*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States (as such term is defined in Regulation S under the U.S. Securities Act) (the "**United States**") or to, or for the account or benefit of, U.S. Persons (as defined in the U.S. Securities Act), except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This prospectus does not constitute an offer to sell or solicitation of an offer to buy any of these securities in the United States. See "Plan of Distribution".*

**PROSPECTUS**

*Initial Public Offering* January 22, 2015

FAIRFAX INDIA

# FAIRFAX® INDIA HOLDINGS CORPORATION

## US$500,000,000

## (50,000,000 Subordinate Voting Shares)

This prospectus qualifies the distribution to the public (the "**Offering**") of an aggregate of 50,000,000 Subordinate Voting Shares of Fairfax India Holdings Corporation (the "**Company**"), a company incorporated under, and governed by, the laws of Canada, at a price of US$10.00 per Subordinate Voting Share (the "**Offering Price**").

The Company is an investment holding company. Its investment objective is to achieve long-term capital appreciation, while preserving capital, by investing in public and private equity securities and debt instruments in India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India ("**Indian Investments**"). Generally, subject to compliance with applicable law, Indian Investments will be made with a view to acquiring control or significant influence positions.

Fairfax Financial Holdings Limited ("**Fairfax**") has taken the initiative in creating the Company. Fairfax is a financial services holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and investment management. Fairfax is listed on the Toronto Stock Exchange ("**TSX**") under the symbol "FFH".

The Company will make all or substantially all of its investments either directly or through one of its wholly-owned subsidiaries, which currently include FIH Mauritius Investments Ltd ("**MI Co**") and FIH Private Investments Ltd ("**MI Sub**"). Both MI Co and MI Sub are corporations existing under the laws of the Republic of Mauritius and will carry on investment holding activities in the Republic of Mauritius. On closing of the Offering (the "**Closing**"), the Company, MI Co and MI Sub will appoint Hamblin Watsa Investment Counsel Ltd. (the "**Portfolio Advisor**"), a wholly-owned subsidiary of Fairfax and registered portfolio manager in the Province of Ontario, as portfolio advisor to the Company and its subsidiaries to source and advise with respect to all investments for the Company and its subsidiaries. On Closing, the Portfolio Advisor will retain Fairbridge Capital Private Limited ("**Fairbridge**") to act as a sub-advisor to the Portfolio Advisor with respect to investments of the Company and its subsidiaries. Fairbridge is an indirect wholly-owned subsidiary of Fairfax that currently acts as Fairfax's India-based investment advisor with a mandate to identify, review, advise on and facilitate the implementation of a wide range of investment opportunities for Fairfax. Fairbridge will, in its capacity as a sub-advisor, assist the Portfolio Advisor in researching, identifying and providing recommendations and advisory services with respect to investment opportunities for the Company and its subsidiaries.

As a condition to Closing, the Company will issue to Fairfax, either directly or to one or more of Fairfax's subsidiaries, 30,000,000 Multiple Voting Shares of the Company, on a private placement basis, for an aggregate purchase price of US$300 million (the "**Substantial Equity Investment**"). Fairfax will also purchase, through certain of its affiliates, including an investment by the Fairfax Pension Plan, 660,000 Subordinate Voting Shares as part of the Offering. The Multiple Voting Shares and Subordinate Voting Shares to be issued to Fairfax will collectively represent approximately 95.6% of the voting rights of the Company and 30.7% of the equity interest in the Company at Closing (or approximately 95.1% and 28.5%, respectively, if the Over-Allotment Option (as defined below) is exercised in full).

*(continued on next page)*

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On Closing, Fairfax will agree to retain, either directly or through one or more of its subsidiaries, a substantial equity investment in the Company in accordance with the following principles, in each case subject to certain limited exceptions described in this prospectus: (i) prior to the fifth anniversary of the Closing, Fairfax and its subsidiaries will not sell any portion of the Substantial Equity Investment if, as a result of such sale, the aggregate equity investment of Fairfax and its subsidiaries in Multiple Voting Shares of the Company would have a market value of less than US$300,000,000; (ii) on or after the fifth anniversary of the Closing, but prior to the tenth anniversary of the Closing, Fairfax and its subsidiaries will be permitted to sell any part of their aggregate equity investment in Multiple Voting Shares of the Company so long as, immediately following such sale, they continue to hold an aggregate equity interest in Multiple Voting Shares of the Company having a market value of at least US$150,000,000; (iii) on or after the tenth anniversary of the Closing, Fairfax and its subsidiaries will be permitted to sell, subject to compliance with applicable securities laws and stock exchange requirements, any part of their aggregate equity investment in Multiple Voting Shares of the Company; and (iv) prior to the tenth anniversary of the Closing, if Fairfax or its subsidiaries desire to sell any part of their aggregate investment in Multiple Voting Shares of the Company in a transaction that would not satisfy conditions (i) or (ii) above, Fairfax and its subsidiaries will only be able to complete such a sale if the acquiror agrees, subject to compliance with applicable securities laws and stock exchange requirements, to acquire a *pro rata* share of the equity investment of all other equity investors in the Company (see "About this Prospectus" and "Principal Shareholder"). In addition, Fairfax will agree on Closing that neither it nor its affiliates will sell or transfer any Multiple Voting Shares that are part of the Substantial Equity Investment until at least 80% of the net proceeds of the Offering have been invested in Indian Investments. Any sale or transfer by Fairfax or its affiliates of Multiple Voting Shares to a non-affiliate of Fairfax will result in such Multiple Voting Shares being automatically converted into Subordinate Voting Shares. See "Description of Share Capital".

## Price: US$10.00 per Subordinate Voting Share
## Minimum Purchase: 100 Subordinate Voting Shares

| | Price to the Public | Underwriters' Fee[1][2] | Net Proceeds to the Company[3] |
|---|---|---|---|
| Per Subordinate Voting Share | US$10.00 | US$0.50 | US$9.50 |
| Total Offering[4][5] | US$500,000,000 | US$25,000,000 | US$475,000,000 |

(1) No fee will be payable to the Underwriters (as defined below) in respect of the Multiple Voting Shares to be purchased by Fairfax on Closing or the Cornerstone Investment (as defined below).

(2) Investors who purchase a minimum of one million Subordinate Voting Shares (US$10 million) under this prospectus will be entitled to a sub-underwriting fee from the Underwriters equal to 40% of the Underwriters' fee (or US$0.20 per Subordinate Voting Share) in respect of the Subordinate Voting Shares purchased by such investor under this prospectus. See "Plan of Distribution".

(3) Before deducting the Company's expenses of the Offering, estimated to be US$2,000,000, which, together with the Underwriters' fee, will be paid from the proceeds of the Offering. See "Fees and Expenses".

(4) The Company has granted the Underwriters an option (the "**Over-Allotment Option**"), exercisable in whole or in part at any time for a period of 30 days after Closing, to purchase up to an additional 15% of the aggregate number of Subordinate Voting Shares issued under the Offering on the same terms as set forth above solely to cover over-allocations, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriters' Fee" and "Net Proceeds to the Company" will be US$575,000,000, US$28,750,000 and US$546,250,000, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and distribution of the Subordinate Voting Shares issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires Subordinate Voting Shares forming part of the Underwriters' over-allocation position acquires such Subordinate Voting Shares under this prospectus, regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

(5) Does not include the Multiple Voting Shares to be purchased by Fairfax on a private placement basis concurrently with the Closing (see "Principal Shareholder") or the Cornerstone Investment (see "Cornerstone Investment").

The following table sets out the number of Subordinate Voting Shares that may be issued by the Company to the Underwriters pursuant to the Over-Allotment Option:

| Underwriters' Position | Maximum Size or Number of Securities Available | Exercise Period | Exercise Price |
|---|---|---|---|
| Over-Allotment Option | Up to an additional 15% of the aggregate number of Subordinate Voting Shares issued under the Offering | For a period of 30 days after Closing | US$10.00 per Subordinate Voting Share |

*(continued from cover)*

RBC Dominion Securities Inc. ("**RBCDS**"), BMO Nesbitt Burns Inc. ("**BMONB**"), CIBC World Markets Inc. ("**CIBCWM**"), Scotia Capital Inc. ("**SCI**"), National Bank Financial Inc., TD Securities Inc. ("**TDSI**"), Canaccord Genuity Corp., Desjardins Securities Inc., Raymond James Ltd., Cormark Securities Inc., Dundee Securities Ltd., GMP Securities L.P. and Manulife Securities Incorporated (collectively, the "**Underwriters**"), as principals, conditionally offer the Subordinate Voting Shares qualified under this prospectus, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the underwriting agreement between the Company, Fairfax and the Underwriters referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Company by Torys LLP and on behalf of the Underwriters by Stikeman Elliott LLP.

In connection with this distribution, the Underwriters have been granted the Over-Allotment Option and may, subject to applicable law, over-allocate or effect transactions which stabilize or maintain the market price of the Subordinate Voting Shares at levels other than those which otherwise might prevail on the open market. The Underwriters may offer the Subordinate Voting Shares at a price lower than that stated above. **See "Plan of Distribution".**

Concurrent with the Closing, Markel Corporation, West Street Capital Corporation, certain funds and accounts advised by Fidelity Management & Research Company or one of its affiliates, and Fidelity Worldwide Investment, acting for and on behalf of certain funds and portfolios managed or advised by it (collectively, the "**Cornerstone Investors**") have agreed to purchase an aggregate of approximately 20,000,000 Subordinate Voting Shares on a private placement basis at the Offering Price (less a private placement fee of US$0.50 per Subordinate Voting Share) for gross proceeds of approximately US$200 million (subject to decrease based on the final size of the Offering and compliance with internal investor compliance standards of certain of the Cornerstone Investors) pursuant to subscription agreements with the Company dated as of November 25, 2014 (the "**Cornerstone Investment**"). No commission or other fee will be paid to the Underwriters or any other underwriters or agents in connection with the Cornerstone Investment. See "Plan of Distribution". Completion of the Cornerstone Investment is subject to a number of conditions, including the Cornerstone Investors being satisfied with the terms and conditions set forth in this prospectus and the Closing of the Offering. Under the Underwriting Agreement, closing of the Offering is conditional on the closing of the Cornerstone Investment.

Subscriptions will be received subject to rejection or allocation in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. The Closing is expected to occur on or about January 30, 2015 or such other date as the Company and the Underwriters may agree, but in any event no later than February 13, 2015 (the "**Closing Date**"). Registrations and transfers of Subordinate Voting Shares will be effected electronically through the non-certificated inventory system administered by CDS Clearing and Depository Services Inc. ("**CDS**"). Beneficial owners of Subordinate Voting Shares will not, except in certain limited circumstances, be entitled to receive physical certificates evidencing their ownership of Subordinate Voting Shares. See "Plan of Distribution".

The TSX has conditionally approved the listing of the Subordinate Voting Shares under the symbol "FIH". Listing is subject to the Company fulfilling all of the requirements of the TSX on or before April 21, 2015. See "Plan of Distribution".

**There is currently no market through which the Subordinate Voting Shares may be sold and purchasers may not be able to resell the Subordinate Voting Shares purchased under this prospectus. This may affect the pricing of the Subordinate Voting Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Subordinate Voting Shares, and the extent of issuer regulation. An investment in the Subordinate Voting Shares is subject to a number of risks that should be considered by a prospective purchaser. Investors should carefully consider the risk factors described under "Risk Factors" before purchasing the Subordinate Voting Shares.**

**RBCDS, BMONB, CIBCWM, SCI and TDSI are affiliates of Canadian chartered banks that are part of a syndicate of lenders that has provided a US$300 million unsecured revolving credit facility to Fairfax. Consequently, the Company may be considered a "connected issuer" of each of RBCDS, BMONB, CIBCWM, SCI and TDSI under applicable Canadian securities laws. See "Plan of Distribution".**

**TABLE OF CONTENTS**

## ABOUT THIS PROSPECTUS

An investor should rely only on the information contained in this prospectus and is not entitled to rely on parts of the information contained in this prospectus to the exclusion of others. The Company has not, and the Underwriters and Fairfax have not, authorized anyone to provide investors with additional or different information. The Company is not, and the Underwriters are not, offering to sell the Subordinate Voting Shares in any jurisdiction where the offer or sale of such securities is not permitted. The information contained in this prospectus is accurate only as of the date of this prospectus or the date indicated, regardless of the time of delivery of this prospectus or of any sale of the Subordinate Voting Shares.

For investors outside Canada, none of the Company, Fairfax or any of the Underwriters has done anything that would permit the Offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in Canada. Investors are required to inform themselves about, and to observe any restrictions relating to, the Offering and the possession or distribution of this prospectus.

This prospectus includes a summary description of certain material agreements of the Company. See "Material Contracts". The summary description discloses all attributes material to an investor in the Subordinate Voting Shares but is not complete and is qualified by reference to the terms of the material agreements, which will be filed with the Canadian securities regulatory authorities and available on SEDAR. Investors are encouraged to read the full text of such material agreements.

Any graphs and tables demonstrating the historical performance of the Portfolio Advisor or any other entity contained in this prospectus are intended only to illustrate past performance of such entities and are not necessarily indicative of future performance of such entities or the Company.

In order to address certain securities regulatory or public interest policy objectives, the Company will voluntarily adopt a number of measures that will define its business and the scope of its operations. These voluntarily-adopted measures include:

(a) the Company will invest the net proceeds of the Offering, together with the net proceeds of the Cornerstone Investment and the concurrent issuance of 30,000,000 Multiple Voting Shares (the "**Net Proceeds of the Offerings**"), in a minimum of six different Indian Investments (the "**Minimum Investment Requirement**");

(b) the Company will invest at least 75% of the Net Proceeds of the Offerings in Indian Investments on or before the third anniversary of the Closing Date, except where the board of directors of the Company (the "**Board**") determines, acting reasonably and in good faith, that satisfying such a commitment would result in a breach of the Board's fiduciary duties as directors under applicable corporate law;

(c) each of the Company's Indian Investments is subject to a concentration restriction that prohibits the Company from making an investment if, after giving effect to such investment, such investment would exceed 20% of the Company's Total Assets; provided, however, that the Company will nonetheless be permitted to complete up to two Indian Investments where, after giving effect to each such investment, the total invested amount of each such investment would be less than or equal to 25% of the Company's Total Assets (the "**Investment Concentration Restriction**");

(d) Fairfax or its wholly-owned subsidiaries will make an equity investment in the Multiple Voting Shares of the Company concurrently with the Closing in an amount at least equal to the lesser of 30% of the equity capital of the Company immediately following the Closing and US$300,000,000;

(e) the Company will ensure that Fairfax provides an undertaking to the applicable Canadian securities regulatory authorities wherein it will agree to maintain an equity investment in Multiple Voting Shares of the Company for the periods described on the cover page of this prospectus and under "Principal Shareholder" (the "**Retained Interest Requirement**");

(f) the Company has included express disclosure in this prospectus that Fairfax, as the promoter of the Company, has the credibility and expertise necessary in order to successfully complete the Offering and to ensure that the Portfolio Advisor sources and identifies appropriate investments on behalf of the Company (see "Principal Shareholder");

(g) although the Company is not subject to, and accordingly the Offering is not being made under, the TSX rules governing Special Purpose Acquisition Corporations (each, a "**SPAC**"), the Company will nonetheless voluntarily satisfy a number of the investor protection features included in such SPAC rules, including that: (i) at least 90% of the net proceeds of the Offering will be set aside and invested in liquid and low risk securities pending deployment; (ii) the promoter of the Company, Fairfax, will have the credibility and expertise necessary in order to successfully complete the Offering and to ensure that the Portfolio Advisor sources and identifies appropriate investments on behalf of the Company; (iii) the Company will raise a minimum of C$30 million from at least 300 public shareholders in the Offering and at least 1,000,000 freely tradable Subordinate Voting Shares will be held by public holders and be issued at a price of at least C$2.00 per Subordinate Voting Share; (iv) the Company will not carry on an operating business prior to any future listing on a stock exchange; (v) the Company will be incorporated under Canadian federal corporate law; (vi) Fairfax, as a founding shareholder of the Company, will agree not to transfer any of the Multiple Voting Shares that are part of the Substantial Equity Investment until at least 80% of the net proceeds of the Offering have been invested in Indian Investments; and (vii) the Company will not obtain any form of debt financing (except ordinary course short-term trade or accounts payables) other than those that are contemporaneous with, or subsequent to, the completion of each of its investments;

(h) the Company has included a risk factor in this prospectus under "Risk Factors" that cautions potential investors that the Company is not subject to the TSX's SPAC rules and has therefore elected not to voluntarily comply with all of such SPAC rules, which means that investors in the Offering will not be afforded certain of the investor protection features that are required of SPACs under the SPAC rules, including: (i) purchasers of Subordinate Voting Shares will not have the right to pre-approve any Indian Investments; and (ii) there will be no mechanism for the Company to return funds to purchasers of Subordinate Voting Shares in the event that any proceeds of the Offering are not deployed. See "Risk Factors — Risk Factors Related to the Business of the Company — The Company is Not Subject to the TSX's SPAC Rules";

(i) the Company will include in its by-laws express provisions setting forth: (i) its investment objective (including the Investment Concentration Restriction and Minimum Investment Requirement); (ii) the requirement for one or more custodians to hold its assets, where each such custodian must be an entity that would be qualified to act as a custodian or sub-custodian for assets held in Canada or a custodian or sub-custodian for assets held outside Canada, as the case may be, in each case in accordance with Part 6 of National Instrument 81-102 — *Investment Funds* ("**NI 81-102**"); and (iii) the requirement for the Company to utilize at least one portfolio manager that is registered as a portfolio manager in a province or territory of Canada (collectively the "**Mandatory By-Law Provisions**"). Any amendments to the Mandatory By-Law Provisions will require the approval of both the holders of the Multiple Voting Shares and the Subordinate Voting Shares, each voting separately as a class. Each such approval shall be evidenced by an "ordinary resolution", as such term is defined under the *Canada Business Corporations Act* (the "**CBCA**"), except for amendments to the Company's investment objective which approval shall be evidenced by a "special resolution", as such term is defined under the CBCA;

(j) the Company will provide an undertaking that, notwithstanding that the Company is not an "investment fund" within the meaning of applicable securities laws, it will nonetheless comply at all times with Part 5 of NI 81-102 in the event that, subsequent to the Closing, the fundamental investment objectives of the Company are to be changed. The purpose of this undertaking is to provide holders of Subordinate Voting Shares with the opportunity to approve any change to the fundamental investment objectives of the Company following Closing;

(k) the Board will consist of a majority of independent directors in accordance with the recommendation of the Canadian securities regulatory authorities set forth in Section 3.1 of National Policy 58-201 — *Corporate Governance Guidelines*, including at least two independent directors with no previous formal affiliation with Fairfax (see "Directors and Management of the Company");

(l) although the Company is not a non-redeemable investment fund under applicable Canadian securities laws, it will nonetheless voluntarily provide in its annual information forms certain disclosure only

required to be provided by investment funds pursuant to Form 81-101F2, specifically: (i) item 3(5) with respect to fundamental changes of the Company (including in respect of the Company's investment objective or its portfolio manager); (ii) item 4(1) with respect to investment restrictions (including details of the Company's investment objective); (iii) item 10 with respect to portfolio managers and custodians; and (iv) item 13 (including a summary of the management and performance fees in the form required by item 3.6 of Form 41-101F2); and

(m) until the Company has invested at least 50% of the Net Proceeds of the Offerings in Indian Investments, the Company will voluntarily provide, in its management's discussion and analysis required by National Instrument 51-102 — *Continuous Disclosure Obligations* ("**NI 51-102**"), summary financial information prepared in accordance with IFRS for all of its Indian Investments in which it has previously filed a business acquisition report in accordance with section 8.2 of NI 51-102 ("**BAR**"). As such, notwithstanding the fact that the Company does not intend to utilize the equity method of accounting, it will nonetheless treat each Indian Investment for which it has filed a BAR as a "significant equity investee" for purposes of Section 5.7 of NI 51-102.

In the Company's view, the combined effect of the above-mentioned voluntarily-adopted measures will address a variety of fundamental securities regulatory or public interest policy objectives, including: (i) existing investor protection measures will be meaningfully enhanced; (ii) the content of certain of the Company's continuous disclosure filings will be more precisely tailored to address its particular business and operations, making such filings more meaningful to investors; (iii) the promoter of the Company will have a significant economic interest in the Company for at least 10 years following the Closing; and (iv) ensuring that there will be no indirect offering concerns when the Company invests the net proceeds of the Offering.

## MEANING OF CERTAIN REFERENCES

Unless otherwise noted or the context otherwise requires, (i) the "Company" refers to Fairfax India Holdings Corporation together with one or more of its subsidiaries, and (ii) the disclosure contained in this prospectus assumes that the Over-Allotment Option has not been exercised.

Words importing the singular number include the plural, and *vice versa*, and words importing any gender include all genders.

Certain capitalized terms and phrases used in this prospectus are defined in the "Glossary".

## FORWARD-LOOKING STATEMENTS

This prospectus contains "forward-looking statements" within the meaning of applicable securities laws. Forward-looking statements may relate to the Company's future outlook and anticipated events or results and may include statements regarding the financial position, business strategy, growth strategy, budgets, operations, financial results, taxes, dividends, plans and objectives of the Company. Particularly, statements regarding future results, performance, achievements, prospects or opportunities of the Company or the Indian market are forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might", "will" or "will be taken", "occur" or "be achieved".

Forward-looking statements are based on the opinions and estimates of the Company as of the date such statements are made, and they are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements, including but not limited to the following factors described in greater detail in "Risk Factors": return on investment is not guaranteed; potential volatility of Subordinate Voting Share price; dilution; absence of a prior public market; market discount; limited control; financial reporting and other public company requirements; broad discretion over the use of proceeds from the Offering; limited voting rights of the Subordinate Voting Shares; significant ownership by Fairfax may adversely affect the market price of the Subordinate Voting Shares; it is possible that the Cornerstone Investment will fail

to close; U.S. Investment Company Act; taxation of the Company; taxation of MI Co and MI Sub; newly-formed company with no operating history or revenues; substantial loss of capital; shareholders are not entitled to vote on the Company's proposed investments; long-term nature of investment; limited number of investments; geographic concentration of investments; potential lack of diversification; financial market fluctuations; pace of completing investments; control or significant influence position risk; minority investments; ranking of Company investments and structural subordination; follow-on investments; prepayments of debt investments; risks upon dispositions of investments; bridge financings; reliance on key personnel and risks associated with the Investment Advisory Agreement; effect of fees; Performance Fee could induce Fairfax to make speculative investments; operating and financial risks of investments; allocation of personnel; potential conflicts of interest; the liability of the Portfolio Advisor is limited and the Company and the Portfolio Advisor have not been represented by separate legal counsel; employee misconduct at the Portfolio Advisor could harm the Company; valuation methodologies involve subjective judgments; lawsuits; foreign currency fluctuation; derivative risks; unknown merits and risks of future investments; opinions from independent investment banks or accounting firms are not contemplated; resources could be wasted in researching investment opportunities that are not ultimately completed; investments may be made in foreign private businesses where information is unreliable or unavailable; material, non-public information; illiquidity of investments; competitive market for investment opportunities; use of leverage; investing in leveraged businesses; regulation; the Company is not subject to the TSX's SPAC rules; investment and repatriation restrictions; aggregation restrictions; restrictions relating to debt securities; pricing guidelines; emerging markets; corporate disclosure, governance and regulatory requirements; legal and regulatory risks; volatility of the Indian securities markets; political, economic, social and other factors; governance issues risk; Indian tax law; changes in law; GAAR; exposure to permanent establishment, etc.; enforcement of rights; smaller company risk; due diligence and conduct of potential investment entities; Asian economic risk; reliance on trading partners risk; natural disaster risks; government debt risk; and economic risk. These factors and assumptions are not intended to represent a complete list of the factors and assumptions that could affect the Company. These factors and assumptions, however, should be considered carefully.

Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The Company does not undertake to update any forward-looking statements contained herein, except as required by applicable securities laws.

## CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

In this prospectus, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in United States dollars. All references to "dollars", "US$" or "$" are to United States dollars and all references to "C$" are to Canadian dollars.

The following table sets forth, for each period indicated, the low and high exchange rates for Canadian dollars expressed in United States dollars, the exchange rate at the end of such period and the average of such exchange rates for each day during such period, based on the noon rate of exchange as reported by the Bank of Canada for the conversion of Canadian dollars into United States dollars:

| | Year Ended December 31, | |
|---|---|---|
| | 2013 | 2014 |
| Low | 0.9348 | 0.8589 |
| High | 1.0164 | 0.9422 |
| Period End | 0.9402 | 0.8620 |
| Average | 0.9713 | 0.9058 |

On January 22, 2015, the noon buying rate (as reported by the Bank of Canada) was C$1.00 = US$0.8083.

## MARKET DATA AND INDUSTRY DATA

Market and industry data used throughout this prospectus was obtained from third party sources, industry publications, and publicly available information as well as industry and country data prepared by the Company on the basis of its knowledge of the Indian market and economy (including the Company's estimates and assumptions relating to the Indian market and economy based on that knowledge). The Company believes that its market and economic data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market and economic data used throughout this prospectus is not guaranteed and none of the Company, Fairfax and the Underwriters makes any representation as to the accuracy of such information. Although the Company believes it to be reliable, none of the Company, Fairfax and the Underwriters has independently verified any of the data from third party sources referred to in this prospectus, or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying economic and other assumptions relied upon by such sources.

## MARKETING MATERIALS

A "template version" of the following "marketing materials" (each as defined in National Instrument 41-101 — *General Prospectus Requirements*) filed with the securities commission or similar authority in each of the provinces and territories of Canada is specifically incorporated by reference into this prospectus:

1. the term sheet dated January 6, 2015 (the "**Term Sheet**"); and
2. the investor presentation filed on SEDAR on January 8, 2015 (the "**Investor Presentation**").

The Term Sheet and the Investor Presentation are available under the Company's profile on SEDAR at www.sedar.com.

In addition, any template version of any other marketing materials filed with the securities commission or similar authority in each of the provinces and territories of Canada in connection with the Offering, after the date hereof, but prior to the termination of the distribution of the securities under this prospectus (including any amendments to, or an amended version of, any template version of any marketing materials), is deemed to be incorporated by reference herein. Any template version of any marketing materials that are utilized by the Underwriters in connection with the Offering are not part of this prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this prospectus.

## ELIGIBILITY FOR INVESTMENT

In the opinion of Torys LLP, counsel to the Company, and Stikeman Elliott LLP, counsel to the Underwriters, provided the Subordinate Voting Shares are listed on a "designated stock exchange", as defined in the Tax Act (which currently includes the TSX) on the date hereof, the Subordinate Voting Shares acquired pursuant to the Offering on the Closing Date will be, at that time, qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), deferred profit sharing plan, registered retirement income fund ("**RRIF**"), registered education savings plan, registered disability savings plan, and a tax-free savings account ("**TFSA**").

Notwithstanding that Subordinate Voting Shares may be qualified investments for a trust governed by a TFSA, RRSP or RRIF, the holder of such TFSA or annuitant under such RRSP or RRIF, as the case may be, will be subject to a penalty tax in respect of the Subordinate Voting Shares if such Subordinate Voting Shares are a "prohibited investment" and not "excluded property" for the TFSA, RRSP or RRIF for purposes of the Tax Act. Subordinate Voting Shares will generally be a "prohibited investment" if the holder of a TFSA or annuitant under a RRSP or RRIF, as the case may be, (i) does not deal at arm's length with the Company for purposes of the Tax Act or (ii) has a "significant interest" (within the meaning of the Tax Act) in the Company. Generally, a holder or annuitant, as the case may be, will not have a significant interest in the Company provided the holder or annuitant, together with persons with whom the holder or annuitant does not deal at arm's length, does not own (and is not deemed to own pursuant to the Tax Act), directly or indirectly, 10% or more of the issued shares of any class of the capital stock of the Company or of any other corporation that is related to the Company (for purposes of the Tax Act). Individuals who hold or intend to hold Subordinate Voting Shares in a TFSA, RRSP or RRIF should consult their own tax advisors as to whether such securities will be a "prohibited investment" in their particular circumstances, including with respect to whether the Subordinate Voting Shares would be "excluded property" in their particular circumstances.

## PROSPECTUS SUMMARY

*The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus (including "Risk Factors"). This summary does not contain all of the information a potential investor should consider before investing in Subordinate Voting Shares. Please refer to the "Glossary" for a list of defined terms used herein, including certain industry terminology.*

### The Company

***Establishment and Overview***

The Company was incorporated under the *Canada Business Corporations Act* on November 25, 2014. The Company's head and registered office is located at 95 Wellington Street West, Suite 800, Toronto, Ontario, M5J 2N7, Canada.

The Company will make all or substantially all of its investments either directly or through one of its wholly-owned subsidiaries, which currently include MI Co and MI Sub. Both MI Co and MI Sub are corporations existing under the laws of the Republic of Mauritius and will carry on investment holding activities in the Republic of Mauritius.

As a condition to Closing, the Company will issue to Fairfax, either directly or to one or more of Fairfax's subsidiaries, 30,000,000 Multiple Voting Shares of the Company, on a private placement basis, for an aggregate purchase price of US$300 million. Fairfax will also purchase, through certain of its affiliates, including an investment by the Fairfax Pension Plan, 660,000 Subordinate Voting Shares as part of the Offering. The Multiple Voting Shares and Subordinate Voting Shares to be issued to Fairfax will collectively represent approximately 95.6% of the voting rights of the Company and 30.7% of the equity interest in the Company at Closing (or approximately 95.1% and 28.5%, respectively, if the Over-Allotment Option is exercised in full). See "Principal Shareholder".

On Closing, Fairfax will agree to retain, either directly or through one or more of its subsidiaries, a substantial equity investment in the Company in accordance with the following principles, in each case subject to certain limited exceptions described in this prospectus: (i) prior to the fifth anniversary of the Closing, Fairfax and its subsidiaries will not sell any portion of the Substantial Equity Investment if, as a result of such sale, the aggregate equity investment of Fairfax and its subsidiaries in Multiple Voting Shares of the Company would have a market value of less than US$300,000,000; (ii) on or after the fifth anniversary of the Closing, but prior to the tenth anniversary of the Closing, Fairfax and its subsidiaries will be permitted to sell any part of their aggregate equity investment in Multiple Voting Shares of the Company so long as, immediately following such sale, they continue to hold an aggregate equity interest in Multiple Voting Shares of the Company having a market value of at least US$150,000,000; (iii) on or after the tenth anniversary of the Closing, Fairfax and its subsidiaries will be permitted to sell, subject to compliance with applicable securities laws and stock exchange requirements, any part of their aggregate equity investment in Multiple Voting Shares of the Company; and (iv) prior to the tenth anniversary of the Closing, if Fairfax or its subsidiaries desire to sell any part of their aggregate investment in Multiple Voting Shares of the Company in a transaction that would not satisfy conditions (i) or (ii) above, Fairfax and its subsidiaries will only be able to complete such a sale if the acquirer agrees, subject to compliance with applicable securities laws and stock exchange requirements, to acquire a *pro rata* share of the equity investment of all other equity investors in the Company (see "About this Prospectus" and "Principal Shareholder"). In addition, Fairfax will agree on Closing that neither it nor its affiliates will sell or transfer any Multiple Voting Shares that are part of the Substantial Equity Investment until at least 80% of the net proceeds of the Offering have been invested in Indian Investments. Any sale or transfer by Fairfax or any of its affiliates of Multiple Voting Shares to a non-affiliate of Fairfax will result in such Multiple Voting Shares being automatically converted into Subordinate Voting Shares. See "Description of Share Capital".

***Investment Objective***

The Company's investment objective is to achieve long-term capital appreciation, while preserving capital, by actively investing in public and private equity securities and debt instruments in India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India. Generally, subject to compliance with applicable law, the Company intends to make Indian Investments with a view to acquiring control or significant influence positions.

***Investment Strategy***

The Company will invest in businesses that are expected to benefit from India's current pro-business political environment, its growing middle class and its demographic trends that are expected to underpin strong growth for several years. Sectors of the Indian economy that the Company believes will benefit most from such trends include infrastructure, the consumer services and retail sectors and the export sector. The Company, however, will not be limited to investing solely in these sectors and intends to invest in other sectors as opportunities arise.

The Company will utilize, and expects to benefit significantly from, the experience and expertise of Fairfax, the Portfolio Advisor, Fairbridge and their extensive affiliate network in India, to source, evaluate and successfully invest in Indian Investments.

The Company will employ a conservative, fundamental value based approach to identifying and investing in high quality Indian businesses, including both public and private businesses, as well as infrastructure investments. The Company's strategy is designed to compound book value per share over the long term. The Company will seek attractive risk adjusted returns, but will seek at all times to emphasize downside protection and to minimize the loss of capital. The Company anticipates that its portfolio will be concentrated, provided that the Net Proceeds of the Offerings will be invested in at least six different Indian Investments, such that no single investment is expected to have an overly undue impact on the performance of the Company. The Company anticipates, subject to market conditions and the availability of attractive investment opportunities, that a majority of the Indian Investments, by value, will be in publicly-listed securities.

See "The Company — Investment Strategy".

***Investment Selection***

To identify potential investments, the Company will principally rely on the expertise of the Portfolio Advisor and Fairbridge. Fairbridge is Fairfax's wholly-owned India-based investment advisor with a mandate to identify, review, advise on and provide recommendations with respect to a wide range of investment opportunities for Fairfax. As a result of its proximity to the investment opportunities in India and its immersion in the Indian marketplace, the Fairbridge team, along with its extensive network in India, will be expected to identify many of the investment opportunities for the Company and will frequently conduct, together with the Portfolio Advisor, the initial suitability screen when evaluating potential Indian Investments for the Company.

Fairbridge will work closely with the Portfolio Advisor in respect of the review and evaluation of potential investment opportunities for the Company. The following is an illustrative list of criteria that the Company, the Portfolio Advisor and Fairbridge believe to be paramount when identifying and investing in Indian Investments:

*Attractive valuation:* The Company's conservative fundamental value approach will lead it to focus on businesses that have positive, stable cash flows that can be purchased at discounted multiples. The Company does not intend to invest in start-up businesses or businesses that have speculative business plans.

*Experienced and aligned management:* The Company will focus on businesses with experienced, entrepreneurial management teams with strong, long-term track records. The Company will generally require the portfolio businesses to have in place, either prior to or immediately following investment by the Company, proper incentives to drive the businesses' profitability.

*Strong competitive position in industry:* The Company will seek to invest in businesses that hold leading market positions, possess strong brand power and are well-positioned to capitalize on the growth

opportunities which the Portfolio Advisor expects are facing the Indian economy. The Company will also seek to invest in businesses that demonstrate significant competitive advantages as compared to their peers, that position them to protect their market position and profitability.

*Alignment of the management team with the values of the Company:* The Company, Fairfax and the Portfolio Advisor all seek to adhere to the highest standards of business practices and ethics. The Company will require that the management teams at each of its portfolio businesses adhere to a similar standard of business practices and ethics and adhere to the Company's fundamental values as described herein.

See "The Company — Investment Selection".

***Ongoing Monitoring of Portfolio Investments***

The Company will take an active role in overseeing its Indian Investments to ensure that its investment thesis is properly executed and that the fundamental values of the Company are being upheld on an ongoing basis. The Company will monitor, among other things, the financial trends of each of its portfolio businesses to determine if it is meeting its business plan and objectives. The Company will also assess, from time to time, the appropriate course of action for each such portfolio investment.

See "The Company — Ongoing Monitoring of Portfolio Investments".

