

**October 29, 2012**

**TETRAGON FINANCIAL GROUP LIMITED (“TFG”) ANNOUNCES THE ACQUISITION OF POLYGON MANAGEMENT L.P. (“POLYGON”) AND A PLANNED TENDER OFFER TO REPURCHASE UP TO \$150 MILLION OF TFG SHARES**

- TFG has acquired Polygon for 11,685,940 TFG non-voting shares
- The acquisition expedites TFG’s growth strategy to diversify and strengthen its income streams and to create a broad-based financial services firm
- The acquisition accelerates TFG’s ability to generate asset management fee income in addition to capital appreciation and cash flow from investments
- The acquisition was approved and authorised by the board of TFG following consideration by a committee of independent directors which received independent financial advice from Perella Weinberg Partners UK LLP, independent legal advice from Simpson Thacher & Bartlett LLP and Carey Olsen, and independent due diligence, tax and accounting advice from PricewaterhouseCoopers LLP
- TFG expects to repurchase up to \$150 million worth of TFG non-voting shares through a modified Dutch auction tender offer
- TFG expects that both the acquisition and the share repurchase will be accretive to NAV per share

TFG today announces that it has acquired Polygon’s asset management businesses and infrastructure platform, along with Polygon’s interests in LCM Asset Management LLC (“LCM”) and GreenOak Real Estate (“GreenOak”), for an aggregate of 11,685,940 TFG non-voting shares, the substantial majority of which will vest over three to five years.

Commenting on the transaction, Reade Griffith, a Principal of Tetragon Financial Management LP (“TFM”), TFG’s investment manager, a Director of TFG and Tetragon Financial Group Master Fund Limited (the “Master Fund”), and a Founder of Polygon, said, “This is a continuation of TFG’s strategy to expand its asset management platform and diversify and strengthen its income streams. TFG shareholders will benefit from TFG investing in Polygon’s existing and new products on preferred terms, from a new stream of high-margin asset management fee income and from owning increased stakes in successful investments like LCM and GreenOak.”

David Wishnow, a Principal of TFM, added “As a larger investment manager with substantial capital, TFG will be well-positioned to develop dynamic new investment products and attract high quality investment talent.”

Rupert Dorey, an Independent Director of TFG, stated on behalf of the members of the independent committee that “The TFG independent committee see this acquisition as a progression of TFG’s previously articulated strategy of expanding its asset management platform and believe that it is an attractive opportunity to create value for shareholders.”

### **The Acquisition**

Established in 2002, Polygon is a broad-based asset management business with the objective of providing attractive investment opportunities with superior risk-adjusted returns in partnership with its investors.

TFG is acquiring Polygon’s asset management businesses based in London and New York, including its infrastructure platform, and Polygon’s interests in LCM and GreenOak. Polygon’s infrastructure is capable of supporting multiple alternative asset managers, with a history of handling a wide range

of securities across multiple geographies. Certain non-core Polygon assets were not included in the transaction.

Polygon consists of three main asset management businesses:

- 1. Hedge funds:** Polygon currently manages approximately \$450 million across three main strategies – European Event Driven Equities, Convertible and Credit Securities, and Mining Equities. Polygon’s products are managed by experienced and respected investment teams based in London and New York and have strong performance records since launch.
- 2. Polygon’s 13% stake in GreenOak:** GreenOak is a real estate focused principal investing and advisory firm that seeks to create long term value for its investors and provide strategic advice to its clients. Founded in 2010, GreenOak now has total assets under management of approximately \$1.9 billion. GreenOak has dedicated teams in New York, Los Angeles, London, Munich and Tokyo with local knowledge, experience and extensive networks in in these markets. TFG acquired a 10% interest in GreenOak in 2010. This acquisition brings aggregate TFG ownership to 23% and provides GreenOak with a single external investor with the resources to support strong growth.
- 3. Polygon’s 25% stake in LCM:** Established in 2001, LCM is a specialist in below-investment-grade, U.S. corporate, broadly-syndicated loans, principally accessed through CLO products. LCM currently manages approximately \$4.5 billion of loans with a team that has extensive experience dating back to the early days of the U.S. leveraged loan market and an active risk management style. TFG acquired 75% of LCM in January 2010. This acquisition allows TFG to consolidate its ownership in LCM to 100%, providing substantial potential synergy benefits and operational savings.

