

SUBJECT TO CONTRACT

AMENDED INVESTOR BUY-OUT TERM SHEET

This Term Sheet sets out the proposed terms for the early return of Net Asset Value (“NAV”) in the side pocket investments (the “**Side Pockets**”) held at Markel CATCo Re Ltd. (the “**Reinsurer**”), together with a premium, for the benefit of investors (the “**Investors**”) who hold shares in:

- a) funds of Markel CATCo Reinsurance Fund Ltd. (the “**Private Fund**”), which include direct investments made in each segregated account of the Private Fund other than the Aquilo Fund, including the Markel CATCo Diversified Fund (the “**Master Fund**”), Diversified Fund II, Limited Diversified Arbitrage Fund, Diversified Arbitrage Fund, GTL Diversified Fund, Markel Diversified Fund and QIC Diversified Fund (collectively, the “**Retro Funds**”, and such investors in the Retro Funds, the “**Retro Fund Investors**”),
- b) CATCo Reinsurance Opportunities Fund Ltd. (the “**Public Fund**,” and such investors, the “**Public Fund Investors**”), which invests directly in the Master Fund, and
- c) the Aquilo Fund, a segregated account of the Private Fund (such investors in the Aquilo Fund, the “**Aquilo Investors**”).

As set out in detail below, the early return of NAV to the Retro Fund Investors and Public Fund Investors on the Closing Date (as defined below) will be funded by (i) the Available Distribution Amount (as defined below), (ii) the Retro Fund Cash (as defined below) and (iii) the Buy-Out Amount (as defined below) provided by an affiliate of Markel Corporation (the “**Purchaser**”, and the Markel Affiliates funding the Purchaser, the “**FundingCos**”). The early return of NAV to the Aquilo Investors will be funded through a combination of funding from the Purchaser (through the FundingCos) and the release of contractually trapped cash currently held by fronting reinsurers of the Aquilo Fund, which shall be made possible by Markel Corporation, through a wholly-owned designee, providing adverse development cover to the fronting reinsurer. The premium paid to all Investors will be the Additional Consideration described below and funded by Markel Corporation or one of its affiliates.

Buy-Out of Retro Fund Investors	<p>The Investors in the Retro Funds will be entitled to a total return of 102% of Closing NAV (defined below) including an Early Consent Fee plus (i) a distribution in cash equal to their proportional entitlement to \$44 million (the “Additional Consideration”) and (ii) any Upside.</p> <p>At the date of completion (the “Closing Date”), Retro Fund Investors (including the Public Fund) will receive an aggregate accelerated return of the following proportion of Closing NAV for each Side Pocket:</p> <ul style="list-style-type: none">• 100% for 2016 Side Pocket,• 100% for 2017 Side Pocket,• 100% for 2018 Side Pocket, and• 100% for 2019 Side Pocket, <p>(the “Accelerated Distribution Amount”), plus their proportionate amount of the Additional Consideration and the Early Consent Fee, if applicable.</p> <p>As a result of the payment of the Accelerated Distribution Amount, on the Closing Date:</p> <ul style="list-style-type: none">• Public Fund Investors holding Ordinary Shares will receive an estimated accelerated return of approximately \$0.339 per Ordinary Share (totaling
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	<p>approximately \$50.7 million of Closing NAV (as of 30 November 2021) including an Early Consent Fee and Additional Consideration) (\$0.331 per Ordinary Share excluding the Early Consent Fee)</p> <ul style="list-style-type: none"> Public Fund Investors holding C Shares will receive an estimated accelerated return of approximately \$0.606 per C Share (totaling approximately \$50.4 million of Closing NAV (as of 30 November 2021) including an Early Consent Fee and Additional Consideration) (\$0.579 per C Share excluding the Early Consent Fee)
<p>Closing NAV</p>	<p>Closing NAV will be Current NAV,</p> <p><u>plus</u> the amount of any contingent reserve held by the Private Fund, which will be primarily applied to fund the payment of Transaction Costs (as defined below),</p> <p><u>plus</u> a contribution from Markel Corporation or one of its affiliates equal to the greater of \$20 million and the Transaction Costs (as defined below) which is currently estimated to be \$25-30 million,</p> <p><u>less</u> the remaining Administrative Expenses (as defined below and to the extent not already paid), which will be reserved on the Closing Date.</p> <p>Additionally, for the Closing NAV with respect to the Public Fund, cash on hand will also be deducted.</p> <p>“Current NAV” means the current NAV available as at the most recent month end prior to the Closing Date, provided that this amount may never be less than NAV as of 31 August 2021.</p>
<p>Buy-Out Amount of Retro Fund Investors</p>	<p>In order to fund the buy-out of Retro Fund Investors, the Purchaser will purchase shares in the Reinsurer from the Private Fund for a cash purchase price (the “Buy-Out Amount”) equal to the Accelerated Distribution Amount:</p> <ul style="list-style-type: none"> less the amount of funds, if any, that are available for distribution to Retro Fund Investors that have been released from each Side Pocket of the Reinsurer and approved for distribution by the Bermuda Monetary Authority but not yet returned to the Retro Fund Investors in that Side Pocket, as at the last day of the month prior to the Closing Date (the total of all such amounts across all Side Pockets of the Reinsurer in the aggregate, the “Available Distribution Amount”), less the aggregate amount of cash, if any, that is held at each Retro Fund (other than the Administrative Expenses) to cover operating and other costs of that Retro Fund (the total of amount of consolidated cash at the Retro Funds being the “Retro Fund Cash”). <p>The Additional Consideration will be funded by Markel Corporation or one of its affiliates on the Closing Date.</p>
<p>Return to Aquilo Investors</p>	<p>Aquilo Investors will be entitled to a total return of 102% of Closing NAV plus (i) the Additional Consideration and (ii) any Upside.</p> <p>On the Closing Date, Aquilo Investors will receive a distribution in cash equal to their proportional entitlement to 100% of Closing NAV of the Aquilo Fund (the “Aquilo Accelerated Distribution Amount”) plus their proportionate amount of the Additional Consideration and the Early Consent Fee, if applicable.</p>