***Investment Highlights & Competitive Advantages***

***Alignment of Interest with Fairfax:*** The Company presents an opportunity for investors to co-invest alongside Fairfax in India. Fairfax will, either directly, or indirectly through one or more subsidiaries, make an initial equity investment of US$300 million in Multiple Voting Shares of the Company and will hold all of the Multiple Voting Shares for an extended period (see "Principal Shareholder"). Fairfax will also purchase, through certain of its affiliates, 660,000 Subordinate Voting Shares as part of the Offering. The Company expects to draw upon Fairfax's and its affiliates' investment expertise and experience in India and abroad.

***Compelling investment opportunity in India:*** The Company believes that there are a number of factors that make India an attractive market for investment. These factors include a new government and Prime Minister with a strong track record and business friendly philosophy, an expanding middle (consumer) class, and demographic trends that are expected to underpin strong growth for several years.

***Fairfax and the Portfolio Advisor — Long-term track record of delivering strong, consistent returns for investors:*** The Portfolio Advisor is a sophisticated investor with a strong long-term track record of generating attractive investment returns for its investors. The Portfolio Advisor manages the assets of Fairfax and its affiliates. See "The Portfolio Advisor — Investment Expertise of Fairfax and the Portfolio Advisor in India".

***Proprietary research capabilities and broad network in India:*** The Portfolio Advisor and its affiliates (including Fairfax and Fairbridge) have considerable experience in investing in India and have an extensive network within the investment, commercial banking, private equity and investment management communities and a strong reputation in investment management. The Company believes that the Portfolio Advisor and Fairbridge management teams' broad expertise and its ability to draw upon the Portfolio Advisor's and Fairbridge's past experience will enable the Company to successfully identify, assess and structure investments across all levels of a business' capital structure and to manage potential risk and return at all stages of the economic cycle. Additionally, the Company expects to generate information from the Portfolio Advisor's and Fairbridge's investment professionals' global network of accountants, consultants, advisors and management teams of portfolio businesses and other businesses, which will aid in the identification, analysis and acquisition of Indian Investments.

***Strong reputation as a friendly and constructive investor:*** The Portfolio Advisor and its affiliates, Fairfax and Fairbridge, have a strong reputation of working cooperatively and collaboratively with existing management of the portfolio businesses in which they invest. The Portfolio Advisor will generally recommend portfolio businesses for investment by the Company and its subsidiaries where such portfolio businesses are willing to

work cooperatively and collaboratively with the Company and its subsidiaries for the benefit of all stakeholders. The Portfolio Advisor believes that this collaborative approach provides a larger pipeline of investment opportunities as compared to a more adversarial activist approach.

***Attractive structure for long-term investment:*** Unlike private equity and venture capital funds, the Company will not be subject to standard periodic capital return requirements. Such requirements typically stipulate that these funds, together with any capital gains on such investment, can only be invested once and must be returned to investors after a pre-agreed time period or upon the occurrence of a specified event. These provisions often force private equity and venture capital funds to seek returns on their investments through mergers, public equity offerings or other liquidity events more quickly than they otherwise might, potentially resulting in both a lower overall return to investors and an adverse impact on their portfolio businesses. The Company believes that its permanent capital structure and flexibility to make investments with a long-term view and without the capital return requirements of traditional private investment vehicles will minimize the impact of investor capital flows and better enable it to generate returns on invested capital. In addition, the Company expects that the transparency of its business strategy and holdings, together with its large market capitalization, should enhance the liquidity of its Subordinate Voting Shares.

***Access to private equity type investments:*** Private equity funds and private equity type investment opportunities are not generally available to public retail investors due to high minimum investment amounts and illiquid secondary markets. While the Company is not a private equity fund, it will have some similarities to private equity funds in that: (i) it may invest in securities of private businesses; and (ii) like many private equity funds, the Portfolio Advisor will take a fundamental approach to assessing potential investment opportunities. A primary difference between the Company and private equity funds is that the Company expects to be listed on a stock exchange, providing investors with daily liquidity. The Company's access to private equity type investment opportunities will provide public retail investors with the rare opportunity to invest in an entity with access to private equity type investment opportunities that are generally off-limits to public retail investors.

See "The Company — Investment Highlights & Competitive Advantages".

**Investment Restrictions**

The Company will not make an Indian Investment if, after giving effect to such investment, the total invested amount of such investment would exceed 20% of the Company's Total Assets; provided, however, that the Company will nonetheless be permitted to complete up to two Indian Investments where, after giving effect to each such investment, the total invested amount of each such investment would be less than or equal to 25% of the Company's Total Assets. The Company intends to make multiple different investments as part of its prudent investment strategy, and, accordingly, will invest the Net Proceeds of the Offerings in at least six different Indian Investments that satisfy the above-described Investment Concentration Restriction.

See "Investment Restrictions".

**The Portfolio Advisor and Fairbridge**

On Closing, the Company, MI Co and MI Sub will appoint the Portfolio Advisor, a wholly-owned subsidiary of Fairfax and registered portfolio manager in the Province of Ontario, as portfolio advisor to the Company and its subsidiaries to source and advise with respect to all investments for the Company and its subsidiaries. On Closing, the Portfolio Advisor will retain Fairbridge to act as a sub-advisor to the Portfolio Advisor with respect to investments of the Company and its subsidiaries. Fairbridge is an indirect wholly-owned subsidiary of Fairfax that currently acts as Fairfax's India-based investment advisor with a mandate to identify, review, advise on and facilitate the implementation of a wide range of investment opportunities for Fairfax. Fairbridge will, in its capacity as a sub-advisor, assist the Portfolio Advisor in researching, identifying and providing recommendations and advisory services with respect to investment opportunities for the Company and its subsidiaries.

The individuals at the Portfolio Advisor who will be primarily responsible for providing advisory services to the Company and its subsidiaries consist of V. Prem Watsa and Chandran Ratnaswami, both experienced investment professionals.

See "The Portfolio Advisor" and "Fairbridge".

***Investment Expertise of Fairfax and the Portfolio Advisor in India***

Fairfax, the portfolio administrator and the promoter of the Company, is a financial services holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and investment management. Fairfax has been listed on the TSX (TSX: FFH) for over 25 years and had a market capitalization of approximately US$9.5 billion, last twelve month revenues of more than US$9.6 billion and total assets of approximately US$37.3 billion, as at September 30, 2014.

The Company intends to leverage the investment expertise and experience of Fairfax and its subsidiaries, including the Portfolio Advisor and Fairbridge. Fairfax's corporate objective is to achieve a high rate of return on invested capital and build long-term shareholder value. Fairfax has had an investment grade credit rating from each of DBRS, Moody's and S&P for over three years.

HWIC Asia Fund Class A, an investment fund that is managed by the Portfolio Advisor, has invested predominately in Indian securities since its inception in January 2000 and has delivered an annualized return since inception of 20.5% as at September 30, 2014, compared to 8.9% for the S&P BSE SENSEX 30 (which comprises the 30 largest, most liquid and financially sound companies across key sectors of the Indian economy that are listed on the Bombay Stock Exchange). HWIC Asia Fund Class A employs a substantially similar investment strategy to that which will be employed by the Company, including, among other things, taking a concentrated approach to investing in India. As at September 30, 2014, the Portfolio Advisor managed in excess of US$680 million of Indian investments for Fairfax through various classes of HWIC Asia Fund, including HWIC Asia Fund Class A which had assets under management of approximately US$130 million, approximately US$100 million of which were invested in Indian investments. As of the date of this prospectus, HWIC Asia Fund Class A is the only fund managed by the Portfolio Advisor that has substantially the same investment objectives and strategies as the Company. The only investors in the HWIC Asia Fund are affiliates of Fairfax.

See "The Portfolio Advisor".

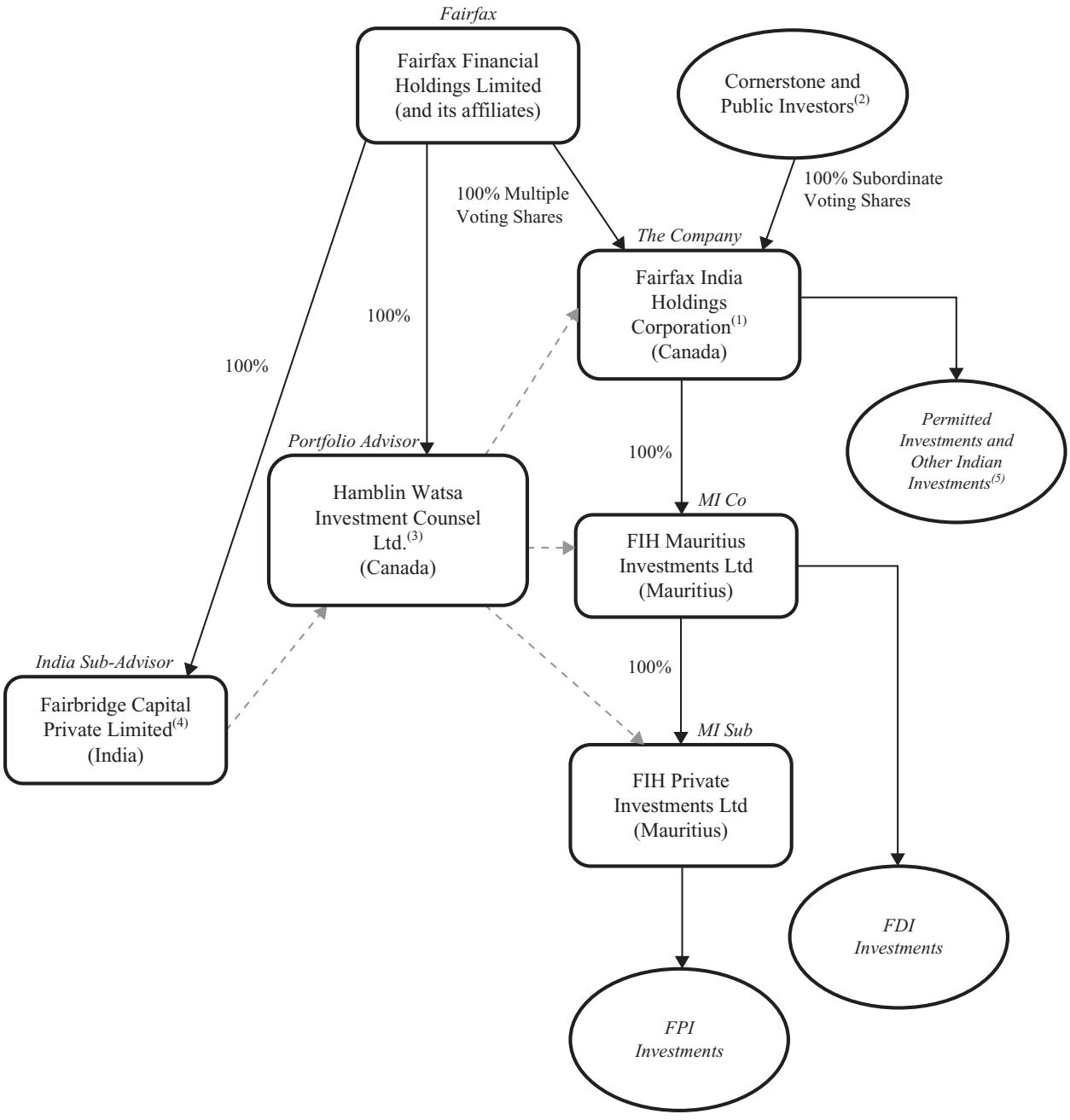
***Fairbridge***

The Portfolio Advisor will retain the services of Fairbridge, as a sub-advisor, to assist the Portfolio Advisor in sourcing and advising with respect to investments for the Company, MI Co, MI Sub and any other subsidiary through which the Company invests in India from time to time. Fairbridge is an indirect wholly-owned subsidiary of Fairfax that was formed in 2011 and which currently acts as its India-based investment advisor whose current mandate is to identify, review, recommend, advise on and facilitate the implementation of a wide range of investment opportunities for Fairfax. Fairbridge consists of a five person team led by Mr. Harsha Raghavan. Since 2011, as sub-advisor to the Portfolio Advisor, Fairbridge has played an active role in the sourcing of and advising with respect to several investments in India, including Thomas Cook India, IKYA and Sterling Resorts.

Fairbridge will, in its capacity as a sub-advisor to the Portfolio Advisor, assist the Portfolio Advisor in researching, identifying and providing recommendations and advisory services with respect to investment opportunities for the Company, MI Co, MI Sub and any other subsidiary through which the Company invests in India from time to time. Any fees charged by Fairbridge for such services will be borne by the Portfolio Advisor and no additional amount will be payable by the Company.

See "Fairbridge".

## POST-CLOSING STRUCTURE




(1) This chart illustrates the Company's corporate structure immediately following Closing. The Company may, from time to time, incorporate additional subsidiary entities to make Indian Investments in the future.

(2) Includes 660,000 Subordinate Voting Shares issued to certain affiliates of Fairfax as part of the Offering on Closing.

(3) The Portfolio Advisor will provide investment advisory services and manage investments and Fairfax will provide portfolio administration services pursuant to the Investment Advisory Agreement between Fairfax, the Portfolio Advisor, the Company, MI Co and MI Sub.

(4) Fairbridge will provide investment sub-advisory services to the Portfolio Advisor.

(5) Other Indian Investments generally include businesses with customers, suppliers or business primarily conducted in, or dependent on, India that are not Indian businesses or in India.

## THE OFFERING

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| **Offering:** | The Company is offering Subordinate Voting Shares. See "Plan of Distribution" and "Description of Share Capital". |
| **Amount:** | US$500,000,000 |
| **Price:** | US$10.00 per Subordinate Voting Share. |
| **Minimum Subscription:** | 100 Subordinate Voting Shares (US$1,000). |
| **Over-Allotment Option:** | The Company has granted to the Underwriters an option, exercisable in whole or in part at any time for a period of 30 days after Closing, to purchase up to an additional 15% of the aggregate number of Subordinate Voting Shares issued under the Offering at a price of US$10.00 per Subordinate Voting Share solely to cover over-allocations, if any, and for market stabilization purposes. See "Plan of Distribution". |
| **Use of Proceeds:** | The estimated net proceeds of the Offering will be approximately US$473,000,000, after deducting the Company's estimated expenses of the Offering and the Underwriters' fee. In addition, concurrently with the Closing, the Company will receive proceeds of US$300 million from the sale of the Multiple Voting Shares, on a private placement basis, to Fairfax (either directly or through one or more Fairfax subsidiaries) (see "Principal Shareholder") and the proceeds from the sale of Subordinate Voting Shares, on a private placement basis, to the Cornerstone Investors. The Company will use the Net Proceeds of the Offerings, in the aggregate amount of approximately US$963,000,000, to invest, directly or indirectly, in Indian Investments. The Company anticipates that substantially all of the Net Proceeds of the Offerings will be invested in Indian Investments within 3 years from the Closing Date. Pending such investments, the Company will invest at least 90% of the Net Proceeds of the Offerings exclusively in Permitted Investments, and the remainder will be used for general corporate and working capital purposes. See "Use of Proceeds". |
| **Authorized Share Capital and Share Attributes:** | The Company's authorized share capital consists of an unlimited number of Multiple Voting Shares carrying fifty (50) votes per share, an unlimited number of Subordinate Voting Shares carrying one (1) vote per share and an unlimited number of preference shares, issuable in series. Holders of Multiple Voting Shares and Subordinate Voting Shares will be entitled to receive notice of any meeting of shareholders and may attend and vote at such meetings, except those meetings where only the holders of shares of another class or of a particular series are entitled to vote. Except as provided in any special rights or restrictions attaching to any series of preference shares, the holders of preference shares will not be entitled to receive notice of, attend or vote at any meeting of the shareholders of the Company.<br><br>Holders of Multiple Voting Shares and Subordinate Voting Shares will be entitled to receive dividends out of the assets of the Company legally available for the payment of dividends at such times and in such amount and form as the Board may determine and the Company will pay dividends thereon on a *pari passu* basis, if, as and when declared by the Board. The Company has not declared or paid any dividends since its incorporation and does not currently anticipate paying any dividends in the near future. Generally, preference shares of each series, if and when issued, will, with respect to the payment of dividends, rank on a parity with the preference shares of every other series and be entitled to preference over the Multiple |

Voting Shares, the Subordinate Voting Shares or any other shares of the Company ranking junior to the preference shares with respect to payment of dividends.

Upon the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the Multiple Voting Shares and Subordinate Voting Shares, without preference or distinction, will be entitled to receive rateably all of the Company's assets remaining after payment of all debts and other liabilities, subject to the prior rights of the holders of any other prior ranking shares that may be outstanding at such time. In the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, holders of preference shares will generally be entitled to preference with respect to distribution of the property or assets of the Company over the Multiple Voting Shares, the Subordinate Voting Shares or any other shares of the Company ranking junior to the preference shares with respect to the repayment of paid-up capital remaining after payment of all outstanding debts on a pro rata basis, and the payment of any or all declared but unpaid cumulative dividends, or any or all declared but unpaid non-cumulative dividends, on the preference shares.

**Principal Shareholder:**

As a condition to Closing, the Company will issue to Fairfax, either directly or to one or more of Fairfax's subsidiaries, 30,000,000 Multiple Voting Shares of the Company, on a private placement basis, for an aggregate purchase price of US$300 million. Fairfax will also purchase, through certain of its affiliates, including an investment by the Fairfax Pension Plan, 660,000 Subordinate Voting Shares as part of the Offering. The Multiple Voting Shares and Subordinate Voting Shares to be issued to Fairfax will collectively represent approximately 95.6% of the voting rights of the Company and 30.7% of the equity interest in the Company at Closing (or approximately 95.1% and 28.5%, respectively, if the Over-Allotment Option is exercised in full).

On Closing, Fairfax will agree to retain, either directly or through one or more of its subsidiaries, a substantial equity investment in the Company in accordance with the following principles, in each case subject to certain limited exceptions described in this prospectus: (i) prior to the fifth anniversary of the Closing, Fairfax and its subsidiaries will not sell any portion of the Substantial Equity Investment if, as a result of such sale, the aggregate equity investment of Fairfax and its subsidiaries in Multiple Voting Shares of the Company would have a market value of less than US$300,000,000; (ii) on or after the fifth anniversary of the Closing, but prior to the tenth anniversary of the Closing, Fairfax and its subsidiaries will be permitted to sell any part of their aggregate equity investment in Multiple Voting Shares of the Company so long as, immediately following such sale, they continue to hold an aggregate equity interest in Multiple Voting Shares of the Company having a market value of at least US$150,000,000; (iii) on or after the tenth anniversary of the Closing, Fairfax and its subsidiaries will be permitted to sell, subject to compliance with applicable securities laws and stock exchange requirements, any part of their aggregate equity investment in Multiple Voting Shares of the Company; and (iv) prior to the tenth anniversary of the Closing, if Fairfax or its subsidiaries desire to sell any part of their aggregate investment in Multiple Voting Shares of the Company in a transaction that would not satisfy conditions (i) or (ii) above, Fairfax and its subsidiaries will only be able to complete such a sale if the acquiror agrees,

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| | subject to compliance with applicable securities laws and stock exchange requirements, to acquire a *pro rata* share of the equity investment of all other equity investors in the Company. See "About this Prospectus" and "Principal Shareholder". In addition, Fairfax will agree on Closing that it and its affiliates will not sell or transfer any Multiple Voting Shares that are part of the Substantial Equity Investment until at least 80% of the net proceeds of the Offering have been invested in Indian Investments. |
| **Cornerstone Investment:** | Concurrent with the Closing, the Cornerstone Investors have agreed to purchase an aggregate of approximately 20,000,000 Subordinate Voting Shares on a private placement basis at the Offering Price (less a private placement fee of US$0.50 per Subordinate Voting Share) for gross proceeds of approximately US$200 million (subject to decrease based on the final size of the Offering and compliance with internal investor compliance standards of certain of the Cornerstone Investors) pursuant to subscription agreements with the Company dated as of November 25, 2014. No commission or other fee will be paid to the Underwriters or any other underwriters or agents in connection with the Cornerstone Investment. See "Plan of Distribution". Completion of the Cornerstone Investment is subject to a number of conditions, including the Cornerstone Investors being satisfied with the terms and conditions set forth in this prospectus and the Closing of the Offering. Under the Underwriting Agreement, closing of the Offering is conditional on the closing of the Cornerstone Investment. See "Cornerstone Investment". |
| **Take-Over Bid Protection:** | In accordance with applicable regulatory requirements designed to ensure that, in the event of a take-over bid, the holders of Subordinate Voting Shares will be entitled to participate on an equal footing with holders of Multiple Voting Shares, the Company will enter into the Coattail Agreement. The Coattail Agreement will contain provisions customary for dual class, TSX-listed corporations designed to prevent transactions that otherwise would deprive the holders of Subordinate Voting Shares of rights under applicable provincial take-over bid legislation to which they would have been entitled if the Multiple Voting Shares had been Subordinate Voting Shares. See "Principal Shareholder — Coattail Agreement". |
| **Risk Factors:** | An investment in Subordinate Voting Shares is subject to a number of risk factors that should be carefully considered by prospective investors. These risks include, but are not limited to: return on investment is not guaranteed; potential volatility of Subordinate Voting Share price; dilution; absence of a prior public market; market discount; limited control; financial reporting and other public company requirements; broad discretion over the use of proceeds from the Offering; limited voting rights of the Subordinate Voting Shares; significant ownership by Fairfax may adversely affect the market price of the Subordinate Voting Shares; it is possible that the Cornerstone Investment will fail to close; U.S. Investment Company Act; taxation of the Company; taxation of MI Co and MI Sub; newly-formed company with no operating history or revenues; substantial loss of capital; shareholders are not entitled to vote on the Company's proposed investments; long-term nature of investment; limited number of investments; geographic concentration of investments; potential lack of diversification; financial market fluctuations; pace of completing investments; control or significant influence position risk; minority investments; ranking of Company investments and structural subordination; follow-on investments; prepayments of debt investments; risks upon dispositions of investments; bridge financings; reliance on key |

personnel and risks associated with the Investment Advisory Agreement; effect of fees; Performance Fee could induce Fairfax to make speculative investments; operating and financial risks of investments; allocation of personnel; potential conflicts of interest; the liability of the Portfolio Advisor is limited and the Company and the Portfolio Advisor have not been represented by separate legal counsel; employee misconduct at the Portfolio Advisor could harm the Company; valuation methodologies involve subjective judgments; lawsuits; foreign currency fluctuation; derivative risks; unknown merits and risks of future investments; opinions from independent investment banks or accounting firms are not contemplated; resources could be wasted in researching investment opportunities that are not ultimately completed; investments may be made in foreign private businesses where information is unreliable or unavailable; material, non-public information; illiquidity of investments; competitive market for investment opportunities; use of leverage; investing in leveraged businesses; regulation; the Company is not subject to the TSX's SPAC rules; investment and repatriation restrictions; aggregation restrictions; restrictions relating to debt securities; pricing guidelines; emerging markets; corporate disclosure, governance and regulatory requirements; legal and regulatory risks; volatility of the Indian securities markets; political, economic, social and other factors; governance issues risk; Indian tax law; changes in law; GAAR; exposure to permanent establishment, etc.; enforcement of rights; smaller company risk; due diligence and conduct of potential investment entities; Asian economic risk; reliance on trading partners risk; natural disaster risks; government debt risk; and economic risk.

See "Risk Factors" and the other information included in this prospectus for a discussion of the risks that an investor should carefully consider before deciding to invest in Subordinate Voting Shares.

## SUMMARY OF FEES AND EXPENSES

The following table contains a summary of the fees and expenses payable or incurred by the Company, which will therefore reduce the value of a purchaser's investment in the Company. For further particulars, see "Fees and Expenses".

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| **Fees payable to the Underwriters:** | The Underwriters' fee will be US$0.50 per Subordinate Voting Share (5.0%). No fee will be payable to the Underwriters in respect of (i) Fairfax's Substantial Equity Investment, or (ii) the Cornerstone Investment. |
| **Expenses of the Offering:** | In addition to the Underwriters' fee, the Company will pay the expenses incurred in connection with the formation of the Company and its subsidiaries and the Offering, estimated to be US$2,000,000, which will be paid from the gross proceeds of the Offering. |
| **Administration and Advisory Fee and Performance Fee:** | As compensation for the provision of portfolio administration and investment advisory services to be provided by Fairfax and the Portfolio Advisor, the Company will pay the Administration and Advisory Fee and, if applicable, the Performance Fee, in each case, together with any applicable sales taxes thereon to Fairfax.<br><br>The Administration and Advisory Fee will be an amount equal to the sum of: (i) 1.5% of the Net Asset Value of the Company less the aggregate fair value of any Undeployed Capital; and (ii) 0.5% of the aggregate fair value of any Undeployed Capital. The Administration and Advisory Fee will be calculated and payable quarterly as of the last business day of each quarter and allocated proportionately, once determined, based on the consolidated assets of the Company, MI Co, MI Sub and any other subsidiary through which the Company invests from time to time, unless otherwise agreed.<br><br>The Performance Fee will be calculated and accrued quarterly and paid for the period from the Closing Date to December 31, 2017 and for each consecutive three year period thereafter. The amount of the Performance Fee shall be determined as of the end of the last day of each Calculation Period with respect to the Multiple Voting Shares and the Subordinate Voting Shares of the Company then outstanding. All calculations with respect to the Performance Fee will be made to four decimal places.<br><br>The Performance Fee for a Calculation Period, if any, will be paid within 30 days after the Company issues its year-end audited financial statements for the last calendar year of such Calculation Period. The Performance Fee will be allocated proportionately, once determined, based on the consolidated assets of the Company, MI Co, MI Sub and any other subsidiary through which the Company invests from time to time, and paid by the Company to Fairfax, unless otherwise agreed.<br><br>The Performance Fee will be payable in cash, or at the option of Fairfax, in Subordinate Voting Shares. If Fairfax elects to have the Performance Fee paid in Subordinate Voting Shares, such election must be made no later than December 15 of the last year of the applicable Calculation Period in respect of which the Performance Fee is to be paid. The number of Subordinate Voting Shares to be issued will be calculated based on Market Price, being the volume-weighted average trading price of the Subordinate Voting Shares on a recognized stock exchange for the 10 trading days prior to and including the last day of the Calculation Period in respect of which the Performance Fee is to be paid regardless of the actual date of issuance thereof and for purposes of calculating the Performance Fee in respect of subsequent |

Calculation Periods thereafter will be deemed to be outstanding as of the first day of such Calculation Period regardless of the date of actual issuance. Notwithstanding the foregoing, in respect of the first two Calculation Periods following Closing, in the event that the Subordinate Voting Shares are trading at a Market Price per Subordinate Voting Share that is less than 2 times the NAV per Share as of the last day of the applicable Calculation Period, Fairfax shall receive the Performance Fee, if any, in the form of Subordinate Voting Shares, to the extent permitted under applicable law, stock exchange rules and the immediately following sentence. In no instance will Subordinate Voting Shares be issued to satisfy the Performance Fee if, after such issuance, Fairfax and its affiliates would own more than 49% of the outstanding equity capital of the Company on the date of issuance.

The Administration and Advisory Fee and the Performance Fee, if any, will be paid to Fairfax. Any portion of such fees to which the Portfolio Advisor is entitled will be paid by Fairfax to the Portfolio Advisor.

The Performance Fee for a Calculation Period will be equal to the product of:

(a) the number of Multiple Voting Shares and Subordinate Voting Shares outstanding on the Determination Date for such Calculation Period (calculated before taking into account any Subordinate Voting Shares issuable in payment of a Performance Fee for such Calculation Period), and

(b) 20% of the amount by which the sum of:

(i) the NAV per Share of the Company at the end of such Calculation Period (calculated before taking into account the Performance Fee payable for the period ending on the Determination Date for such Calculation Period), plus

(ii) the total amount of distributions paid on the Multiple Voting Shares and Subordinate Voting Shares during such Calculation Period and all consecutive immediately preceding Calculation Periods, if any, in respect of which no Performance Fee was paid divided by the weighted average number of Multiple Voting Shares and Subordinate Voting Shares outstanding during such Calculation Periods,

exceeds the greater of:

(i) the High Water Mark, and

(ii) the Hurdle per Share.

**Ongoing Fees and Expenses:** The Portfolio Advisor and Fairfax will each be responsible for their own day-to-day operating expenses, including in connection with the provision of investment advisory (including discovery and evaluation of investment opportunities) and portfolio administration services for the Company and its subsidiaries, compensation of their professional staff and the cost of office space, office supplies, communications, telephone, news, quotation and computer equipment, utilities and other normal overhead expenses. The Portfolio Advisor will also bear fees and expenses payable to any sub-advisor.

Each of the Company and its subsidiaries will be responsible for its own operating expenses including: (i) all expenses incurred in connection with

trading and the acquisition, holding or disposition of investments following recommendation by the Portfolio Advisor, including taxes, brokerage fees and commissions, underwriting commissions and discounts, expenses related to indemnification obligations, and legal, accounting, investment banking, consulting, information services and other professional fees; (ii) all costs and expenses relating to investment transactions that are not consummated after recommendation by the Portfolio Advisor, and legal, accounting, investment banking, consulting, information services and other professional fees related thereto; (iii) entity-level taxes; (iv) all costs and fees relating to the preparation of financial statements, audits, financial and tax reports, portfolio valuations, tax returns and other reports and continuous disclosure materials, including fees and out-of-pocket expenses of any service company retained to provide accounting and bookkeeping services; (v) all ongoing legal and compliance costs and the costs of prosecuting or defending any legal action for or against any of the Company, MI Co, MI Sub, the Board, the MI Co Board, the MI Sub Board, any other subsidiary through which the Company invests in Indian Investments from time to time and its board of directors, the Portfolio Advisor, Fairfax or any of their respective affiliates relating to the affairs of the Company; (vi) compensation of officers and employees (excluding the Chief Executive Officer and the Chief Financial Officer and Corporate Secretary of the Company); (vii) all fees, costs and expenses related to all governmental filings of the Company or its subsidiaries; (viii) expenses of the directors, including directors' fees and travel expenses; (ix) expenses related to maintenance of corporate records and books of account, including, without limitation, accounting and auditing fees, disbursements and company secretarial expenses; and (x) expenses related to organization and conduct of directors' and shareholders' meetings and the preparation and distribution of all reports to, and other communications with, shareholders, expenses related to issuing and transferring shares and paying dividends or making other distributions thereon, extraordinary expenses and other similar expenses.

The total amount of compensation to be paid by the Company and its subsidiaries in respect of directors, officers and employees is expected to be less than $1.5 million per annum, in the aggregate.

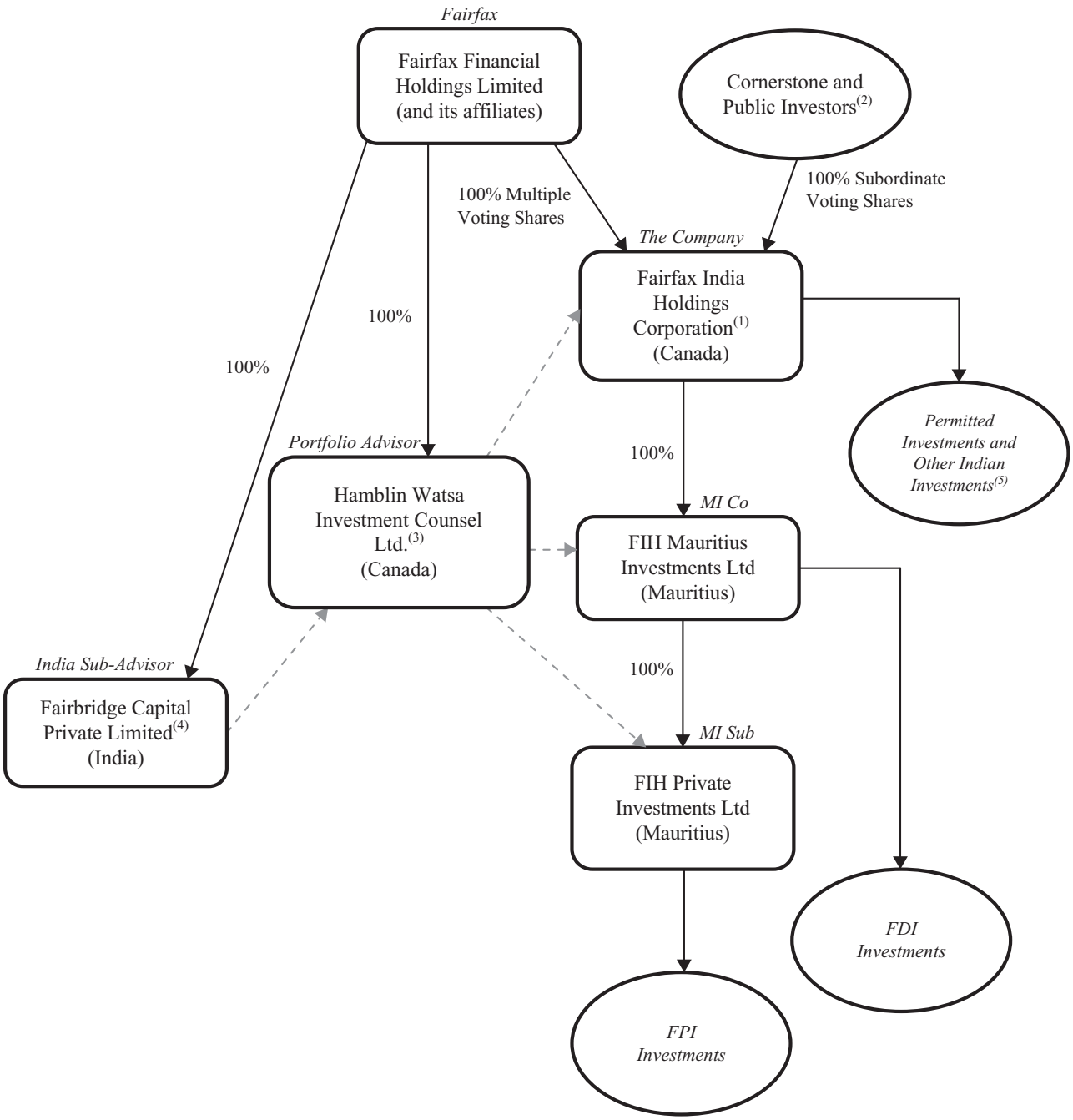
Any arrangements for additional services to be provided to the Company or its subsidiaries by the Portfolio Advisor, Fairfax or any affiliates thereof that have not been described in this prospectus will be on terms that are no less favourable to the Company or its subsidiaries than those available from arm's length persons (within the meaning of the Tax Act) for comparable services, and the Company or such subsidiary, as the case may be, will pay all expenses associated with any such additional services.

## THE COMPANY

### Establishment and Overview

The Company was incorporated under the *Canada Business Corporations Act* on November 25, 2014. The Company's head and registered office is located at 95 Wellington Street West, Suite 800, Toronto, Ontario, M5J 2N7, Canada. The books and records of the Company are located and are available for inspection by the Board, upon request, at its head and registered office.

The Company is an investment holding company that currently has two principal subsidiaries, MI Co and MI Sub. The following organizational chart illustrates the inter-corporate relationships among the Company and its subsidiaries, together with the applicable jurisdiction of incorporation[(1)].



(1) This chart illustrates the Company's corporate structure immediately following Closing. The Company may, from time to time, incorporate additional subsidiary entities to make Indian Investments in the future.

(2) Includes 660,000 Subordinate Voting Shares issued to certain affiliates of Fairfax as part of the Offering on Closing.

(3) The Portfolio Advisor will provide investment advisory services and manage investments and Fairfax will provide portfolio administration services pursuant to the Investment Advisory Agreement between Fairfax, the Portfolio Advisor, the Company, MI Co and MI Sub.

(4) Fairbridge will provide investment sub-advisory services to the Portfolio Advisor.

(5) Other Indian Investments generally include businesses with customers, suppliers or business primarily conducted in, or dependent on, India that are not Indian businesses or in India.

