TETRAGON FINANCIAL GROUP LIMITED (TFG)

PERFORMANCE REPORT FOR PERIOD ENDED 31 MARCH 2013

30 April 2013

Tetragon Financial Group Limited (TFG) is a Guernsey closed-ended investment company traded on NYSE Euronext in Amsterdam under the ticker symbol "TFG."(1) In this report we provide an update on TFG's results of operations for the period ending 31 March 2013.

EXECUTIVE SUMMARY AND OUTLOOK

OVERVIEW

TFG achieved strong operating and financial performance in Q1 2013, with a return on equity ("RoE") above our over-the-cycle target of 10-15% *per annum*.(2) This strong performance was driven principally by the company's U.S. Pre-Crisis CLOs, where continued credit spread tightening, among other factors, contributed to a reduction in applicable CLO cash flow discount rates. However, as loan spreads have tightened over past months, this has, via repayments, re-pricings, and other amendment activity, caused CLO weighted-average spreads to begin to decline, resulting in a reduction in CLO net interest margins. This effect has begun to reduce the future expected profitability of the company's current CLOs and if spreads continue to tighten, all else being equal, could lead to further reductions.

During Q1 2013, TFG made new investments into Polygon hedge funds, CLO equity (LCM XIII and a third-party transaction) as well as GreenOak-managed real estate vehicles. TFG also materially reduced its holdings in directly-held bank loans.

TFG's asset management platform ("TFG Asset Management") seeks to allow the company to achieve fee income on top of its investment income, so as to potentially achieve a higher blended IRR for each asset class in which TFG invests. Thus, the financial performance of the asset management business over the long term should be significantly correlated with TFG's overall investment performance. TFG Asset Management generally performed well and in accordance with expectations in Q1 2013, with all open funds from LCM Asset Management LLC ("LCM"), GreenOak Real Estate LP ("GreenOak") and Polygon having positive performance and all three brands increasing their assets under management ("AUM") during the quarter.

As TFG looks for new businesses to expand its asset management platform, the criteria and objectives remain the same (*i.e.* to find asset classes where TFG may make good risk-adjusted investments with sustainable returns, with increased diversification versus the current portfolio and managed by high-quality investment teams).

GOALS

Looking at the company's goals for 2013 expressed in the recent 2012 Annual Report:

1. **To deliver 10-15% RoE *per annum* to shareholders.(2)**

   The company exceeded its RoE target of 10-15% during Q1 2013 (on an annualised basis). For the remainder of the year, however, we may see greater volatility of earnings and therefore, have more limited visibility as to RoE performance due to, among other factors, recent credit spread tightening, the uncertainty of loan repayment speeds, reinvestment opportunities and the de-leveraging paths of CLO transactions past their reinvestment periods.

EXECUTIVE SUMMARY AND OUTLOOK

GOALS (continued)

2. **To manage more of TFG's assets on the TFG Asset Management platform.**
   TFG's assets managed on the TFG Asset Management platform grew slightly to 27.5% at the end of Q1 2013, compared to 27.4% at 31 December 2012.
3. **To grow client AUM and fee income.**
   TFG Asset Management's AUM at 31 March 2013 stood at $8.1 billion, up from $7.7 billion at 2012 year end.(3)
4. **To add further asset management businesses to the TFG Asset Management platform.**
   A number of asset management business opportunities are currently being considered.

DIVIDENDS AND SHARE REPURCHASES

The Q1 2013 dividend was declared at $13.5 cents per share, unchanged from Q4 2012, resulting in dividend growth of 22.0% on a rolling 12-month basis. During Q1 2013, TFG resumed its share repurchase program, which will expire on 30 April 2013, and repurchased approximately 1.02 million shares in the quarter.

OUTLOOK

We remain cautiously optimistic as to the company's performance for the rest of the year. Some of TFG's CLO investments are nearing the end of, or have exited, their reinvestment periods and TFG will continue to evaluate its options in respect of such investments. For example, as typically a majority equity holder in such deals, TFG will consider, and potentially execute, the exercise of optional calls or other refinancing activity for such investments over the coming months. We would also like to see at least one of the new business ventures under current review come to fruition later in the year.

In summary, during the remainder of 2013 we continue to expect to focus on realizing the benefits of the combination of TFG and the businesses and interests acquired in the Polygon transaction and continuing to invest for growth over the long-term.

TFG INVESTOR DAY

As part of our ongoing program to enhance communication with current and potential investors, TFG plans to hold an investor day in London later in 2013. Further details will follow in due course.

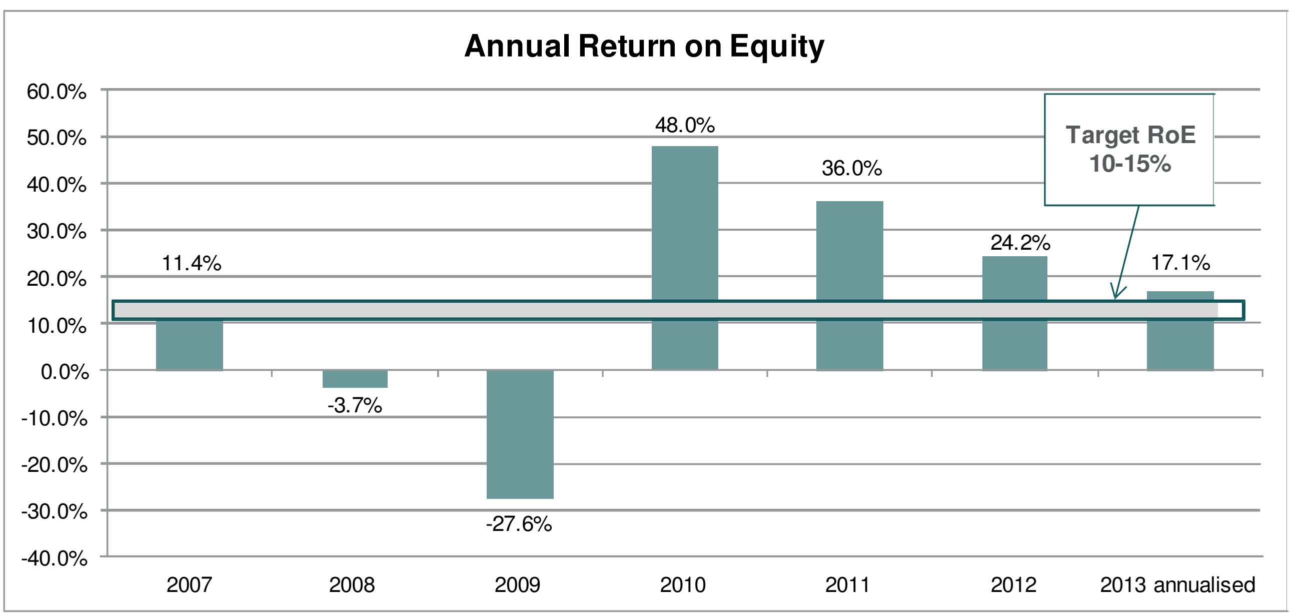
KEY METRICS

We continue to focus on three important metrics when assessing how value is being created for and delivered to TFG shareholders: Earnings, Net Asset Value ("NAV") per share and Dividends.

EARNINGS - RETURN ON EQUITY ("RoE")

- TFG generated Net Economic Income[4] of $69.3 million in Q1 2013, an increase of 29.8% versus the same period in 2012.
- Q1 2013 RoE[5] of 4.3% (17.1% annualised) reflected another quarter of outperformance against TFG's over-the-cycle target of 10-15% *per annum*.[6]
- Q1 2013 results were boosted by the sustained re-rating of the CLO portfolio, which was reflected through a further reduction of the rates used to discount future cash flows on both U.S. Pre-Crisis CLOs and Euro-denominated deals.
- That said, as discussed in TFG's 2012 Annual Report, the cash and income generation capacity of TFG's U.S. CLO portfolio has continued to decline during Q1 2013 as loan spreads tightened, reducing the excess interest distributable to equity holders (such as TFG). All else being equal, we would expect returns on the overall U.S. CLO portfolio to decline further if the pace and/or extent of loan spread tightening were greater than projected under the models currently used for determining their fair value. Pre-Crisis CLOs and early Post-Crisis CLOs which are exiting their reinvestment period may experience structural de-leveraging more quickly than modeled, which may further reduce future returns.
- Operating expenses of $47.0 million in Q1 2013 were materially higher than the corresponding period in 2012 primarily due to the acquisition of Polygon's operating companies and infrastructure in Q4 2012, although the overall TFG Asset Management business contributed approximately $5.3 million of "EBITDA equivalent"[7] in the quarter.

Figure 1

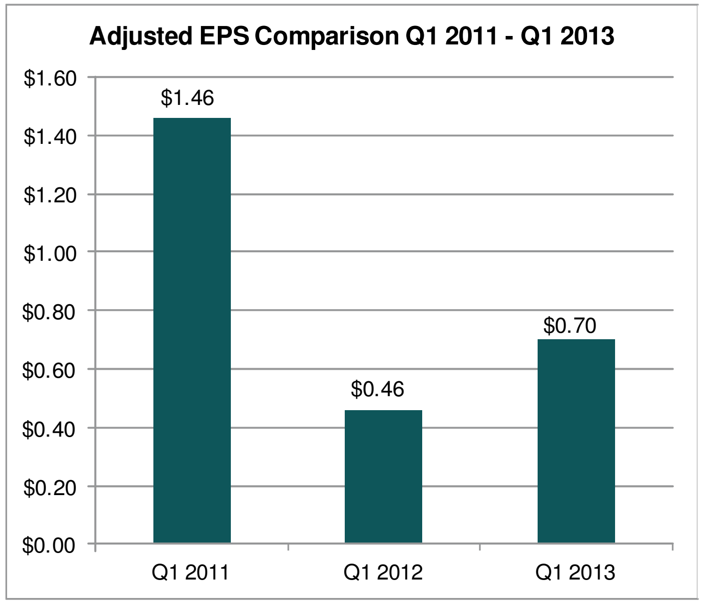


KEY METRICS

EARNINGS PER SHARE ("EPS")

- TFG generated Adjusted EPS[8] of $0.70 during Q1 2013 (Q1 2012: $0.46).
- In Q1 2013, we recalibrated certain of the discount rates used in modeling the fair value of the CLO portfolio, largely in response to sustained reductions in observed risk premium data, which added approximately $0.42 of earnings per share after fees (please see page 24 for further detail).

