TETRAGON FINANCIAL GROUP LIMITED (TFG)
PERFORMANCE REPORT FOR PERIOD ENDED 30 JUNE 2013

31 July 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 30 June 2013.

EXECUTIVE SUMMARY AND OUTLOOK

OVERVIEW

TFG achieved positive operating and financial performance in H1 2013, with an annualised Return on Equity ("RoE") of 12.3% in line with our over-the-cycle target of 10-15% *per annum*.(2) Annualised RoE for Q2 alone was 7.3%. As anticipated, and as discussed in the company's Q1 2013 performance report, the rate of earnings growth has slowed from previous quarters due to, among other things, credit spread tightening. Credit spreads have been tightening for several months and for TFG's CLO portfolios this is a double-edged sword. Tighter credit markets are a positive in that they potentially reduce the discount rate on future cash flows; also, tighter credits tend to be caused by a relatively benign default environment which in itself is good for the company's CLOs. However, these conditions also mean that borrowers tend to prepay their loans and reissue at lower spreads, thus reducing the net interest margin in each CLO. These two counterbalancing factors have been the dominant themes in TFG's U.S. CLO portfolio during the first half of the year.

In H1 2013, TFG made $146.4 million of new investments into all of its existing asset classes: loans (via CLO equity); real estate; equities; and credit. We expect to continue to invest in these asset classes in the second half of the year.

TFG's asset management business ("TFG Asset Management") had good financial performance during H1 2013.

GOALS

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

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

   The company met its RoE target of 10-15% during H1 2013 with annualised RoE of 12.3%.

2. **To manage more of TFG's assets on the TFG Asset Management platform.**

   The amount of TFG's capital that was externally managed as of the end of Q2 2013 was 56.6%, down from 60.9% at the end of Q1 2013 and 63.2% at the end of 2012.(3)

3. **To grow client AUM and fee income.**

   TFG Asset Management's assets under management ("AUM") at 30 June 2013 stood at $8.7 billion, compared to $7.7 billion at 2012 year-end.(4)

4. **To add further asset management businesses to the TFG Asset Management platform.**

   During Q2 2013, a senior distressed credit portfolio manager joined the TFG Asset Management platform to build a team, establish a distressed credit fund, and build a performance track record in the strategy.

EXECUTIVE SUMMARY AND OUTLOOK

OUTLOOK

We expect that the current environment of central bank involvement in the financial markets is likely to continue for some time. This implies that financial asset prices may be significantly impacted by factors other than their fundamental value, leading to volatility across asset classes. We believe that the increased diversification of TFG's investments may prove valuable in such conditions.

We remain cautiously positive about the outlook for the second half of 2013 with respect to both our existing investment portfolio and potential new investments. It is important to note, however, that with LIBOR at record lows our *ex ante* expected returns on each investment, and therefore our expected RoE for the company, are likely to be at the low end of our long-term target range of 10-15%.

We remain focused on managing the de-leveraging of our Pre-Crisis CLO portfolio and expect to continue to evaluate the exercise of our refinancing and call options against our available reinvestment opportunities to seek to optimize the return on both individual investments and the overall portfolio.

Finally, we expect that our asset management brands, GreenOak, LCM and Polygon, will continue to successfully navigate risks and opportunities within their respective markets.

TFG INVESTOR DAY

As previously announced, TFG will host an investor day in London on 30 September 2013 starting at 1:00 p.m. BST. The event will also be webcast live. The presentations are expected to cover reviews of TFG's business model, its investment portfolio and its asset management businesses. Further details regarding registration and agenda will be published closer to the date of the event.

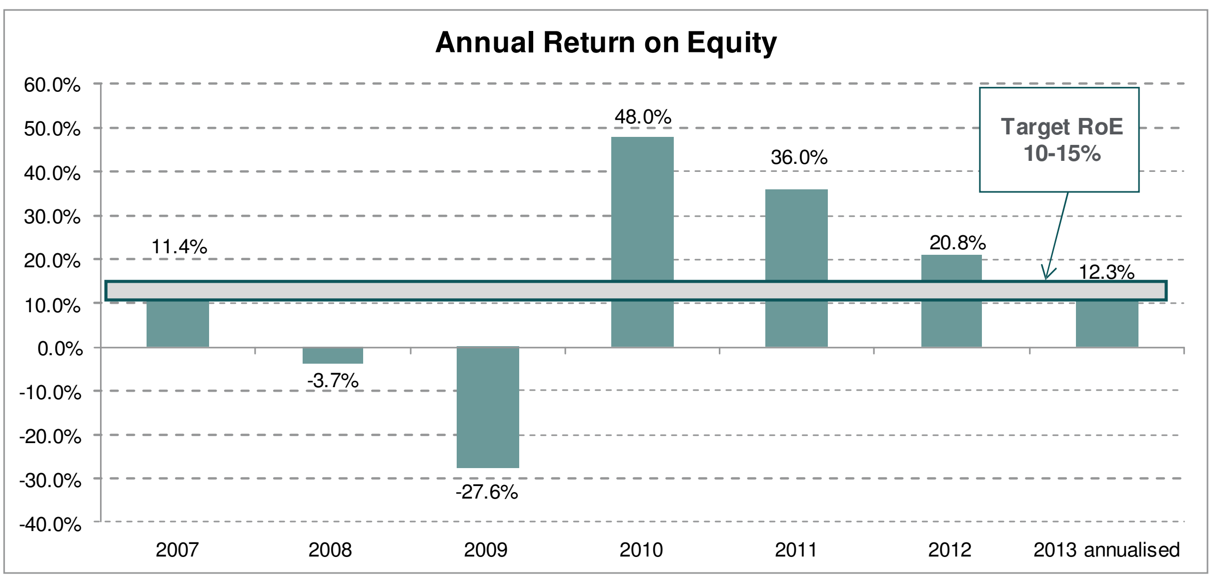
KEY METRICS

We continue to focus on three key 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(5) of $99.6 million in H1 2013, a fall of 24.9% versus the same period in 2012.
- H1 2013 RoE(6) of 6.1% (12.3% annualised) brought the year-to-date performance within TFG's over-the-cycle target of 10-15% *per annum*.(7)
- While results for Q1 2013 were improved by the sustained re-rating of the CLO portfolio, as we anticipated in TFG's Q1 2013 report, there was a decline in the cash flows generated by CLOs during the second quarter. This arose primarily from a combination of loan spread compression and elevated levels of prepayments, reflecting borrowers taking the opportunity to refinance at lower spreads. This was also one of the main drivers behind the decline of TFG's RoE for Q2 2013 versus recent quarters to an annualised equivalent of 7.3%.
- An improving outlook for Euro-denominated CLO deals resulted in a reduction of the discount rate that TFG applied to their projected cash flows, which added approximately $8.1 million to the fair value of this part of the CLO portfolio.
- The TFG Asset Management segment contributed approximately $10.6 million of "EBITDA equivalent"(8) in the quarter and an EBITDA equivalent of $15.9 million for H1 2013.

Figure 1

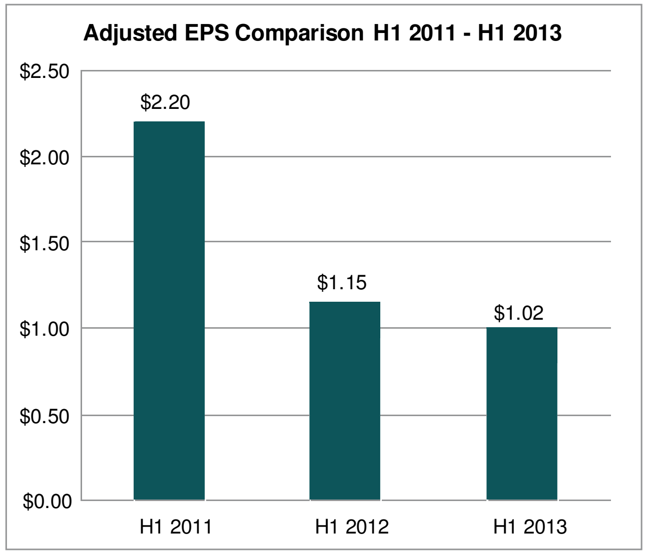


KEY METRICS

EARNINGS PER SHARE ("EPS")

- TFG generated an Adjusted EPS(9) of \$0.32 during Q2 2013 resulting in a H1 2013 EPS of \$1.02 (H1 2012: \$1.15).
- The recalibration of discount rates used in modelling the fair value of the European CLO portfolio, largely in response to sustained reductions in observed risk premia, added approximately \$0.06 of earnings per share after fees (please see page 26 for further detail).

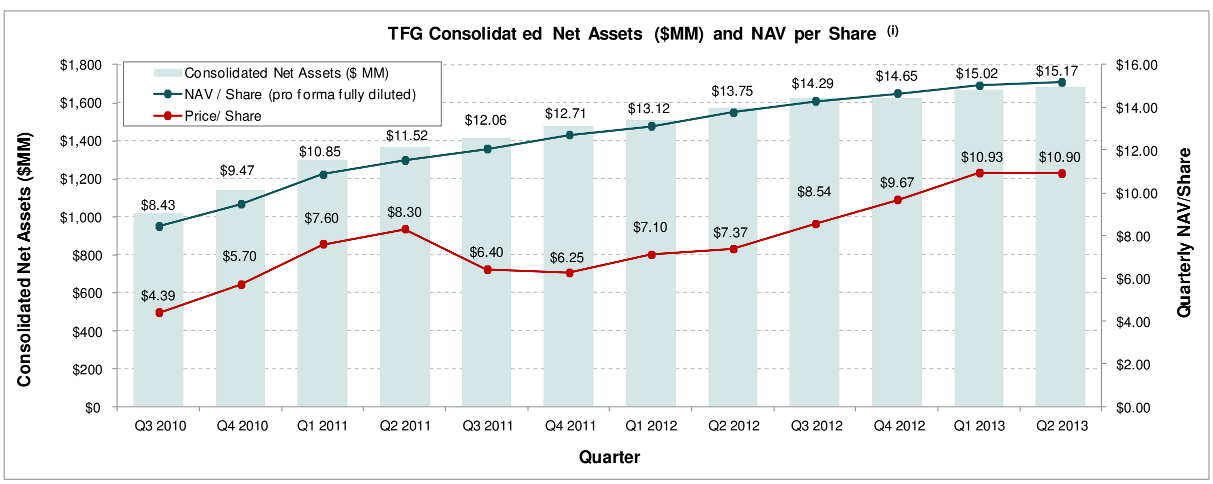
Figure 2



NAV PER SHARE

Total NAV increased to \$1,680.3 million which equated to Pro Forma Fully Diluted NAV per Share(10) of \$15.17.