**Investment Objective**

The Company's investment objective is to achieve long-term capital appreciation, while preserving capital, by actively investing in public and private equity securities and debt instruments in India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India. Generally, subject to compliance with applicable law, the Company intends to make Indian Investments with a view to acquiring control or significant influence positions.

**Investment Strategy**

The Company will invest in businesses that are expected to benefit from India's current pro-business political environment, its growing middle class and its demographic trends that are expected to underpin strong growth for several years. Sectors of the Indian economy that the Company believes will benefit most from such trends include infrastructure, the consumer services and retail sectors and the export sector. The Company, however, will not be limited to investing solely in these sectors and intends to invest in other sectors as opportunities arise.

The Company will utilize, and expects to benefit significantly from, the experience and expertise of Fairfax, the Portfolio Advisor, Fairbridge and their extensive affiliate network in India, to source, evaluate and successfully invest in Indian Investments.

The Company will employ a conservative, fundamental value based approach to identifying and investing in high quality Indian businesses, including both public and private businesses, as well as infrastructure investments. The Company's strategy is designed to compound book value per share over the long term. The Company will seek attractive risk adjusted returns, but will seek at all times to emphasize downside protection and to minimize the loss of capital. The Company anticipates that its portfolio will be concentrated, provided that the Net Proceeds of the Offerings will be invested in at least six different Indian Investments, such that no single investment is expected to have an overly undue impact on the performance of the Company. The Company anticipates, subject to market conditions and the availability of attractive investment opportunities, that a majority of the Indian Investments, by value, will be in publicly-listed securities.

The Company intends to make Indian Investments with a view to acquiring control or significant influence positions. The level and nature of control or significant influence will vary by investment. Such a position may include one or more of the following, as deemed appropriate by the Company: (i) board appointment or nomination rights, (ii) board observer rights, (iii) input on management selection, (iv) the provision of managerial assistance, and (v) ongoing monitoring and cooperation with the board and management of the portfolio business to ensure that its strategy is being implemented in a manner that is consistent with the investment objectives of the Company, and with Fairfax's fundamental values (as set forth in Fairfax's guiding principles which are included in Fairfax's publicly available annual reports).

Notwithstanding the Company's expected long-term investment horizon, the Company may, from time to time, seek to realize on any of its Indian Investments. The circumstances under which the Company may sell some or all of an investment include: (i) where the Company believes that the Indian Investment is fully valued or that the original investment thesis has played out; or (ii) where the Company has identified other investment opportunities which it believes present more attractive risk-adjusted return opportunities and additional capital is needed to make such alternative investments.

In addition, the Company may in the future establish one or more infrastructure or private equity funds focused on investments in India, and may invest a portion of the Net Proceeds of the Offerings therein. In such an event, the Company would, directly or indirectly, manage such infrastructure and private equity funds in order to generate fee revenue for the Company.

**Investment Selection**

To identify potential investments, the Company will principally rely on the expertise of the Portfolio Advisor and Fairbridge. Fairbridge is Fairfax's wholly-owned India-based investment advisor with a mandate to identify, review, advise on and provide recommendations with respect to a wide range of investment opportunities for Fairfax. As a result of its proximity to the investment opportunities in India and its immersion in the Indian marketplace, the Fairbridge team, along with its extensive network in India, will be expected to identify many of the investment opportunities for the Company and will frequently conduct, together with the Portfolio Advisor, the initial suitability screen when evaluating potential Indian Investments for the Company.

Fairbridge will work closely with the Portfolio Advisor in respect of the review and evaluation of potential investment opportunities for the Company. The following is an illustrative list of criteria that the Company, the Portfolio Advisor and Fairbridge believe to be paramount when identifying and investing in Indian Investments:

*Attractive valuation:* The Company's conservative fundamental value approach will lead it to focus on businesses that have positive, stable cash flows that can be purchased at discounted multiples. The Company does not intend to invest in start-up businesses or businesses that have speculative business plans.

*Experienced and aligned management:* The Company will focus on businesses with experienced, entrepreneurial management teams with strong, long-term track records. The Company will generally require the portfolio businesses to have in place, either prior to or immediately following investment by the Company, proper incentives to drive the businesses' profitability.

*Strong competitive position in industry:* The Company will seek to invest in businesses that hold leading market positions, possess strong brand power and are well-positioned to capitalize on the growth opportunities which the Portfolio Advisor expects are facing the Indian economy. The Company will also seek to invest in businesses that demonstrate significant competitive advantages as compared to their peers, that position them to protect their market position and profitability.

*Alignment of the management team with the values of the Company:* The Company, Fairfax and the Portfolio Advisor all seek to adhere to the highest standards of business practices and ethics. The Company will require that the management teams at each of its portfolio businesses adhere to a similar standard of business practices and ethics and adhere to the Company's fundamental values as described above.

The Portfolio Advisor, Fairbridge and the Company and their respective affiliates will conduct thorough due diligence investigations when evaluating any Indian Investments prior to a recommendation from the Portfolio Advisor to make an investment. This generally will include consultations with Fairfax's network of current and former management teams, consultants, competitors, investment bankers and senior executives to assess, among other things, the industry dynamics, the character of the management team and the viability of the business plan.

More specifically, due diligence in respect of a particular investment opportunity will typically include, among other items as deemed necessary from time to time:

- review of historical and projected financial information;
- on-site visits;
- interviews with management, employees, customers and vendors;
- review of material agreements;
- background checks; and
- research relating to the businesses' management, industry, markets, products and services, and competitors.

**Ongoing Monitoring of Portfolio Investments**

The Company will take an active role in overseeing its Indian Investments to ensure that its investment thesis is properly executed and that the fundamental values of the Company are being upheld on an ongoing basis. The Company will monitor, among other things, the financial trends of each of its portfolio businesses to determine if it is meeting its business plan and objectives. The Company will also assess, from time to time, the appropriate course of action for each such portfolio investment.

The Company will have several methods of evaluating and assessing the performance and fair value of its portfolio investments, including:

- assessment of success in adhering to the portfolio investment's business plan, objectives and compliance with covenants;
- periodic and regular contact with management of the portfolio business and, if appropriate, the financial or strategic sponsor, to discuss financial position, requirements and accomplishments;
- comparisons to other portfolio businesses in the industry in which the Company or its affiliates are involved;
- attendance at, and participation in, board meetings; and
- review of monthly and quarterly financial statements and financial projections for the portfolio businesses.

**Investment Highlights & Competitive Advantages**

The following describes the investment highlights and competitive advantages of the Company.

***Alignment of Interest with Fairfax***

The Company presents an opportunity for investors to co-invest alongside Fairfax in India. Fairfax will, either directly, or indirectly through one or more of its subsidiaries, make an initial equity investment of US$300 million in the Company and will hold all of the Multiple Voting Shares for an extended period (see "Principal Shareholder"). Fairfax will also purchase, through certain of its affiliates, 660,000 Subordinate Voting Shares as part of the Offering. The Company expects to draw upon Fairfax's and its affiliates' investment expertise and experience in India and abroad.

***Compelling investment opportunity in India***

The Company believes that there are a number of factors that make India an attractive market for investment. These factors include a new government and Prime Minister with a strong track record and business friendly philosophy, an expanding middle (consumer) class, and demographic trends that are expected to underpin strong growth for several years.

***Fairfax and the Portfolio Advisor: Long-term track record of delivering strong, consistent returns for investors***

The Portfolio Advisor is a sophisticated investor with a strong long-term track record of generating attractive investment returns for its investors. The Portfolio Advisor manages the assets of Fairfax and its affiliates. See "The Portfolio Advisor — Investment Expertise of Fairfax and the Portfolio Advisor in India".

***Proprietary research capabilities and broad network in India***

The Portfolio Advisor and its affiliates (including Fairfax and Fairbridge) have considerable experience in investing in India and have an extensive network within the investment, commercial banking, private equity and investment management communities and a strong reputation in investment management. The Company believes that the Portfolio Advisor and Fairbridge management teams' broad expertise and its ability to draw upon the Portfolio Advisor's and Fairbridge's past experience will enable the Company to successfully identify, assess and structure investments across all levels of a business' capital structure and to manage potential risk and return at all stages of the economic cycle. Additionally, the Company expects to generate information from the Portfolio Advisor's and Fairbridge's investment professionals' global network of accountants, consultants,

advisors and management teams of portfolio businesses and other businesses, which will aid in the identification, analysis and acquisition of Indian Investments.

***Strong reputation as a friendly and constructive investor***

The Portfolio Advisor and its affiliates, Fairfax and Fairbridge, have a strong reputation of working cooperatively and collaboratively with existing management of the portfolio businesses in which they invest. The Portfolio Advisor will generally recommend portfolio businesses for investment by the Company and its subsidiaries where such portfolio businesses are willing to work cooperatively and collaboratively with the Company and its subsidiaries for the benefit of all stakeholders. The Portfolio Advisor believes that this collaborative approach provides a larger pipeline of investment opportunities as compared to a more adversarial activist approach.

***Attractive structure for long-term investment***

Unlike private equity and venture capital funds, the Company will not be subject to standard periodic capital return requirements. Such requirements typically stipulate that these funds, together with any capital gains on such investment, can only be invested once and must be returned to investors after a pre-agreed time period or upon the occurrence of a specified event. These provisions often force private equity and venture capital funds to seek returns on their investments through mergers, public equity offerings or other liquidity events more quickly than they otherwise might, potentially resulting in both a lower overall return to investors and an adverse impact on their portfolio businesses. The Company believes that its permanent capital structure and flexibility to make investments with a long-term view and without the capital return requirements of traditional private investment vehicles will minimize the impact of investor capital flows and better enable it to generate returns on invested capital. In addition, the Company expects that the transparency of its business strategy and holdings, together with its large market capitalization, should enhance the liquidity of its Subordinate Voting Shares.

***Access to private equity type investments***

Private equity funds and private equity type investment opportunities are not generally available to public retail investors due to high minimum investment amounts and illiquid secondary markets. While the Company is not a private equity fund, it will have some similarities to private equity funds in that: (i) it may invest in securities of private businesses; and (ii) like many private equity funds, the Portfolio Advisor will take a fundamental approach to assessing potential investment opportunities. A primary difference between the Company and private equity funds is that the Company expects to be listed on a stock exchange, providing investors with daily liquidity. The Company's access to private equity type investment opportunities will provide public retail investors with the rare opportunity to invest in an entity with access to private equity type investment opportunities that are generally off-limits to public retail investors.

**Indian Regulatory Framework**

Please refer to "MI Co and MI Sub" for details relating to the Indian regulatory framework and restrictions relating to foreign investments in India and Indian businesses.

**Use of Leverage and Hedging**

The Company may utilize various forms of leverage, including borrowings under loan facilities and the issuance of preference shares. The Company may also enter into transactions that may give rise to a form of leverage, including, among others, debt instruments, futures and forward contracts (including foreign currency exchange contracts), credit default swaps, total return swaps and other derivative transactions, loans of portfolio securities, short sales and when-issued, delayed delivery and forward commitment transactions. The maximum amount of leverage that the Company will employ at any time will not exceed 50% of its Total Assets (or 100% of the Net Asset Value of the Company).

In addition, the Company may, but is not obligated to, enter into derivative transactions or short individual securities to hedge or reduce the Company's long exposures. In order to mitigate market-related downside risk,

the Company may also acquire put options, short market indices, acquire baskets of securities and/or purchase credit-default swaps, but the Company is not committing to maintaining market hedges at any time.

**Business Conduct**

The working language of the Company will be English. All internal documents and all material documents provided to the Board will be prepared and presented in the English language. Where appropriate, the Company may translate materials into local official languages and will communicate with local staff in local official languages. Similarly, official documents and other material agreements prepared in languages other than English will be translated, where necessary.

Fairfax, the Portfolio Advisor and Fairbridge have extensive investment experience and expertise in India, and Fairbridge's head office and management team are all located in Mumbai, India. In addition, representatives of the Company's Indian legal counsel and external auditor have both been engaged by Fairfax and its subsidiaries for many years and are both fluent in English and Hindi.

The Company also retains legal advisors with extensive knowledge of the local laws and regulations. These legal advisors are external counsel who work in the region. In order to ensure it receives independent legal advice, in English (one of the official languages of India and the language most commonly used for commercial activity in India), which can be reconciled with the Company's legal obligations as a company organized under the laws of Canada, the Company also retains legal advisors who are fluent in English and at least one of the local languages, familiar with the local laws, and resident or formerly resident in the local jurisdictions. The combination of this legal capacity, together with direct reporting relationships between legal counsel and the executive officers, ensures that the executive officers and directors of the Company are informed of the material Indian legal requirements applicable to the Company and any changes or new developments related thereto.

## INDIA OVERVIEW

India, officially the "Republic of India", is a country located in South Asia. It is the world's seventh-largest country by area, the world's second-most populous country, comprising over 1.2 billion people, and the world's most populous democracy *(source: United Nations Department of Economics and Social Affairs)*.

The Company believes that there are a number of factors that make investing in India an attractive proposition for the Company with the prospect of sustained and long-term growth. These factors include:

*Business-friendly majority government*

India recently elected, for the first time in 67 years, a majority pro-business government led by Narendra Modi, leader of the Bharatiya Janata Party ("**BJP**"). Mr. Modi rose from a tea seller's son to become the chief minister of the Indian State of Gujarat, a position he held for 13 years (October 2001 – May 2014) prior to being elected Prime Minister. During the period for which performance data is available (12 years ended fiscal year 2013), economic growth in Gujarat averaged approximately 10% per annum (approximately 3% higher than the national average) *(source: Government of India — Central Statistics Office)*. During Mr. Modi's time in office, it is widely accepted that Gujarat became one of the most literate states in India. The Portfolio Advisor believes that Gujarat is also virtually fully electrified and has freely available water.

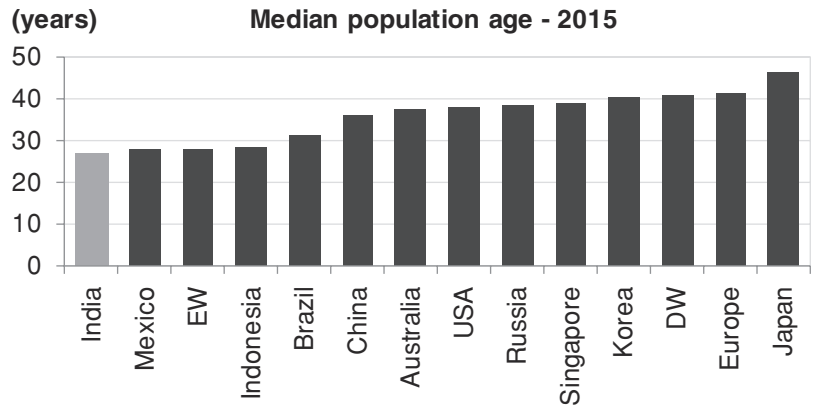
English is widely spoken in India and the legal system is similar to the United Kingdom. Public sector investment growth has declined over the past 5 years due to increased government consumption expenditure. Meanwhile, historical government borrowing has led to increased interest rates and has diminished the pool of savings available for private investment. The Portfolio Advisor expects that Mr. Modi's success in his capacity as chief minister of Gujarat, his pro-business politics and his majority pro-business government suggest that the government will focus on fiscal responsibility and reducing corruption, will think longer-term and will make decisions in the best interests of the country, placing India in a strong position for its economic future and future growth prospects. The Portfolio Advisor further believes that the key political agenda items that are expected to be addressed by the Modi government include cutting wasteful subsidies, labour reform and land acquisition issues, simplification of tax laws and more efficient environmental clearances, similar to the progressive agenda followed by the Narsimha Rao government in the early 1990s and the Vajpayee government in the early 2000s (which helped raise India's annual growth potential by more than 1.1%) *(source: WorldBank Databank)*.

*Favourable demographics*

There are a number of demographic factors that cause India to be an attractive region for investment in the opinion of the Portfolio Advisor. India currently accounts for 1/6th of the world's population and 1/5th of the world's population under the age of 25. With a median age of 27 years, the working age population is projected to experience growth over the next 2 decades *(source: United Nations Department of Economics and Social Affairs)*. It is expected that approximately 110 million people will be added to the workforce over the next 10 years *(source: United Nations Department of Economics and Social Affairs)*. In contrast, the working age population in most developed and emerging market countries has already peaked. For example, Japan, China and Europe will all likely see a decline in their working age populations over the coming decade (see "Median Population Age" and "Working Age Population" charts below).

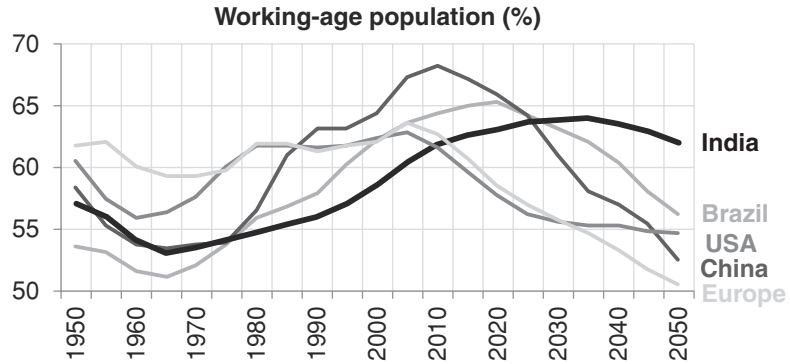
As a result, the Portfolio Advisor believes that India is poised to benefit from its expanding workforce, rising consumption, higher savings and higher investment — influenced by strong leadership — making India an attractive country in which to invest.

**Median population age for India is amongst the lowest globally**




*Source: UN Population database, IIFL Research. EW means Emerging World, DW means Developed World*

**Working age population for India will continue to increase until 2035**




*Source: UN Population database, IIFL Research*
*(Estimates from 2015 onwards are estimates of IIFL Research based on proportion of population aged between 15 and 59)*

*Multiple growth levers: World's fastest growing economy*

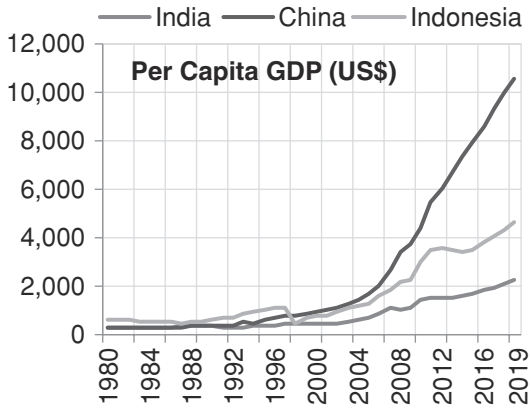
India currently represents the world's tenth largest economy with a GDP of approximately $2 trillion *(source: Worldbank Databank)*. A 2014 International Monetary Fund report suggests that, in purchasing power parity terms, India is already the nation with the third largest economy ($6.8 trillion), next only to the United States and China.

Currently, India's per capita income is approximately $1,500, which is low relative to other emerging market countries *(source: International Monetary Fund IIFL Research)*. The Company believes that demographic shifts, driving the growth of the Indian middle class, will support the continued growth of GDP per capita. In addition, the Portfolio Advisor expects that penetration-led growth should drive an acceleration in consumption as affordability increases (see "Per Capita GDP in India" comparison chart and "Penetration in Financial Services" chart below). The financial, education, healthcare and IT sectors in India had an approximately 11% cumulative average growth rate in the past 5 years *(source: India's Central Statistics Office)* and, given the current low penetration of these sectors in India, the Portfolio Advisor expects that the rate of growth in these sectors will be faster than in other segments of the Indian economy.

The Portfolio Advisor believes that India is an under-invested economy (capital expenditure is approximately 1/7$^{th}$ that of China) *(source: European Mortgage Federation, HOFINET & HDFC)*. As such, the Portfolio Advisor expects that India's infrastructure spending should increase significantly over the next 5 years. This should provide the Company with a number of investment opportunities in the coming years. Based on sustained growth of consumption, higher infrastructure spending, faster growth in the financial, education, healthcare and IT sectors, and a rising share of external trade, the Portfolio Advisor believes that GDP growth could exceed 10% over the next decade in India (see "Longer Term Trend in GDP growth" chart below).

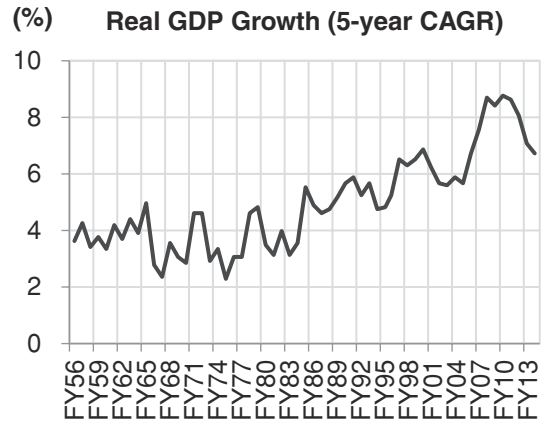
Singapore experienced economic growth from 1961 to 1990 at the rate of 8.5% per annum, following the appointment of Lee Kuan Yew. The Portfolio Advisor believes that the current economic environment in India is similar to that of Singapore during its period of economic growth under Lee Kuan Yew.

**Per capita GDP in India is significantly lower than other emerging markets**



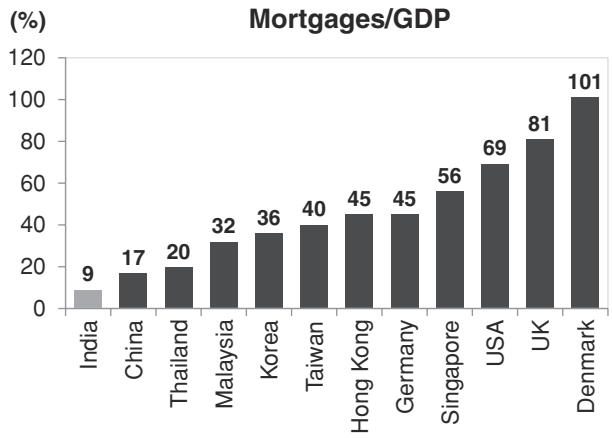

*Source: IMF, IIFL Research*
*(Years 2014 to 2019 are estimates of IMF)*

**Longer term trend in GDP growth has been up**




*Source: CSO, IIFL Research*

**Penetration in financial services remains low**




*Source: European Mortgage Federation, HOFINET & HDFC*

*A robust stock market*

With a market capitalization of $1.5 trillion as at October 7, 2014, India's equity markets rank among the top emerging markets *(source: Bloomberg, IIFL Research)*. Current market capitalization to GDP ratio is 78% compared to a 2008 peak of 149% *(source: Bloomberg, IIFL Research)*. Over the past 10 years, India's market capitalization expanded by 413% (18% CAGR) in U.S. dollar terms *(source: Bloomberg, IIFL Research)*. Over the same period, nominal earnings for the 500 largest companies in India grew at a 15% CAGR *(source: Bloomberg, IIFL Research)*.

India offers a wide range of businesses both in terms of size and sectors. Some of India's larger sectors include Consumer, IT, Energy, Financial Services and Pharmaceuticals *(source: Bombay Stock Exchange)*. India had approximately 4,155 listed companies, of which 58 have a market capitalization above $5 billion, 144 have a market capitalization between $1 billion and $5 billion and 112 have a market capitalization between $500 million and $1 billion as at October 7, 2014 *(source: Bloomberg, IIFL Research)*. As such, the Portfolio Advisor believes that the scope of potential Indian Investments is large enough to provide a significant number of valuable investment opportunities (see "Companies across Market Cap spectrum" chart below).

Foreign investors have been investing in India since 1994 (being the first year in which foreign direct investment in India became more readily accessible), with the current value of listed equities owned by foreign institutional investors in India at approximately $300 billion (see "India Market Cap" chart below) *(source: FPI India Statistics)*. In addition, the Portfolio Advisor believes that India's corporate governance and disclosure standards are generally on par with developed markets.

**India is one of the few emerging markets with over $1 trillion of market capitalization**


*Source: Bloomberg, IIFL Research as at October 7, 2014*

**Wide choice of companies across the market capitalization spectrum**

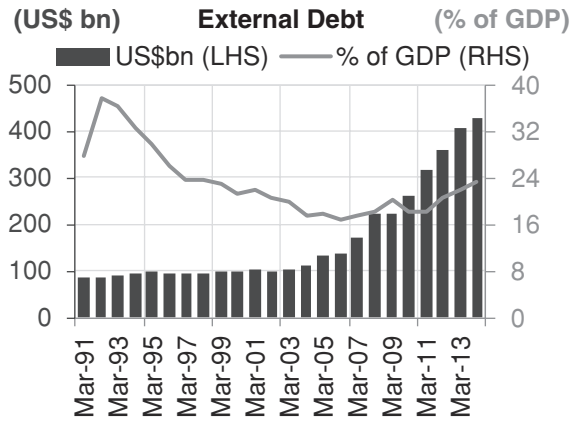
| | Mkt Cap (US$ billion) | No. of Companies |
|---|---|---|
| Consumer | 279 | 116 |
| Energy | 189 | 20 |
| Information Technology | 200 | 34 |
| Financials | 291 | 90 |
| Others | 500 | 240 |
| **BSE500 Index** | **1,459** | **500** |

*Source: Bloomberg, IIFL Research. Note: Based on current members of BSE500 companies as at October 7, 2014*

*Other macro variables*

External stability: India's external debt to GDP is low at 23% of GDP relative to North American economies *(source: CMIE, RBI, IIFL Research)* (i.e., Canada's external debt to GDP is 78% of GDP) *(source: Statistics Canada)*. India's foreign exchange reserves of $318 billion offers a net import cover of 8 months *(source: Reserve Bank of India)*. India's current account deficit increased between 2011 and 2013, but has improved to under 2% of GDP *(source: Reserve Bank of India)*. As such, the Portfolio Advisor believes that India has reasonable levels of external debt (see "External Debt to GDP" chart below).

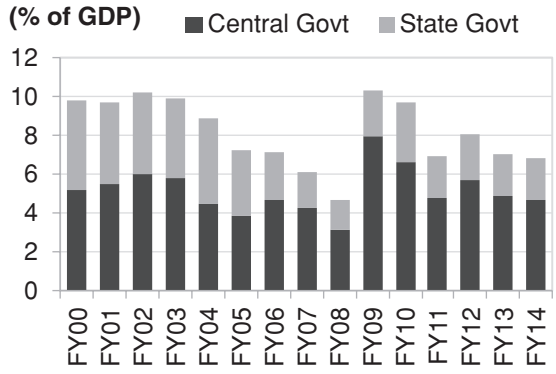
**External debt remains low relative to GDP**




*Source: CMIE, RBI, IIFL Research*

Public Finances: The combined fiscal deficit of federal and state governments in India was 6.8% of GDP in 2014 *(source: Reserve Bank of India)*. India's public debt to GDP is approximately 66% *(source: Reserve Bank of India)*. In a high growth environment, tax revenues can increase significantly (as it did between 2003 and 2007) *(source: Reserve Bank of India)*. India currently enjoys an investment grade rating of Baa3 (Stable) (see "Fiscal Deficit" chart below) *(source: Moodys)*.

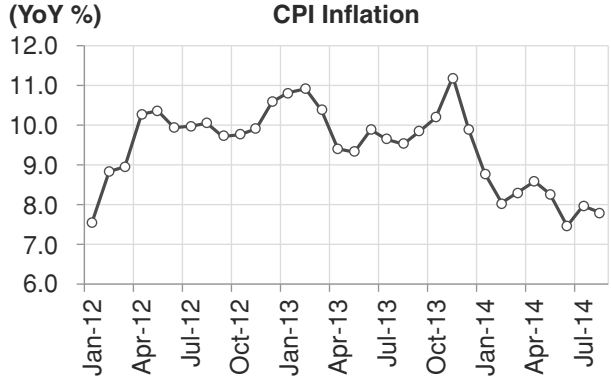
**Fiscal deficit has moderated but needs to further moderate**




*Source: RBI, Govt. Budget Documents, IIFL Research*
*(State fiscal deficit data for FY13 is based on Revised Estimates and data for FY14 is based on Budget. Central fiscal deficit data for FY14 is based on Revised Estimates)*

Inflation: Moderation in inflation may be a gradual process. The Portfolio Advisor believes that a hawkish Indian central bank has taken the right steps, but high inflation remains a key near-term risk (see "High Inflation as a Macro Headwind" chart below).

**High inflation is the principal macro headwind for the economy**




*Source: Bloomberg, MOSPI, IIFL Research as at August 31, 2014*

## INVESTMENT RESTRICTIONS

The Company will not make an Indian Investment if, after giving effect to such investment, the total invested amount of such investment would exceed 20% of the Company's Total Assets; provided, however, that the Company will nonetheless be permitted to complete up to two Indian Investments where, after giving effect to each such investment, the total invested amount of each such investment would be less than or equal to 25% of the Company's Total Assets. The Company intends to make multiple different investments as part of its prudent investment strategy, and, accordingly, will invest the Net Proceeds of the Offerings in at least six different Indian Investments that satisfy the above-described Investment Concentration Restriction.

The Company will at all times utilize one or more custodians to hold its assets (both cash and securities, as applicable). Initially, RBC Investor Services Trust and Deutsche Bank AG, Mumbai Branch (each, a "**Custodian**"), at their respective principal offices in Toronto, Ontario, and Mumbai, India, will be appointed as the custodians of the Company's, MI Co's and MI Sub's assets on or prior to the Closing Date pursuant to the Custodian Agreements. See "The Custodians".

## THE PORTFOLIO ADVISOR

The Company, MI Co and MI Sub will appoint Hamblin Watsa Investment Counsel Ltd., a wholly-owned subsidiary of Fairfax that is registered with the Ontario Securities Commission as a portfolio manager in the Province of Ontario, as their portfolio advisor to source and advise with respect to all investments for the Company, MI Co and MI Sub.

The head office of the Portfolio Advisor is located at 95 Wellington Street West, Suite 802, Toronto, Ontario, M5J 2N7, Canada.

The Portfolio Advisor may, from time to time, retain the services of one or more sub-advisors to assist the Portfolio Advisor in sourcing and advising with respect to the investments of the Company, MI Co and MI Sub. On Closing, the Portfolio Advisor will retain Fairbridge to act as a sub-advisor to the Company in India. See "Fairbridge". Fees payable to any sub-advisors from time to time (including Fairbridge) will be borne by the Portfolio Advisor and no additional amount will be payable by the Company, MI Co or MI Sub in connection therewith.

### Investment Expertise of Fairfax and the Portfolio Advisor in India

Fairfax, the portfolio administrator and the promoter of the Company, is a financial services holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and investment management. Fairfax has been listed on the TSX (TSX: FFH) for over 25 years and had a market capitalization of approximately US$9.5 billion, last twelve month revenues of more than US$9.6 billion and total assets of approximately US$37.3 billion, as at September 30, 2014.

The Company intends to leverage the investment expertise and experience of Fairfax and its subsidiaries, including the Portfolio Advisor and Fairbridge. Fairfax's corporate objective is to achieve a high rate of return on invested capital and build long-term shareholder value. Fairfax has had an investment grade credit rating from each of DBRS Limited ("**DBRS**"), Moody's Investors Service Inc. ("**Moody's**") and Standard & Poor's Ratings Service ("**S&P**") for over three years.

HWIC Asia Fund Class A, an investment fund that is managed by the Portfolio Advisor, has invested predominately in Indian securities since its inception in January 2000 and has delivered an annualized return since inception of 20.5% as at September 30, 2014, compared to 8.9% for the S&P BSE SENSEX 30 (which comprises the 30 largest, most liquid and financially sound companies across key sectors of the Indian economy that are listed on the Bombay Stock Exchange). HWIC Asia Fund Class A employs a substantially similar investment strategy to that which will be employed by the Company, including, among other things, taking a concentrated approach to investing in India. As at September 30, 2014, the Portfolio Advisor managed in excess of US$680 million of Indian investments for Fairfax through various classes of HWIC Asia Fund, including HWIC Asia Fund Class A which had assets under management of approximately US$130 million, approximately US$100 million of which were invested in Indian investments. As of the date of this prospectus, HWIC Asia Fund Class A is the only fund managed by the Portfolio Advisor that has substantially the same investment objectives and strategies as the Company. The only investors in the HWIC Asia Fund are affiliates of Fairfax.

The investment strategies and restrictions of the Company and HWIC Asia Fund Class A are substantially the same. Such investment strategies and restrictions, however, differ in certain immaterial respects, including:

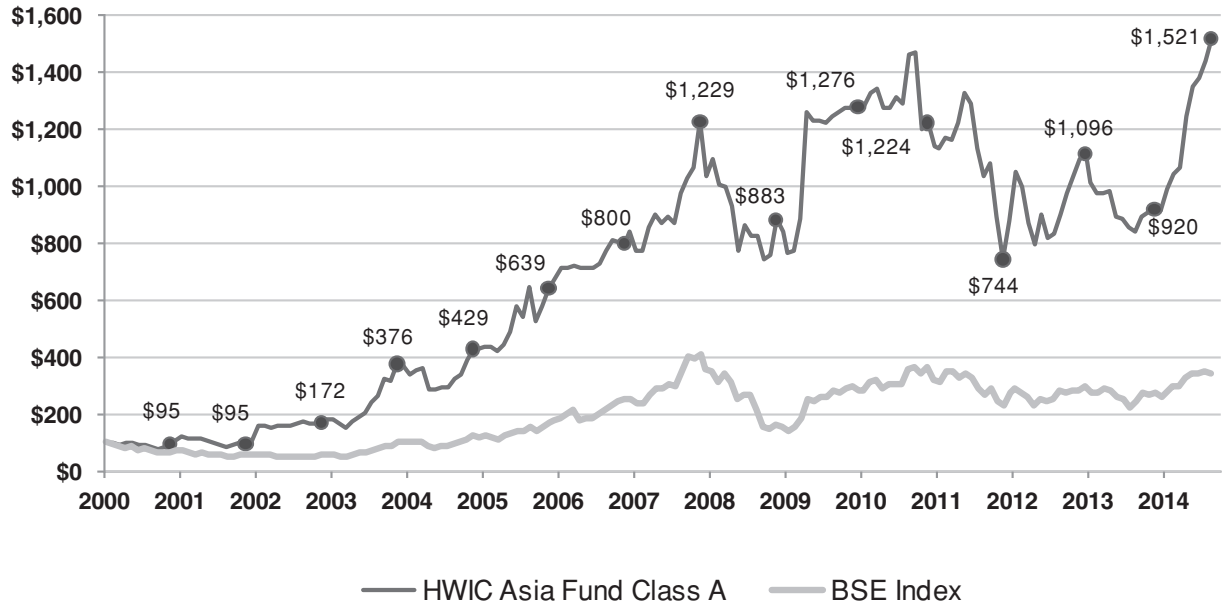
a) HWIC Asia Fund Class A has, at times, carried non-Indian investments (Dubai, Vietnam, Sri Lanka); these holdings have increased the performance of HWIC Asia Fund Class A by 2.2% since inception (20.5% vs. 18.3%); and

b) HWIC Asia Fund Class A is not subject to the same voluntarily adopted measures as the Company as described under "About This Prospectus".

The differences between HWIC Asia Fund Class A and the Company highlighted above, however, are not expected to materially impact the performance of the Company as compared to the performance of HWIC Asia Fund Class A in that (i) the non-Indian investments of HWIC Asia Fund Class A had only a *de minimis* impact on its overall performance since inception, and (ii) HWIC Asia Fund Class A would nonetheless have been compliant with the above-noted voluntarily adopted measures had it been subject to them.

