> <td>\$3.6</td> </tr> <tr> <td>YE 2014</td> <td>\$4.4</td> </tr> <tr> <td>H1 2015</td> <td>\$5.6</td> </tr> </tbody> </table> <p>(i) Includes investment funds and advisory assets managed by GreenOak at 30 June 2015. TFG owns a 23% stake in GreenOak. AUM include all third-party interests and total projected capital investment costs. Includes, where relevant, investments by TFG.</p> <p>During Q2 2015, GreenOak saw assets increase by \$940.0 million largely on the capital raising associated with the redevelopment of the 425 Park Avenue NYC project.</p>	Period	Total AUM (\$BN)	YE 2011	\$0.6	YE 2012	\$2.3	YE 2013	\$3.6	YE 2014	\$4.4	H1 2015	\$5.6
Period	Total AUM (\$BN)												
YE 2011	\$0.6												
YE 2012	\$2.3												
YE 2013	\$3.6												
YE 2014	\$4.4												
H1 2015	\$5.6												
<p>Performance in H1 2015:</p>	<p>GreenOak-managed vehicles continue to perform well across their European, U.S., and Asian businesses. In particular, U.S. Fund I and Japan Fund I are now starting to monetise significant parts of their portfolios, with both funds currently projected to exceed expected IRRs.</p>												



POLYGON

<p>Description of Business:</p>	<ul style="list-style-type: none"> • 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. 																																										
<p>Amount of TFG's Investment in Products:</p>	<p>\$338.1 million.</p>																																										
<p>Carrying Value of Asset Manager:</p>	<p>\$26.3 million.</p>																																										
<p>AUM:</p>	<p>\$1.5 billion for all funds; \$1.2 billion for open strategies.</p> <p>Figure 14⁽ⁱ⁾</p> <p style="text-align: center;">Polygon Hedge Funds AUM History (\$MM) (Convertibles, European Event-Driven Equity, Mining Equities, Distressed, Other Equity)</p> <table border="1"> <caption>Polygon Hedge Funds AUM History (\$MM)</caption> <thead> <tr> <th>Period</th> <th>Convertibles</th> <th>European Event-Driven Equity</th> <th>Mining Equities</th> <th>Distressed Opportunities</th> <th>Other Equity</th> <th>Total AUM</th> </tr> </thead> <tbody> <tr> <td>YE 2011</td> <td>~150</td> <td>~250</td> <td>0</td> <td>0</td> <td>0</td> <td>\$401</td> </tr> <tr> <td>YE 2012</td> <td>~200</td> <td>~320</td> <td>0</td> <td>0</td> <td>0</td> <td>\$529</td> </tr> <tr> <td>YE 2013</td> <td>~250</td> <td>~400</td> <td>~100</td> <td>~100</td> <td>~100</td> <td>\$855</td> </tr> <tr> <td>YE 2014</td> <td>~300</td> <td>~500</td> <td>~150</td> <td>~100</td> <td>~100</td> <td>\$1,113</td> </tr> <tr> <td>H1 2015</td> <td>~350</td> <td>~550</td> <td>~200</td> <td>~100</td> <td>~100</td> <td>\$1,235</td> </tr> </tbody> </table> <p>(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 2011, 2012, 2013, and 2014, and 30 June 2015. Includes, where relevant, investments by Tetragon Financial Group Master Fund Limited.</p>	Period	Convertibles	European Event-Driven Equity	Mining Equities	Distressed Opportunities	Other Equity	Total AUM	YE 2011	~150	~250	0	0	0	\$401	YE 2012	~200	~320	0	0	0	\$529	YE 2013	~250	~400	~100	~100	~100	\$855	YE 2014	~300	~500	~150	~100	~100	\$1,113	H1 2015	~350	~550	~200	~100	~100	\$1,235
Period	Convertibles	European Event-Driven Equity	Mining Equities	Distressed Opportunities	Other Equity	Total AUM																																					
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POLYGON (continued)

Performance in H1 2015:	<p>Performance in the Polygon hedge funds was positive in H1 2015 for all open products, as shown in the table below. This compares to a return of 1.27% for the HFRX Global Hedge Fund Index.⁽²²⁾ Further details for each strategy are outlined over the next few pages.</p> <p>Figure 15⁽²³⁾</p> <table border="1"> <thead> <tr> <th colspan="4">Polygon Funds Summary</th> </tr> <tr> <th>Fund</th> <th>AUM at 30 Jun 2015 (\$MM)</th> <th>YTD Net Performance</th> <th>Annualised Net LTD Performance</th> </tr> </thead> <tbody> <tr> <td>Convertibles^(23.i)</td> <td>\$423.7</td> <td>4.2%</td> <td>18.5%</td> </tr> <tr> <td>European Event-Driven Equity^(23.ii)</td> <td>\$612.0</td> <td>9.6%</td> <td>12.1%</td> </tr> <tr> <td>Mining Equities^(23.iii)</td> <td>\$70.2</td> <td>5.1%</td> <td>3.5%</td> </tr> <tr> <td>Distressed Opportunities^(23.iv)</td> <td>\$106.4</td> <td>2.5%</td> <td>8.2%</td> </tr> <tr> <td>Other Equity^(23.v)</td> <td>\$22.8</td> <td>7.1%</td> <td>17.5%</td> </tr> <tr> <td>Total AUM - Open Funds</td> <td>\$1,235.1</td> <td></td> <td>Estimated approx. LTD Multiple</td> </tr> <tr> <td>Private Equity Vehicle^(23.vi)</td> <td>\$293.3</td> <td>N/A</td> <td>1.87x</td> </tr> <tr> <td>Total AUM</td> <td>\$1,528.4</td> <td></td> <td></td> </tr> </tbody> </table> <p>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.</p> <p>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> <p>P&L for the Private Equity Vehicle was \$4.2 million in H1 2015 before FX movements of -\$12.9 million. P&L is +\$109.1 million from closing date net asset value before FX movements of -\$33.6 million. The fund is generally precluded from hedging FX exposure. The fund has made life to date distributions of \$530 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 1.75x. 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.</p>	Polygon Funds Summary				Fund	AUM at 30 Jun 2015 (\$MM)	YTD Net Performance	Annualised Net LTD Performance	Convertibles ^(23.i)	\$423.7	4.2%	18.5%	European Event-Driven Equity ^(23.ii)	\$612.0	9.6%	12.1%	Mining Equities ^(23.iii)	\$70.2	5.1%	3.5%	Distressed Opportunities ^(23.iv)	\$106.4	2.5%	8.2%	Other Equity ^(23.v)	\$22.8	7.1%	17.5%	Total AUM - Open Funds	\$1,235.1		Estimated approx. LTD Multiple	Private Equity Vehicle ^(23.vi)	\$293.3	N/A	1.87x	Total AUM	\$1,528.4		
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POLYGON (continued)

Convertibles:	<ul style="list-style-type: none"> • Polygon's convertibles strategy invests primarily in convertible securities in Europe and North America. • Year to date through to 30 June 2015, the portfolio had net performance of 4.2%, compared to the HFRX Convertible Arbitrage Index which returned 2.5% for the same period; annualised net performance since inception in May 2009 has been 18.5% compared to 5.9% for the benchmark index.⁽²⁴⁾
European Event-Driven Equity:	<ul style="list-style-type: none"> • This strategy invests primarily in the major European equity markets, with an event-driven focus. • The strategy has returned 9.6% net year to date through 30 June 2015. This compares to the HFRX Event Driven Index which has returned 1.4% for the same period; annualised net performance since inception in July 2009 has been 12.1% compared to 3.4% for the benchmark index.⁽²⁵⁾
Mining Equities:	<ul style="list-style-type: none"> • This strategy focuses primarily in the equities of global mining companies, many of them based on gold. • The strategy posted net returns of 5.1% for the first half of 2015, versus the GDXJ Junior Gold Miners Index, which returned 0.9%; annualised net performance since inception in June 2012 has been 3.5% compared to -31.4% for the benchmark index.⁽²⁶⁾
Distressed Opportunities:	<ul style="list-style-type: none"> • This strategy focuses on opportunities in companies undergoing, or about to undergo, balance sheet restructurings. • Net performance during the first half of 2015 was 2.5%. This compares to the HFRX Distressed Restructuring Index, which has returned 0.9% for the same period. Annualised net performance since inception in September 2013 has been 8.2% for the fund, versus the benchmark index return of 1.4%.⁽²⁷⁾
Other Equities:	<ul style="list-style-type: none"> • These investments have returned 7.1% net performance during H1 2015 and annualised performance from inception to 30 June 2015 was 17.5%.⁽²⁸⁾
Private Equity:	<ul style="list-style-type: none"> • This represents Polygon's portfolio of private and less-liquid public assets being sold down in a closed-ended investment vehicle. The fund has returned \$530 million of cash to its partners since inception in March 2011, including \$15.0 million during H1 2015. Performance in 2015 continues to be affected by foreign exchange moves; P&L YTD is +\$4.2 million, of which FX movements account for -\$12.9 million. P&L LTD is +\$109.1 million, of which FX movements account for -\$33.6 million.⁽²⁹⁾ TFG has not invested directly in this product; however, it is the beneficiary of certain contracted management fee income.



<p>Description of Business:</p>	<ul style="list-style-type: none"> • 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 UK infrastructure projects 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. 																																										
<p>Amount of TFG’s Investment in Products:</p>	<p>TFG does not directly hold any investments in Equitix managed funds, however Equitix itself holds GP stakes in these funds. As at 30 June 2015, these stakes were valued at £9.1 million (\$14.4 million).</p>																																										
<p>Carrying Value of Asset Manager:</p>	<p>\$145.4 million (net of debt).</p>																																										
<p>AUM:</p>	<p>£1.36 billion (\$2.1 billion)⁽ⁱ⁾</p> <p>Figure 16</p> <p style="text-align: center;">Equitix AUM History (£MM)</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <caption>Equitix AUM History (£MM)</caption> <thead> <tr> <th>Period</th> <th>Equitix Fund I</th> <th>Equitix Fund II</th> <th>Equitix Fund III</th> <th>Energy Efficiency Funds</th> <th>Managed Account</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>YE 2011</td> <td>~100</td> <td>~200</td> <td>0</td> <td>0</td> <td>0</td> <td>£339</td> </tr> <tr> <td>YE 2012</td> <td>~100</td> <td>~300</td> <td>~50</td> <td>0</td> <td>0</td> <td>£493</td> </tr> <tr> <td>YE 2013</td> <td>~100</td> <td>~400</td> <td>~400</td> <td>~100</td> <td>0</td> <td>£1,027</td> </tr> <tr> <td>YE 2014</td> <td>~100</td> <td>~500</td> <td>~400</td> <td>~200</td> <td>~100</td> <td>£1,328</td> </tr> <tr> <td>H1 2015</td> <td>~100</td> <td>~500</td> <td>~400</td> <td>~200</td> <td>~100</td> <td>£1,359</td> </tr> </tbody> </table> <p>(i) USD-GBP rate as at 30 June 2015.</p>	Period	Equitix Fund I	Equitix Fund II	Equitix Fund III	Energy Efficiency Funds	Managed Account	Total	YE 2011	~100	~200	0	0	0	£339	YE 2012	~100	~300	~50	0	0	£493	YE 2013	~100	~400	~400	~100	0	£1,027	YE 2014	~100	~500	~400	~200	~100	£1,328	H1 2015	~100	~500	~400	~200	~100	£1,359
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YE 2014	~100	~500	~400	~200	~100	£1,328																																					
H1 2015	~100	~500	~400	~200	~100	£1,359																																					
<p>Performance in H1 2015:</p>	<p>Equitix Fund I and Equitix Fund II are fully invested across 21 projects and 35 projects respectively, are cash generative and are producing stable yields to investors. Equitix Fund II is fully committed and the portfolio is cash generative. Equitix Energy Efficiency Funds are in their investment period, are 70% committed to a diversified portfolio of projects, and are cash generative. The Equitix Managed Account is fully committed and the portfolio is cash generative.</p>																																										

HAWKE'S POINT TM

Description of Business:	<ul style="list-style-type: none"> 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 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 this is a start-up business, there are not yet any investments on which to report.
Carrying Value of Asset Manager:	\$0.0 million.

TFG AM PRO-FORMA EBITDA (Ex-GreenOak)

Figure 17

TETRAGON FINANCIAL GROUP			
TFG Asset Management Pro Forma Statement of Operations (excluding GreenOak)			
	H1 2015 ⁽ⁱ⁾	H1 2014	H1 2013
	\$MM	\$MM	\$MM
Management fee income	26.6	20.4	19.1
Performance and success fees ⁽ⁱⁱ⁾	26.9	8.8	2.5
Other fee income	9.3	8.5	10.4
Interest income	0.7	0.1	0.1
Total income	63.5	37.9	32.2
Operating, employee and administrative expenses	(32.3)	(20.0)	(16.6)
Minority Interest	(3.2)	-	-
Net income - "EBITDA equivalent"	28.0	17.9	15.6

(i) In H1 2015 this 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 February 2, 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. The GreenOak joint venture is not included. The EBITDA equivalent is a non-GAAP measure and is designed to show the performance of the TFG AM businesses rather than what is reflected in TFG's U.S. GAAP financial statements.

(ii) The performance and success fees include some 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 quarter end, less certain assumed costs. Similar amounts, if any, from LCM and the GreenOak joint venture are excluded from this line item. Such fees would typically not be realised or recognised under U.S. GAAP until calendar year end, and are therefore subject to change based on fund performance during the remainder of the year. There can be no assurance that the company will realise all or any portion of such amounts. Through 30 June 2015, this amount equalled \$3.3 million before (1) an assumed imputed tax charge and (2) estimated TFM performance fees reduced the net contribution to \$1.7 million. It also includes any unrealised performance fees to potentially be paid on investments made by TFG in Polygon hedge funds or other investment vehicles. TFG is able to invest at a preferred level of fees.

(continued)

TFG AM PRO-FORMA EBITDA (Ex-GreenOak) continued

- **Overview:** Figure 17 shows a *pro forma* statement of operations which reflects the operating performance of the majority-owned asset management companies within TFG AM. Thus, even though Equitix is fair valued for U.S. GAAP reporting purposes, this *pro forma* table includes Equitix as if it had been consolidated in order to be on the same basis as Polygon, LCM and Hawke's Point. GreenOak, in which TFG holds a minority interest, is not included in the *pro forma* EBITDA currently.
- **EBITDA:** EBITDA Equivalent for the majority-owned TFG AM businesses rose by 57% in H1 2015 compared with H1 2014, accelerated in large part by the inclusion of Equitix from the start of February 2015.
- **Management fee income:** Management fee income continued to increase with the growth of the TFG AM businesses. Fee paying capital increased significantly year on year, both through organic growth of the Polygon and LCM businesses and, notably, from the acquisition of Equitix which added approximately \$2.0 billion of fee paying AUM from early February onwards.
- **Performance and success fees:** Polygon hedge fund performance fees⁽³⁰⁾ (realised and unrealised) were lower in H1 2015 than in H1 2014 despite the good start to the year, particularly by the European event-driven equity strategy, and the additional capital under management. This was because the Polygon funds had a particularly strong start to 2014. LCM also contributed realised performance fees in H1 2015, although also at a lower level than in H1 2014. Other performance and success fees were boosted strongly by the acquisition of Equitix, which has had an excellent first few months on the TFG AM platform. The profile of such fees may be more volatile than management fees, but have the potential to continue to make a significant contribution to the bottom line of TFG AM over time.
- **Other fee income:** This category includes third party CLO management fee income, all of which relates to CLO 1.0s, which continued to decline in line with expectations as such CLO 1.0s amortised down. In addition, it includes certain cost recoveries from TFG relating to seeded Polygon hedge funds which are described in more detail in the TFG AM Overview section of this report. Such cost recoveries increased year on year as the teams supporting the seeded funds grew.
- **Operating expenses:** Operating expenses rose by approximately 62% in H1 2015 compared to H1 2014, largely driven by the addition of the Equitix business in early 2015 plus additions to the teams supporting the growing Polygon hedge fund and Hawke's Point businesses.

H1 2015 Financial Review

H1 2015 FINANCIAL REVIEW

This section shows consolidated financial data incorporating TFG and its 100% subsidiary, Tetragon Financial Group Master Fund Limited (the “Master Fund”), and provides comparative data where applicable.⁽³¹⁾

Financial Highlights

Figure 18

TETRAGON FINANCIAL GROUP			
Financial Highlights (H1 2013 - H1 2015)			
	H1 2015	H1 2014	H1 2013
U.S. GAAP net income (\$MM)	\$95.7	\$71.9	\$87.4
Net economic income (\$MM)	\$109.0	\$86.0	\$99.6
U.S. GAAP EPS	\$0.99	\$0.75	\$0.89
Adjusted EPS	\$1.13	\$0.90	\$1.02
Return on equity	6.0%	4.8%	6.1%
Net assets (\$MM)	\$1,901.0	\$1,808.5	\$1,680.3
U.S. GAAP number of shares outstanding (MM)	96.8	94.2	97.6
U.S. GAAP NAV per share	\$19.64	\$19.19	\$17.22
Pro Forma number of shares outstanding (MM)	107.6	105.9	110.7
Pro Forma fully diluted NAV per share	\$17.66	\$17.08	\$15.17

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

- **Net Economic Income (\$109.0 million):** Adds back to the U.S. GAAP net income (\$95.7 million) the imputed H1 2015 share based employee compensation (\$11.5 million), which is generated on an ongoing basis resulting from the 2012 Polygon transaction, and also includes net unrealised Polygon performance fees (\$1.7 million).⁽³²⁾
- **Return on Equity (6.0%):** Net Economic Income (\$109.0 million) divided by Net Assets at the start of the year (\$1,818.5 million).
- **Pro Forma Fully Diluted Shares (107.6 million):** Adjusts the U.S. GAAP shares outstanding (96.8 million) for the impact of escrow shares used as consideration in the Polygon transaction and associated stock dividends (together, 10.7 million) and for the potential impact of options issued to TFG’s investment manager at the time of TFG’s IPO (0.1 million). See also figure 32.
- **Adjusted EPS (\$1.13):** Calculated as Net Economic Income (\$109.0 million) divided by weighted-average U.S. GAAP shares⁽ⁱ⁾ during the period (96.3 million).
- **Pro Forma Fully Diluted NAV per Share (\$17.66):** Calculated as Net Assets (\$1,901.0 million) divided by Pro Forma Fully Diluted shares (107.6 million).⁽³³⁾

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

EPS Analysis H1 2013-H1 2015

Figure 19

TETRAGON FINANCIAL GROUP			
TFG Earnings per Share Analysis (H1 2013 - H1 2015)			
	H1 2015	H1 2014	H1 2013
Investment portfolio segment			
U.S. CLO 1.0	\$0.37	\$0.74	\$0.74
U.S. CLO 2.0	\$0.27	\$0.12	\$0.11
European CLOs	\$0.02	\$0.14	\$0.39
Equity Funds	\$0.15	\$0.12	\$0.01
Other Equities	\$0.44	(\$0.07)	NA
Convertible Bond Fund	\$0.02	\$0.05	\$0.01
Distressed Fund	-	\$0.06	NA
Direct Loans	\$0.01	\$0.01	\$0.02
Real Estate	\$0.22	\$0.11	\$0.02
TFG Asset Management	\$0.14	\$0.21	\$0.13
FX, Options and Hedges	(\$0.07)	(\$0.10)	\$0.03
Corporate Expenses	(\$0.36)	(\$0.45)	(\$0.41)
Corporate Income Taxes	(\$0.08)	(\$0.04)	(\$0.03)
Adjusted EPS	\$1.13	\$0.90	\$1.02
Weighted Average Shares (millions)	96.3	96.0	98.0

Statement of Operations

Figure 20

TETRAGON FINANCIAL GROUP			
Statement of Operations H1 2013 - H1 2015			
	H1 2015 \$MM	H1 2014 \$MM	H1 2013 \$MM
Interest income	61.6	85.3	109.8
Fee income	30.7	33.0	30.7
Unrealised Polygon performance fees	3.3	4.7	1.5
Other income - cost recovery	9.9	11.4	10.3
Dividend income	0.1	-	-
Investment income	105.6	134.4	152.3
Management and performance fees	(40.8)	(33.1)	(37.0)
Other operating and administrative expenses	(29.0)	(41.2)	(29.9)
Amortisation of intangible assets	(3.4)	(3.4)	(3.4)
Total operating expenses	(73.2)	(77.7)	(70.3)
Net investment income	32.4	56.7	82.0
Net change in unrealised appreciation in investments	40.2	(33.6)	9.4
Realised gain on investments	48.1	76.2	5.0
Realised and unrealised losses from hedging and fx	(4.4)	(9.4)	6.0
Net realised and unrealised gains from investments and fx	83.9	33.2	20.4
Net economic income before tax	116.3	89.9	102.4
Income tax	(7.3)	(3.9)	(2.8)
Net economic income	109.0	86.0	99.6

Performance Fee

A performance fee of \$5.7 million was accrued in Q2 2015 in accordance with TFG's investment management agreement. The hurdle rate for the Q3 2015 incentive fee has been reset at 2.931458% (Q2 2015: 2.918608%) as per the process outlined in TFG's 2014 audited financial statements and in accordance with TFG's investment management agreement. Please see TFG's website, www.tetragoninv.com, and the 2014 TFG audited financial statements for more details on the calculation of this fee.