<p>Aquilo Buy-Out Amount of Aquilo Fund Investors</p>	<p>In order to fund the buy-out of Aquilo Fund Investors, the Purchaser will purchase shares in the Reinsurer from the Private Fund for a cash purchase price (the “Aquilo Buy-Out Amount”) equal to the Aquilo Accelerated Distribution Amount less the amount of trapped cash released in connection with any adverse development cover provided by Markel Corporation, through a wholly-owned designee, to a fronting reinsurer in respect of the assets of the Aquilo Fund.</p> <p>The Additional Consideration will be funded by Markel Corporation or one of its affiliates on the Closing Date.</p>
<p>Administrative Expenses</p>	<p>Administrative Expenses will be funded from cash reserves deducted from Current NAV on or before the Closing Date and allocated as set out below, including:</p> <ol style="list-style-type: none"> 1. Transaction Costs: costs for implementation of the transaction, which are currently estimated to be approximately \$25-30 million (“Transaction Costs”). Transaction Costs are estimates only and the actual amount of fees incurred will be paid with the proceeds of a contribution from Markel Corporation. 2. Ordinary Course Fees: estimated operating and other fees for the remaining run-off of the Markel CATCo business, which are currently estimated to be approximately \$11 million. These costs will be allocated among the Aquilo Fund and each Side Pocket based on a weighted pro rata distribution determined by “time to run-off.” <ul style="list-style-type: none"> • For example, Side Pocket 2019 is estimated to have the most time for final run-off, so will have a larger proportion of fees allocated to it. • Ordinary Course Fees related to the operation of the Public Fund are allocated among the Public Fund Investors only. 3. Reserve: an additional reserve of approximately \$5.2 million, which will be an amount equal to 20% of the aggregate of (i) the lower of the Transaction Costs and \$15 million, and (ii) the Ordinary Course Fees allocated to the Aquilo Fund and each Side Pocket. <p>After closing, no additional fees or expenses will be deducted from distributions of Closing NAV and there will be no continuing management fees charged by the Manager (any such fees will have been accelerated and included in the Ordinary Course Fees for the run-off of the Funds).</p> <p>After closing, additional fees or expenses arising in respect of the Aquilo Fund that are not covered by the reserve will be deducted from distributions to Aquilo Fund Investors.</p> <p>Any amounts reserved for Administrative Expenses remaining after wind down of the Public Fund, the Private Fund, the Manager and the Reinsurer will be returned to relevant Investors.</p>
<p>Upside Distributions</p>	<p>After the Closing Date, if and when any capital is released (i) in excess of the Buy-Out Amount allocable to a particular Side Pocket of the Reinsurer or (ii) in excess of the Aquilo Buy-Out Amount allocable to the Aquilo Fund, and in each case approved for distribution by the Bermuda Monetary Authority, each relevant Public Fund and Private Fund Investor shall be entitled to receive the amounts distributed. Distributions, if any, will occur one time per annum or more at the</p>