Figure 3



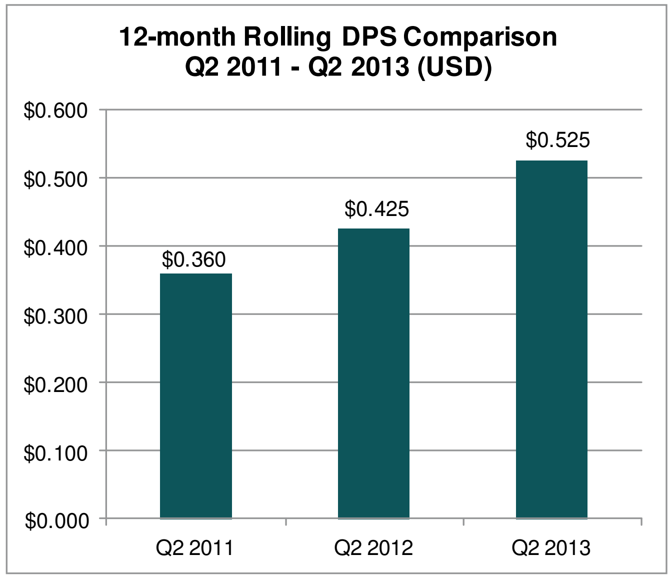
(i) Source: NAV per share based on TFG's financial statements as of the relevant quarter-end date; TFG's closing share price data as per Bloomberg as of the last trading day of each quarter. Please note that the *pro forma* fully diluted NAV per share reported as of each quarter end date excludes any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

KEY METRICS

DIVIDENDS

- Dividends per Share ("DPS"): TFG declared a Q2 2013 DPS of $0.14 up from $0.135 in Q1 2013. On a rolling 12-month basis, the dividend of $0.525 represents a 24.0% increase over the previous four quarters.
- TFG continues to pursue a progressive dividend policy with a target payout ratio of 30-50% of normalized earnings, recognizing the long-term sustainable RoE of 10-15% per annum. The Q2 2013 DPS of $0.14 brings the cumulative DPS since TFG's IPO to $2.535.

Figure 4



CASH FLOW & USES OF CASH

CASH FLOW AND USES OF CASH

TFG's cash flows from operations increased by 6.5% in H1 2013 compared with the same period of 2012, to $183.9 million. Cash flows generated by the CLO portfolio continued to be the primary source of cash and increased by 11.9% in H1 2013 to $237.9 million compared with H1 2012. CLO cash flows are discussed in more detail in the Investment Portfolio section of this report.

TFG invested $45.5 million into the equity tranches of new CLO issues in H1 2013, all of it in the first quarter as the new issue CLO market slowed and proved to be less attractive in the second quarter. TFG continued to add to its investments in equities, credit and convertible bonds primarily via Polygon branded in-house managed funds and in real estate vehicles managed by GreenOak.

The reduction in TFG's direct loan portfolio continued into Q2 2013, bringing the H1 2013 net cash flows from net sales of loans to $71.0 million. TFG utilised $26.4 million to pay dividends in H1 2013 compared with $24.2 million in H1 2012, and $16.1 million to repurchase its shares during H1 2013.

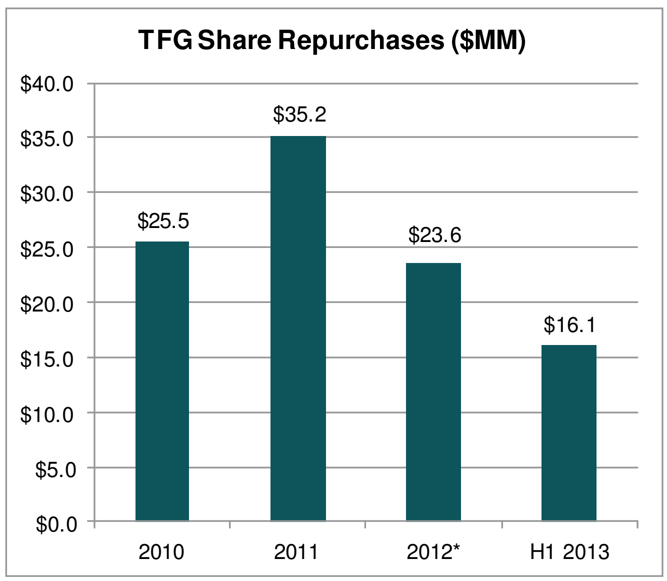
At the end of Q2 2013, TFG's investible cash balance was $217.8 million, approximately 13.0% of net assets.

SHARE REPURCHASES

Prior to the expiration of the share repurchase program on 30 April 2013, TFG purchased $16.1 million worth of TFG shares at a discount to NAV in H1 2013.

Since its launch in 2007 to the end of H1 2013, TFG's share repurchase program has resulted in the repurchase of approximately 36.2 million shares at an aggregate cost of $273.6 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 Q2 2013, TFG continued to expand its investment portfolio beyond the leveraged loan asset class, by investing in equities, credit and convertible bonds (primarily through incremental investments in Polygon-managed funds) and real estate through GreenOak-managed vehicles.

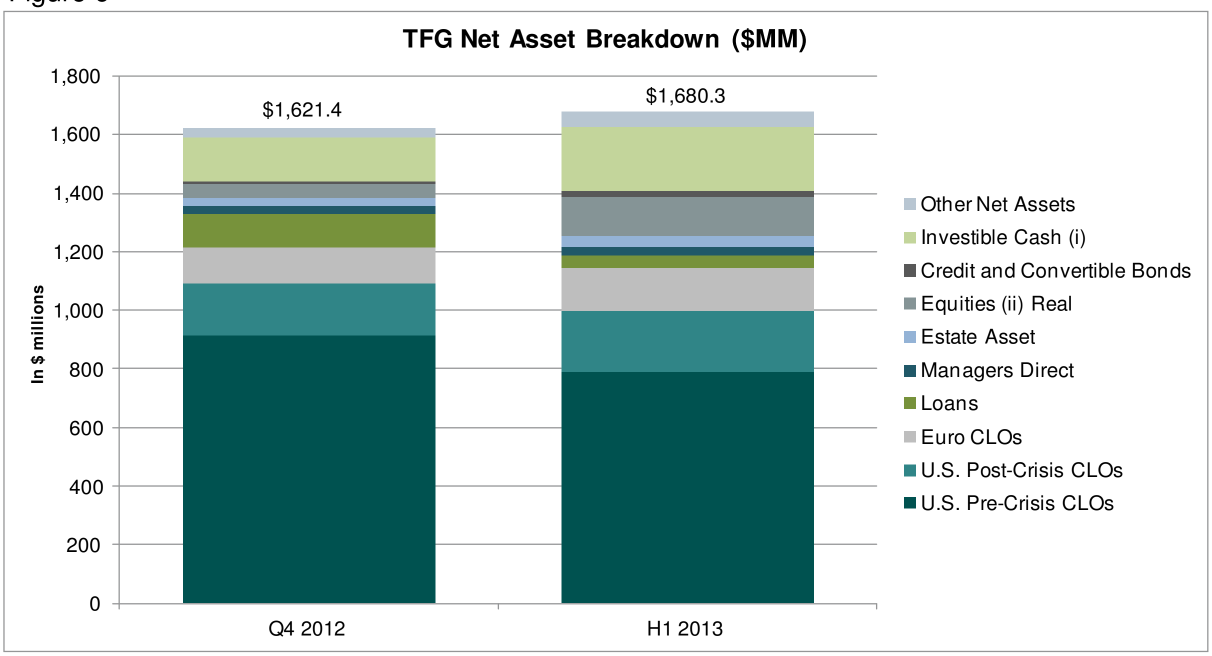
U.S. corporate loans accessed via CLO equity, which constitute the majority of TFG's investment assets, continued to perform well during Q2 2013, with credit quality, structural strength, and cash flow generation remaining strong despite declining from recent highs. The fair value of the U.S. CLO equity portfolio, however, was negatively impacted by the rapid pace of loan spread tightening, which reduced the expected future cash flows of such investments.

TFG's real estate, equity, credit and convertible bond investments performed well during Q2 2013.

PORTFOLIO COMPOSITION AND OUTLOOK

The following chart shows the composition of net assets by asset class for H1 2013 and Q4 2012.

Figure 6



(i) Investible Cash consists of: (1) cash held directly by TFG Master Fund Ltd., (2) excess margin held by brokers associated with assets held directly by TFG Master Fund Ltd., 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.

(ii) Assets characterized 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 the balance sheet.

INVESTMENT PORTFOLIO

TFG's net assets, which totalled $1,680.3 million at the end of H1 2013, consisted mainly of:

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

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

Figure 7

Asset Type	June 2013 Net Assets (in $MM)	LTM Performance (ii)
U.S. Pre-Crisis CLOs (i)	$787.3	29.3%
U.S. Post-Crisis CLOs (i)	$209.0	16.5%
U.S. Direct Loans	$43.2	6.0%
European CLOs	$145.4	49.6%
Equities(iv)	$133.7	2.7%(iii)
Convertible Bonds	$20.8	4.2%(iii)
Real Estate	$37.5	N/A

(i) "U.S. Pre-Crisis CLOs" and "U.S. Post-Crisis CLOs" 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 Q2 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) Note that for Polygon-managed funds (Equities and Convertible Bonds), LTM returns are presented as the actual return for TFG's period of investment from 1 December to 30 June 2013. TFG invests in Polygon-managed funds on a preferred fee-basis.

