

BOUSSARD & GAVAUDAN H O L D I N G L I M I T E D

Boussard & Gavaudan Holding Limited
A closed-ended investment company incorporated with limited liability under the laws of
Guernsey, with registration number 45582.

Interim Management Statement **For the Quarter ended 31 March 2016**

I. PRINCIPAL ACTIVITIES

Boussard & Gavaudan Holding Limited (“BGHL” or “the Company”), a closed-ended investment company incorporated under the laws of Guernsey, announces its interim management statement for the period from 1 January to 31 March 2016 (“the period”).

The Company is registered with the Dutch Authority for Financial Markets and is listed on the NYSE Euronext Amsterdam, and the London Stock Exchange.

During the period, BGHL has invested indirectly in BG Master Fund Plc (“BG Fund” or “the Fund”), a Europe-focused multi-strategy hedge fund established in Ireland and authorised by the Central Bank as a Qualified Investor Fund (QIF), through a dedicated share class of the feeder fund, BG Umbrella Fund Plc. The Fund aims primarily at arbitraging instruments with linear or non-linear pay-offs on equities and credit markets. The overall investment objective of the Fund is to provide investors with consistent absolute returns, primarily through investing and trading in financial instruments of companies incorporated in, or whose principal operations are, in Europe.

In addition, a proportion of the net assets of BGHL may be invested in other hedge funds and/or other financial assets.

Boussard & Gavaudan Investment Management LLP (“BGIM” or “the Investment Manager”) is the Investment Manager for both the Company and the Fund.

II. HIGHLIGHTS

	31-Mar-16	31-Dec-15
Assets under management (€m)	631	623
Market capitalisation (€m)	510	484
Shares outstanding	29,392,234	30,053,115

	NAV per Share		Share price*		Discount to NAV	
	€ shares	£ shares	€ shares	£ shares	€ shares	£ shares
31-Mar-16	€ 21.42	£18.72	€ 17.35	£14.20	-19.01%	-24.14%
31-Dec-15	€ 20.65	£18.09	€ 16.08	£13.60	-22.15%	-24.84%
Performance	3.72%	3.45%	7.90%	4.41%		

* Amsterdam (AEX) market close for the Euro Share and London (LSE) market close for the Sterling share

III. PERFORMANCE

The Eurostoxx 50[®] finished the quarter down 8.0%. VDAX finished March at 20.8%, down from 21.1% and VStoxx at 23.4%, up from 22.2%. The iTraxx Crossover S24 widened 11bps over the quarter to close at 326bps and the iTraxx Subfin S24 widened by 37bps to close at 189bps.

1. BG Fund

As at 1 April 2016, the Company had approximately 100% of its assets invested in BG Fund. BGHL maximum exposure to BG Fund is 110% of its net asset value.

From 1 January to 31 March 2016, BG Fund (Euro A share class) posted a +3.22% performance.

1.1. Volatility strategies

Convertible Bond Arbitrage

Convertible bond contribution (excl. mandatories) to the performance of the fund was positive during the first quarter, mainly due to a few specific situations. Most other positions were broadly flat.

Amid the equity market drop, the primary market was limited with eight issues accounting for €3.8bn. These new issues looked expensive from an arbitrage standpoint and re-confirmed that long-only funds still have surplus cash to invest.

In the secondary market, European CBs were overall negatively impacted, with the limited flows mostly concentrated on a few names and driven by long-only fund interest. Market makers were more in selling mode, especially for non-investment grade names.

Mandatory Convertible Bond Arbitrage

Mandatory convertible bonds contributed positively this quarter.

In the primary market, Vodafone issued a £2.9bn fixed-ratio mandatory i.e. a forward stock sale with the usual full protection against dividends, rights issues etc. The initial term-sheet was unattractive for potential investors including the Investment Manager. Lead managers and Vodafone took on-board the concerns and amended the term-sheet accordingly. The fund was allocated a good proportion of the deal which was overall successfully placed.

In the secondary market, mandatories were under some pressure due to liquidity-provider selling flows (mainly from banks), albeit this was in limited volume. At present levels mandatories remain attractive, however sourcing them remains difficult.

Volatility Trading

Our long volatility bias at the beginning of the year performed very well until mid-February on the Nikkei, Eurostoxx50 and EURGBP. The Investment Manager partly reduced and hedged this exposure from mid-February which enabled the fund to limit the loss on the overall position.

1.2. Equity Strategies

The beginning of the year was extremely volatile for the European equity market with significant sector rotation. With this backdrop, equity strategies performed very well thanks to some successful stock picking trades combined with the long gamma profile embedded in the portfolio.

On the corporate side, the fund benefited from a number of positions: Ahold (reported positive Q4 sales, as well as having defensive profile), Starwood (risk arbitrage trade) and Royal Dutch Shell (post completion of the takeover of BG).

On the financial side, performance was also positive: the investment in RSA continued to deliver, the fund benefited from Credit Agricole's disposal of its stakes in the regional banks and also from Lloyds' announcement of a better-than-expected return of capital, despite residual Brexit fears.

The Investment Manager intends to keep the same long gamma profile for the portfolio in the coming months. It is believed that there are plenty of reasons for the market to remain volatile: Brexit, oil price, and China as well as many others.

1.3. Credit Strategies

Capital Structure Arbitrage

Capital structure arbitrage contributed positively this quarter.

The Investment Manager was particularly active around the Casino/Rallye situation. A series of corporate and market events created opportunities to increase the position, and localised discrepancies enabled the Investment Manager to monetise positive PnL.

