

CATCo Reinsurance Opportunities Fund Ltd.

CATCo Investment Management Ltd. Completion of Acquisition and Restructuring

To: SFM, London Stock Exchange and
Bermuda Stock Exchange

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Any investment decision must be made exclusively on the basis of the prospectus published by the Company on 29 September 2015 (the "Prospectus") and any supplementary prospectus or supplementary prospectuses thereto in connection with the admission of shares of the Company ("Shares") to trading on the London Stock Exchange's Specialist Fund Market.

Completion of Acquisition and Restructuring

On 8 December 2015, the Acquisition (that was announced on 10 September 2015) completed and substantially all of the assets of the Investment Manager were acquired by Markel. Substantially all of the business of the Investment Manager now operates as Markel CATCo Investment Management Ltd. ("Markel CATCo") and the Investment Manager's management team, led by Chief Executive Officer Anthony Belisle, has transitioned into commensurate roles at Markel CATCo and continues to operate the business from its Hamilton, Bermuda headquarters, now under Markel's ultimate ownership.

As a result of the completion of the Acquisition, the Company will conduct substantially all of its investment activities (other than in Run-Off Investments) through the Markel CATCo Diversified Fund (the "Markel CATCo Master Fund"), a segregated account of Markel CATCo Reinsurance Fund Ltd. (the "Markel CATCo SAC"), instead of the Master Fund, being CATCo Diversified Fund, a segregated account of CATCo Reinsurance Fund Ltd.

The Restructuring has been implemented as contemplated in the Prospectus and as further described below.

In accordance with the Prospectus Rules, the Company will in due course publish a supplementary prospectus in connection with the above.

Terms used and not defined in this announcement have the meanings given in the Prospectus.

Implementation of the Restructuring

To effect the Restructuring, the Company has agreed that its investment in the Master Fund will be redeemed as at 1 January 2016 and 100% of the cash or other assets that would otherwise have been distributed to the Company shall be reinvested into the Markel CATCo Master Fund. It is anticipated that, based on the most recent NAV and side pocket information, as at 31 October 2015, approximately 98% of the Company's NAV will be reinvested in this manner. The remainder of its investment in the Master Fund (comprising SP Shares in respect of Side Pocket Investments only) will be wound-down as and when the Run-Off Investments cease to be in run-off.

Following the completion of the Restructuring, the Company intends to conduct substantially all of its investment activities (other than: (a) in the period prior to the redemption of its Master Fund Shares as at 1 January 2016; and (b) in relation to Run-Off Investments) through the Markel CATCo Master Fund rather than the Master Fund, and all new reinsurance business will be conducted via Markel CATCo Re Ltd. (the "Markel CATCo Reinsurer"), rather than the Reinsurer. No further investments will be made by the Company in the Master Fund.

In addition, all of the net proceeds from the Initial Placing and Offer (net of any funds required for working capital purposes) are expected to be invested directly in the Markel CATCo Master Fund on or around 1 January 2016. The proceeds of any Subsequent Placing under the Placing Programme (net of the expenses of such issues and funds required for working capital purposes) will also be invested in the Markel CATCo Master Fund.

No further investments will be made by the Company in the Master Fund; however, the Company will retain a proportion of its holding in the Master Fund in respect of any Run-Off Investments, which will be wound-down as and when the Run-Off Investments cease to be in run-off. Cash received by the Master Fund when Run-Off Investments are wound-down will be distributed to Master Fund Shareholders (including the Company) on the redemption of their Master Fund Shares. The Company intends to use such amount for investment purposes.

Consequently, from early January 2016 onwards, the Company is expected to invest in both the Markel CATCo Master Fund and, until the Run-Off Investments have been wound-down, the Master Fund. In connection with this, the Company has revised its investment policy such that, with effect from 1 January 2016, substantially all of its assets will be invested in the Markel CATCo Master Fund. Neither: (a) the Company's continued investment in the Master Fund in connection with any Run-Off Investments; nor (b) the Company's entry into the Investor Transfer Direction and the Subscription Agreement (each as defined below), shall constitute a breach of the Company's investment policy. The Board does not consider that such changes amount to a material change to the Company's investment policy as it considers the Master Fund and the Markel CATCo Master Fund to represent materially the same investment proposition as they are materially the same in nature and have been established on materially the same terms.

New Material Contracts

In connection with the completion of the Restructuring, the Company has entered into each of the following material contracts, in each case on 8 December 2015:

The Investor Transfer Direction

Under the direction from the Company to the Master Fund SAC (the "Investor Transfer Direction"), the Company has agreed to: (a) redeem, as of 1 January 2016, all of its Master Fund

Shares (save for any SP Shares); and (b) immediately upon such redemption, contribute the full amount of such proceeds to the Markel CATCo Master Fund in accordance with the Subscription Agreement, in lieu of any distribution being made to the Company.

The Investor Transfer Direction further provides that the following transactions are intended to occur on or around 1 January 2016 (in addition to the cash subscription into the Markel CATCo Master Fund): (a) the Reinsurance Agreements relating to certain risk exposures that are scheduled to terminate after 31 December 2015 will be transferred by novation from the related segregated accounts at the Reinsurer to the corresponding segregated accounts the Markel CATCo Reinsurer; (b) the assets of the Master Fund and the Reinsurer linked to the segregated accounts described in (a) will, at the direction of the relevant investors, be contributed to the corresponding segregated accounts at the Markel CATCo Master Fund and the Markel CATCo Reinsurer; and (c) other assets of or attributable to the Master Fund will, at the direction of the relevant investors, be contributed to the Markel CATCo Master Fund.