(iv) Assets characterized 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 the balance sheet.

CORPORATE LOANS

TFG's exposure to the corporate loan asset class (whether held directly or indirectly via CLO equity investments) totalled $1,184.9 million at the end of Q2 2013 ($1,269.9 million at the end of Q1 2013) and remained diversified, with 75.2% in U.S. broadly-syndicated senior secured loans, 12.5% in U.S. middle-market senior secured loans and 12.3% 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 of approximately $16.9 billion par value of leveraged loans.

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 Q2 2013, TFG had equity investments in 52 U.S. Pre-Crisis CLOs and one investment in the debt tranche of a U.S. Pre-Crisis CLO.(12) The U.S. Pre-Crisis CLO equity investments had total fair value of $787.3 million as of 30 June 2013, compared with $872.8 million at the end of the prior quarter.

During Q2 2013, TFG's U.S. Pre-Crisis CLO investments produced cash flows of $89.5 million ($0.92 per average outstanding share), compared with $110.0 million ($1.12 per average outstanding share) generated during Q1 2013.(13)

TFG's investments in U.S. Pre-Crisis CLO equity continued to perform well during Q2 2013, although U.S. loan spread tightening and structural de-leveraging of certain deals reduced their expected future cash generation capacity. Although cash flows remained robust during the second quarter of 2013, we expect the U.S. Pre-Crisis CLO equity portfolio to continue to wind down over the medium term as these transactions move further beyond their reinvestment periods rendering reinvestment increasingly difficult as a result of weighted-average life ("WAL") and maturity constraints, among other factors. Additionally, as well-performing transactions see their equity tranches realize predetermined incentive fee IRR hurdles (typically an IRR of 12.0%), 20-25% of available excess interest proceeds may be diverted to the CLOs' managers as a performance fee, reducing distributions versus earlier levels.

U.S. POST-CRISIS CLOs

As of the end of Q2 2013, TFG held 10 equity investments in U.S. Post-Crisis CLOs with a total fair value of $209.0 million compared to $214.1 million at the end of Q2 2013. Although no U.S. Post-Crisis CLO investments closed during Q2 2013, in July 2013 the company made a minority investment in the equity tranche of an LCM-managed U.S. Post-Crisis CLO totaling approximately $1.0 million at cost.

TFG's U.S. Post-Crisis CLOs performed well during the quarter with all O/C tests remaining in compliance within each deal.(14) During Q2 2013, TFG's U.S. Post-Crisis CLO investments produced cash flows of $12.6 million ($0.13 per average outstanding share), as compared with $8.9 million ($0.09 per average outstanding share) in the prior quarter.(15)

INVESTMENT PORTFOLIO

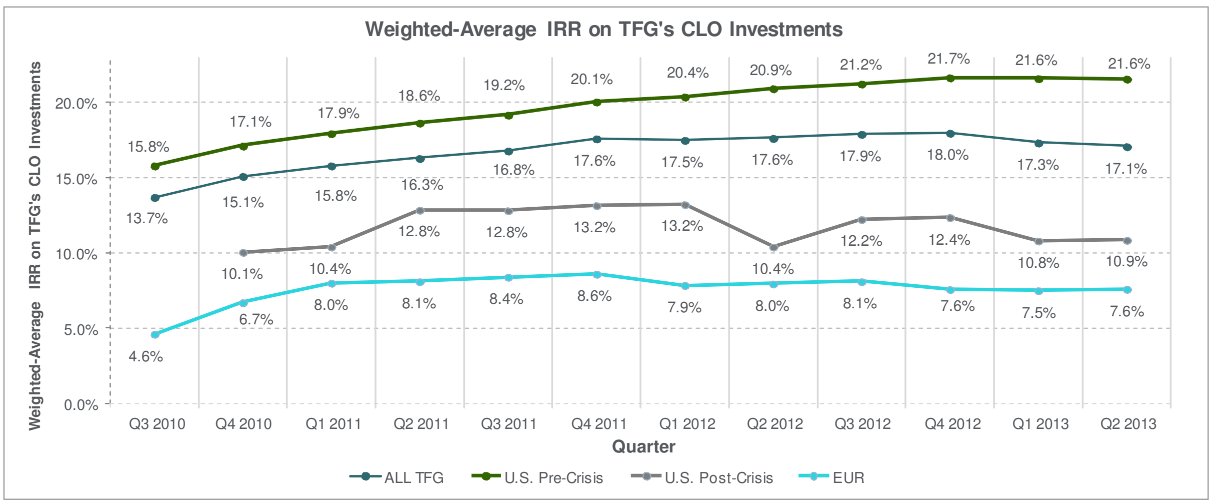
EUROPEAN CLOs

As of the end of Q2 2013, TFG held equity investments in 10 European CLOs with a total fair value of $145.4 million, up from $132.0 million as of the end of Q1 2013. The increase in fair value was driven primarily by a change in the discount rate applied to the projected cash flows of TFG's European CLOs (please see page 26 for more details).

Despite the improvement in the performance of TFG's European CLO equity investments in Q2 2013, we continue to expect that performance may remain volatile. During Q2 2013, TFG's European CLO investments generated cash flow of €7.9 million (€0.08 per average outstanding share), compared with €5.0 million (€0.05 per average outstanding share) in the prior quarter.[16] As of the end of Q2 2013, 94.1% of all of TFG's European CLO investments were passing their junior-most O/C tests, weighted by fair value, and 90% were passing when weighted by number of deals.

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

Figure 8



CLO SUMMARY AND OUTLOOK

As we look forward to the remainder of 2013, a number of offsetting forces are likely to impact the performance of TFG's CLO portfolio. On the positive side, we anticipate that near-term loan default rates are likely to remain below their historical average in both the United States and Europe. Secondly, we currently expect that loan spreads are likely to stabilize near current levels, following the widening witnessed in late May and June 2013, potentially benefitting CLO net interest margins. Additionally, a deceleration in the loan repayment rate from recent highs is possible given recent spread widening, which would be expected to slow the pace of deleveraging of TFG's CLOs, all else being equal.

On the negative side, despite market-wide loan spread widening, the weighted-average spread of TFG's CLOs may continue to decline as a result of certain weighted-average life, maturity, and other collateral quality constraints of these transactions, limiting their reinvestment pool to shorter duration assets which tend to carry lower spreads. These constraints may also lead to rising cash balances as CLO managers may not be able to find suitable investments, which could in turn

CLO SUMMARY AND OUTLOOK (continued)

reduce the amount of net interest margin distributable to CLO equity holders, such as TFG. Additionally, although rising LIBOR rates would generally be a positive for CLO equity returns, given the significant presence of LIBOR floors within the underlying U.S. CLO loan portfolios, some of the initial increase in LIBOR may be a negative drag on U.S. CLO equity returns since LIBOR floors effectively transform these loans into fixed-paying instruments until LIBOR rises above specified floor levels while CLO liabilities remain floating in nature.

Despite significant uncertainty around the multiple factors affecting the performance of the CLO portfolio, our outlook remains positive near to mid-term. As noted elsewhere, as a majority equity holder in these transactions, we may have the ability to monetize the value of early redemption options of these CLOs when appropriate.

DIRECT LOANS

As of the end of Q2 2013, TFG held Direct U.S. Loan investments with a total fair value of $43.2 million and par value of $43.4 million, down from $51.0 million in fair value and $50.5 million in par amount as of the end of Q1 2013. This modest decline in the size of the portfolio was primarily driven by repayments. The direct bank loan portfolio performed well during Q2 2013, experiencing no defaults.

EQUITIES

As of the end of Q2 2013, TFG held $133.7 million in equities, primarily via in-house managed Polygon-branded equity funds and equity assets held directly on the balance sheet, up from $89.2 million as of the end of Q1 2013.(17) The equity investment strategies are generally focused on European event-driven equity, global equities and mining equities-related investments. Equity investments were first made on 1 December 2012, and through the end of Q2 2013 had returned 2.7% to TFG. The blended, weighted-average IRR generated by the equity assets from the date of each investment through the end of Q2 2013 totalled approximately 6.6%.(18)

CREDIT AND CONVERTIBLE BONDS

As of the end of Q2 2013, TFG held $20.8 million of investments (at fair value) in credit and convertibles, primarily via an in-house managed Polygon-branded credit and convertibles fund, up from $10.5 million at the end of Q1 2013. The initial fund investment was made on 1 December 2012 and through the end of Q2 2013 had returned 4.2% to TFG. The blended, weighted-average IRR generated by credit and convertible assets from the date of each investment through the end of Q2 2013 totalled approximately 13.0%.(19)

REAL ESTATE

As of the end of Q2 2013, TFG held $37.5 million of investments (at fair value) in GreenOak-managed real estate funds and vehicles, up from $29.2 million as of the end of Q1 2013. Such investments include numerous commercial and residential properties in Japan, the United States and Europe. The company will continue to fund investment capital commitments into GreenOak projects in 2013.

FINANCING SOURCES, HEDGING ACTIVITY AND OTHER MATTERS

As of the end of Q2 2013, TFG had no outstanding debt and the net consolidated cash on its balance sheet stood at $243.8 million, compared to $225.0 million at the end of Q1 2013. The balance of TFG's "investible cash," which excludes certain amounts consolidated for U.S. GAAP purposes but which are restricted to specific uses or otherwise unavailable to be invested, was $217.8 million, up from $197.5 million at the end of Q1 2013.

TFG had no direct credit hedges in place at the end of Q2 2013, but employed certain foreign exchange rate and "tail risk" interest rate hedges to seek to mitigate its exposure to Euro-USD foreign exchange risk and a potential significant increase in U.S. inflation and/or nominal interest rates, respectively. We review our hedging strategy on an ongoing basis as we seek to address identified risks to the extent practicable and in a cost-effective manner.

TFG ASSET MANAGEMENT

TFG Asset Management comprises the fee income-generating areas of TFG: management and performance fees from internal and external asset managers. The three internal asset management brands, LCM, GreenOak and Polygon, continued to perform well through the end of June 2013.