Balance Sheet

Figure 21

TETRAGON FINANCIAL GROUP			
Balance Sheet as at 31 December 2013 and 2014, and 30 June 2015			
	H1 2015	2014	2013
	\$MM	\$MM	\$MM
Assets			
Investments, at fair value	1,471.9	1,356.2	1,533.0
Intangible assets	26.3	29.7	36.5
Cash and cash equivalents	378.8	402.0	245.9
Amounts due from brokers	72.6	52.1	42.0
Derivative financial assets	8.9	19.2	15.2
Property, plant and equipment	0.2	0.1	0.3
Deferred tax asset and income tax receivable	8.6	10.0	8.3
Other receivables	20.0	33.4	26.5
Total assets	1,987.3	1,902.7	1,907.7
Liabilities			
Other payables and accrued expenses	47.0	54.5	79.8
Amounts payable on share options	15.2	12.3	10.7
Deferred tax liability and income tax payable	11.1	11.5	10.7
Derivative financial liabilities	13.0	5.9	3.3
Total liabilities	86.3	84.2	104.5
Net assets	1,901.0	1,818.5	1,803.2

Statement of Cash Flows

Figure 22

TETRAGON FINANCIAL GROUP			
Statement of Cash Flows H1 2013 - H1 2015			
	H1 2015 \$MM	H1 2014 \$MM	H1 2013 \$MM
Operating Activities			
Operating cash flows after incentive fees and before movements in working capital	148.4	134.6	183.6
Purchase of fixed assets	(0.1)	-	-
Change in payables / receivables	4.6	(2.8)	(0.2)
Cash flows from operating activities	152.9	131.8	183.4
Investment Activities			
<u>Proceeds on sales of investments</u>			
- Proceeds from sale of CLOs	6.5	128.0	-
- Net proceeds from derivative financial instruments	7.6	(11.8)	-
- Proceeds from investments	68.3	12.5	84.9
- Proceeds from realisation of real estate investments	22.4	26.7	6.8
- Proceeds from GreenOak working capital repayment	6.4	2.6	-
<u>Purchase of investments</u>			
- Purchase of CLOs	(27.8)	(63.6)	(45.5)
- Purchase of bank loans	-	(1.4)	(13.9)
- Purchase of real estate investments	(54.9)	(50.1)	(17.0)
- Investments in asset managers	(133.1)	-	(0.5)
- Investments in Equity Funds	-	-	(60.0)
- Investments in Convertible Bond Fund	-	(15.0)	(10.0)
- Investments in Distressed Fund	(5.0)	(10.0)	-
- Investments in Other	(22.1)	(27.3)	-
Cash flows from operating and investing activities⁽ⁱ⁾	21.2	122.4	128.2
Amounts due from broker	(20.5)	(31.0)	(20.0)
Net purchase of shares	5.6	(49.2)	(13.7)
Dividends paid to shareholders	(30.3)	(29.0)	(26.4)
Cash flows from financing activities	(45.2)	(109.2)	(60.1)
Net (decrease) / increase in cash and cash equivalents	(24.0)	13.2	68.1
Cash and cash equivalents at beginning of period	402.0	245.9	175.9
Effect of exchange rate fluctuations on cash and cash equivalents	0.8	(0.2)	(0.2)
Cash and cash equivalents at end of period	378.8	258.9	243.8

(i) The H1 2015 figure reconciles to the U.S. GAAP Statement of Cash flows, "net cash provided by operating activities" figure of \$45.7 million, adjusted for "dividends paid to Feeder in lieu of incentive fee liability" (\$24.5 million).

Net Economic Income to U.S. GAAP Reconciliation

Figure 23

Net Economic Income to U.S. GAAP Reconciliation	
	H1 2015 \$MM
Net economic income	109.0
Share based employee compensation	(11.5)
Unrealised Polygon performance fees	(3.3)
Imputed tax charge on unrealised Polygon performance fees	1.0
Estimated TFM incentive fee on unrealised Polygon performance fees	0.6
U.S. GAAP net income	95.7

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

The reconciliation on the table above shows the adjustment required to get from this measure of earnings to U.S. GAAP net income. There are currently two adjusting items. Share based employee compensation of \$11.5 million and performance fee earned but not accrued of \$1.7 million. In relation to the share based compensation, under ASC 805 TFG is recognizing the value of the shares given in consideration for the Polygon transaction as employee compensation over the period in which they are vesting.

This mechanic and future vesting schedule are described in more detail in the Master Fund unaudited financial statements for the period ended 30 June 2015.

Unrealised Polygon performance fees represent the fees calculated by the applicable administrator of the relevant Polygon funds, in accordance with the applicable fund constitutional documents, when determining net asset value at quarter end, less certain assumed costs. Similar amounts, if any, from Equitix, LCM, the GreenOak joint venture and Hawke's Point are excluded from this line item. Such fees would typically not be realised or recognised under U.S. GAAP until calendar year end, and are therefore subject to change based on fund performance during the remainder of the year. There can be no assurance that the company will realise all or any portion of such amounts.

Through 30 June 2015, this amount equalled \$3.3 million before (1) an assumed imputed tax charge and (2) estimated TFM performance fees reduced the net contribution to \$1.7 million as shown above.

Appendices

APPENDICES

APPENDIX I

Certain Regulatory Information

This Performance Report constitutes TFG's semi-annual financial report as required pursuant to Section 5:25e of the Dutch Financial Markets Supervision Act ("FMSA"). Pursuant to Section 5:25d and 5:25m of the FMSA, 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) 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 ("gereguleerde 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. trading market is 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.

Directors' Statements

The Directors of TFG confirm that (i) this Performance Report constitutes the TFG management review for the six month period ended 30 June 2015 and contains a fair review of that period and (ii) the financial statements in the accompanying unaudited interim report for the six month period ended 30 June 2015 for TFG have been prepared in accordance with applicable laws and in conformity with accounting principles generally accepted in the United States of America.

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. The Company will provide analytical information on these assumptions as needed going forward, rather than each quarter.

Figure 24

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 25

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	68%
Prepayment Rate	Until deal maturity	20.0% p.a. on loans; 0.0% on bonds
Reinvestment Price	Until deal maturity	100%

Figure 26

Discount Rates

CLO Type	H1 2015	Q4 2014
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

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 27

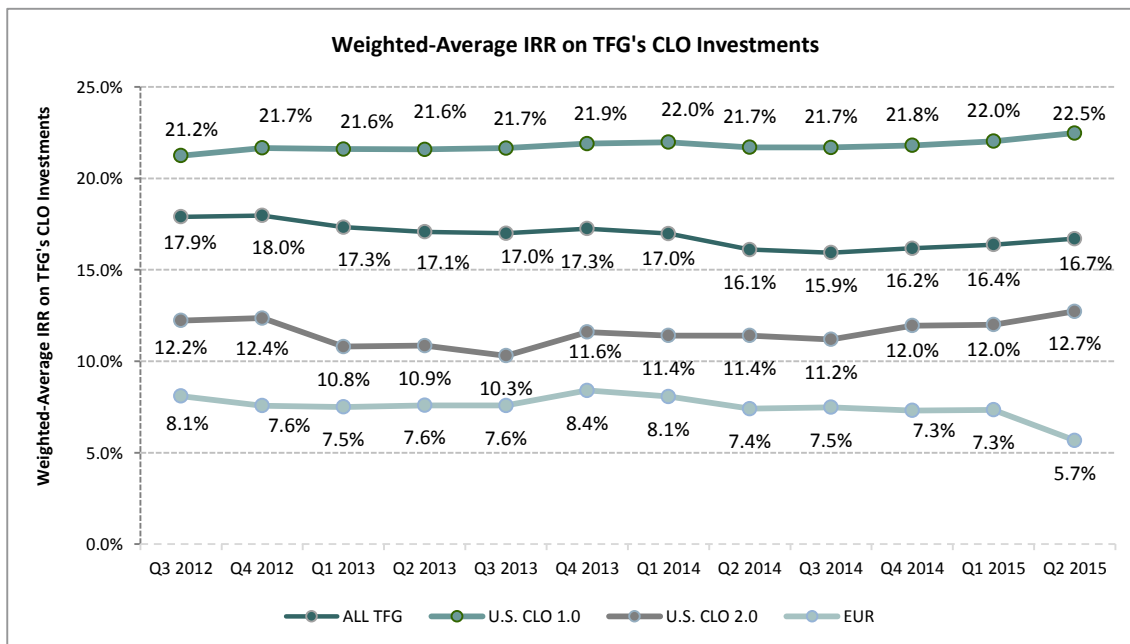
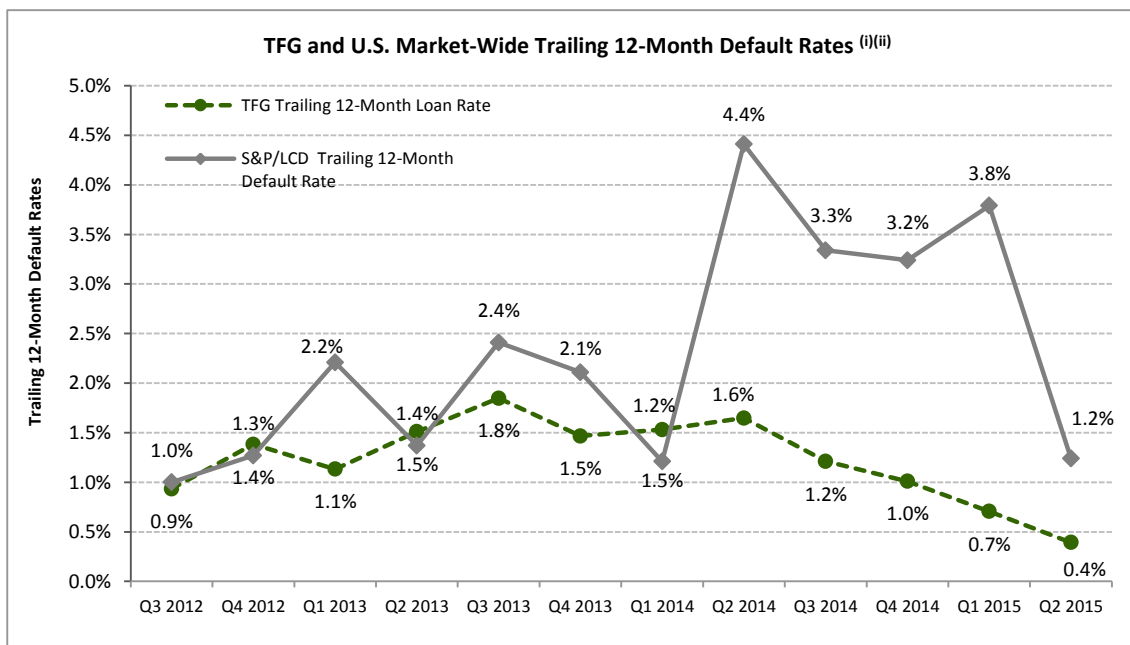


Figure 28



(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 in the S&P/LCD lagging 12-month U.S. institutional loan default rate shown above. Furthermore, TFG's CLO equity and direct loan investment portfolio includes approximately 10.1% 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.

CLO PORTFOLIO CREDIT QUALITY

Figure 29

ALL CLOs	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Caa1/CCC+ or Below Obligors:	6.4%	6.0%	5.1%	5.0%	4.9%	5.4%	4.6%	3.7%	4.5%	3.3%	3.2%	4.5%
WARF:	2,605	2,599	2,541	2,568	2,553	2,542	2,565	2,621	2,554	2,442	2,350	2,507

U.S. CLOs	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Caa1/CCC+ or Below Obligors:	4.9%	4.5%	4.0%	4.1%	3.9%	3.8%	3.4%	3.0%	4.4%	2.5%	2.2%	2.6%
WARF:	2,528	2,524	2,510	2,550	2,534	2,513	2,544	2,556	2,489	2,347	2,257	2,402

EUR CLOs	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015
Caa1/CCC+ or Below Obligors:	12.2%	11.7%	9.7%	8.7%	9.1%	11.8%	9.4%	6.9%	4.8%	6.5%	7.2%	12.8%
WARF:	2,903	2,896	2,670	2,642	2,631	2,658	2,650	2,894	2,819	2,826	2,729	2,974

TFG CLO EQUITY PORTFOLIO DETAILS AS OF 30 JUNE 2015

Figure 30

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)	Annualised (Loss) Gain of Cushion(viii)	IRR(ix)	ITD Cash Received as % of Cost(x)
Transaction 1	EUR CLO	37.5	2007	2024	2014	374	55	113	0.69%	3.86%	(0.40%)	-	47.9%
Transaction 2	EUR CLO	29.7	2006	2023	2013	397	52	89	2.67%	3.60%	(0.11%)	9.8%	128.9%
Transaction 5	EUR CLO	36.9	2007	2022	2014	388	60	60	2.49%	5.74%	(0.41%)	10.9%	119.1%
Transaction 6	EUR CLO	33.3	2006	2022	2012	414	51	128	32.94%	4.70%	3.10%	3.1%	59.0%
Transaction 7	EUR CLO	38.5	2007	2023	2013	436	46	91	20.02%	3.64%	1.98%	5.1%	56.6%
Transaction 8	EUR CLO	26.9	2005	2021	2011	398	53	175	35.38%	4.98%	3.08%	9.1%	115.5%
Transaction 10	EUR CLO	27.0	2006	2022	2012	367	50	104	8.51%	4.54%	0.44%	1.1%	53.6%
Transaction 86	EUR CLO	3.6	2006	2022	2012	367	50	104	8.51%	3.11%	0.61%	9.6%	35.8%
EUR CLO Subtotal:		233.4				397	52	106	14.04%	4.40%	1.04%		80.7%
Transaction 11	US CLO	20.5	2006	2018	2012	289	45	72	18.03%	4.55%	1.53%	20.4%	200.0%
Transaction 12	US CLO	22.8	2006	2019	2013	336	46	73	18.51%	4.45%	1.62%	20.2%	199.8%
Transaction 13	US CLO	15.2	2006	2018	2012	294	47	60	8.80%	4.82%	0.45%	21.9%	227.7%
Transaction 14	US CLO	26.0	2007	2021	2014	329	49	63	3.32%	5.63%	(0.28%)	19.2%	214.1%
Transaction 15	US CLO	28.1	2007	2021	2014	397	52	51	3.69%	4.21%	(0.06%)	29.8%	278.5%
Transaction 16	US CLO	23.5	2006	2020	2013	361	46	56	5.25%	4.44%	0.09%	21.1%	230.6%
Transaction 17	US CLO	26.0	2007	2021	2014	300	40	40	5.06%	4.24%	0.10%	24.7%	236.4%
Transaction 18	US CLO	16.7	2005	2017	2011	290	45	67	15.37%	4.77%	1.10%	20.0%	214.6%
Transaction 19	US CLO	1.2	2005	2017	2011	290	45	67	15.37%	4.77%	1.10%	23.9%	208.9%
Transaction 20	US CLO	26.6	2006	2020	2012	388	52	134	12.86%	5.28%	0.87%	22.2%	212.1%
Transaction 22	US CLO	37.4	2007	2021	2014	383	53	65	4.83%	5.00%	(0.02%)	21.9%	217.0%
Transaction 24	US CLO	16.9	2006	2018	2012	364	46	81	20.34%	4.17%	1.82%	17.7%	196.4%
Transaction 25	US CLO	20.9	2006	2018	2013	386	46	87	29.16%	4.13%	2.94%	22.3%	212.9%
Transaction 26	US CLO	27.9	2007	2019	2013	402	43	76	20.59%	4.05%	2.00%	19.1%	195.2%
Transaction 29	US CLO	19.1	2005	2018	2011	-	66	N/A	N/A	4.82%	N/A	19.4%	210.8%
Transaction 30	US CLO	12.4	2006	2018	2012	-	67	N/A	N/A	5.16%	(0.57%)	18.7%	201.4%
Transaction 32	US CLO	24.0	2007	2021	2014	309	59	62	4.56%	5.57%	(0.13%)	22.4%	217.9%
Transaction 33	US CLO	16.2	2006	2020	2012	367	56	244	16.27%	6.99%	1.00%	13.7%	170.2%
Transaction 34	US CLO	22.2	2006	2020	2012	370	50	105	11.22%	6.66%	0.53%	18.8%	203.5%
Transaction 36	US CLO	28.4	2007	2021	2013	353	46	74	3.77%	5.18%	(0.17%)	19.4%	192.9%
Transaction 47	US CLO	28.3	2006	2021	2013	334	47	52	4.29%	4.34%	(0.01%)	22.8%	231.1%
Transaction 56	US CLO	23.0	2007	2019	2014	338	42	86	11.09%	4.53%	0.79%	22.0%	207.7%
Transaction 57	US CLO	0.6	2007	2019	2014	338	42	86	11.09%	4.53%	0.79%	47.0%	1230.3%
Transaction 58	US CLO	21.8	2007	2019	2014	336	49	81	8.80%	4.04%	0.59%	24.6%	226.0%
Transaction 59	US CLO	0.4	2007	2019	2014	336	49	81	8.80%	4.04%	0.59%	51.5%	1800.3%
Transaction 61	US CLO	29.1	2007	2021	2014	327	45	49	2.22%	4.04%	(0.22%)	18.1%	185.3%
Transaction 63	US CLO	27.3	2007	2021	2013	359	53	84	4.90%	4.78%	0.02%	19.6%	204.5%
Transaction 64	US CLO	15.4	2007	2021	2013	363	38	49	N/A	N/A	N/A	23.2%	236.3%
Transaction 65	US CLO	26.9	2006	2021	2013	362	47	88	12.74%	4.96%	0.90%	14.9%	168.1%
Transaction 66	US CLO	21.3	2006	2020	2013	294	49	54	4.17%	4.05%	0.01%	23.1%	234.2%
Transaction 68	US CLO	19.3	2006	2020	2013	334	48	52	7.91%	4.41%	0.41%	28.2%	283.1%
Transaction 69	US CLO	28.2	2007	2019	2013	323	44	49	9.60%	5.61%	0.48%	27.1%	262.5%
Transaction 72	US CLO	4.8	2007	2019	2014	338	42	86	11.09%	4.53%	0.79%	17.5%	109.0%
Transaction 73	US CLO	1.9	2007	2019	2014	338	42	86	11.09%	4.53%	0.79%	17.5%	109.0%
Transaction 74	US CLO	5.5	2007	2019	2014	336	49	81	8.80%	4.04%	0.59%	20.5%	122.2%
Transaction 75	US CLO	32.7	2011	2022	2014	371	168	177	5.47%	4.05%	0.35%	11.5%	78.6%
Transaction 77	US CLO	14.5	2011	2023	2016	395	212	213	5.72%	5.04%	0.19%	14.0%	62.5%
Transaction 78	US CLO	22.9	2012	2023	2015	439	217	175	6.76%	4.00%	0.80%	17.5%	83.7%
Transaction 79	US CLO	19.4	2012	2022	2015	392	215	179	3.80%	4.00%	(0.06%)	8.8%	58.6%
Transaction 80	US CLO	22.7	2012	2022	2016	403	185	185	3.49%	4.17%	(0.22%)	11.3%	60.0%
Transaction 81	US CLO	21.7	2012	2024	2016	424	216	194	5.42%	4.00%	0.51%	9.8%	44.0%
Transaction 82	US CLO	25.4	2012	2022	2016	401	206	207	3.85%	4.00%	(0.06%)	10.1%	45.6%
Transaction 83	US CLO	20.8	2013	2025	2017	461	193	193	7.26%	6.17%	0.46%	15.4%	48.1%
Transaction 84	US CLO	24.6	2013	2023	2017	394	183	184	3.91%	4.02%	(0.05%)	16.5%	57.9%

(continued)

TFG CLO EQUITY PORTFOLIO DETAILS AS OF 30 JUNE 2015 (continued)

Figure 30 (continued)

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)	Annualised (Loss) Gain of Cushion(viii)	IRR(ix)	ITD Cash Received as % of Cost(x)
Transaction 85	US CLO	1.0	2013	2025	2017	398	170	171	5.07%	5.01%	0.03%	10.3%	41.7%
Transaction 87	US CLO	23.0	2013	2026	2018	406	199	199	4.24%	4.00%	0.15%	6.6%	28.7%
Transaction 88	US CLO	30.1	2014	2024	2018	407	199	200	3.89%	4.02%	(0.10%)	12.3%	31.6%
Transaction 89	US CLO	33.6	2014	2026	2018	417	195	195	3.83%	3.96%	(0.13%)	14.5%	28.3%
Transaction 90	US CLO	20.7	2014	2026	2018	423	203	203	3.94%	4.00%	(0.08%)	13.8%	10.0%
Transaction 91	US CLO	27.8	2015	2027	2019	435	215	215	4.06%	4.00%	0.26%	14.6%	0.0%
US CLO Subtotal:		1,026.4				357	98	112	7.55%	4.52%	0.39%		159.4%
Total CLO Portfolio:		1,259.8				364	90	111	8.75%	4.50%	0.51%		144.9%

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

TFG CLO EQUITY PORTFOLIO DETAILS AS OF 30 JUNE 2015 (continued)

Figure 31



(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 IV

Share Reconciliation and Shareholdings

Figure 32⁽³⁴⁾

U.S. GAAP to Fully Diluted Shares Reconciliation	
	H1 2015 Shares (MM)
Legal Shares Issued and Outstanding	136.9
Less: Shares Held In Subsidiary	(16.6)
Less: Shares Held In Treasury	(12.8)
Less: Escrow Shares ^(34.i)	(10.7)
U.S. GAAP Shares Outstanding	96.8
Add: Manager (IPO) Share Options ^(34.ii)	0.1
Add: Escrow Shares ^(34.i)	10.7
Pro Forma Fully Diluted Shares	107.6

Shareholdings

Persons affiliated with TFG maintain significant interests in TFG shares. For example, as of 30 June 2015, the following persons own (directly or indirectly) interests in shares in TFG in the amounts set forth below:

Mr. Reade Griffith*	7,864,471
Mr. Paddy Dear*	2,853,711
Mr. David Wishnow	243,894
Mr. Jeff Herlyn	170,904
Mr. Michael Rosenberg	99,555
Mr. Rupert Dorey	68,052
Mr. Frederic Hervouet	5,084

*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 30 June 2015, certain employees of subsidiaries of TFG and other affiliated persons own in the aggregate approximately 3.5 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) (such persons, the "Sellers"), all of whom are employees or partners ("Employees") of TFG-owned or affiliated entities, pursuant to the Polygon Transaction.

