

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take you should consult your stockbroker, bank manager, solicitor, accountant or other appropriate professional adviser authorised for the purposes of the Financial Services and Markets Act 2000, or if you are not in the United Kingdom, another appropriately authorised professional adviser.**

If you have sold or otherwise transferred all of your Ordinary Shares in the Company, please send this Circular, together with the accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular should be read as a whole. Your attention is drawn to the letter from the Chairman of the Board of Directors of the Company which is set out in Part I of this document and which contains the Board's recommendation that you vote in favour of the Special Resolution to be proposed at the Special General Meeting referred to below.

Your attention is also drawn to the Notice of the Special General Meeting which is set out in Part II of this document.

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## **BLUE CAPITAL GLOBAL REINSURANCE FUND LIMITED**

*(incorporated and registered as an exempted mutual fund company in Bermuda with registered number 46969)*

### **PROPOSAL TO DISAPPLY PRE-EMPTION RIGHTS IN CONNECTION WITH A PLACING PROGRAMME OF NEW SHARES**

**-AND-**

### **NOTICE CONVENING SPECIAL GENERAL MEETING**

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You will find set out in Part II of this Circular, a notice convening a Special General Meeting for 9 a.m. (Bermuda time) on 3 May 2013 to be held at Mechanics Building, 12 Church Street, Hamilton, HM11 Bermuda.

\*\*\*\*ONLY FOR SHAREHOLDERS WHO DO NOT HOLD DEPOSITORY INTERESTS THROUGH CREST\*\*\*\*

The accompanying Form of Proxy for use by Shareholders in relation to the Special General Meeting should be completed and returned, in accordance with the instructions printed on it, to Computershare Investor Services (Bermuda) Limited, Corner House, Church and Parliament Streets, Hamilton HM FX, Bermuda so as to be received as soon as possible and, in any event, not later than 48 hours before the time appointed for the Special General Meeting (or any adjournment thereof).

\*\*\*\*ONLY FOR SHAREHOLDERS WHO HOLD DEPOSITORY INTERESTS THROUGH CREST\*\*\*\* A Form of Instruction is enclosed for use by Depository Interest Holders in relation to the Special General Meeting and should be completed and returned, in accordance with the instructions printed on it, to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so as to be received as soon as possible and, in any event, not later than 72 hours before the time appointed for the Special General Meeting (or any adjournment thereof).

Jefferies International Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for the Company in relation to the Placing Programme and is not advising any other person or treating any other person as its client in relation to the matters referred to in this Circular and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Jefferies International Limited nor for providing advice in connection with the Placing Programme or the contents of this Circular or any other matters referred herein.

Capitalised terms used in this Circular have the meanings given in Part III of this Circular.

**Shareholders should make their own investigation of the proposals set out in this Circular, including the merits and risks involved. Nothing in this Circular constitutes legal, tax, financial or other advice, and Shareholders should consult their own professional advisers.**

**CONTENTS**

<b>CLAUSE</b>	<b>PAGE</b>
<b>EXPECTED TIMETABLE</b>	<b>1</b>
<b>PART I – LETTER FROM THE CHAIRMAN</b>	<b>2</b>
<b>Introduction</b>	<b>2</b>
<b>Overview of the Placing Programme</b>	<b>2</b>
<b>Disapplication of Pre-emption Rights</b>	<b>3</b>
<b>Special General Meeting</b>	<b>3</b>
<b>Action To Be Taken</b>	<b>3</b>
<b>Recommendation</b>	<b>4</b>
<b>PART II - NOTICE OF SPECIAL GENERAL MEETING</b>	<b>5</b>
<b>PART III - DEFINITIONS</b>	<b>7</b>

## EXPECTED TIMETABLE

Latest time and date for receipt of Forms of Instruction 9 a.m. (Bermuda time) on 30 April 2013

Latest time and date for receipt of Forms of Proxy 9 a.m. (Bermuda time) on 1 May 2013

Special General Meeting 9 a.m. (Bermuda time) on 3 May 2013

*(In the event that the Special General Meeting is adjourned, the timetable will be revised and Shareholders will be notified accordingly)*