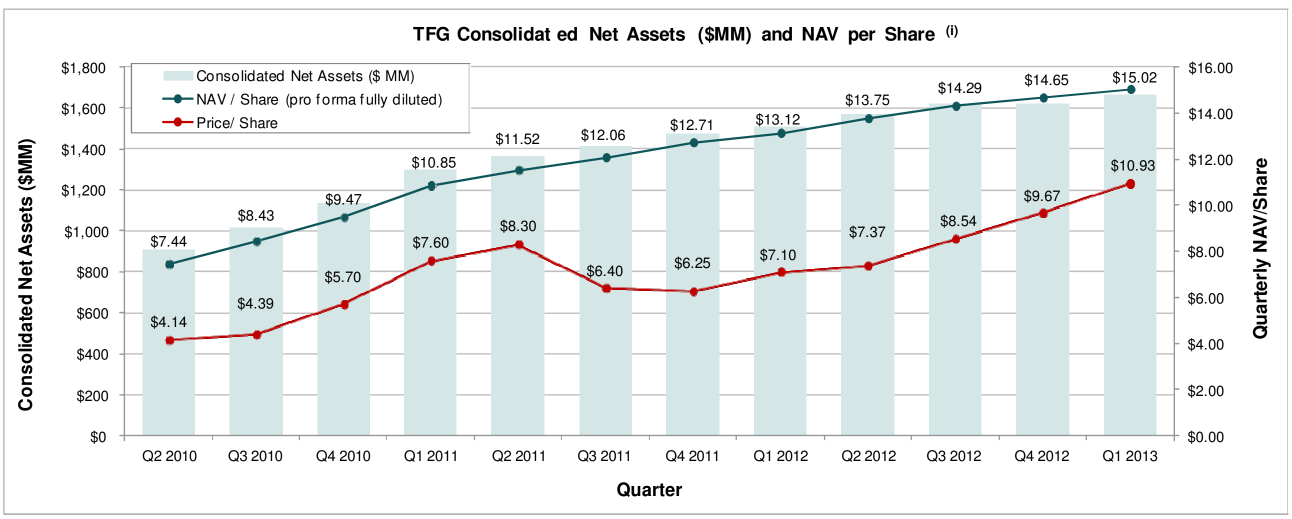
Figure 2



NAV PER SHARE

Pro Forma Fully Diluted NAV per Share[9] ended the quarter at $15.02, up 2.5% since the end of 2012 and up 14.5% as compared with Q1 2012.

Figure 3



(i) Source: NAV per share based on TFG's financial statements as of the relevant quarter-end date; TFG's closing share price data as per Bloomberg as of the last trading day of each quarter. Please note that the pro forma fully diluted NAV per share reported as of each quarter-end 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.

- Total NAV increased year-on-year by 10.4% to $1,666.9 million which equated to Pro Forma Fully Diluted NAV per share of $15.02.
- The NAV per share improvement in Q1 2013 was primarily driven by the strong underlying performance of the investment portfolio, in particular the U.S. CLOs, but was also positively impacted by the company's share repurchase program.

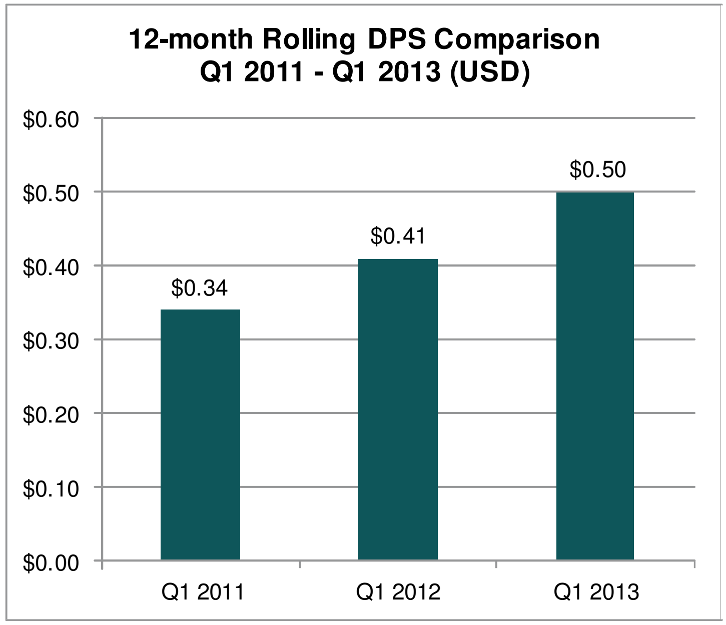
KEY METRICS

DIVIDENDS

Dividends per Share ("DPS"): TFG declared a Q1 2013 DPS of $0.135, unchanged from Q4 2012. On a rolling 12-month basis, the dividend of $0.50 represents a 22.0% increase over the previous four quarters.

- TFG continues to pursue a progressive dividend policy with a target payout ratio of between 30-50% of normalized earnings, recognizing the long-term sustainable target RoE of 10-15% *per annum.*[10] The Q1 2013 DPS of $0.135 brings the cumulative DPS since TFG's IPO to $2.395.

Figure 4



CASH FLOW & USES OF CASH

CASH FLOW AND USES OF CASH

TFG's cash generation remained robust during the first quarter of 2013. During that period, the CLO portfolio generated $125.6 million in cash flow, compared with $127.6 million in Q4 2012. We describe the CLO portfolio's cash generation in more detail in the Investment Portfolio section.

During Q1 2013, TFG invested $45.5 million into the equity tranches of new CLO issues, one managed by LCM and the other by a third-party manager already represented in TFG's CLO equity portfolio. TFG also invested $40.0 million into various Polygon-managed hedge fund vehicles, putting the total amount invested in such funds through the end of Q1 2013 at $95.0 million. Additionally, TFG invested $6.3 million into real estate vehicles managed by GreenOak during the quarter.

We continued to reduce the size of the direct bank loan portfolio during the quarter, which resulted in $63.8 million in cash flow from sales of bank loans, net of purchases.

Finally, TFG used approximately $22.3 million in Q1 2013 for net share repurchases at a discount to NAV and cash dividends.

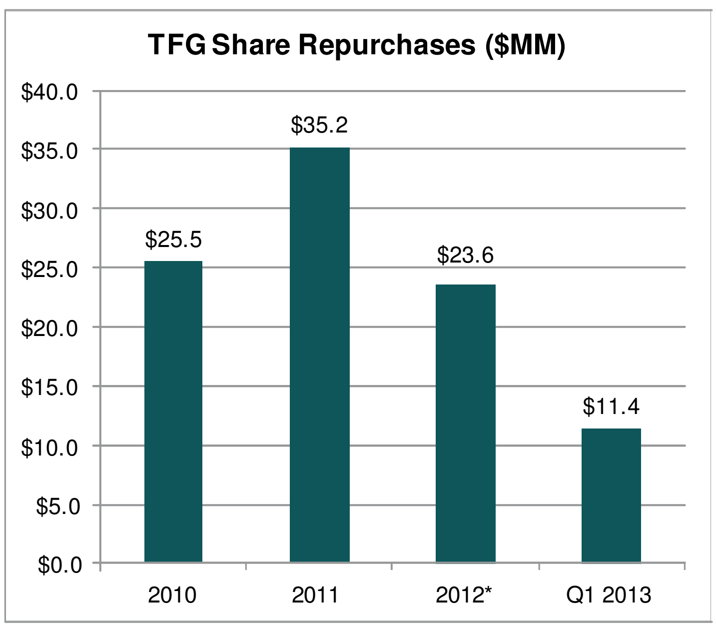
At the end of Q1 2013, TFG's cash balance was $225.0 million, approximately 13.5% of net assets.

SHARE REPURCHASES

During Q1 2013, TFG resumed its share repurchase program, which will expire on 30 April 2013, and repurchased approximately 1.02 million shares ($11.4 million) during the quarter.

Since its launch in 2007 to the end of Q1 2013, TFG's share repurchase program has resulted in the repurchase of approximately 35.8 million shares at an aggregate cost of $268.9 million (including the 2012 tender offer).

Figure 5



*2012 figure excludes $150.0 million of shares repurchased in a tender offer in Q4 2012.

TFG'S BUSINESS SEGMENTS:

INVESTMENT PORTFOLIO AND ASSET MANAGEMENT PLATFORM (TFG ASSET MANAGEMENT)

INVESTMENT PORTFOLIO

INVESTMENT PORTFOLIO OVERVIEW

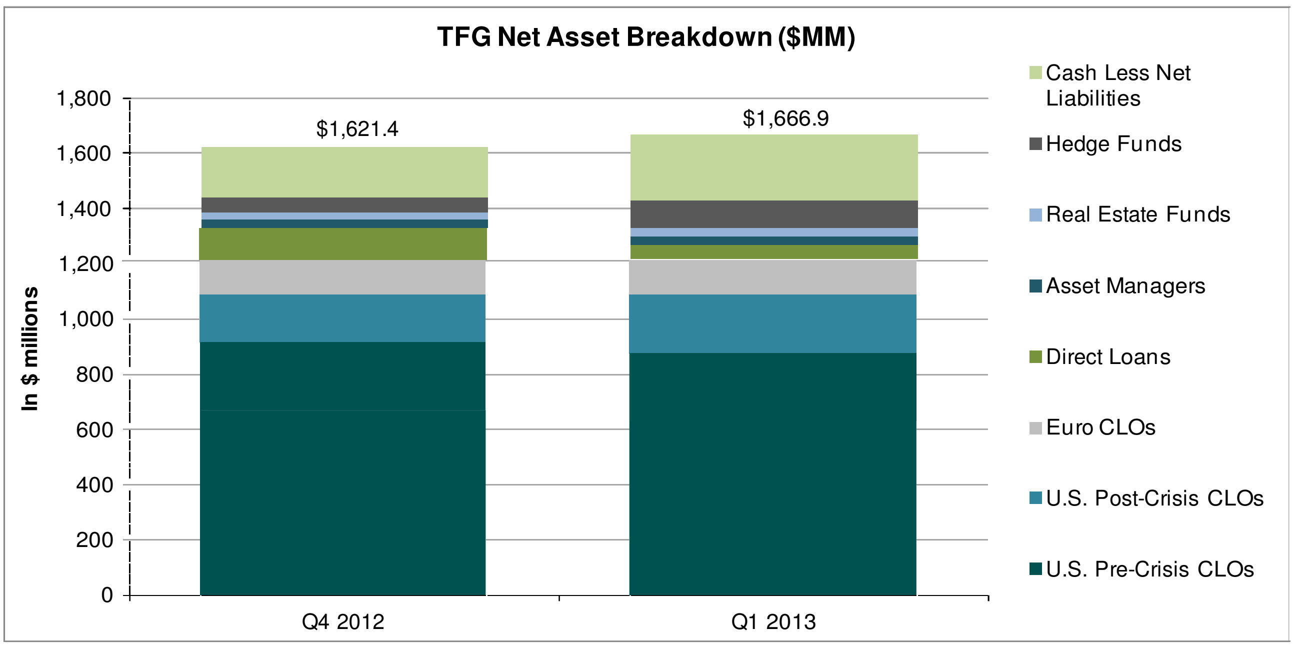
During Q1 2013, we continued to invest in U.S. corporate loans (by investing in the equity tranches of new issue U.S. CLOs managed by LCM and third-party managers) and real estate (via GreenOak-managed funds). In addition, we made incremental investments in Polygon-managed hedge funds.

U.S. corporate loans accessed via CLO equity, which constitute the majority of TFG's investment assets, continued to perform well during Q1 2013. TFG's real estate, equity and convertible bond investments also registered positive returns for the quarter and investment-to-date.

PORTFOLIO COMPOSITION AND OUTLOOK

The following chart shows the composition of net assets by asset class for Q1 2013 and Q4 2012.

Figure 6



TFG's net assets, which totalled $1,666.9 million at the end of Q1 2013, consisted mainly of:

- corporate loans, both directly owned and indirectly owned through CLO investments;
- equity, credit and convertible bonds owned through Polygon fund investments;
- real estate (owned through GreenOak fund investments or similar arrangements); and
- cash.

INVESTMENT PORTFOLIO

The following chart summarizes certain performance metrics for each asset class in TFG's investment portfolio.