Certain of these Employees may from time to time enter into sales trading plans (each a, "Fixed Trading Plan") providing for the sale of Vested Shares in the market or may otherwise sell their Vested Shares subject to applicable compliance policies. Applicable brokerage firms may be authorised to sell such 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 2014 Tetragon Financial Group Master Fund Limited audited financial statements, included in the TFG 2014 Annual Report.

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 V

TFG AM Reconciliation Between U.S. GAAP Net Economic Income and Pro Forma EBITDA

Figure 33

TETRAGON FINANCIAL GROUP					
TFG AM: Reconciliation of U.S. GAAP net income to net economic income before tax to Pro Forma EBITDA					
	U.S. GAAP net income	Net economic income adjustments	Net economic income	Pro Forma adjustments	Pro Forma EBITDA
	\$MM	\$MM	\$MM	\$MM	\$MM
Management fee income	19.9	-	19.9	6.7	26.6
Performance and success fees	1.5	3.3	4.8	22.1	26.9
Other fee income	9.3	-	9.3	-	9.3
Interest income	-	-	-	0.7	0.7
Total income	30.7	3.3	34.0	29.5	63.5
Operating, employee and administrative expenses	(24.0)	-	(24.0)	(8.3)	(32.3)
Minority Interest	-	-	-	(3.2)	(3.2)
Net income - "EBITDA equivalent"	6.7	3.3	10.0	18.0	28.0
Unrealised gain on asset management stake	0.8	-	0.8	0.0	0.8
Interest income on loans to Equitix	6.5	-	6.5	(6.5)	-
Amortisation expense on management contracts	(3.4)	-	(3.4)	3.4	-
Net economic income before taxes	10.6	3.3	13.9	N/A	N/A

- Overview: TFG and TFG Master Fund are both Investment Companies for U.S. GAAP purposes and the default accounting for Investment Companies under U.S. GAAP (ASC 946) is to fair value all assets and liabilities. See TFG Master Fund's Financial Statements, Note 2 Basis of Presentation, for further details.
- Companies which meet certain criteria including primarily providing services, such as asset management services, to the Investment Company, can be subject to a service provider exemption under ASC 946, which results in them being consolidated rather than fair valued. Historically and as at 30 June 2015, the LCM, Polygon and Hawke's Point businesses are being accounted for under this exemption because they manage significant levels of TFG investment capital and historically there has been no specific articulated exit strategy. See TFG Master Fund's Financial Statements, Note 2 Principles of Consolidation, for further details.
- Should the medium-term strategic plan described in the Executive Summary be settled upon, one result may be that all the businesses owned by TFG AM would be required under U.S. GAAP to move to a consistent basis of accounting – fair value. Although the determination of fair value will be based on a calculation made by an independent valuation specialist (based in part on certain information such as forecasts provided by the Investment Manager) and subject to the approval of the Audit Committee of TFG, the Investment Manager would expect that the valuation range from which an appropriate valuation would be taken would be derived from a variety of industry-standard valuation techniques, depending on the stage of development of the business being valued. Please see Note 10 for further information.
- Following additional analysis of the application of Investment Company accounting to TFG AM post the acquisition of Equitix, it has been concluded that Equitix's relationships with TFG and TFGMF do not have the same service provider characteristics as LCM, Polygon and Hawke's Point and thus as at H1 2015 Equitix has been accounted for using the default Investment Company methodology – at fair value. Equitix had initially been consolidated at Q1 2015 in order to be consistent with the other majority-owned management entities but this has now been amended and applied consistently from the period since acquisition.
- Figure 17 provides a *pro forma* EBITDA calculation for the TFG AM businesses to assist in understanding its underlying operating performance. Figure 33 above takes the U.S. GAAP Net Income before tax for TFG AM and adds to it certain *pro forma* operating adjustments for the Fair Valued businesses (excluding the GreenOak joint venture) in order to give a combined set of operating metrics.

APPENDIX VI

BOARD OF DIRECTORS

Rupert Dorey has over 30 years of experience in financial markets. Mr. Dorey 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. Mr. Dorey is a former President of the Guernsey Chamber of Commerce and is a member of the Institute of Directors.

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, Mr. Hervouet was a Managing Director and Head of Commodity Derivatives Asia for BNP Paribas, where he was focused on trading, structuring and sales. Previously, Mr. Hervouet 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. Mr. Hervouet has a MSc in Applied Mathematics and International Finance and a Masters 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. Mr. Hervouet who is based in Guernsey, is a Non-Executive, Independent Director.

David Jeffreys provides directorship services to a small number of fund groups. From 1993 until June 2004, Mr. Jeffreys 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, Mr. Jeffreys 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. Mr. Jeffreys who is based in Guernsey, 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. Mr. Knief 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. Mr. Knief's charitable board memberships include The Milbank Memorial Fund and The Mountain Top Arboretum. Mr. Knief who is based in the United States of America, 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 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 of 25 people 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. Mr. Griffith holds a JD from Harvard Law School and an undergraduate degree in Economics from Harvard College. He also served as an officer in the United States Marine Corps and left as a Captain following the 1991 Gulf War. He is a Principal of Tetragon Financial Management LP. Mr. Griffith, who is based in the United Kingdom, 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, he 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, Mr. Dear 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. Mr. Dear was in equity sales at Prudential Bache before UBS. Prior to moving into investment banking, Mr. Dear was a petroleum engineer with Marathon Oil Co. He received a Bachelor of Science in Petroleum Engineering from Imperial College in London. He is a Principal of Tetragon Financial Management LP. Mr. Dear, who is based in the United Kingdom, is an Internal Director.

FURTHER INFORMATION**Registered Office of TFG and the Master Fund**

Tetragon Financial Group Limited
 Tetragon Financial Group Master Fund Limited
 1st Floor Dorey Court
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 St. Peter Port, Guernsey
 Channel Islands GY1 6HJ

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 United States of America

General Partner of Investment Manager

Tetragon Financial Management GP LLC
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 Glatigny Esplanade
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 United States of America

Issuing Agent, Dutch Paying and Transfer Agent

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 The Netherlands

Legal Advisor (as to U.S. law)

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 Worldwide Plaza
 825 Eighth Avenue
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 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.

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.

- (1) 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”).

Executive Summary

- (2) 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.
- (3) Polygon Global Partners LP and Polygon Global Partners LLP and certain of their affiliates, hereinafter referred to in this report as “Polygon.”
- (4) GreenOak Real Estate, LP; hereinafter referred to in this report as “GreenOak.” GreenOak is separately registered as an investment adviser under the U.S. Investment Advisers Act of 1940. TFG owns a 23% interest in GreenOak.
- (5) Equitix Holdings Limited, hereinafter referred to in this report as “Equitix.”
- (6) Euronext in Amsterdam is a regulated market of Euronext Amsterdam N.V. (“Euronext Amsterdam”). As is the case for Euronext Amsterdam, the Specialist Fund Market is a regulated market for the purposes of the Markets in Financial Instruments Directive.
- (7) There is no assurance that the application will receive approval and further details to be provided in due course.
- (8) Please see note 1.
- (9) Includes funds and advisory assets of the GreenOak joint venture, LCM Asset Management LLC, 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, and Equitix Holdings as calculated by the applicable administrator for value date 30 June 2015. Includes, where relevant, investments by Tetragon Financial Group Master Fund Limited. TFG AM AUM as used in this report includes the assets under management of several investment advisers, including Tetragon Asset Management L.P., and GreenOak Real Estate, LP, each of which is an investment manager registered under the U.S. Investment Advisers Act of 1940.
- (10) Although the determination of fair value will be based on a calculation made by an independent valuation specialist (based in part on certain information such as forecasts provided by the Investment Manager) and subject to the approval of the Audit Committee of TFG, the Investment Manager would expect that the valuation range from which an appropriate valuation would be taken would be derived from a variety of industry-standard valuation techniques, depending on the stage of development of the business being valued. Valuation techniques include, among other things, discounted cash flows, multiples of a measure of expected income (often EBITDA) and value expressed as a percentage of AUM. Values from recent transactions, such as the acquisition of Equitix, can also play a significant role in such a valuation exercise. In addition, the existence of several early-stage, seeded businesses alongside more mature, well-established businesses can make the valuation process more complex.

Historically, an income-multiple technique has been used as a relevant methodology for purposes of valuing TFG’s interest in GreenOak, which is carried at fair value. Under that methodology, TFG applies a range of multiples (7x-11x) to GreenOak’s projected EBITDA. Solely for the purposes of providing a very simple example of one potential approach to the valuation of the currently consolidated businesses (Polygon, LCM and Hawke’s Point), applying this same multiple range to the annualised EBITDA of such businesses as at June 30, 2015 would result in a valuation range between US\$140 million and US\$220 million for Polygon, LCM and Hawke’s Point, compared with the current accounting value of US\$48.1 million (see Figure 9). **The resultant impact on NAV would therefore be a range of US\$69 million and US\$129 million net of incentive fees.** This range is for illustrative purposes only and should not be relied on for any other purpose and should not be construed as the Investment Manager’s or TFG’s definitive estimate of the valuations of such businesses. There can be no assurance, of course, that the independent valuation specialist or the Audit Committee would use the income multiple technique for purposes of valuing these business, or, if such technique were used, that such range of multiples would be applied or that any other factors (including the factors described above) would not materially affect the resulting valuations; any of these determinations could result in valuations that are materially outside of such range. Additionally, there can be no assurance that the valuation of these businesses as part of a future IPO of TFG AM or other strategic transaction would be within this range.

Key Metrics

- (11) Please see note 2.
- (12) Please refer to Financial Highlights on page 26 of this report for the definition of Net Economic Income.
- (13) Please refer to Financial Highlights on page 26 of this report for the definition of Adjusted EPS.
- (14) Please see note 12.
- (15) Please refer to Financial Highlights on page 26 of this report for the definition of Pro Forma Fully Diluted Shares and Pro Forma Fully Diluted NAV per Share.

H1 2015 In Review

- (16) Based on the most recent trustee reports available as of 30 June 2015.
- (17) Based on the most recent trustee reports available as of 30 June 2015.
- (18) Based on the most recent trustee reports available as of 30 June 2015.

TFG Asset Management Overview

- (19) Please see note 9.
- (20) Default statistics include data only from LCM Cash Flow CLOs as of 30 June 2015.
- (21) LCD Quarterly Review Q2 2015: "Percent of Outstanding Leveraged Loans in Default or Bankruptcy" as of 30 June 2015.
- (22) 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 Global Hedge Fund Index (Bloomberg Code: HFRXGL) is compiled by HFR Hedge Fund Research Inc. Further information relating to index constituents and calculation methodology can be found at www.hedgefundresearch.com.
- (23)
 - (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, recently extended to March 2016, and subject to a further one-year extension based on investor approval. 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.

- (24) The Polygon Convertible Opportunity 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). From April 2010, forward, the reported returns reflect actual Class A share performance on the terms set forth in the Offering Memorandum. The return figures shown are final values as calculated by the applicable fund administrator. All performance numbers provided herein with respect to the Fund reflects the actual net performance of the Fund net of management and performance fees, as well as any commissions and direct expenses incurred by the Fund, 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. Broad-based securities indices are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in a broad-based securities index. 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. Any indices and other financial benchmarks are provided for illustrative purposes only. Comparisons to indices have limitations because, for example, indices have volatility and other material characteristics that may differ from the fund. 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 Fund's 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.
- (25) The Polygon European Equity Opportunity 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, reported performance 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. The return figures shown are final values as calculated by the applicable fund administrator. All performance numbers provided herein with respect to the Fund reflects the actual net performance of the Fund net of management and performance fees, as well as any commissions and direct expenses incurred by the Fund, 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. Broad-based securities indices are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in a broad-based securities index. 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. 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 Fund's 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.

- (26) The Polygon Mining Opportunity Fund began trading with Class B1 shares, which carry no incentive fees, on 1 June 2012. Returns shown here 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, reported performance reflects actual Class A1 share performance on the terms set forth in the Offering Memorandum. The return figures shown are final values as calculated by the applicable fund administrator. All performance numbers provided herein with respect to the Fund reflects the actual net performance of the Fund net of management and performance fees, as well as any commissions and direct expenses incurred by the Fund, 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. Broad-based securities indices are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in a broad-based securities index. 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. 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 Fund's holdings may differ significantly from the securities that comprise the indices. You cannot invest directly in an index. The Market Vectors Junior Gold Miners Index (Bloomberg Code: GDJX) is compiled by Market Vectors Index Solutions, a subsidiary of Van Eck. Further information relating to index constituents and calculation methodology can be found at www.marketvectorsindices.com.
- (27) The Polygon Distressed Opportunities Fund began trading on 2 September 2013. Returns shown are for offshore Class A shares, reflecting the terms set forth in the offering documents (2.0% management fee, 20% incentive fee and other items, in each case, as set forth in the offering documents) as calculated by the applicable fund administrator. All performance numbers provided herein with respect to the Fund reflects the actual net performance of the Fund net of management and performance fees, as well as any commissions and direct expenses incurred by the Fund, 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. Broad-based securities indices are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in a broad-based securities index. 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. 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 Fund's 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.
- (28) The Polygon Global Equities 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 as calculated by the applicable fund administrator. All performance numbers provided herein with respect to the Fund reflects the actual net performance of the Fund net of management and performance fees, as well as any commissions and direct expenses incurred by the Fund, 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. Broad-based securities indices are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in a broad-based securities index. 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.

- (29) 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, recently extended to March 2016, and subject to a further one-year extension based on investor approval. 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. AUM figure and net performance is for PRF as calculated by the applicable fund administrator. All performance numbers provided herein with respect to the Fund reflects the actual net performance of the Fund net of management and performance fees, as well as any commissions and direct expenses incurred by the Fund, 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. Broad-based securities indices are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. Investments cannot be made directly in a broad-based securities index.
- (30) Unrealised Polygon performance fees 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 quarter end, less certain assumed costs. Similar amounts, if any, from LCM and the GreenOak joint venture are excluded from this line item. Such fees would typically not be realised or recognised under U.S. GAAP until calendar year end, and are therefore subject to change based on fund performance during the remainder of the year. There can be no assurance that the company will realise all or any portion of such amounts. Through 30 June 2015, this amount equalled \$3.3 million before (1) an assumed imputed tax charge and (2) estimated TFM performance fees reduced the net contribution to \$1.7 million. It also includes any unrealised performance fees to potentially be paid on investments made by TFG in Polygon hedge funds or other investment vehicles. TFG is able to invest at a preferred level of fees.

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- (31) On occasion, figures may not total due to rounding.
- (32) Please see note 30.
- (33) Pro Forma Fully Diluted NAV per Share seeks to reflect certain potential changes to the total non-voting shares over the next few years, which may be utilised in the calculation of NAV per Share. Specifically, the number of shares used to calculate U.S. GAAP NAV per Share has been adjusted to incorporate:
- (i) The Escrow Shares, 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 three years.
- (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. 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.

Appendix IV

- (34) Please see Note 33.

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 (“gereguleerde informatie”) within the meaning of Section 1:1 of the FMSA.

UNAUDITED FINANCIAL STATEMENTS

TETRAGON FINANCIAL GROUP LIMITED

FOR THE PERIOD ENDED 30 JUNE 2015

TETRAGON FINANCIAL GROUP LIMITED

UNAUDITED FINANCIAL STATEMENTS

For the period ended 30 June 2015

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TETRAGON FINANCIAL GROUP LIMITED

STATEMENTS OF ASSETS AND LIABILITIES

As at 30 June 2015 (unaudited)

	Note	30 Jun 2015 US\$ MM	31 Dec 2014 US\$ MM
Assets			
Investment in the Master Fund *	3	1,921.9	1,834.9
Total assets		1,921.9	1,834.9
Liabilities			
Accrued incentive fee	6	5.7	4.1
Amounts payable on share options	5	15.2	12.3
Total liabilities		20.9	16.4
Net assets		1,901.0	1,818.5
Equity			
Share capital	7	0.1	0.1
Share premium	8	937.6	929.4
Capital reserve in respect of share options	9	11.8	11.8
Share based employee compensation reserve	4,13	40.7	31.4
Retained earnings	12	910.8	845.8
		1,901.0	1,818.5
Shares outstanding			
Shares	7	96.8	95.9
Net Asset Value per share		US\$ 19.64	US\$ 18.96

*Tetragon Financial Group Master Fund Limited

The accompanying notes are an integral part of the financial statements.

Signed on behalf of the Board of Directors by:

Rupert Dorey, Director

David Jeffreys, Director

Date: 29 July 2015

TETRAGON FINANCIAL GROUP LIMITED

STATEMENTS OF OPERATIONS
For the period ended 30 June 2015 (unaudited)

	Note	Period ended 30 Jun 2015 US\$ MM	Period ended 30 Jun 2014 US\$ MM
Investment income allocated from the Master Fund			
Interest income		61.6	85.3
Fee income		30.7	33.0
Other income – cost recovery		9.9	11.4
Dividend income		0.1	-
Total investment income allocated from the Master Fund		102.3	129.7
Direct expenses			
Incentive fee	6	(26.2)	(18.7)
Total direct expenses		(26.2)	(18.7)
Operating expenses allocated from the Master Fund			
Employee costs		(24.6)	(21.4)
Management fees	9	(14.0)	(13.5)
Share based employee compensation	4	(11.5)	(11.5)
Legal and professional fees		6.2	(9.2)
Audit fees		(0.2)	(0.2)
Other operating and administrative expenses		(13.8)	(14.0)
Total operating expenses allocated from the Master Fund		(57.9)	(69.8)
Total operating expenses		(84.1)	(88.5)
Net investment income		18.2	41.2
Net increase in unrealized depreciation on:			
Share options	5	(2.8)	(0.6)
Net increase in unrealized depreciation arising from direct operations		(2.8)	(0.6)
Net realized and unrealized gain from investments and foreign currency allocated from the Master Fund			
Net realized gain / (loss) from:			
Investments		41.3	88.0
Derivative financial instruments		3.6	(11.8)
Foreign currency transactions		12.1	(1.1)
		57.0	75.1

TETRAGON FINANCIAL GROUP LIMITED**STATEMENTS OF OPERATIONS (continued)**
For the period ended 30 June 2015 (unaudited)

	Note	Period ended 30 Jun 2015 US\$ MM	Period ended 30 Jun 2014 US\$ MM
Net increase / (decrease) in unrealized appreciation / (depreciation) on:			
Investments		40.4	(36.4)
Derivative financial instruments		(13.5)	(4.6)
Translation of assets and liabilities in foreign currencies		2.7	(0.2)
		<u>29.6</u>	<u>(41.2)</u>
Net realized and unrealized gain from investments and foreign currencies allocated from the Master Fund		<u>86.6</u>	<u>33.9</u>
Net increase from operations before tax		<u>102.0</u>	<u>74.5</u>
Income and deferred tax expense		(6.3)	(2.5)
Net income		<u>95.7</u>	<u>72.0</u>
Earnings per Share			
Basic	11	US\$ 0.99	US\$ 0.75
Diluted	11	US\$ 0.89	US\$ 0.67
Weighted average Shares outstanding		Millions	Millions
Basic	11	96.3	96.0
Diluted	11	107.2	107.6

The accompanying notes are an integral part of the financial statements.