The following chart and table illustrate the investment performance of HWIC Asia Fund Class A as compared to the S&P BSE SENSEX 30 for the periods ending September 30, 2014:

**Performance of HWIC Asia Fund Class A**
(US$100 Invested in Jan 2000)




Data labels are as at December 31 except for the data label situated furthest to the right which is as at September 30, 2014.

| | HWIC Asia Fund Class A[1][2] | S&P BSE SENSEX 30[3] |
|---|---|---|
| *Annual Total Return* | | |
| Since Inception – Jan 2000 | 20.5% | 8.9% |
| 10 year | 16.6% | 13.5% |
| 5 year | 4.1% | 3.9% |
| 3 year | 13.6% | 8.6% |
| 1 year | 81.4% | 39.1% |
| 2014 Year-to-date | 65.3% | 25.7% |
| Current Quarter | 12.9% | 1.6% |

(1) HWIC Asia Fund Class A has at times carried non-Indian investments (Dubai, Vietnam, Sri Lanka); these holdings have increased the performance of the fund by 2.2% since inception (20.5% vs. 18.3%). Outside of HWIC Asia Fund Class A, Fairfax has had other private and public investments in India whose performance is not included in these results. Performance shown is net of fees and expenses.

(2) Past performance does not guarantee future results. This information is historical and is not intended to be, nor should it be construed to be, a forecast or indication as to the future performance of the Company or HWIC Asia Fund Class A. This information is provided for illustrative purposes only. There can be no assurance that the performance of the Company will match or exceed the performance of HWIC Asia Fund Class A. See "About this Prospectus".

(3) The S&P BSE SENSEX 30 is India's most tracked bellweather index. It is designed to measure the performance of the 30 largest, most liquid and financially sound companies across key sectors of the Indian economy that are listed on the Bombay Stock Exchange. The figures are float-adjusted market cap weighted.

The Company is expected to benefit from Fairfax's established affiliate network and experience in sourcing and implementing successful ventures in India. Certain other examples of Indian investments by Fairfax, not included in the performance of HWIC Asia Fund Class A, are described below.

In 2000, Fairfax partnered with the largest private bank in India, ICICI Bank Ltd., to create a new commercial property and casualty insurer called ICICI Lombard General Insurance Company Limited ("**ICICI Lombard**"). Fairfax currently owns 26% of ICICI Lombard (the maximum foreign ownership of an insurance company permitted under Indian law). ICICI Lombard had revenues in excess of $1.2 billion with over 5,433 employees in 267 offices as of September 30, 2014. ICICI Lombard has become the largest non-government general insurer in India.

In 2012, Fairfax acquired 87% of Thomas Cook (India) Limited ("**Thomas Cook India**"), which was reduced to 75% in 2013 to satisfy Indian securities regulations. Thomas Cook India is listed on the Bombay Stock Exchange (under BSE Code 500413) and National Stock Exchange (under NSE Code THOMASCOOK), and has 235 owned locations across 99 cities. Since the acquisition by Fairfax, under Fairfax's guidance, Thomas Cook India acquired 74% of IKYA Human Capital Solutions Private Limited ("**IKYA**"), a company involved in human resources services, facilities management, skill development and food and hospitality services, for approximately $47 million. IKYA currently has 35 offices in 23 cities, with over 80,000 employees and revenues of over $269 million for the 12 months ended September 30, 2014. In addition (under Fairfax's guidance), Thomas Cook India recently acquired Sterling Holiday Resorts (India) Limited ("**Sterling Resorts**"), a time share and membership resort company that was founded in India in 1986. Sterling Resorts, with 2,179 employees, owns and operates 21 resorts. Sterling Resorts had a market capitalization of approximately $234 million as at September 30, 2014 and revenues of $24 million for the 12 months then ended. Thomas Cook India's business segments include retail and wholesale foreign exchange (licensed by the RBI), and a full range of retail and corporate travel services. Fairbridge played an integral role in advising with respect to three of the aforementioned investments, namely Thomas Cook India, IKYA and Sterling Resorts.

**Investment Advisory Agreement**

Pursuant to an administration and investment advisory services agreement to be entered into on Closing (the "**Investment Advisory Agreement**") among the Portfolio Advisor, Fairfax, the Company, MI Co, MI Sub and such other subsidiaries of the Company as may be added from time to time, the Portfolio Advisor will provide investment advisory services to the Company and its subsidiaries, pursuant to which the Portfolio Advisor will provide advice and recommendations relating to potential investment opportunities to the Company and its subsidiaries. In providing such advice and recommendations, the Portfolio Advisor will first determine which entity, as between the Company and its subsidiaries, is best-suited to make such an investment. In the event that the Portfolio Advisor determines that the Company is best-suited to make an investment, the Portfolio Advisor will have discretionary authority to negotiate and complete the investment on behalf of the Company. If the Portfolio Advisor determines that MI Co or MI Sub is best-suited to make the investment, the Portfolio Advisor will provide advice and recommendations relating to such investment to the MI Co Board or the MI Sub Board, as the case may be, at which point the ultimate investment analysis and decision will be made by the MI Co Board or the MI Sub Board, as the case may be. In connection with the Portfolio Advisor's advice and recommendations to the MI Co Board or the MI Sub Board with respect to a particular investment, the Portfolio Advisor will also provide advice relating to appropriate levels of leverage in respect of such investments.

The Portfolio Advisor, and any agent to whom the Portfolio Advisor has validly delegated any of its duties, is required to exercise its powers and discharge the duties of its office honestly and in good faith and to exercise the care, diligence and skill that a reasonably prudent investment advisor would exercise in comparable circumstances. The Investment Advisory Agreement will provide that the Portfolio Advisor will not be liable in any way for any losses suffered by the Company or its subsidiaries as a result of an error in implementing investment advice unless caused by the gross negligence, wilful misconduct or fraud of the Portfolio Advisor or its agents.

The Portfolio Advisor will provide investment advice to the Company and its subsidiaries in accordance with the Company's investment objective. The services to be performed by the Portfolio Advisor will be conducted only by officers and employees who have appropriate experience and qualifications.

Any of the Portfolio Advisor, Fairfax, the Company or its subsidiaries may terminate the Investment Advisory Agreement, provided that the terminating party has given the other parties at least 90 days' prior written notice of its intention to do so. The Company or its subsidiaries may terminate the Investment Advisory Agreement immediately if (i) the Portfolio Advisor is in material breach or default of the provisions of the Investment Advisory Agreement and, if capable of being cured, such material breach or default is not cured within 60 days following receipt of a written notice of such material breach or default, (ii) the Portfolio Advisor becomes bankrupt, insolvent, makes a general assignment for the benefit of its creditors or otherwise acknowledges its insolvency, or (iii) the Portfolio Advisor's assets have become subject to seizure or confiscation by any public or governmental authority. In the event that the day on which the Investment Advisory Agreement is terminated is a day other than the first day of a calendar quarter, the Administration and Advisory Fees payable for such quarter will be pro-rated and determined having regard to the market value of the Company's investment portfolio based on the Company's most recent financial report. In addition, in the event that the day on which the Investment Advisory Agreement is terminated is a day other than the first day of a Calculation Period, the Performance Fee payable to Fairfax for such Calculation Period will be determined as of the date of termination of the Investment Advisory Agreement using values determined as described under "Calculation of Total Assets and Net Asset Value" and, if payable in cash, will be paid to Fairfax as soon as commercially reasonable.

Other than the payment of any outstanding fees payable to Fairfax and the reimbursement of Fairfax's and the Portfolio Advisor's reasonable expenses pursuant to the Investment Advisory Agreement up to and including the date of termination of the Investment Advisory Agreement, no additional payments will be required to be made by the Company to Fairfax or the Portfolio Advisor as a result of any termination of the Investment Advisory Agreement.

As compensation for the provision of portfolio administration and investment advisory services to be provided by Fairfax and the Portfolio Advisor, the Company will pay the Administration and Advisory Fee and, if applicable, the Performance Fee, in each case, together with any applicable sales taxes thereon to Fairfax. Any portion of such fees to which the Portfolio Advisor is entitled will be paid by Fairfax to the Portfolio Advisor. See "Fees and Expenses".

Pursuant to the Investment Advisory Agreement, Fairfax has also agreed to provide certain investment administration services to the Company and its subsidiaries. See "The Portfolio Administrator".

**Fair Allocation**

The investment advisory and portfolio administration services of the Portfolio Advisor and Fairfax are not exclusive and nothing in the Investment Advisory Agreement will prevent the Portfolio Advisor, Fairfax or any of their affiliates from providing similar investment advisory or portfolio administration services to other clients, including Fairfax and its affiliates or other investment entities (whether or not their investment objective, strategies and policies are similar to those of the Company) or from engaging in other activities.

It is the general policy of the Portfolio Advisor that all of its client portfolios that have investment objectives and restrictions that are compatible with a particular investment opportunity will be treated fairly and equitably with respect to distribution of investment opportunities and that no client portfolio will receive preferential treatment over another. Notwithstanding the foregoing, the Company will agree that any investment opportunities with respect to Indian insurance and reinsurance businesses will be first offered to Fairfax. If Fairfax passes on the opportunity to invest in any such insurance or reinsurance business, the opportunity may be recommended to the Company if it satisfies the Company's investment objective.

In determining the suitability of an investment opportunity for a particular client, the Portfolio Advisor will consider, among other factors, the size of the client and its capital requirements, regulatory and client investment guidelines and objectives, existing portfolio composition, tax considerations and cash availability. An assessment of the relative importance of an investment opportunity to the fulfillment of a client's investment

objective is dependent upon a number of factors that include the availability of the resources that are required to complete the investment, alternative investment opportunities, the composition of the client's portfolio at the time and the liquidity of the portfolio. As a result of this fair allocation policy, the Company, MI Co, MI Sub or any other subsidiary through which the Company invests in Indian Investments may, from time to time, be precluded from participating in an investment opportunity available to the Portfolio Advisor that would otherwise be compatible with the Company's investment objective and restrictions. See "Risk Factors".

**Directors and Officers of the Portfolio Advisor**

The board of directors of the Portfolio Advisor currently consists of two members: V. Prem Watsa and Roger D. Lace. Directors are appointed to serve on the board of directors until such time as they retire or are removed and their successors are appointed.

The following table sets forth information regarding the directors and executive officers of the Portfolio Advisor.

| Name, Province or State and Country of Residence | Position/Title | Principal Occupation |
|---|---|---|
| V. Prem Watsa . . . . . Toronto, Ontario, Canada | Director and Vice President | Chairman and Chief Executive Officer of Fairfax; Vice President of the Portfolio Advisor |
| Roger D. Lace . . . . . Toronto, Ontario, Canada | Director and President | President and Managing Director, North American Equities, of the Portfolio Advisor |
| David Bonham . . . . . Toronto, Ontario, Canada | Treasurer and Chief Financial Officer | Vice President and Chief Financial Officer of Fairfax; Treasurer and Chief Financial Officer of the Portfolio Advisor |
| Paul Rivett . . . . . Toronto, Ontario, Canada | Vice President and Chief Operating Officer | President of Fairfax; Vice President and Chief Operating Officer of the Portfolio Advisor |

The individuals at the Portfolio Advisor who will be primarily responsible for providing advisory services to the Company and its subsidiaries consist of V. Prem Watsa and Chandran Ratnaswami, both experienced investment professionals.

The following individuals will comprise the investment committee of the Portfolio Advisor in respect of the Company's investments:

***V. Prem Watsa (64)*** — Mr. Watsa has been the Chairman and Chief Executive Officer of Fairfax since 1985 and has a 40-year track record in investment management. He has served as Vice President of the Portfolio Advisor since 1985. Mr. Watsa is also a director of BlackBerry Limited. Mr. Watsa is a resident of Toronto, Ontario, Canada.

***Roger D. Lace (63)*** — Mr. Lace is the President and a director of the Portfolio Advisor, and a member of the investment committee. Mr. Lace joined the Portfolio Advisor in 1986. Mr. Lace has a 39-year track record in investment management, specializing in equity investments. Prior to joining the Portfolio Advisor, Mr. Lace was Vice-President at McLeod, Young, Weir Ltd. Mr. Lace holds a Bachelor of Science degree from the Massachusetts Institute of Technology, a Masters of Business Administration degree from the Richard Ivey School of Business and received a Chartered Financial Analyst designation in 1979. Mr. Lace is a resident of Toronto, Ontario, Canada.

***Paul C. Rivett (47)*** — Mr. Rivett has been the President of Fairfax since July 19, 2013. Mr. Rivett also serves as the Vice President and Chief Operating Officer of the Portfolio Advisor. Mr. Rivett served as Vice President of Operations at Fairfax from August 1, 2012 to July 19, 2013. Prior to that, he served as Chief Legal Officer of Fairfax from January 2007 to August 2012 and as Vice President from April 2004. Prior to joining Fairfax, Mr. Rivett was an attorney of Shearman & Sterling LLP. Mr. Rivett currently serves as a director of Zenith

National Insurance Corp., Odyssey Re Holdings Corp. and Northbridge Financial Corporation and previously served as a director of MEGA Brands Inc., Resolute Forest Products Inc., The Brick Ltd. and Resolute FP US Inc. (formerly Bowater Inc.). Mr. Rivett is a resident of Toronto, Ontario, Canada.

***Chandran Ratnaswami (65)*** — Mr. Ratnaswami is currently the Managing Director of the Portfolio Advisor. At the Portfolio Advisor, Mr. Ratnaswami is responsible for portfolio investments in Asia. Mr. Ratnaswami joined the Portfolio Advisor in 1993 as director of International Investments. Mr. Ratnaswami has been a non-executive director of Thomas Cook India since August 22, 2012, and a director of India Infoline Limited since May 15, 2012. He serves as a director of First Capital Insurance Limited, a director of Fairbridge, and has been a director of ZoomerMedia Ltd. since November 4, 2010. He has been a director of Ridley Inc. since December 15, 2008. He serves as a non-executive director of ICICI Lombard and has been a director of Thai Reinsurance Public Company Limited since February 2012. Mr. Ratnaswami is a resident of Toronto, Ontario, Canada.

***Brian Bradstreet (67)*** — Mr. Bradstreet is a Managing Director and member of the investment committee of the Portfolio Advisor. Mr. Bradstreet joined the Portfolio Advisor in 1987. Mr. Bradstreet has a 40-year track record in investment management, specializing in fixed income investments. Prior to joining the Portfolio Advisor, Mr. Bradstreet was an Investment Analyst, an Investment Manager and then became the Assistant Vice President, Investment at Confederation Life. Mr. Bradstreet holds a Bachelor of Arts (Economics) degree from Wilfrid Laurier University, a Masters of Arts (Economics) degree from York University and received a Chartered Financial Analyst designation in 1978. Mr. Bradstreet is a resident of Toronto, Ontario, Canada.

***Wade Burton (43)*** — Mr. Burton is a Managing Director and a member of the investment committee of the Portfolio Advisor. Mr. Burton joined the Portfolio Advisor in 2008. Mr. Burton has over 18 years' of experience in investment management, with specialized expertise in credit restructuring. Mr. Burton previously served as Vice President of Investment Management at Mackenzie Cundill Investment Management Limited from 2006 to 2008 and was one of its portfolio managers from 2004 to 2006. Mr. Burton joined Mackenzie Cundill Investment Management Limited in 2000 as an equity research analyst, becoming a portfolio manager in 2003. Mr. Burton was the Chief Investment Officer and portfolio manager at Atlas Asset Management in Turks and Caicos Islands from 1999 to 2000, account manager of commercial lending at Canadian Western Bank from 1996 to 1999, and a registered representative at Richardson Greenshields in 1995. Prior to joining the Portfolio Advisor in 2008, Mr. Burton was a partner and fund manager at Peter Cundill and Associates. Mr. Burton serves as Vice Chairman and Non-Executive Director at Grivalia Properties REIC and Mytilineos Holdings S.A. He also serves as Non-Executive Director of Eurobank Ergasias S.A. Mr. Burton holds a Bachelor of Arts degree from the University of Western Ontario and received a Chartered Financial Analyst designation in 1999. Mr. Burton is a resident of Toronto, Ontario, Canada.

## FAIRBRIDGE

The Portfolio Advisor will retain the services of Fairbridge, as a sub-advisor, to assist the Portfolio Advisor in sourcing and advising with respect to investments for the Company, MI Co, MI Sub and any other subsidiary through which the Company invests in India from time to time. Fairbridge is an indirect wholly-owned subsidiary of Fairfax that was formed in 2011 and which currently acts as its India-based investment advisor whose current mandate is to identify, review, recommend, advise on and facilitate the implementation of a wide range of investment opportunities for Fairfax. Fairbridge consists of a five person team led by Mr. Harsha Raghavan. Since 2011, as sub-advisor to the Portfolio Advisor, Fairbridge has played an active role in the sourcing of and advising with respect to several investments in India, including Thomas Cook India, IKYA and Sterling Resorts.

Fairbridge will, in its capacity as a sub-advisor to the Portfolio Advisor, assist the Portfolio Advisor in researching, identifying and providing recommendations and advisory services with respect to investment opportunities for the Company, MI Co, MI Sub and any other subsidiary through which the Company invests in India from time to time. Any fees charged by Fairbridge for such services will be borne by the Portfolio Advisor and no additional amount will be payable by the Company.

The head office of Fairbridge is located at ICICI Lombard House, 414 Veer Savarkar Marg, Prabhadevi, Maharashtra, Mumbai, India, 400025.

The senior management of Fairbridge is comprised of two highly experienced investment professionals:

***Harsha Raghavan (43)*** — Mr. Raghavan has been the Managing Director and Chief Executive Officer of Fairbridge since its inception in 2011. Mr. Raghavan has been involved with the Indian private equity industry since 1996 and previously served as Head of India for Candover Investments, co-Head of India for Goldman Sachs PIA and Vice President of Indocean Chase Capital. In these roles, Mr. Raghavan executed more than two dozen transactions totaling more than $1.5 billion. At Fairbridge, Mr. Raghavan has sourced and advised with respect to several transactions for Fairfax and its affiliates and currently serves on the board of directors of Thomas Cook India, Thomas Cook Lanka (Private) Limited, Thomas Cook (Mauritius) Holding Company Limited, IKYA, Avon Facility Management Services Ltd., Magna Infotech Ltd., and Sterling Resorts. Mr. Raghavan is also a director of Nations Trust Bank, a financial institution listed on the Colombo Stock Exchange in Sri Lanka. Mr. Raghavan holds a Masters of Business Administration degree and Masters of Science degree in industrial engineering from Stanford University and a Bachelor of Arts degree from the University of California at Berkeley, where he double majored in computer science and economics.

***Sumit Maheshwari (32)*** — Mr. Maheshwari has been an Investment Associate at Fairbridge since July 2011. Prior to joining Fairbridge, Mr. Maheshwari worked with KPMG in India for 5 years in their audit and accounting advisory functions. Mr. Maheshwari is a recognized accounting expert, with particular strength in translating between Indian GAAP, U.S. GAAP and IFRS accounting standards. At Fairbridge, Mr. Maheshwari actively participates in financial due diligence, portfolio company reporting and overall transaction and investment advisory services. Mr. Maheshwari has been a director of Hofincons Infotech and Industrial Services Private Limited since July 2014. He is a qualified Chartered Accountant, holds a Masters of Business Administration degree from the Indian School of Business, Hyderabad, and a Bachelors of Commerce degree from the University of Mumbai.

## THE PORTFOLIO ADMINISTRATOR

Pursuant to the Investment Advisory Agreement, Fairfax will be responsible for providing or arranging for the provision of certain portfolio administration services required by the Company and its subsidiaries relating to the investment advisory activity of the Portfolio Advisor, including: (i) analysis of portfolios; (ii) yield review; (iii) computation of market decline tests; (iv) computation of liquidity analysis; (v) analysis of book values (e.g., bond amortizations and investment provisions); (vi) analysis of gross gain and loss positions; (vii) cash flow obligations; (viii) broker relationships; (ix) investment review meetings; (x) review and analysis of foreign exchange positions; (xi) performance reporting of the Company; (xii) software provider functioning and testing; and (xiii) assistance with complex accounting issues.

In addition, Fairfax will be required to provide a Chief Executive Officer and a Chief Financial Officer and Corporate Secretary to the Company. For so long as the Investment Advisory Agreement remains in effect, all compensation payable to the Chief Executive Officer and the Chief Financial Officer and Corporate Secretary of the Company will be borne by Fairfax.

Fairfax will be entitled to the payment by the Company for the performance of the above services to the Company as part of the Administration and Advisory Fee described under "Fees and Expenses".

## MI CO AND MI SUB

Each of MI Co and MI Sub has been established as a private company under the laws of the Republic of Mauritius pursuant to the Companies Act 2001 (the "**Companies Act**"). MI Co and MI Sub each hold a Category 1 Global Business Licence issued by the Financial Services Commission of Mauritius ("**FSC**"). The registered offices of MI Co and MI Sub are located at IFS Court, Twenty-Eight, Cybercity, Ebene, Mauritius. All of the issued and outstanding shares of MI Co are owned by the Company and all of the issued and outstanding shares of MI Sub are owned by MI Co. Each of MI Co and MI Sub will adopt an investment objective, strategy and investment restrictions consistent with that of the Company.

In accordance with Indian law, MI Co will make foreign direct investments ("**FDI**") in India. Under Indian law, FDI investors are permitted to acquire up to 100% of an Indian company, subject to foreign ownership or other restrictions set out with respect to a particular sector as prescribed by Indian law, subject to pricing guidelines prescribed by the Reserve Bank of India ("**RBI**") from time to time for acquisition and sale of shares of an Indian company by foreign investors. In sectors where an ownership restriction is prescribed, foreign investors are only permitted to invest up to the specific sectoral cap (e.g., foreign investment in the construction and development sector is permitted up to 100%, but only 51% in respect of the multi-brand retail trading sector). There is no registration requirement in order to make FDI investments so long as the investment complies with the sectoral conditions, including in relation to minimum capitalization, approval requirements, sectoral caps and lock-in requirements. FDI investors are not permitted to acquire securities through the facilities of a recognized stock exchange in India (except in certain limited circumstances) and certain restrictions are imposed on FDI investors with respect to investments in debt securities (such as restrictions relating to eligible borrowers, recognized lenders, amount, maturity and permitted end-uses of the debt proceeds). It is intended that MI Co will make investments in unlisted Indian portfolio businesses, or listed securities acquired by means other than through the facilities of a recognized stock exchange in India (e.g., through private agreements). It is intended that Indian Investments made through the facilities of a recognized stock exchange in India and, subject to certain exceptions, investments in debt securities will be made by MI Sub, which will be a registered foreign portfolio investor ("**FPI**").

MI Sub will make investments in India as a registered FPI under the portfolio investment scheme ("**PIS**") created by the RBI that enables foreign investors to purchase and sell shares or non-convertible debentures of Indian companies listed (or to-be-listed) on a recognized stock exchange in India, subject to equity investments being restricted to holding less than 10% beneficial ownership position in a company. A FPI is only permitted to purchase or sell shares on the facilities of a recognized stock exchange in India, is not permitted to acquire shares of unlisted companies and is generally prohibited from participating in off-market transactions. A FPI may invest in shares, debentures, warrants of companies listed (or to-be listed) on a recognized stock exchange in India, government securities, perpetual debt instruments and debt capital instruments, as specified by the RBI from time to time, non-convertible debentures or bonds issued by non-banking financial companies categorized by RBI as "infrastructure finance companies", Indian depository receipts, derivatives traded on a recognized stock exchange and listed and unlisted non-convertible debentures and bonds in the infrastructure sector.

Under the Securities and Exchange Board of India ("**SEBI**") (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Fairfax and its affiliates would be deemed to be persons acting in concert ("**PACs**") with the Company. Although the deeming provision is a rebuttable presumption based on facts, if it is determined in accordance with Indian law that Fairfax and its affiliates are PACs with the Company or its subsidiaries, and their aggregate holding exceeds 25% or more of a listed Indian company, the Company may be required to make an open offer for all of the issued and outstanding securities of the Indian company. In addition, Fairfax and certain of its affiliates have, are in the process of obtaining, or may obtain in the future, FPI registrations. If it is determined in accordance with Indian law that MI Sub, on the one hand, and Fairfax and its affiliates, on the other hand, have more than 50% direct or indirect common shareholding, beneficial ownership or beneficial interest, then equity investments made by Fairfax and its affiliates and MI Sub in Indian-listed companies may be aggregated for purposes of calculating the permissible quantum of investment (i.e., less than 10% of such portfolio business' shareholding) by each of MI Sub and Fairfax and its affiliates, to ensure compliance with Regulation 5(2) and Schedule 2 of the FEMA Regulations and the Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations, 2014 (the "**FPI Regulations**"). See "Risk Factors — Risk Factors Related to Investments in India".

In addition to the Indian Investments made by MI Co and MI Sub, the Company may make other Indian Investments, being primarily investments in non-Indian domiciled businesses that have customers, suppliers or operations primarily conducted in, or dependent on, India. In addition, it is anticipated that all or substantially all of the Permitted Investments will be made directly by the Company. Subject to compliance with applicable law, the Company is also permitted to incorporate one or more additional wholly-owned subsidiary entities to make Indian Investments as the Company deems necessary from time to time.

The Company and its subsidiaries have and will continue to seek out and receive legal advice from duly qualified counsel in the jurisdictions in which the Company and its subsidiaries operate as circumstances require in order to ensure that the Company and its subsidiaries remain compliant with applicable laws, hold all required permits, licenses or other regulatory approvals to carry out its business, and are aware of any restrictions or conditions that are or may be imposed on them. Through advice from legal counsel, the Company has satisfied itself that it and its subsidiaries have obtained all required permits, licenses and other regulatory approvals required to be obtained by the Company or its subsidiaries as is presently required in order to carry out its business.

Following the Portfolio Advisor's identification of a potential investment in a portfolio business, the Portfolio Advisor will first determine which entity, as between the Company, MI Co or MI Sub, is best-suited to make such an investment, which will depend, in large part on the type of investment, as described above. In the event that the Portfolio Advisor determines that the Company is best-suited to make the investment, the Portfolio Advisor will have discretionary authority to negotiate and complete the investment on behalf of the Company. If the Portfolio Advisor determines that MI Co or MI Sub is best-suited to make the investment, the Portfolio Advisor will provide advice and recommendations relating to such investment to the board of directors of MI Co (the "**MI Co Board**") or the board of directors of MI Sub (the "**MI Sub Board**"), as the case may be, at which point the ultimate investment decision will be made by the MI Co Board or the MI Sub Board, as the case may be.

In the case of a sale of an Indian Investment held by the Company, the Portfolio Advisor has discretionary authority to dispose of such investment on behalf of the Company. If the Indian Investment is held by MI Co or MI Sub, the Portfolio Advisor will provide advice and recommendations relating to the disposition of such investment to the MI Co Board or the MI Sub Board, as the case may be, at which point the ultimate decision will be made by the MI Co Board or the MI Sub Board, as the case may be, as to whether or not to dispose of the investment.

MI Co and MI Sub have been incorporated in the Republic of Mauritius for, among others, the following reasons:

- Fairfax, through its wholly-owned subsidiary, HWIC Asia Fund, has been operating in the Republic of Mauritius for over 14 years and has built an experienced local team that will provide certain administrative services to MI Co and MI Sub (see "Local Office" below).
- Other existing Indian investment entities have historically utilized the Republic of Mauritius. The Company believes that this is the most suitable structure for its investments and is a common structure with which professional money managers are familiar and comfortable.
- India and the Republic of Mauritius share strong commercial and historical relations. A large portion of the population of the Republic of Mauritius shares deep social and historical links with India and India remains one of Mauritius' largest trading partners.
- The Republic of Mauritius is politically and socially stable and is well-developed in terms of infrastructure, technological development and logistics. It also has a developed banking and financial sector and is continually working toward enhancing its financial product offering, moving toward the provision of higher-end and value-added services.
- The Republic of Mauritius has a strong network of local service providers, advisors and professionals including in the audit, accounting, legal and tax sectors, each having links to their Indian counterparts to provide investors with cross-jurisdictional professional services where necessary.

- By holding a Category 1 Global Business Licence, the Company, MI Co and MI Sub will receive certain tax relief in the Republic of Mauritius. See "Republic of Mauritius Income Taxation of MI Co, MI Sub and the Company".

***Share Capital***

The capital of MI Co is comprised of non-redeemable ordinary shares, each having a par value of US$1.00 (the "**MI Co Shares**"). The MI Co Shares have been issued solely to the Company. All voting rights related to the management and the election of the MI Co Board are vested solely in the holder of the MI Co Shares.

The capital of MI Sub is comprised of non-redeemable ordinary shares, each having a par value of US$1.00 (the "**MI Sub Shares**"). The MI Sub Shares have been issued solely to MI Co. All voting rights related to the management and the election of the MI Sub Board are vested solely in the holder of the MI Sub Shares.

***Management***

The MI Co Board and the MI Sub Board are identical and are comprised of five directors, three of whom are residents of the Republic of Mauritius. As a direct or indirect wholly-owned subsidiary of the Company, the Board will appoint the MI Co Board and the MI Sub Board from time to time. For a description of the MI Co Board and the MI Sub Board, see "Directors and Executive Officers of MI Co and MI Sub" below.

As part of the MI Co Board's and the MI Sub Board's fulfillment of their respective fiduciary obligations, the directors of each of MI Co and MI Sub (the "**MI Directors**") will meet regularly with the Portfolio Advisor and its sub-advisors. In addition, at the initial board meeting for each of MI Co and MI Sub, a memorandum containing specific details with respect to the policies, procedures and controls to be put in place for the approval, monitoring, risk management and disposition of Indian Investments implemented by MI Co or MI Sub, as applicable, will be approved.

***Mauritius Administrator***

In accordance with requirements of Mauritius law, International Financial Services Limited, having its registered office at, Twenty-Eight, Cybercity, Ebene, Mauritius will be retained as the administrator (the "**Mauritius Administrator**") of each of MI Co and MI Sub and provide corporate secretarial and registrar services to each of MI Co and MI Sub. The Mauritius Administrator is a licensed management company based in the Republic of Mauritius and regulated by the FSC.

MI Co and MI Sub will pay a monthly fee to the Mauritius Administrator in respect of the services that it will provide, such fee amount to be determined by MI Co and MI Sub, from time to time, in negotiation with the Mauritius Administrator. Such fee is estimated to be approximately US$100,000 per year payable separately by each of MI Co and MI Sub for all of the services that the Mauritius Administrator will provide to each of MI Co and MI Sub.

***Local Office***

The local office of MI Co and MI Sub, comprised of qualified and experienced professionals with significant expertise with similar investment entities, will be responsible for the day-to-day administration of MI Co and MI Sub, including: (i) daily processing of securities; (ii) portfolio accounting functions, including posting of all trades, corporate actions, monitoring of investment income, open payables and receivables; (iii) reconciliation of portfolio investments; (iv) monitoring of cash flows; (v) assisting the MI Co Board and the MI Sub Board in the appraisal of investment recommendations from the Portfolio Advisor; (vi) custodial relationships; (vii) placement of foreign exchange contracts, where appropriate; (viii) discussions with regulators to ensure compliance with regulatory requirements; (ix) authorising the payment of all expenses; and (x) preparation of annual financial statements, regular management reports, income tax returns and other reports. The local office will be assisted by the Mauritius Administrator with respect to certain regulatory and reporting services.

Each of MI Co and MI Sub maintain its minute books, corporate seal and corporate records at its local office in the Republic of Mauritius. In certain circumstances (e.g., transaction record books), copies will also be maintained at the Company's head office in Toronto, Ontario.

*Company Oversight*

The Company has adopted the following measures to ensure effective oversight of its wholly-owned subsidiaries, MI Co and MI Sub. These measures will be overseen by the Board and implemented by the Company's senior management:

i) the Company's corporate structure has been designed to allow the Company to control and have a measure of direct oversight over the operations of its subsidiaries. As direct and indirect wholly-owned subsidiaries of the Company, the Company directly or indirectly controls the appointment of all of the directors of MI Co and MI Sub. As the sole shareholder, the directors of the Company's subsidiaries are ultimately accountable to the Company and therefore are accountable to the Board and senior management of the Company;

ii) MI Co and MI Sub are managed by a senior officer of one of Fairfax's wholly-owned subsidiaries who holds the most senior title in the local organization and who is resident in the local jurisdiction (Ms. Amy Tan, Chief Executive Officer). Ms. Tan also has extensive experience working alongside Mr. Chandran Ratnaswami, the Chief Executive Officer of the Company;

iii) the Board is responsible for the overall stewardship of the Company and, as such, supervises the management of the business and affairs of the Company. More specifically, the Board is responsible for reviewing the strategic business plans and corporate objectives, and approving acquisitions, dispositions, investments, capital expenditures and other transactions and matters that are thought to be material to the Company, including those of its subsidiaries; and

iv) the Company has retained Fairfax and the Portfolio Advisor as the Company's portfolio administrator and portfolio advisor, respectively. Fairfax and the Portfolio Advisor have also been retained as the portfolio administrator and portfolio advisor, respectively, of MI Co and MI Sub. This helps to establish effective oversight mechanics as the operations of MI Co and MI Sub should generally remain consistent with the operations of the Company.

**Directors and Executive Officers of MI Co and MI Sub**

The MI Co Board and the MI Sub Board each consists of five directors, three of which are residents of the Republic of Mauritius. The MI Directors will be appointed from time to time on the instructions of the Board.

The following table sets forth information regarding the MI Directors and executive officers that will serve in such capacities immediately following the Closing:

| Name, Province or State and Country of Residence | Position/Title | Independent | Principal Occupation |
|---|---|---|---|
| Chandran Ratnaswami[(1)] . . . . . Toronto, Ontario, Canada | Director and Chairman | No | Chief Executive Officer of the Company and Managing Director of the Portfolio Advisor |
| Amy Tan[(2)] . . . . . Republic of Mauritius | Director and Chief Executive Officer | No | Chief Financial Officer of HWIC Asia Fund |
| S. Gopalakrishnan . . . . . Mumbai, India | Director | Yes | Chief Investment Officer of ICICI Lombard |
| Couldip Lala . . . . . Republic of Mauritius | Director | Yes | Executive Director of International Financial Services Limited |
| Dev Joory . . . . . Republic of Mauritius | Director | Yes | Executive Director of International Financial Services Limited |

Notes:

(1) Mr. Ratnaswami is considered a non-Independent Director as he is the Chief Executive Officer of the Company and the Managing Director of the Portfolio Advisor.

(2) Ms. Tan is considered a non-Independent Director as she is the Chief Executive Officer of MI Co and MI Sub and the Chief Financial Officer of HWIC Asia Fund, a wholly-owned subsidiary of Fairfax.

***Biographical Information Regarding the Directors and Executive Officers of MI Co and MI Sub***

***Chandran Ratnaswami (65)*** — Please see above under "The Portfolio Advisor — Directors and Officers of the Portfolio Advisor".

***Amy Tan (39)*** — Ms. Tan joined HWIC Asia Fund in January 2013 as Chief Financial Officer and was appointed as a director in March 2014. Prior to that, Ms. Tan worked with PricewaterhouseCoopers Mauritius as a Senior Manager in the assurance and business advisory division. She was involved in various audit, compliance and advisory assignments of local conglomerates and global business entities (investment funds, investment holding entities and entities with significant offshore operations). Ms. Tan is a Fellow of the Association of Chartered Certified Accountants and is a resident of the Republic of Mauritius.

***S. Gopalakrishnan (52)*** — Mr. Gopalakrishnan is the Chief Investment Officer of ICICI Lombard, the largest private sector property and casualty insurance company in India. Mr. Gopalakrishnan has held the position of head of investments at ICICI Lombard since 2001 and is a member of the investment committee. Mr. Gopalakrishnan serves on the board of directors of Primary Real Estate Investment Fund. Mr. Gopalakrishnan has a Bachelor of Commerce degree from the University of Madras, is a graduate of the Institute of Chartered Accountants of India and is a Qualified Chartered Financial Analyst and Member of the CFA Institute in the United States. Mr. Gopalakrishnan is a resident of Mumbai, India.