UPDATE ON KEY METRICS

- **Performance of the underlying funds:** notwithstanding a challenging market environment for certain asset classes, performance of the various funds managed by TFG Asset Management's brands remained strong in the first half of 2013.
- **Gross revenues:** composed primarily of management and performance fees from clients, totalled \$30.8 million in H1 2013. We believe that Q2 2013 revenues are higher than normal due to the seasonality and periodic receipt of certain performance and management fees through the year.
- **"EBITDA equivalent":** totalled \$15.9 million in H1 2013.

Figure 9

TETRAGON FINANCIAL GROUP TFG Asset Management Statement of Operations H1 2013	U.S. GAAP \$MM	Net Economic income \$MM
Fee income(i)	30.7	30.7
Unrealised Polygon performance fees(ii)	-	1.5
Interest income	0.1	0.1
Total income	**30.8**	**32.3**
Operating, employee and administrative expenses(i)	(16.4)	(16.4)
Net income - "EBITDA equivalent"	**14.4**	**15.9**
Performance fee allocation to TFM	(1.7)	(2.0)
Amortisation expense on management contracts	(3.4)	(3.4)
Net income before taxes	**9.3**	**10.5**
Income taxes	(2.3)	(2.8)
Net income	**7.0**	**7.7**

(i) 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.

(ii) 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 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. For H1 2013, this amount equalled \$1.5 million before (1) an assumed imputed tax charge and (2) estimated TFM performance fees reduced the net contribution to \$0.7 million as shown in Figure 9 and further represented in Figures 16 and 17 of this report.

TFG ASSET MANAGEMENT

ASSET MANAGEMENT BRANDS

AUM for LCM, GreenOak and Polygon are shown below at 30 June 2013.

Figure 10

Summary of Asset Management AUM ($BN)		
Brand	**30 June 2013**	**31 March 2013**
LCM	**$ 4.3**	**$ 4.5**
GreenOak (i)	**$ 3.2**	**$ 3.0**
Polygon (ii)	**$ 1.1**	**$ 1.2**
Total	**$ 8.7**	**$ 8.7**

(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 Equities Master Fund, as calculated by the

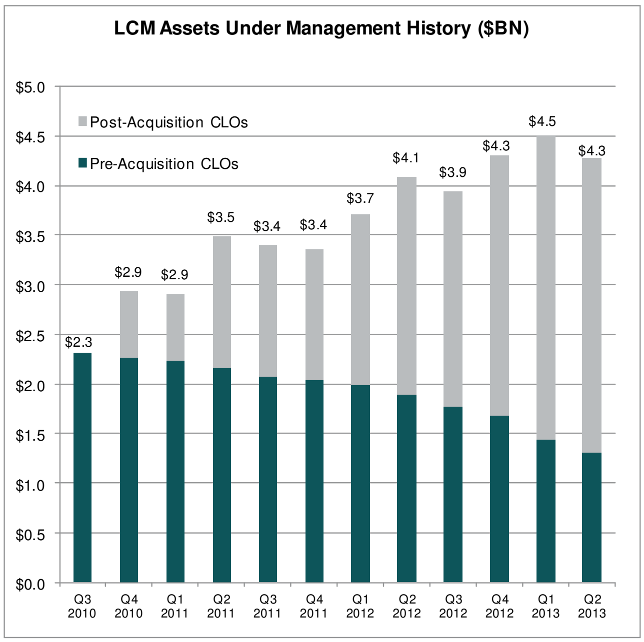
LCM

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

LCM continued to perform well in Q2 2013, with all of LCM's Cash Flow CLOs[20] that were still within their reinvestment periods continuing to pay senior and subordinated management fees.

At 30 June 2013, LCM's total CLO loan assets under management stood at approximately $4.3 billion. LCM II was fully amortized in April 2013, bringing the total number of CLOs under management to 11 at 30 June 2013. It is worth noting that in early Q3 2013, LCM successfully raised LCM XIV, a $400.0 million asset CLO which closed on 11 July 2013, while LCM VIII, with assets totalling approximately $300.0 million, was called in mid-July 2013.

Figure 11

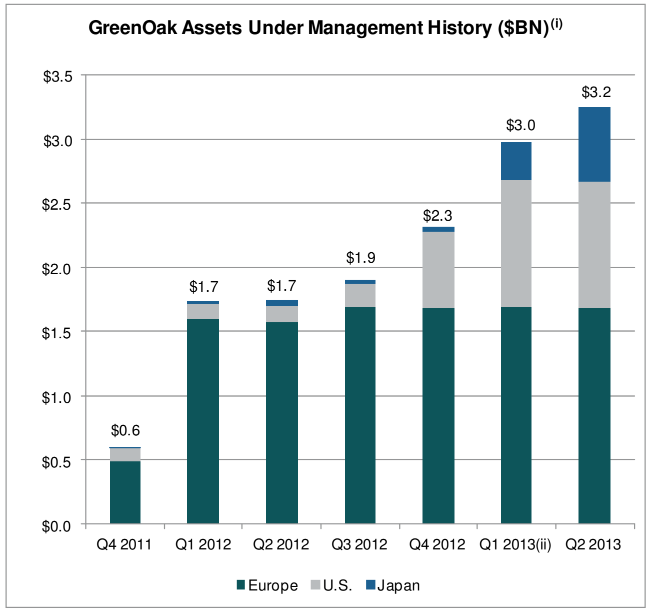


GREENOAK

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 H1 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. In particular, Asia Fund I had capital closings of $200.0 million through the end of June 2013. At 30 June 2013, assets under management totalled approximately $3.2 billion. U.S. Fund II had a first closing in July 2013 of $225.0 million.

Figure 12



(i) Assets under management include all third-party interests and total projected capital investment costs.

(ii) AUM for Q1 2013 was restated from $2.4 billion to $3.0 billion due to a change in the calculation methodology for the accounting of certain development deals in the U.S. to include total projected capital costs rather than current all-in cost. Additional projected capital costs included in the total above will be funded through debt and equity which has already been committed.

TFG ASSET MANAGEMENT

POLYGON FUNDS

Total AUM for the Polygon funds was approximately $1.1 billion at 30 June 2013.

Figure 13

Summary of Polygon Funds Assets Under Management ($ MM)			
Fund	30 June 2013	2013 Net Performance	Annualised LTD
European Event-Driven Equity (i)	**$ 264**	**4.7%**	**12.6%**
Convertibles (ii)	**$ 297**	**4.7%**	**22.2%**
Mining Equities (iii)	**$ 47**	**-5.7%**	**-1.7%**
Private Equity Vehicle (iv)	**$ 521**	**2.0%**	**7.9%**
Other Equity (v)	**$ 16**	**10.1%**	**11.8%**
Polygon Funds' Total AUM (vi)	**$1,145**		

(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).

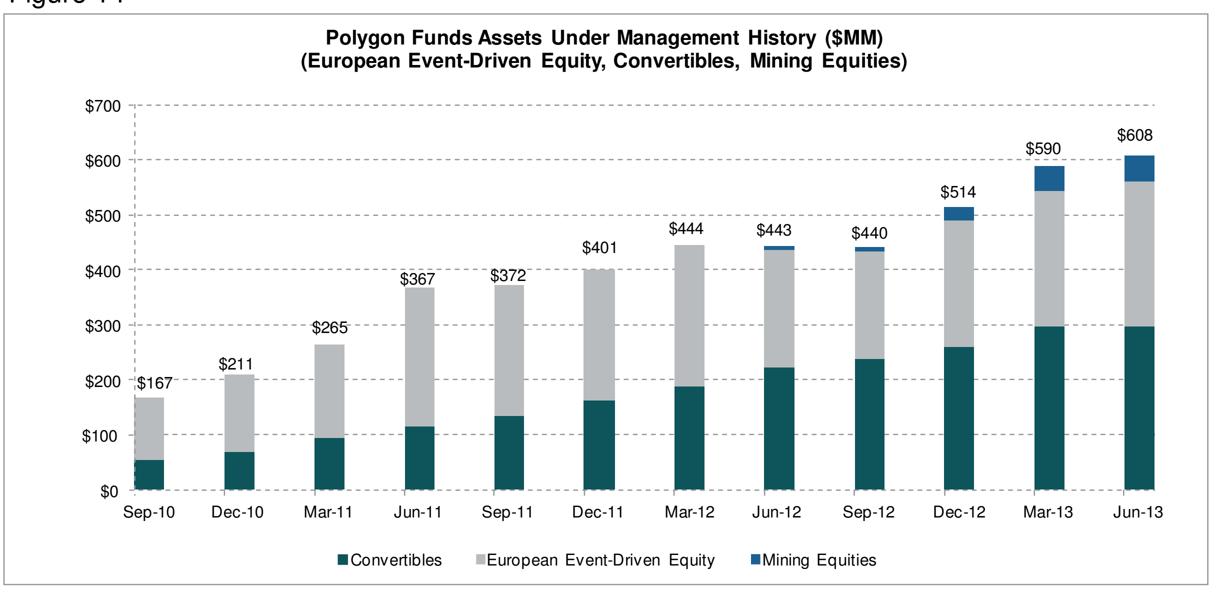
(iii) The fund began trading with Class B1 shares, which carry no incentive fees, on 1 June 2012. Returns shown here have been *pro forma* adjusted to account for a 2.0% management fee, a 20% incentive fee, and non trading expenses capped at 1%, in each case, as set forth in the Offering Memorandum.

(iv) The fund's inception was on 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



TFG ASSET MANAGEMENT

POLYGON FUNDS (continued)

Convertibles: Polygon's convertible fund invests primarily in convertible securities in Europe and North America and is led by CIO Mike Humphries. During the first half of 2013, the portfolio continued to perform well with annualised performance since inception in May 2009 at 22.2% and year-to-date performance through the end of June 2013 at 4.7%.

A strong new issue calendar helped create opportunities, and a focus on shorter-dated credits and carefully considered hedges allowed the strategy to perform consistently through what was at times a volatile period.

Assets under management in this strategy were $296.8 million at 30 June 2013.

European Event-Driven Equities: This fund invests primarily in the major European equity markets, with an Event-Driven focus. Reade Griffith is the CIO.