TETRAGON FINANCIAL GROUP LIMITED

STATEMENTS OF CHANGES IN NET ASSETS
For the period ended 30 June 2015 (unaudited)

	Note	Period ended 30 Jun 2015 US\$ MM	Period ended 30 Jun 2014 US\$ MM
From operations:			
Total investment income		102.3	129.7
Total operating expenses		(84.1)	(88.5)
Net unrealized depreciation on share options		(2.8)	(0.6)
Net realized gain from investments and foreign currency allocated from the Master Fund		57.0	75.1
Net unrealized gain / (loss) from investments and foreign currency allocated from the Master Fund		29.6	(41.2)
Income and deferred tax expense		(6.3)	(2.5)
Net income		95.7	72.0
Share based employee compensation	4	11.5	11.5
Net increase in net assets resulting from operations		107.2	83.5
Dividends paid to shareholders	10	(30.3)	(29.0)
Issue of Shares	7	5.6	1.7
Purchase of Treasury Shares	7	-	(50.9)
Increase / (decrease) in net assets resulting from net share transactions		5.6	(49.2)
Total increase in net assets		82.5	5.3
Net assets at start of period		1,818.5	1,803.2
Net assets at end of period		1,901.0	1,808.5

The accompanying notes are an integral part of the financial statements.

TETRAGON FINANCIAL GROUP LIMITED

STATEMENTS OF CASH FLOWS
For the period ended 30 June 2015 (unaudited)

	Period ended 30 Jun 2015 US\$ MM	Period ended 30 Jun 2014 US\$ MM
Operating activities		
Net income	95.7	72.0
Adjustments for:		
Net unrealized depreciation on share options	2.8	0.6
Share based employee compensation reserve	11.5	11.5
Net unrealized (appreciation) / depreciation on investment in the Master Fund	(86.9)	18.9
Operating cash flows before movements in working capital	23.1	103.0
Increase / (decrease) in payables	1.6	(24.8)
Net cash provided by operating activities	24.7	78.2
Financing activities		
Issue of Shares	5.6	1.7
Purchase of Treasury Shares	-	(50.9)
Dividends paid to shareholders	(30.3)	(29.0)
Net cash used in financing activities	(24.7)	(78.2)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of period	-	-
Cash and cash equivalents at end of period	-	-

The accompanying notes are an integral part of the financial statements.

TETRAGON FINANCIAL GROUP LIMITED

FINANCIAL HIGHLIGHTS

For the period ended 30 June 2015 (unaudited) and the year ended 31 December 2014 (audited)

The following represents selected per Share operating performance of the Company, ratios to average net assets and total return information for the period ended 30 June 2015 and the year ended 31 December 2014.

	30 Jun 2015*	31 Dec 2014
	US\$	US\$
Per Share operating performance		
Net Asset Value at the start of the period / year	18.96	18.23
Net investment income (excluding incentive fee)	0.46	1.05
Incentive fee	(0.27)	(0.24)
Net realized and unrealized gain from investments and foreign currencies	0.87	0.32
Share based employee compensation	0.12	0.24
Dividends paid to shareholders	(0.31)	(0.61)
Income and deferred tax expense	(0.07)	(0.13)
Other capital transactions	(0.12)	0.10
Net Asset Value at the end of the period / year	19.64	18.96
Pro Forma Fully Diluted NAV per Share		
	Millions	Millions
Shares outstanding	96.8	95.9
Shares held in escrow	10.7	10.7
Share options	0.1	-
Pro Forma Fully Diluted Shares	107.6	106.6
Pro Forma Fully Diluted Net Asset Value per Share	US\$ 17.66	US\$ 17.05
Total return (NAV change before dividend payments and other capital transactions) before incentive fee	7.30%	8.10%
Incentive fee	(1.43%)	(1.31%)
Total return (NAV change before dividend payments and other capital transactions) after incentive fee	5.87%	6.79%
Ratios and supplemental data		
Ratio to average net assets:		
Operating expenses allocated from the Master Fund	(2.48%)	(7.46%)
Total operating expenses	(2.48%)	(7.46%)
Incentive fee	(1.40%)	(1.27%)
Net investment income	0.97%	4.29%

* The ratios and returns have not been annualized.

An individual shareholder's per Share operating performance and ratios may vary from the above based on the timing of capital transactions.

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the period ended 30 June 2015 (unaudited)

Note 1 General Information

Tetragon Financial Group Limited (the “Company”) was registered in Guernsey on 23 June 2005 as a company limited by shares with registered number 43321. All voting shares of the Company are held by Polygon Credit Holdings II Limited (the “Voting Shareholder”). The Company continues to be registered and domiciled in Guernsey and the Company’s non-voting shares are listed on Euronext Amsterdam N.V. The Company acts as a feeder fund in a “master feeder structure” investing substantially all of its assets in Tetragon Financial Group Master Fund Limited (the “Master Fund”).

The registered office of the Company is 1st Floor Dorey Court, Admiral Park, St. Peter Port, Guernsey, Channel Islands, GY1 6HJ.

The Company’s non-voting shares are listed on Euronext Amsterdam N.V.

The Company’s investment objective is to generate distributable income and capital appreciation. To achieve this objective, Tetragon Financial Management LP (the “Investment Manager”) seeks to identify opportunities, assets and asset classes it believes to be attractive and asset managers it believes to be superior based on their track record and expertise. It also seeks to use the market experience of the Investment Manager to negotiate favorable transactions and terms for its investments in asset classes and in asset managers. As part of this current investment strategy, the Investment Manager may employ hedging strategies and leverage in seeking to provide attractive returns while managing risk.

As at 30 June 2015, TFG Asset Management consisted of Polygon Global Partners LP and Polygon Global Partners LLP (collectively with certain affiliates, “Polygon”), LCM Asset Management LLC (“LCM”), Equitix Holdings Limited (“Equitix”), Hawke’s Point and the GreenOak Real Estate, LP (“GreenOak”) joint venture.

Note 2 Significant Accounting Policies

Basis of Presentation

The financial statements give a true and fair view, are prepared in conformity with U.S. GAAP and comply with The Companies (Guernsey) Law, 2008.

The Company’s investment in the Master Fund is valued based on the Net Asset Value (“NAV”) per share obtained from the Master Fund’s Administrator, which is the Company’s interest in the Net Assets of the Master Fund. The performance of the Company is directly affected by the performance of the Master Fund.

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 2 Significant Accounting Policies (continued)

Basis of Presentation (continued)

The Company's Statements of Operations includes its allocated share of each type of gain, loss, income and expense of the Master Fund's Statements of Operations. Attached are the unaudited consolidated financial statements of the Master Fund, which are an integral part of these financial statements. As at 30 June 2015, the Company had 100% (31 December 2014: 100%) ownership interest in the Master Fund. As the Company owns 100% of the Master Fund and the unaudited consolidated financial statements of the Master Fund are attached, a separate Schedule of Investments for the Company has not been included.

For financial statement reporting purposes, the Company is an investment company and follows the measurement guidance set out in ASC 946, Financial Services – Investment Companies.

The accounting policies have been consistently applied by the Company during the period ended 30 June 2015 and are consistent with those used in the previous year.

The financial statements are presented in United States Dollars.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes, including the valuation of investments. The Company's management believes that the estimates made in preparing the financial statements are reasonable and prudent. Actual results could differ materially from these estimates.

Valuation of Investments

The value of the investment in the Master Fund is based on the NAV per share obtained from the Master Fund's Administrator.

Expenses

Expenses are recognized in the Statements of Operations on an accruals basis.

Taxation

The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and is charged GBP 600 per annum.

In accordance with ASC Subtopic 740-10 – Income Taxes – Overall, the Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized.

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 2 Significant Accounting Policies (continued)

Taxation (continued)

Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. There were no uncertain tax positions recognized at 30 June 2015 (30 June 2014: Nil).

Share Options

The fair value of the options granted to the Investment Manager at the time of the Company's initial public offering in 2007, was recognized as a charge to a reserve in respect of the share options, over the year in which the Investment Manager became unconditionally entitled to the options. The options were fully vested and immediately exercisable from the date of the grant, on 26 April 2007 and remain exercisable for ten years.

The fair value of options issued to certain founding partners of GreenOak are recognized as a liability in the Statements of Assets and Liabilities, as the options contain certain other performance conditions. Any subsequent change in the fair value is recognized through the Statements of Operations.

Dividend Expense

Dividend expense from Shares are recognized in the Statements of Changes in Net Assets.

Share Based Payments

Share-based compensation expense for all equity settled share-based payment awards granted is determined based on the grant-date fair value. The Company recognizes these compensation costs net of an estimated forfeiture rate, and recognizes compensation cost only for those Shares expected to meet the service and non-market performance vesting conditions, on a straightline basis over the requisite service period of the award. These compensation costs are determined at the aggregate grant level for service-based awards and at the individual vesting tranche level for awards with performance conditions.

When the Shares are actually issued the fair value of the Shares, as determined at the time of the award, is debited against the share based employee compensation reserve. Any associated stock dividends accrued on the original award are debited against retained earnings and credited to share capital and share premium using the value determined by the stock reference price at the date of each applicable dividend.

Treasury Shares

When share capital recognized as equity is repurchased the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased Shares may be classified as treasury shares from an accounting perspective and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to or from retained earnings. Shares may also be transferred out of the Treasury Account and into a wholly owned subsidiary. Where this occurs, the status of the Shares is unchanged from an accounting perspective and they are not included in the Shares outstanding on the Statements of Assets and Liabilities.

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 3 Investment in the Master Fund

At the period end, the Master Fund held investments at fair value, management contracts, cash and cash equivalents, derivatives and other receivables and payables.

As at 30 June 2015, the Company had an investment of US\$ 1,921.9 million in the Master Fund (31 December 2014: US\$ 1,834.9 million).

Note 4 Share Based Payments

TFG Asset Management L.P. and certain of its affiliates, including Polygon's asset management businesses and infrastructure platform, along with Polygon's interests in LCM and GreenOak, were acquired on 28 October 2012 (the "Acquisition"), in exchange for consideration of approximately 11.7 million non-voting Shares to the sellers subject to certain vesting and forfeiture conditions (the "Aggregate Consideration"). The Aggregate Consideration shall be held in escrow (along with accrued stock dividends) until it is released over the period 2013 to 2017.

Under ASC 805 - Business Combinations ("ASC 805") these Shares are treated as payment for post combination services rather than upfront consideration, hence the initial consideration was determined to be nil, resulting in a bargain purchase. The expense is recognized in the Master Fund through the Statements of Operations, as well as reflecting the assets acquired and a reserve to reflect the capital contribution of the Shares from the Company. The Company has a share based compensation reserve and recognizes the expense indirectly as allocated from the Master Fund. The charge for the period ended 30 June 2015 amounted to US\$ 11.5 million (30 June 2014: US\$ 11.5 million).

Note 5 Share Options Issued to GreenOak Founders

On 16 September 2010, the Master Fund entered into a transaction with GreenOak whereby it received a 10% equity interest in GreenOak and agreed to provide, among other things, a working capital loan of up to US\$ 10.0 million and a US\$ 100.0 million co-investment commitment that is expected to fund up to a limited fixed percentage of any GreenOak sponsored investment program, with the Master Fund retaining the option to invest further amounts.

Under the terms of the transaction, the Company granted to the GreenOak founding partners ("Founders") options to purchase 3.9 million Shares (vesting after 5 years and subject to further conditions) at a strike price of US\$ 5.50. The aggregate fair value of the options granted at the transaction date was US\$ 0.5 million. In order to reflect some key vesting requirements of the options which are not captured by the Black-Scholes model a 50% haircut was applied to the initial calculated valuation. This was derived as follows: restriction on transferability – 25%; requirement to repay working capital loan – 10%; exclusivity of Founders – 15%. These have been reviewed on a regular basis and as at 30 June 2015, on an aggregate basis only a 5% haircut is being applied, which is due to restrictions on transferability (31 December 2014: 15%).

The options are split approximately as follows: 50% are exercisable from 1 January 2016, expiring a year later, 25% are exercisable from 1 January 2017, expiring a year later, 25% are exercisable from 1 January 2018, expiring a year later.

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 5 Share Options Issued to GreenOak Founders (continued)

At 30 June 2015, the fair value of the options was US\$ 15.2 million (31 December 2014: US\$ 12.3 million).

Note 6 Incentive Fee

The Company pays the Investment Manager an incentive fee for each Calculation Period (a period of three months ending on 31 March, 30 June, 30 September and 31 December in each year or as otherwise determined by the Directors) equal to 25% of the increase in the NAV of the Company during the Calculation Period (before deduction of any dividend paid or the amount of any redemptions or repurchases of the Shares (or other relevant capital adjustments) during such Calculation Period) above the Reference NAV (as defined below) plus the Hurdle (as defined below) for the Calculation Period. If the Hurdle is not met in any Calculation Period (and no incentive fee is paid), the shortfall will not carry forward to any subsequent Calculation Period.

The "Hurdle" for any Calculation Period will equal the Reference NAV multiplied by the Hurdle Rate (as defined below). The Hurdle Rate for any Calculation Period equals 3-month USD LIBOR determined as of 11:00 a.m. London time on the first London business day of the then current Calculation Period, plus the Hurdle Spread of 2.647858% in each case multiplied by the actual number of days in the Calculation Period divided by 365.

The "Reference NAV" is the greater of (i) NAV at the end of the Calculation Period immediately preceding the current Calculation Period and (ii) the NAV as of the end of the Calculation Period immediately preceding the Calculation Period referred to in clause (i). For the purpose of determining the Reference NAV at the end of a Calculation Period, NAV shall be adjusted by the amount of accrued dividends and the amounts of any redemptions or repurchase of the Shares (or other relevant capital adjustments) and incentive fees to be paid with respect to that Calculation Period.

The incentive fee in respect of each Calculation Period is calculated by reference to the NAV before deduction of any accrued incentive fee. If the Investment Management Agreement is terminated other than at the end of a Calculation Period, the date of termination will be deemed to be the end of the Calculation Period. The incentive fee is normally payable in arrears after the end of the Calculation Period.

The incentive fee for the period ended 30 June 2015 was US\$ 26.2 million (30 June 2014: US\$ 18.7 million). As at 30 June 2015, US\$ 5.7 million was outstanding (31 December 2014: US\$ 4.1 million).

Note 7 Share Capital

Authorized

The Company has an authorized share capital of US\$ 1.0 million divided into 10 voting shares, having a par value of US\$ 0.001 each and 999,999,990 non-voting Shares, each having a par value of US\$ 0.001. Shares are issuable either as certificated shares or uncertificated shares, and in both cases as registered shares in accordance with applicable law.

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 7 Share Capital (continued)

Voting Shares

The 10 voting shares in issue were issued at par and are owned by the Voting Shareholder, which is a non-U.S. affiliate of the Investment Manager.

The voting shares are the only shares of the Company entitled to vote for the election of Directors and on all other matters put to a vote of shareholders, subject to the limited rights of the Shares described below. The voting shares are not entitled to receive dividends.

Shares

The Shares are not entitled to vote on any matter other than limited voting rights in respect of variation of their class rights. The Shares carry a right to any dividends or other distributions declared by the Company. The Shares are subject to certain transfer restrictions as set out in the Company's Memorandum and Articles of Incorporation.

The Directors, upon the recommendation of the Investment Manager and with prior approval of a resolution of voting shares, may allot, issue or otherwise dispose of Shares to such persons, at such times, for such consideration and on such terms and conditions as they deem necessary or desirable. There are no pre-emption rights attaching to any Shares.

The Directors, upon the recommendation of the Investment Manager, may grant options over the Shares. The Company may repurchase Shares and hold such repurchased Shares as Treasury Shares.

Share Transactions

	Voting Shares No.	Shares No. MM	Shares US\$ MM
Shares in issue at 31 December 2013	10	98.9	0.1
Issued in lieu of stock dividend	-	0.6	-
Issued through release of tranche of Escrow Shares	-	1.2	-
Treasury Shares purchased during the year	-	(4.9)	-
Shares in issue at 31 December 2014	10	95.9	0.1
Issued in lieu of stock dividend	-	0.6	-
Issued through release of tranche of Escrow Shares	-	0.3	-
Shares in issue at 30 June 2015	10	96.8	0.1

Optional Stock Dividend

The Company has an Optional Stock Dividend Plan which offers investors an opportunity to elect to receive any declared dividend in the form of dividend shares at a reference price determined by calculating the five-day weighted average price post ex-dividend date.

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 30 June 2015 (unaudited)

Note 7 Share Capital (continued)

Optional Stock Dividend (continued)

During the period a total dividend of US\$ 30.3 million (30 June 2014: US\$ 29.0 million) was declared, of which US\$ 24.7 million was paid out as a cash dividend (30 June 2014: US\$ 27.3 million), and the remaining US\$ 5.6 million (30 June 2014: US\$ 1.7 million) was reinvested under the Optional Stock Dividend Plan.

Treasury Shares

The Company owns a subsidiary, TFG Holdings I, to which it may transfer, and has transferred, Shares previously held in a Treasury Account. Where this occurs the status of the Shares is unchanged from an accounting perspective and they are not included in the Shares outstanding on the Statements of Assets and Liabilities.

On 30 November 2007, the Company announced the implementation of a share repurchase program ("Program") of their outstanding Shares. This was renewed on several occasions. As at 30 June 2015 there was no share repurchase program in place.

When the Program was in operation, the Master Fund had undertaken to repurchase an identical number of its own shares from the Company as and when it made these repurchases in the open market. The Master Fund matched the price per share paid by the Company. The shares are held in a Treasury Account or in a subsidiary, allowing them to potentially be resold back to the Company if it resells its own Shares back into the market at a later date. Whilst they are held by the Master Fund (whether directly or via a subsidiary), the Shares are neither eligible to receive dividends nor are they included in the Shares outstanding on the Statements of Assets and Liabilities.

As at 30 June 2015, 16.6 million Shares are held in TFG Holdings I (31 December 2014: 16.6 million) and 12.8 million Shares in the Treasury Account (31 December 2014: 12.8 million), with an aggregate attributed cost of US\$ 261.0 million (31 December 2014: US\$ 261.0 million).

	Treasury Shares	Shares held in subsidiary
	Shares	Shares
	No. MM	No. MM
Treasury Shares at 31 December 2013	7.9	16.6
Treasury Shares purchased during the year	4.9	-
Treasury Shares at 31 December 2014	12.8	16.6
Treasury Shares purchased during the period	-	-
Treasury Shares at 30 June 2015	12.8	16.6

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 8 Share Premium

	30 Jun 2015 US\$ MM	31 Dec 2014 US\$ MM
Balance at start of period / year	929.4	963.2
Premium arising on issuance of Shares	8.2	17.1
Discount arising from purchase of Shares	-	(50.9)
Balance at end of period / year	937.6	929.4

Note 9 Related Party Transactions

The Investment Manager is entitled to receive management fees equal to 1.5% per annum of the Net Asset Value of the Company payable monthly in advance prior to the deduction of any accrued incentive fee. All fees and expenses of the Company including the Management and Administration fees, but excluding incentive fees from the Investment Manager, are paid by the Master Fund and allocated fully to the Company. An incentive fee may be paid to the Investment Manager as disclosed in Note 6.

In recognition of the work performed by the Investment Manager in successfully arranging the global offering and the associated raising of new capital for the Company, in 2007 the Company granted to the Investment Manager options (the "Investment Management Options") to purchase approximately 12.5 million of the Company's Shares (before any application of potential anti-dilution) at an exercise price per share equal to the Offer Price (US\$ 10.00). The Investment Management Options were fully vested and immediately exercisable on the date of admission to Euronext Amsterdam N.V. and will remain exercisable until the 10th anniversary of that date. The aggregate fair value of the options granted at the time of the global offering was US\$ 11.8 million. The fair value of each option granted during 2007 was US\$ 0.94 on the date of grant using the Binomial-pricing model with the following average assumptions: expected dividend yield 8%, risk-free interest rate of 5.306%, an expected life of 5 years and a volatility of 17.5%.

The Company invests substantially all of its assets in the Master Fund, a Guernsey based closed-ended investment company which has the same Investment Manager as the Company.