***Couldip Lala (64)*** — Mr. Lala is a co-founder and Executive Director of International Financial Services Limited, a leading management company specializing in international tax, business and corporate advisory services in Mauritius. He is a Fellow of the Institute of Chartered Accountants in England and Wales and was previously a partner at one of the "big four" accounting firms. During Mr. Lala's time in audit practice, he led audit assignments of world bank financed projects in countries in East and West Africa. Throughout his career, Mr. Lala has been a corporate affairs consultant and adviser, focusing primarily in the structuring of international private equity and hedge funds. Mr. Lala has been appointed to numerous boards of companies in Mauritius, with diverse interests, ranging from financial institutions, private equity and hedge funds, tourism, and general trade business. Mr. Lala is a resident of the Republic of Mauritius.

***Dev Joory (63)*** — Mr. Joory is a co-founder and Executive Director of International Financial Services Limited, a leading management company specializing in international tax, business and corporate advisory services in Mauritius. He is a Fellow of the Institute of Chartered Accountants in England and Wales and associate member of the Society of Trust and Estate Practitioners. After qualifying as a Chartered Accountant in 1974, Mr. Joory joined Price Waterhouse, Paris, working primarily on audit of multinational corporations operating in Northern and Western African countries. Mr. Joory subsequently specialized in international tax at Touche Ross, London in 1975 and then at Arthur Young in 1983. Mr. Joory was a Senior Tax Executive at Ernst & Young, London office until 1993. Mr. Joory has over 20 years of experience in international tax planning and business structuring, with areas of specialization covering international banking and financial services, including Islamic banking, offshore fund structuring and administration, intellectual and real property planning, aircraft and ship leasing, franchising and retail operations. Mr. Joory also serves as a director of numerous offshore funds and companies. Mr. Joory is a resident of the Republic of Mauritius.

***Duties of MI Directors***

The duties of directors of entities incorporated in the Republic of Mauritius have been extensively codified in the Companies Act such that every director of a company incorporated under the Companies Act, in exercising his or her powers and discharging his or her duties, is required to, *inter alia*:

- exercise his/her powers in accordance with the Companies Act and within the limits and subject to the conditions and restrictions established by the company's constitution;
- obtain the authorization of a meeting of shareholders before doing any act or entering into any transaction for which the authorization or consent of a meeting of shareholders as required by the Companies Act or by the company's constitution;
- not agree to the company incurring any obligation unless the director believes at that time, on reasonable grounds that the company will be able to perform the obligation when it is required to do so;

- account to the company for any monetary gain, or the value of any other gain or advantage, obtained by him/her in connection with the exercise of his/her powers, or by reason of his/her position as directors of the company, except remuneration, pensions provisions and compensation for loss of office in respect of his/her directorships of any company;
- not make use of or disclose any confidential information received by his/her on behalf of the company as directors otherwise than as permitted under the Companies Act;
- not compete with the company or become a director or officer of a competing company, unless approved by the company pursuant to the Companies Act;
- where directors are interested in a transaction to which the company is a party, disclose such interest pursuant to the Companies Act;
- not use any assets of the company for any illegal purpose or purpose in breach of items (i) and (iii) above, and not do, or knowingly allow to be done, anything by which the company's assets may be damaged or lost, otherwise than in the ordinary course of carrying on its business;
- transfer forthwith to the company all cash or assets acquired on its behalf, whether before or after its incorporation, or as the result of employing its cash or assets, and until such transfer is effected to hold such cash or assets on behalf of the company and to use it only for the purposes of the company;
- attend meetings of the directors of the company with reasonable regularity, unless prevented from so doing by illness or other reasonable excuse; and
- keep proper accounting records in accordance with the Companies Act and make such records available for inspection in accordance with the Companies Act.

These duties are coupled with the overriding requirement that every officer (which includes director or secretary) must exercise the powers and discharge the duties of his office honestly, in good faith and in the best interests of the company; and exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

***Penalties or Sanctions***

None of the MI Directors or executive officers of MI Co or MI Sub has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

***Individual Bankruptcies***

None of the MI Directors or executive officers of MI Co or MI Sub, and to the best of its knowledge, no shareholder holding a sufficient number of securities to affect materially the control of MI Co or MI Sub, has, within the 10 years prior to the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

***Corporate Cease Trade Orders and Bankruptcies***

None of the MI Directors or executive officers of MI Co or MI Sub is, as at the date of this prospectus, or has been within the 10 years before the date of this prospectus, (a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while the existing or proposed director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the existing or proposed director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,

or (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

## CALCULATION OF TOTAL ASSETS AND NET ASSET VALUE

The total assets of the Company on a particular date will be equal to the aggregate fair value of the consolidated assets of the Company and its subsidiaries (including MI Co and MI Sub) on such date, without deduction of liabilities, expressed in US dollars (the "**Total Assets**"). The net asset value of the Company on a particular date will be equal to the aggregate fair value of the consolidated assets of the Company and its subsidiaries (including MI Co and MI Sub) on such date, less the aggregate carrying value of the consolidated liabilities of the Company and its subsidiaries (including MI Co and MI Sub), and the carrying value of any issued and outstanding preference shares, expressed in US dollars (the "**Net Asset Value**"). The fair value of the consolidated assets and the carrying value of the consolidated liabilities and outstanding preference shares of the Company will be determined in accordance with IFRS.

The assets of the Company, MI Co, MI Sub and any other subsidiary through which the Company invests in India from time to time will be valued by the Company in accordance with the procedures described below, subject to the control of the Board, the MI Co Board, the MI Sub Board and the board of directors of such subsidiary, as the case may be. Foreign currency-denominated investments will be valued using foreign currency exchange rates provided by independent sources. Assets will be valued at market prices provided by independent pricing sources, except to the extent that market prices are not readily available or do not reflect the fair value of such assets. If market prices are not readily available or if it is determined, following procedures approved by the Board, that market prices may not reflect the fair value of such assets, the Company, in consultation with the Portfolio Advisor, will value such assets in accordance with policies and procedures approved by the Board, the MI Co Board, the MI Sub Board and the board of directors of another subsidiary, as the case may be. Assets that may be valued using fair value pricing include, but are not limited to: (i) an unlisted security (other than unlisted equity securities); (ii) a restricted security; (iii) a security whose trading has been suspended or which has been de-listed from its primary trading exchange; (iv) a security that is thinly traded; (v) a security whose issuer is in default or bankruptcy proceedings for which there is no current market quotation; (vi) a security affected by extreme market conditions; (vii) a security affected by currency controls or restrictions; and (viii) a security affected by a significant event (e.g., an event that occurs after the close of the markets on which the security is traded).

The Company currently intends to be categorized as an investment entity under IFRS 10 — *Consolidated Financial Statements* and will report the Indian Investments in its financial statements on that basis. In addition, to the extent that the Company is required to file a BAR, as required by Part 8 of NI 51-102, in respect of any acquisition of an Indian Investment, it will so comply unless the Company receives exemptive relief from the applicable securities regulatory authorities.

### *Internal Controls Over Financial Reporting*

The Company anticipates that its internal controls over financial reporting in respect of its Indian Investments will focus primarily on controls that ensure existence and valuation of such investments. The Portfolio Advisor and Fairbridge both employ qualified personnel familiar with valuation techniques and IFRS accounting principles and have significant experience in evaluating, monitoring and valuing Indian Investments, which includes the procurement of financial reporting information in accordance with IFRS. Where the Company deems it necessary, accounting advisors from a suitable accounting firm in India (other than the Company's auditor) may also be engaged to report on the effectiveness of the Company's internal controls over financial reporting.

## THE CUSTODIANS

The Custodians, at their respective principal offices in Toronto, Ontario, and Mumbai, India, will be appointed the custodians of the Company's, MI Co's and MI Sub's assets on or prior to the Closing Date pursuant to the Custodian Agreements. The Custodians may employ sub-custodians as considered appropriate in the circumstances in accordance with the terms of the applicable Custodian Agreement. The Custodians must obtain the written consent of the Company prior to the appointment of any sub-custodian and any sub-custodians appointed from time to time must satisfy the requirements of section 6.2 or 6.3 of NI 81-102, as applicable.

Any replacement custodian that is retained by the Company will be an entity that would be qualified to act as (i) a custodian or sub-custodian for assets held in Canada, or (ii) a custodian or sub-custodian for assets held outside Canada, as the case may be, in each case in accordance with Part 6 of NI 81-102. Each of the Custodians will be qualified to act as a custodian or sub-custodian for assets held in Canada, or a custodian or sub-custodian for assets held outside Canada, as the case may be, in each case in accordance with Part 6 of NI 81-102.

### The Company Custodian Agreement

The Custodian, in carrying out its duties in respect of the safekeeping of, and dealing with, the Property (as defined in the Custodian Agreement), will exercise: (a) the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances; or (b) at least the same degree of care as it exercises with respect to its own property of a similar kind, if this is a higher degree of care than the degree of care referred to in (a).

Unless the Custodian has not complied with the standard of care set forth above, the Custodian will not be liable for (i) any act or omission in the course of, or connected to, rendering the services under the Custodian Agreement or (ii) loss to, or diminution of, the Property. The Custodian will not be liable at any time for indirect, incidental, special, or consequential damages and damages for loss of profits, revenue or savings (actual or anticipated), economic loss, loss of data or loss of goodwill. For greater certainty, and except to the extent that the Custodian has breached the standard of care referred to above, the Custodian will not be responsible for: (a) the authenticity or validity of title to any Property which the Custodian did not arrange itself to have appropriately registered; (b) any act or omission required or demanded by any governmental, taxing, regulatory or other competent authority in any country in which all or part of the Property is held or which has jurisdiction over the Custodian or the Company; (c) any loss resulting from an event of *force majeur*, or any other event or factor beyond the reasonable control of the Custodian; (d) any failure to act on directions of the Company, if the Custodian reasonably believed that to do so might result in breach of applicable law or regulation or the terms of the Custodian Agreement; or (e) any Property which the Custodian does not hold or which is not directly controlled by the Custodian, its affiliates or it's appointed agents (including sub-custodians).

The Company will at all times indemnify and save harmless the Custodian, its directors, officers, and employees, from and against all taxes, duties, charges, costs, expenses, damages, claims, actions, demands and any other liability whatsoever to which such party may become subject, including legal fees and expenses, in respect of anything done or omitted to be done in connection with the Custodian Agreement, except to the extent occasioned by the negligence, wilful misconduct or lack of good faith of such party. If, at the Company's request, any indemnified party agrees to appear in, prosecute, defend or otherwise act in relation to any process or proceeding, either in its own name or in the name of its nominee, that party will first be indemnified to its satisfaction.

Either party may terminate the Custodian Agreement at any time without penalty by giving at least thirty (30) days' prior written notice to the other party of such termination. Such prior notice is not required and termination will be immediate upon the giving of notice in accordance with the Custodian Agreement in the event that: (a) either party is declared bankrupt or insolvent; or (b) the assets or the business of either party becomes liable to seizure or confiscation by any public or governmental authority.

**MI Co and MI Sub Custodian Agreements**

The Custodian will use reasonable care in the performance of its duties under the Custodian Agreements. MI Co and MI Sub will indemnify and hold harmless the Custodian from and against any direct loss, charges, costs, damages, liability, judgments and amounts paid in settlement, claim or expense (including reasonable legal fees and disbursements) reasonably suffered or incurred by the Custodian arising from or in connection with the performance of its duties under the Custodian Agreements; provided, however, that such indemnity will not apply to any liability or expense occasioned by or resulting from the wilful misconduct, negligence, breach of the standard of care set forth above or wrongful act of the Custodian or any of their employees, directors, officers or sub-custodians in the performance of the Custodian's duties under the Custodian Agreements. MI Co or MI Sub, as the case may be, further agrees to indemnify and hold harmless the Custodian against any claims for income tax (including penalties) paid or payable by the Custodian as agent of MI Co or MI Sub, as the case may be (or of any person on whose behalf MI Co or MI Sub, as the case may be, is acting), under the tax laws of the jurisdiction in which MI Co or MI Sub, as the case may be, is located, notwithstanding that MI Co or MI Sub, as the case may be, has disputed such claims.

The Custodian will not be responsible for any loss or damage suffered by MI Co or MI Sub, as the case may be, as a result of the Custodian performing its duties or for any act or omission in respect of any instructions and/or under the Custodian Agreements unless the same results from the negligence or wilful default of the Custodian, in which case the Custodian's liability will not exceed the market value of the relevant Securities (as defined in the Custodian Agreements) and/or Cash (as defined in the Custodian Agreements) at the time of (a) such negligence or wilful default or (b) MI Co's or MI Sub's, as the case may be, discovery of the loss or damage (whichever is higher). The Custodian will not have any responsibility for any loss or liability owing to any reason or cause beyond its reasonable control, including events of *force majeure*. The Custodian will not be liable for any negligence, default, failure or delay of any depository, clearing system, securities registration body or securities registrar (or similar party) and any losses arising therefrom. In addition, the Custodian will not be liable for any consequential or indirect loss.

MI Co, MI Sub or the Custodian may terminate the applicable Custodian Agreement without any penalty upon at least 30 days' prior written notice to the other party. Any replacement custodian that is retained by MI Co or MI Sub will be an entity that would be qualified to act as (i) a custodian or sub-custodian for assets held in Canada, or (ii) a custodian or sub-custodian for assets held outside Canada, as the case may be, in each case in accordance with Part 6 of NI 81-102. The Custodian will be qualified to act as a custodian or sub-custodian for assets held in Canada, or a custodian or sub-custodian for assets held outside Canada, as the case may be, in each case in accordance with Part 6 of NI 81-102.

## PRINCIPAL SHAREHOLDER

As a condition to Closing, the Company will issue to Fairfax, either directly or to one or more of Fairfax's subsidiaries, 30,000,000 Multiple Voting Shares, on a private placement basis, for an aggregate purchase price of US$300 million. Fairfax will also purchase, through certain of its affiliates, including an investment by the Fairfax Pension Plan, 660,000 Subordinate Voting Shares as part of the Offering. The Multiple Voting Shares and Subordinate Voting Shares to be issued to Fairfax or its subsidiaries will collectively represent approximately 95.6% of the voting rights of the Company and 30.7% of the equity interest in the Company at Closing (or approximately 95.1% and 28.5%, respectively, if the Over-Allotment Option is exercised in full).

Other than Fairfax and its subsidiaries, no person or company will own, directly or indirectly, any Multiple Voting Shares on Closing. No commission or other fee will be paid to the Underwriters in connection with the issuance of the Multiple Voting Shares to Fairfax or its subsidiaries. This prospectus does not qualify any Multiple Voting Shares issued under the Substantial Equity Investment or otherwise.

In conjunction with the Closing, Fairfax will provide an undertaking to the applicable Canadian securities regulatory authorities wherein it will agree to retain, either directly or through one or more of its subsidiaries, a substantial equity investment in the Company in accordance with the following principles:

(a) prior to the fifth anniversary of the Closing, Fairfax and its subsidiaries will not sell any portion of the Substantial Equity Investment if, as a result of such sale, the aggregate equity investment of Fairfax and

its subsidiaries in Multiple Voting Shares of the Company would have a market value of less than US$300,000,000. This means, however, that if the market value of the Substantial Equity Investment increases to an amount greater than US$300,000,000 following the Closing, Fairfax and its subsidiaries will be permitted to sell any part of their aggregate equity investment in Multiple Voting Shares of the Company so long as, immediately following such sale, they continue to hold an aggregate equity interest in Multiple Voting Shares of the Company with a market value of at least US$300,000,000;

(b) on or after the fifth anniversary of the Closing, but prior to the tenth anniversary of the Closing, Fairfax and its subsidiaries will be permitted to sell any part of their aggregate equity investment in Multiple Voting Shares of the Company so long as, immediately following such sale, they continue to hold an aggregate equity interest in Multiple Voting Shares of the Company having a market value of at least US$150,000,000;

(c) on or after the tenth anniversary of the Closing, Fairfax and its subsidiaries will be permitted to sell, subject to compliance with applicable securities laws and stock exchange requirements, any part of their aggregate equity investment in Multiple Voting Shares of the Company; and

(d) prior to the tenth anniversary of the Closing, if Fairfax or its subsidiaries desire to sell any part of their aggregate investment in Multiple Voting Shares of the Company in a transaction that would not satisfy conditions (a) or (b) above, Fairfax and its subsidiaries will only be able to complete such a sale if the acquiror agrees, subject to compliance with applicable securities laws and stock exchange requirements, to acquire a *pro rata* share of the equity investment of all other investors in the Company.

Fairfax will also agree on Closing that it and its affiliates will not sell or transfer any Multiple Voting Shares that are part of the Substantial Equity Investment until at least 80% of the net proceeds of the Offering have been invested in Indian Investments. Any sale or transfer by Fairfax or any of its affiliates of Multiple Voting Shares to a non-affiliate of Fairfax will result in such Multiple Voting Shares being automatically converted into Subordinate Voting Shares. See "Description of Share Capital".

Fairfax, as the promoter of the Company, has the credibility and expertise necessary in order to successfully complete the Offering and to ensure that the Portfolio Advisor sources and identifies appropriate investments on behalf of the Company. Furthermore, as a subsidiary of Fairfax, the Company will be able to leverage off of the investment expertise and experience of Fairfax. Fairfax is a financial services holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and investment management. Fairfax's corporate objective is to achieve a high rate of return on invested capital and build long-term shareholder value. Fairfax has had an investment grade credit rating from each of DBRS, Moody's and S&P for over three years.

As at September 30, 2014, The Sixty Two Investment Company Limited ("**Sixty Two**") owns 50,620 subordinate voting shares and 1,548,000 multiple voting shares of Fairfax, representing 43.2% of the total votes attached to all classes of Fairfax's shares. V. Prem Watsa, the Chairman and Chief Executive Officer of Fairfax, controls Sixty Two and himself beneficially owns an additional 258,115 subordinate voting shares and exercises control or direction over an additional 2,100 subordinate voting shares of Fairfax. These shares, together with the shares owned directly by Sixty Two, represent 44.0% of the total votes attached to all classes of Fairfax's shares.

**Coattail Agreement**

Under applicable Canadian law, an offer to purchase Multiple Voting Shares would not necessarily require that an offer be made to purchase Subordinate Voting Shares. In accordance with the rules of the TSX designed to ensure that, in the event of a take-over bid, the holders of Subordinate Voting Shares will be entitled to participate on an equal footing with holders of Multiple Voting Shares, Fairfax, as the owner of all the outstanding Multiple Voting Shares, will enter into a customary coattail agreement with the Company and a trustee (the "**Coattail Agreement**"). The Coattail Agreement will contain provisions customary for dual class, TSX-listed corporations designed to prevent transactions that otherwise would deprive the holders of

Subordinate Voting Shares of rights under applicable provincial take-over bid legislation to which they would have been entitled if the Multiple Voting Shares had been Subordinate Voting Shares.

The undertakings in the Coattail Agreement will not apply to prevent a sale by Fairfax or its affiliates of Multiple Voting Shares if concurrently an offer is made to purchase Subordinate Voting Shares that:

(a) offers a price per Subordinate Voting Share at least as high as the highest price per share paid pursuant to the take-over bid for the Multiple Voting Shares;

(b) provides that the percentage of outstanding Subordinate Voting Shares to be taken up (exclusive of shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) is at least as high as the percentage of Multiple Voting Shares to be sold (exclusive of Multiple Voting Shares owned immediately prior to the offer by the offeror and persons acting jointly or in concert with the offeror);

(c) has no condition attached other than the right not to take up and pay for Subordinate Voting Shares tendered if no shares are purchased pursuant to the offer for Multiple Voting Shares; and

(d) is in all other material respects identical to the offer for Multiple Voting Shares.

In addition, the Coattail Agreement will not prevent the transfer of Multiple Voting Shares by Fairfax or its affiliates to other affiliates of Fairfax, provided such transfer is not or would not have been subject to the requirements to make a take-over bid (if the vendor or transferee were in Canada) or constitutes or would constitute an exempt take-over bid (as defined in applicable securities legislation). The conversion of Multiple Voting Shares into Subordinate Voting Shares, whether or not such Subordinate Voting Shares are subsequently sold, would not constitute a disposition of Multiple Voting Shares for the purposes of the Coattail Agreement.

The Coattail Agreement will contain provisions for authorizing action by the trustee to enforce the rights under the Coattail Agreement on behalf of the holders of the Subordinate Voting Shares. The obligation of the trustee to take such action will be conditional on the Company or holders of the Subordinate Voting Shares providing such funds and indemnity as the trustee may reasonably require. No holder of Subordinate Voting Shares will have the right, other than through the trustee, to institute any action or proceeding or to exercise any other remedy to enforce any rights arising under the Coattail Agreement unless the trustee fails to act on a request authorized by holders of not less than 10% of the outstanding Subordinate Voting Shares and reasonable funds and indemnity have been provided to the trustee.

Other than in respect of non-material amendments and waivers that do not adversely affect the interests of holders of Subordinate Voting Shares, the Coattail Agreement will provide that it may not be amended, and no provision thereof may be waived, unless, prior to giving effect to such amendment or waiver, the following have been obtained: (a) the consent of the TSX and any other applicable securities regulatory authority in Canada; and (b) the approval of at least two-thirds of the votes cast by holders of Subordinate Voting Shares represented at a meeting duly called for the purpose of considering such amendment or waiver, excluding votes attached to Subordinate Voting Shares held by Fairfax or its affiliates and any persons who have an agreement to purchase Multiple Voting Shares on terms which would constitute a sale or disposition for purposes of the Coattail Agreement, other than as permitted thereby.

No provision of the Coattail Agreement will limit the rights of any holders of Subordinate Voting Shares under applicable law.

**Pre-Emptive Rights**

In the event that the Company decides to issue additional Subordinate Voting Shares following the Closing or securities convertible into or exchangeable for Subordinate Voting Shares or an option or other right to acquire any such securities other than to an affiliate thereof ("**Issued Securities**"), the securityholders' rights agreement between the Company and Fairfax (the "**Securityholders' Rights Agreement**") will provide Fairfax (and any of its subsidiaries who, from time to time, hold an equity interest in the Company), for so long as Fairfax (together with its subsidiaries) owns, in the aggregate, at least a 10% equity interest in the Company calculated based on the equity capital of the Company as of the Closing, with pre-emptive rights to purchase Issued Securities, to maintain Fairfax's direct and indirect effective *pro rata* ownership interest. The pre-emptive

right will not apply to the issuance of Issued Securities in certain circumstances, including: (i) in respect of the exercise of options, warrants, rights or other securities issued under the Company's security-based compensation arrangements, if any; (ii) in connection with a subdivision of then-outstanding Subordinate Voting Shares into a greater number of Subordinate Voting Shares; (iii) the issuance of equity securities of the Company in lieu of cash dividends, if any; (iv) the exercise by a holder of a conversion, exchange or other similar privilege pursuant to the terms of a security in respect of which Fairfax or its subsidiaries did not exercise, failed to exercise, or waived its pre-emptive right or in respect of which the pre-emptive right did not apply; (v) pursuant to a shareholders' rights plan of the Company, if any; (vi) to the Company or any subsidiary of the Company or an affiliate of any of them; and (vii) any issuance of Subordinate Voting Shares pursuant an over-allotment option granted to the agents or underwriters, as applicable, in connection with an offering of Subordinate Voting Shares.

**Registration Rights**

The Securityholders' Rights Agreement will provide Fairfax with the right (the "**Piggy-Back Registration Right**") to require the Company to include Multiple Voting Shares or Subordinate Voting Shares held by it and/or any of its subsidiaries in any future offerings undertaken by the Company by way of prospectus that it may file with applicable Canadian securities regulatory authorities (a "**Piggy-Back Distribution**"). In such a case, any Multiple Voting Shares to be part of such an offering would first be exchanged by the Company for Subordinate Voting Shares on a one-for-one basis in accordance with their terms. The Company will be required to use reasonable commercial efforts to cause to be included in the Piggy-Back Distribution all of the Subordinate Voting Shares (including Subordinate Voting Shares that were formerly Multiple Voting Shares) that Fairfax requests to be sold, provided that if the Piggy-Back Distribution involves an underwriting and the lead underwriter reasonably determines that the aggregate number of Subordinate Voting Shares (including Subordinate Voting Shares that were formerly Multiple Voting Shares) to be included in such Piggy-Back Distribution should be limited for certain prescribed reasons, the Subordinate Voting Shares to be included in the Piggy-Back Distribution will be first allocated to the Company.

In addition, the Securityholders' Rights Agreement will provide Fairfax with the right (the "**Demand Registration Right**") to require the Company to use reasonable commercial efforts to file one or more prospectuses with applicable Canadian securities regulatory authorities, qualifying Multiple Voting Shares or Subordinate Voting Shares held by Fairfax or its subsidiaries (a "**Demand Distribution**"). In such a case, any Multiple Voting Shares to be part of such an offering would first be exchanged by the Company for Subordinate Voting Shares on a one-for-one basis in accordance with their terms. Fairfax will be entitled to request not more than 2 Demand Distributions per calendar year, and each Demand Distribution must be comprised of such number of Subordinate Voting Shares (including Subordinate Voting Shares that were formerly Multiple Voting Shares) that would reasonably be expected to result in gross proceeds of at least $20 million. The Company may also distribute Subordinate Voting Shares in connection with a Demand Distribution provided that if the Demand Distribution involves an underwriting and the lead underwriter reasonably determines that the aggregate number of Subordinate Voting Shares to be included in such Demand Distribution should be limited for certain prescribed reasons, the Subordinate Voting Shares (including Subordinate Voting Shares that were formerly Multiple Voting Shares) to be included in the Demand Distribution will be first allocated to Fairfax and its subsidiaries.

Each of the Piggy-Back Registration Right and the Demand Registration Right will be exercisable at any time from 18 months following Closing, subject to Fairfax's Retained Interest Requirement, provided that Fairfax directly or indirectly owns at least a 5% equity interest in the Company calculated based on the equity capital of the Company as of the Closing. The Piggy-Back Registration Right and the Demand Registration Right will be subject to various conditions and limitations, and the Company will be entitled to defer any Demand Distribution in certain circumstances for a period not exceeding 90 days. The expenses in respect of a Piggy-Back Distribution, subject to certain exceptions, will be borne by the Company, except that any underwriting fee on the sale of any Subordinate Voting Shares (including Subordinate Voting Shares that were formerly Multiple Voting Shares) by Fairfax or its subsidiaries, and the fees of Fairfax's external legal counsel, will be borne by Fairfax. The expenses in respect of a Demand Distribution, subject to certain exceptions, will be borne by the Company and Fairfax on a proportionate basis according to the number of Subordinate Voting

Shares distributed by each. Pursuant to the Securityholders' Rights Agreement, the Company will indemnify Fairfax for any misrepresentation in a prospectus under which Fairfax's Subordinate Voting Shares (including Subordinate Voting Shares that were formerly Multiple Voting Shares) are distributed (other than in respect of any information provided by Fairfax, in respect of Fairfax, for inclusion in the prospectus) and Fairfax will indemnify the Company for any misrepresentation in any information provided by Fairfax, in respect of Fairfax, for inclusion in the prospectus.

**Fairfax Trademark Licence Agreement**

Fairfax has registered the name "Fairfax" as a trademark in several jurisdictions, including Canada, the United States and India. The Company will enter into a trademark licence agreement with Fairfax which will provide the Company with a non-exclusive, royalty-free licence to use the "Fairfax" trademark in connection with its business. The licence granted to the Company is revocable at any time at the option of Fairfax upon 60 days' prior written notice to the Company.

## CORNERSTONE INVESTMENT

Concurrent with the Closing, the Cornerstone Investors have agreed to purchase an aggregate of approximately 20,000,000 Subordinate Voting Shares on a private placement basis at the Offering Price (less a private placement fee of US$0.50 per Subordinate Voting Share) for gross proceeds of approximately US$200 million (subject to decrease based on the final size of the Offering and compliance with internal investor compliance standards of certain of the Cornerstone Investors) pursuant to subscription agreements with the Company dated as of November 25, 2014. No commission or other fee will be paid to the Underwriters or any other underwriters or agents in connection with the Cornerstone Investment. See "Plan of Distribution". Completion of the Cornerstone Investment is subject to a number of conditions, including the Cornerstone Investors being satisfied with the terms and conditions set forth in this prospectus and the Closing of the Offering. Under the Underwriting Agreement, closing of the Offering is conditional on the closing of the Cornerstone Investment. See "Risk Factors — Risk Factors Related to the Offering".

Purchasers of the Subordinate Voting Shares offered under this prospectus should not rely on the fact that the Cornerstone Investors have decided to purchase Subordinate Voting Shares.

## USE OF PROCEEDS

The estimated net proceeds of the Offering will be approximately US$473,000,000, after deducting the Company's estimated expenses of the Offering and the Underwriters' fee. In addition, concurrently with the Closing, the Company will receive proceeds of US$300 million from the sale of the Multiple Voting Shares, on a private placement basis, to Fairfax (either directly or through one or more Fairfax subsidiaries) (see "Principal Shareholder") and the proceeds from the sale of Subordinate Voting Shares, on a private placement basis, to the Cornerstone Investors. The Company will use the Net Proceeds of the Offerings, in the aggregate amount of approximately US$963,000,000, to invest, directly or indirectly, in Indian Investments. The Company anticipates that substantially all of the Net Proceeds of the Offerings will be invested in Indian Investments within 3 years from the Closing Date. Notwithstanding the foregoing, the Company will invest at least 75% of the Net Proceeds of the Offerings in Indian Investments on or before the third anniversary of the Closing Date, except where the Board determines, acting reasonably and in good faith, that satisfying such a commitment would result in a breach of the Board's fiduciary duties as directors under applicable corporate law. Pending such investments, the Company will invest at least 90% of the Net Proceeds of the Offerings exclusively in Permitted Investments, and the remainder will be used for general corporate and working capital purposes.

## DIVIDEND POLICY

The Company has not declared or paid any dividends since its incorporation and does not currently anticipate paying any dividends in the near future. The Company currently intends to use its future earnings and other cash resources for the operation and development of its business, but may declare and pay dividends in the future as the Board may determine. Any future determination to pay dividends on the Multiple Voting Shares or Subordinate Voting Shares will be at the sole discretion of the Board and will depend on, among other things, the Company's earnings, investment opportunities in India, financial requirements for the Company's operations, the satisfaction of solvency tests imposed by applicable laws and regulations, corporate law requirements and other factors that the Board may deem relevant.

## DESCRIPTION OF SHARE CAPITAL

The following briefly summarizes the provisions of the Company's articles of incorporation, including a description of the Company's share capital. The following description may not be complete and is subject to, and qualified in its entirety by reference to, the terms and provisions of the Company's articles of incorporation.

### Authorized Share Capital

The Company's authorized share capital consists of (i) an unlimited number of Multiple Voting Shares that may only be issued to Fairfax or its affiliates, (ii) an unlimited number of Subordinate Voting Shares and (iii) an unlimited number of preference shares, issuable in series. Except as provided in any special rights or restrictions attaching to any series of preference shares issued from time to time, the preference shares will not be entitled to vote at any meeting of the Shareholders of the Company.

### Multiple Voting Shares and Subordinate Voting Shares

#### *Dividend Rights*

Holders of Multiple Voting Shares and Subordinate Voting Shares will be entitled to receive dividends out of the assets of the Company legally available for the payment of dividends at such times and in such amount and form as the Board may from time to time determine and the Company will pay dividends thereon on a *pari passu* basis, if, as and when declared by the Board. The Company has not declared or paid any dividends since its incorporation and does not currently anticipate paying any dividends in the near future.

#### *Voting Rights*

At Closing, the Multiple Voting Shares will be entitled to fifty (50) votes per Multiple Voting Share, and the Subordinate Voting Shares will be entitled to one (1) vote per Subordinate Voting Share.

The following matters will require the approval by 66⅔% of the votes attached to the Multiple Voting Shares and the Subordinate Voting Shares, each voting separately as a class, at a duly convened meeting of holders of Multiple Voting Shares and Subordinate Voting Shares:

1. An amendment to the Company's articles of incorporation or by-laws to:

   (i) increase or decrease any maximum number of authorized shares of the Multiple Voting Shares or the Subordinate Voting Shares, or increase any maximum number of authorized shares of a class having rights or privileges equal or superior to the Multiple Voting Shares or the Subordinate Voting Shares, except for the issuance of preference shares;

   (ii) effect an exchange, reclassification or cancellation of all or part of the Multiple Voting Shares or Subordinate Voting Shares;

   (iii) add, change or remove the rights, privileges, restrictions or conditions attached to the Multiple Voting Shares or Subordinate Voting Shares, including:

      (a) remove or change prejudicially rights to accrued dividends or rights to cumulative dividends,

(b) add, remove or prejudicially change redemption rights,

(c) reduce or remove a dividend preference or a liquidation preference, or

(d) add, remove or change prejudicially conversion privileges, options, voting, transfer or pre-emptive rights, or rights to acquire securities of a corporation, or sinking fund provisions;

(iv) increase the rights or privileges of any class of shares having rights or privileges equal or superior to the Multiple Voting Shares or the Subordinate Voting Shares;

(v) create a new class of shares equal or superior to the Multiple Voting Shares or Subordinate Voting Shares, except for the issuance of preference shares;

(vi) make any class of shares having rights or privileges inferior to the Multiple Voting Shares or Subordinate Voting Shares equal or superior to the shares of either the Multiple Voting Shares or Subordinate Voting Shares;

(vii) effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of a class; or

(viii) constrain the issue, transfer or ownership of the shares of a class or change or remove such constraint;

2. Any change to the Company's investment objective or investment restrictions;

3. A transfer by Fairfax or the Portfolio Advisor of the Investment Advisory Agreement to a non-affiliate of Fairfax; or

4. A change to the basis of the calculation of a fee that is charged to the Company by the Portfolio Advisor or Fairfax in a way that could result in an increase in charges to the Company.

In addition, any amendments to the Mandatory By-Law Provisions will require the approval of both the holders of the Multiple Voting Shares and the Subordinate Voting Shares, each voting separately as a class. Each such approval shall be evidenced by an "ordinary resolution", as such term is defined under the CBCA, except for amendments to the Company's investment objective which approval shall be evidenced by a "special resolution", as such term is defined under the CBCA.

Notwithstanding the foregoing, a Multiple Voting Share will convert, without any further action on the part of the Company or the holder of such shares, automatically into a Subordinate Voting Share on a one-for-one basis in the event that: (i) such Multiple Voting Share is transferred to, or held by, a non-affiliate of Fairfax (including by virtue of a change of control of the applicable Fairfax entity that holds such Multiple Voting Share where Fairfax no longer beneficially owns, directly or indirectly, a majority of the votes attached to such entity's shares entitled to vote for the election of such entity's board of directors, but excluding any assignment or other transfer for purposes of providing security; (ii) such Multiple Voting Share is subject an Equity Monetization Arrangement; (iii) if Fairfax or its affiliates sell any Multiple Voting Shares and, as a result of such sale, Fairfax and its affiliates beneficially own, directly or indirectly, Multiple Voting Shares having an aggregate market value of less than US$150 million such market value to be determined by utilizing the 20-day volume weighted average trading price of the Subordinate Voting Shares on any stock exchange on which the Subordinate Voting Shares then trade as of the trading day prior to the sale by Fairfax or its affiliates (where the market value of a Subordinate Voting Share shall be deemed to be equal to the market value of a Multiple Voting Share for the purposes of such market value calculation); (iv) the Portfolio Advisor ceases to act as a portfolio advisor to the Company, MI Co or MI Sub for any reason and the obligation to act as a portfolio advisor is not assumed by an affiliate of Fairfax that is duly registered as an advisor in the category of portfolio manager in a province or territory of Canada in accordance with the Company's by-laws; unless (a) the Portfolio Advisor ceases to so act as a result of employees of the Company, MI Co or MI Sub, as applicable, assuming the obligation to provide such portfolio advisory services, subject to compliance with applicable law or (b) the holders of the Subordinate Voting Shares, by special resolution, determine that the Multiple Voting Shares should not convert to Subordinate Voting Shares as a result thereof; (v) the assignment by the Portfolio Advisor or Fairfax of the Investment Advisory Agreement to a non-affiliate of Fairfax; or (vi) a change of control occurs in respect of the

Portfolio Advisor such that Fairfax no longer beneficially owns, directly or indirectly, a majority of the votes attached to the Portfolio Advisor's shares entitled to vote for the election of the Portfolio Advisor's board of directors or (B) Fairfax approves any plan or proposal for the liquidation or dissolution of the Portfolio Advisor unless the Investment Advisory Agreement has been transferred by the Portfolio Advisor to an affiliate of Fairfax or the obligation to provide portfolio advisory services performed by the Portfolio Advisor have been assumed by employees of the Company, MI Co or MI Sub, as applicable, subject to compliance with applicable law.