## PART I – LETTER FROM THE CHAIRMAN

### BLUE CAPITAL GLOBAL REINSURANCE FUND LIMITED

*(incorporated and registered as an exempted mutual fund company in Bermuda with registration number 46969)*

*Directors*

John Weale (Chairman)  
Gregory D. Haycock  
Neil W. McConachie

*Registered Office*  
Mechanics Building  
12 Church Street  
Hamilton HM11  
Bermuda

16 April 2013

*To Shareholders*

Dear Shareholder

### **PROPOSAL TO DISAPPLY PRE-EMPTION RIGHTS IN CONNECTION WITH THE PLACING PROGRAMME OF NEW SHARES AND NOTICE CONVENING SPECIAL GENERAL MEETING**

#### **Introduction**

On 21 March 2013, the Company announced its intention to proceed with a Placing Programme of up to 250 million New Shares commencing on 16 April 2013 and ending on 15 April 2014. The Company has today published a Prospectus describing the Placing Programme in detail.

The New Shares to be issued under the Placing Programme will not be issued pre-emptively and the Company is therefore seeking approval for the disapplication of the pre-emption rights contained in the Bye-laws in relation to the maximum number of New Shares that could be issued under the Placing Programme.

The purpose of this Circular is to explain the background to, and reasons for, the Placing Programme and the required disapplication of pre-emption rights. Notice convening the Special General Meeting at which Shareholders' approval for the disapplication of pre-emption rights will be sought is set out in Part II of this Circular.

**Shareholders should make their own investigation of the proposals set out in this Circular, including the merits and risks involved. Nothing in this Circular constitutes legal, tax, financial or other advice, and Shareholders should consult their own professional advisers.**

#### **Overview of the Placing Programme**

In December 2012, the Company raised US\$100,100,000 through its initial public offer pursuant to which the Company issued 100,100,000 Ordinary Shares at an issue price of US\$1 per Ordinary Share. Since then, the Ordinary Shares have traded on average at a premium to the Net Asset Value per Ordinary Share.

The Directors believe that it is in the interests of the Company and Shareholders to enlarge the Company and to broaden its investor base and are therefore proposing to raise further capital by issuing up to 250 million New Shares under the Placing Programme.

The net proceeds raised pursuant to the Placing Programme are expected to be invested, via an investment in the Master Fund, in fully collateralised reinsurance-linked contracts and other investments carrying exposures to insured catastrophe event risks in accordance with the Company's investment policy.

The Placing Programme will open on 16 April 2013 and it is anticipated that it will have such number of closings such that New Shares will be allotted on such dates as are determined by the Directors until the earliest to occur of: (a) 15 April 2014; (b) the date on which an aggregate of 250 million New Shares have been admitted to trading on the Specialist Fund Market; and (c) such other date as may be agreed between the Company and Jefferies. The Placing Programme is not underwritten.

New Shares may be issued as Ordinary Shares or one or more classes of C Share at the discretion of the Directors.

Applications will be made for the New Shares to be issued pursuant to the Placing Programme to be admitted to trading on the Specialist Fund Market and on the Bermuda Stock Exchange.

### **Disapplication of Pre-emption Rights**

It is not proposed to offer New Shares to be issued under the Placing Programme to existing Shareholders in the first instance and the Company is therefore seeking to disapply the pre-emption rights contained in the Bye-laws.

Shareholders are therefore being asked to approve the issue of up to 250 million New Shares on a non pre-emptive basis, being the maximum number of New Shares that could be issued pursuant to the Placing Programme. Such approval will expire on 15 April 2014 regardless of whether any New Shares have been issued before that time and will be limited to the allotment of New Shares pursuant to the Placing Programme. A Special Resolution to this effect will be put to Shareholders at the Special General Meeting.

If an existing Shareholder does not subscribe at each Placing for such number of New Shares as is equal to his or her proportionate ownership of existing Shares, his or her proportionate ownership and voting interest in the Company will be reduced and the percentage that his or her existing Shares will represent of the total share capital of the Company will be reduced accordingly following each Placing under the Placing Programme.