The remuneration for Directors shall be determined by resolution of the Voting Shareholder. Each of the Directors' annual fee is US\$ 100,000 as compensation for service on the Boards of Directors of both the Company and the Master Fund. The Directors have the option to elect to receive shares in the Company instead of the quarterly fee. With respect to the first half of the year, Frederic Hervouet has elected to receive shares and he received 2,564 shares in relation to the first quarter's fee. The number of shares issued instead of the fee for the second quarter will be determined as part of the second quarter 2015 dividend process (allocation in August 2015). The Master Fund will pay the Directors' fees. Paddy Dear and Reade Griffith have waived their entitlement to a fee in respect of their services as Directors. The Directors are entitled to be repaid by the Company all travel, hotel and other expenses reasonably incurred by them in the discharge of their duties. None of the Directors has a contract with the Company or the Master Fund providing for benefits upon termination of employment.

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 9 Related Party Transactions (continued)

The Voting Shareholder is an affiliate of the Investment Manager and holds all of the voting shares. As a result of its ownership and the degree of control that it exercises, the Voting Shareholder will be able to control the appointment and removal of the Company's Directors (subject to applicable law). Affiliates of the Voting Shareholder also control the Investment Manager and, accordingly, control the Company's business and affairs.

Paddy Dear, Reade Griffith, Rupert Dorey and Frederic Hervouet - all Directors of the Company and the Master Fund – maintained (directly or indirectly) interests in Shares of the Company as at 30 June 2015, with interests of 573,760, 1,404,618, 99,555 and 5,084 Shares respectively (31 December 2014: 459,057, 1,377,683, 96,465 and Nil Shares respectively). Messrs, Griffith and Dear also have a (direct or indirect) interest in the Escrow Shares (as defined below).

As described in Note 4, TFG Asset Management L.P., including Polygon's asset management businesses and infrastructure platform, and interests in LCM and GreenOak, was acquired on 28 October 2012. The Shares issued in consideration are subject to vesting and forfeiture conditions and were held in escrow for release over the period 2013 to 2017. These escrow Shares are eligible to participate in the optional stock dividend program, and as a result of subsequent dividends, further Shares were added to the relevant escrow accounts. As part of the Acquisition, Messrs, Griffith and Dear, as founders of Polygon, were awarded consideration in Shares which would vest between 2015 and 2017.

In particular, Messrs, Griffith and Dear, were initially allocated 5,539,954 and 1,955,291 Shares, respectively, and these are currently held in escrow pending release between 2015 and 2017. As at 30 June 2015, 6,459,853 Shares were held in escrow on behalf of Mr. Griffith (31 December 2014: 6,259,363 Shares) and 2,279,951 on behalf of Mr. Dear (31 December 2014: 2,209,190 Shares).

It was also contractually agreed at the time of the Acquisition that they would be entitled to total annual compensation in respect of their executive role with the Company and its subsidiaries totaling not more than US\$ 100,000 each.

During the period ended 30 June 2015 total compensation paid to them each in this capacity by the Master Fund was US\$ 50,000.

Note 10 Dividends

	30 Jun 2015	30 Jun 2014
	US\$	US\$
	MM	MM
Quarter ended 31 December 2013 of US\$ 0.15 per share	-	14.9
Quarter ended 31 March 2014 of US\$ 0.15 per share	-	14.1
Quarter ended 31 December 2014 of US\$ 0.1575 per share	15.1	-
Quarter ended 31 March 2014 of US\$ 0.1575 per share	15.2	-
	30.3	29.0

The second quarter dividend of US\$ 0.1625 per share was approved by the Directors on 29 July 2015 and has not been included as a liability in these financial statements.

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 11 Earnings per Share

	Period ended 30 Jun 2015 US\$ MM	Period ended 30 Jun 2014 US\$ MM
The calculation of the basic and diluted earnings per share is based on the following data:		
Earnings for the purposes of basic earnings per share being net profit attributable to shareholders for the period	95.7	72.0
Weighted average number of Shares for the purposes of basic earnings per share	96.3	96.0
Effect of dilutive potential Shares:		
Share based employee compensation	10.7	11.6
Share options	0.1	-
Weighted average number of Shares for the purposes of diluted earnings per share	107.2	107.6

Diluted earnings per share is calculated by adjusting the weighted average number of Shares outstanding assuming conversion of all potential dilutive Shares. Share options and share based employee compensation are potential dilutive Shares.

In respect of share based employee compensation, it is assumed that all of the Shares currently held in escrow will be released, thereby increasing the weighted average number of Shares. This includes Shares which are scheduled to vest and be released between 2015 and 2017.

In respect of share options, the intrinsic value of the Shares issued to the Investment Manager in connection with the global offering in 2007 (see Note 9) is calculated using the Company's quoted Share price on the last business day prior to the year end. This is then converted into a number of Shares by dividing the aforementioned intrinsic value by the aforementioned quoted Share price. This will yield the number of Shares to include in the dilution calculation.

In respect of share options issued to GreenOak, there was no dilution as the conditions on these options have not been met at the reporting date of these financial statements.

TETRAGON FINANCIAL GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 12 Retained Earnings

	30 Jun 2015 US\$ MM	31 Dec 2014 US\$ MM
Balance at start of period / year	845.8	810.5
Net increase in net assets resulting from operations for the period / year	95.7	95.1
Dividends paid	(30.3)	(58.4)
Stock dividends on Shares released from Escrow	(0.4)	(1.4)
Balance at end of period / year	<u>910.8</u>	<u>845.8</u>

Note 13 Share based employee compensation reserve

	30 Jun 2015 US\$ MM	31 Dec 2014 US\$ MM
Balance at start of period / year	31.4	17.6
Share based employee compensation	11.5	23.1
Release of Escrow Shares	(2.2)	(9.3)
Balance at end of period / year	<u>40.7</u>	<u>31.4</u>

Note 14 Subsequent Events

The Directors have evaluated the period up to 29 July 2015, which is the date the financial statements were approved, and have concluded that there are no material events that require disclosure or adjustment to the financial statements.

Note 15 Approval of Financial Statements

The Directors approved the financial statements on 29 July 2015.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

FOR THE PERIOD ENDED 30 JUNE 2015

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
For the period ended 30 June 2015

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TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES
As at 30 June 2015 (unaudited)

	Note	30 Jun 2015 US\$ MM	31 Dec 2014 US\$ MM
Assets			
Investments, at fair value (Cost US\$ 2,080.0 million, 31 Dec 2014: US\$ 1,916.4 million)	3	1,471.9	1,356.2
Management contracts	4	26.3	29.7
Cash and cash equivalents	7	378.8	402.0
Amounts due from brokers	9	72.6	52.1
Derivative financial assets	3, 8	8.9	19.2
Fixed assets	2	0.2	0.1
Deferred tax asset	17	8.6	10.0
Prepaid income tax	17	3.3	0.6
Other receivables	10	16.7	32.8
Total assets		1,987.3	1,902.7
Liabilities			
Derivative financial liabilities	3, 8	13.0	5.8
Other payables and accrued expenses	11	41.3	50.5
Income tax payable	17	3.3	2.9
Deferred tax liability	17	7.8	8.6
Total liabilities		65.4	67.8
Net assets		1,921.9	1,834.9
Equity			
Share capital	12	0.1	0.1
Share premium	13	896.7	888.6
Retained earnings	15	984.4	914.8
Capital contribution	16, 22	40.7	31.4
		1,921.9	1,834.9
Shares outstanding		Millions	Millions
Shares	12	96.8	95.9
Net Asset Value per share		US\$ 19.85	US\$ 19.13

The accompanying notes are an integral part of the consolidated financial statements.

Signed on behalf of the Board of Directors by:

Rupert Dorey, Director
David Jeffreys, Director

Date: 29 July 2015

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

CONSOLIDATED STATEMENTS OF OPERATIONS

For the period ended 30 June 2015 (unaudited)

	Note	Period ended 30 Jun 2015 US\$ MM	Period ended 30 Jun 2014 US\$ MM
Interest income	18	61.6	85.3
Fee income	19	30.7	33.0
Other income – cost recovery	20	9.9	11.4
Dividend income		0.1	-
Investment income		102.3	129.7
Employee costs	24	(24.6)	(21.4)
Management fees	24	(14.0)	(13.5)
Share based employee compensation	22	(11.5)	(11.5)
Legal and professional fees	25	6.2	(9.2)
Audit fees		(0.2)	(0.2)
Other operating and administrative expenses	21	(13.8)	(14.0)
Operating expenses		(57.9)	(69.8)
Net investment income		44.4	59.9
Net realized and unrealized gain from investments and foreign currency			
Net realized gain / (loss) from:			
Investments		41.3	88.0
Derivative financial instruments		3.6	(11.8)
Foreign currency transactions		12.1	(1.1)
		57.0	75.1
Net increase / (decrease) in unrealized appreciation / (depreciation) on:			
Investments		40.4	(36.4)
Derivative financial instruments		(13.5)	(4.6)
Translation of assets and liabilities in foreign currencies		2.7	(0.2)
		29.6	(41.2)
Net realized and unrealized gain from investments and foreign currency		86.6	33.9
Net increase from operations before tax		131.0	93.8
Income and deferred tax expense	17	(6.3)	(2.5)
Net income		124.7	91.3

The accompanying notes are an integral part of the consolidated financial statements.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
For the period ended 30 June 2015 (unaudited)

	Note	Period ended 30 Jun 2015 US\$ MM	Period ended 30 Jun 2014 US\$ MM
From operations:			
Net investment income		44.4	59.9
Net realized gain from investments and foreign currency		57.0	75.1
Net increase / (decrease) in unrealized appreciation / (depreciation) on investments and translation of assets and liabilities in foreign currencies		29.6	(41.2)
Income and deferred tax expense	17	(6.3)	(2.5)
Net income after tax		<u>124.7</u>	<u>91.3</u>
Share based employee compensation	22	11.5	11.5
Net increase in net assets resulting from operations		<u>136.2</u>	<u>102.8</u>
Dividends paid to Feeder in lieu of incentive fee liability	14	(24.5)	(43.5)
Dividends paid to shareholders	14	(30.3)	(29.0)
Total distributions		<u>(54.8)</u>	<u>(72.5)</u>
Issue of Shares	12	5.6	1.7
Purchase of Treasury Shares	12	-	(50.9)
Increase / (decrease) in net assets resulting from capital transactions		<u>5.6</u>	<u>(49.2)</u>
Total increase / (decrease) increase in net assets		87.0	(18.9)
Net assets at start of period		1,834.9	1,846.7
Net assets at end of period		<u>1,921.9</u>	<u>1,827.8</u>

The accompanying notes are an integral part of the consolidated financial statements.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the period ended 30 June 2015 (unaudited)

	Period ended 30 Jun 2015 US\$ MM	Period ended 30 Jun 2014 US\$ MM
Operating activities		
Net income	124.7	91.3
Adjustments for:		
Realized gains on investments and derivatives	(33.6)	(76.2)
Cash received on investments in excess of interest income	95.9	107.8
Amortization on intangible assets	3.4	3.4
Share based employee compensation	11.5	11.5
Unrealized (gains) / losses	(29.6)	41.2
Deferred tax	0.6	(0.9)
Operating cash flows before movements in working capital	172.9	178.2
Decrease in receivables	13.4	12.6
Decrease in payables	(8.8)	(15.4)
Cash flows from operations	177.5	175.4
Purchase of fixed assets	(0.1)	-
Proceeds from sale / prepayment / maturity of investments	103.6	169.8
Net proceeds / (payment) on derivative financial instruments	7.6	(11.8)
Purchase of investments	(242.9)	(167.5)
Net cash provided by operating activities	45.7	165.8
Financing activities		
Amounts due from brokers	(20.5)	(31.0)
Proceeds from issue of Shares	5.6	1.7
Treasury Shares	-	(50.9)
Dividends paid to shareholders	(30.3)	(29.0)
Dividends paid to Feeder in lieu of incentive fee liability	(24.5)	(43.5)
Net cash used in financing activities	(69.7)	(152.7)
Net (decrease) / increase in cash and cash equivalents	(24.0)	13.1
Cash and cash equivalents at beginning of period	402.0	245.9
Effect of exchange rate fluctuations on cash and cash equivalents	0.8	(0.1)
Cash and cash equivalents at end of period	378.8	258.9

The accompanying notes are an integral part of the consolidated financial statements.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS
As at 30 June 2015 (unaudited)

Security Description	Nominal MM	Cost US\$ MM	Fair Value US\$ MM	% of Net Assets
<i>United States CLO Equity</i>				
<i>Cayman Islands</i>				
ABS and Structured Finance	18.4	17.6	-	-
Broadly Syndicated Senior Secured Loans	1,143.6	1,039.2	613.8	31.95%
CDOs Squared	17.3	16.6	-	-
Middle Market Senior Secured Loans	141.2	131.8	45.3	2.35%
	<u>1,320.5</u>	<u>1,205.2</u>	<u>659.1</u>	<u>34.30%</u>
<i>European CLO Equity</i>				
<i>Ireland</i>				
Broadly Syndicated Senior Secured Loans	100.4	121.5	23.6	1.23%
	<u>100.4</u>	<u>121.5</u>	<u>23.6</u>	<u>1.23%</u>
<i>Luxembourg</i>				
Broadly Syndicated Senior Secured Loans	71.1	84.3	35.2	1.83%
	<u>71.1</u>	<u>84.3</u>	<u>35.2</u>	<u>1.83%</u>
<i>Netherlands</i>				
Broadly Syndicated Senior Secured Loans	24.0	31.8	16.3	0.85%
	<u>24.0</u>	<u>31.8</u>	<u>16.3</u>	<u>0.85%</u>
<i>United States CLO Mezzanine</i>				
<i>Cayman Islands</i>				
Broadly Syndicated Senior Secured Loans	1.8	1.1	1.8	0.09%
	<u>1.8</u>	<u>1.1</u>	<u>1.8</u>	<u>0.09%</u>
<i>Loans</i>				
United Kingdom Loan Notes*	79.5	119.7	131.1	6.82%
United Kingdom Mezzanine Loan*	7.5	10.7	11.7	0.60%
United States Broadly Syndicated Senior Secured Loans	11.3	11.3	11.3	0.60%
	<u>98.3</u>	<u>141.7</u>	<u>154.1</u>	<u>8.02%</u>
<i>Unlisted Stock</i>				
Global Financial Real Estate Investment Manager		10.7	67.2	3.50%
Norway – Equity Investments		3.7	7.8	0.41%
United Kingdom – Infrastructure Asset Manager*		2.4	2.6	0.13%
United States – Equity Investments		20.2	20.0	1.04%
		<u>37.0</u>	<u>97.6</u>	<u>5.08%</u>
<i>Investment Funds and Vehicles</i>				
United States – Real Estate		44.3	52.7	2.77%
Japan – Real Estate		33.0	33.8	1.74%
Latin America – Real Estate		17.9	16.7	0.86%
Netherlands – Real Estate		0.1	0.1	-
Spain – Real Estate		11.5	11.5	0.60%
United Kingdom – Real Estate		25.4	25.5	1.33%
Global – Hedge Funds – Equities		61.0	64.9	3.37%
Polygon European Equity Opportunity Fund**		134.2	133.6	6.95%
Polygon Distressed Opportunities Fund***		95.0	100.9	5.25%
Global – Hedge Funds – Credit and Convertible Bonds		35.0	44.6	2.32%
		<u>457.4</u>	<u>484.3</u>	<u>25.19%</u>
Total Investments		<u>2,080.0</u>	<u>1,471.9</u>	<u>76.59%</u>

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS (continued)
As at 30 June 2015 (unaudited)

Financial Derivative Instruments	Fair Value US\$ MM	% of Net Assets
Forward Foreign Currency Exchange Contracts	(8.9)	(0.46%)
Credit default swaps	(2.6)	(0.14%)
Equity Total Return Swaps	7.4	0.38%
Total Financial Derivative Instruments	<u>(4.1)</u>	<u>(0.22%)</u>
Cash and Cash Equivalents	378.8	19.71%
Other Assets and Liabilities	75.3	3.92%
Net Assets	<u>1,921.9</u>	<u>100.00%</u>

* The securities held in Loan Notes, Mezzanine Loan and Infrastructure Asset Manager are the component parts of the Fund's investment in Equitix. See note 5 for more details.

** The investment in the Polygon European Equity Opportunity Fund consists of 415,537 units in Class A, 242,483 units in Class B and 228,851 units in Class C as at 30 June 2015.

The stated objective of the Polygon European Equity Opportunity Fund is to seek superior risk adjusted returns. Its stated intention is to invest predominantly in European listed equity securities, but may also invest in other asset classes and in other non-European jurisdictions. Given the applicable notice, liquidity of up to 25% of the investment is available on a quarterly basis (subject to certain conditions), and the entire investment could be liquidated over four consecutive quarters.

*** The investment in the Polygon Distressed Opportunities Fund consists of 456,562 units in Class A, 311,764 units in Class B, and 151,069 units in Class C at 30 June 2015.

The stated objective of the Polygon Distressed Opportunities Fund is to seek superior risk adjusted returns. It states that to achieve this objective, it will invest primarily in investments (directly or indirectly) in securities, instruments and assets that are either distressed or acquired from holders in distressed situations. With the applicable notice, liquidity of up to 25% of the investment is available on a quarterly basis (subject to certain conditions) subject to the redemption occurring at least 12 months after the purchase of the shares or units to be redeemed. Accordingly, the entire investment could be liquidated over four consecutive quarters subject to the conditions above.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS (continued)

As at 31 December 2014

Security Description	Nominal MM	Cost US\$ MM	Fair Value US\$ MM	% of Net Assets
<i>United States CLO Equity</i>				
<i>Cayman Islands</i>				
ABS and Structured Finance	18.4	17.6	-	-
Broadly Syndicated Senior Secured Loans	1,107.6	1,006.8	639.7	34.88%
CDOs Squared	17.3	16.6	-	-
Middle Market Senior Secured Loans	163.0	152.5	57.1	3.11%
	<u>1,306.3</u>	<u>1,193.5</u>	<u>696.8</u>	<u>37.99%</u>
<i>European CLO Equity</i>				
<i>Ireland</i>				
Broadly Syndicated Senior Secured Loans	100.4	121.5	53.0	2.89%
	<u>100.4</u>	<u>121.5</u>	<u>53.0</u>	<u>2.89%</u>
<i>Luxembourg</i>				
Broadly Syndicated Senior Secured Loans	71.1	84.3	46.8	2.55%
	<u>71.1</u>	<u>84.3</u>	<u>46.8</u>	<u>2.55%</u>
<i>Netherlands</i>				
Broadly Syndicated Senior Secured Loans	24.0	31.8	20.3	1.10%
	<u>24.0</u>	<u>31.8</u>	<u>20.3</u>	<u>1.10%</u>
<i>United States CLO Mezzanine</i>				
<i>Cayman Islands</i>				
Broadly Syndicated Senior Secured Loans	1.8	1.1	1.7	0.09%
	<u>1.8</u>	<u>1.1</u>	<u>1.7</u>	<u>0.09%</u>
<i>Loans</i>				
United States Broadly Syndicated Senior Secured Loans	22.4	22.0	22.1	1.20%
Global Unsecured Loan	5.5	5.5	6.4	0.35%
	<u>27.9</u>	<u>27.5</u>	<u>28.5</u>	<u>1.55%</u>
<i>Listed Stock</i>				
<i>United Kingdom – Equity Investments</i>				
		33.3	29.4	1.60%
		<u>33.3</u>	<u>29.4</u>	<u>1.60%</u>
<i>Unlisted Stock</i>				
<i>Global Financial Real Estate Investment Manager</i>				
		10.7	66.5	3.62%
<i>Norway – Equity Investments</i>				
		2.4	2.8	0.15%
		<u>13.1</u>	<u>69.3</u>	<u>3.77%</u>
<i>Investment Funds and Vehicles</i>				
<i>United States – Real Estate</i>				
		44.9	46.1	2.52%
<i>Japan – Real Estate</i>				
		21.4	20.3	1.09%
<i>Netherlands – Real Estate</i>				
		0.2	0.1	0.01%
<i>Spain – Real Estate</i>				
		10.9	9.5	0.52%
<i>United Kingdom – Real Estate</i>				
		12.7	12.3	0.67%
<i>Global – Hedge Funds – Equities</i>				
		61.0	63.3	3.45%
Polygon European Equity Opportunity Fund*		134.2	120.8	6.58%
Polygon Distressed Opportunities Fund**		90.0	95.5	5.21%
<i>Global – Hedge Funds – Credit and Convertible Bonds</i>				
		35.0	42.5	2.32%
		<u>410.3</u>	<u>410.4</u>	<u>22.37%</u>
Total Investments		<u>1,916.4</u>	<u>1,356.2</u>	<u>73.91%</u>

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS (continued)
As at 31 December 2014

Financial Derivative Instruments	Fair Value US\$ MM	% of Net Assets
Interest Rate Swaptions	0.6	0.03%
Forward Foreign Currency Exchange Contracts	10.0	0.55%
Credit default swaps	(4.1)	(0.23)%
Equity Total Return Swaps	6.9	0.38%
Total Financial Derivative Instruments	13.4	0.73%
Cash and Cash Equivalents	402.0	21.91%
Other Assets and Liabilities	63.3	3.45%
Net Assets	1,834.9	100.00%

*The investment in the Polygon European Equity Opportunity Fund consists of 415,537 units in Class A, 242,483 units in Class B and 228,851 units in Class C as at 31 December 2014.

