CATCo Reinsurance Opportunities Fund Ltd. ("the Company")

Board considering fund raising options

To: SFM, London Stock Exchange and Bermuda Stock Exchange Date: 6 October 2011

Given the current demand for Company's protections for the 1 January 2012 renewal cycle together with the current dynamics of the traditional reinsurance industry, the Board of Directors are considering fund raising option to take advantage of the current high premium rates. Growing the fund would help provide better risk adjusted returns to Shareholders and will enable the Investment Manager to further diversify the 2012 investment portfolio.

The extraordinary catastrophic events that have already occurred in 2011, including the natural disasters in Australia, New Zealand and Japan as well as the multiple US tornados and Hurricane Irene, have led to billions of dollars of losses in the reinsurance industry. As a consequence, high severity retrocession capacity is likely to be scarce due to exposed capital that cannot be released in time for the 1 January 2012 renewal cycle. The ongoing asset market deterioration and Solvency II implications are also putting pressure on capital and may lead to increased reinsurance demand in 2012. Separately, funding constraints from capital markets, given recent volatility, and the low price to book multiples of reinsurers, may incentivise reinsurers to strengthen their balance sheets. All of which could further constrain reinsurance supply, helping raise rates further.

It is our view, following on from the annual Reinsurance Rendezvous in Monte Carlo, property prices at the 1 January renewals will be higher driven by a number of factors, principally:

· large losses in the first half of 2011 and the lower yield environment

· Property lines have been rising since the catastrophes in the first quarter of 2011 and are expected to continue through 2012 as new catastrophe models from RMS indicate rising "average" loss expectations in the US and Europe, which will act as a further constraint on industry capital.

Our expectation is for the average January renewal rates to rise 5-15% in traditional reinsurance property catastrophe and 0-5% in traditional reinsurance property non-catastrophe. Specialty lines, such as Marine, are also likely to increase markedly as a result of further capacity shortage as certain traditional players exit the market.

Further, at the retrocessional reinsurance level, we expect average January renewal rate increases to be greater than the traditional reinsurance rate increases, and, the demand for the protections, deployed by our reinsurance company CATCo Re Ltd, exceeds its available capital at this time.

For further information, please contact:

Jason Bibb
CATCo Investment Management Ltd
Telephone: +1 (441) 531 2227
Email: jason.bibb@catcoim.com

David Benda / Hugh Jonathan
Numis Securities Limited
Telephone: +44 (0) 20 7260 1000

Michael Toyer / John Whiley
Prime Management Ltd
Tel: +1 (441) 295 0329