However, the issue of Ordinary Shares under the Placing Programme should not be dilutive of the Net Asset Value of existing Ordinary Shares as new Ordinary Shares will be issued at a premium to the prevailing Net Asset Value per Ordinary Share. Similarly, the issue of C Shares under the Placing Programme and their subsequent conversion into Ordinary Shares should also not be dilutive of the Net Asset Value of existing Ordinary Shares as conversion will be effected on a NAV for NAV basis in accordance with the Bye-laws.

### **Special General Meeting**

The Special General Meeting will be held at 9 a.m. (Bermuda time) on 3 May 2013 at Mechanics Building, 12 Church Street, Hamilton, HM11 Bermuda.

### **Action To Be Taken**

**The only action that you need to take is to complete the accompanying Form of Proxy or, if you are a Depository Interest Holder, the accompanying Form of Instruction. Shareholders are asked to complete a Form of Proxy or a Form of Instruction, as appropriate, whether or not they wish to attend the Special General Meeting.**

\*\*\*\*ONLY FOR SHAREHOLDERS WHO DO NOT HOLD DEPOSITORY INTERESTS THROUGH CREST\*\*\*\* Shareholders are asked to complete the accompanying Form of Proxy in accordance with the instructions printed on it and return it to Computershare Investor Services (Bermuda) Limited, Corner House, Church and Parliament Streets, Hamilton HM FX, Bermuda so

as to be received as soon as possible and, in any event, not later than 48 hours before the time appointed for the Special General Meeting (or any adjournment thereof).

\*\*\*\*ONLY FOR SHAREHOLDERS WHO HOLD DEPOSITORY INTERESTS THROUGH CREST\*\*\*\* Depository Interest Holders are asked to complete a Form of Instruction in accordance with the instructions printed on it and return it to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so as to be received as soon as possible and, in any event, not later than 72 hours before the time appointed for the Special General Meeting (or any adjournment thereof).

**Recommendation**

The Board believes that the disapplication of pre-emption rights in connection with the Placing Programme is in the best interests of Shareholders as a whole and unanimously recommends you to vote in favour of the Special Resolution to be proposed at the Special General Meeting.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Weale', with a long, sweeping horizontal stroke extending to the right.

*John Weale*

Chairman

## PART II - NOTICE OF SPECIAL GENERAL MEETING

### BLUE CAPITAL GLOBAL REINSURANCE FUND LIMITED

(incorporated and registered as an exempted mutual fund company in Bermuda with registration number 46969)

NOTICE IS HEREBY GIVEN that a SPECIAL GENERAL MEETING of Blue Capital Global Reinsurance Fund Limited (the "**Company**") will be held at Mechanics Building, 12 Church Street, Hamilton, HM11 Bermuda on 3 May 2013 at 9 a.m. (Bermuda time). Capitalised terms in this notice will have the meaning given to them in Part III of the circular published on 16 April 2013. This Special General Meeting is being convened for the purpose of considering and, if thought fit, passing the following Special Resolution which requires the approval of not less than 75 per cent. of the votes cast in respect of it.

### SPECIAL RESOLUTION

THAT:

In addition to any subsisting authorities, the Directors be and are hereby empowered to allot up to 250 million New Shares for cash as if Bye-law 14.1 does not apply in respect of any such allotment provided that:

- (a) this power shall (unless previously revoked, varied or renewed by the Company by Special Resolution) expire on 15 April 2014; and
- (b) this power shall be limited to the allotment of New Shares under the Placing Programme.