Figure 7

Asset Type	March 2013 NAV (in $MM)	LTM Performance (ii)	LTD Performance (iii)
U.S. Pre-Crisis CLOs (i)	$872.8	39.1%	21.6%
U.S. Post-Crisis CLOs (i)	$214.1	10.3%	10.8%
U.S. Direct Loans	$51.0	6.5%	7.1%
European CLOs	$132.0	31.9%	7.5%
Equities	$89.2	4.9%(iv)	23.9%
Convertible Bonds	$10.5	4.5%(iv)	14.3%
Real Estate	$29.2	N/A	N/A

(i) "U.S. Pre-Crisis CLO" and "U.S. Post-Crisis CLO" refers to U.S. CLOs issued before and after 2008, respectively. TFG owns $1.75 million notional in a CLO debt tranche. Such investment is excluded from these performance metrics.

(ii) For CLOs and direct loans, calculated as the total return. The total return is calculated as the sum of the aggregate ending period fair values and aggregate cash flows received during the year, divided by the aggregate beginning period fair values for all such investments. LTM performance for U.S. Post-Crisis CLO is weighted by the end of Q1 2013 fair values. U.S. Post-Crisis CLO equity investments which were made during the year, and which therefore lack a full year of performance, are annualised. The LTM performance for European CLOs excludes the impact of any changes in the EUR-USD exchange rate on TFG's fair values and cash flows received for such investments.

(iii) For CLOs, the LTD performance metric used is the IRR, weighted by the amortised costs brought-forward of each investment. IRRs are calculated taking into account historical cost, cash flows received, and future projected cash flows. For direct loans, the LTD performance metric used is the annualised total rate of return. For Polygon-managed funds (equities, credit, and convertible bonds), the LTD performance metric shown is the IRR (calculated using the XIRR function in Excel), reflecting the timing of all investments made through the end of Q1 2013 and the fair value of the funds as of 31 March 2013.

(iv) Note that for Polygon-managed funds (equities, credit, and convertible bonds), LTM returns are presented as the actual return for TFG's period of investment from 1 December to 31 March 2013. TFG invests in Polygon-managed funds on a preferred fee-basis.

CORPORATE LOANS

TFG's exposure to the corporate loan asset class (whether held directly or indirectly via CLO equity investments) totalled $1,269.9 million at the end of Q1 2013 ($1,328.5 million at the end of 2012) and remained diversified, with 76.5% in U.S. broadly-syndicated senior secured loans, 13.1% in U.S. middle-market senior secured loans and 10.4% in European senior secured loans.(11)

TFG's CLO equity investments, which comprise the majority of its exposure to corporate loan assets, represented indirect exposure to approximately $18.1 billion par value of leveraged loans. TFG's total notional amount invested in the equity tranches of such deals was approximately $1.8 billion. We view the difference between the par value of indirect loan exposures and TFG's notional amount of equity as an approximation of TFG's portion of the non-recourse debt "borrowed" via CLOs to fund the purchase of such loan assets. At the end of Q1 2013, this difference was $16.3 billion.

When reporting on our corporate loan exposures, we find it useful to further segment such investments into the following classes:

- U.S. Pre-Crisis CLOs
- U.S. Post-Crisis CLOs
- European CLOs
- Direct U.S. Loans

INVESTMENT PORTFOLIO

U.S. PRE-CRISIS CLOs

As of the end of Q1 2013, TFG held equity investments in 53 U.S. Pre-Crisis CLOs and one investment in the debt tranche of a U.S. Pre-Crisis U.S. CLO.[(12)] The U.S. Pre-Crisis CLO equity investments had total fair value of $872.8 million as of 31 March 2013, compared with $914.8 million at the end of the prior quarter.

TFG's investments in U.S. Pre-Crisis CLO equity continued to perform well during Q1 2013, with all deals passing their junior-most O/C tests, benefitting from a benign credit environment and active reinvestment periods for a significant share of this part of the portfolio.[(13)] During this quarter, however, we also began to see the effects of U.S. loan spread tightening filter through the U.S. CLO portfolio, as weighted-average spreads of TFG's U.S. Pre-Crisis CLOs declined quarter-on-quarter. Given the relatively rapid pace of loan spread tightening experienced during the quarter and the delay with which it typically impacts CLO interest collections, cash flows generated by TFG's U.S. Pre-Crisis CLOs remained robust. We anticipate, however, that the impact of loan spread tightening executed to date may be more fully reflected in TFG's U.S. Pre-Crisis CLOs' equity distributions in the coming months, as effective excess interest levels decline.

During Q1 2013, TFG's U.S. Pre-Crisis CLO investments produced cash flows of $110.0 million ($1.12 per average outstanding share), compared with $112.3 million ($1.03 per average outstanding share) generated during Q4 2012.[(14)] We anticipate, however, that continued loan spread and LIBOR floor compression may reduce the excess interest available for distribution to the equity tranches within TFG's CLO portfolio; although its ultimate impact will vary across transactions depending on their vintage, portfolio composition, and reinvestment flexibility, among other factors. Additionally, as noted previously, the majority of these deals will exit their reinvestment periods and begin amortizing in 2013-2014, and as such, their leverage and cash flow generation capacity will begin to decline. Furthermore, rising LIBOR rates may similarly reduce excess interest availability by decreasing the benefit of existing loan LIBOR floors.

U.S. POST-CRISIS CLOs

As of the end of Q1 2013, TFG held 10 equity investments in U.S. Post-Crisis CLOs with a total fair value of $214.1 million as of 31 March 2013, up from $174.0 million as of the end of Q4 2012. During the quarter, we made investments in the equity tranches of two new issue U.S. Post-Crisis CLOs, totalling $45.5 million at cost, including one deal managed by LCM. All such investments were majority equity stakes.

TFG's U.S. Post-Crisis CLOs performed well during the quarter with none of the investments experiencing an underlying asset default and all O/C tests remaining in compliance within each deal.[(15)] During Q1 2013, TFG's U.S. Post-Crisis CLO investments produced cash flows of $8.9 million ($0.09 per average outstanding share), as compared with $8.3 million ($0.08 per average outstanding share) in the prior quarter.[(16)]

TFG's U.S. Post-Crisis CLOs were subject to the same market forces as our Pre-Crisis CLOs, facing increasingly challenging reinvestment conditions characterized by rising loan prices and declining LIBOR floor levels, albeit in the context of a benign loan default environment. Given the portfolio composition of U.S. Post-Crisis CLOs (with significant concentrations in 2011-2012 vintage loans which were the main vintage of loans re-priced to date), higher funding costs and longer remaining reinvestment periods, these transactions are expected to be more negatively impacted by loan spread tightening than earlier vintages.

INVESTMENT PORTFOLIO

On the positive side, rising underlying loan prices would be expected to increase the value of the equity call option as well as the likelihood that the CLOs' liabilities may be refinanced at lower levels. We expect to explore such opportunities in the coming months with the goal of ensuring that the "arbitrage-funding gap" of our CLO investments remains attractive on a relative, risk-adjusted basis.

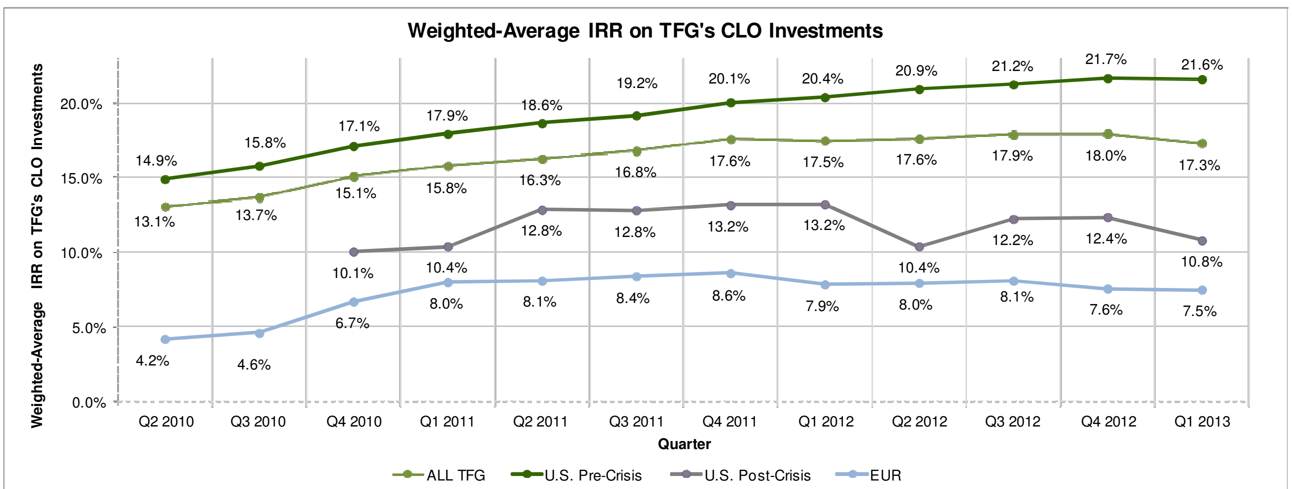
EUROPEAN CLOs

As of the end of Q1 2013, TFG held equity investments in 10 European CLOs with a total fair value of $132.0 million as of 31 March 2013, up from $125.6 million as of the end of Q4 2012.

The performance of TFG's European CLO equity investments in Q1 2013 has improved marginally, although we continue to expect that it may remain volatile. During Q1 2013, TFG's European CLO investments generated cash flow of €5.0 million or (€0.05 per average outstanding share), compared with €5.4 million (€0.05 per average outstanding share) in the prior quarter.(17) As of the end of Q1 2013, 80.0% of all of TFG's European CLO investments were passing their junior-most O/C tests, weighted by fair value, and 70.0% were passing when weighted by number of deals.(18)

The following graph shows the evolution of TFG's CLO equity investment IRRs over the past three years.

Figure 8



DIRECT LOANS

As of the end of Q1 2013, TFG held U.S. direct loan investments with a total fair value of $51.0 million and par value of $50.5 million. As noted in the 2012 annual report, we significantly reduced our exposure to direct loans during the first quarter, reflecting our view that the pace of spread compression had rendered owning bank loans outright less attractive from a risk-reward perspective.

The direct bank loan portfolio performed well during Q1 2013, experiencing no defaults or credit downgrades. In line with broader market conditions, the portfolio witnessed notable spread tightening and a pick-up in refinancing activity and repayments.

INVESTMENT PORTFOLIO

EQUITIES

As of the end of Q1 2013, TFG held $89.2 million of investments (at fair value) in Polygon-managed equity funds, including $40.0 million of new capital investments during Q1 2013, up from $46.4 million as of the end of Q4 2012. Currently, these fund strategies are primarily focused on European event-driven equity, global equities and mining equities-related investments. Fund investments were made on 1 December 2012, and through the end of Q1 2013 these fund investments had returned 4.9% to TFG. The blended, weighted-average IRR generated by the equities funds from the date of each investment through the end of Q1 2013 totalled approximately 23.9%.(19)

CONVERTIBLE BONDS

As of the end of Q1 2013, TFG held $10.5 million of investments (at fair value) in a Polygon-managed convertibles fund, up from $10.1 million at the end of Q4 2012. The fund investment was made on 1 December 2012 and through the end of Q1 2013 year had returned 4.5% to TFG. The blended, weighted-average IRR generated by the convertibles fund from the date of each investment through the end of Q1 2013 totalled approximately 14.3%.(20)

REAL ESTATE

As of the end of Q1 2013, TFG held $29.2 million of investments (at fair value) in GreenOak-managed real estate funds and vehicles, including $6.3 million of new capital investments funded during Q1 2013, up from $25.7 million as of the end of 2012. Such investments include numerous commercial and residential properties across Japan, the United States and Europe.