The stated objective of the Polygon European Equity Opportunity Fund is to seek superior risk adjusted returns. Its stated intention is to invest predominantly in European listed equity securities, but may also invest in other asset classes and in other non-European jurisdictions. Given the applicable notice, liquidity of up to 25% of the investment is available on a quarterly basis (subject to certain conditions), and the entire investment could be liquidated over four consecutive quarters.

** The investment in the Polygon Distressed Opportunities Fund consists of 432,676 units in Class A, 295,765 units in Class B, and 143,549 units in Class C at 31 December 2014.

The stated objective of the Polygon Distressed Opportunities Fund is to seek superior risk adjusted returns. It states that to achieve this objective, it will invest primarily in investments (directly or indirectly) in securities, instruments and assets that are either distressed or acquired from holders in distressed situations. With the applicable notice, liquidity of up to 25% of the investment is available on a quarterly basis (subject to certain conditions) subject to the redemption occurring at least 12 months after the purchase of the shares or units to be redeemed. Accordingly, the entire investment could be liquidated over four consecutive quarters subject to the conditions above.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

FINANCIAL HIGHLIGHTS

For the period ended 30 June 2015 (unaudited) and 31 December 2014 (audited)

The following represents selected per Share operating performance of the Fund, ratios to average net assets and total return information for the period ended 30 June 2015 and the year ended 31 December 2014.

	30 Jun 2015*	31 Dec 2014
	US\$	US\$
Per Share operating performance		
Net Asset Value at start of period / year	19.13	18.67
Net investment income	0.46	1.05
Net realized and unrealized gain from investments, derivatives and foreign currencies	0.90	0.34
Share based employee compensation	0.12	0.24
Dividends paid to shareholders	(0.57)	(1.15)
Income and deferred tax expense and noncontrolling interest	(0.07)	(0.13)
Other capital transactions	(0.12)	0.11
Net Asset Value at the end of the period / year	19.85	19.13

Pro Forma Fully Diluted NAV per Share

	Millions	Millions
Shares outstanding	96.8	95.9
Shares held in escrow	10.7	10.7
Pro Forma Fully Diluted Shares	107.5	106.6
Pro Forma Fully Diluted Net Asset Value per Share	US\$ 17.88	US\$ 17.21
Return (NAV change before dividend payments and other capital transactions)	7.37%	8.03%

Ratios and supplemental data

Ratio to average net assets:		
Total operating expenses	(2.45%)	(7.39%)
Net investment income	2.34%	5.50%

* The ratios and returns have not been annualized.

An individual shareholder's per Share operating performance and ratios may vary from the above based on the timing of capital transactions.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the period ended 30 June 2015 (unaudited)

Note 1 General Information

Tetragon Financial Group Master Fund Limited (the “Fund”) was registered in Guernsey on 23 June 2005 as a company limited by shares, with registered number 43322. All voting shares of the Fund are held by Polygon Credit Holdings II Limited. The Fund continues to be registered and domiciled in Guernsey.

The registered office of the Fund is 1st Floor Dorey Court, Admiral Park, St. Peter Port, Guernsey, Channel Islands GY1 6HJ.

The Fund's investment objective is to generate distributable income and capital appreciation. To achieve this objective, Tetragon Financial Management LP (the “Investment Manager”) seeks to identify opportunities, assets and asset classes it believes to be attractive and asset managers it believes to be superior based on their track record and expertise. It also seeks to use the market experience of the Investment Manager to negotiate favorable transactions and terms for its investments in asset classes and in asset managers. As part of this current investment strategy, the Investment Manager may employ hedging strategies and leverage in seeking to provide attractive returns while managing risk.

As at 30 June 2015, TFG Asset Management consisted of Polygon Global Partners LP and Polygon Global Partners LLP (collectively with certain affiliates, “Polygon”), LCM Asset Management LLC (“LCM”), Equitix Holdings Limited (“Equitix”), Hawke’s Point, and GreenOak Real Estate LP, (“GreenOak”) joint venture.

TFG Asset Management L.P. is registered as an investment adviser under the U.S. Investment Advisers Act of 1940 (the “Advisers Act”) and one of its investment management entities, Polygon Global Partners LLP, is authorized and regulated by the United Kingdom Financial Conduct Authority.

Note 2 Significant Accounting Policies

Basis of Presentation

The consolidated financial statements give a true and fair view, are prepared in conformity with U.S. GAAP and comply with The Companies (Guernsey) Law, 2008.

For financial statement reporting purposes, the Fund is an investment company and follows Financial Services – Investment Companies (ASC 946).

The accounting policies have been consistently applied by the Fund during the period ended 30 June 2015 and are consistent with those used in the previous year.

The consolidated financial statements are presented in United States Dollars.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes, including the valuation of investments. The Fund’s management believes that the estimates made in preparing the consolidated financial statements are reasonable and prudent, however actual results could differ materially from these estimates.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period ended 30 June 2015 (unaudited)

Note 2 Significant Accounting Policies (continued)

Foreign Currency Translation

Transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. All assets and liabilities denominated in foreign currencies are translated to U.S. Dollars at the foreign currency closing exchange rate ruling at the reporting date. Foreign currency exchange differences arising on translation and realized gains and losses on disposals or settlements of monetary assets and liabilities are recognized in the Consolidated Statements of Operations.

Foreign currency exchange differences relating to derivative financial instruments are included in foreign currency transactions and translation of assets and liabilities in foreign currencies in the Consolidated Statements of Operations. All other foreign currency exchange differences relating to monetary items, including cash and cash equivalents and investments, are included in the foreign currency transactions and translation of assets and liabilities in foreign currencies in the Consolidated Statements of Operations.

Investment Transactions and Investment Income

Investment transactions are recorded on a trade date basis (the trade date is the date that an entity commits to purchase or sell an asset). Realized gains and losses from CLO equity and mezzanine securities, leveraged loans, forwards, investment funds, swaps, contracts for difference, listed stock, unlisted stock and other derivatives are calculated on the identified historical cost basis. Interest income is recognized on an effective interest rate basis.

Financial Instruments

Investments in CLO equity tranche investments ("CLO equity"), at fair value

In the absence of an active market for the equity tranche investments in securitization vehicles, a mark to model approach has been adopted to determine their valuation. A third party valuation model that is used by the Investment Manager and the Administrator has been selected for this purpose.

The model contains characteristics of the securitization vehicle structure, including current assets and liabilities, based upon information derived by a specialist firm, from data sources such as the securitization vehicles' trustee reports. Key model inputs include projected defaults and recovery rates and reinvestment spreads for the relevant class of underlying collateral held in the securitization vehicle. These inputs are derived by reference to a variety of market sources, which are used by both the Investment Manager and the Administrator.

The model projects future cash flows which are discounted at the applicable rate in order to determine fair value. The model assumptions are reviewed on a regular basis and adjusted as appropriate to take into account any changes in observable data in relation to these inputs.

The Fund recognizes interest income and any impairment pursuant to "Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets" (ASC 325). ASC 325 sets forth rules for recognizing interest income and determining when an investment is impaired.

In accordance with ASC 325, the excess of the estimated future cash flows over the initial investment is the accretable yield (or the "IRR") which is recognized as interest income over the life of the investment using the effective yield method. Cash distributions received from investments under ASC 325 may not necessarily equal the income earned during any given year or period. The amortized cost of each investment is equal to the initial investment plus the yield accrued to date less all cash received to date less any write downs for impairment.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 2 Significant Accounting Policies (continued)

Financial Instruments (continued)

Investments in leveraged loans, at fair value

To the extent that the Fund's leveraged loans are exchange traded and are priced or have sufficient bid price indications from normal course trading at or around the valuation date (financial reporting date), such bid pricing will determine fair value. Pricing service marks from third party pricing services may be used as an indication of fair value, depending on the volume and reliability of the marks, sufficient and reasonable correlation of bid and ask quotes, and, most importantly, the level of actual trading activity.

Investments in CLO mezzanine tranche investments, at fair value

Investments in CLO mezzanine tranches are carried at fair value using the latest broker indicative bid prices. As the mezzanine tranches are marked-to-market, changes in the fair value are recognized immediately in the Consolidated Statements of Operations.

Investments in securities, listed stock, unlisted stock and unsecured loans, at fair value

Investments in listed stock, unlisted stock and unsecured loans are carried at fair value. Where applicable their cost price, the price at which any recent transaction in the security may have been effected and any other relevant factors may be considered, as well as valuation techniques which may be used by market participants.

Investments in unlisted investment funds, at fair value

Investments in unlisted investment funds are valued utilizing the net asset valuations provided by the managers of the underlying funds and / or their administrators. This approach is known as the "practical expedient" and has been applied in accordance with the Accounting Standards Update No. 2009-12 ("ASU 2009-12").

Investments in real estate, at fair value

Investments where the primary purpose is to seek exposure to real estate are either made through an unlisted investment fund structure (see "investments in unlisted investment funds, at fair value") or where the Fund is the sole or majority investor in a company or partnership which either directly or indirectly holds this exposure.

Where the investment is as a sole or majority investor, the Fund's interests are valued by reference to net asset valuations provided by the investment advisor to the investment and/or its administrator. The underlying real estate is revalued periodically but typically no more frequently than on an annual basis.

Forward currency contracts, at fair value

Forward currency contracts are recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are based on observable foreign currency forward rates, recent market transactions, and valuation techniques, including discounted cash flow models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of fair value of a forward contract at initial recognition is the transaction price. Subsequent changes in the fair value of any forward contract are recognized immediately in the Consolidated Statements of Operations.

Interest rate swaptions, at fair value

This instrument combines the features of two other financial instruments, namely an option and an interest rate swap. A swaption involves writing / purchasing options to enter into a swap.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 2 Significant Accounting Policies (continued)

Financial Instruments (continued)

Interest rate swaptions, at fair value (continued)

When the Fund purchases a swaption, a premium is paid by the Fund and the swaption is initially recognized at the amount of the premium. The swaption is subsequently marked-to-market to reflect the fair value of the swaption purchased, which is reported as an asset on the Consolidated Statements of Assets and Liabilities, and changes in the fair value are recognized immediately in the Consolidated Statements of Operations.

Swaps and Contracts for difference

The Fund enters into swaps and contracts for difference ("CFDs") arrangements with financial institutions. Swaps and CFDs are typically traded on the OTC market. The arrangement generally involves an agreement by the Fund and a counterparty to exchange the difference between the opening and closing price of the position underlying the contract, which are generally on equity positions.

The fair value of the swap or CFD is derived by taking the difference between the quoted price of the underlying security and the contract price. Realized and unrealized gains and losses are included in the Consolidated Statements of Operations.

Credit default swaps

Credit default swaps are contracts in which the Fund pays or receives premium flows in return for the counterparty accepting or selling all or part of the risk of default or failure to pay of a reference entity on which the swap is written. Where the Fund has bought protection the maximum potential loss is the value of the premium flows the Fund is contracted to pay until maturity of the contract. Where the Fund has sold protection the maximum potential loss is the nominal value of the protection sold.

Credit default swaps are stated at fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models, as appropriate. The net income or expense on the swap agreements entered into by the Fund is reflected in the Statements of Operations. Unrealized gains are reported as an asset and unrealized losses are reported as a liability in the Statements of Assets and Liabilities. Changes in the fair value are reflected in the Statements of Operations in the period in which they occur.

Fixed Assets

Fixed assets are stated at cost and depreciated on a straight-line basis over their estimated useful lives.

Cash and Cash Equivalents

Cash comprises current deposits with banks. Cash equivalents, short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Management Contracts

Management contracts providing investment management services to investment funds, accounts and other vehicles are amortized over their useful lives. Management contracts are stated at cost less accumulated amortization and impairment. The Fund reviews purchased intangible assets for impairment where there are events or changes in circumstance that indicate the carrying value of an asset may not be recoverable.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 2 Significant Accounting Policies (continued)

Management Contracts (continued)

Amortization is recognized through profit or loss in the Consolidated Statements of Operations on a straight-line basis over the useful life of the agreements. The estimated useful life for the purposes of amortizing management contracts ranges from three to ten years.

Principles of Consolidation

In accordance with the accounting guidance in the AICPA Audit and Accounting Guide (2014): Investment Companies (the "Guide"), as an Investment Company, the Fund carries all investments at fair value.

However, operating entities are consolidated where the Fund (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 Fund rather than realize a gain on the sale of the investment. This consolidation exemption as outlined in section 7.10 of the Guide, currently applies to the Fund's holdings in Polygon, LCM and Hawke's Point (the "subsidiaries").

These consolidated financial statements include the accounts of the Fund and its subsidiaries (collectively, the "Group"). All significant intercompany balances and transactions have been eliminated on consolidation.

During the period, the Fund purchased an 85% economic stake in Equitix, an infrastructure asset management business. This investment does not meet requirement (iii) of the exemption outlined above and is therefore carried at fair value.

The Fund owns 23% of GreenOak, a real estate investment manager and certain of its affiliates. It does not meet the conditions of the exemption outlined above and is carried at fair value.

The Fund is the primary beneficiary of some securities which are considered variable interest entities ("VIE"). As the Fund is accounting for its investments at fair value in accordance with the accounting guidance in the AICPA Audit and Accounting Guide (2014): Investment Companies, all other investments in operating and non-operating entities are carried at fair value regardless of the level of control. Consolidation of such entities is not required.

At 30 June 2015, the fair value of these VIEs is approximately US\$ 1,218.4 million (31 December 2014: US\$ 1,227.4 million). These are non-recourse securities with no contingent liabilities where the Fund's maximum loss exposure is capped at the current carrying value.

Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are substantive.

The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. When the excess is negative, a bargain purchase gain is recognized immediately in the Consolidated Statements of Operations.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 2 Significant Accounting Policies (continued)

Share Based Employee Compensation

Share-based compensation expense for all equity settled share-based payment awards granted is determined based on the grant-date fair value. The Fund recognizes these compensation costs net of an estimated forfeiture rate, and recognizes compensation cost only for those shares expected to meet the service and non-market performance vesting conditions, on a straightline basis over the requisite service period of the award. These compensation costs are determined at the aggregate grant level for service-based awards and at the individual vesting tranche level for awards with performance conditions.

The Feeder issues the shares to the employees or providers of employment like services whereas the Fund receives the related services, and consequently the share based payments expense is recognized as a capital contribution. When the shares are actually issued the fair value of the shares, as determined at the time of the award, is debited against capital contribution and credited against share capital and share premium. Any associated stock dividends accrued on the original award are debited against retained earnings and credited to share capital and share premium using the value determined by the stock reference price at the date of each applicable dividend.

Fee Income

Fee income from management contracts is usually derived from either a base management fee, which is typically based on assets under management, or an incentive or performance fee which is linked to the performance of the applicable investment fund, account or vehicle. Base management fees are recognized on an accruals basis. Incentive or performance fees are recognized only when they have crystallized, which is usually on an annual or otherwise defined basis.

Dividend Income

Dividend income is recorded on the ex-dividend date, or when the information becomes available to the Fund.

Other Income

Where investment management, operating, infrastructure and administrative services are contractually provided to external entities outside of the consolidated Group, these services, along with any associated direct costs are invoiced and recorded as other income. This income is recognized on an accruals basis.

Expenses

Expenses are recognized in the Consolidated Statements of Operations on an accruals basis.

Taxation

Income taxes, Fund

The Fund is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and is charged GBP 600 per annum. The Fund has consolidated invested in U.S. and UK operating businesses which are subject to federal and local taxes as applicable.

Income taxes, Corporate Entities

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 2 Significant Accounting Policies (continued)

Taxation (continued)

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

In accordance with ASC Subtopic 740-10 – Income Taxes – Overall, the Fund recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. There were no uncertain tax positions recognized at 30 June 2015 (30 June 2014: Nil).

Dividend Expense

Dividend expense from shares are recognized in the Consolidated Statements of Changes in Net Assets.

Note 3 ASC 820, Fair Value Measurements

The Fund has adopted the provisions of “Fair Value Measurements” (ASC 820). ASC 820 defines fair value as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date.

ASC 820 also establishes a framework for measuring fair value and a three level hierarchy for fair value measurement based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability.

The three levels of the fair value hierarchy are described below:

- Level 1 - Quoted in active markets for identical investments.
- Level 2 - Prices determined using other significant observable inputs. These may include quoted prices for similar securities, interest rates, prepayments spreads, credit risk and others.
- Level 3 - Unobservable inputs. Unobservable inputs reflect assumptions market participants would be expected to use in pricing the asset or liability.

The following is a summary of investments by asset class, derivative financial instruments and level as of 30 June 2015 in valuing the Fund’s assets and liabilities carried at fair value:

	Level 1 US\$ MM	Level 2 US\$ MM	Level 3 US\$ MM	Total Fair Value US\$ MM
CLO Equity Tranches	-	-	734.2	734.2
CLO Mezzanine	-	1.8	-	1.8
Loans	-	11.3	142.8	154.1
Unlisted Stock	-	7.8	89.7	97.5
Investment funds and Vehicles	-	344.0	140.3	484.3
Forward foreign exchange contracts (asset)	-	1.5	-	1.5
Forward foreign exchange contracts (liability)	-	(10.4)	-	(10.4)
Credit default swaps	-	(2.6)	-	(2.6)
Equity total return swaps (asset)	-	7.4	-	7.4
	-	360.8	1,107.0	1,467.8

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period ended 30 June 2015 (unaudited)

Note 3 ASC 820, Fair Value Measurements (continued)

During the period ended 30 June 2015, an unlisted stock transferred from level 3 to level 2 as a result of a regularly published pricing source becoming available.

The following is a summary of investments by asset class, derivative financial instruments and level as of 31 December 2014 in valuing the Fund's assets and liabilities carried at fair value:

	Level 1 US\$ MM	Level 2 US\$ MM	Level 3 US\$ MM	Total Fair Value US\$ MM
CLO Equity Tranches	-	-	816.9	816.9
CLO Mezzanine	-	1.7	-	1.7
Broadly Syndicated Senior Secured Loans	-	22.1	-	22.1
Unsecured Loan	-	-	6.4	6.4
Unlisted Stock	-	-	69.3	69.3
Listed Stock	29.4	-	-	29.4
Investment funds and Vehicles	-	322.1	88.3	410.4
Interest rate swaptions	-	0.6	-	0.6
Forward foreign exchange contracts (asset)	-	11.5	-	11.5
Forward foreign exchange contracts (liability)	-	(1.5)	-	(1.5)
Credit default swaps	-	(4.1)	-	(4.1)
Equity total return swaps (asset)	-	7.1	-	7.1
Equity total return swaps (liability)	-	(0.2)	-	(0.2)
	29.4	359.3	980.9	1,369.6

The following is a reconciliation of the Fund's assets in which significant unobservable inputs (Level 3) were used in determining fair value at 30 June 2015.

	CLO Equity Tranches US\$ MM	Loans US\$ MM	Unlisted Stock US\$ MM	Investment Funds and Vehicles US\$ MM	Total US\$ MM
Balance at start of period	816.9	6.4	69.3	88.3	980.9
Purchases of investments	27.8	130.7	22.6	54.9	236.0
Proceeds from sale of investments	(6.5)	(6.5)	-	(22.4)	(35.4)
Transfer out of level 3	-	-	(7.8)	-	(7.8)
Realized gain / change in unrealized appreciation	(8.1)	12.2	5.6	19.5	29.2
Amortization	(95.9)	-	-	-	(95.9)
Balance at end of period	734.2	142.8	89.7	140.3	1,107.0

The following is a reconciliation of the Fund's assets in which significant unobservable inputs (Level 3) were used in determining fair value at 31 December 2014.