This sub-strategy position remains well-balanced between credit and equity exposure.

Credit Long / Short

Credit markets started the year on a soft tone alongside other risky assets. As a result, many credit investors remained on the side-lines, with limited flows in the secondary market. In March, European credit markets experienced a strong rebound. Sentiment improved, mainly with the commodity rebound and dovish action

from central banks, in particular easing measures announced by the ECB extending QE to European Investment Grade corporate bonds.

During the quarter, credit long / short strategies contributed negatively, mainly from the long position in Solocal high yield bonds. This position was hit on full-year results reporting and a subsequent downgrade from Moody's to CCC on the unsecured bonds. Despite the company being compliant with its banking covenants and management disclosing that they were working on refinancing options for managing debt maturities, the market expressed concern on the lack of detail at this stage and also on a FY P&L weaker than market expectation. The Investment Manager remains confident on the company's business plan and trajectory.

Primary activity, though limited, increased towards the end of the quarter and offered some trading opportunities.

1.4. Trading

Trading contributed positively this quarter.

2. Investments Other Than BG Fund

As at 1 April 2016, the net asset value of the other investments outside BG Fund represented approximately 11% of the net asset value of BGHL.

From 1 January to 31 March 2016, the contribution of investments other than BG Fund was almost flat.

2.1. Rasaland

RLI is a Malta-based holding company structured as a private equity fund in terms of fees and organisation and managed by BK Partners. RLI is dedicated to investing in land, hotels and high-end resort developments in Mexico. RLI has invested and is developing the Mandarin, Xala & Seramai resorts in Mexico. RLI's initial business was, soon after launch, affected by several adverse events which have changed the exit solution and the time schedule considered initially. RLI has mitigated the risk of running out of cash by selling in 2012 a stake in one of its land projects to a large Mexican institutional pension fund, raising USD 80 million with the National Infrastructure Fund and by listing (IPO) in November 2015 RLI's hotel subsidiary on Mexico's exchange, raising a total of USD 27 million. The subsidiary is the owner of the Four Seasons hotel in Mexico City acquired in May 2013.

In February 2015 BK Partners entered into an agreement with Kerzner International Holdings Limited to develop and operate two new One&Only resorts in Mandarin and Xala, on the Pacific Coast of Mexico. RLI is currently focused on the development of the One&Only hotel of the Mandarin project. This development is likely to accelerate the liquidity to RLI's investment in Mandarin through the sale of land parcels as well as private residential estates.

2.2. GFI Informatique

BGHL holds bonds issued by Infofin Participations and exchangeable for GFI shares. BGHL also holds GFI shares. BGHL has a directional exposure which is not hedged.

GFI is a major player in value-added IT services and software in Europe. GFI is listed on the Paris Euronext, NYSE Euronext (Compartment B) - ISIN Code: FR0004038099.

On 7 June 2013, BGHL signed a shareholders' agreement in order to act in concert with Apax France and Altamir.

On 23 November 2015, Mannai Corporation, together with Apax France (jointly with Altamir) and Boussard & Gavaudan, have announced they have entered into exclusive negotiations for Mannai to purchase a 51 percent equity stake in GFI at a price of €8.50 per share.

Please refer to Section V-A- Equity strategies for further details.

The press release is available here: http://www.bgholdingltd.com/uploadImages/File/ACTUS-0-42198-151123_PR_Gfi_EN.pdf.

IV. OUTLOOK

Financial prospects for the coming months will be linked to the level of opportunity created across the Company's strategies in the European corporate environment.

The Investment Manager continues to be fully committed to the strategies of the Company.

As of 1 April 2016, BG Group assets under management are at €2.46bn.

For further information contact:

Boussard & Gavaudan Investment Management LLP

Emmanuel Gavaudan (London) +44 (0)20 3751 5389

François-Xavier Baud (London) +44 (0)20 3751 5395

Disclaimer

The Company is established as a closed-ended investment company domiciled in Guernsey. The Company has received the necessary approval of the Guernsey Financial Services Commission and the States of Guernsey Policy Council. The Company is registered with the Dutch Authority for the Financial Markets as a collective investment scheme pursuant to article 2:73 in conjunction with 2:66 of the Dutch Financial Supervision Act (Wet op het financieel toezicht). The shares of the Company (the "Shares") are listed on Euronext Amsterdam. The Shares are also listed on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange plc's main market for listed securities.

This is not an offer to sell or a solicitation of any offer to buy any securities in the United States or in any other jurisdiction. This announcement is not intended to and does not constitute, or form part of, any offer or invitation to purchase any securities or the solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this announcement in any jurisdiction in contravention of applicable law.

Neither the Company nor BG Fund has been, and neither will be, registered under the US Investment Company Act of 1940, as amended (the "Investment Company Act"). In addition the securities referenced in this announcement have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"). Consequently any such securities may not be offered, sold or otherwise transferred within the United States or to, or for the account or benefit of, US persons except in accordance with the Securities Act or an exemption therefrom and under circumstances which will not require the issuer of such securities to register under the Investment Company Act. No public offering of any securities will be made in the United States.

You should always bear in mind that:

- *All investment is subject to risk;*
- *Results in the past are no guarantee of future results;*
- *The investment performance of BGHL may go down as well as up. You may not get back all of your original investment; and*
- *If you are in any doubt about the contents of this communication or if you consider making an investment decision, you are advised to seek expert financial advice.*

This communication is for information purposes only and the information contained in this communication should not be relied upon as a substitute for financial or other professional advice.

VC 01.05.15.01