During the first quarter of the year, TFG received distributions of over $4.5 million, bringing life-to-date receipts from its real estate investments to approximately $7.0 million. A significant portion of this quarter's distributions came from two asset sales within two of the real estate funds in which TFG is invested. Realised equity multiples on these sales (before fund fees, expenses, and relevant taxes) were 1.6x and 1.9x, which meaningfully exceeded our original expectations.

The company will continue to fund capital commitments into GreenOak projects in 2013.

TFG ASSET MANAGEMENT

UPDATE ON KEY METRICS

TFG Asset Management currently has three primary asset management brands: LCM, GreenOak and Polygon. We believe that the key metrics to measure the performance of the asset management platform are the following:

- **Performance of the underlying funds:** Performance of the various funds managed by TFG asset management's brands (currently Polygon, LCM and GreenOak) was strong during Q1 2013.
- **Gross revenues:** composed primarily of management and performance fees from clients, totalled $11.6 million in Q1 2013.
- **"EBITDA equivalent":** totalled $5.3 million in Q1 2013 (as shown below).

Figure 9

TETRAGON FINANCIAL GROUP TFG Asset Management Statement of Operations Q1 2013	U.S. GAAP $MM	Net Economic income $MM
Fee income[21]	11.6	11.6
Unrealised Polygon performance fees[22]	-	0.9
Interest income	0.1	0.1
Total income	**11.7**	**12.6**
Operating, employee and administrative expenses[21]	(7.3)	(7.3)
Net income - "EBITDA equivalent"	**4.4**	**5.3**
Performance fee allocation to TFM	(0.3)	(0.5)
Amortisation expense on management contracts	(1.7)	(1.7)
Net income before taxes	**2.4**	**3.1**
Income taxes	(1.4)	(1.7)
Net income	**1.0**	**1.5**

ASSET MANAGEMENT BRANDS

AUM for the three key asset management brands (LCM, GreenOak Real Estate and Polygon) are shown below at 31 March 2013.

Figure 10

Summary of Asset Management AUM ($BN) Brand	31 March 2013	31 December 2012
LCM	**$ 4.5**	**$ 4.3**
GreenOak[(i)]	**$ 2.4**	**$ 2.3**
Polygon[(ii)]	**$ 1.2**	**$ 1.1**
Total	**$ 8.1**	**$ 7.7**

(i) Includes funds and advisory assets.

(ii) AUM for Polygon Recovery Fund LP, Polygon Convertible Opportunity Master Fund, Polygon European Equity Opportunity Master Fund and associated managed account, Polygon Mining Opportunity Master Fund and Polygon Global Equity Master Fund, as calculated by applicable administrator. Includes, where relevant, investments by Tetragon Financial Group Master Fund Limited.

TFG ASSET MANAGEMENT

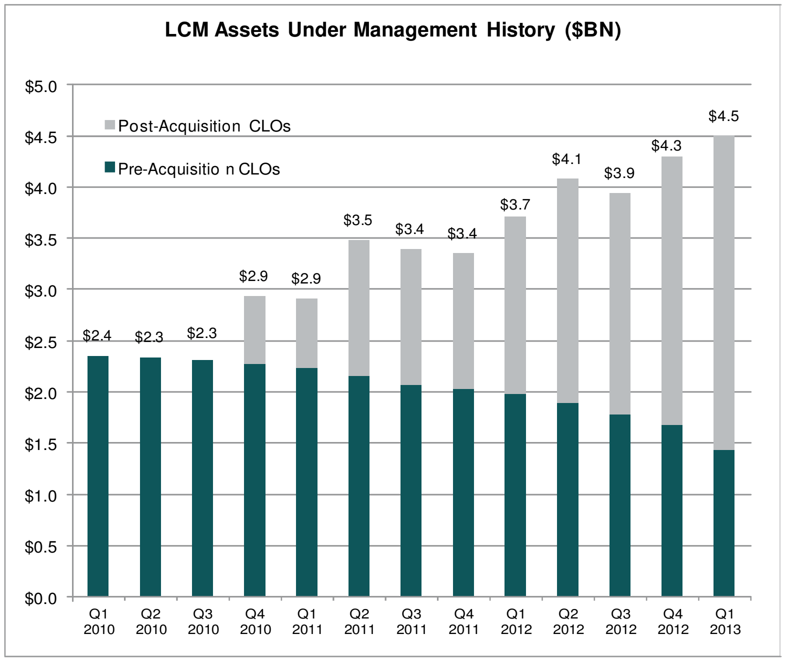
LCM

LCM is a specialist in below-investment grade U.S. broadly-syndicated leveraged loans that was established in 2001. Farboud Tavangar is senior portfolio manager.

LCM continued to perform well during Q1 2013, with all of LCM Cash Flow CLOs[23] that were still within their reinvestment periods continuing to pay senior and subordinated management fees.

At 31 March 2013, LCM's total CLO loan assets under management stood at approximately $4.5 billion. LCM XIII, a $519 million CLO, priced on 25 January 2013 and closed on 26 February 2013, bringing the total number of CLOs currently under management to twelve.

Figure 11

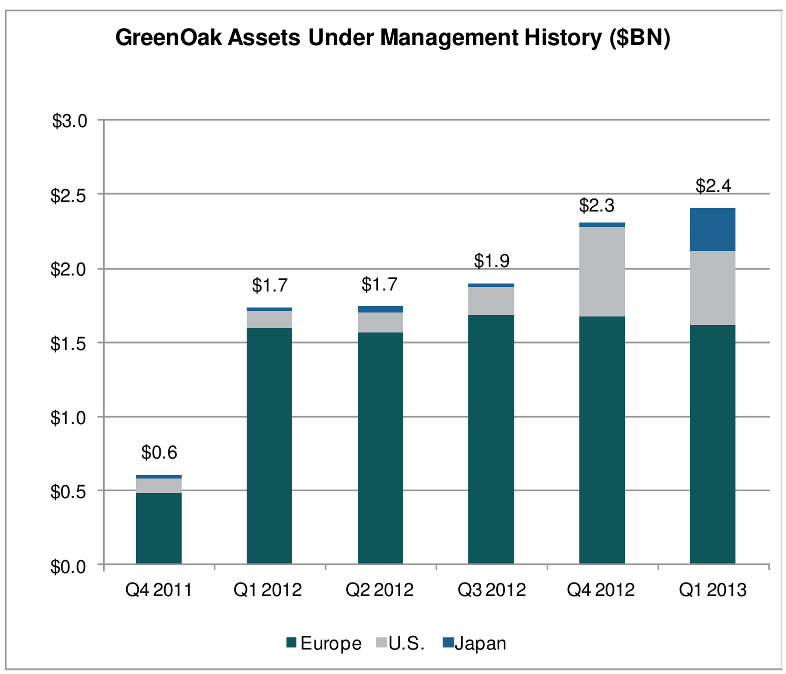


GREENOAK

GreenOak is a real estate-focused principal investing and advisory firm established in 2010. The Principals and Founders are John Carrafiell, Sonny Kalsi and Fred Schmidt.

During Q1 2013, GreenOak continued to execute on its strategy with respect to its funds and its advisory assignments on behalf of select strategic clients with mandates in Europe, Japan and the United States. At 31 March 2013, assets under management totalled approximately $2.4 billion.

Figure 12



TFG ASSET MANAGEMENT

POLYGON FUNDS

Total AUM for the Polygon funds was approximately $1.2 billion at 31 March 2013.

Figure 13

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(i) 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.

(ii) 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).

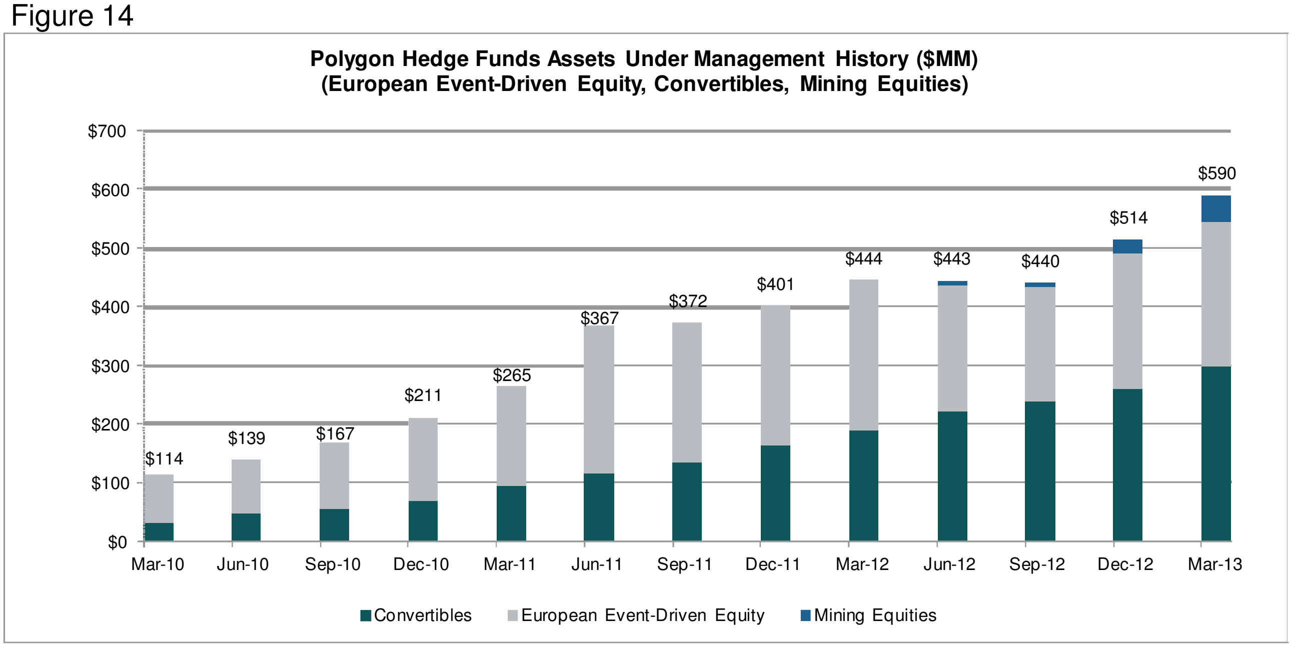
(iii) The fund began trading with Class B1 shares, which carry no incentive fees, on 1 June 2012. Returns shown here have been pro forma adjusted to account for a 2.0% management fee, a 20% incentive fee, and non trading expenses capped at 1%, in each case, as set forth in the Offering Memorandum.

(iv) Inception 8 March 2011. 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.

(v) The fund began trading with Class B/B1 shares, which carry no incentive fees, on 12 September 2011. Returns shown here 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.

(vi) 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.

Figure 14



FINANCIAL TABLES

QUARTERLY FINANCIAL HIGHLIGHTS

Figure 15

TETRAGON FINANCIAL GROUP Quarterly Financial Highlights			
	Q1 2013	Q1 2012	Q1 2011
U.S. GAAP net income ($MM)	$63.0	$53.4	$174.7
Net economic income ($MM)	$69.3	$53.4	$174.7
U.S. GAAP EPS	$0.64	$0.46	$1.46
Adjusted EPS	$0.70	$0.46	$1.46
Return on equity	4.3%	3.6%	15.4%
Net assets ($MM)	$1,666.9	$1,510.1	$1,298.0
U.S. GAAP number of shares outstanding (MM)	97.9	115.1	119.6
U.S. GAAP NAV per share	$17.03	$13.12	$10.85
Pro Forma number of shares outstanding (MM)	110.9	115.1	119.6
Pro Forma fully diluted NAV per share	$15.02	$13.12	$10.85
DPS	$0.135	$0.105	$0.090

In this section, we present consolidated financial data incorporating TFG and its 100% subsidiary, Tetragon Financial Group Master Fund Limited.