	CLO Equity Tranches US\$ MM	Unsecured Loan US\$ MM	Unlisted Stock US\$ MM	Investment Funds and Vehicles US\$ MM	Total US\$ MM
Balance at start of year	1,120.4	11.1	28.4	60.8	1,220.7
Purchases of investments	84.3	-	2.4	77.0	163.7
Proceeds from sale of investments	(171.4)	(5.1)	-	(56.3)	(232.8)
Realized gain / change in unrealized appreciation / (depreciation)	0.3	0.4	38.5	6.8	46.0
Amortization	(216.7)	-	-	-	(216.7)
Balance at end of year	816.9	6.4	69.3	88.3	980.9

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 3 ASC 820, Fair Value Measurements (continued)

Quantitative information about Level 3 Fair Value Measurements

Investments in securities	Balance at 30 June 2015 US\$ MM	Valuation methodology	Unobservable inputs	Range
CLO Equity Tranches	734.2	Market standard model	See investments in CLO equity tranche investments	N/A
Loans	142.8	Transaction	Transaction price	6.6 - 12%
Unlisted Stock	67.2	Market standard model	Price / earnings ratios Valuation as % of assets under management	7 – 11x 4.9 - 7.8%
Unlisted Stock	22.5	Transaction	Transaction price	N/A
Investment Funds and Vehicles	140.3	Net asset value of underlying investment companies	Lock up period	N/A
Investments in securities	Balance at 31 December 2014 US\$ MM	Valuation methodology	Unobservable inputs	Range
CLO Equity Tranches	816.9	Market standard model	See investments in CLO equity tranche investments	N/A
Loans	6.4	Market standard model	Cost of financing for loan counterparty	3 - 6%
Unlisted Stock	69.3	Market standard model	Price / earnings ratios Valuation as % of assets under management	7 – 11x 5.7 - 9.0%
		Broker marks	Discount to broker marks	10%
Investment Funds and Vehicles	88.3	Net asset value of underlying investment companies	Lock up period	N/A

The fair value of the level 3 investments are sensitive to the inputs used in the valuation process. The CLO equity valuations are sensitive to a number of different inputs to the third party model. For example, if the default rate assumption inputs were increased, assuming all other inputs were held constant, then the fair value would decrease.

Equally, if the discount rates applied to projected cash flows were increased, and similarly assuming all other inputs were held constant, then the fair value would also decrease.

Loans

The loan investments relate to two tranches of loans advanced to Equitix as part of its acquisition by the Fund. A mezzanine loan of £7.3 million (US\$ 11.5 million) was advanced at a rate of LIBOR+6%.

Loan notes with a notional of £79.5 million (US\$ 124.9 million) and a coupon of 12% were also issued by Equitix to the Fund as part of the transaction. Due to the proximity of the transaction date to the valuation date both the loan notes and the mezzanine notes have been valued at the transaction price plus accrued interest.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 3 ASC 820, Fair Value Measurements (continued)

Quantitative information about Level 3 Fair Value Measurements (continued)

Unlisted stock

The unlisted stock investment valued by reference to a market standard model represents a 23% stake in GreenOak, which had a fair value of US\$ 67.2 million at 30 June 2015 (31 December 2014: US\$ 66.5 million). The primary market metric utilised to determine this valuation was a range of price / earnings multiples (as indicated in the table on page 19) applied to the projected profitability of GreenOak, which in turn creates a fair value range. From this range a value at the 50th centile was selected (31 December 2014: 65th centile (i.e. lower half of the range)). Given the methodology utilised, if the multiples applied to the projected profitability were decreased then the fair value range would also be decreased.

Certain unlisted stock positions totalling US\$ 22.5 million have been valued utilising their purchase price. This reflects the proximity of valuation date to transaction date and as a methodology is commonly referred to as being “priced at recent investment”.

Collective investment schemes

The collective investment schemes are valued using the net asset value of the underlying investment companies using the approach known as the “practical expedient”. This is in accordance with ASU 2009-12.

CLO equity tranches

As disclosed in Note 2, a mark to model approach has been adopted to determine the value of the equity tranche CLO investments. As at 30 June 2015, some of the modeling assumptions used are disclosed below.

The modeling assumptions disclosed below are a weighted average (by U.S. Dollar amount) of the individual deal assumptions, aggregated by geography (i.e. U.S. and European). Each individual deal’s assumptions may differ from this geographical average and vary across the portfolio.

U.S. CLO equity tranche investments –

	30 June 2015	31 December 2014
Constant Annual Default Rate (“CADR”)	Approximately 2.2%, which is 1.0x the original Weighted Average Rating Factor (“WARF”) derived base-case default rate for the life of the transaction.	Approximately 2.2%, which is 1.0x the original Weighted Average Rating Factor (“WARF”) derived base-case default rate for the life of the transaction.
Recovery Rate	73%, which is 1.0x of the original base-case assumed weighted-average recovery rate, for the life of the transaction.	73%, which is 1.0x of the original base-case assumed weighted-average recovery rate, for the life of the transaction.
Prepayment Rate	20% p.a., the original base-case prepayment rate with a 0% prepayment rate on bonds throughout the life of the transaction.	20% p.a., the original base-case prepayment rate with a 0% prepayment rate on bonds throughout the life of the transaction.
Reinvestment Price and Spread	Assumed reinvestment price is par for the life of the transaction, with an effective spread over LIBOR of approximately 376 bps on broadly U.S. syndicated loan deals which are still in their reinvestment periods. Middle Market loan deals are all through their reinvestment period.	Assumed reinvestment price is par for the life of the transaction, with an effective spread over LIBOR of approximately 371 bps on broadly U.S. syndicated loan deals which are still in their reinvestment periods (294 bps for all applicable deals including those through their reinvestment period). Middle Market loan deals are all through their reinvestment period.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 3 ASC 820, Fair Value Measurements (continued)

European CLO equity tranche investments -

	30 June 2015	31 December 2014
Constant Annual Default Rate ("CADR")	Approximately 2.1%, which is 1.0x the original WARF derived base-case default rate for the life of the transaction.	Approximately 2.1%, which is 1.0x the original WARF derived base-case default rate for the life of the transaction.
Recovery Rate	68%, which is 1.0x of the original base-case assumed weighted-average recovery rate, for the life of the transaction.	68%, which is 1.0x of the original base-case assumed weighted-average recovery rate, for the life of the transaction.
Prepayment Rate	20% p.a., the original base-case prepayment rate with a 0% prepayment rate on bonds throughout the life of the transaction.	20% p.a., the original base-case prepayment rate with a 0% prepayment rate on bonds throughout the life of the transaction.
Reinvestment Price and Spread	All European deals are through their reinvestment period.	All European deals are through their reinvestment period.

When determining the fair value of the equity tranches a discount rate is applied to the expected future cash flows derived from the third party valuation model. The discount rate applied to those future cash flows reflects the perceived level of risk that would be used by another market participant in determining fair value. In determining the discount rates to use an analysis of the observable risk premium data as well as the individual deal's structural strength and credit quality is undertaken.

As at 30 June 2015, for the pre-2010 vintage U.S. equity tranches, the Fund applies a 12.0% discount rate to the expected future cashflows (31 December 2014: 12.0%). The European equity tranches are all discounted at 13.0% (31 December 2014: 13.0%). For both U.S. and European deals the aforementioned discount rates represent a significant spread over observed yields on the applicable BB-rated CLO tranches for each geographical region at that date.

For the post-2010 vintage U.S. equity tranches, an increased level of transparency over certain data points and metrics associated with such deals has enabled the determination of a generic discount rate for this sub-asset class. As at 30 June 2015, a discount rate of 11.0% is applied to the future projected cash flows of seasoned U.S. 2.0 deals.

More recently-issued U.S. 2.0 deals (within 12 months of deal closing) continue to be discounted at their respective deal IRRs. The weighted average IRR for deals discounted using deal specific IRRs was 14.3% at 30 June 2015 (31 December 2014: 13.1%). The IRRs for such deals ranged from 13.8% to 14.6% (31 December 2014: 12.1% to 14.1%) and the fair value of deals discounted using deal specific IRRs was 6.7% (31 December 2014: 9.9%) of the CLO equity portfolio by fair value.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period ended 30 June 2015 (unaudited)

Note 4 Management Contracts

During 2012, the Fund acquired TFG Asset Management L.P. and certain of its affiliates. Of the assets that were purchased, intangible assets consisting of management contracts for hedge funds and private equity funds were identified. These are tested for impairment on a regular basis and are amortized over an estimated useful life as detailed below.

30 June 2015					
	Weighted average amortization period	Gross carrying amount US\$ MM	Weighted average outstanding amortization period	Accumulated amortization US\$ MM	Net carrying amount US\$ MM
Amortizing intangible assets:					
Management contracts – hedge funds	10 years	34.3	6 years 10 months	9.1	25.2
Management contracts – private equity	3 years	10.2	4 months	9.1	1.1
Total		<u>44.5</u>		<u>18.2</u>	<u>26.3</u>

31 December 2014					
	Weighted average amortization period	Gross carrying amount US\$ MM	Weighted average outstanding amortization period	Accumulated amortization US\$ MM	Net carrying amount US\$ MM
Amortizing intangible assets:					
Management contracts – hedge funds	10 years	34.3	7 years 4 months	7.4	26.9
Management contracts – private equity	3 years	10.2	10 months	7.4	2.8
Total		<u>44.5</u>		<u>14.8</u>	<u>29.7</u>

Aggregate amortization expense for amortizing intangible assets was US\$ 3.4 million for the period ended 30 June 2015 (30 June 2014: US\$ 3.4 million). Estimated annual amortization expense for the next seven and a half years is US\$ 2.9 million in the remainder of 2015, US\$ 3.4 million in years 2016 to 2021 and US\$ 3.0 million in 2022.

Note 5 Equitix

On 2 February 2015, TFG completed the acquisition of Equitix for a total enterprise value of £159.5 million (US\$ 239.9 million), which was partially financed by an external £60 million (US\$ 90.2 million) bank facility. TFG's investment is structured through the holding of a mezzanine loan, 12% loan notes and an equity stake. TFG holds 85% of the loan notes with management holding 15%. Over time its effective economic share through the equity holding is expected to decline to 74.8% with management owning the balance.

The purchase agreement also provided for some additional contingent consideration of up to £15.0 million, payable in early 2017 and subject to Equitix outperforming certain elements of its business plan. This contingent payment is contractually due from Equitix rather than the Fund and therefore is not an obligation of the Fund.

	30 June 2015 US\$ MM
Loan notes	131.1
Mezzanine loan	11.7
Equity	2.6
Total	<u>145.4</u>

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 6 GreenOak

The Fund owns a 23% interest in GreenOak which it carries at fair value.

The following table outlines the movement in fair value of the investment in GreenOak.

	30 June 2015 US\$ MM	31 Dec 2014 US\$ MM
Opening fair value	66.5	28.4
Change in unrealized appreciation	0.7	38.1
Closing fair value	67.2	66.5

The Fund provided GreenOak with working capital of up to US\$ 10.0 million in the form of a seven year non-recourse loan facility. Under the terms of this facility, the first US\$ 5.0 million earned an annual interest rate of 3% and the balance earned an annual interest rate of 6%. During the period, GreenOak repaid the amount remaining outstanding on the loan.

The following table outlines the movement in the fair value of the unsecured working capital facility provided by the Fund to GreenOak.

	30 June 2015 US\$ MM	31 Dec 2014 US\$ MM
Opening fair value	6.4	11.1
Unrealized appreciation	0.1	0.4
Paydown of loan	(6.5)	(5.1)
Closing fair value	-	6.4

Note 7 Cash and Cash Equivalents

	30 June 2015 US\$ MM	31 Dec 2014 US\$ MM
Cash and current deposits with banks	333.3	372.7
Foreign currency cash with banks (cost: US\$ 45.3 million (31 December 2014: US\$ 30.3 million))	45.5	29.3
	378.8	402.0

Of this cash balance, approximately US\$ 5.5 million was held with respect to certain capital requirements in regulated entities (31 December 2014: US\$ 5.5 million).

Note 8 Financial Instruments with Off-Balance Sheet Risk and Concentration of Credit Risk

To the extent prices may be obtained on some or all of the Fund's assets, those prices may be extremely volatile, and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including, but not limited to, changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic and international economic or political events, developments or trends in any particular industry, and the financial condition of the obligors of the Fund's assets.

The Fund's assets include securities or other financial instruments or obligations which are thinly traded or for which no market exists or which are restricted as to their transferability under applicable securities laws. The valuation of the CLO equity tranche investments is determined using a third-party cash flow modeling 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 these CLO equity investments.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 8 Financial Instruments with Off-Balance Sheet Risk and Concentration of Credit Risk (continued)

Since this involves modeling, 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 the CLO equity investments, the Fund 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. Although seeking to utilize, where possible, observable market data, for certain assumptions the Investment Manager may be required to make subjective judgements and forward-looking determinations, and its experience and knowledge is instrumental in the valuation process.

Further, because of overall size or concentration in particular markets of positions held by the Fund, the value at which its investments can be liquidated may differ, sometimes significantly, from the interim valuations arrived at.

A significant portion of the Fund's investments consist of interests in and / or economic exposures to limited recourse securities that are subordinated in right of payment and ranked junior to other securities that are secured by the same pool of assets. In the event of default by an issuer in relation to such investments holders of the issuer's more senior securities will be entitled to payments in priority to the Fund.

Some of the Fund's investments may also have structural features that divert payments of interest and / or principal to more senior classes secured by the same pool of assets when the delinquency or loss experience of the pool exceeds certain levels. This may lead to interruptions in the income stream that the Fund anticipates receiving from its investment portfolio. To the extent that actual losses on the underlying collateral exceed the level of assumed losses used to determine the fair value of the investment, the value of the investment may be reduced.

Some of the Fund's assets are held by a custodian and the Fund is exposed to the credit risk of this counterparty. The Fund has also entered into derivative transactions which results in exposure to counterparty credit risk. The counterparties to these derivative transactions are major financial institutions.

As part of the Fund's current investment strategy it may employ hedging strategies and leverage in seeking to provide attractive returns from the portfolio while managing risk. The hedging strategy may include the use of single name or index credit hedges when and where appropriate as well as foreign exchange rate hedges and interest rate swaptions. This is reviewed on an on-going basis in order to seek to address identified risks to the extent practicable and in a cost effective manner. As at 30 June 2015 single name credit hedges with a notional of US\$ 139.4 million were in place (31 December 2014: US\$ 151.3 million).

As at 30 June 2015, the Fund had a number of forward foreign exchange contracts in place with original maturities ranging from three months to approximately five years. The Fund typically agrees to sell foreign currency and buy U.S. Dollars in order to hedge long non-U.S. Dollar investment positions. The total open balance as at the end of the period was net long U.S. Dollars US\$ 321.3 million, having executed 48 transactions during the period at an average notional of US\$ 13.3 million. (31 December 2014: net long U.S. Dollars US\$ 206.9 million, having executed 59 transactions during the year at an average notional of US\$ 22.2 million).

The Fund's investments in leveraged loans through equity tranche investments in securitization vehicles generate LIBOR plus returns and are sensitive to interest rate levels and volatility. Although these vehicles are structured to hedge interest rate risk through the use of matched funding, there may be some difference between the timing of LIBOR resets on the liabilities and assets, which could have a negative effect on the amount of funds distributed to equity tranche holders.

Furthermore, in the event of a significant rising interest rate environment and / or economic downturn, loan defaults may increase and result in credit losses that may be expected to affect the Fund's cash flow, fair value of its assets and operating results adversely. The Fund may utilize hedging instruments, such as interest rate swaptions, to try and mitigate interest rate tail risks.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 8 Financial Instruments with Off-Balance Sheet Risk and Concentration of Credit Risk (continued)

The Fund has made investments into certain collective investment schemes. These include real estate investment vehicles and hedge funds which have exposure to securities including equities, convertible bonds and derivatives. These underlying investments may be in securities or assets which are illiquid and / or in different geographies around the world. These investments may be subject to counterparty risk. Capital invested into the investment vehicles may be subject to lock ups and gates, or subject to the realization of the underlying investments and assets. The Fund has also made investments into equities which are directly held. These investments are subject to market and liquidity risk.

The Fund enters into swaps and CFDs with financial institutions. The Fund utilizes these swap or CFD agreements as an efficient means of hedging or of obtaining exposure to certain underlying investments. The Fund is subject to the risk of the inability or refusal to perform with respect to such contracts on the part of counterparties trading with it, as well as risks relating to the creditworthiness of the swap counterparty, market risk, liquidity risk and operations risk. Through swaps or CFDs the Fund can in effect be exposed to increases or decreases in the value of an equity or index or to decreases or increases in the value of a related equity or index.

Depending on how they are used, the agreements may increase or decrease the overall volatility of the portfolio and performance of the Fund. During the period to 30 June 2015 the Fund had a weighted average notional exposure of US\$ 212.9 million through swaps referencing underlying individual equity positions, compared to US\$ 259.2 million in the year to 31 December 2014.

The Fund's investments that are denominated in currencies other than U.S. Dollar are subject to the risk that the value of such currency will decrease in relation to the U.S. Dollar. The Fund currently uses foreign exchange rate forwards to seek to hedge this currency risk in whole or in part, to the extent practicable and in a cost effective manner. As described above, the hedging strategy (including these currency hedges) is reviewed on an on-going basis. Details of the Fund's investment portfolio at the reporting date are disclosed in the Consolidated Condensed Schedule of Investments on pages 6 and 7.

The Fund is required to disclose the impact of offsetting assets and liabilities represented in the statements of assets liabilities to enable evaluation of the effect or potential effect of netting arrangements on its financial position for recognized assets and liabilities.

As of 30 June 2015, the Fund holds financial instruments and derivative instruments that are eligible for offset in the statements of assets and liabilities and are subject to a master netting arrangement. The master netting arrangement allows the counterparty to net any collateral held on behalf of the Fund or liabilities or payment obligations of the counterparty against any liabilities or payment obligations of the Fund to the counterparty.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period ended 30 June 2015 (unaudited)

Note 8 Financial Instruments with Off-Balance Sheet Risk and Concentration of Credit Risk (continued)

The following table provides disclosure regarding the potential effect of offsetting of recognized assets presented in the statement of assets and liabilities:

Description	30 June 2015					
	Gross Amount of Recognized Assets US\$ MM	Gross Amounts Offset in the Statements of Assets and Liabilities US\$ MM	Net Amounts Presented in the Statements of Assets and Liabilities US\$ MM	Financial instruments eligible for netting US\$ MM	Cash Collateral received/ (posted) US\$ MM	Net Amount US\$ MM
Assets						
Derivatives	8.9	-	8.9	(1.8)	-	7.1
Total	8.9	-	8.9	(1.8)	-	7.1
Liabilities						
Derivatives	13.0	-	13.0	(1.8)	(11.2)	-
Total	13.0	-	13.0	(1.8)	(11.2)	-
Description	31 December 2014					
	Gross Amount of Recognized Assets US\$ MM	Gross Amounts Offset in the Statements of Assets and Liabilities US\$ MM	Net Amounts Presented in the Statements of Assets and Liabilities US\$ MM	Financial instruments eligible for netting US\$ MM	Cash Collateral received/ (posted) US\$ MM	Net Amount US\$ MM
Assets						
Derivatives	19.2	-	19.2	(2.1)	-	17.1
Total	19.2	-	19.2	(2.1)	-	17.1
Liabilities						
Derivatives	5.8	-	5.8	(2.1)	(3.7)	-
Total	5.8	-	5.8	(2.1)	(3.7)	-

Note 9 Amounts Due From Brokers

The amounts due from brokers is cash pledged as collateral on the forward contracts and equity swaps. As at 30 June 2015, the collateral cash balance with UBS AG was US\$ 26.5 million (31 December 2014: US\$ 2.0 million), BNP Paribas was US\$ 9.8 million (31 December 2014: US\$ 13.3 million) Morgan Stanley was US\$ 1.5 million (31 December 2014: US\$ 1.4 million) and Bank of America Merrill Lynch was US\$ 34.8 million (31 December 2014: US\$ 35.4 million).

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 10 Other Receivables

	30 Jun 2015	31 Dec 2014
	US\$ MM	US\$ MM
Accrued fee income	3.8	12.1
Cost recovery receivable	2.6	2.2
Amounts due from affiliated funds	-	5.8
Prepayments	2.8	1.9
Rent deposits on properties	1.7	1.7
Other receivables	5.8	9.1
	<u>16.7</u>	<u>32.8</u>

Note 11 Other Payables and Accrued Expenses

	30 Jun 2015	31 Dec 2014
	US\$ MM	US\$ MM
Employee costs	33.3	41.1
Amounts owing to former Polygon partners (see Note 24)	3.5	3.5
Other operating and administrative expenses	4.5	5.9
	<u>41.3</u>	<u>50.5</u>

Note 12 Share Capital

Authorized

The Fund has an authorized share capital of US\$ 1.0 million divided into 10 voting shares, having a par value of US\$ 0.001 each and 999,999,990 non-voting shares (which are the "Shares" referred to herein), having a par value of US\$ 0.001 each.

Voting Shares

All of the Fund's voting shares are issued at par and are beneficially owned by the Voting Shareholder, a non-U.S. affiliate of the Investment Manager. The voting shares will be the only shares entitled to vote for the election of Directors and on all other matters put to a vote of shareholders, subject to the limited rights of the Shares described below. The voting shares are not entitled to receive dividends.

Non-Voting Shares

The Shares carry a right to any dividends or other distributions declared by the Fund. The Shares are not entitled to vote on any matter other than limited voting rights in respect of variation of their own class rights.