The strategy has enjoyed much better performance since Q4 2012 with the stabilisation of European markets. An increase in the number of M&A opportunities has also been helpful for sourcing interesting opportunities. Year-to-date through 30 June 2013, the strategy has returned 4.7%; annualised performance from inception in July 2009 is 12.6%.

Assets under management for the strategy were $263.7 million at 30 June 2013.

Mining Equities: This strategy is led by Mike Humphries and Peter Bell, and focuses primarily in the equities of global mining companies, many of them based on gold. The fund was launched in June 2012.

Despite a difficult market environment for gold-related equities and junior miners, the strategy has significantly outperformed its peers, posting returns of -5.7% year-to-date through 30 June 2013, compared to the GDXJ index return of -23.8% over the same time period. The portfolio is constructed to be long exploration and resource growth-oriented names and short producers of lower-quality gold deposits.

Assets under management for the strategy at the end of June 2013 were $47.2 million. Annualised performance from inception through to the end of June 2013 was -1.7%.

Private Equity: Polygon's portfolio of private and less-liquid public assets which are being sold in a closed-ended investment vehicle had AUM of approximately $520.8 million at 30 June 2013. The fund has returned $315.0 million of cash to its partners since inception in March 2011, including $50.0 million during Q2 2013. Year-to-date performance through the end of June was 2.0%. TFG has not invested directly in this product; however, it is the beneficiary of certain contracted management fee income.

THIRD-PARTY FEE INCOME

In addition to the fee income generated by the three asset management brands, TFG also currently receives asset management fee income derived from a number of one-off and long-term fee sharing arrangements with third parties.

FINANCIAL TABLES

FINANCIAL HIGHLIGHTS

Figure 15

TETRAGON FINANCIAL GROUP Financial Highlights			
	H1 2013	H1 2012	H1 2011
U.S. GAAP net income ($MM)	$87.4	$132.6	$262.8
Net economic income ($MM)	$99.6	$132.6	$262.8
U.S. GAAP EPS	$0.89	$1.15	$2.20
Adjusted EPS	$1.02	$1.15	$2.20
Return on equity	6.1%	8.2%	23.1%
Net assets ($MM)	$1,680.3	$1,570.3	$1,368.3
U.S. GAAP number of shares outstanding (MM)	97.6	115.0	118.8
U.S. GAAP NAV per share	$17.22	$13.75	$11.52
Pro Forma number of shares outstanding (MM)	110.7	115.0	118.8
Pro Forma fully diluted NAV per share	$15.17	$13.75	$11.52
DPS	$0.140	$0.115	$0.100

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 (6.1%):** Net Economic Income ($99.6 million) divided by Net Assets at the start of the year ($1,621.4 million).
- **Net Economic Income (+$99.6 million):** adds back to the U.S. GAAP net income (+$87.4 million) the imputed H1 2013 share based employee compensation (+$11.5 million), which is generated on an ongoing basis resulting from the Polygon transaction and also includes unrealized Polygon performance fees[21] (+$0.7 million).
- **Pro Forma Fully Diluted Shares (110.7 million):** adjusts the U.S. GAAP shares outstanding (97.6 million) for the impact of escrow shares used as consideration in the Polygon transaction and associated stock dividends (+12.1 million) and for the potential impact of options issued to TFG's investment manager at the time of TFG's IPO (+1.0 million).
- **Adjusted EPS ($1.02):** calculated as Net Economic Income ($99.6 million) divided by weighted-average U.S. GAAP shares outstanding (98.0 million).
- **Pro Forma Fully Diluted NAV per Share ($15.17):** calculated as Net Assets ($1,680.3 million) divided by Pro Forma Fully Diluted shares (110.7 million).[22]

FINANCIAL TABLES

STATEMENT OF OPERATIONS

Figure 16

TETRAGON FINANCIAL GROUP Statement of Operations			
Statement of Operations	H1 2013 ($MM)	H1 2012 ($MM)	H1 2011 ($MM)
Interest income	109.8	115.8	100.4
Fee income	30.7	11.9	10.7
Other income - cost recovery	10.3	-	-
Investment income	**150.8**	**127.7**	**111.1**
Management and performance fees	(36.7)	(47.8)	(91.1)
Other operating and administrative expenses	(44.8)	(9.4)	(9.8)
Total operating expenses	**(81.5)**	**(57.2)**	**(100.9)**
Net investment income	**69.3**	**70.5**	**10.2**
Net change in unrealised appreciation in investments	9.4	68.2	249.5
Realised gain on investments	5.0	0.1	0.6
Realised and unrealised gains/(losses) from hedging and fx	6.0	(3.6)	5.3
Net realised and unrealised gains from investments and fx	**20.4**	**64.7**	**255.4**
Income taxes	(2.3)	(1.6)	(1.9)
Noncontrolling interest	-	(1.0)	(0.9)
U.S. GAAP net income	**87.4**	**132.6**	**262.8**
Add back share based employee compensation	11.5	-	-
Net unrealised Polygon performance fees	0.7	-	-
Net Economic Income	**99.6**	**132.6**	**262.8**

Performance Fee

A performance fee of $5.7 million was accrued in Q2 2013 in accordance with TFG's investment management agreement and based on a "Reference NAV" of Q1 2013. The total performance fee accrued in H1 2013 was $24.4 million. The hurdle rate for the Q3 2013 incentive fee has been reset at 2.920958% (Q2 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 H1 2013			
	Investment Portfolio $MM	TFGAM $MM	Total $MM
Interest income	109.7	0.1	109.8
Fee income	-	30.7	30.7
other income- cost recovery	-	10.3	10.3
Investment and management fee income	109.7	41.1	150.8
Management and performance fees	(35.0)	(1.7)	(36.7)
other operating and administrative expenses	(3.2)	(30.1)	(33.3)
Share based employee compensation	-	-	(11.5)
Total operating expenses	(38.2)	(31.8)	(81.5)
Net investment income	71.5	9.3	69.3
Net change in unrealised appreciation in investments	9.4	-	9.4
Realised gain on investments	5.0	-	5.0
Realised and unrealised gains from hedging and fx	6.0	-	6.0
Net realised and unrealised gains from investments and fx	20.4	-	20.4
Income taxes	-	(2.3)	(2.3)
U.S. GAAP net income	91.9	7.0	87.4
Share based employee compensation	-	-	11.5
Net unrealised Polygon performance fees	-	0.7	0.7
Net economic income	91.9	7.7	99.6

FINANCIAL TABLES

BALANCE SHEET

Figure 18

TETRAGON FINANCIAL GROUP Balance Sheet as at 30 June 2013 and 31 December 2012		
	Jun-13 $MM	Dec-12 $MM
Assets		
Investments, at fair value	1,381.6	1,440.4
Management contracts	40.0	43.4
Cash and cash equivalents	243.8	175.9
Amounts due from brokers	33.1	13.1
Derivative financial assets	13.1	7.6
Property, plant and equipment	0.2	-
Deferred tax asset	1.2	-
other receivables	15.0	15.8
Total assets	1,728.0	1,696.2
Liabilities		
other payables and accrued expenses	36.6	61.7
Amounts payable on share options	9.3	6.6
Income and deferred tax payable	1.6	4.3
Derivative financial liabilities	0.2	2.2
Total liabilities	47.7	74.8
Net assets	1,680.3	1,621.4

FINANCIAL TABLES

STATEMENT OF CASH FLOWS

Figure 19

TETRAGON FINANCIAL GROUP Statement of Cash Flows	H1 2013 $MM	H1 2012 $MM	H1 2011 $MM
Operating Activities			
Operating cash flows after incentive fees and before movements in vvorking capital	183.9	172.6	83.8
Purchase of fixed assets	(0.3)	-	-
Change in payables/receivables	(0.2)	(2.3)	(1.4)
Cash flows from operating activities	183.4	170.3	82.4
Investment Activities			
Proceeds on sales of investments			
- Proceeds sale of bank loans and maturity and prepayment of investments	84.9	54.0	56.5
- Proceeds sale of real estate investments	6.8	-	-
-Proceeds sale of CLOs	-	0.2	-
Purchase of investments			
-Purchase of CLOs	(45.5)	(66.1)	(46.6)
- Purchase of bank loans	(13.9)	(34.3)	(107.9)
- Purchase of real estate investments	(17.0)	(5.8)	(0.7)
- Purchase of interest rate swaptions	-	-	(17.8)
-Investments in asset managers	(0.5)	(2.7)	-
- Investments in equities	(60.0)	-	-
- Investments in credit and convertible bonds	(10.0)	-	-
Cash flows from operating and investing activities	128.2	115.6	(34.1)
Amounts due from broker Net	(20.0)	9.3	(6.9)
purchase of shares Dividends	(13.7)	(12.3)	(10.4)
paid to shareholders	(26.4)	(24.2)	(21.5)
Distributions paid to noncontrolling interest	-	(0.7)	-
Cash flows from financing activities	(60.1)	(27.9)	(38.8)
Net increase in cash and cash equivalents	68.1	87.8	(72.9)
Cash and cash equivalents at beg inning of period	175.9	211.5	140.6
Effect of exchange rate fluctuations on cash and cash equivalents	(0.2)	(0.2)	-
Cash and cash equivalents at end of period	243.8	299.1	67.7

FINANCIAL TABLES

U.S. GAAP TO FULLY DILUTED SHARES RECONCILATION

Figure 20

U.S. GAAP to Fully Diluted Shares Reconciliation	30 Jun 2013 Shares (MM)
Legal Shares Issued and Outstanding	**134.25**
Less: Shares Held In Subsidiary	16.60
Less: Shares Held In Treasury	7.95
Less: Escrow Shares(i)	12.13
U.S. GAAP Shares Outstanding	**97.57**
Add: Manager (IPO) Share Options(ii)	1.03
Add: Escrow Shares(i)	12.13
Pro Forma Fully Diluted Shares	**110.73**

(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.

APPENDICES

APPENDIX I

CERTAIN REGULATORY INFORMATION

This Performance Report constitutes TFG's half-yearly financial report as required pursuant to Section 5:25d of the 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 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.

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 2013 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 2013 for TFG have been prepared in accordance with applicable laws and in conformity with accounting principles generally accepted in the United States of America.

