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CATCO REINSURANCE OPPORTUNITIES FUND LTD.

Announcement of the result of the Placing and Admission to London Stock Exchange's Specialist Fund Market

20 December 2010

CATCo Reinsurance Opportunities Fund Ltd. (the "Company"), a newly established limited liability closed-ended fund, registered and incorporated in Bermuda, is pleased to announce that it has raised \$80m through a Placing of 80,392,000 ordinary shares in the capital of the Company (the "Ordinary Shares") and such shares have been admitted to trading on the London Stock Exchange's Specialist Fund Market ("Admission"). Admission becomes effective, and dealings in the Ordinary Shares commence at 8:00 a.m. on 20 December 2010.

The ISIN number is BMG1961Q1006 and the SEDOL code for the Ordinary Shares is B3WQ8G8. The Ordinary Shares trade under the mnemonic CAT.

Investment objective and distribution policy

The Company's investment objective is to seek to provide investors with significant capital returns and long-term distributions at a sustainable level. The Company will target an internal rate of return in excess of LIBOR plus 12% to 15% per annum on the Issue Price of its Ordinary Shares. The Company is also targeting distributions by way of dividend in respect of each Fiscal Year, of an amount equal to LIBOR (as calculated at the beginning of the relevant Fiscal Year) plus 5% of the Net Asset Value at the end of each Fiscal Year.

The Company is a feeder fund that will invest substantially all of its assets in CATCo Diversified Fund. CATCo Diversified Fund will participate in investments linked to catastrophe reinsurance risks principally by investing in traditional reinsurance contracts accessed by investments in preferred shares of CATCo Re, a Bermuda domiciled and regulated Class 3 reinsurer, which will write fully collateralised reinsurance contracts. In addition the Diversified Fund may invest in a



variety of insurance-based instruments, including insurance-linked swaps, industry loss warranties and insurance-linked securities.

The Diversified Fund intends to spread investment risk by seeking exposure to several non-correlated risk categories so as to endeavour to limit the amount of capital at risk with respect to a single catastrophic event. These non-correlated risk categories are expected to include exposure to residential and commercial property losses caused by catastrophes such as windstorms and earthquakes, which will be diversified geographically as well as by catastrophe type.

Commenting on today's announcement, Anthony Taylor, Chairman of CATCo Reinsurance Opportunities Fund Ltd. said:

"CATCo is breaking new ground by bringing fund managers new and exciting investment opportunities in the re-insurance market which are otherwise difficult to access. We are extremely pleased to have such high quality and high profile initial investors in the CATCo Reinsurance Opportunities Fund."

Tony Belisle, Chief Executive Officer of CATCo Investment Management Ltd. said:

"The cash collateralised product is appropriate security for the extreme catastrophic events which makes it an attractive product to reinsurance buyers and the uncorrelated nature of the asset class makes for a suitable addition to any diversified investor portfolio."

Numis Securities acted as Financial Advisor and Broker on the transaction.

Defined terms used in this announcement shall have the same meaning as ascribed to them in the Company's Prospectus dated 17 December 2010.

Copies of the Prospectus have been submitted to the National Storage Mechanism and will shortly be available for inspection at www.hemscott.com/nsm.do. The Prospectus will also shortly be available at www.catcoim.com

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