The Subscription Agreement

The subscription agreement entered into by the Company in connection with its investment in the Markel CATCo Master Fund under the Investor Transfer Direction (the "Subscription Agreement"), contains the terms and conditions on which the Company's subscription for Markel CATCo Master Fund Shares pursuant to the Investor Transfer Direction will be made. The Subscription Agreement is on materially the same terms as the Master Fund Subscription Agreement. Any further subscription by the Company for shares in the Markel CATCo Master Fund is expected to be made on the terms of the Subscription Agreement.

The New Investment Management Agreement

Under the investment management agreement between the Company and Markel CATCo (the "New Investment Management Agreement"), the Company has appointed Markel CATCo as its investment manager in place of the Investment Manager, except in relation to certain portfolio management services for the Run-Off Investments, which will continue to be provided by the Investment Manager. Save for the foregoing, the New Investment Management Agreement is on materially the same terms as the Investment Management Agreement, other than the monthly fee payable to Markel CATCo for secretarial, accounting and administrative services will be 1/12 of US\$275,000 (rather than of US\$200,000) and the indemnity given to Markel CATCo by the Company is also in favour of Markel CATCo's subsidiaries and other affiliates, and their respective officers, directors, employees and agents.

The New Control Agreement

The control agreement between the Company, Markel CATCo, the Markel CATCo SAC (in respect of the Markel CATCo Master Fund) and the Markel CATCo Reinsurer (the "New Control Agreement") provides the Company with control of its investment in the Markel CATCo Master Fund on materially the same terms as the Control Agreement and, inter alia, prohibits the Markel CATCo SAC from changing the investment objectives, policies and restrictions of the Markel CATCo Master Fund, without the prior consent of the Company.

The Revised Investment Management Agreement

The Investment Management Agreement has been amended and restated (the "Revised Investment Management Agreement") such that the Investment Manager's appointment is limited to providing certain portfolio management services in respect of the Run-Off Investments for such time as the Company retains an investment in the Master Fund. In addition, the Investment

Manager is no longer appointed to provide any secretarial, accounting or administrative services all of which will henceforth be provided by Markel CATCo. Save for the foregoing reduction in the scope of services, the Revised Investment Management Agreement is on materially the same terms as the Investment Management Agreement.

The Revised Control Agreement

The Control Agreement has been amended and restated (the "Revised Control Agreement") (on materially the same terms as the Control Agreement) pursuant to which, inter alia, the Master Fund SAC shall not, in respect of the Master Fund, without the prior consent of the Company, change its investment objectives, policies and restrictions.

The New Placing Agreement

The Company has entered into a placing agreement with Markel CATCo and Numis (the "New Placing Agreement"), under which Numis has been appointed as the Company's placing agent in relation to the Placing Programme and any Subsequent Placings. The New Placing Agreement supersedes the Placing Agreement, other than in relation to the publication of the Prospectus, the Initial Placing and Offer and the Initial Admission and as provided under the Supplemental Agreement to the Placing Agreement.

The New Placing Agreement is on materially the same terms as the Placing Agreement, other than as follows: (a) Markel CATCo does not accept any liability, make any representation or warranty, or undertake to indemnify Numis or any other indemnified party in respect of the Investment Manager, the Master Fund SAC, the Master Fund, the Reinsurer, any Side Pocket Investments referable to the Master Fund, any Reinsurance Agreements with the Reinsurer, the Initial Placing and Offer or, in relation to any period prior to the date of the New Placing Agreement, any accounting or financial matters (instead giving comfort on the terms of the New Placing Agreement in respect of itself, the Markel CATCo SAC, the Markel CATCo Master Fund and the Markel CATCo Reinsurer and, on and from the date of the New Placing Agreement, accounting and financial information); and (b) Numis (acting in good faith) shall be entitled to terminate the New Placing Agreement if any representations or warranties given by the Company and/or the Investment Manager under the Placing Agreement (as supplemented by the Supplemental Agreement to the Placing Agreement (as defined below)) are not true and accurate or have become misleading or would be if repeated by reference to the facts subsisting at the time.

Supplemental Agreement to the Placing Agreement

The Company has entered into a supplemental agreement to the Placing Agreement with the Investment Manager and Numis (the "Supplemental Agreement to the Placing Agreement") which provides that, save as set out below, the Placing Agreement will cease to have any further force and effect in relation to the Placing Programme and any Subsequent Placings and that the Investment Manager shall have no liability to Numis or the Company in relation thereto. Notwithstanding this, the Placing Agreement will remain in full form and effect in relation to the publication of the Prospectus, the Initial Placing and Offer and the Initial Admission.

Under the Supplemental Agreement to the Placing Agreement, the Investment Manager will continue to represent and warrant that certain of the warranties set out in the Placing Agreement as well as certain information relating to its track record are true, accurate and not misleading as at the date of the Supplemental Agreement to the Placing Agreement and (subject to any contrary notices) in each period commencing five Business Days before a subsequent Admission

and terminating on such subsequent Admission, as if repeated by reference to the facts and circumstances at all such times. The Investment Manager shall have no liability for any breach of any of these representations and warranties and neither Numis nor any other indemnified party will be entitled to make an indemnity claim in relation to such breach. Rather, any such breach will permit Numis to terminate the New Placing Agreement in accordance with its terms.

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Numis, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for the Company and no-one else in connection with the Placing Programme and any Subsequent Placings thereunder and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Numis or for providing advice in relation to the Placing Programme and any Subsequent Placings thereunder.

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