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 Q2 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 Q2 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 amortized 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 U.S. Pre-Crisis CLO Equity Cash Flows: European Discount Rates Recalibrated; U.S. Discount Rates Unchanged

In determining the applicable rates to use to discount projected cash flows, an analysis of observable risk premium data is undertaken. For U.S. CLOs, observable risk premia such as BB and BBB CLO tranche spreads maintained reductions which had been observed in previous quarters. For example, according to Citibank research, BB spreads, which were 6.3% at the end of Q1 2013, increased slightly to 6.5% by the end of Q2 2013, whilst BBB spreads marginally decreased quarter on quarter.[23] As a result of this, and considering other market and deal related factors, the discount rates for the U.S. deals have been maintained at 15.0% for strong deals and 20.0% for other deals.

As noted in the Q1 2013 performance report, European CLOs had seen spread reductions in recent quarters. For example, per Citibank research, European originally BB-rated tranche yields declined from 22.0% at the end of Q2 2012 to 12.0% at the end of Q1 2013.[24] As a result of this reduction in risk premia, European discount rates were reduced from 30.0% to 25.0% in preceding quarters, but remained higher than applied U.S. discount rates reflecting, in part, the ongoing uncertainty surrounding Europe and other differences in deal performance.

APPENDIX II (Continued)

There remain several factors supporting a differential between European and U.S. discount rates, including (a) distinctions between certain deal metrics, such as the CCC cushions and O/C ratios in European deals and (b) potentially greater macro-economic risks in Europe. Notwithstanding the foregoing, the further sustained reduction in European credit spreads and improvements in certain European deal metrics support a reduction of the spread between U.S. and European discount rates utilized. Consequently, the discount rate applied to European deal projected cash flows has been reduced to 22.5% and we will continue to monitor observable factors in determining the appropriate discount rates to be used in these two geographies.

Historically, we have characterized the difference arising where fair value is lower than the amortized cost for the portfolio, which can occur when the discount rates used to discount future cash flows when determining fair value are higher than the modeled IRRs, as the "ALR Fair Value Adjustment" or "ALR". For European deals, at the end of Q2 2013 the ALR was $56.4 million compared to $71.1 million at the end of Q1 2013. As explained in prior reports, the ALR is now zero 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 Q2 2013, the weighted-average discount rate (and IRR) on these deals was 10.9%. Such deals represented approximately 18.3% of the CLO equity portfolio by fair value (up from 17.6% at the end of Q1 2013). 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 European discount rates described above led to an overall increase in fair value of the total CLO equity portfolio of approximately $8.1 million, or $6.1 million in bottom line net income.

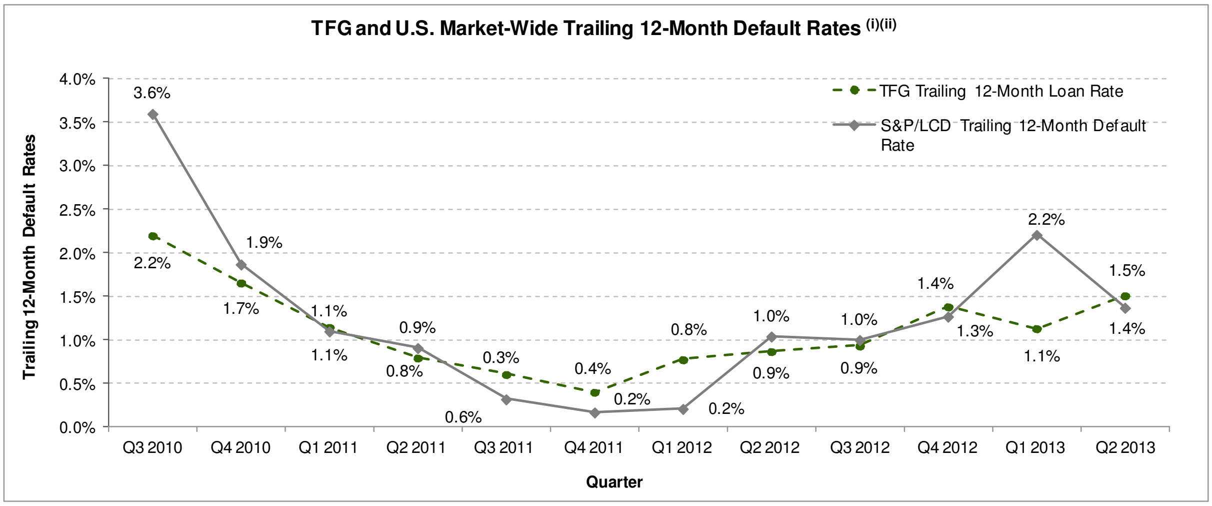
APPENDICES

APPENDIX III

CLO MARKET COMMENTARY

- **U.S. leveraged loan defaults fall, after prior quarter's up-tick:** The U.S. lagged 12-month loan default rate declined to 1.37% by principal amount at the end of Q2 2013, down from 2.21% at the end of Q1 2013.(25) TFG's lagging 12-month loan default rate increased slightly to 1.5% as of the end of Q2 2013, up from 1.1% as of the end of Q1 2013.(26) Both the U.S. market-wide and TFG default levels remained below long-term historical averages. The graph below illustrates the three-year history for TFG and 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 declines while European volumes rise vs. Q1 2013:** Institutional U.S. loan issuance volumes declined during Q2 2013 versus the first quarter, with volumes reaching approximately $118.2 billion during Q2 2013, down from the record high of $150.0 billion in Q1 2013.(27) The decline in issuance was driven primarily by selling pressure from high-yield accounts facing redemptions, declining CLO issuance, and an oversupply of new issues. Unlike in the U.S., European institutional loan volumes rose to €15.2 billion in Q2 2013, up from €7.8 billion in Q1 2013, reflecting the execution of a number of large M&A transactions as well as continued recapitalization activity.(28)
- **U.S. loan refinancing and recap activity slows:** U.S. loan refinancing activity slowed from the previous quarter's record highs, with $71.5 billion of repricings executed during Q2 2013.(29) On the year, issuers have repriced $191.0 billion of institutional loans, 36% of the S&P/LSTA Index, which allowed a reduction in spread of 123 bps over the six-month period.(30)
- **U.S. and European loan prices fall at the end of the quarter:** U.S. secondary loan prices fell sharply during June 2013, leaving the second quarter of 2013 with only a marginal gain of approximately 0.20% on the U.S. S&P/LSTA Leveraged Loan Index.(31) Similarly, the S&P European Leveraged Loan Index ("ELLI") lost 0.31% in June, though it returned a much more robust 1.68% during Q2 2013 (ex. currency effects), owing to a strong April.(32)

APPENDICES

APPENDIX III (Continued)

- **U.S. repayments fall slightly, while Europe repayments rise:** The U.S. S&P/LSTA Leveraged Loan Index repayment rate fell to 14.0% during Q2 2013, down from 17.5% in Q1 2013.(33)

  On the other hand, European loan repayments, though still lagging the U.S., rose to €10.5 billion in Q2 2013, a quarterly repayment rate of 10% and the highest level since May 2011.(34) The largest portion of repayment activity came from bond-for-loan takeouts, which accounted for 28% of the activity in Q2 2013.(35) Despite the strong primary market activity, the total par amount of loans outstanding in the ELLI Index continued to fall, ending the second quarter of 2013 at €110.6 billion, 32% lower than the peak size in September 2008.(36)
- **"Maturity wall" erosion continues:** At the end of Q2 2013, the amount of S&P/LSTA Index loans maturing in 2013-2015 declined to $29.3 billion, with merely $1.2 billion due to mature in 2013. This compares to $67.0 billion at the end of 2012 and $177.0 billion at the end of 2011.(37)
- **U.S. and European CLO junior O/C ratios improve:** In Q2 2013, average O/C ratios of U.S. and European CLOs continued to improve from the prior quarter. According to Morgan Stanley, the median junior O/C test cushion for U.S. CLOs rose to 5.12% at the end of Q2 2013(38) up from 4.74% as of the end of Q1 2013.(39) Similarly, the median junior O/C test cushion for Euro CLOs rose to 0.86% at the end of Q2 2013(40) vs. 0.63% at the end of the first quarter.(41)
- **U.S. and European CLO debt spreads widen:** Average secondary U.S. and European CLO debt spreads widened across the capital structure at the end of Q2 2013 vs. Q1 2013, with mezzanine tranches registering the greatest declines.(42)
- **U.S. arbitrage CLO issuance pace decelerates vs. prior quarter:** During Q2 2013, the aggregate volume of arbitrage cash flow CLOs priced was $16.1 billion, a decrease from the prior quarter.(43) U.S. loan spread tightening (and concurrently, rising loan prices) combined with the widening of CLO debt tranches reduced the attractiveness of CLO equity arbitrage levels and, we believe, drove the decrease in new issuance on the quarter. Despite these headwinds, the forward pipeline remains full, with approximately $16.3 billion slated for launch, according to S&P.(44)

APPENDICES

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 2,568 as of the end of Q2 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	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010
Caa1/CCC+ or Below Obligors:	5.0%	5.1%	6.0%	6.4%	5.7%	6.2%	7.0%	7.0%	7.2%	7.6%	8.3%	9.6%
WARF:	2,568	2,541	2,599	2,605	2,578	2,588	2,624	2,614	2,642	2,664	2,671	2,658

U.S. CLOs	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010
Caa1/CCC+ or Below Obligors:	4.1%	4.0%	4.5%	4.9%	4.2%	4.8%	5.5%	5.5%	5.8%	6.5%	6.9%	7.9%
WARF:	2,550	2,510	2,524	2,528	2,491	2,504	2,533	2,522	2,542	2,591	2,622	2,610

EUR CLOs	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011	Q4 2010	Q3 2010
Caa1/CCC+ or Below Obligors:	8.7%	9.7%	11.7%	12.2%	11.6%	11.1%	12.3%	12.0%	12.3%	11.4%	13.1%	15.3%
WARF:	2,642	2,670	2,896	2,903	2,910	2,900	2,948	2,941	2,997	2,914	2,837	2,817