Holders of Multiple Voting Shares and Subordinate Voting Shares will be entitled to receive notice of any meeting of Shareholders and may attend and vote at such meetings, except those meetings where only the holders of shares of another class or of a particular series are entitled to vote. A quorum for the transaction of business at a meeting of shareholders shall be two persons present and each entitled to vote at the meeting who, together, hold or represent by proxy not less than 15% of the votes attaching to the outstanding voting shares of the Company entitled to vote at the meeting.

***Preemptive, Subscription, Redemption and Conversion Rights***

Other than as described under "Principal Shareholder", holders of Multiple Voting Shares and Subordinate Voting Shares will have no pre-emptive or subscription rights. Holders of Subordinate Voting Shares will have no redemption or conversion rights. Multiple Voting Shares, however, are convertible at any time at the option of the holder into fully-paid, non-assessable Subordinate Voting Shares on a one-for-one basis. In accordance with the Company's articles of incorporation, Multiple Voting Shares may only be issued to Fairfax or its affiliates.

***Liquidation Rights***

Upon the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of Multiple Voting Shares and Subordinate Voting Shares, without preference or distinction, will be entitled to receive rateably all of the Company's assets remaining after payment of all debts and other liabilities, subject to the prior rights of the holders of any other prior ranking shares that may be outstanding at such time.

***Modifications***

Modifications to the provisions attaching to the Multiple Voting Shares as a class, or to the Subordinate Voting Shares as a class, require the separate affirmative vote of at least two-thirds of the votes cast at a meeting of the holders of the shares of each such class (or by written resolution of holders of at least two-thirds of the votes attached to the Multiple Voting Shares and the Subordinate Voting Shares, separately as a class).

No subdivision or consolidation of the Multiple Voting Shares or Subordinate Voting Shares may occur unless the shares of both classes are concurrently subdivided or consolidated and in the same manner and proportion.

Other than as described in this prospectus, no new rights to acquire additional shares or other securities or property of the Company will be issued to holders of Multiple Voting Shares or Subordinate Voting Shares unless the same rights are concurrently issued to the holders of shares of both classes.

***Nomination of Directors***

The Company has included certain advance notice provisions in its by-laws (the "**Advance Notice Provisions**"). The Advance Notice Provisions are intended to: (i) facilitate orderly and efficient annual general or, where the need arises, special meetings; (ii) ensure that all shareholders receive adequate notice of Board nominations and sufficient information with respect to all nominees; and (iii) allow shareholders to register an informed vote. Once in effect, only persons who are nominated by shareholders in accordance with the Advance Notice Provisions will be eligible for election as Directors. Nominations of persons for election to the Board may be made for any annual meeting of shareholders, or for any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of Directors: (a) by or at the direction of the Directors, including pursuant to a notice of meeting; (b) by or at the direction or request of one or more

shareholders pursuant to a requisition of the shareholders made in accordance with applicable law; or (c) by any person (a "**Nominating Shareholder**"): (A) who, at the close of business on the date of the giving of the notice provided for below and on the record date for notice of such meeting, is entered in the Company's register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth in the Advance Notice Provisions.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Directors. To be timely, a Nominating Shareholder's notice to the Directors must be made: (a) in the case of an annual meeting of Shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of Shareholders; provided, however, that in the event that the annual meeting of Shareholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") that is the earlier of the date that a notice of meeting is filed for such meeting or the date on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth day following the Notice Date; and (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing Directors (whether or not called for other purposes), not later than the close of business on the 15th day following the day that is the earlier of the date that a notice of meeting is filed for such meeting or the date on which the first public announcement of the date of the special meeting of shareholders was made. In no event shall any adjournment or postponement of a meeting of shareholders, or an announcement thereof, re-start the initially required time periods for the giving of a Nominating Shareholder's notice as described above. For greater certainty, this means that a Nominating Shareholder who failed to deliver a timely Nominating Shareholder's notice in proper written form to the Directors for purposes of the originally scheduled shareholders' meeting shall not be entitled to provide a Nominating Shareholder's notice for purposes of any adjourned or postponed meeting of shareholders related thereto as the determination as to whether a Nominating Shareholder's notice is timely is to be determined based off of the original shareholders' meeting date and not any adjourned or postponed shareholders' meeting date.

To be in proper written form, a Nominating Shareholder's notice to the Directors must set forth: (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a Director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of shares which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of Directors pursuant to applicable securities laws; and (b) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of Directors pursuant to applicable securities laws. The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an Independent Director or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

The chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, the discretion to declare that such defective nomination shall be disregarded.

Notwithstanding the foregoing, the Directors may, in their sole discretion, waive any requirement in the Advance Notice Provisions.

***Preference Shares***

The preference shares may at any time and from time to time be issued in one or more series, each series to consist of such number of preference shares as may, before the issue thereof, be determined by resolution of the Board. Subject to the provisions of the CBCA, the Board may, by resolution, fix from time to time before the issue thereof the designation, rights, privileges, restrictions and conditions attaching to the preference shares of each series including, without limitation, any right to receive dividends (which may be cumulative or non-cumulative and variable or fixed) or the means of determining such dividends, the dates of payment thereof, any terms or conditions of redemption or purchase, any conversion rights, any retraction rights and any rights on the liquidation, dissolution or winding up of the Company, any sinking fund or other provisions, the whole to be subject to the issue of a certificate of amendment setting forth the designation, rights, privileges, restrictions and conditions attaching to the preference shares of the series. Except as required by law, the preference shares will not be entitled to receive notice of, attend or vote any meeting of the Shareholders of the Company.

Generally, preference shares of each series, if and when issued, will, with respect to the payment of dividends, rank on a parity with the preference shares of every other series and be entitled to preference over the Multiple Voting Shares, the Subordinate Voting Shares or any other shares of the Company ranking junior to the preference shares with respect to payment of dividends. If any amount of cumulative dividends (whether or not declared) or any amount payable on any such distribution of assets constituting a return of capital in respect of the preference shares of any series is not paid in full, the preference shares of such series shall participate rateably with the preference shares of every other series in respect of all such dividends and amounts.

In the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of preference shares will generally be entitled to preference with respect to distribution of the property or assets of the Company over the Multiple Voting Shares, the Subordinate Voting Shares or any other shares of the Company ranking junior to the preference shares with respect to the repayment of paid-up capital remaining after payment of all outstanding debts on a pro rata basis, and the payment of any or all declared but unpaid cumulative dividends, or any or all declared but unpaid non-cumulative dividends, on the preference shares. The Company currently anticipates that there will be no pre-emptive, subscription, redemption or conversion rights attaching to any series of preference shares issued from time to time.

## CONSOLIDATED CAPITALIZATION

The following table sets forth the Company's consolidated capitalization as at November 25, 2014, both before and after giving effect to, among other things, the Offering, the Cornerstone Investment and the Substantial Equity Investment (collectively, the "**Adjustments**"), but without giving effect to the exercise of the Over-Allotment Option.

| | As at November 25, 2014[1] | As at November 25, 2014 after giving effect to the Adjustments[2] (in thousands of dollars) |
|---|---|---|
| Shareholders' Equity | $10.00 | $963,000,000 |
| Indebtedness | $ — | $ — |
| Total Capitalization | $10.00 | $963,000,000 |

Notes:

(1) The Company was initially incorporated on November 25, 2014 with the subscription by Fairfax of one Multiple Voting Share for $10.00 in cash. Immediately following Closing, the Multiple Voting Share issued to Fairfax on incorporation will be donated to the Company and cancelled.

(2) Assuming no exercise of the Over-Allotment Option.

## CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP, counsel to the Company, and Stikeman Elliott LLP, counsel to the Underwriters, the following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a Shareholder who acquires Subordinate Voting Shares pursuant to this Offering and who at all relevant times, for purposes of the Tax Act, (a) beneficially owns the Subordinate Voting Shares as capital property, and (b) deals at arm's length with the Company and is not affiliated with the Company or the Underwriters (a "**Holder**"). Generally, the Subordinate Voting Shares will be considered to be capital property to a Holder unless they are held in the course of carrying on a business of trading in or dealing in securities, or they have been acquired in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Holders who are residents of Canada and whose Subordinate Voting Shares do not otherwise qualify as capital property may in certain circumstances make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their Subordinate Voting Shares and every other "Canadian security" (as defined in the Tax Act) owned by such Holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property.

This summary is not applicable to: (a) a Holder that is a "financial institution", as defined in the Tax Act for purposes of the mark-to-market rules, (b) a Holder an interest in which would be a "tax shelter investment" as defined in the Tax Act, (c) a Holder that is a "specified financial institution" as defined in the Tax Act, or (d) a Holder which has made an election under the Tax Act to determine its Canadian tax results in a foreign currency. This summary does not apply to a Holder who has entered or will enter into a "derivative forward agreement" or a "synthetic disposition arrangement" under the Tax Act with respect to Subordinate Voting Shares. This summary does not address the possible application of the "foreign affiliate dumping" rules that may be applicable to a Holder that is a corporation resident in Canada (for the purposes of the Tax Act) that is, or that becomes as part of a transaction or event or series of transactions or events that includes the acquisition of the Subordinate Voting Shares, controlled by a non-resident corporation for purposes of the rules in section 212.3 of the Tax Act. Any such Holder to which this summary does not apply should consult its own tax advisor with respect to the tax consequences of the Offering.

This summary is based on the facts set out in this prospectus, the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) ("**Tax Proposals**") before the date of this prospectus, a certificate from the Company as to certain factual matters and the current published administrative practices of the Canada Revenue Agency (the "**CRA**"). No assurance can be made that the Tax Proposals will be enacted in the form proposed or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except as mentioned above, does not take into account or anticipate any changes in law, whether by legislative, regulatory, administrative or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein.

This summary assumes that (other than in respect of a security that is subject to the mark-to-market rules or the specified debt obligation rules under the Tax Act) the investments made by the Company, including in the shares of MI Co, and the investments made by MI Co will be capital properties to the Company and MI Co, respectively.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder of a Subordinate Voting Share, and no representation concerning the tax consequences to any particular Holder or prospective Holder are made. Accordingly, prospective Holders of Subordinate Voting Shares should consult their own tax advisors with respect to an investment in the Subordinate Voting Shares having regard to their particular circumstances.**

### Taxation of Resident Holders of Subordinate Voting Shares

This section of the summary applies to a Holder who, at all relevant times, is, or is deemed to be, resident in Canada for the purposes of the Tax Act (a "**Resident Holder**").

*Dividends on Subordinate Voting Shares*

Dividends on Subordinate Voting Shares, and amounts deemed under the Tax Act to be dividends, received by a Resident Holder that is an individual will be included in income and will be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received from taxable Canadian corporations. The Company has advised counsel that the Company anticipates that, if, as and when, dividends are paid by the Company, such dividends will be eligible dividends subject to the enhanced dividend gross-up and credit. The dividend gross-up and credit rules do not apply to taxable dividends received by a trust in a year to the extent that such dividends are included in computing the income of a non-resident beneficiary under such trust. The amount of the dividend, but not the amount of the gross-up, may be subject to the alternative minimum tax. Dividends received on Subordinate Voting Shares by a Resident Holder that is a corporation will be included in its income but normally will also be deductible in computing its taxable income.

A private corporation or a subject corporation as defined in the Tax Act will generally be liable to pay a refundable tax under Part IV of the Tax Act at a rate of 33⅓% on dividends received on the Subordinate Voting Shares to the extent such dividends are deductible in computing the Holder's taxable income for the taxation year.

*Dispositions of Subordinate Voting Shares*

Upon a disposition or deemed disposition (except to the Company) of Subordinate Voting Shares, a capital gain (or loss) will generally be realized by a Resident Holder to the extent that the proceeds of disposition are greater (or less) than the aggregate of the adjusted cost base of the Subordinate Voting Shares to the Resident Holder immediately before the disposition and any reasonable costs of disposition. The adjusted cost base of a Subordinate Voting Share to a Resident Holder will be determined in accordance with certain rules in the Tax Act by averaging the cost to the Resident Holder of a Subordinate Voting Share with the adjusted cost base of all other Subordinate Voting Shares held by the Resident Holder and by making certain other adjustments required under the Tax Act. The Resident Holder's cost for purposes of the Tax Act of Subordinate Voting Shares will include all amounts paid or payable by the Resident Holder for the Subordinate Voting Shares, subject to certain adjustments under the Tax Act. A Canadian-controlled private corporation (as defined in the Tax Act) may be liable to pay a refundable tax of 6⅔% on certain investment income, including an amount in respect of a taxable capital gain arising from the disposition of a Subordinate Voting Share.

*Taxation of Capital Gains and Capital Losses*

One-half of a capital gain (a "**taxable capital gain**") must be included in a Resident Holder's income. One-half of a capital loss (an "**allowable capital loss**") will generally be deductible to a Resident Holder against taxable capital gains realized in that year and allowable capital losses in excess of taxable capital gains for the year may be carried back and deducted in any of the three preceding taxation years or in any subsequent year (but not against other income) to the extent and under the circumstances described in the Tax Act. If the Resident Holder is a corporation, any such capital loss realized on the sale of shares may in certain circumstances be reduced by the amount of any dividends, including deemed dividends, which have been received on such shares. Analogous rules apply to a partnership or certain trusts of which a corporation is a member or beneficiary. Taxable capital gains realized by a Resident Holder who is an individual may give rise to alternative minimum tax depending on the Resident Holder's circumstances.

*Payments from Underwriters*

Unless an election described below is made, a Resident Holder must include in computing income for a taxation year, any amount paid or contributed by the Underwriters to the Resident Holder in connection with the purchase of Subordinate Voting Shares. A Resident Holder who has received such payment or contribution may elect in accordance with subsection 53(2.1) of the Tax Act to reduce the cost of the Resident Holder's Subordinate Voting Shares by an amount not exceeding the least of the adjusted cost base of such Subordinate Voting Shares (computed without reference to the elective reduction) and the amount of such payment or contribution. The elected amount will reduce the Resident Holder's adjusted cost base of the Subordinate Voting Shares. Where an election under subsection 53(2.1) of the Tax Act is made, the amount required to be

included in the Resident Holder's income is equal to the amount, if any, by which the payment or contribution exceeds the elected amount.

**Taxation of Non-Resident Holders of Subordinate Voting Shares**

This section of the summary applies to a Holder who, at all relevant times, is not (and is not deemed to be) resident in Canada and will not use or hold (and will not be deemed to use or hold) Subordinate Voting Shares in, or in the course of, carrying on a business in Canada (a "**Non-Resident Holder**"). In addition, this discussion does not apply to a Non-Resident Holder that carries on or is deemed to carry on, an insurance business in Canada and elsewhere or to an "authorized foreign bank," as defined in the Tax Act and such holders should consult their own tax advisors.

***Dividends on the Subordinate Voting Shares***

Canadian withholding tax at a rate of 25% (subject to reduction under the provisions of any applicable income tax treaty or convention) will be payable on the gross amount of dividends on the Subordinate Voting Shares paid or credited, or deemed to be paid or credited, to a Non-Resident Holder. Such Canadian withholding taxes will be deducted directly by the Company or its paying agent from the amount of the dividend otherwise payable and remitted to the Receiver General of Canada. The rate of withholding tax applicable to a dividend paid on the Subordinate Voting Shares to a Non-Resident Holder who: (i) is a resident of the U.S. for purposes of the *Canada-U.S. Tax Convention* (the "**Convention**"), (ii) beneficially owns the dividend and (iii) qualifies for the full benefits of the Convention will generally be reduced to 15% or, if such a Non-Resident Holder is a corporation that owns at least 10% of the Company's voting shares, to 5%. Not all persons who are residents of the U.S. for purposes of the Convention will qualify for the benefits of the Convention. A Non-Resident Holder who is a resident of the U.S. is advised to consult its tax advisor in this regard. The rate of withholding tax on dividends may also be reduced by the terms of other income tax treaties or conventions to which Canada is a party.

The Company has advised counsel that, in accordance with the administrative policies of the CRA, the Company may require Non-Resident Holders who wish to claim the benefits of an applicable income tax treaty or convention, to provide certification of their eligibility for such benefits on CRA Form NR 301, NR 302 or NR 303, as applicable or such other requirements that the Company may from time to time require. The statutory withholding tax rate of 25% under the Tax Act may be applied by the Company to dividends paid or credited (or deemed to be paid or credited) to Non-Resident Holders who do not provide such certification.

***Dispositions of Subordinate Voting Shares***

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such holder on a disposition, or deemed disposition, of Subordinate Voting Shares unless such shares constitute "taxable Canadian property," as defined in the Tax Act, of the Non-Resident Holder at the time of the disposition and the holder is not entitled to an exemption under an applicable income tax treaty or convention. As long as the Subordinate Voting Shares are then listed on a "designated stock exchange" (which currently includes the TSX), the Subordinate Voting Shares generally will not constitute taxable Canadian property of a Non-Resident Holder, unless (a) at any time during the 60-month period preceding the disposition: (i) one or any combination of (A) the Non-Resident Holder, (B) persons not dealing at arm's length with such Non-Resident Holder, and (C) partnerships in which the Non-Resident Holder or a person described in (B) holds a membership interest directly or indirectly through one or more partnerships, owned 25% or more of the issued shares of any class or series of the capital stock of the Company; and (ii) more than 50% of the fair market value of the Subordinate Voting Shares was derived, directly or indirectly, from one or any combination of real or immoveable property situated in Canada, "Canadian resource properties" (within the meaning of the Tax Act), "timber resource properties" (within the meaning of the Tax Act) or options in respect of interests in, or for civil law rights in, any such properties whether or not the property exists, or (b) the Subordinate Voting Shares are otherwise deemed to be taxable Canadian property of the Non-Resident Holder. If the Subordinate Voting Shares are considered taxable Canadian property to a Non-Resident Holder, an applicable income tax treaty or convention may in certain circumstances exempt that Non-Resident Holder from income tax arising

under the Tax Act in respect of a gain realized by the Non-Resident Holder on the disposition or deemed disposition of the Subordinate Voting Shares. Non-Resident Holders whose Subordinate Voting Shares are, or may be, taxable Canadian property should consult their own tax advisors for advice having regard to their particular circumstances.

**Taxation of the Company**

The Company will be subject to taxes under the Tax Act in each taxation year on the amount of its income for the year. The Company is anticipated to be a "specified financial institution" and a "restricted financial institution" for the purposes of the Tax Act. The Company is also anticipated to be a "financial institution" for the purposes of the "mark-to-market rules" and will be required in computing its income to include in its income deemed gains and losses from shares of corporations, other than shares in corporations in which the Company has a "significant interest" as defined in the Tax Act, and to include deemed gains and losses from specified debt obligations that are fair value property of the Company as defined in the Tax Act. The Company will also be required to include in its income deemed gains or losses and deemed income from specified debt obligations, other than specified debt obligations subject to the "mark-to-market" rules in accordance with the specified debt obligation rules of the Tax Act.

In computing its income for each taxation year, the Company must include income that is deemed to accrue to it in respect of the "foreign accrual property income" as defined in the Tax Act ("**FAPI**") of any of its "controlled foreign affiliates" as defined in the Tax Act ("**CFA**") or any direct or indirect subsidiary thereof that is itself a CFA ("**Indirect CFA**") or the FAPI deemed to be received by it in respect of certain "exempt foreign trusts" as required pursuant to section 94.2 of the Tax Act, whether or not the Company actually receives a distribution of such FAPI. The adjusted cost base to the Company of its shares in the particular CFA in which the FAPI was deemed to have accrued will be increased by the net amount so included in the income of the Company. At such time as the Company receives dividends from MI Co or any other CFA of amounts that were previously included in its income as FAPI, that dividend will effectively not be taxable to the Company and there will be a corresponding reduction in the adjusted cost base to the Company of its shares of the particular CFA. The Company would also be entitled to a grossed-up deduction in computing its taxable income in respect of: (i) any foreign withholding tax payable by the Company in respect of such dividend; and (ii) any foreign tax paid by the CFA in respect of its FAPI, in each case, subject to the detailed provisions of the Tax Act. See "FAPI Income".

The Company will be required to include in its income for each taxation year all other dividends received (or deemed to be received) by it in such year and in the case of dividends from Corporations resident in Canada will be subject to the detailed rules applicable to certain financial institutions which are not discussed in detail herein. In computing its taxable income, the Company may be entitled to a deduction in respect of a portion or the entire amount of any distributions received by it from MI Co or other foreign affiliates. The nature and extent of the deduction in respect of foreign affiliates will depend on whether the distribution is prescribed to have been paid out of MI Co's or other foreign affiliates' "exempt surplus", "hybrid surplus", "taxable surplus" or "pre-acquisition surplus" (as such terms are defined in the Tax Act) as described below. The Company will be entitled to a deduction equal to that portion of any distribution received by it that is prescribed to have been paid out of MI Co's or other foreign affiliates' "exempt surplus". The Company will be entitled to a deduction equal to one-half of the portion of any distribution received by it that is prescribed to have been paid out of MI Co's or other foreign affiliates' "hybrid surplus", plus an additional deduction in respect of the other half of any such distribution received by it based on a gross-up of the foreign tax prescribed to be applicable to such distribution. A distribution prescribed to be paid out of MI Co's or other foreign affiliates' "taxable surplus" will be deductible to the extent of an amount based on a gross-up of the foreign tax prescribed to be applicable to such distribution. Finally, the Company will be entitled to a deduction equal to that portion of any distribution received by it that is prescribed to have been paid out of MI Co's or other foreign affiliates' "pre-acquisition surplus", however, the Company will be required to reduce the adjusted cost base of its MI Co or other foreign affiliates shares by a corresponding amount (less of any foreign withholding tax, if any, paid in respect of the portion of the distribution prescribed to have been paid out of "pre-acquisition surplus"). If the adjusted cost base to the Company of its MI Co or other foreign affiliates shares becomes a negative amount, the Company will be deemed to realize a capital gain equal to the absolute value of such negative amount at that time.

The Company will be required to include in its income for each taxation year with respect to indebtedness, all interest that accrues to it or is deemed to accrue to it to the end of the year, or becomes receivable or is received by it before the end of the year, including on a conversion, redemption or repayment on maturity, except to the extent that such interest was included in computing its income for a preceding taxation year or was otherwise excluded from income and excluding any interest that accrued prior to the time of the acquisition of the indebtedness by the Company. Upon the actual or deemed disposition of indebtedness, the Company will be required to include in computing its income for the year of disposition all interest that accrued on such indebtedness from the last interest payment date to the date of disposition except to the extent such interest was included in computing the Company's income for that or another taxation year and such interest will not be included in the proceeds of disposition for purposes of computing any capital gain or loss. Certain investments of the Company may result in a deemed accrual or receipt of income even though the Company will not receive the income on a current basis or in cash.

The Company will enter into transactions denominated in currencies other than the Canadian dollar. The cost and proceeds of disposition of securities, interest and all other amounts will be determined for the purposes of the Tax Act in Canadian dollars using the appropriate exchange rates on the date of the transactions determined in accordance with the detailed rules in the Tax Act in that regard. The amount of income, gains and losses realized by the Company may be affected by fluctuations in the value of foreign currencies relative to the Canadian dollar. Subject to the DFA Rules discussed below, gains or losses in respect of currency hedges entered into in respect of amounts invested will likely constitute capital gains and capital losses to the Company if the securities hedged are capital property to the Company and there is sufficient linkage.

To the extent that any investment by the Company is an "offshore investment fund property" (which does not include an investment in a CFA) of the Company, the Company will, subject to certain adjustments, be required to include in its income any amount deemed to be income pursuant to section 94.1 of the Tax Act. These rules would apply if it is reasonable to conclude, having regard to all the circumstances, that one of the main reasons for the Company acquiring or holding an investment in a non-resident entity is to derive a benefit from "portfolio investments" in such a manner that taxes under the Tax Act on income, profits and gains for any year are significantly less than they would have been if such income, profits and gains had been earned directly by the Company. In determining whether this is the case, section 94.1 of the Tax Act provides that consideration must be given to, among other factors, the extent to which the income, profits and gains for any fiscal period are distributed in that or the immediately following fiscal period. In general, to the extent that the income from an investment is FAPI without regard for section 94.1, that investment likely is not subject to section 94.1.

If section 94.1 applies, it generally includes an amount in income in respect of each month equal to the "designated cost" of an investment ("**Subject Investment**") that is subject to the rule at the end of the month multiplied by 1/12 of the sum of a prescribed rate of interest (1% at the date of this prospectus) plus 2%. The amount to be included in income under section 94.1 in respect of a Subject Investment will be reduced by any net income (other than a capital gain) from the Subject Investment for the taxation year. The designated cost and adjusted cost base of the Company's investment in the Subject Investment will be correspondingly increased by any such amount included in income. The prescribed rate of interest is linked to the yield on 90-day Government of Canada Treasury Bills and is adjusted quarterly. There is a risk that the prescribed rate of interest will increase which will require the Company, to include additional amounts in computing its income under section 94.1 of the Tax Act.

The Company has informed counsel that, generally, subject to the DFA Rules discussed below, the Company will include gains and deduct losses on income account in connection with investments made through derivative securities except where such derivatives are used to hedge investments held on capital account and there is sufficient linkage, and will recognize such gains and losses for tax purposes at the time they are realized.

The Tax Act contains recently enacted rules (the "**DFA Rules**") that target certain financial arrangements (described in the DFA Rules as "derivative forward agreements") that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would have the character of ordinary income to capital gains. The DFA Rules are broad in scope and, as currently drafted, could apply to other agreements or transactions (including certain forward currency contracts). If the DFA Rules were to apply to derivatives utilized by the Company the gains in respect of which would otherwise be capital gains, gains realized in respect

of such derivatives could be treated as ordinary income rather than capital gains. Counsel understand that, in response to inquiries from industry participants, the Department of Finance (Canada) is considering clarifications to the DFA Rules as regards their potential application to currency hedges.

In computing its income for tax purposes, the Company may deduct reasonable administrative and other expenses incurred to earn income in accordance with the detailed rules in the Tax Act. The Company may deduct the costs and expenses of the Offering paid by the Company and not reimbursed at a rate of 20% per year, pro-rated where the Company's taxation year is less than 365 days. Any losses incurred may generally be carried forward and back and deducted in computing the taxable income of the Company in accordance with the detailed rules in the Tax Act. If the Company makes payment of an otherwise deductible expense by issuing shares, it will be required to reduce the expense by the amount, if any, that the fair market value of the shares issued exceeds the fair market value of the property or service received as consideration for the expense.

Upon the actual or deemed disposition of an investment security the Company (other than a security that is subject to the mark-to-market rules or specified debt obligation rules under the Tax Act) will realize a capital gain (or capital loss) to the extent the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such security unless the Company were considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Company has acquired the security in a transaction or transactions considered to be an adventure or concern in the nature of trade. The Company has advised counsel that the Company will purchase investments with the objective of receiving distributions and income thereon and will take the position that, other than a security that is subject to the mark-to-market rules under the Tax Act, gains and losses realized on the disposition thereof are capital gains and capital losses.

The Company is subject to the suspended loss rules contained in the Tax Act. A loss realized on a disposition of capital property is considered to be a suspended loss when the Company or a person affiliated with the Company acquires a property (a "**substituted property**") that is the same or identical to the property disposed of, within 30 days before and 30 days after the disposition and the Company owns the substituted property 30 days after the original disposition. If a loss is suspended, the Company cannot deduct the loss from the Company's capital gains until the substituted property is sold to an unaffiliated person and is not reacquired within 30 days before and after the sale.

A taxable capital gain realized by the Company in a taxation year on the disposition of securities that are capital property of the Company must be included in computing the Company's income for the year, and an allowable capital loss realized by the Company in a taxation year must be deducted against any taxable capital gains realized by the Company in the year. Any excess of allowable capital losses over taxable capital gains for a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized by the Company to the extent and under the circumstances described in the Tax Act.

***FAPI Income***

To the extent that any CFA of the Company, including MI Co or an Indirect CFA, including MI Sub, earns income that is characterized as FAPI in a particular taxation year of the CFA or Indirect CFA, the FAPI of the CFA allocable to the Company must be included in computing the income of the Company for Canadian federal income tax purposes for the fiscal year of the Company in which the taxation year of the CFA or the Indirect CFA ends, whether or not the Company actually receives a distribution of that FAPI. Each of the Company, MI Co and MI Sub are anticipated to earn FAPI in respect of certain interest, dividends and capital gains received from its investments including in certain circumstances, FAPI which arises from deemed income under section 94.1. See "Taxation of MI Co".

FAPI does not include, among other things, dividends from a foreign affiliate or income from a business carried on by a CFA where, generally, throughout the period in the taxation year during which the business was carried on, the CFA employs more than five employees full time in the active conduct of such business (the "**Employee Exception**"). However, where the business would not be an investment business as defined by the Tax Act because it meets the Employee Exception and is not one of certain regulated businesses, such

income is further subject to a restriction (the "**same country exception**") that would further restrict the exception from FAPI in respect of MI Co to interest received on arm's length loans from Mauritius borrowers.

It is anticipated that MI Co and MI Sub will earn interest income and other amounts including dividends and gains from corporations that are not foreign affiliates which will represent FAPI income that will not meet the Employee Exception or the same country exception because the recipient does not have sufficient employees dedicated solely to the business that is a lending business or because the income is not part of a lending business that meets the Employee Exception and the same country exception. Consequently, an amount of FAPI will be required to be included in computing the income of the Company for Canadian federal income tax purposes, and a grossed-up amount may be deductible in respect of the "foreign accrual tax" as defined in the Tax Act ("**FAT**") applicable to the FAPI. Certain interest received from certain other foreign affiliates and that is deductible by the payor in computing its active business income will not be FAPI.

Neither MI Co nor MI Sub is expected to be subject to a material amount of income tax in Mauritius, and neither MI Co nor any Indirect CFA, including MI Sub, is expected to have any material FAT payable to serve as a deduction available to apply against any FAPI to the Company. Any amount of FAPI included in income (net of the amount of any FAT deduction, if any) will increase the adjusted cost base to the Company of its shares of MI Co or other CFA in respect of which the FAPI was included. At such time as the Company receives a dividend from MI Co or other CFA out of this type of income that was previously treated as FAPI (net of the amount of any previous FAT deduction, if any), the Company will effectively not be subject to tax on such dividend under the Tax Act and there will be a corresponding reduction in the adjusted cost base to the Company of the shares of MI Co or other CFA, as the case may be, to the extent such adjusted cost base was increased as a result of such FAPI inclusion.

The Company may also be required to include its share of the FAPI income of certain "exempt non-resident trusts" as described in section 94.2 of the Tax Act where (i) more than 10% of the total fair market value of outstanding interests of the trust are either held by the Company, persons that deal not at arm's length with the Company or person that acquired their interest in the trust from such person, or an combination of such persons, or (ii) where the Company or one of its foreign affiliates has contributed "restricted property" to the trust.

**Taxation of MI Co**

It is assumed that neither MI Co nor MI Sub will, at any time, be a regulated entity such as a bank, credit union, insurance corporate or trader or dealer under the laws of Mauritius and that neither of them will be resident in Canada for purposes of the Tax Act nor carry on business in Canada. It is also assumed in this section that neither MI Co nor MI Sub will be subject to any material Mauritius income tax on its income. If MI Co or MI Sub is a non-resident of Canada under the Tax Act and does not carry on business in Canada, it should not be subject to tax in Canada. However, MI Co and MI Sub have directors who are resident in Canada. A corporation that has its "mind and management" in Canada will be considered to be resident in Canada for Canadian federal income tax purposes and depending on where its activities are carried out, could be considered to carry on business where such activities are located. The Company has advised that it intends to operate MI Co and MI Sub to ensure that their respective "mind and management" does not reside in Canada and that neither of them carries on business in Canada. However, no assurances with respect to factual determinations such as this can be given by counsel. If MI Co or MI Sub were found to be resident in Canada, then MI Co or MI Sub, as the case may be, would be subject to tax in Canada on its worldwide income. If MI Co or MI Sub were found to carry on business in Canada, it would be subject to tax in Canada on its income in respect of its business carried on in Canada.

However, as discussed above, MI Co and MI Sub will be, directly or indirectly, "controlled foreign affiliates" of the Company under the Tax Act and income earned in a taxation year by MI Co or MI Sub that qualifies as FAPI under the Tax Act will therefore be required to be included in the income of the Company for the year for Canadian income tax purposes, whether or not the Company receives a distribution from MI Co in the year. Generally, MI Co and MI Sub are deemed to be at all times resident in Canada for the purposes of determining, among other things, FAPI in respect of MI Co and MI Sub to the Company.

**Computation of FAPI of MI Co**

MI Co is anticipated to make investments in which the investment is not a foreign affiliate of the Company and in which MI Co does not have a "significant interest" for purposes of the "mark to market" rules.

MI Co is also anticipated to make investments in which the investment is in a foreign affiliate of the Company, and some of such investments may not be excluded property as defined in the Tax Act for the purposes of FAPI.

MI Co is also anticipated to make investments that may be considered to be portfolio investments as defined in section 94.1 of the Tax Act.

MI Co is also anticipated to earn investment income in the form of interest, dividends and capital gains that constitute FAPI.

In computing FAPI for tax purposes, MI Co will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year calculated as if it were a Canadian resident.

In computing FAPI, MI Co will be required to include in its income for each taxation year all dividends (other than those from another foreign affiliate of the Company) received (or deemed to be received) by it in such year. MI Co will be required to include in its income in computing FAPI for each taxation year with respect to indebtedness, all interest that accrues to it or is deemed to accrue to it to the end of the year, or becomes receivable or is received by it before the end of the year, including on a conversion, redemption or repayment on maturity, except to the extent that such interest was included in computing its income for a preceding taxation year or was otherwise excluded from income and excluding any interest that accrued prior to the time of the acquisition of the indebtedness by MI Co. Upon the actual or deemed disposition of indebtedness, MI Co will be required to include in computing its income in computing FAPI for the year of disposition all interest that accrued on such indebtedness from the last interest payment date to the date of disposition except to the extent such interest was included in computing MI Co's income for that or another taxation year and such interest will not be included in the proceeds of disposition for purposes of computing any capital gain or loss. Certain investments of MI Co may result in a deemed accrual or receipt of FAPI income to the Company even though MI Co will not receive the income on a current basis or in cash.

MI Co may deduct reasonable administrative and other expenses incurred to earn income in accordance with the detailed rules in the Tax Act. To the extent that the expenses exceed its FAPI income, MI Co may have foreign accrual property losses ("**FAPL**") that can be carried forward up to twenty years or back three years to be applied against FAPI income in accordance with the detailed rules in the Tax Act.

