

FOR IMMEDIATE RELEASE

7 December 2018

CATCo Reinsurance Opportunities Fund Ltd. (the “Company”)

Portfolio Update

To: SFS, London Stock Exchange and Bermuda Stock Exchange

Markel CATCo Investment Management Ltd., as Investment Manager of the Company (the “Manager”), announces its intention to increase the specific loss reserves held by the Company in relation to the Ordinary Shares for the 2017 loss events as indicated in the stock exchange announcement dated 22 November 2018.

The impact of the increase is estimated to be approximately 27.7 per cent of the 31 October 2018 Ordinary Share Net Asset Value (“NAV”) and will be accounted for within the 30 November 2018 NAV. On a normalised basis, this represents approximately a 15.7 per cent deterioration in the Ordinary Share 2017 annual performance and is equivalent to a 2017 NAV return on the Ordinary Shares of approximately -57.1% per cent (down from the -41.4 per cent reported at year-end).

Following the 2017 Hurricanes Harvey, Irma, Maria (HIM) and the California Wildfires, the Manager has continued to monitor the ongoing uncertainty related to these loss events. As has been communicated previously, industry loss estimates have continued to deteriorate beyond reasonable expectations since the time of the last reserve provision made in April 2018. Since this time, the industry loss estimates on major 2017 loss events have increased by more than 12% as of December 2018.

In addition, based on an assessment of updated cedant loss data as of Q3 2018, further reserve strengthening is required. This expectation aligns not only with the increases of industry loss estimate trends, but also with the numerous reports of insurers, reinsurers, and ILS constituents who have continued to report ongoing loss deterioration throughout Q3 2018. As such, the Manager will strengthen reserves to be aligned with the observed wider market increases. Some level of uncertainty will remain until industry loss estimates cease to exhibit further growth.

Further, the Manager is continuing to assess the potential impacts to the portfolio related to the 2018 California wildfires. A material impact is expected to be recorded in the 30 November 2018 NAV. An update will be made to shareholders as soon as the potential impact to the private insurance marketplace is known.

For further information:

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