	<p>discretion of the Manager.</p> <p>Upon receiving a return from the Private Fund as contemplated in this provision, the Public Fund will distribute the proceeds to the Public Fund Investors in accordance with its ordinary practices.</p>
Information Rights	<p>Investors will receive monthly Manager’s Reports setting out remaining NAV for each Side Pocket at the relevant month end and the amount of capital released, including the amount that will be used to repay the Buy-Out Amount and the amount that will be returned to Investors.</p>
Early Consent Fee	<p>Investors that support the proposal set out in this Term Sheet by agreeing to the terms of the Investor Deed of Undertaking, in accordance with the instructions accompanying the Undertaking, shall receive on the Closing Date a cash fee in an amount equal to 2% of their proportional amount of Current NAV at the Closing Date (provided that they comply with the terms of their undertaking) (the “Early Consent Fee”).</p>
Work Fee	<p>(i) Funds managed by PKA A/S and (ii) Almitas Capital will be entitled to a cash fee in an amount equal to 2% of their proportional amount of Current NAV at the Closing Date. The work fee will be paid by the Private Fund and/or the Public Fund and funded by Markel Corporation or one of its affiliates.</p>
Release	<p>To enable the early return of NAV to the Investors, and as a condition to and in consideration of the foregoing, each Investor, the Purchaser, Markel Corporation, the FundingCos, the Manager, the Private Fund (in respect of itself and all of its segregated accounts), the Public Fund and the Reinsurer (in respect of itself and all of its segregated accounts) shall provide an irrevocable and unconditional mutual release of each and every claim of any nature it may have against each of the Released Parties related to the business of the Reinsurer, the Private Fund, the Public Fund and the Manager and the Investors' shares.</p> <p>“Released Parties” means each Investor, the Purchaser, the FundingCos, Markel Corporation, the Private Fund (in respect of itself and all of its segregated accounts), the Public Fund, the Reinsurer (in respect of itself and all of its segregated accounts), the Manager and each of their former and existing affiliates, directors, managers, shareholders, officers, controlling persons, beneficial owners or interest holders, advisory board members, employees, consultants, agents, subsidiaries, members, managers, predecessors and successors in interest, heirs, executors and assignors or assignees, nominees, participants, partners, limited partners, general partners, principals, fund advisors, attorneys, financial advisors, investment bankers, accountants, other professionals or representatives, sub-advisors (and their respective affiliates directors, managers, shareholders, partners, principals, members, officers, controlling persons, employees and agents), and agents (including any individual who serves at the Manager’s request as a director, officer, partner, trustee, or the like of another entity) and/or the legal representatives and controlling person of any of them.</p>

**Settlement with
Litigation Claimants**

In November 2021, the Private Fund proposed a scheme of arrangement to implement the Buy-Out Transaction (the “**Private Fund Scheme**”). Certain Private Fund Investors holding less than 5% of the aggregate NAV of the Private Fund (the “**Litigation Claimants**”) commenced litigation in state and federal courts in the United States against the former Chief Executive Officer of the Manager (the “**US Litigation**”), which, if successful, would potentially result in liability of the Private Fund. The Litigation Claimants also opposed the Private Fund Scheme (the “**Scheme Opposition**”).

The Manager, the Private Fund and Markel Corporation have entered into a settlement agreement with the Litigation Claimants to resolve the Scheme Opposition and the US Litigation (the “**Settlement**”). Pursuant to the Settlement, the Litigation Claimants have withdrawn the Scheme Opposition and, on the Closing Date, the Litigation Claimants will receive:

1. the then current NAV of their shares in the Private Fund (by way of acquisition by Markel Corporation or redemption) in full and final satisfaction of their interests in the Private Fund and
2. an aggregate additional payment of \$20 million in consideration for granting the Releases and dismissing with prejudice the US Litigation from the Closing Date (which amount will not be funded by the Private Fund, the Public Fund, the Reinsurer or the Manager).

The amounts payable to the Litigation Claimants pursuant to the Settlement will not reduce recoveries that would otherwise be available to Investors in the Private Fund or the Public Fund pursuant to the Buy-Out Transaction prior to the Settlement.