

28 February 2019

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

Publication of Circular and Notice of Class Meetings

Following the Company's announcement on 18 December 2018 in relation to the proposal to restructure the Company by offering Shareholders the opportunity to elect to convert their Shares into redemption shares, the Company has now completed its consultation with Shareholders. The Board has concluded that, if offered the choice, a large majority of Shareholders would elect to convert their shares into redemption shares. As a consequence, the Board, having consulted with its advisers, has determined to recommend an orderly run-off of the Company's portfolios in place of the restructuring. A Circular has been published to provide information relating to the proposed Run-Offs.

The separate approval of the Ordinary Shareholders and C Shareholders is required for the implementation of the Run-Off in respect of that share class (which constitutes a material change to the Company's investment policy in respect of each share class).

Such approvals are being sought at separate Class Meetings to be held at 9:00 a.m. and 9:05 a.m. (Bermuda time) on 26 March 2019. Notices convening the necessary Class Meetings are set out in Part 2 of the Circular.

The information in this announcement should be read in conjunction with the full text of the Circular issued by CATCo Reinsurance Opportunities Fund Limited, dated 28 February 2019. Capitalised terms used in this announcement shall, unless the context otherwise requires, bear the meaning given to them in the Circular.

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This announcement contains forward-looking statements which are subject to assumptions, risks and uncertainties. Although the Company and the Investment Manager believe that the expectations reflected in these forward-looking statements are reasonable, there can be no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by those forward-looking statements. Each forward-looking statement is correct only as of the date of the particular statement. Neither the Company nor the Investment Manager undertakes any obligation publicly to update or revise any forward-looking statement as a result of new information, future events or other information, although such forward-looking statements will be publicly updated if required by the Prospectus Rules, the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation, the rules of London Stock Exchange plc or by law.

EXPECTED TIMETABLE

2019

Latest time and date for receipt of Forms of Direction or
CREST Proxy Instructions from the Depository Interest

Holders for the Ordinary Share Class Meeting 9.00 a.m. (Bermuda time) on 21 March

Latest time and date for receipt of Forms of Direction or
CREST Proxy Instructions from the Depository Interest

Holders for the C Share Class Meeting 9.05 a.m. (Bermuda time) on 21 March

Latest time and date for receipt of Forms of Proxy for

the Ordinary Share Class Meeting 9.00 a.m. (Bermuda time) on 22 March

Latest time and date for receipt of Forms of Proxy for

the C Share Class Meeting 9.05 a.m. (Bermuda time) on 22 March

Ordinary Share Class Meeting 9.00 a.m. (Bermuda time) on 26 March

C Share Class Meeting 9.05 a.m. (Bermuda time) on 26 March

Announcement of the results of the Class Meetings by 5:00 p.m. (Bermuda time) on 26 March

1. Introduction

On 18 December 2018, the Board announced its proposal to restructure the Company by offering Shareholders the opportunity to elect to convert their Shares into redemption shares. The Company has now completed its consultation (announced on 7 February 2019) with Shareholders as to their likely elections and has concluded that, if offered the choice, a large majority of Shareholders would elect to convert their shares into redemption shares.

As a consequence, the Board, having consulted with its advisers, has determined to recommend an orderly run-off of the Company's portfolios in place of the restructuring. The purpose of this Circular is to provide you with information relating to the proposed Run-Offs.

The separate approval of the Ordinary Shareholders and C Shareholders is required for the implementation of the Run-Off in respect of that share class (which constitutes a material change to the Company's investment policy in respect of each share class).

Such approvals are being sought at separate Class Meetings to be held at 9:00 a.m. and 9:05 a.m. (Bermuda time) on 26 March 2019. Notices convening the necessary Class Meetings are set out in Part 2 of the Circular.

Shareholders should make their own investigation of the Proposals set out in this Circular, including the merits and risks involved. Shareholders should read the whole of this Circular and not just rely on the information set out in this letter. Nothing in this Circular constitutes legal, tax, financial or other advice, and if they are in any doubt about the contents of this Circular, Shareholders should consult their own professional advisers.

2. Implementation of the Run-Offs

- ***Overview***

The Run-Off of each of the Ordinary Shares and the C Shares requires the approval of the Ordinary Shareholders or the C Shareholders, respectively. The Run-Offs will be implemented principally by redeeming all of the Company's Master Fund Shares attributable to the Ordinary Shares or C Shares (as the case may be) and distributing the net proceeds thereof to the relevant class of Shareholders.

There can be no assurances in relation to the length of the Run-Offs as they are dependent on the underlying reinsurance contracts going "off risk" and any related loss reserves being settled and collateral balances released (which is out of the Company's and the Investment Manager's control).