We believe the following metrics may be helpful in understanding the progress and performance of the company:

- **Return on Equity (4.3%):** Net Economic Income ($69.3 million) divided by Net Assets at the start of the year ($1,621.4 million).
- **Net Economic Income (+$69.3 million):** adds back to the U.S. GAAP net income (+$63.0 million) the imputed Q1 2013 share based employee compensation (+$5.8 million), which is generated on an ongoing basis resulting from the Polygon transaction and also includes unrealised Polygon performance fees[24] (+$0.5 million).
- **Pro Forma Fully Diluted Shares (110.9 million):** adjusts the U.S. GAAP shares outstanding (97.9 million) for the impact of escrow shares used as consideration in the Polygon transaction and associated stock dividends (+12.0 million) and for the potential impact of options issued to TFG's investment manager at the time of TFG's IPO (+1.1 million).
- **Adjusted EPS ($0.70):** calculated as Net Economic Income ($69.3 million) divided by weighted-average U.S. GAAP shares outstanding (98.4 million).
- **Pro Forma Fully Diluted NAV per Share ($15.02):** calculated as Net Assets ($1,666.9 million) divided by Pro Forma Fully Diluted shares (110.9 million).[25]

FINANCIAL TABLES

STATEMENT OF OPERATIONS

Figure 16

TETRAGON FINANCIAL GROUP Statement of Operations - Quarterly Comparison			
Statement of Operations	**Q1 2013 ($MM)**	**Q1 2012 ($MM)**	**Q1 2011 ($MM)**
Interest income	56.6	57.5	48.5
Fee income	11.6	5.7	5.2
Other income	5.8	-	-
Investment income	**74.0**	**63.2**	**53.7**
Management and performance fees	(24.8)	(19.5)	(60.0)
Other operating and administrative expenses	(22.2)	(4.8)	(5.6)
Total operating expenses	**(47.0)**	**(24.3)**	**(65.6)**
Net investment income	**27.0**	**38.9**	**(11.8)**
Net change in unrealised appreciation in investments	32.7	16.2	184.5
Realised gain on investments	3.0	0.1	0.6
Realised and unrealised gain/(loss) from hedging and fx	1.7	(0.7)	2.8
Net realised and unrealised gains from investments and fx	**37.4**	**15.6**	**188.0**
Income taxes	(1.4)	(0.6)	(1.0)
Noncontrolling interest	-	(0.5)	(0.5)
U.S. GAAP net income	**63.0**	**53.4**	**174.7**
Add back share based employee compensation	5.8	-	-
Net unrealised Polygon performance fees	0.5	-	-
Net Economic Income	**69.3**	**53.4**	**174.7**

Performance Fee

A performance fee of $18.7 million was accrued in Q1 2013 in accordance with TFG's investment management agreement and based on a "Reference NAV" of Q4 2012. The hurdle rate for the Q2 2013 incentive fee has been reset at 2.952858% (Q1 2013: 2.929958%) as per the process outlined in TFG's 2012 audited financial statements and in accordance with TFG's investment management agreement.

Please see TFG's website, www.tetragoninv.com, and the 2012 TFG audited financial statements for more details on the calculation of this fee.

FINANCIAL TABLES

STATEMENT OF OPERATIONS BY SEGMENT

Figure 17

TETRAGON FINANCIAL GROUP Statement of Operations by Segment Q1 2013			
	Investment Portfolio $MM	**TFG AM $MM**	**Total $MM**
Interest income	56.5	0.1	56.6
Fee income	-	11.6	11.6
Other income	-	5.8	5.8
Investment and management fee income	**56.5**	**17.5**	**74.0**
Management and performance fees	(24.5)	(0.3)	(24.8)
Other operating and administrative expenses	(1.6)	(14.8)	(16.4)
Share based employee compensation	-	-	(5.8)
Total operating expenses	**(26.1)**	**(15.1)**	**(47.0)**
Net investment income	**30.4**	**2.4**	**27.0**
Net change in unrealised appreciation in investments	32.7	-	32.7
Realised gain on investments	3.0	-	3.0
Realised and unrealised gains from hedging and fx	1.7	-	1.7
Net realised and unrealised gains from investments and fx	**37.4**	**-**	**37.4**
Income taxes	-	(1.4)	(1.4)
U.S. GAAP net income	**67.8**	**1.0**	**63.0**
Share based employee compensation	-	-	5.8
Net unrealised Polygon performance fees	-	0.5	0.5
Net economic income	**67.8**	**1.5**	**69.3**

FINANCIAL TABLES

BALANCE SHEET

Figure 18

TETRAGON FINANCIAL GROUP Balance Sheet as at 31 March 2013 and 31 December 2012		
	Mar-13 **$MM**	**Dec-12** **$MM**
Assets		
Investments, at fair value	1,429.2	1,440.4
Management contracts	41.7	43.4
Cash and cash equivalents	225.0	175.9
Amounts due from brokers	3.7	13.1
Derivative financial assets - interest rate swaptions	9.0	7.6
Derivative financial assets - forward contracts	2.9	-
Other receivables	17.0	15.8
Total assets	**1,728.5**	**1,696.2**
Liabilities		
Operating expenses and accrued fees payable	48.5	61.7
Amounts payable on treasury shares	1.1	-
Amounts payable on share options	9.1	6.6
Income and deferred tax payable	2.9	4.3
Derivative financial liabilities - forward contracts	-	2.2
Total liabilities	**61.6**	**74.8**
Net assets	**1,666.9**	**1,621.4**

FINANCIAL TABLES

STATEMENT OF CASH FLOWS

Figure 19

TETRAGON FINANCIAL GROUP Statement of Cash Flows			
	Q1 2013 $MM	Q1 2012 $MM	Q1 2011 $MM
Operating activities			
Operating cash flows after incentive fees and before movements in working capital	89.6	83.2	51.5
Change in payables/receivables	(3.3)	(2.5)	0.7
Cash flows from operating activities	**86.3**	**80.7**	**52.2**
Investment activities			
<u>Proceeds on sales of investments</u>			
- Proceeds sale of bank loans	52.2	-	17.5
- Maturity and prepayment of bank loans	17.3	14.8	16.2
- Proceeds sale of real estate investments	4.5	-	-
- Proceeds sale of CLOs	-	0.2	-
<u>Purchase of investments</u>			
- Purchase of CLO equity	(45.5)	(42.3)	(14.0)
- Purchase of bank loans	(5.7)	(17.5)	(39.5)
- Purchase of CLO mezz	-	(1.1)	-
- Purchase of real estate investments	(6.3)	(5.1)	-
- Investments in asset managers	(0.5)	(2.4)	-
- Investments in hedge funds	(40.0)	-	-
Cash flows from operating and investing activities	**62.3**	**27.3**	**32.4**
Amounts due from broker	9.4	3.3	(11.8)
Net purchase of shares	(9.0)	(5.5)	(4.8)
Dividends paid to shareholders	(13.3)	(12.1)	(9.4)
Cash flows from financing activities	**(12.9)**	**(14.3)**	**(26.0)**
Net increase in cash and cash equivalents	49.4	13.0	6.4
Cash and cash equivalents at beginning of period	175.9	211.5	140.6
Effect of exchange rate fluctuations on cash and cash equivalents	(0.3)	0.3	-
Cash and cash equivalents at end of period	**225.0**	**224.8**	**147.0**

FINANCIAL TABLES

U.S. GAAP TO FULLY DILUTED SHARES RECONCILIATION

Figure 20

U.S. GAAP to Fully Diluted Shares Reconciliation	31 Mar 2013 Shares (MM)
Legal Shares Issued and Outstanding	**134.01**
Less: Shares Held In Subsidiary	16.60
Less: Shares Held In Treasury	7.53
Less: Escrow Shares	11.98
U.S. GAAP Shares Outstanding	**97.90**
Add: Manager (IPO) Share Options[25.ii]	1.07
Add: Escrow Shares	11.98
Pro Forma Fully Diluted Shares	**110.95**

APPENDICES

APPENDIX I

CERTAIN REGULATORY INFORMATION

This Performance Report constitutes TFG's interim management statement as required pursuant to Section 5:25e of the Netherlands Financial Markets Supervision Act (Wet op het financieel toezicht, "FMSA"). Pursuant to Section 5:25e 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 Financiele Marketen) 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 Financial Markets Supervision Act ("FMSA") as a collective investment scheme from a designated country. This release constitutes regulated information ("gereglementeerde informative") within the meaning of Section 1:1 of the FMSA.

APPENDICES

APPENDIX II

FAIR VALUE DETERMINATION OF TFG'S CLO EQUITY INVESTMENTS

In accordance with the valuation policies set forth on the company's website, the values of TFG's CLO equity investments are 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 TFG's CLO equity investments. 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 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.

Forward-looking CLO Equity Cash Flow Modeling Assumptions Unchanged in Q1 2013:

The Investment Manager reviews and, when appropriate, adjusts in consultation with TFG's audit committee, the CLO equity investment portfolio's modeling assumptions as described above. At the end of Q1 2013, key assumptions relating to defaults, recoveries, prepayments and reinvestment prices were unchanged from the previous quarter. This was the case across both U.S. and European deals.

Figure 21

U.S. Deals

Variable	Year	Current Assumptions
CADR		
	2013-2014	1.0x WARF-implied default rate (2.2%)
	2015-2017	1.25x WARF-implied default rate (2.7%)
	Thereafter	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%

APPENDICES

APPENDIX II (Continued)

Figure 22

European Deals

Variable	Year	Current Assumptions
CADR		
	2013-2014	1.5x WARF-implied default rate (3.1%)
	2015-2017	1.25x WARF-implied default rate (2.6%)
	Thereafter	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%

These key average assumption variables include the modeling assumptions disclosed as a weighted-average (by U.S. dollar amount) of the individual deal assumptions, aggregated by geography (*i.e.* U.S. and European). Such weighted-averages may change from month to month due to movements in the amortised costs of the deals, even without changes to the underlying assumptions. Each individual deal's assumptions may differ from this geographical average and vary across the portfolio.

The reinvestment price, assumptions about reinvestment spread and reinvestment life are also input into the model to generate an effective spread over LIBOR. Newer vintage CLOs may have a higher weighted-average reinvestment spread over LIBOR or shorter reinvestment life assumptions than older deals. Across the entire CLO portfolio, the reinvestment price assumption of 100% for U.S. deals and European deals with their respective assumed weighted-average reinvestment spreads, generates an effective spread over LIBOR of approximately 288 bps on broadly syndicated U.S. loans, 272 bps on European loans, and 328 bps on middle market loans.

Application of Discount Rate to Projected CLO Equity Cash Flows: 2005 – 2007 Vintage Deals – Discount Rates Recalibrated

In determining the applicable rates to use to discount projected cash flows, an analysis of observable risk premium data is undertaken. Observable risk premia such as BB and BBB CLO tranche spreads decreased in Q4 2012 and ended Q1 2013 at an even lower level. For example, according to Citibank research, BB spreads, which were 10.8% at the end of Q2 2012, fell to 6.3% by the end of Q1 2013.(26) As a result of the observed continued tightening of these spreads and overall reduction in risk premia, the discount rates for the U.S. deals have been reduced to 15.0% for strong deals and to 20.0% for other deals.

Per Citibank research, European originally BB-rated tranche yields have followed a similar trajectory to U.S. spreads over the last three quarters, declining from 22% at the end of Q2 2012 to 12% at the end of Q1 2013.(27) As a result of this reduction in risk premia, the discount rates for European deals have been reduced to 25.0%, which is still significantly above U.S. deal discount rates, reflecting, in part, the ongoing uncertainty surrounding Europe.