Polygon also has approximately \$25 million of contracted management fee income due over the next three years associated with one of its other products, which is included in the transaction.

### **Valuation and Ownership**

In order to further align the interests of Polygon’s owners and sellers, all of whom are principals or employees of Polygon and GreenOak, with those of TFG shareholders, the acquisition will be entirely financed by currently issued and outstanding TFG non-voting shares. These are subject to vesting and forfeiture conditions: in particular, all of the consideration due to Reade Griffith and Paddy Dear, Founders of Polygon, will vest between 2015 and 2017. Messrs. Griffith and Dear have also committed to grow all new Polygon businesses within and for the benefit of TFG.

The non-voting shares delivered by TFG as consideration were already held by TFG in treasury or in a subsidiary.

### **Transaction Approval**

As certain principals of Polygon (Messrs. Griffith and Dear) are also members of TFG’s investment manager, TFM, and directors of TFG, in anticipation of the potential for a transaction, the boards of directors of TFG and the Master Fund (the “Funds”) each constituted parallel committees composed of the four independent directors with no financial or beneficial interest in Polygon or the transaction (Rupert Dorey, David Jeffreys, Byron Knief and Greville V.B. Ward) (the “Independent Committee”). The Independent Committee engaged Simpson Thacher & Bartlett LLP and Carey Olsen as independent outside counsel to them as members of the Independent Committee and then selected and engaged Perella Weinberg Partners UK LLP (“Perella Weinberg Partners”) as independent financial advisor to the Funds. The Independent Committee also engaged PricewaterhouseCoopers LLP (“PwC”) to advise the Funds as to the accounting and tax treatment

of, and conduct due diligence with respect to, the potential transaction. Each of these advisors acted at the direction of, and reported solely to, the Independent Committee.

Perella Weinberg Partners, which was compensated on a fixed-fee basis without any success fees, has delivered an opinion which, subject to the limitations, assumptions and qualifications set forth in the opinion, (i) provides that the consideration to be paid by the Funds in the transaction is fair to the Funds from a financial point of view and (ii) certifies, for purposes of Guernsey law, that such consideration is within a reasonable range of possible aggregate values for the acquired property.

This satisfies the Guernsey law requirement that the terms of the transaction are at least as favourable to the Funds as would be any comparable arrangement effected on normal commercial terms negotiated at arm's length between the relevant persons and an independent party.

Transaction counsel for TFG were Cravath, Swaine & Moore LLP. The Independent Committee unanimously approved the transaction, and the full board of TFG has unanimously endorsed such approval and authorised the transaction.

The investment committee of TFM, including the members who do not have any interest in Polygon (and who were independently advised by their own counsel, Fried, Frank, Harris, Shriver & Jacobson LLP) unanimously view the Polygon acquisition as being in the best interests of the Funds.

TFM will continue to act as the investment manager of TFG under the terms of its investment management agreement.

### **Tender Offer**

TFG also announces its intention to repurchase TFG non-voting shares up to a maximum value of \$150 million. Deutsche Bank will act as dealer manager in the tender offer, which will use a modified Dutch auction structure. Details of this planned tender offer will be announced shortly.

### **Conference Call**

TFG will host a conference call to discuss the transaction today, Monday October 29, at 2:00 pm GMT, 10:00 am EDT (please note that there is only a four-hour difference between time zones this week).

The audio portion of the call may be accessed by dialling +44 (0)20 7162 0077 and +1 334 323 6201.

Please be prepared to provide the following information:

Event Title: Tetragon Investor Call  
Moderator: Paddy Dear  
Conference ID: 924595

The call will be accompanied by a live presentation which can be viewed online by registering at the link below. In addition, management will answer questions after the presentation that can be submitted in advance to [ir@tetragoninv.com](mailto:ir@tetragoninv.com) or can be submitted online while watching the presentation. You will still need to dial in to the audio portion of the call above if you choose to view the presentation online. We would encourage you to log in 15 minutes prior to the start of the call.

Live Presentation and Q&A Link:

<http://wcc.webeventservices.com/r.htm?e=535333&s=1&k=653662C696C4AD6A7E17724411EA07C3>