APPENDICES

APPENDIX IV (Continued)

CLO EQUITY PORTFOLIO DETAILS
AS OF 30 JUNE 2013

Figure 25

Transaction i	DealT e	Ong1nal Invest Cost $MM USD ii	Dea Clos1ng Date	Year of Matlin	End of Re1nv Penod	Wtd Avg Spread b s iii	Ongmal Cost of Funds iv	Current Cost of Funds	CurrentJr-Most OJC Cushion vi	Jr-MostOJC Cushion at Close vii	Annuall2ed (Loss) Ga1n of Cushion viii	IR x	ITD Cash Rece1ved as %of Co
Transaction 1	EUR CLO	37 5	2007	2024	2014	359	55	59	(001%)	3 86%	(0 65%)		29.6%
Transaction 2	EUR CLO	29.7	2006	2023	2013	384	52	53	0.1 3%	3.60%	(0 53%)	9.8%	78.1%
Transaction 3	EUR CLO	22.2	2006	2022	2012	394	58	71	3.11%	5.14%	(027%)	12.3%	112.1%
Transaction 4	EUR CLO	33.0	2007	2023	2013	423	48	47	5.57%	5.76%	(0 03%)	15.6%	107.8%
Transaction 5	EUR CLO	36.9	2007	2022	2014	394	60	59	1.43%	5.74%	(0 73%)	8.5%	74.8%
Transaction 6	EUR CLO	33.3	2006	2022	2012	375	51	60	0.16%	4.70%	(064%)	6.3%	49.7%
Transaction 7	EUR CLO	38.5	2007	2023	2013	402	46	45	0.82%	3.64%	(0.45%)	6.0%	31.9%
Transaction 8	EUR CLO	26.9	2005	2021	2011	381	53	58	1.43%	4.98%	(0.45%)	9.0%	90.6%
Transaction 9	EUR CLO	41.3	2007	2023	2013	415	50	45	1.37%	6.27%	(0.79%)	6.7%	48.4%
Transaction 10	EUR CLO	27.0	2006	2022	2012	370	50	57	0.96%	4.54%	(0.52%)	4.0%	32.7%
EUR CLO Subtotal:		**326.3**				**391**	**52**	**55**	**1.43%**	**4.84%**	**(0.52%)**		**62.6%**
Transaction 11	USCLO	20.5	2006	2018	2012	329	45	48	6.40%	4.55%	027%	204%	172.2%
Transaction 12	USCLO	22.8	2006	2019	2013	351	46	49	6.52%	4.45%	0.31%	20.2%	169.7%
Transaction 13	USCLO	15.2	2006	2018	2012	347	47	49	5.03%	4.82%	0.03%	21 .2%	183.8%
Transaction 14	USCLO	26.0	2007	2021	2014	370	49	50	3.73%	5.63%	(030%)	19.0%	156.4%
Transaction 15	USCLO	28 1	2007	2021	2014	427	52	48	3 71%	4 21%	(0 08%)	29 2%	203.6%
Transaction 16	USCLO	23 5	2006	2020	2013	407	46	45	351%	4.44%	(0 13%)	21 1%	180.9%
Transaction 17	USCLO	26 0	2007	2021	2014	337	40	40	4 68%	424%	0 07%	23 4%	173.1%
Transaction 18	USCLO	16 7	2005	2017	2011	317	45	53	10 30%	477%	072%	198%	183.5%
Transaction 19	USCLO	1 2	2005	2017	2011	317	45	53	10 30%	477%	0 72%	23 6%	177.8%
Transaction 20	USCLO	26 6	2006	2020	2012	435	52	54	4 30%	528%	(0 15%)	22 4%	185.7%
Transaction 21	USCLO	20 7	2006	2020	2012	426	53	61	4 51%	4 76%	(0 04%)	18 9%	165.0%
Transaction 22	US CLO	37.4	2007	2021	2014	429	53	53	3.47%	5.00%	(0 24%)	21.5%	159.7%
Transaction 23	USCLO	19.9	2007	2021	2013	327	66	66	3.18%	4.98%	(0 29%)	20.1%	165.3%
Transaction 24	US CLO	16.9	2006	2018	2012	422	46	48	5.90%	4.17%	0.25%	17.9%	148.7%
Transaction 25	USCLO	20.9	2006	2018	2013	414	46	47	6.79%	4.13%	0.41%	22.6%	174.5%
Transaction 26	US CLO	27.9	2007	2019	2013	437	43	44	4.55%	4.05%	0.08%	19.7%	152.1%
Transaction 27	USCLO	23.9	2007	2021	2014	561	51	51	10.94%	6.11%	0.75%	32.5%	220.2%
Transaction 28	US CLO	7.6	2007	2021	2014	561	51	51	10.94%	6.11%	0.75%	43.6%	144.4%
Transaction 29	US CLO	19 1	2005	2018	2011	414	66	169	14 33%	4 82%	1 23%	17 8%	169.2%
Transaction 30	USCLO	12 4	2006	2018	2012	445	67	86	2 88%	516%	(0 33%)	18 6%	156.3%
Transaction 31	USCLO	9 5	2005	2017	2012	315	52	62	477%	5 02%	(0 03%)	16 3%	180.9%
Transaction 32	USCLO	24 0	2007	2021	2014	321	59	59	386%	5 57%	(0 29%)	20 9%	156.1%
Transaction 33	US CLO	16 2	2006	2020	2012	368	56	98	6 74%	6 99%	(0 03%)	13 9%	149.6%
Transaction 34	USCLO	22 2	2006	2020	2012	370	50	54	5 17%	6 66%	(0 23%)	18 8%	165.6%
Transaction 35	US CLO	23.6	2006	2018	2012	461	52	82	6.05%	5.00%	0.15%	19.0%	171.9%
Transaction 36	USCLO	28.4	2007	2021	2013	426	46	56	2.40%	5.18%	(044%)	20.1%	157.3%
Transaction 37	US CLO	9.3	2005	2017	2011	318	50	104	13.88%	4.34%	1. 23%	15.0%	160.7%
Transaction 38	USCLO	23.7	2007	2021	2013	338	42	42	4.50%	5.07%	(0 09%)	28.2%	196.7%
Transaction 39	US CLO	7.8	2005	[illegible]	2011	433	70	293	39.57%	3.15%	4.74%	9.3%	89.6%
Transaction 40	US CLO	13.0	2006	2020	2011	387	39	49	N/A	N/A	N/A	21.5%	177.4%
Transaction 41	US CLO	22.5	2006	2020	2013	371	48	49	4.57%	4.71%	(0.02%)	21.7%	175.3%

APPENDICES

APPENDIX IV (Continued)

CLO EQUITY PORTFOLIO DETAILS (CONTINUED)
AS OF 30 JUNE 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	374	47	48	4.22%	3.92%	0.05%	21.8%	164.5%
Transaction 44	US CLO	22.3	2006	2018	2012	326	54	119	6.60%	4.16%	0.34%	9.9%	123.2%
Transaction 45	US CLO	23.0	2006	2018	2012	320	46	62	2.21%	4.46%	(0.34%)	9.3%	107.8%
Transaction 46	US CLO	21.3	2007	2019	2013	316	51	51	2.20%	4.33%	(0.35%)	8.0%	96.4%
Transaction 47	US CLO	28.3	2006	2021	2013	317	47	43	3.19%	4.34%	(0.17%)	21.3%	175.7%
Transaction 48	US CLO	23.0	2006	2019	2013	344	46	50	3.31%	5.71%	(0.36%)	16.0%	136.1%
Transaction 49	US CLO	12.6	2005	2017	2011	360	40	49	6.08%	3.94%	0.28%	12.4%	121.5%
Transaction 50	US CLO	12.3	2006	2018	2012	356	40	44	4.79%	4.25%	0.08%	13.5%	123.5%
Transaction 51	US CLO	18.0	2007	2020	2013	373	53	53	5.21%	4.47%	0.12%	21.3%	166.0%
Transaction 54	US CLO	0.5	2005	2017	2012	336	56	126	18.35%	3.69%	1.79%	55.1%	903.0%
Transaction 55	US CLO	0.3	2005	2017	2011	351	39	64	13.56%	3.59%	1.26%	58.8%	859.2%
Transaction 56	US CLO	23.0	2007	2019	2014	380	42	42	4.66%	4.53%	0.02%	22.8%	174.8%
Transaction 57	US CLO	0.6	2007	2019	2014	380	42	42	4.66%	4.53%	0.02%	49.0%	956.1%
Transaction 58	US CLO	21.8	2007	2019	2014	388	49	49	3.67%	4.04%	(0.06%)	25.3%	181.4%
Transaction 59	US CLO	0.4	2007	2019	2014	388	49	49	3.67%	4.04%	(0.06%)	53.1%	1320.6%
Transaction 60	US CLO	18.8	2010	2021	2014	436	198	198	4.58%	4.50%	0.03%	17.5%	35.5%
Transaction 61	US CLO	29.1	2007	2021	2014	358	45	45	3.44%	4.04%	(0.10%)	18.2%	131.8%
Transaction 62	US CLO	25.3	2007	2020	2013	345	42	42	4.31%	5.20%	(0.14%)	22.0%	175.9%
Transaction 63	US CLO	27.3	2007	2021	2013	388	53	53	2.99%	4.78%	(0.30%)	19.7%	153.1%
Transaction 64	US CLO	15.4	2007	2021	2013	422	38	43	N/A	N/A	N/A	22.8%	166.0%
Transaction 65	US CLO	26.9	2006	2021	2013	353	47	51	3.91%	4.96%	(0.16%)	14.5%	120.9%
Transaction 66	US CLO	21.3	2006	2020	2013	319	49	49	3.47%	4.05%	(0.09%)	22.2%	179.1%
Transaction 67	US CLO	27.3	2007	2022	2014	323	46	45	4.33%	4.38%	(0.01%)	20.3%	157.3%
Transaction 68	US CLO	19.3	2006	2020	2013	355	48	48	5.62%	4.41%	0.18%	26.9%	216.5%
Transaction 69	US CLO	28.2	2007	2019	2013	384	44	44	7.10%	5.61%	0.24%	26.6%	199.4%
Transaction 70	US CLO	24.6	2006	2020	2013	296	52	52	5.13%	6.21%	(0.17%)	18.9%	155.1%
Transaction 71	US CLO	1.7	2006	2018	2012	356	40	44	4.79%	4.25%	0.08%	26.8%	87.7%
Transaction 72	US CLO	4.8	2007	2019	2014	380	42	42	4.66%	4.53%	0.02%	20.7%	77.1%
Transaction 73	US CLO	1.9	2007	2019	2014	380	42	42	4.66%	4.53%	0.02%	20.7%	77.1%
Transaction 74	US CLO	5.5	2007	2019	2014	388	49	49	3.67%	4.04%	(0.06%)	23.2%	80.5%
Transaction 75	US CLO	32.7	2011	2022	2014	404	168	168	4.62%	4.05%	0.28%	12.0%	41.6%
Transaction 76	US CLO	1.9	2006	2018	2012	320	46	62	2.21%	2.43%	(0.03%)	38.5%	92.4%
Transaction 77	US CLO	14.5	2011	2023	2016	406	212	213	5.59%	5.04%	0.36%	12.7%	23.5%
Transaction 78	US CLO	22.9	2012	2023	2015	485	217	217	5.42%	4.00%	0.99%	14.4%	34.8%
Transaction 79	US CLO	19.4	2012	2022	2015	423	215	215	4.25%	4.00%	0.18%	7.1%	24.4%
Transaction 80	US CLO	22.7	2012	2022	2016	424	185	185	4.35%	4.17%	0.16%	11.2%	21.3%
Transaction 81	US CLO	21.7	2012	2024	2016	454	216	217	4.77%	4.00%	0.98%	7.8%	11.7%
Transaction 82	US CLO	25.4	2012	2022	2016	433	206	207	4.22%	4.00%	0.30%	8.4%	11.1%
Transaction 83	US CLO	20.8	2013	2025	2017	475	193	193	5.76%	4.02%	4.94%	10.4%	0.0%
Transaction 84	US CLO	24.6	2013	2023	2017	421	183	184	4.22%	4.02%	0.60%	8.0%	0.0%