MI Co is also anticipated to be a "financial institution" for the purposes of the "mark-to-market rules" and will be required in computing FAPI income to include in its income deemed gains and losses from shares of corporations, other than shares in corporations in which MI Co has a "significant interest" as defined in the Tax Act, and to include deemed gains and losses from specified debt obligations that are fair value property of MI Co as defined in the Tax Act. MI Co will also be required to include FAPI income deemed gains or losses and deemed income from specified debt obligations, other than specified debt obligations subject to the "mark-to-market" rules in accordance with the specified debt obligation rules of the Tax Act.

To the extent that any investment by MI Co is an "offshore investment fund property" of MI Co (which does not include an investment in a CFA), MI Co will, subject to certain adjustments, be required to include in its FAPI, any amount that section 94.1 of the Tax Act would include in its income. These rules would apply if it is reasonable to conclude, having regard to all the circumstances, that one of the main reasons for MI Co acquiring or holding an investment in a non-resident entity is to derive a benefit from "portfolio investments" in such a manner that taxes under the Tax Act on income, profits and gains for any year are significantly less than they would have been if such income, profits and gains had been earned directly by the Company. In determining whether this is the case, section 94.1 of the Tax Act provides that consideration must be given to, among other factors, the extent to which the income, profits and gains for any fiscal period are distributed in that or the immediately following fiscal period. In general, to the extent that the income from an investment is FAPI without regard for section 94.1, that investment likely is not subject to section 94.1.

If section 94.1 applies it generally includes an amount in income in respect of each month equal to the "designated cost" of a Subject Investment that is subject to the rule at the end of the month multiplied by 1/12 of the sum of a prescribed rate of interest (1% at the date of this prospectus) plus 2%. The amount to be included in income under section 94.1 in respect of a Subject Investment will be reduced by any net income (other than a capital gain) from the Subject Investment for the taxation year. The designated cost and adjusted cost base of MI Co's investment in Subject Investment will be correspondingly increased by any such amount included in income. The prescribed rate of interest is linked to the yield on 90-day Government of Canada Treasury Bills and is adjusted quarterly. There is a risk that the prescribed rate of interest will increase which will require MI Co to include additional amounts in computing its income under section 94.1 of the Tax Act.

In computing FAPI, upon the actual or deemed disposition of a security owned by MI Co (other than a security that is subject to the mark-to-market rules under the Tax Act), MI Co will realize a capital gain (or capital loss) to the extent the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such security unless MI Co were considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or MI Co has acquired the security in a transaction or transactions considered to be an adventure or concern in the nature of trade.

In computing FAPI, upon the actual or deemed disposition of a security included in the portfolio, other than a share of "excluded property", as defined in the Tax Act for FAPI purposes, including a share of certain foreign affiliates, any taxable capital gain realized by MI Co in a taxation year on the disposition of securities in the portfolio that are capital property of MI Co must be included in computing MI Co's income for the year, and any allowable capital loss realized by MI Co in a taxation year must be deducted against any taxable capital gains realized by MI Co in the year. Gains and losses from excluded property are not subject to FAPI and are not subject to immediate taxation in Canada.

In respect of a share of a foreign affiliate, and certain partnership interests, an amount equal to the capital gain net of any capital loss excluding any portion of the gain or loss was included in the calculation of FAPI, is added to hybrid surplus. Generally, only half of the hybrid surplus is subject to tax when received by the Company from MI Co.

In computing FAPI, MI Co is subject to the suspended loss rules contained in the Tax Act. A loss realized on a disposition of capital property is considered to be a suspended loss when MI Co or a person affiliated with MI Co acquires a substituted property within 30 days before and 30 days after the disposition and MI Co or a person affiliated with MI Co owns the substituted property 30 days after the original disposition. If a loss is suspended, MI Co cannot deduct the loss from MI Co's capital gains until the substituted property is sold to an unaffiliated person and is not reacquired within 30 days before and after the sale.

MI Co will calculate "exempt surplus", "hybrid surplus", "taxable surplus" or "pre-acquisition surplus" (as such terms are defined in the Tax Act) based upon, among other things, distributions from its foreign affiliates. These amounts will be relevant to the tax treatment by the Company of distributions paid by MI Co to the Company.

**Computation of FAPI of MI Sub**

MI Sub will compute its FAPI substantially as MI Co does as described above.

## INDIAN INCOME TAXATION OF MI CO, MI SUB AND THE COMPANY

**This summary is based on the provisions of the Indian Income-tax Act, 1961 (the "ITA"), the India-Mauritius tax treaty ("Indo-Mauritius DTAA"), the India-Canada tax treaty ("Indo-Canada DTAA"), the rules and regulations made thereunder, as amended from time to time, and the judicial and administrative interpretations in respect thereof as on the date of this prospectus. This Indian tax summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder of a Subordinate Voting Share, and no representation concerning the tax consequences to any particular Holder or prospective Holder are made.**

**No assurance can be given that the terms of the ITA, the Indo-Canada DTAA or the Indo-Mauritius DTAA will not be subject to change or renegotiation in the future, nor that any change would not have a material adverse**

**effect on the Company and its subsidiaries. In addition, there can be no assurance that the ITA, the Indo-Canada DTAA or the Indo-Mauritius DTAA will continue in full force and effect for the duration of the existence of the Company and its subsidiaries. There can be no assurance that the Indian tax authorities and/or regulators will not take a position contrary to the views expressed herein. If the Indian tax authorities and/or regulators take a position contrary to the views expressed herein, adverse unpredictable consequences may follow.**

**Accordingly, prospective Holders of Subordinate Voting Shares should consult their own tax advisors with respect to an investment in the Subordinate Voting Shares having regard to their particular circumstances.**

***General Comments on Income Tax Treaty Benefits:***

The ITA provides that where a non-resident of India is a tax resident of a country with which India has a Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion ("**DTAA**"), the provisions of the ITA should apply only to the extent that such provisions are more beneficial to the taxpayer. This provision is subject to the General Anti-Avoidance Rule ("**GAAR**") which will come into force effective April 1, 2015. The GAAR provisions are intended to specifically apply to impermissible avoidance arrangements. In the event that the Indian tax authorities invoke GAAR for any transaction involving a non-resident, the benefits of the DTAA could be denied and the provisions of the ITA could be made applicable even though such provisions may not be more beneficial to the taxpayer. See discussion of GAAR below.

The Company anticipates that it, MI Co and MI Sub will not have a permanent establishment ("**PE**") in India under the terms of the relevant DTAA based on, among other things, because the above entities will staff employees and render both commercial and investment decisions with respect to their given operations in Canada or Mauritius. Please refer to other sections in the prospectus outlining the commercial activity, relationship with external advisors, and overall management for the Company and its subsidiaries.

The taxation of any other subsidiaries of the Company, as may be added from time to time, will be dependent upon the provisions of the ITA, as discussed in this section, and read together with the provisions of the applicable DTAA (to the extent a DTAA exists with the applicable subsidiary's jurisdiction of incorporation).

***General Indian Tax Rates:*** The tax rates specified in this section are comprised of the base rates (except where indicated otherwise) applicable for the financial year 2014-15 as currently leviable as on the date of this prospectus, such base rates will be increased by the applicable surcharge (described below) and an incremental levy known in India as "education cess" ("**Education Cess**"). The tax rates applicable pursuant to the DTAAs will generally not be subject to surcharge or Education Cess. Pursuant to India's domestic tax laws (e.g., the ITA and the annual Finance Act), the amount of income tax payable by any person is required to be increased by the applicable surcharge and Education Cess, and the withholding tax is the aggregate of the basic amount of income tax, applicable surcharge and Education Cess. Surcharge is computed on the amount of income tax, levied at different rates for residents and non-residents, and varies depending upon income level. Education Cess is payable by all taxpayers at the rate of 3% of the amount of income tax plus applicable surcharge. The applicable rates of surcharge for a foreign company are set forth below:

- Nil, where the taxable income of a foreign company for a taxation year does not exceed Indian Rupees ("**INR**") 10 million;
- 2%, where the taxable income of a foreign company for a taxation year exceeds INR 10 million, but does not exceed INR 100 million; and
- 5%, where the taxable income of a foreign company for a taxation year exceeds INR 100 million.

***General Taxation Principles for India:*** Residents of India are subject to taxation in India on their worldwide income. A corporate entity will be treated as resident in India if it is incorporated in India or its "control and management" is wholly in India in the relevant taxation year (or if the entity is a non-corporate entity and its "control and management" is wholly or partly in India in the relevant taxation year). If any entity is treated as resident in India for tax purposes, it will be subject to taxation in India, including with respect to taxation on capital gains. The Company expects that it and its subsidiaries will be managed and controlled outside of India and, as such, the Company expects that it and they will not be treated as resident in India for tax purposes.

Non-residents of India are subject to taxation in India in respect of income which (a) is received, or is deemed to be received, in India or (b) accrues or arises, or is deemed to accrue or arise, in India. Income is deemed to accrue or arise in India if it accrues or arises, whether directly or indirectly, (i) through or from any "business connection" in India, (ii) through or from any property in India, (iii) through or from any asset or source of income in India or (iv) through the transfer of a capital asset situated in India. The Company anticipates that it and its subsidiaries will not have a business connection in India under the current law. Some other forms of income that are subject to deemed accrual or may arise in India include (i) dividends paid by an Indian company outside of India, (ii) income earned through interest payable by a person who is a resident, except where the interest is payable in respect of any debt incurred, or moneys borrowed and used, for the purposes of a business or profession carried on by such person (payer) outside India or for the purposes of making or earning any income from any source outside India.

***Taxation under the DTAAs***

The incidence of Indian tax on the income of the Company and its subsidiaries will depend upon the provisions of the ITA and the provisions of the applicable DTAA. An entity's income will generally consist of dividends or interest income received from the Indian portfolio investments, or from profits, if any, from the sale or divestiture of shares or other securities of such portfolio investments. In order to be eligible for the benefits prescribed under the applicable DTAA, the Canadian or Mauritian entity, as the case may be, must obtain a tax residency certificate ("**TRC**") from the Canadian authorities and the Mauritian authorities, respectively, as the case may be. In addition, the "effective management and control" of such entities must be carried out in Canada or Mauritius, respectively, as the case may be, not in India. Generally, the effective management and control of an entity occurs in the jurisdiction in which key management and commercial decisions (including all investment and divestiture decisions, operation of its principal bank account, maintaining its accounting records and statutory financial statements) that are necessary for the conduct of such entity's business are made by such entity's most senior person or group of persons (for example its board of directors). In its comments to the Organization for Economic Co-operation and Development Commentary, as an observer member, India has expressed a view that the place where the main and substantial activity of the entity is carried on is also to be taken into account when determining the place of effective management. The Company expects that it and its subsidiaries will each hold TRCs from the relevant authorities and effective management and control is expected to be situated in Canada or Mauritius, as the case may be. Consequently, the Company expects that the benefits of the DTAAs with respect to the investments in India should be available to the Company and its subsidiaries.

Indian tax authorities have been adopting an aggressive position towards claims of tax exemptions available under DTAAs and, as such, claims are often challenged by the Indian tax authorities for various reasons (for example, lack of substance in the relevant entity). If the Indian tax authorities were to allege that the benefits under the relevant DTAA were not available to a relevant entity, they may attempt to deny the benefit of any tax exemption to that entity or person that may be available under the applicable DTAA.

***Dividend Income and Income Distributions***

Under the provisions of the ITA, dividends declared, distributed or paid by an Indian company to its shareholders are subject to payment of a dividend distribution tax by the Indian company at the effective rate of 19.9941% (inclusive of surcharge and Education Cess) on the amount of distribution and distribution tax (i.e., grossed up). Such dividend income is exempt from tax in the hands of the recipient shareholders. There is, therefore, no withholding tax on the distribution of dividends by an Indian company.

The ITA also provides for limited pass-through treatment to trusts registered as infrastructure investment trusts or real estate investment trusts under the SEBI Act, 1992 (collectively known as "**Business Trusts**"). The income of a Business Trust (except interest from a special purpose vehicle) shall be taxable in the hands of the Business Trust at the applicable rates under the ITA and such income, on distribution, shall be exempt from tax in the hands of the unit holders.

***Buy-Back of Shares by an Indian Company***

Under the provisions of the ITA, an Indian company is required to pay an additional income tax at the effective rate of 22.66% (inclusive of surcharge and Education Cess) on the "income distributed" to shareholders in the course of a buy-back of its shares (which are not listed on a recognized stock exchange in India) in accordance with the relevant provisions of India's Companies Act. In this regard, "income distributed" means the consideration paid by the Indian company on a buy-back of shares as reduced by the amount which was received by the Indian company for the issue of such shares. Such income is exempt from tax in the hands of the shareholders of the Indian company and there is no withholding tax.

***Reduction of share capital by an Indian company***

Under the provisions of the ITA, a distribution made to the shareholders pursuant to a reduction of share capital through a court sanctioned scheme will be deemed to be a 'dividend' to the extent of the amount of the accumulated profits of the Indian company. On such 'dividend', dividend distribution tax at the effective rate of 19.9941% (inclusive of surcharge and Education Cess) will generally be payable by the Indian company. Such 'dividend' income is exempt from tax in the hands of the shareholders of the Indian company and there is no withholding tax.

Where the amount distributed to shareholders on a reduction of share capital exceeds accumulated profits of the Indian company, the excess will generally be considered as a capital receipt and will be taken as sale consideration in the computation of capital gains in the hands of the shareholders and taxable capital gains will need to be computed in accordance with the relevant provisions contained in the ITA. The capital gains will be computed on the basis of the cost of acquisition of that portion of the share which has been diminished. The taxation of capital gains is discussed in further detail below under "Gains Arising on Transfer of Indian Portfolio Investments". However, the tax on capital gains will generally be subject to benefits available, if any, under the applicable DTAA.

***Interest Income Earned by a Foreign Company — the Company and MI Co or under the FPI Regime MI Sub***

*ITA Rates*

*Interest income from an infrastructure debt fund*

Interest paid by an infrastructure debt fund to a foreign company will generally be subject to withholding tax at the rate of 5%.

*Interest income of a Business Trust and of the non-resident unit holders*

Interest income of a Business Trust from a special purpose vehicle will be exempt from tax in the hands of the Business Trust and will be taxable in the hands of the unit holders. The withholding tax on such interest income, in the case of non-resident unit holders will generally be at the rate of 5%.

*Interest on moneys borrowed in a foreign currency or long-term bonds*

Interest on moneys borrowed in a foreign currency from a source outside of India, under a loan agreement (at any time between July 1, 2012 and June 30, 2017), by way of the issuance of long-term infrastructure bonds (at any time between July 1, 2012 and June 30, 2017), or by way of the issuance of long-term bonds (at any time between October 1, 2014 and June 30, 2017), by an Indian company, as approved by the Central Government of India, will generally be subject to withholding tax at the rate of 5% to the extent to which such interest does not exceed the amount of interest calculated at the rate approved by the Central Government of India, having regard to the terms of the loan or the bond and its repayment and subject to compliance with other prescribed conditions. "Long-term" means the bonds having an original maturity term of three years or more.

Interest on moneys borrowed, or debt incurred by the Government of India or an Indian concern in foreign currency other than those specified above will generally be subject to withholding tax at the rate of 20%.

*Interest on certain bonds and government securities held by an FPI*

Interest with respect to INR denominated bonds of an Indian company or with respect to government securities payable to a FPI will generally be subject to withholding tax at the rate of 5% to the extent to which the rate of interest in respect of bonds does not exceed the rate as may be specified by the Central Government of India. The concessional rate of tax is available in respect of interest income payable on or after June 1, 2013 but before June 1, 2015.

*Other interest income for foreign companies*

Other interest income for foreign companies will generally be subject to withholding tax at the rate of 40% and 20% for those foreign companies registered as FPI.

*DTAA Rates*

The Indo-Mauritius DTAA does not provide for a concessionary rate in respect of interest income. Accordingly, interest income earned by MI Co will be taxable pursuant to the provisions of the ITA, as described above.

Where the Company is a resident of Canada for taxation purposes holding a valid TRC issued by the Canadian authorities, and is eligible to avail itself of the benefits under the Indo-Canada DTAA, interest income on loans made or debt securities held in India will generally be subject to a 15% withholding tax on the gross amount of such interest income, provided that the Company is the beneficial owner of the interest. If the Company is not considered to be the beneficial owner of the interest, the interest income will be taxable pursuant to the provisions of the ITA. If the Company is considered to have a PE in India, the interest income, to the extent it is effectively connected with such PE of the Company in India, would be taxable in India at the rate of 40% on a net income basis.

Where owing to a special relationship between the payor and the beneficial owner, or between both of them and some other person, the amount of the interest paid, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payor and the beneficial owner in the absence of such relationship, the provisions of the Indo-Canada DTAA will apply only to the amount by which the beneficial owner and payor would have agreed upon in the absence of such relationship. In that case, excess payments will remain taxable in accordance with the ITA.

*Non-furnishing of Permanent Account Number ("**PAN**")*

The ITA requires any person who is in receipt of income on which tax is deductible under the provisions of the ITA to furnish its PAN (issued by the Indian tax authorities) to the person responsible for deducting such tax. Where PAN is not furnished, taxes would be withheld at the rate of 20% or at the rate/rates in force or at the rate specified in the relevant provisions of the ITA, whichever is higher, regardless of whether concessional withholding rate under DTAA can apply to the transaction. Such withholding tax rate of 20% would not apply in the case of interest on long-term bonds issued by an Indian company, as discussed above. Further, such withholding tax rate of 20%, wherever applicable in the absence of furnishing of PAN by the payee, will likely not be increased by surcharge or Education Cess.

***Gains Arising on Transfer of Indian Portfolio Investments***

The taxation of gains from the transfer of securities depends on the characterization of such gains from the perspective of the investor. Gains arising from the transfer of securities comprising the Indian portfolio investments could be characterized either as "capital gains" or "business income". Such gains will typically be taxable as capital gains from the perspective of the investor, unless the securities are held as stock-in-trade (or the transaction is considered as adventure in the nature of trade).

The Finance (No.2) Act, 2014 provides that any investment in securities made by FPIs in accordance with the regulations made under SEBI will be treated as a capital asset. Consequently, any income arising from the transfer of securities by MI Sub, as an FPI, will generally be characterized as capital gains.

Taxation of income characterized as "business income" for the investor would depend on the determination of whether a PE of such investor exists in India. If the investor has a PE in India, to the extent that the gains are attributable to the PE in India, the gains should be taxable at the rate of 40% on a net income basis. Certain factors that may result in an entity being deemed to be conducting business through a PE in India include the maintenance by such entity of a branch, office or a place of management in India, the physical presence of such entity's employees or directors in India (beyond a prescribed time period) and the existence of dependent agents in India concluding contracts in India on behalf of such entity. The Company expects that it and MI Co will operate in a manner that will not cause them to be treated as having a PE in India, and the entities intend to take the position that there would be no PE in India. Therefore, the Company anticipates that any gains arising from the transfer of Indian portfolio investments, if characterized as "business income", will not be taxable in India in the absence of any PE in India.

*Gains characterized as capital gains*

The ITA provides for a specific mechanism for the computation of capital gains. Taxable capital gains are computed by deducting from the sale consideration the cost of the acquisition and certain other expenses. The capital gains accruing to a non-resident, from the transfer of shares or debentures of an Indian company, are required to be computed in the currency of the initial investment, unless otherwise specified, based on the exchange rates as prescribed under the ITA, together with the rules and regulations made thereunder.

Depending on the duration for which the securities are held, the gains will generally be taxable as short or long-term capital gains. For more information please see the charts below regarding the characterization of assets as long-term or short-term, and the tax rates applicable to such long-term and short-term capital gains. In the chart below, Securities Transaction Tax ("**STT**") is a tax payable by the purchaser or the seller, or both, at varying rates depending upon the nature of securities arising as a result of certain transactions in India ranging from .001% to .2% depending on the nature of the investment. STT is expected to apply to certain transactions in respect of Indian investments by the Company, MI Co and MI Sub.

| Type of instrument | Period of holding | Characterization |
|---|---|---|
| **Securities listed in a recognized stock exchange in India (other than a unit), unit of a Unit Trust of India, units of an equity oriented fund or zero coupon bond** | More than 12 months | Long-Term Capital Asset |
| | 12 months or less | Short-Term Capital Asset |
| **Other Securities and units, etc.** | More than 36 months | Long-Term Capital Asset |
| | 36 months or less | Short-Term Capital Asset |

| Characterization | Tax rate |
|---|---|
| **Short-Term** | 15% in the following cases where the transaction is subject to STT unless the applicable DTAA stipulates reduced concessionary tax rates:<br>• Equity shares listed on a recognized stock exchange in India;<br>• Unlisted equity shares part of an initial public offer for sale where such shares are subsequently listed on a recognized stock exchange in India;<br>• Units of an equity-oriented fund; and<br>• Units of a Business Trust (except where units of the Business Trust were allotted to the transferor in exchange of shares of special purpose vehicle).<br>40% for a foreign company or 30% for a FPI in any other case unless the applicable DTAA stipulates reduced concessionary tax rates.<br>**The Company anticipates that MI Co and MI Sub will be eligible to avail benefits under the Indo-Mauritius DTAA and will not have a PE in India and thereby the capital gains earned by MI Co and MI Sub would be tax exempt in India as per the Indo-Mauritius DTAA. However, the Indo-Canada DTAA does not contain reduced concessionary tax rates for capital gains so Indian investments held by the Company will not attract reduced tax rates.** |

| Characterization | Tax rate |
|---|---|
| **Long-Term** | Nil in the following cases where the transaction is subject to STT:<br>• Equity shares listed on a recognized stock exchange in India;<br>• Unlisted equity shares part of an initial public offer for sale where such shares are subsequently listed on a recognized stock exchange in India;<br>• Units of an equity-oriented fund; and<br>• Units of a Business Trust (except where units of the Business Trust were allotted to the transferor in exchange of shares of special purpose vehicle).<br>10% for a FPI unless the applicable DTAA stipulates reduced concessionary tax rates.<br>For foreign companies other than a FPI:<br>• 10% in the following cases (this position is based on a favorable High Court ruling which may be subject to legislative and/or judicial overrule and the possibility of the Indian tax authorities applying the higher rate of 20% cannot be ruled out) unless the applicable DTAA stipulates reduced concessionary tax rates:<br>○ Equity shares listed on a recognized stock exchange in India where the transfer is not subject to STT;<br>○ Preference shares/debentures listed on any recognized stock exchange in India; and<br>○ Zero coupon bonds.<br>• 10% on gains computed in INR arising from transfer of unlisted securities (without considering the benefit of foreign currency fluctuation) unless the applicable DTAA stipulates reduced concessionary tax rates.<br>• 20% in all other cases unless the applicable DTAA stipulates reduced concessionary tax rates.<br>**The Company anticipates that MI Co and MI Sub will be eligible to avail benefits under the Indo-Mauritius DTAA and will not have a PE in India and thereby the capital gains earned by MI Co and MI Sub would be tax exempt in India as per the Indo-Mauritius DTAA. However, the Indo-Canada DTAA does not contain reduced concessionary tax rates for capital gains so Indian investments held by the Company will not attracts reduced tax rates.** |

***Non-furnishing of PAN***

The ITA requires any person who is in receipt of income on which tax is deductible under the provisions of the ITA to furnish its PAN (issued by the Indian tax authorities) to the person responsible for deducting such tax. Where PAN is not furnished, taxes would be withheld at the rate of 20% or at the rate/rates in force or at the rate specified in the relevant provisions of the ITA, whichever is higher, regardless of whether concessional withholding rates under the applicable DTAA can apply to the transaction. Further, such withholding tax rate of 20%, wherever applicable in the absence of furnishing of PAN by the payee, will likely not be increased by surcharge or Education Cess.

***Gains arising from transfer of shares of MI Co, MI Sub and the Company***

Certain provisions of the ITA have been recently amended to broaden the tax net subsequent to the Indian Supreme Court's favorable taxpayer decision in the Vodafone Case in January 2012. Pursuant to these provisions applicable with retrospective effect from April 1, 1962 onwards, shares (or other interest) in a company or entity registered or incorporated outside of India will be deemed to have been situated in India, if the share or interest derives its value, directly or indirectly, substantially from assets located in India. The term 'transfer' is defined to, *inter alia*, include a sale, exchange, compulsory acquisition, conversion of the asset as stock-in-trade of business,

maturity or redemption of a zero coupon bond, relinquishment, disposing or parting with an asset or interest in an asset or creating any interest (directly or indirectly) in any asset or extinguishment of any rights in an asset.

Gains arising on a transfer of shares of the Company, MI Co or MI Sub will be taxable in India under the ITA if the shares of the Company, MI Co or MI Sub, as the case may be, derive their value, directly or indirectly, substantially from assets located in India. Additionally, any dividend payments made by the Company, MI Co or MI Sub to its shareholders may also be subject to withholding tax in India if the shares of the Company, MI Co or MI Sub, as the case may be, derive, directly or indirectly, their value substantially from assets located in India. However, this will generally be subject to benefits available, if any, under the applicable DTAA. It is unclear under the provisions of the ITA as to how the 'value' of a share of a foreign company can be said to be derived 'directly or indirectly' from assets located in India, what the meaning of the term 'value' is, what is meant by the term 'substantially' and what is the point of time for valuation.

**Minimum Alternate Tax**

Pursuant to the ITA, if the tax payable by any company is less than 18.5% of its book profits, such company will be liable to pay the minimum alternate tax ("**MAT**") at the rate of 18.5% (plus applicable surcharge and Education Cess) of such book profits. The Company anticipates that it will not be subject to the MAT under an applicable DTAA although it is currently unclear whether a foreign company, which is entitled to the benefits of a DTAA, would be subject to provisions of MAT.

**GAAR**

The provisions of GAAR are set out in Chapter X-A entitled 'General Anti-Avoidance Rule', comprising section 95 to section 102 of the ITA. Chapter X-A is scheduled to come into force with effect from the financial year beginning April 1, 2015. Section 101 of the ITA provides that the GAAR will be applicable in accordance with such guidelines, and subject to such conditions as may be prescribed by the authorities. There have been discussions and public announcements by the Indian Government, not only as to some of the contents of the guidelines to be prescribed, but also as to the possible changes in the law relating to GAAR. The salient features of Chapter X-A relating to the GAAR are summarized below:

*Current law*

GAAR may be invoked by the Indian income tax authorities in cases where arrangements are found to be "impermissible avoidance arrangements".

An arrangement may be declared as an impermissible avoidance arrangement if the main purpose of such arrangement is to obtain a tax benefit and if it satisfies one of the following four tests:

- the arrangement creates rights or obligations which are ordinarily not created between parties dealing at arm's length;
- the arrangement results in, directly or indirectly, misuse or abuse of the provisions of the ITA;
- the arrangement lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or
- the arrangement is entered into or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes.

In such cases, the Indian tax authorities are empowered to reallocate the income from such arrangement, or re-characterize or disregard the arrangement.

The onus to prove that the main purpose of an arrangement was not to obtain a tax benefit is on the tax payer. Any tax payer may approach the Authority for Advance Rulings to determine whether an arrangement can be regarded as an impermissible avoidance arrangement. The implications of GAAR will need to be reviewed once the final law comes into force.

Where GAAR is invoked, the taxpayer will not have the benefit of the relevant DTAA provisions. However, as per the rules issued in this regard, GAAR will not apply to:

- arrangements where the aggregate tax benefit in a relevant taxation year, to all the parties involved, does not exceed INR 30 million;
- any income or gains on transfer, accruing, arising or deemed to accrue or arise to any person from investments made prior to August 30, 2010;
- FPIs who are assessees under the ITA, and who do not avail itself of the benefits under the applicable DTAA and have invested in listed or unlisted securities in accordance with the SEBI (Foreign Institutional Investors) Regulations, 1995 and/or any other applicable regulations; and
- Non-residents of India where the investments were made by the non-resident through an offshore derivative instrument or otherwise, directly or indirectly, in a foreign institutional investor/ Category 1 or Category II FPI.

GAAR was originally introduced in the ITA by the Finance Bill, 2012 and was scheduled to come into effect from financial year 2013-14. A number of representations were received by the Central Government against the provisions of GAAR. Hence, on July 13, 2012, the Prime Minister approved the constitution of an Expert Committee on GAAR to undertake stakeholder consultations and finalize the guidelines for GAAR. Accordingly, an Expert Committee consisting of Dr. Parthasarathi Shome and three others was constituted on July 17, 2012 with broad terms of reference including consultation with stakeholders and finalizing the GAAR guidelines and a roadmap for implementation. The Expert Committee submitted its draft report on August 31, 2012 which was placed in the public domain on September 1, 2012. After examining the responses to the draft, the Expert Committee submitted its final report on September 30, 2012. The Central Government has, on September 23, 2013, notified rules that would govern application of GAAR the relevant provisions of which have been discussed above. The recommendations of the Expert Committee were partially accepted by the Central Government with some modification, particularly regarding limits to use the GAAR concept sparingly in the course of auditing transactions, and the abolishment of the tax on gains arising from the transfer of securities (being equity shares, units of equity oriented mutual funds) that is traded on a recognized stock exchange to both residents or non-residents in the form of "capital gains" or "business income". The Company anticipates that the new Prime Minister of India, Mr. Narendra Modi, and his Cabinet Administration will be publishing an upcoming Indian Budget expected to include tax measures in early 2015. The Company anticipates that certain policy recommendations from the Expert Committee report will be reflected in submitted Indian Budget, although no assurances can be provided the indirect share transfer tax on capital gains will be among the provisions. See "Canadian Tax-Related Risk Factors — Taxation of the Company".

**The Direct Taxes Code Bill, 2013**

With a view to consolidate all laws relating to direct taxes in India, the Government of India introduced a draft Direct Taxes Code ("**DTC**") pursuant to the DTC Bill, 2010 in August 2010. In March 2014, the Government released a revised DTC, known as the DTC 2013 for discussion/comments. Some of the relevant provisions of the DTC 2013 currently include:

- Capital gains in the case of a foreign company (other than gains arising on a transfer of equity shares in a company or a unit of an equity-oriented fund where such transfer is chargeable to STT) would be taxable at 30%.
- DTC 2013 currently proposes that a non-resident company will be treated as a resident in India in any financial year, if its place of effective management (as defined in DTC 2013) is in India at any time in the relevant taxation year.

It is currently unclear whether and when DTC 2013 will be enacted into law, and, in what form.

## REPUBLIC OF MAURITIUS INCOME TAXATION OF MI CO, MI SUB AND THE COMPANY

MI Co and MI Sub each hold a Category 1 Global Business Licence for the purpose of the Financial Services Act 2007 and will be liable for tax in the Republic of Mauritius at the rate of 15% on its net income. MI Co and MI Sub will, however, be entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax on its foreign source income resulting in a maximum effective tax rate on net income of 3%.

Further, MI Co and MI Sub will be exempt from income tax in the Republic of Mauritius on profits or gains arising from the sale of securities. There is no withholding tax payable in the Republic of Mauritius in respect of payments of dividends to investors or in respect of the redemption or exchange of shares. In addition, the provisions of the Mauritius Income Tax Act do not contemplate withholding tax on the payment of dividends to a non-resident. Investors will not be liable for tax in Mauritius on dividends and capital distributions made by MI Co or MI Sub. There is also no capital gains tax, wealth, inheritance, estate tax or gift tax applicable to investors. The recipient investor, however, may be subject to tax in the jurisdiction in which it is residing or domiciled for tax purposes, subject to the provisions of an applicable tax treaty, if any.

MI Co and MI Sub will each obtain a tax residence certificate from the Mauritius Revenue Authority. The certificate is renewable annually subject to the directors and the secretary of MI Co and MI Sub each providing an undertaking to the tax authorities that are prescribed to demonstrate that MI Co and MI Sub is centrally managed and controlled in Mauritius. MI Co and MI Sub would, on that basis, qualify as a resident of Mauritius for the purposes of the Indo-Mauritius DTAA. MI Co and MI Sub would consequently be entitled to certain relief from Indian capital gains tax on Indian Investments, subject to the continuance of the current terms of the Indo-Mauritius DTAA.

The FSC has issued revised guidelines, strengthening the conditions for the issuance of tax residency certificates to Mauritian corporations which are effective as of January 1, 2015. The Company anticipates that MI Co and MI Sub will each maintain a Global Business Licence and each will be able to obtain a grant of a tax residency certificate from the Mauritius Revenue Authority.

## PRIOR ISSUANCES

During the 12-month period prior to the date of this prospectus, the Company issued one Multiple Voting Share to Fairfax for a price of $10.00 on November 25, 2014 in connection with the incorporation of the Company. Immediately following Closing, the Multiple Voting Share issued to Fairfax on incorporation will be donated to the Company and cancelled.

## DIRECTORS AND MANAGEMENT OF THE COMPANY

### Directors and Executive Officers

The Board consists of seven Directors, the majority of whom are Independent Directors under Canadian securities laws. The Directors will be elected by shareholders at each annual meeting of the Company's shareholders, and all Directors will hold office for a term expiring at the close of the next annual meeting or until their respective successors are elected or appointed and will be eligible for re-election or re-appointment. The nominees for election by shareholders as Directors will be determined by the Governance, Compensation and Nominating Committee in accordance with the provisions of applicable corporate law and the charter of the Governance, Compensation and Nominating Committee.

The following table sets forth information regarding the Directors and executive officers of the Company.

| Name, Province or State and Country of Residence | Position/Title | Independent | Principal Occupation |
|---|---|---|---|
| V. Prem Watsa[(1)] . . . . . Toronto, Ontario, Canada | Director and Chairman | No | Chairman and Chief Executive Officer of Fairfax; Vice President of the Portfolio Advisor |
| Anthony F. Griffiths[(2)(3)] . . . . . Toronto, Ontario, Canada | Lead Director | Yes | Independent Business Consultant and Corporate Director |
| Alan D. Horn[(2)(3)] . . . . . Toronto, Ontario, Canada | Director | Yes | President and Chief Executive Officer of Rogers Telecommunications Limited and Chairman of Rogers Communications Inc. |
| Christopher D. Hodgson[(2)(3)] . . . . . Markham, Ontario, Canada | Director | Yes | President, Ontario Mining Association |
| Deepak Parekh . . . . . Mumbai, India | Director | Yes | Chairman of Housing Development Finance Corporation Limited |
| Harsha Raghavan[(4)] . . . . . Mumbai, India | Director | No | Managing Director and Chief Executive Officer of Fairbridge |
| Chandran Ratnaswami[(5)] . . . . . Toronto, Ontario, Canada | Director and Chief Executive Officer | No | Chief Executive Officer of the Company and Managing Director of the Portfolio Advisor |
| John Varnell . . . . . Caledon, Ontario, Canada | Chief Financial Officer and Corporate Secretary | N/A | Vice President, Corporate Development of Fairfax and Chief Financial Officer and Corporate Secretary of the Company |

Notes:

(1) Mr. Watsa is considered a non-Independent Director as he is the Chairman and Chief Executive Officer of Fairfax, the Company's promoter, and the Vice President of the Portfolio Advisor.

(2) Member of the Audit Committee.

(3) Member of the Governance, Compensation and Nominating Committee.

(4) Mr. Raghavan is considered a non-Independent Director as he is the Managing Director and Chief Executive Officer of Fairbridge, a sub-advisor of the Company.

(5) Mr. Ratnaswami is considered a non-Independent Director as he is the Chief Executive Officer of the Company and a Managing Director of the Portfolio Advisor.

Immediately after Closing, the Directors and executive officers of the Company, as a group, will beneficially own, or control or direct, directly or indirectly, 426,000 Subordinate Voting Shares. None of the Directors or executive officers of the Company will beneficially own, or control or direct, directly or indirectly, any Multiple Voting Shares.