APPENDICES

APPENDIX II (Continued)

Historically we have characterized the difference between fair value and the amortised cost for the portfolio as the "ALR Fair Value Adjustment" or "ALR". For European deals, at the end of Q1 the ALR stands at $71.1 million compared to $86.6 million at the end of Q4. As explained in the 2012 Annual Report this is no longer applicable for U.S. deals.

U.S. Post-Crisis CLOs – Discount Rates Remain at Deal IRRs

The applicable discount rate for U.S. Post-Crisis CLOs is determined with reference to each deal's specific IRR, which, in the absence of other observable data points, is deemed to be the most appropriate indication of the current risk premium on these structures. At the end of Q1 2013, the weighted-average discount rate (and IRR) on these deals was 10.8%. Such deals represented approximately 17.6% of the CLO equity portfolio by fair value (up from 14.3% at the end of Q4 2012). We will continue to monitor observable data on these newer vintage transactions to determine whether the IRR remains the appropriate discount rate.

Effect on Fair Value and Net Income of Recalibration of Certain Discount Rates

Overall, the net impact of the recalibration of certain discount rates described above led to an overall increase in fair value of the total CLO equity portfolio of approximately $54.6 million, or $41.0 million in bottom line net income.

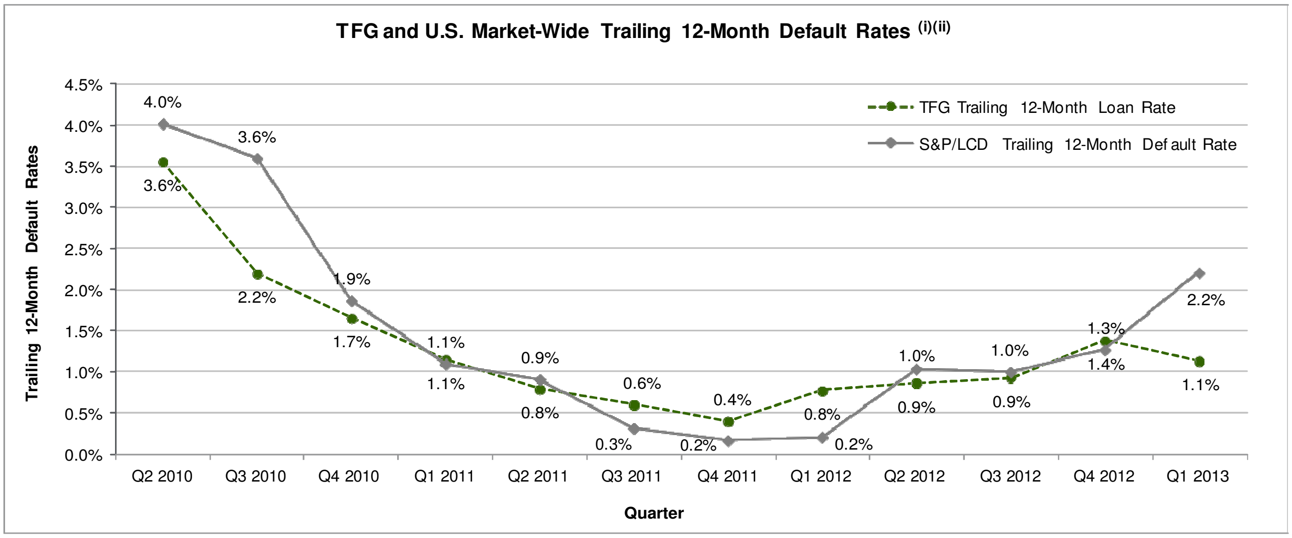
APPENDICES

APPENDIX III

CLO MARKET COMMENTARY

- **U.S. leveraged loan defaults pick up but remain below historical average:** The U.S. lagged 12-month loan default rate rose to 2.21% by principal amount at the end of Q1 2013, up from 1.27% at the end of Q4 2012.[(28)] Despite the spike, the trailing 12-month U.S. loan default rate remains below the 3.3% historical average.[(29)] TFG's lagging 12-month loan default rate declined to 1.1% at the end of Q1 2013, down from 1.4% at the end of 2012.[(30)] The graph below shows three-year history for both TFG and the U.S. market-wide loan default rates.

Figure 23



(i) The calculation of TFG's lagging 12-month corporate loan default rate does not include certain underlying investment collateral that was assigned a "Selective Default" rating by one or more of the applicable rating agencies. Such Selected Defaults are included the S&P/LCD lagging 12-month U.S. institutional loan default rate discussed above. Furthermore, TFG's CLO equity and direct loan investment portfolio includes approximately 10.4% 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.

- **U.S. primary loan issuance volumes rise vs. previous quarter:** Institutional U.S. loan issuance volumes reached a record high of approximately $150.0 billion during Q1 2013, up from $90.3 billion in Q4 2012, driven by an increase in refinancing activity and strong demand from resurgent CLO issuance and mutual fund inflows.[(31)] European institutional loan volumes rose to €7.4 billion in Q1 2013, up from €4.5 billion in Q4 2012.[(32)]
- **U.S. loan refinancing activity accelerates as loan spreads decline:** U.S. loan issuers took advantage of substantial capital inflows to refinance an unprecedented volume of existing facilities. During Q1 2013, institutional refinancing volume reached a record $126.7 billion as compared with a $72.3 billion full-year total in 2012.[(33)] On a pro-forma basis, issuers reduced the spread of 23.0% of S&P/LSTA Index loans by 108 bps, on average, translating to an approximate 25 bps decline in the weighted-average all-in spread of the S&P/LSTA Index.[(34)]
- **U.S. and European loan price gains continue:** U.S. secondary loan prices rose during Q1 2013, as the U.S. S&P/LSTA Leveraged Loan Index returned 2.11%, up from 1.42% during Q4 2012, with lower-rated credits registering the biggest gains.[(35)] Similarly, the S&P European Leveraged Loan Index ("ELLI") returned 2.05% during Q1 2013 (excluding currency effects).[(36)]

APPENDICES

APPENDIX III (Continued)

- **U.S. repayments remain robust but decline in Europe:** The U.S. S&P/LSTA Leveraged Loan Index repayment rate rose to 17.5% during Q1 2013, up from 15.2% in Q4 2012.(37) Repayments within the S&P European Leveraged Loan Index ("ELLI"), on the other hand, declined to €4.6 billion or 4.3% during Q1 2013, down from 4.9% in the prior quarter.(38)
- **"Maturity wall" erosion continues:** At the end of Q1 2013, the amount of S&P/LSTA Index loans maturing in 2013/2014 declined to $29.8 billion from $47.6 billion at the end of Q4 2012, representing 9.0% of all outstanding performing loans.(39) This relatively low level of near-term maturities is viewed as a key factor underpinning market participants' low near-term default expectations.
- **U.S. and European CLO junior O/C ratios improve:** In Q1 2013, average O/C ratios of U.S. and European CLOs improved as compared with the end of Q4 2012. According to Morgan Stanley, the median junior O/C test cushion for U.S. CLOs rose to 4.74% at the end of Q1 2013(40) up from 4.63% as of the end of 2012.(41) Similarly, the median junior O/C test cushion for Euro CLOs rose to 0.63% at the end of Q1 2013(42) vs. 0.26% at the end of 2012.(43)
- **U.S. and European CLO debt spreads tighten versus year-end:** Average secondary U.S. and European CLO debt spreads tightened across the capital structure at the end of Q1 2013 vs. Q4 2012, with mezzanine tranches registering the greatest declines.(44)
- **U.S. new issue arbitrage CLO volume reaches new highs:** During Q1 2013, 52 U.S. arbitrage cash flow CLOs were priced totalling $26.3 billion in volume, representing the second-highest quarterly volume on record.(45) While the forward pipeline of new issue arbitrage CLOs appears quite robust, continued U.S. loan spread tightening, rising loan prices, regulatory headwinds and "stickiness" of senior CLO debt pricing may reduce the attractiveness of CLO equity arbitrage levels and therefore lead to a deceleration of the pace of CLO issuance as compared with Q1 2013.

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APPENDIX IV

ADDITIONAL CLO PORTFOLIO STATISTICS

- **CLO Portfolio Credit Quality:** The weighted-average WARF across all of TFG's CLO equity investments stood at approximately 2,541 as of the end of Q1 2013. Each of these foregoing statistics represents a weighted-average summary (weighted by initial cost) of all of our deals. Each individual deal's metrics will differ from these averages and vary across the portfolio.

Figure 24

ALL CLOs	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Caa1/CCC+ or Below Obligors:	5.1%	6.0%	6.4%	5.7%	6.2%	7.0%	7.0%	7.2%	7.6%	8.3%	9.6%	10.5%
WARF:	2,541	2,599	2,605	2,578	2,588	2,624	2,614	2,642	2,664	2,671	2,658	2,706

U.S. CLOs	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Caa1/CCC+ or Below Obligors:	4.0%	4.5%	4.9%	4.2%	4.8%	5.5%	5.5%	5.8%	6.5%	6.9%	7.9%	8.4%
WARF:	2,510	2,524	2,528	2,491	2,504	2,533	2,522	2,542	2,591	2,622	2,610	2,648

EUR CLOs	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010	Q2 2010
Caa1/CCC+ or Below Obligors:	9.7%	11.7%	12.2%	11.6%	11.1%	12.3%	12.0%	12.3%	11.4%	13.1%	15.3%	17.4%
WARF:	2,670	2,896	2,903	2,910	2,900	2,948	2,941	2,997	2,914	2,837	2,817	2,898

APPENDICES

APPENDIX IV (Continued)