- ***Redemption of Master Fund Shares***

The Master Fund SAC (through which the Company invests) has granted a special redemption right to all shareholders in the Master Fund, exercisable by 29 March 2019, which will allow the shareholders to redeem all or part of their shares in the Master Fund as of 30 June 2019.

If the Proposals are both approved, the Company intends to exercise the Special Redemption Right in respect of 100% of the Company's Master Fund Shares. If only one Proposal is approved, the Company intends to exercise the Special Redemption Right in respect of such percentage of the Company's Master Fund Shares as is attributable to the relevant share class. If neither Proposal is approved, the Special Redemption Right will not be exercised and will lapse.

If the Special Redemption Right is exercised, the Master Fund SAC is expected to redeem the applicable Master Fund Shares as at 30 June 2019 in accordance with their terms. In this regard, the Master Fund Shares can be broadly divided into three categories, by reference to the nature of the underlying investments to which they relates, as follows:

- (a) Master Fund Shares attributable to cash and/or investments which go “off risk” on or around 30 June 2019, which will be redeemed for cash shortly thereafter;
- (b) Master Fund Shares attributable to investments (other than those referred to in (a) above) in respect of which a covered loss event has not occurred, nor is there any indication that a covered loss event will occur, which will be redeemed once the underlying investments go “off risk”, except where a covered loss event occurs in which case they will be converted into side pocket shares; and
- (c) Master Fund Shares which are side pocket shares (i.e. relating to, among other things, investments that are the subject of covered loss events), which will be redeemed once the side pocket has been resolved and associated collateral (if any) is released.

Assuming that no further covered loss events occur, it is expected that as at 30 June 2019, the Ordinary Share portfolio and the C Share portfolio will comprise cash and the following shares (in each case as a percentage of the Net Asset Value of the relevant share class and by value, determined using 31 January 2019 Net Asset Values).

	Ordinary Share portfolio	C Share portfolio
Cash	9% (US\$11.2m)	3.8% (US\$12.2m)
Shares in respect of¹:		
Contracts that go “off risk” during 2019	19.4% (US\$24.4m)	34.6% (US\$111m)
Cash from 2018 mid-year deals (“off-risk” July 2019)	6.5% (US\$8.1m)	11.5% (US\$37m)
Side pocket shares:		
From 2018	22.7% (US\$28.7m)	50.1% (US\$161m)
From 2017	34% (US\$43m)	n/a
From 2016	8% (US\$10.3m)	n/a
From 2015 ²	0.4% (US\$0.5m)	n/a

1 There can be no assurance that covered loss events will not occur in respect of any such investment in the Master Fund and/or that such shares will be redeemed in full or in part as at 31 December 2019 or mid-year 2019 in relation to deals that expire mid-year.

2 The 2015 side pocket shares are shares in the CATCo Diversified Fund of CATCo Reinsurance Fund Ltd., the legacy master fund vehicle through which the Company invested prior to 2016.

Shareholders should note that the Company will remain exposed to the performance of the Master Fund and its underlying investments until redemption (and therefore the amount to be received by Shareholders and the timing of those receipts will be dependent on that performance).

- **Distributions to Shareholders**

The Company intends to distribute the net proceeds of the redemption of the relevant Master Fund Shares (after payment of any costs and save for any amount required for reserves in respect of anticipated liabilities and for working capital purposes) to Ordinary Shareholders or C Shareholders (as the case may be). The timing and amount of each distribution will be at the Company’s discretion. Shareholders should note that the Company may delay the distribution until a material amount is available for distribution to avoid the cost and administrative burden of distributing small amounts.

The Company intends to make an announcement by means of a Regulatory Information System prior to each distribution regarding the amount and timing of the distribution.

- ***On-going Costs at Master Fund level***

Shareholders should note that the Company's investment in the Master Fund will continue to bear fees and costs, including (but not limited to) the Management Fee and the Performance Fee, until such time as the Company's Master Fund Shares are redeemed in full. However, the Company does not expect a Performance Fee to be paid during the Run-Offs and notes that the Management Fee will reduce in line with the declining fund size.

- ***The Future of the Company***

While the Board has determined to recommend the orderly Run-Offs of the Company's current portfolios, the Company may still seek to raise further capital in future, subject to demand and shareholder approval.

If no further capital is raised, at or towards the end of the Run-Offs, it will become necessary to put the Company into formal member's voluntary liquidation. At such time, a further circular would be delivered to Shareholders to convene further meetings at which Shareholders would be asked to approve the liquidation.