By order of the Board

16 April 2013

*Registered Office:*  
Mechanics Building  
12 Church Street  
Hamilton  
HM11 Bermuda

*Notes:*

1. A Shareholder who is entitled to attend and vote at the Special General Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a Shareholder of the Company.
2. \*\*\*\*ONLY FOR INVESTORS WHO DO NOT HOLD DEPOSITORY INTERESTS THROUGH CREST\*\*\*\*  
A Form of Proxy is enclosed for use at the Special General Meeting. The Form of Proxy should be completed and sent together with (if not previously registered with the Company) the power of attorney or other authority (if any) under which it is executed, to Computershare Investor Services (Bermuda) Limited, Corner House, Church and Parliament Streets, Hamilton HM FX, Bermuda so as to be received as soon as possible and, in any event, not later than 48 hours before the time of the Special General Meeting (or any adjournment thereof). The Form of Proxy may also be returned by fax or email in accordance with the instructions printed on the form. Completing and returning a Form of Proxy will not prevent a Shareholder from attending and voting in person at the Special General Meeting should he or she so wish. To have the right to attend and vote at the Special General Meeting (and also for the purpose of calculating how many votes the Shareholder may cast on a poll), a Shareholder must first have his or her name entered in the Company's register of Shareholders on 9 a.m. (Bermuda time) on 1

May 2013. Changes to entries in that register after that time shall be disregarded in determining the rights of any Shareholder to attend and vote at the Special General Meeting.

3. \*\*\*\*ONLY FOR INVESTORS WHO HOLD DEPOSITORY INTERESTS THROUGH CREST\*\*\*\* A Form of Instruction is enclosed for use at the Special General Meeting. The Form of Instruction should be completed and sent together with (if not previously registered with the Company) the power of attorney or other authority (if any) under which it is executed, to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so as to be received as soon as possible and, in any event, by no later than 72 hours before the time of the Special General Meeting (or any adjournment thereof). In the case of joint holders of Depository Interests, a Form of Instruction completed by the senior holder will be accepted to the exclusion of a Form of Instruction completed by any of the other joint holders. For this purpose seniority is determined by the order in which the names stand in the register of Depository Interests in respect of the joint holding. Depository Interest Holders wishing to attend the Special General Meeting should contact the Depository at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY.

### PART III - DEFINITIONS

The following definitions apply throughout this Circular, unless the context requires otherwise:

"Board" or "Directors"	the directors of the Company or, where the context permits, the board of directors of the Company (or any duly authorised committee of such board);
"Bye-laws"	the bye-laws of the Company;
"Circular"	this document;
"Company"	Blue Capital Global Reinsurance Fund Limited, an exempted mutual fund company incorporated and registered in Bermuda with registered number 46969;
"C Shares"	shares in the capital of the Company, which will convert into Ordinary Shares in accordance with the Bye-laws;
"Depository Interest Holders"	holders of Depository Interests;
"Depository Interests"	the dematerialised Depository Interests issued in respect of Ordinary Shares (on a one-for-one basis);
"Form of Instruction"	the form of instruction accompanying this document for use by Depository Interest Holders in relation to voting on the Special Resolution at the Special General Meeting;
"Form of Proxy"	the form of proxy accompanying this document for use by Shareholders in relation to voting on the Special Resolution at the Special General Meeting;
"Master Fund"	Blue Capital Global Reinsurance SA-I, a segregated account of Blue Water Master Fund Ltd, a segregated accounts company incorporated and registered in Bermuda with registered number 46069;
"Net Asset Value" or "NAV"	the net asset value of the Company or per Share (as the context requires);
"New Shares"	Ordinary Shares and/or C Shares (of any class), as the context may require;
"Ordinary Share"	an ordinary share of US\$0.00001 in the capital of the Company;
"Placing Programme"	means the proposed programme of placings of up to 250 million New Shares, as described in this Prospectus;
"Prospectus"	the prospectus relating to the Placing Programme dated 16 April 2013, and any supplement thereto;
"Share"	a share in the capital of the Company (of whatever class);
"Shareholder"	a registered holder of a Share and/or, as the context may require, Depository Interests Holders;
"Special General Meeting"	the special general meeting of the Company, notice of which is set out in Part II of this Circular, or any adjournment of that

meeting;

**"Special Resolution"**

a resolution passed by not less than three-quarters of the votes cast by Shareholders (in nominal value) of the issued Ordinary Shares; and

**"Specialist Fund Market"**

the Specialist Fund Market of the London Stock Exchange plc.