CLO EQUITY PORTFOLIO DETAILS AS OF 31 MARCH 2013

Figure 25

Transaction[i]	Deal Type	Original Invest. Cost MM USD)[ii]	Deal Closing Date	Year of Maturity	End of Reinv Period	Wtd Avg Spread (bps)[iii]	Original Cost of Funds (bps)[iv]	Current Cost of Funds (bps)[v]	Current Jr-Most O/C Cushion[vi]	Jr-Most O/C Cushion at Close[vii]	Annualized (Loss) Gain of Cushion[viii]	IRR[ix]	ITD Cash Received as % of Cost[x]
Transaction 1	EUR CLO	37.5	2007	2024	2014	356	55	59	(1.50%)	3.86%	(0.93%)	-	29.6%
Transaction 2	EUR CLO	29.7	2006	2023	2013	396	52	53	0.54%	3.60%	(0.48%)	9.6%	78.1%
Transaction 3	EUR CLO	22.2	2006	2022	2012	394	58	71	2.64%	5.14%	(0.35%)	12.1%	112.1%
Transaction 4	EUR CLO	33.0	2007	2023	2013	414	48	48	4.77%	5.76%	(0.16%)	14.4%	86.4%
Transaction 5	EUR CLO	36.9	2007	2022	2014	403	60	60	1.04%	5.74%	(0.83%)	8.4%	62.8%
Transaction 6	EUR CLO	33.3	2006	2022	2012	362	51	60	(0.16%)	4.70%	(0.71%)	6.6%	49.7%
Transaction 7	EUR CLO	38.5	2007	2023	2013	388	46	45	1.69%	3.64%	(0.32%)	5.8%	31.9%
Transaction 8	EUR CLO	26.9	2005	2021	2011	373	53	53	1.62%	4.98%	(0.44%)	9.5%	87.1%
Transaction 9	EUR CLO	41.3	2007	2023	2013	413	50	46	1.69%	6.27%	(0.76%)	6.8%	48.4%
Transaction 10	EUR CLO	27.0	2006	2022	2012	373	50	52	(1.73%)	4.54%	(0.94%)	3.2%	32.7%
EUR CLO Subtotal:		**326.3**				**388**	**52**	**54**	**1.04%**	**4.84%**	**(0.61%)**		**58.8%**
Transaction 11	US CLO	20.5	2006	2018	2012	341	45	46	5.30%	4.55%	0.11%	20.7%	165.6%
Transaction 12	US CLO	22.8	2006	2019	2013	359	46	46	5.27%	4.45%	0.13%	20.7%	163.2%
Transaction 13	US CLO	15.2	2006	2018	2012	379	47	48	4.98%	4.82%	0.02%	21.3%	176.4%
Transaction 14	US CLO	26.0	2007	2021	2014	388	49	50	3.69%	5.63%	(0.32%)	19.1%	147.2%
Transaction 15	US CLO	28.1	2007	2021	2014	456	52	48	3.74%	4.21%	(0.08%)	29.5%	193.3%
Transaction 16	US CLO	23.5	2006	2020	2013	426	46	45	3.37%	4.44%	(0.16%)	21.1%	171.5%
Transaction 17	US CLO	26.0	2007	2021	2014	352	40	40	4.66%	4.24%	0.07%	23.4%	164.6%
Transaction 18	US CLO	16.7	2005	2017	2011	330	45	50	10.42%	4.77%	0.76%	19.8%	178.8%
Transaction 19	US CLO	1.2	2005	2017	2011	330	45	50	10.42%	4.77%	0.76%	23.6%	173.1%
Transaction 20	US CLO	26.6	2006	2020	2012	457	52	52	3.73%	5.28%	(0.24%)	22.7%	178.7%
Transaction 21	US CLO	20.7	2006	2020	2012	451	53	56	3.39%	4.76%	(0.21%)	19.3%	157.8%
Transaction 22	US CLO	37.4	2007	2021	2014	453	53	53	3.39%	5.00%	(0.27%)	21.5%	151.1%
Transaction 23	US CLO	19.9	2007	2021	2013	345	66	66	3.59%	4.98%	(0.24%)	20.5%	159.5%
Transaction 24	US CLO	16.9	2006	2018	2012	426	46	47	5.40%	4.17%	0.19%	17.9%	139.2%
Transaction 25	US CLO	20.9	2006	2018	2013	428	46	46	6.38%	4.13%	0.36%	22.5%	166.8%
Transaction 26	US CLO	27.9	2007	2019	2013	440	43	44	4.52%	4.05%	0.08%	19.8%	141.9%
Transaction 27	US CLO	23.9	2007	2021	2014	563	51	51	11.59%	6.11%	0.88%	32.6%	209.5%
Transaction 28	US CLO	7.6	2007	2021	2014	563	51	51	11.59%	6.11%	0.88%	43.6%	132.2%
Transaction 29	US CLO	19.1	2005	2018	2011	445	66	139	8.87%	4.82%	0.54%	18.3%	165.9%
Transaction 30	US CLO	12.4	2006	2018	2012	468	67	81	3.06%	5.16%	(0.31%)	18.5%	148.0%
Transaction 31	US CLO	9.5	2005	2017	2012	331	52	62	4.25%	5.02%	(0.10%)	16.4%	175.2%
Transaction 32	US CLO	24.0	2007	2021	2014	349	59	59	4.28%	5.57%	(0.23%)	21.1%	145.2%
Transaction 33	US CLO	16.2	2006	2020	2012	367	56	98	5.58%	6.99%	(0.20%)	14.0%	144.6%
Transaction 34	US CLO	22.2	2006	2020	2012	374	50	50	4.46%	6.66%	(0.35%)	18.9%	156.2%
Transaction 35	US CLO	23.6	2006	2018	2012	435	52	59	2.49%	5.00%	(0.37%)	19.8%	170.5%
Transaction 36	US CLO	28.4	2007	2021	2013	446	46	56	2.54%	5.18%	(0.44%)	20.4%	147.9%
Transaction 37	US CLO	9.3	2005	2017	2011	327	50	80	7.54%	4.34%	0.42%	15.0%	156.7%
Transaction 38	US CLO	23.7	2007	2021	2013	344	42	42	3.29%	5.07%	(0.29%)	27.7%	187.0%
Transaction 39	US CLO	7.8	2005	2017	2011	349	70	129	10.76%	3.15%	1.02%	9.2%	88.8%
Transaction 40	US CLO	13.0	2006	2020	2011	417	39	44	N/A	N/A	N/A	22.0%	174.8%
Transaction 41	US CLO	22.5	2006	2020	2013	383	48	49	4.32%	4.71%	(0.06%)	21.8%	169.4%

APPENDICES

APPENDIX IV (Continued)

CLO EQUITY PORTFOLIO DETAILS (CONTINUED)
AS OF 31 MARCH 2013

Figure 25 (continued)

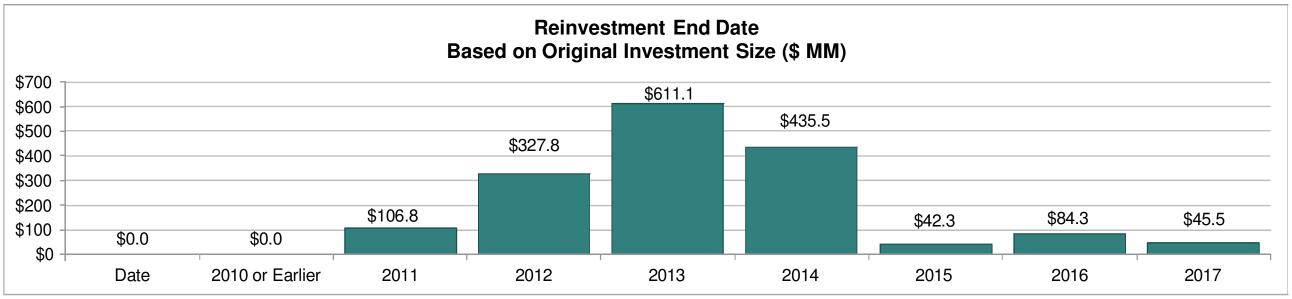
Transaction[i]	Deal Type	Original Invest. Cost MM USD[ii]	Deal Closing Date	Year of Maturity	End of Reinv Period	Wtd Avg Spread (bps)[iii]	Original Cost of Funds (bps)[iv]	Current Cost of Funds (bps)[v]	Current Jr-Most O/C Cushion[vi]	Jr-Most O/C Cushion at Close[vii]	Annualized (Loss) Gain of Cushion[viii]	IRR[ix]	ITD Cash Received as % of Cost[x]
Transaction 42	US CLO	22.4	2007	2021	2014	409	47	48	5.18%	3.92%	0.21%	21.7%	154.3%
Transaction 44	US CLO	22.3	2006	2018	2012	328	54	79	3.16%	4.16%	(0.14%)	11.0%	120.3%
Transaction 45	US CLO	23.0	2006	2018	2012	316	46	46	1.86%	4.46%	(0.41%)	9.8%	101.8%
Transaction 46	US CLO	21.3	2007	2019	2013	334	51	51	2.67%	4.33%	(0.28%)	9.9%	90.4%
Transaction 47	US CLO	28.3	2006	2021	2013	338	47	43	2.95%	4.34%	(0.22%)	21.3%	168.1%
Transaction 48	US CLO	23.0	2006	2019	2013	350	46	46	2.49%	5.71%	(0.50%)	16.5%	127.1%
Transaction 49	US CLO	12.6	2005	2017	2011	358	40	45	4.54%	3.94%	0.08%	12.8%	117.0%
Transaction 50	US CLO	12.3	2006	2018	2012	355	40	42	3.81%	4.25%	(0.06%)	13.9%	117.8%
Transaction 51	US CLO	18.0	2007	2020	2013	393	53	53	4.46%	4.47%	(0.00%)	21.4%	156.9%
Transaction 54	US CLO	0.5	2005	2017	2012	346	56	81	9.75%	3.69%	0.76%	57.4%	873.5%
Transaction 55	US CLO	0.3	2005	2017	2011	350	39	50	8.39%	3.59%	0.63%	60.5%	816.2%
Transaction 56	US CLO	23.0	2007	2019	2014	386	42	42	4.70%	4.53%	0.03%	23.3%	167.7%
Transaction 57	US CLO	0.6	2007	2019	2014	386	42	42	4.70%	4.53%	0.03%	50.3%	897.6%
Transaction 58	US CLO	21.8	2007	2019	2014	393	49	49	3.71%	4.04%	(0.06%)	25.6%	173.0%
Transaction 59	US CLO	0.4	2007	2019	2014	393	49	49	3.71%	4.04%	(0.06%)	53.8%	1230.1%
Transaction 60	US CLO	18.8	2010	2021	2014	418	198	198	4.53%	4.50%	0.01%	10.9%	31.4%
Transaction 61	US CLO	29.1	2007	2021	2014	341	45	45	3.47%	4.04%	(0.10%)	18.1%	123.2%
Transaction 62	US CLO	25.3	2007	2020	2013	369	42	42	4.57%	5.20%	(0.10%)	22.1%	168.3%
Transaction 63	US CLO	27.3	2007	2021	2013	404	53	53	3.01%	4.78%	(0.31%)	20.1%	143.7%
Transaction 64	US CLO	15.4	2007	2021	2013	443	38	38	N/A	N/A	N/A	22.9%	149.3%
Transaction 65	US CLO	26.9	2006	2021	2013	375	47	48	3.22%	4.96%	(0.27%)	14.9%	110.9%
Transaction 66	US CLO	21.3	2006	2020	2013	344	49	49	3.93%	4.05%	(0.02%)	22.3%	170.7%
Transaction 67	US CLO	27.3	2007	2022	2014	337	46	45	4.07%	4.38%	(0.05%)	20.3%	146.7%
Transaction 68	US CLO	19.3	2006	2020	2013	377	48	48	5.56%	4.41%	0.18%	27.0%	205.9%
Transaction 69	US CLO	28.2	2007	2019	2013	378	44	44	6.86%	5.61%	0.21%	26.2%	188.4%
Transaction 70	US CLO	24.6	2006	2020	2013	315	52	52	5.19%	6.21%	(0.16%)	19.0%	147.2%
Transaction 71	US CLO	1.7	2006	2018	2012	355	40	42	3.81%	4.25%	(0.06%)	28.8%	79.9%
Transaction 72	US CLO	4.8	2007	2019	2014	386	42	42	4.70%	4.53%	0.03%	22.4%	70.3%
Transaction 73	US CLO	1.9	2007	2019	2014	386	42	42	4.70%	4.53%	0.03%	22.4%	70.3%
Transaction 74	US CLO	5.5	2007	2019	2014	393	49	49	3.71%	4.04%	(0.06%)	24.1%	72.6%
Transaction 75	US CLO	32.7	2011	2022	2014	419	168	168	4.57%	4.05%	0.30%	12.9%	35.1%
Transaction 76	US CLO	1.9	2006	2018	2012	316	46	46	1.86%	2.43%	(0.09%)	41.3%	78.2%
Transaction 77	US CLO	14.5	2011	2023	2016	424	212	213	5.48%	5.04%	0.34%	13.7%	18.1%
Transaction 78	US CLO	22.9	2012	2023	2015	467	217	217	4.69%	4.00%	0.58%	14.1%	26.1%
Transaction 79	US CLO	19.4	2012	2022	2015	446	215	215	4.25%	4.00%	0.22%	8.7%	18.0%
Transaction 80	US CLO	22.7	2012	2022	2016	453	185	185	4.27%	4.17%	0.12%	12.7%	14.1%
Transaction 81	US CLO	21.7	2012	2024	2016	475	216	217	4.47%	4.00%	0.86%	9.2%	4.9%
Transaction 82	US CLO	25.4	2012	2022	2016	457	206	207	4.18%	4.00%	0.37%	8.8%	1.1%
Transaction 83	US CLO	20.8	2013	2025	2017	406	193	193	4.02%	4.02%	-	8.3%	0.0%
Transaction 84	US CLO	24.6	2013	2023	2017	363	183	183	4.02%	4.02%	-	9.2%	0.0%
US CLO Subtotal:		**1,327.1**				**396**	**74**	**77**	**4.40%**	**4.59%**	**0.01%**		**132.1%**
Total CLO Portfolio:		**1,653.3**				**395**	**70**	**72**	**3.74%**	**4.64%**	**(0.12%)**		**117.7%**