Dividend Rights

Dividends may be paid to the holders of Shares at the sole and absolute discretion of the Directors. The voting shares carry no rights to dividends.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period ended 30 June 2015 (unaudited)

Note 12 Share Capital (continued)

Share Transactions

	Voting Shares No.	Shares No. MM	Shares US\$ MM
Shares in issue at 31 December 2013	10	98.9	0.1
Issued in lieu of stock dividend	-	0.6	-
Issued through release of tranche of Escrow Shares	-	1.2	-
Treasury Shares purchased during the year	-	(4.9)	-
Shares in issue at 31 December 2014	10	95.9	0.1
Issued in lieu of stock dividend	-	0.6	-
Issued through release of tranche of Escrow Shares	-	0.3	-
Shares in issue at 30 June 2015	10	96.8	0.1

Treasury Shares

The Fund owns a subsidiary, TFG Holdings I, to which it may transfer, and has transferred, Shares previously held in a Treasury Account. Where this occurs the status of the Shares is unchanged from an accounting perspective and they are not included in the Shares outstanding on the Consolidated Statements of Assets and Liabilities.

On 30 November 2007, the Feeder announced the implementation of a share repurchase program of their outstanding Shares and this was renewed on several occasions. As at 30 June 2015, there was no share repurchase program in place.

When the program was in operation, the Fund undertook to repurchase an identical number of its own Shares from the Feeder as and when it made these repurchases in the open market.

The Fund matched the price per Share paid by the Feeder. The Shares are held in a Treasury Account or in a subsidiary allowing them to potentially be resold back to the Feeder if it resells its own shares back into the market at a later date. Whilst they are held by the Fund (whether directly or via a subsidiary), the Shares are neither eligible to receive dividends nor are they included in the Shares outstanding on the Statements of Assets and Liabilities.

As at 30 June 2015, 16.6 million Shares are held in TFG Holdings I (31 December 2014: 16.6 million) and 12.8 million Shares in the Treasury Account (31 December 2014: 12.8 million) with an aggregate attributed cost of US\$ 261.0 million (31 December 2014: US\$ 261.0 million).

Treasury Share Transactions

	Treasury Shares Shares No. MM	Shares held in subsidiary Shares No. MM
Shares brought forward at 31 December 2013	7.9	16.6
Treasury Shares purchased during the year	4.9	-
Treasury Shares at 31 December 2014	12.8	16.6
Treasury Shares purchased during the period	-	-
Treasury Shares 30 June 2015	12.8	16.6

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period ended 30 June 2015 (unaudited)

Note 13 Share Premium

	30 Jun 2015	31 Dec 2014
	US\$ MM	US\$ MM
Balance at start of period / year	888.6	922.4
Premium arising from issuance of Shares	8.1	17.1
Discount arising from purchase of Shares	-	(50.9)
Balance at end of period / year	<u>896.7</u>	<u>888.6</u>

Note 14 Dividends

	30 Jun 2015	30 Jun 2014
	US\$ MM	US\$ MM
	'000	'000
Quarter ended 31 December 2013 of US\$ 0.15 per share	-	14.9
Quarter ended 31 March 2014 of US\$ 0.15 per share	-	14.1
Quarter ended 31 December 2014 of US\$ 0.1575 per share	15.1	-
Quarter ended 31 March 2015 of US\$ 0.1575 per share	15.2	-
	<u>30.3</u>	<u>29.0</u>

The second quarter dividend of US\$ 0.1625 per share was approved by the Directors on 29 July 2015 and has not been included as a liability in these financial statements.

The Fund also pays a dividend to the Feeder that is sufficient to pay their incentive fee liability which in the period ended 30 June 2015 was US\$ 24.5 million (30 June 2014: US\$ 43.5 million).

Note 15 Retained Earnings

	30 Jun 2015	31 Dec 2014
	US\$ MM	US\$ MM
Balance at start of period / year	914.8	906.6
Net income resulting from operations for the period / year	124.7	119.5
Dividends paid to shareholders	(30.3)	(58.4)
Stock dividends on Shares released from Escrow	(0.3)	(1.4)
Dividends paid to Feeder	(24.5)	(51.5)
Balance at end of period / year	<u>984.4</u>	<u>914.8</u>

Note 16 Capital contribution

	30 Jun 2015	31 Dec 2014
	US\$ MM	US\$ MM
Balance at start of period / year	31.4	17.6
Capital contribution	11.5	23.1
Release of Feeder Escrow Shares	(2.2)	(9.3)
Balance at end of period / year	<u>40.7</u>	<u>31.4</u>

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period ended 30 June 2015 (unaudited)

Note 17 Income and Deferred Tax Expense

Income tax for the period ended 30 June 2015 and 30 June 2014 consists of:

	Current US\$ MM	Deferred US\$ MM	Total US\$ MM
Period ended 30 June 2015:			
U.S. Federal and local	4.3	1.2	5.5
UK	1.4	(0.6)	0.8
	5.7	0.6	6.3
Period ended 30 June 2014:			
U.S. Federal and local	3.4	(0.2)	3.2
UK	-	(0.7)	(0.7)
	3.4	(0.9)	2.5

US\$ 3.3 million of current tax was payable at the end of the period (31 December 2014: US\$ 2.9 million) with US\$ 3.3 million receivable (31 December 2014: US\$ 0.6 million).

Tax Rate Reconciliation

Income tax expense was US\$ 6.3 million for the period ended 30 June 2015 (30 June 2014: US\$ 2.5 million), and differed from the amounts computed by applying the U.S. Federal income tax of 35% to pretax increase in the net assets as a result of the following:

	30 Jun 2015 US\$ MM	30 Jun 2014 US\$ MM
Net increase in operations before tax	131.0	93.8
Computed "expected" tax expense at 35%	45.9	31.9
<i>Deduction in income taxes resulting from:</i>		
Income not subject to U.S. tax	(40.7)	(30.3)
State and local income taxes	1.1	0.9
Total income and deferred tax expense	6.3	2.5

Deferred Tax

	30 Jun 2015 US\$ MM	31 Dec 2014 US\$ MM
Deferred tax assets		
Employee compensation payments	8.6	10.0
Loss carried forward	-	-
Total deferred tax assets	8.6	10.0
Deferred tax liabilities		
Undistributed earnings	0.9	0.8
Amortisation of intangible assets	6.9	7.8
Total deferred tax liabilities	7.8	8.6
Net deferred tax assets	0.8	1.4

Deferred tax assets include US\$ 8.6 million (31 December 2014: US\$ 10.0 million) relating to amounts accrued for employee compensation in 2014 which will only be an allowable expense in 2015 for tax purposes.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period ended 30 June 2015 (unaudited)

Note 17 Income and Deferred Tax Expense (continued)

Deferred Tax (continued)

US\$ 6.9 million (31 December 2014: US\$ 7.8 million) is being recognized as a deferred tax liability due to the amortisation on management contracts being a disallowable expense for tax purposes. This will be released over time as the management contracts are amortized. US\$ 0.9 million has also been recognized as a liability with respect to applicable undistributed earnings at a withholding rate of 5%.

Note 18 Interest Income

	30 Jun 2015	30 Jun 2014
	US\$ MM	US\$ MM
Debt securities – CLO equity tranches and mezzanine tranches	61.1	84.1
Debt securities – Leveraged loans	0.4	0.9
Debt securities – Unsecured loans	-	0.2
Cash and other	0.1	0.1
	61.6	85.3

Note 19 Fee Income

	30 Jun 2015	30 Jun 2014
	US\$ MM	US\$ MM
Management fees		
CLO	15.8	18.6
Hedge Funds and private equity	13.4	10.3
Performance fees	1.5	4.1
	30.7	33.0

CLO management fee income generally comprises senior and subordinated fees and in aggregate these fees currently range from 25 bps to 50 bps per annum of collateral under management. In addition to fee income earned on CLOs directly managed it also includes fee income derived from a number of one-off and long-term fee sharing arrangements with third parties. In the period to 30 June 2015 these third party fees generated US\$ 5.1 million (30 June 2014: US\$ 7.6 million).

Hedge fund management fees charged to external investors are typically 150 bps of net assets under management and depending upon the applicable fund and share class certain other expenses may also be recovered. Management fees paid in connection with the private equity style vehicle are either 200 bps of net assets under management or a fixed declining management fee depending on the applicable class.

Performance or incentive fees may be earned on hedge fund vehicles contingent upon the terms of each vehicle and the share class where applicable. They may also be earned through management of CLO vehicles once the vehicle has generated a specified return for the equity or subordinated tranche. During the period, such fees totaling US\$ 1.5 million were earned (30 June 2014: US\$ 4.1 million).

Where the Fund invests in Polygon hedge fund or other investment vehicles, it is able to invest at a preferred level of fees. The fees received by such affiliated managers from the Fund's investment are included and recognized in fee income reported in the Fund's Consolidated Statements of Operations. During the period, these fee income amounts were US\$ 2.2 million of management fees (30 June 2014: US\$ 2.1 million) and US\$ Nil million of performance fees (30 June 2014: US\$ Nil). The Fund also invests on preferred fee terms with its other affiliated asset managers (i.e. LCM and GreenOak).

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 19 Fee Income (continued)

Where the Fund is seeding an investment vehicle or otherwise supporting its development, the vehicle's investment manager may also recharge certain additional costs or fee equivalents, to the Fund's investment in that vehicle. In 2015 the amount of fee equivalents recharged under these arrangements by Polygon hedge fund managers was US\$ 4.2 million (30 June 2014: US\$ 0.9 million).

Note 20 Other income

Summary of other income – cost recovery

	30 Jun 2015	30 Jun 2014
	US\$ MM	US\$ MM
Employee costs	6.9	7.7
Legal and professional fees	0.1	0.3
Technology	1.1	1.2
Premises	1.5	1.6
Other	0.3	0.6
	9.9	11.4

Note 21 Other operating and administrative expenses

	30 Jun 2015	30 Jun 2014
	US\$ MM	US\$ MM
Premises	(4.3)	(4.6)
Amortisation of intangible assets	(3.4)	(3.4)
Technology	(2.8)	(3.2)
Other	(3.3)	(2.8)
	(13.8)	(14.0)

Note 22 Share Based Employee Compensation

On 28 October 2012, TFG Asset Management L.P. and certain of its affiliates, were acquired in exchange for consideration of approximately 11.7 million non-voting shares of the Feeder to the sellers (the "Aggregate Consideration"). The Aggregate Consideration is held in escrow (along with accrued stock dividends), by the escrow agent pursuant to the terms of the escrow agreement. The first tranches were released in 2013 and 2014 with the remainder being released over the period 2015 to 2017.

Under ASC 805 - Business Combinations ("ASC 805") these shares were treated as payment for post combination services rather than upfront consideration. The Fund recognizes the individual compensation costs on a straight line basis over the relevant service period of each award if the vesting performance conditions are met. These are reflected in the Consolidated Statements of Operations as share based employee compensation and through Equity as a separate reserve. The charge for the period ended 30 June 2015 amounted to US\$ 11.5 million (30 June 2014: US\$ 11.5 million).

The table below shows the number of Feeder shares which are currently expected to vest over the period to 2017, including accrued stock dividends up to the end of June 2015. These shares are all entitled to any future stock dividends prior to their release from escrow and so the actual amount of shares vesting each year may be higher. Upon the release of the Feeder shares from escrow, the Fund will issue an identical number of Shares to the Feeder.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period ended 30 June 2015 (unaudited)

Note 22 Share Based Employee Compensation (continued)

Vesting Schedule – Shares as at 30 June 2015

	Shares No. MM	US\$ MM
2015	4.3	11.6
2016	3.5	16.6
2017	2.9	12.6
	10.7	40.8

Vesting Schedule – Shares as at 30 June 2014

	Shares No. MM	US\$ MM
2014	1.5	11.5
2015	4.1	23.1
2016	3.3	16.6
2017	2.7	12.6
	11.6	63.8

Note 23 Contingencies and Commitments

The Fund committed to provide a co-investment commitment of up to US\$ 100.0 million into GreenOak investment vehicles. As at 30 June 2015, it had funded US\$ 77.8 million of this commitment, (31 December 2014: US\$ 40.2 million). The Fund has made investment commitments in several existing vehicles where only a partial capital drawdown has occurred to date. Not all of such commitments are applicable towards the original co-investment commitment of up to US\$ 100.0 million. The Fund has estimated unfunded commitments of US\$ 82.7 million in this respect (31 December 2014: US\$ 84.6 million).

Future minimum lease payments under noncancelable operating leases as of 30 June 2015 are:

	30 Jun 2015	31 Dec 2014
	US\$ MM	US\$ MM
2015	2.8	5.5
2016	5.5	5.5
2017	4.8	4.8
2018	0.2	0.2
	13.3	16.0

In the first half of 2015, the amount paid with respect to such leases was US\$ 2.8 million (30 June 2014: US\$ 2.8 million).

Note 24 Related Party Transactions

The Feeder, a Guernsey based closed-ended investment company, invests substantially all of its assets in the Fund, and has the same Investment Manager as the Fund.

All fees and expenses of the Feeder and the Fund (including management fees), except for the incentive fees, are paid by the Fund and allocated to the Feeder. An incentive fee may be paid to the Investment Manager by the Feeder.

The remuneration for Directors shall be determined by resolution of the Voting Shareholder. Each of the Directors' annual fee is US\$ 100,000 (30 June 2014: US\$ 100,000) as compensation for service on the Boards of Directors of both the Feeder and the Fund. As of the fourth quarter 2014, the Directors have the option to elect to receive shares in the Feeder instead of the quarterly fee.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 24 Related Party Transactions (continued)

With respect to the first half of the year, Frederic Hervouet has elected to receive shares and he received 2,564 shares in relation to the first quarter's fee. The number of shares issued instead of the fee for the second quarter will be determined as part of the second quarter 2015 dividend process (allocation in August 2015). The Fund will pay the Directors' fees. Paddy Dear and Reade Griffith have waived their entitlement to a fee in respect of their services as Directors. The Directors are entitled to be repaid by the Fund for all travel, hotel and other expenses reasonably incurred by them in the discharge of their duties. None of the Directors has a contract with the Feeder or the Fund providing for benefits upon termination of employment.

The Voting Shareholder, which holds all of the voting shares, was an affiliate of Polygon and continues to be an affiliate of the Investment Manager. As a result of its ownership and the degree of control that it exercises, the Voting Shareholder will be able to control the appointment and removal of the Fund's and Feeder's Directors (subject to applicable law). Affiliates of the Voting Shareholder also control the Investment Manager and, accordingly, control the Fund's business and affairs.

TFG Asset Management L.P., including Polygon's asset management businesses and infrastructure platform and interests in LCM and GreenOak, were acquired on 28 October 2012 (the "Acquisition"). As part of the Acquisition, Reade Griffith and Paddy Dear, as founders of Polygon, were awarded consideration in non-voting shares of the Feeder, which vest between 2015 and 2017.

It was contractually agreed as part of the Acquisition that to the extent any annual compensation actually paid to each of Mr. Griffith and Mr. Dear in respect of his employment with the Fund exceeds an annual base salary of US\$ 100,000, they would promptly return such excess amount to the Fund. During the period ended 30 June 2015 total compensation paid to them each in aggregate was US\$ 50,000.

As at 30 June 2015, in connection to the Acquisition, US\$ 3.5 million in aggregate is owed to Reade Griffith and Paddy Dear, directly or via an entity to which they may direct payment (31 December 2014: US\$ 3.5 million). This payable primarily relates to the repayment of certain rent deposits funded through Polygon entities by Messrs Griffith and Dear before the Acquisition. Under the terms of the sale and purchase agreement relating to the Acquisition, Messrs Griffith and Dear retained the economic rights to such deposits.

Reade Griffith and Paddy Dear continue to hold membership interests in Polygon Global Partners LLP (the "UK Investment Manager" or "PGP LLP") which collectively entitle them to exercise all of the voting rights in respect of the UK Investment Manager. As part of the Acquisition, each of Mr. Griffith and Mr. Dear have agreed that he will (i) exercise his voting rights in a manner that is consistent with the best interests of the Fund and (ii) upon the request of the Fund, for nominal consideration, sell, transfer and deliver his membership interests in the UK Investment Manager to the Fund.

Polygon Global Partners LLP and Polygon Global Partners LP (the "Service Providers") provide operational, financial control, trading, marketing and investor relations, legal, compliance, administrative, payroll and employee benefits and other services to the Investment Manager in exchange for fees payable by the Investment Manager to the Services Providers. In addition, the Services Providers also provide certain operating, infrastructure and administrative services to GreenOak and Polygon Private Investment Partners LP, an affiliate of the Voting Shareholder, pursuant to applicable separate services agreements. PGP LLP is authorized and regulated by the United Kingdom Financial Conduct Authority. In the period, the amount recharged to these entities was US\$ 9.4 million (30 June 2014: US\$ 10.7 million). As at 30 June 2015, the amount receivable relating to these recharges was US\$ 1.5 million (31 December 2014: US\$ 2.1 million).

Reade Griffith and Paddy Dear also hold membership interests in Pace Cayman Holdco Limited ("Pace Holdco"), an entity through which the Fund ultimately owns its equity stake in Equitix. These membership interests collectively entitle them to exercise all of the voting rights in respect of Pace Holdco. Each of Mr. Griffith and Mr. Dear have agreed that he will (i) exercise his voting rights in a manner that is consistent with the best interests of the Fund and (ii) upon the request of the Fund, for nominal consideration, sell, transfer and deliver his membership interests in the Pace Holdco to the Fund.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) For the period ended 30 June 2015 (unaudited)

Note 24 Related Party Transactions (continued)

The Fund holds CLO equity investments in CLOs which are managed by LCM. During the period it purchased a portion of the equity tranche in LCM XVIII at a cost of US\$ 27.8 million. In total, as at 30 June 2015, it held CLO equity tranche investments in 13 CLOs managed by LCM with a fair value of US\$ 228.0 million (31 December 2014: US\$ 208.3 million).

At 30 June 2015, the Fund held investments across several hedge funds managed by Polygon. These hedge funds employ investment strategies involving investing in equities, convertible bonds, credit and derivatives. As at 30 June 2015, the fair value of these investments was US\$ 338.1 million (31 December 2014: US\$ 315.9 million). The fees paid on these investments are disclosed as per Note 19.

The Fund owns a 23% equity interest in GreenOak. As part of the original transaction to acquire a share in GreenOak, the Fund provided a US\$ 100.0 million coinvestment commitment and a US\$ 10.0 million working capital loan commitment to GreenOak, with the Feeder issuing 3.9 million share options to the GreenOak founders. On 28 October 2012, as a result of the Acquisition the Fund increased its working capital loan commitment by an additional US\$ 0.5 million by assuming the acquiree's remaining unfunded commitment. During the period the working capital loan was fully repaid.

The Fund has made investments across several real estate investment vehicles managed by GreenOak. As at 30 June 2015, these investments referenced real estate in the United States, Japan and Europe with a combined net asset value of US\$ 123.6 million (31 December 2014: US\$ 88.3 million). These investments are typically illiquid where the Fund will only receive distributions on liquidation of the investment vehicle's underlying assets and in some cases this may not be for several years. In addition, based on projected capital raised (subject to change), the Fund had estimated unfunded commitments of up to US\$ 68.9 million with respect to the investment vehicles (31 December 2014: US\$ 84.6 million).

Note 25 Other Matters

The Fund has recovered from insurers costs relating to shareholder derivative actions, details of which were referred to in note 25 of the 2014 Fund audited consolidated financial statements. During the period US\$ 9.8 million was received (30 June 2014: US\$ 1.0 million). The Fund does not expect to recover any further costs in relation to these actions.

Note 26 Subsequent Events

The Directors have evaluated the period up to 29 July 2015, which is the date the financial statements were approved, and have concluded that there are no material events that require disclosure or adjustment to the financial statements.

Note 27 Recent changes to U.S. GAAP

In May 2015, the Financial Accounting Standards Board ("FASB") issued guidance to address diversity in practice related to how certain investments measured at net asset value ("NAV") are reported within the financial statement footnotes. The new guidance removes the requirement to categorise investments measured under the current NAV practical expedient within the fair value hierarchy for all investments. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. The guidance will be effective in the first quarter of 2016 and is required to be applied retrospectively. Early adoption is permitted. The Fund is evaluating the effect of this guidance on its financial statements.

TETRAGON FINANCIAL GROUP MASTER FUND LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
For the period ended 30 June 2015 (unaudited)

Note 27 Recent changes to U.S. GAAP (continued)

In August 2014, the FASB issued guidance to address diversity in the accounting for differences in the measurement of the fair values of financial assets and liabilities of consolidated financing VIEs. The new guidance provides an alternative for consolidated financing VIEs to elect: (1) to measure their financial assets and liabilities separately under existing U.S. GAAP for fair value measurement with any differences in such fair values reflected in earnings; or (2) to measure both their financial assets and liabilities using the more observable of the fair value of the financial assets or the fair value of the financial liabilities. The guidance will be effective in the first quarter of 2016, with early adoption permitted. The Fund is evaluating the effect of this guidance on its financial statements.

Note 28 Approval of Financial Statements

The Directors approved the consolidated financial statements on 29 July 2015.