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.

(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.

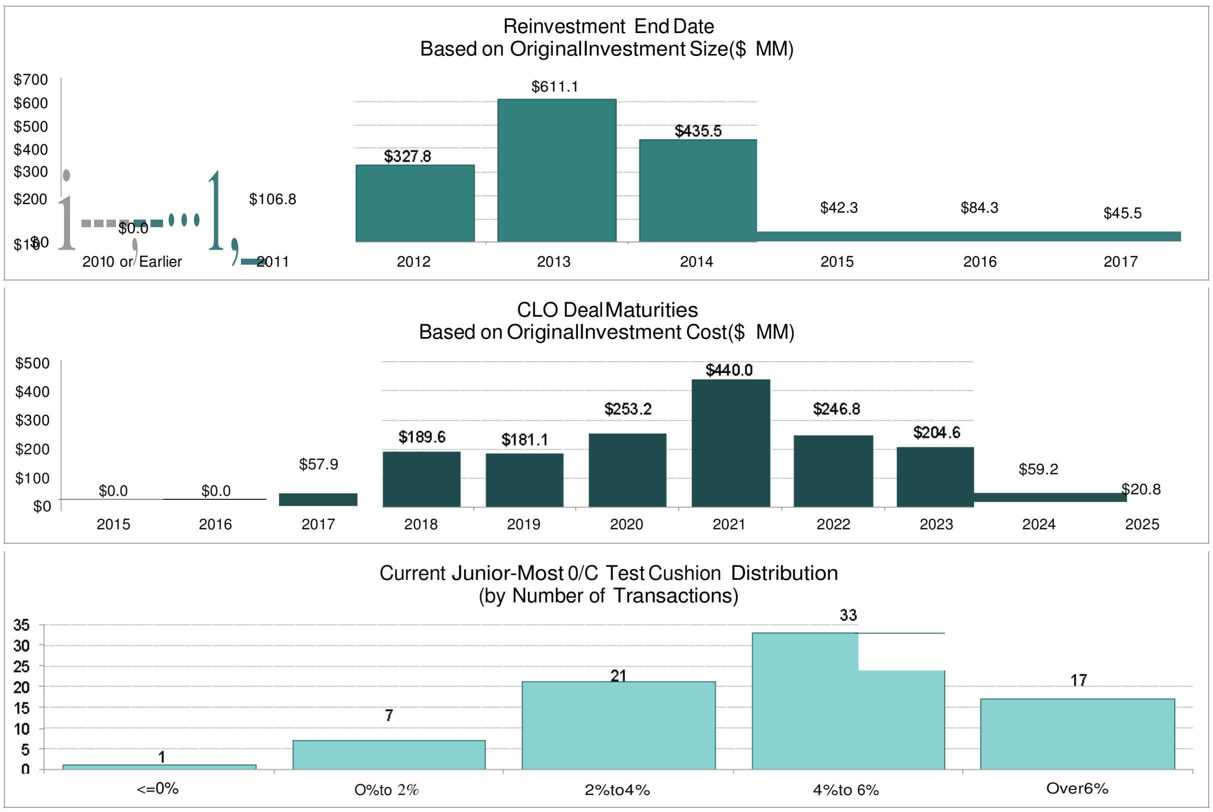
(x) Inception to report date cash flow received on each transaction as a percentage of its original cost.

APPENDICES

APPENDIX IV (Continued)

CLO EQUITY PORTFOLIO DETAILS (CONTINUED)
AS OF 30 JUNE 2013

Figure 26



APPENDICES

BOARD OF DIRECTORS

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

*Independent Director

SHAREHOLDER INFORMATION

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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) The percentage of TFG's capital that is externally managed is calculated by dividing the sum of the U.S. GAAP fair value of all investment assets managed by parties other than TFG or its affiliates, by the total Net Asset Value of the company.

(4) 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 Equities Master Fund, as calculated by the applicable administrator. Includes, where relevant, investments by Tetragon Financial Group Master Fund Limited.

Key Metrics

(5) Please refer to Financial Highlights on page 18 of this report for the definition of Net Economic Income.

(6) Please refer to Financial Highlights on page 18 of this report for the definition of Return on Equity.

(7) Please see endnote 2 above.

(8) Please see Figure 9 "TFG Asset Management Statement of Operations H1 2013" on page 13 for the determination of TFG Asset Management EBITDA.

(9) Please refer to Financial Highlights on page 18 of this report for the definition of Adjusted EPS.

(10) Please refer to Financial Highlights on page 18 of this report for the definition of Pro Forma Fully Diluted Shares and Pro Forma Fully Diluted NAV per Share.

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) U.S. GAAP average shares outstanding was 98.0 million for Q2 2013 and 98.4 million for Q1 2013.

(14) Based on the most recent trustee reports available as of 30 June 2013.

(15) U.S. GAAP average shares outstanding was 98.0 million for Q2 2013 and 98.4 million for Q1 2013.

(16) U.S. GAAP average shares outstanding was 98.0 million for Q2 2013 and 98.4 million for Q1 2013.

(17) Assets characterized 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 the balance sheet.

(18) Internal rate of return calculated using the XIRR function, reflecting the timing of all investments made through the end of Q2 2013 and the fair value of the funds as of 30 June 2013.

(19) Internal rate of return calculated using the XIRR function, reflecting the timing of all investments made through the end of Q2 2013 and the fair value of the fund as of 30 June 2013.

TFG Asset Management

(20) The 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. LCM II CLO has sold all of its assets and repaid all of its liabilities with excess proceeds distributed to equity holders as of 30 April 2013. LCM V and LCM VI CLOs both paid incentive fees to the manager during Q2 2013 of the amounts $454,000 and $354,000 respectively.

ENDNOTES (Continued)

Financial Tables

(21) 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 U.S. 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 H1 2013, this amount equaled $1.5 million before (1) an assumed imputed tax charge and (2) estimated TFM performance fees reduced the net contribution to $0.7 million as shown in Figure 9 and further represented in Figures 16 and 17 of this report.

(22) 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

(23) Citi Research – "Global Structured Credit Strategy" – 16 July 2013

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

Appendix III

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

(26) 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% of CLOs with primary exposure to European senior secured loans and such loans are included in the calculation of TFG's corporate default rate.

(27) S&P/LCD Quarterly Review, Q2 2013.

(28) S&P/LCD Quarterly Review, Q2 2013.

(29) S&P/LCD News, "2Q Leveraged Loan Market Review: Volume booms before late-June swoon," 28 June 2013.

(30) S&P/LCD News, "2Q Leveraged Loan Market Review: Volume booms before late-June swoon," 28 June 2013.

(31) S&P/LCD News, "Leveraged loans lose 0.59% in June; YTD return is 2.31%," 1 July 2013.

(32) S&P/LCD News, "(EUR) ELLI lose 0.31%; returns 3.73 YTD," 11 July 2013.

(33) S&P/LCD LCD Leveraged Lending Review – 2Q13, Q2 2013.

(34) S&P/LCD News, "ELLI repayments rise to €2.4B in June as refinancing abound," 11 July 2013.

(35) S&P/LCD News, "ELLI repayments rise to €2.4B in June as refinancing abound," 11 July 2013.

(36) S&P/LCD News, "ELLI repayments rise to €2.4B in June as refinancing abound," 11 July 2013.

ENDNOTES (Continued)

(37) S&P/LCD Quarterly Review, Q2 2013.

(38) Morgan Stanley CLO Market Tracker, 9 July 2013; based on a surveillance universe of 420 USD-denominated CLOs and 184 Euro-denominated CLOs.

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

(40) Morgan Stanley CLO Market Tracker, 9 July 2013; based on a surveillance universe of 420 USD-denominated CLOs and 184 Euro-denominated CLOs.

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

(42) Morgan Stanley CLO Market Tracker, 9 July 2013.

(43) Morgan Stanley CLO Market Tracker, 9 July 2013.

(44) Morgan Stanley CLO Market Tracker, 9 July 2013.