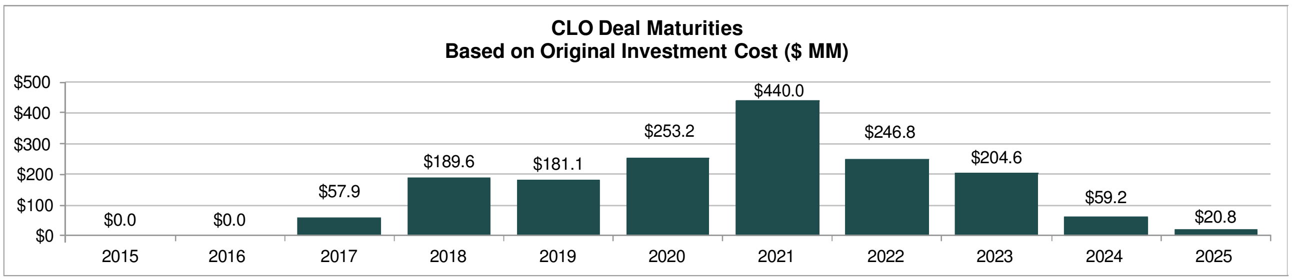
APPENDICES

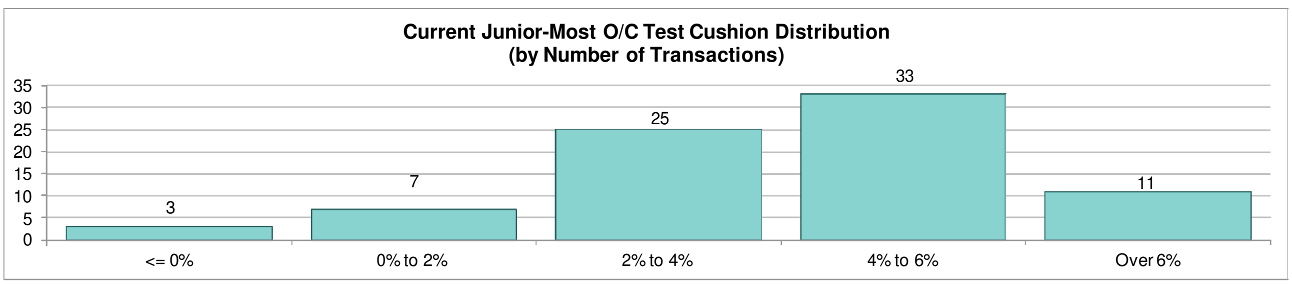
APPENDIX IV (Continued)

CLO EQUITY PORTFOLIO DETAILS (CONTINUED)

Figure 26







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 Transaction 53 was removed from the table above, as the remaining value of the assets of the CLO is immaterial. Transaction 53 continues to be held as of the end of March 2013.

(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.

(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 annualizing 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.

APPENDICES

BOARD OF DIRECTORS

Paddy Dear	**Reade Griffith**	**Byron Knief***
Rupert Dorey*	**David Jeffreys***	**Greville Ward***

*Independent Director

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Administrator and Registrar

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Channel Islands GYI 6HJ

ENDNOTES

Executive Summary and Outlook

(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 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.

(2) TFG's returns will most likely fluctuate with LIBOR. LIBOR directly flows through some of TFG's investments and, as it can be seen as the risk-free short-term rate, it should affect all of TFG's investments. In high-LIBOR environments, TFG should achieve higher sustainable returns; in low-LIBOR environments, TFG should achieve lower sustainable returns.

(3) Includes GreenOak funds and advisory assets, AUM for Polygon Recovery Fund LP, Polygon Convertible Opportunity Master Fund, Polygon European Equity Opportunity Master Fund and associated managed account, Polygon Mining Opportunity Master Fund, and Polygon Global Equity Master Fund, as calculated by the applicable administrator. Includes, where relevant, investments by Tetragon Financial Group Master Fund Limited.

Key Metrics

(4) Please refer to Quarterly Financial Highlights on page 15 of this report for the definition of Net Economic Income.

(5) Please refer to Quarterly Financial Highlights on page 15 of this report for the definition of Return on Equity.

(6) Please see endnote 2 above.

(7) Please see Figure 9 "TFG Asset Management Statement of Operations Q1 2013" on page 12 for the determination of TFG Asset Management EBITDA.

(8) Please refer to Quarterly Financial Highlights on page 15 of this report for the definition of Adjusted EPS.

(9) Please refer to Quarterly Financial Highlights on page 15 of this report for the definition of Pro Forma Fully Diluted Shares and Pro Forma Fully Diluted NAV per Share.

(10) Please see endnote 2 above.

Investment Portfolio

(11) The CLO asset characterizations referenced above reflect the primary asset focus of the vehicles. These transactions, however, may allow for limited exposure to other asset classes including unsecured loans, high yield bonds, or structured finance securities.

(12) Please note that TFG may hold more than one investment in any CLO transaction within its portfolio.

(13) Based on the most recent trustee reports available as of 31 March 2013.

(14) In each case using the weighted-average U.S. GAAP shares outstanding during the quarter (Q1 2013: 98,393,598 and Q4 2012: 108,865,740).

(15) Based on the most recent trustee reports available as of 31 March 2013.

(16) In each case using the weighted-average U.S. GAAP shares outstanding during the quarter (Q1 2013: 98,393,598 and Q4 2012: 108,865,740).

(17) In each case using the weighted-average U.S. GAAP shares outstanding during the quarter (Q1 2013: 98,393,598 and Q4 2012: 108,865,740).

(18) Based on the most recent trustee reports available as of 31 March 2013.

(19) Internal rate of return calculated using the XIRR function in Excel, reflecting the timing of all investments and fair value (NAV/share) reported for the funds as of 31 March 2013.

(20) Internal rate of return calculated using the XIRR function in Excel, reflecting the timing of all investments and fair value (NAV/share) reported for the funds as of 31 March 2013.

TFG Asset Management

(21) Nets off cost of recovery on "Other fee income" against this cost contained in "operating, employee, and administrative expenses." Operating costs also removes amortisation from the U.S. GAAP segmental report.

ENDNOTES (Continued)

(22) 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 LCM and GreenOak are excluded from this line item. Such fees would typically not be realised or recognised under US GAAP until calendar year end, and are therefore subject to change based on fund performance during the remainder of the year. There are can be no assurance that the company will realise all or any portion of such amounts. For Q1 2013, this amount equaled $0.9 million before (1) an assumed imputed tax charge and (2) estimated TFM performance fees reduced the net contribution to $0.5 million as shown in Figure 9 and further represented in Figures 16 and 17 of this report.

(23) The LCM II, LCM III, LCM IV, LCM V, LCM VI, LCM VIII, LCM IX, LCM X, LCM XI, LCM XII, and LCM XIII CLOs are referred to as the "LCM Cash Flow CLOs." The LCM VII CLO was a market value CLO previously managed by LCM, which was liquidated commencing in 2008, and is not included in the mentioned statistics. LCM I CLO has sold all of its assets and repaid all of its liabilities with excess proceeds distributed to equity holders as of 31 December, 2012, and is therefore not included in the mentioned statistics. In addition, these statistics do not include the performance of certain transactions that were developed and previously managed by a third-party prior to being assigned to LCM, some of which continue to be managed by LCM.

Financial Tables

(24) 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 LCM and GreenOak are excluded from this line item. Such fees would typically not be realised or recognised under US GAAP until calendar year end, and are therefore subject to change based on fund performance during the remainder of the year. There are can be no assurance that the company will realise all or any portion of such amounts. For Q1 2013, this amount equaled $0.9 million before (1) an assumed imputed tax charge and (2) estimated TFM performance fees reduced the net contribution to $0.5 million as shown in Figure 9 and further represented in Figures 16 and 17 of this report.

(25) 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 utilized 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) 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 a five-year period.

(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 II

(26) Citi Research – "Global Structured Credit Strategy" – 9 April 2013

(27) Citi Research – "Global Structured Credit Strategy" – 9 April 2013

ENDNOTES (Continued)

Appendix III

(28) S&P/LCD News, "Loan default rate jumps in March as directory specters return," 1 April 2013.

(29) S&P/LCD News, "Loan default rate jumps in March as directory specters return," 1 April 2013.

(30) The calculation of TFG's lagging 12-month corporate loan default rate does not include certain underlying investment collateral that was assigned a "Selective Default" rating by one or more of the applicable rating agencies. Such Selected Defaults are included the S&P/LCD lagging 12-month U.S. institutional loan default rate discussed above. Furthermore, TFG's CLO equity and direct loan investment portfolio includes approximately 10.4% CLOs with primary exposure to European senior secured loans and such loans are included in the calculation of TFG's corporate default rate.

(31) S&P/LCD News, "Leveraged loan volume nears record in 1Q amid refinancing frenzy," 28 March 2013.

(32) S&P/LCD Quarterly Review, Q1 2013.

(33) S&P/LCD News, "Leveraged loan volume nears record in 1Q amid refinancing frenzy," 28 March 2013.

(34) S&P/LCD News, "Leveraged loan volume nears record in 1Q amid refinancing frenzy," 28 March 2013.

(35) S&P/LCD News, "Leveraged loans return 0.82% in March; YTD return is 2.11%," 1 April 2013.

(36) S&P/LCD News, "(EUR) S&P ELLI: Loans gain 0.39%; 1Q13 return is 2.05%," 3 April 2013.

(37) S&P/LCD Leveraged Lending Review, Q1 2013.

(38) S&P/LCD News, "(EUR) ELLI repayments €1.6 billion in March," 8 April 2013.

(39) S&P/LCD Quarterly Review, Q1 2013.

(40) Morgan Stanley CLO Market Tracker, 8 April 2013; based on a surveillance universe of 440 USD-denominated CLOs and 184 Euro-denominated CLOs.

(41) Morgan Stanley CLO Market Tracker, 4 January 2013; based on a surveillance universe of 487 USD-denominated CLOs and 194 Euro-denominated CLOs.

(42) Morgan Stanley CLO Market Tracker, 8 April 2013; based on a surveillance universe of 440 USD-denominated CLOs and 184 Euro-denominated CLOs.

(43) Morgan Stanley CLO Market Tracker, 4 January 2013; based on a surveillance universe of 487 USD-denominated CLOs and 194 Euro-denominated CLOs.

(44) Morgan Stanley CLO Market Tracker, 8 April 2013.

(45) Morgan Stanley CLO Market Tracker, 8 April 2013.