Shareholders should note that the Board has determined not to recommend that the Company be put into a formal members' voluntary liquidation at this time giving the possibility of future capital raising and as there is limited benefit in doing so given that the Company operates as a feeder fund. In addition, it considers that the Company is best served by retaining the services of the Investment Manager.

3. The Resolutions

The Run-Offs require a material change to the Company's investment policy in respect of each of the Ordinary Shares and C Shares in order to direct the Company to cease investing and to instead begin realising its existing investments in an orderly manner and distributing the net proceeds thereof to the Shareholders.

The Resolutions necessary to implement the Run-Offs will be proposed at separate Class Meetings of the Company. The full text of the Resolutions is set out in the Notices of Class Meetings set out in Part 2 of this Circular. The Class Meetings have been convened for 9.00 a.m. and 9.05 a.m. (Bermuda time) on 26 March 2019 at the offices of Markel CATCo Investment Management Ltd. at 8th Floor East, 141 Front Street, Hamilton HM19, Bermuda.

If one or both of the Resolutions is not passed, the Company will continue to invest the portfolios of one or both share classes (as appropriate) in accordance with the current investment policy; investments will not be realised (other than to the extent consistent with the existing investment policy for the relevant class) and the proposed distributions outlined in this Circular will not occur.

4. Action to be Taken

Shareholders (who do not hold their shares through Depositary interests)

The following Forms of Proxy are enclosed:

- (a) a Form of Proxy for use by Ordinary Shareholders (with the exception of Depository Interest Holders who hold their interests in respect of Ordinary Shares in CREST) in connection with the Ordinary Share Class Meeting; and
- (b) a Form of Proxy for use by C Shareholders (with the exception of Depository Interest Holders who hold their interests in respect of C Shares in CREST) in connection with the C Share Class Meeting.

Whether or not Shareholders intend to be present at the relevant Class Meeting, they are requested to complete and sign the relevant accompanying Form of Proxy and return it, in accordance with the instructions printed on it, by post or (during normal business hours) by hand to Link Asset Services to arrive as soon as possible and, in any event, by no later than 9.00 a.m. (Bermuda time) on 22 March 2019, in respect of Ordinary Shares, and 9.05 a.m. (Bermuda time) on 22 March 2019, in respect of C Shares.

Depository Interest Holders

Any Depository Interest Holder wishing to instruct Link Market Services Trustees Limited, the Company's depository, to vote in respect of the holder's interest should use the relevant enclosed Form of Direction for the applicable share class. Whether or not Depository Interest Holders intend to be present at the relevant Class Meeting, they are requested to complete and sign the appropriate accompanying Form of Direction and return it, in accordance with the instructions printed on it, by post or (during normal business hours only) by hand to Link Asset Services to arrive as soon as possible and, in any event, by no later than 9.00 a.m. (Bermuda time) on 21 March 2019, in the case of interests held in respect of Ordinary Shares, and 9.05 a.m. (Bermuda time) on 21 March 2019, in the case of interests held in respect of C Shares.

Depository Interest Holders who hold their interests in respect of Shares in CREST may instruct the Depository by completing and transmitting a CREST Proxy Instruction to Link so that it is received by no later than 9.00 a.m. (Bermuda time) on 21 March 2019, in the case of interests held in respect of Ordinary Shares, and 9.05 a.m. (Bermuda time) on 21 March 2019, in the case of interests held in respect of C Shares.

The return of a completed Form of Proxy, Form of Direction or CREST Proxy Instruction will not prevent a Shareholder or Depository Interest Holder from attending a Class Meeting and voting in person (in substitution for their proxy vote) if they wish to do so and are so entitled.

5. Costs and Expenses

The aggregate costs and expenses of the Company relating to the implementation of the Run-Offs (including the publication of this Circular) are estimated to be £50,000 (excluding VAT). All such costs and expenses shall be satisfied out of the Company's cash reserves and/or, if the Proposals are approved, out of the proceeds of the redemptions of the Master Fund Shares (prior to and by way of set-off against the distribution of proceeds to Shareholders). All such costs and expenses shall be split between the Ordinary Shares and the C Shares pro rata to the Net Asset Value of each of those share classes as at the relevant date.

6. Recommendation

The Directors are of the opinion that the Proposals and the Resolutions to be proposed at the Class Meetings are in the best interests of the Company and the Shareholders as a whole. The Directors unanimously recommend that Shareholders vote in favour of the Resolutions as the Directors intend to do for their respective individual beneficial holdings

in the Company which, at the date of this Circular, total 690,901 Ordinary Shares (representing approximately 0.18 per cent. of the Company's issued Ordinary Share Capital) and 350,000 C Shares (representing approximately 0.06 per cent. of the Company's issued C Share Capital).