The mandate of the Board, substantially in the form set out under Appendix A to this prospectus, is to provide governance and stewardship to the Company and its business. In fulfilling its mandate, the Board will adopt a written charter setting out its responsibility for, among other things, (i) participating in the development of and approving a strategic plan for the Company; (ii) supervising the activities and managing the investments and affairs of the Company; (iii) approving major decisions regarding the Company; (iv) defining the roles and responsibilities of management and delegating management authority to the Chief Executive Officer; (v) reviewing and approving the business and investment objective to be met by management; (vi) assessing the performance of and overseeing management; (vii) reviewing the Company's debt strategy; (viii) identifying and managing risk exposure; (ix) ensuring the integrity and adequacy of the Company's internal controls and management information systems; (x) succession planning; (xi) establishing committees of the Board, where

required or prudent, and defining their mandate; (xii) maintaining records and providing reports to shareholders; (xiii) ensuring effective and adequate communication with shareholders, other stakeholders and the public; (xiv) determining the amount and timing of dividends, if any, to shareholders; and (xv) monitoring the social responsibility, integrity and ethics of the Company.

The Board will adopt a written position description for the Chair of the Board, which will set out the Chair's key responsibilities, including, as applicable, duties relating to setting Board meeting agendas, chairing Board and shareholder meetings, Director development and communicating with shareholders and regulators. The Board will also adopt a written position description for each of the committee chairs which will set out each of the committee chair's key responsibilities, including duties relating to setting committee meeting agendas, chairing committee meetings and working with the respective committee and management to ensure, to the greatest extent possible, the effective functioning of the committee.

The Board will also adopt written position descriptions for the Chief Executive Officer which will set out the key responsibilities of the Chief Executive Officer. The primary functions of the Chief Executive Officer will be to lead management of the business and affairs of the Company, to lead the implementation of the resolutions and the policies of the Board, to supervise day to day management and to communicate with shareholders and regulators. The Board will also develop a mandate for the Chief Executive Officer setting out key responsibilities, including duties relating to the Company's strategic planning and operational direction, Board interaction, succession planning and communication with shareholders. The Chief Executive Officer mandate will be considered by the Board for approval annually.

The Company maintains a treasury function at its corporate office under the supervision of its Chief Financial Officer and Corporate Secretary. This group has oversight over all of the Company's domestic and foreign bank accounts and, in conjunction with the Company's local management teams and the Company's legal counsel, ensures that the officers and directors of the Company are familiar with any currency controls or banking issues related to the Company's foreign operations. The Company's subsidiaries in the Republic of Mauritius, the Portfolio Advisor and Fairbridge are, collectively, well-versed in the differences in the banking systems and controls, as well as business cultures and practices, between Canada and India. Their experience, advice and existing banking relationships, together with the advice of the Company's legal counsel, will assist the Company in conducting its banking transactions with reputable Indian financial institutions in accordance with the Company's internal control over financial reporting obligations.

The Company will also adopt a written code of conduct (the "**Code of Conduct**") that will apply to all Directors, officers, and management of the Company and its subsidiaries. The objective of the Code of Conduct will be to provide guidelines for maintaining the integrity, reputation, honesty, objectivity and impartiality of the Company and its subsidiaries. The Code of Conduct will address conflicts of interest, protection of the Company's assets, confidentiality, fair dealing with securityholders, competitors and employees, insider trading, compliance with laws and reporting any illegal or unethical behaviour. As part of the Code of Conduct, any person subject to the Code of Conduct will be required to avoid or fully disclose interests or relationships that are harmful or detrimental to the Company's best interests or that may give rise to real, potential or the appearance of conflicts of interest. The Board will have the ultimate responsibility for the stewardship of the Code of Conduct. The Code of Conduct will also be filed with the Canadian securities regulatory authorities on SEDAR.

Other than Directors appointed prior to Closing, which Directors will hold office for a term expiring at the close of the next annual meeting of shareholders or until a successor is appointed, Directors will be elected at each annual meeting of shareholders to hold office for a term expiring at the close of the next annual meeting, or until a successor is duly elected or appointed, and will be eligible for re-election. Nominees will be nominated by the Governance, Compensation and Nominating Committee, in each case for election by shareholders as Directors in accordance with applicable corporate law and will be included in the proxy-related materials to be sent to shareholders prior to each annual meeting of shareholders.

The Company does not impose term limits on its directors as it takes the view that term limits are an arbitrary mechanism for removing directors which can result in valuable, experienced directors being forced to leave the Board solely because of length of service. Instead, the Company believes that directors should be assessed based on their ability to continue to make a meaningful contribution. The Company's annual

performance review of directors assesses the strengths and weaknesses of directors and, in its view, together with annual elections by the shareholders, is a more meaningful way to evaluate the performance of directors and to make determinations about whether a director should be removed due to under-performance.

***Biographical Information Regarding the Directors and Executive Officers of the Company***

***V. Prem Watsa (64)*** — Please see above under "The Portfolio Advisor — Directors and Officers of the Portfolio Advisor".

***Anthony F. Griffiths (84)*** — Mr. Griffiths is an independent business consultant and corporate director. He is also a director of Fairfax and the Chairman of Novadaq Technologies Inc. Mr. Griffiths was the Chairman of Mitel Corporation from 1987 to 1993, and from 1991 to 1993 assumed the positions of President and Chief Executive Officer in addition to that of Chairman. Mr. Griffiths is a resident of Toronto, Ontario, Canada.

***Alan D. Horn (63)*** — Mr. Horn is the President and Chief Executive Officer of Rogers Telecommunications Limited and has been Chairman of Rogers Communications Inc. since March 2006. Mr. Horn served as Acting President and Chief Executive Officer of Rogers Communications Inc. during 2008. Mr. Horn was Vice-President, Finance and Chief Financial Officer of Rogers Communications Inc. from 1996 to 2006 and was President and Chief Operating Officer of Rogers Telecommunications Limited from 1990 to 1996. Mr. Horn is a director of Fairfax. Mr. Horn is a Chartered Accountant and a director and a member of the audit committee of CCL Industries Inc. Mr. Horn is a resident of Toronto, Ontario, Canada.

***Christopher D. Hodgson (52)*** — Mr. Hodgson is the President of the Ontario Mining Association, President of Chris Hodgson Enterprises and a board member for Canadian Orebodies Inc. He previously served as Lead Director for The Brick Ltd. He entered provincial politics in 1994 as the MPP for Haliburton-Victoria-Brock and, following the 1995 general election, was appointed as Ontario's Minister of Natural Resources and Minister of Northern Development and Mines. During his time as Minister, Mr. Hodgson was recognized for creating new opportunities and growth within Ontario's mining industry. Between 1995 and 2003, he also served as Deputy House Leader, Chairman of the Management Board of Cabinet, Commissioner of the Board of Internal Economy, and Minister of Municipal Affairs and Housing. Previously he enjoyed a career in municipal government and real-estate development and is an Honours Bachelor of Arts graduate from Trent University. Mr. Hodgson is a resident of Markham, Ontario, Canada.

***Deepak Parekh (70)*** — Mr. Parekh serves as the Chairman of Housing Development Finance Corporation Limited, a housing finance company in India which he joined in 1978. Mr. Parekh is the non-executive Chairman of GlaxoSmithKline Pharmaceuticals Ltd. and Siemens Ltd and serves as a director of several Indian public companies, including Mahindra & Mahindra Ltd, the Indian Hotels Co Ltd and Network 18 Media & Investments Limited. Mr. Parekh also serves as a director of DP World Limited, a company listed on NASDAQ Dubai, and Vedanta Resources PLC, a company listed on the London Stock Exchange. Mr. Parekh received a Bachelor of Commerce degree from the Bombay University and holds a Chartered Accountant degree from the Institute of Chartered Accountants in England & Wales. Mr. Parekh is a resident of Mumbai, India.

***Harsha Raghavan (43)*** — Please see above under "Fairbridge".

***Chandran Ratnaswami (65)*** — Please see above under "The Portfolio Advisor — Directors and Officers of the Portfolio Advisor".

***John Varnell (58)*** — Mr. Varnell is the Vice President, Corporate Development of Fairfax, a position he has held since August 2012. Mr. Varnell joined Fairfax in March 1987 and served as Controller until 1991. Mr. Varnell was Fairfax's Chief Financial Officer from May 1991 to September 2001. From 2005 to 2008, Mr. Varnell was appointed the Chief Financial Officer of Northbridge Financial Corporation, a wholly-owned subsidiary of Fairfax and engaged in special projects on behalf of Fairfax, from 2008 to 2010. In June 2010, Mr. Varnell was re-appointed as Vice President and Chief Financial Officer of Fairfax, a position he held until July 2012. Mr. Varnell received a Honours Bachelor of Business Administration degree from the University of Western Ontario and holds a Chartered Professional Accountant, Chartered Accountant designation from the Canadian Institute of Chartered Accountants. Mr. Varnell is a resident of Caledon, Ontario, Canada.

***Penalties or Sanctions***

None of the Directors or executive officers of the Company, and to the best of its knowledge, no shareholder holding a sufficient number of securities to affect materially the control of the Company, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

***Individual Bankruptcies***

None of the Directors or executive officers of the Company, and to the best of its knowledge, no shareholder holding a sufficient number of securities to affect materially the control of the Company, has, within the 10 years prior to the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

***Corporate Cease Trade Orders and Bankruptcies***

Other than as set forth below, none of the Directors or executive officers of the Company, and to the best of its knowledge, no shareholder holding a sufficient number of securities to affect materially the control of the Company is, as at the date of this prospectus, or has been within the 10 years before the date of this prospectus, (a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while the existing or proposed director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the existing or proposed director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, or (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

Mr. Griffiths was a director of Resolute Forest Products Inc. (formerly AbitibiBowater Inc.) when that company and certain of its Canadian and U.S. subsidiaries filed for protection in Canada under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") and for relief under Chapter 11 of the United States Bankruptcy Court (the "**USBC**") in April 2009. On December 9, 2010, the company emerged from creditor protection under the CCAA in Canada and Chapter 11 of the USBC in the United States. Mr. Griffiths was a director of PreMD Inc. from 1995 to February 2010 and in connection with the voluntary delisting of the company's shares from the TSX, cease trade orders were issued in April 2009 (and remain in effect) requiring all trading in and all acquisitions of securities of the company to cease permanently due to its failure to file continuous disclosure materials required by Ontario securities law. Mr. Griffiths was a director of Jaguar Mining Inc. from May 2004 to June 2013. On December 23, 2013, the company commenced proceedings under the CCAA to complete a recapitalization and financing transaction. Trading of the company's common shares was suspended on December 23, 2013 and the common shares were delisted from the TSX on February 10, 2014. On February 7, 2014, the affected unsecured creditors of the company and the Ontario Superior Court of Justice approved the company's plan of compromise and arrangement pursuant to the CCAA which was subsequently implemented effective April 22, 2014.

***Conflicts of Interest***

Each of V. Prem Watsa, Alan D. Horn and Anthony F. Griffiths, each a Director and a director of Fairfax (and, in the case of Mr. Watsa, a director of the Portfolio Advisor), will be required to disclose the nature and extent of his interest in, and is not entitled to vote on, any resolution to approve, any material contract or

transaction or any proposed material contract or transaction between the Company and Fairfax (or, in the case of Mr. Watsa, between the Company and the Portfolio Advisor) or any of its affiliates or any other entity in which Messrs. Watsa, Horn or Griffiths, respectively, has an interest (unless the contract or transaction relates to his remuneration or an indemnity on liability insurance).

As the Chair of the Board is not an Independent Director, an Independent Director will be appointed as "Lead Director" in order to ensure appropriate leadership for the Independent Directors. The Lead Director will (i) ensure that appropriate structures and procedures are in place so that the Board may function independently of management of the Company; and (ii) lead the process by which the Independent Directors seek to ensure that the Board represents and protects the interests of all shareholders. The Lead Director is also the Chair of the Governance, Compensation and Nominating Committee.

**Committees of the Board**

The Board has established two committees: the Audit Committee and the Governance, Compensation and Nominating Committee. All members of the Audit Committee will be persons determined by the Board to be Independent Directors, except for temporary periods in limited circumstances in accordance with National Instrument 52-110 — *Audit Committees* ("**NI 52-110**"). All of the members of the Governance, Compensation and Nominating Committee will be persons determined by the Board to be Independent Directors. A majority of the members of each committee will be residents of Canada.

***Audit Committee***

The Audit Committee consists of three Directors, all of whom are persons determined by the Company to be both Independent Directors and financially literate within the meaning of NI 52-110 and a majority of whom are residents of Canada. The Audit Committee is comprised of Alan D. Horn, who will act as Chair of this committee, Anthony F. Griffiths and Christopher D. Hodgson, all of whom have been determined to be Independent Directors. Each of the Audit Committee members has an understanding of the accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting.

The Board has adopted a written charter for the Audit Committee, in the form set out under Appendix B to this prospectus, which sets out the Audit Committee's responsibilities. The Audit Committee's responsibilities will include: (i) reviewing the Company's procedures for internal control with the Company's auditors and Chief Financial Officer; (ii) reviewing and approving the engagement of the auditors; (iii) reviewing annual and quarterly financial statements and all other material continuous disclosure documents, including the Company's annual information form and management's discussion and analysis; (iv) assessing the Company's financial and accounting personnel; (v) assessing the Company's accounting policies; (vi) reviewing the Company's risk management procedures; (vii) reviewing any significant transactions outside the Company's ordinary course of business and any legal matters that may significantly affect the Company's financial statements; (viii) overseeing the work and confirming the independence of the external auditors; and (ix) reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management.

The Audit Committee will have direct communication channels with the Chief Financial Officer and the external auditors of the Company to discuss and review such issues as the Audit Committee may deem appropriate.

***Governance, Compensation and Nominating Committee***

The Governance, Compensation and Nominating Committee is comprised of three Directors, all of whom are persons determined by the Company to be Independent Directors and a majority of whom are residents of Canada, and will be charged with reviewing, overseeing and evaluating the corporate governance, compensation and nominating policies of the Company. The Governance, Compensation and Nominating Committee is comprised of Anthony F. Griffiths, who will act as Chair of this committee, Alan D. Horn and Christopher D. Hodgson.

The Board will adopt a written charter for the Governance, Compensation and Nominating Committee setting out its responsibilities for: (i) assessing the effectiveness of the Board, each of its committees and individual Directors; (ii) overseeing the recruitment and selection of candidates as Directors; (iii) organizing an orientation and education program for new Directors; (iv) considering and approving proposals by the Directors to engage outside advisors on behalf of the Board as a whole or on behalf of the Independent Directors; (v) reviewing and making recommendations to the Board concerning any change in the number of Directors composing the Board; (vi) considering questions of management succession; (vii) administering any purchase plan of the Company and any other compensation incentive programs; (viii) assessing the performance of management of the Company; (ix) reviewing and approving the compensation paid by the Company, if any, to the officers of the Company; and (x) reviewing and making recommendations to the Board concerning the level and nature of the compensation payable to Directors and officers of the Company.

Following Closing, it is expected that the Governance, Compensation and Nominating Committee will put in place an orientation program for new Directors under which a new Director will meet with the Chair of the Board and members of the executive management team of the Company. It is anticipated that a new Director will be provided with comprehensive orientation and education as to the nature and operation of the Company and its business, topics related to India including the various political, regulatory and economic environments, the role of the Board and its committees, and the contribution that an individual Director is expected to make. The Governance, Compensation and Nominating Committee will be responsible for coordinating development programs for continuing Directors to enable the Directors to maintain or enhance their skills and abilities as Directors as well as ensuring that their knowledge and understanding of the Company and its business remains current. The Company will also retain the services of experienced counsel, with knowledge of the political, regulatory and economic environment in India to advise the Board and management on current developments in this region from time to time.

The Directors may also visit the operations of portfolio businesses in which the Company invests, from time to time. During such trips, the Directors will have the opportunity to meet with the senior executives responsible for the local operations of the portfolio businesses, attend site visits, meet with government officials, local leaders and stakeholders, and learn about the local business culture and practices.

The Governance, Compensation and Nominating Committee will be responsible, along with the Lead Director, for establishing and implementing procedures to evaluate the effectiveness of the Board, committees of the Board and the contributions of individual Board members. The Governance, Compensation and Nominating Committee will also take reasonable steps to evaluate and assess, on an annual basis, directors' performance and effectiveness of the Board, Board committees, individual members, the Board Chair and committee Chairs. The assessment will address, among other things, individual director independence, individual director and overall Board skills, and individual director financial literacy. The Board will receive and consider the recommendations from the Governance, Compensation and Nominating Committee regarding the results of the evaluation of the performance and effectiveness of the Board, Board committees and individual members.

The Directors believe that the members of the Governance, Compensation and Nominating Committee individually and collectively possess the requisite knowledge, skill and experience in governance and compensation matters, including human resource management, executive compensation matters and general business leadership, to fulfill the committee's mandate. All members of the Governance, Compensation and Nominating Committee have substantial knowledge and experience as current and former senior executives of large and complex organizations and on the boards of other publicly traded entities.

**Directors' and Officers' Liability Insurance**

The directors and officers of the Company and its subsidiaries are covered under Fairfax's existing directors' and officers' liability insurance. Under this insurance coverage, the Company and its subsidiaries will be reimbursed for insured claims where payments have been made under indemnity provisions on behalf of the Directors, the MI Directors and officers of the Company and its subsidiaries, subject to a deductible for each loss, which will be paid by the Company. Individual Directors, MI Directors and officers of the Company and its subsidiaries will also be reimbursed for insured claims arising during the performance of their duties for which they are not indemnified by the Company or its subsidiaries. Excluded from insurance coverage are illegal acts,

acts which result in personal profit and certain other acts. In the event that the Company is not controlled by Fairfax at any time in the future, the Company expects to obtain its own directors' and officers' liability insurance.

**Diversity**

The Governance, Compensation and Nominating Committee believes that having a diverse Board and senior management team offers a depth of perspective and enhances Board and management operations. The Governance, Compensation and Nominating Committee identifies candidates to the Board and management of the Company that possess skills with the greatest ability to strengthen the Board and management and the Company is focused on continually increasing diversity within the Company.

The Governance, Compensation and Nominating Committee does not specifically define diversity, but values diversity of experience, perspective, education, race, gender and national origin as part of its overall annual evaluation of director nominees for election or re-election as well as candidates for management positions. Gender and geography are of particular importance to the Company in ensuring diversity within the Board and management. Recommendations concerning director nominees are, foremost, based on merit and performance, but diversity is taken into consideration, as it is beneficial that a diversity of backgrounds, views and experiences be present at the Board and management levels.

English is one of the official languages of India and the language most commonly used for commercial activity in India. Members of the Board and management of the Company and its subsidiaries are all fluent in English. While the Company intends to participate only in transactions where such transactions are conducted in the English language and does not anticipate conducting transactions in Hindi, four directors (Messrs. Watsa, Ratnaswami, Raghavan and Parekh) are nonetheless fluent in Hindi.

As the Company carries on business in foreign jurisdictions, the importance of geographic diversity is essential for Board and management efficiency. The Company, therefore, attempts to recruit and select Board and management candidates that represent both gender diversity and global business understanding and experience. However, the Board does not support fixed percentages for any selection criteria, as the composition of the Board and management is based on the numerous factors established by the selection criteria and it is ultimately the skills, experience, character and behavioral qualities that are most important to determining the value which an individual could bring to the Board or management of the Company.

At the senior management level, one of the three executive officers of the Company and its subsidiaries (33%), Ms. Amy Tan, the Chief Executive Officer of MI Co and MI Sub, is female. There are currently no female directors (0%). The Company does not have a formal policy on the representation of women on the Board or senior management of the Company. The Governance, Compensation and Nominating Committee already takes gender into consideration as part of its overall recruitment and selection process in respect of its Board and senior management. However, the Board does not believe that a formal policy will necessarily result in the identification or selection of the best candidates. As such, the Company does not see any meaningful value in adopting a formal policy in this respect at this time as it does not believe that it would further enhance gender diversity beyond the current recruitment and selection process carried out by the Governance, Compensation and Nominating Committee. However, the Board is mindful of the benefit of diversity on the Board and management of the Company and the need to maximize the effectiveness of the Board and management and their respective decision-making abilities. Accordingly, in searches for new directors, the Governance, Compensation and Nominating Committee will consider the level of female representation and diversity on the Board and management and this will be one of several factors used in its search process. This will be achieved through continuously monitoring the level of female representation on the Board and in senior management positions and, where appropriate, recruiting qualified female candidates as part of the Company's overall recruitment and selection process to fill Board or senior management positions, as the need arises, through vacancies, growth or otherwise. Where a qualified female candidate can offer the Company a unique skill set or perspective (whether by virtue of such candidate's gender or otherwise), the Governance, Compensation and Nominating Committee anticipates that it would typically select such a female candidate over a male candidate. Where the Governance, Compensation and Nominating Committee believes that a male candidate and a female candidate each offer the Company substantially the same skill set and perspective, such Committee anticipates that it will consider numerous other factors beyond gender and the

overall level of female representation in deciding which candidate to offer a position to. Due to the size of the Company, its activities, and its small number of employees, the Company has not yet set measurable objectives for achieving gender diversity. The Company will consider establishing measureable objectives as it develops.

## REMUNERATION OF DIRECTORS AND MI DIRECTORS

### Directors' Compensation

The Directors' compensation program is designed to attract and retain the most qualified individuals to serve on the Board. The Board, through the Governance, Compensation and Nominating Committee, will be responsible for reviewing and approving any changes to the Directors' compensation arrangements. In consideration for serving on the Board, each Director that is not an employee of the Company or one of its affiliates will be compensated as indicated below:

| Type of Fee | Amount |
|---|---|
| Director Annual Retainer | $30,000/year |

No additional retainers or fees will be paid to Directors for acting as Chair of the Board or of any committees, acting as a member of any committee or attendance at Board or committee meetings.

The Directors will also be reimbursed for their reasonable out-of-pocket expenses incurred in acting as Directors. In addition, Directors will be entitled to receive remuneration for services rendered to the Company in any other capacity, except in respect of their service as directors of any of the Company's subsidiaries. Directors who are employees of and who receive a salary from the Company or one of its affiliates or subsidiaries will not be entitled to receive any remuneration for their services in acting as Directors, but will be entitled to reimbursement of their reasonable out-of-pocket expenses incurred in acting as Directors.

### MI Directors' Compensation

The MI Directors' compensation program is designed to attract and retain the most qualified individuals to serve on the MI Co Board and the MI Sub Board. The Company, as the sole shareholder of MI Co, will be responsible for reviewing and approving any changes to the MI Directors' compensation arrangements. In consideration for serving on the MI Co Board and the MI Sub Board, each MI Director that is not an employee of Fairfax, the Company or one of their respective affiliates will be compensated as indicated below:

| Type of Fee | Amount |
|---|---|
| Director Annual Retainer | $3,000/year |

No additional retainers or fees will be payable to MI Directors for attendance at meetings or for acting as Chair of the MI Co Board or MI Sub Board.

The MI Directors will also be reimbursed for their reasonable out-of-pocket expenses incurred in acting as MI Directors. In addition, MI Directors will be entitled to receive remuneration for services rendered to MI Co and MI Sub in any other capacity, except in respect of their service as directors of any of MI Co's or MI Sub's subsidiaries. MI Directors who are employees of and who receive a salary from Fairfax, the Company, MI Co, MI Sub or one of their respective subsidiaries will not be entitled to receive any remuneration for their services in acting as MI Directors, but will be entitled to reimbursement of their reasonable out-of-pocket expenses incurred in acting as MI Directors.

## EXECUTIVE COMPENSATION

### Overview

Pursuant to the Investment Advisory Agreement, Fairfax is required to provide a Chief Executive Officer and a Chief Financial Officer and Corporate Secretary to the Company. For so long as the Investment Advisory Agreement remains in effect, all compensation payable to the Chief Executive Officer and the Chief Financial Officer and Corporate Secretary of the Company will be borne by Fairfax. MI Co and MI Sub will bear the cost of compensating their Chief Executive Officer directly (see "Fees and Expenses — Ongoing Fees and

Expenses''). The Company will not have any employment agreements with the named executive officers. MI Co and MI Sub intend to have an employment agreement with the Chief Executive Officer, the details of which have not been finalized as of the date of this prospectus, but which are not expected to contain any provisions relating to termination benefits or change of control benefits.

The following discussion describes the significant elements of the expected compensation for the Chief Executive Officer of the Company, the Chief Financial Officer and Corporate Secretary of the Company and the Chief Executive Officer of MI Co and MI Sub, (collectively, the ''**named executive officers**'' or ''**NEOs**''), namely:

Chandran Ratnaswami, Chief Executive Officer (Company);

John Varnell, Chief Financial Officer and Corporate Secretary (Company); and

Amy Tan, Chief Executive Officer (MI Co and MI Sub).

**Compensation Discussion and Analysis**

***Named Executive Officers of the Company***

The following discussion is intended to describe the portion of the compensation of the NEOs of the Company that is attributable to time spent on Company matters. Fairfax will have sole and exclusive responsibility for determining the compensation of the Chief Executive Officer and Chief Financial Officer and Corporate Secretary of the Company.

*Principal Elements of Compensation*

The compensation of the named executive officers is anticipated to include three major elements: (a) base salary that will be paid by Fairfax, (b) an annual bonus that will be paid by Fairfax, and (c) long-term equity incentives that will be paid by Fairfax, consisting of awards granted from time to time under Fairfax's equity compensation plan.

Perquisites and personal benefits are not expected to be a significant element of compensation of the named executive officers.

The three principal elements of compensation are anticipated to be as follows:

*Base salaries.* Base salaries are intended to provide an appropriate level of fixed compensation that will assist in employee retention and recruitment. The Company understands from Fairfax that base salaries will be determined on an individual basis, taking into consideration the past, current and potential contribution to success, the position and responsibilities of the named executive officers and competitive industry pay practices for other similar corporations of comparable size. Base salaries will not be paid by the Company.

*Annual bonuses.* Annual bonuses will be discretionary and are not expected to be awarded pursuant to a formal incentive plan. The Company understands from Fairfax that annual bonuses are expected to be a percentage of the annual base salary. There are no individual performance goals or objectives set or evaluated. Annual bonuses will not be paid by the Company.

*Long-Term Incentives.* Equity-based awards will not be paid by the Company. The named executive officers may participate in the equity compensation plan of Fairfax.

***Named Executive Officers of MI Co and MI Sub***

The following discussion is intended to describe the compensation of the NEOs of MI Co and MI Sub. The MI Co Board and MI Sub Board will have sole and exclusive responsibility for determining the compensation of the Chief Executive Officer of MI Co and MI Sub.

*Principal Elements of Compensation*

The compensation of the named executive officers is anticipated to include two major elements: (a) base salary that will be paid by MI Co and MI Sub, and (b) an annual bonus that will be paid by MI Co and MI Sub.

Perquisites and personal benefits are not expected to be a significant element of compensation of the named executive officers.

The principal elements of compensation are anticipated to be as follows:

*Base salaries.* Base salaries are intended to provide an appropriate level of fixed compensation that will assist in employee retention and recruitment. Base salaries will be determined on an individual basis, taking into consideration the past, current and potential contribution to success, the position and responsibilities of the named executive officer and competitive industry pay practices for other similar corporations of comparable size.

*Annual bonuses.* Annual bonuses will be discretionary and are not expected to be awarded pursuant to a formal incentive plan. Annual bonuses are expected to be a percentage of the annual base salary. There are no individual performance goals or objectives set or evaluated.

*Long-Term Incentives.* Equity-based awards will not be paid by MI Co or MI Sub. The named executive officers may participate in the equity compensation plan of Fairfax.

**Summary Compensation Table**

The following table sets out information concerning the expected fiscal 2015 compensation to be earned by, paid to, or awarded to the NEOs.

| Name and principal position | Year | Salary ($) | Non-equity incentive plan compensation (Bonus)[2] ($) | All other compensation ($) | Total compensation ($) |
|---|---|---|---|---|---|
| Chandran Ratnaswami[1] ..... *Chief Executive Officer (Company)* | 2015 | C$ 300,000 | 0 | 0 | C$ 300,000 |
| John Varnell[1] ..... *Chief Financial Officer and Corporate Secretary (Company)* | 2015 | C$ 400,000 | 0 | 0 | C$ 400,000 |
| Amy Tan ..... *Chief Executive Officer (MI Co and MI Sub)* | 2015 | US$125,000 | 0 | 0 | US$125,000 |

Notes:

(1) Represents the portion of salary anticipated to be paid by Fairfax attributable to time expected to be spent on the activities of the Company.

(2) As this amount is discretionary, it has not been determined as of the date of this prospectus.

**Employment Agreements, Termination Benefits and Change of Control Benefits**

The Company will not have any employment agreements with the named executive officers. MI Co and MI Sub intend to have an employment agreement with the Chief Executive Officer, the details of which have not been finalized as of the date of this prospectus, but which are not expected to contain any provisions relating to termination benefits or change of control benefits.

**Non-Management Employee Compensation**

In addition to the named executive officers described above, the Company expects to directly employ certain non-management employees to assist in the day-to-day operations of the Company. Additionally, MI Co and MI Sub expect to directly employ certain non-management employees to assist in respect of the operation of the local office in Mauritius. Such employees will be employees of the Company or its subsidiaries, as applicable, and all compensation payable to such employees will be borne by the Company or its subsidiaries, as applicable. The total amount of compensation paid by the Company and its subsidiaries in respect of directors, officers and employees is expected to be less than $1.5 million per annum, in the aggregate. See "Fees and Expenses — Ongoing Fees and Expenses" for more details.

## INDEBTEDNESS OF DIRECTORS AND OFFICERS

None of the directors, executive officers, employees, former directors, former executive officers or former employees of the Company or any of its subsidiaries, and none of their respective associates, is or has within 30 days before the date of this prospectus or at any time since the beginning of the most recently completed financial year been indebted to the Company or any of its subsidiaries or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar agreement or understanding provided by the Company or any of its subsidiaries.

## PLAN OF DISTRIBUTION

### General

Pursuant to an underwriting agreement dated January 22, 2015 among Fairfax, the Company and the Underwriters (the "**Underwriting Agreement**"), the Company has agreed to sell and the Underwriters have severally agreed to purchase on Closing an aggregate of 50,000,000 Subordinate Voting Shares at a price of US$10.00 per Subordinate Voting Shares payable in cash to the Company against delivery of the Subordinate Voting Shares for aggregate gross proceeds of US$500,000,000. In consideration for their services in connection with the Offering, the Company has agreed to pay the Underwriters a fee equal to US$0.50 per Subordinate Voting Share. However, for the avoidance of doubt, no fee will be payable to the Underwriters in respect of (i) the Substantial Equity Investment, and (ii) the Cornerstone Investment. As no Underwriters' fees or commissions will be payable in respect of Fairfax's Substantial Equity Investment, the Company will, consequently, retain a higher proportion of Fairfax's US$300,000,000 investment in Multiple Voting Shares than would have otherwise been the case had a fee or commission been payable to the Underwriters or otherwise. This will benefit all shareholders of the Company.

The Offering Price of US$10.00 per Subordinate Voting Share was determined by negotiation among the Company, Fairfax and the Underwriters and the Underwriters propose to offer the Subordinate Voting Shares initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Subordinate Voting Shares at the price specified on the cover page of this prospectus, the offering price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page of this prospectus, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Subordinate Voting Shares is less than the price paid by the Underwriters to the Company. The Underwriters may form a sub-agency group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Underwriters out of their fees. Investors who purchase a minimum of one million Subordinate Voting Shares (US$10 million) under this prospectus will be entitled to a sub-underwriting fee from the Underwriters equal to 40% of the Underwriters' fee (or US$0.20 per Subordinate Voting Share) in respect of the Subordinate Voting Shares purchased by such investor under this prospectus. The Underwriters have also agreed to pay the sub-underwriting fee to the Fairfax Pension Plan in respect of the Subordinate Voting Shares purchased by it under the Offering. See "Certain Canadian Federal Income Tax Considerations — Taxation of Resident Holders of Subordinate Voting Shares — Payments from Underwriters". The obligation to pay the sub-underwriting fee is an obligation of the Underwriters and neither the Company nor Fairfax is responsible for ensuring that any investor receives this payment from the Underwriters.

The Company has granted to the Underwriters the Over-Allotment Option, which is exercisable in whole or in part and at any time for a period of 30 days after Closing to purchase up to an additional 15% of the aggregate number of Subordinate Voting Shares issued under the Offering on the same terms as set forth above solely to cover over-allocations, if any, and for market stabilization purposes. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Subordinate Voting Shares to be delivered upon the exercise of the Over-Allotment Option. A purchaser who acquires Subordinate Voting Shares forming part of the Underwriters' over-allocation position acquires such Subordinate Voting Shares under this prospectus, regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Under the terms of the Underwriting Agreement, the Underwriters may, at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events, terminate the Underwriting Agreement. The Underwriters are, however, subject to certain closing conditions severally

(and not jointly or jointly and severally) obligated to take up and pay for all of the Subordinate Voting Shares that they have agreed to purchase if any of the Subordinate Voting Shares are purchased under the Underwriting Agreement. The Underwriting Agreement also provides that the obligation of the Underwriters and the Company to close the Offering is conditional on the closing of the Cornerstone Investment, which condition may be waived by the Company and the Underwriters.

The TSX has conditionally approved the listing of the Subordinate Voting Shares under the symbol "FIH". Listing is subject to the Company fulfilling all of the requirements of the TSX on or before April 21, 2015.

There is currently no market through which the Subordinate Voting Shares may be sold. Subscriptions for Subordinate Voting Shares will be received subject to rejection or allocation in whole or in part and the right is reserved to close the subscription books at any time without notice. The Closing is expected to occur on January 30, 2015 or such other date as the Company and the Underwriters may agree, but in any event not later than February 13, 2015.

The Company and Fairfax have agreed to indemnify the Underwriters and their directors, officers, employees and agents against certain liabilities, including, without restriction, civil liabilities under Canadian securities legislation, and to contribute to any payments that the Underwriters may be required to make in respect thereof.

During a period ending 180 days from Closing, the Company will not offer, sell or issue for sale or resale any Subordinate Voting Shares or Multiple Voting Shares or financial instruments or securities convertible into, or exercisable or exchangeable for, Subordinate Voting Shares or Multiple Voting Shares, or agree to, or announce, any such offer, sale or issuance, except pursuant to the Over-Allotment Option, without the prior written consent of the Lead Underwriter, on behalf of the Underwriters, which consent may not be unreasonably withheld or delayed.

The Subordinate Voting Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States, subject to certain exceptions, and may not be offered, sold or delivered, directly or indirectly, in the United States, or to, or for the account or benefit of, "U.S. Persons" (as defined in Regulation S under the U.S. Securities Act) except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. Each Underwriter has agreed that it will not offer or sell Subordinate Voting Shares within the United States, or to, or for the account or benefit of, U.S. Persons, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriting Agreement provides that the Underwriters may re-offer and re-sell the Subordinate Voting Shares that they have acquired pursuant to the Underwriting Agreement in the United States or to, or for the account or benefit of U.S. Persons, to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) who also qualify as "qualified purchasers" under the U.S. Investment Company Act of 1940 (the "**Investment Company Act**") in accordance with Rule 144A under the U.S. Securities Act. In addition, the Underwriting Agreement permits the Underwriters, through their U.S. broker dealer affiliates, to offer Subordinate Voting Shares within the United States to a limited number of "accredited investors" (as defined in Regulation D under the U.S. Securities Act) who also qualify as "qualified purchasers" under the Investment Company Act as substituted purchasers to whom the Company may sell Subordinate Voting Shares in transactions that comply with an exemption from the registration requirements of the U.S. Securities Act and in accordance with similar exemptions under applicable state securities laws. The Underwriting Agreement also provides that the Underwriters may offer and sell the Subordinate Voting Shares outside the United States in accordance with Regulation S under the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Subordinate Voting Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act.

**Price Stabilization, Short Positions and Passive Market Making**

In connection with the Offering, the Underwriters may over-allocate or effect transactions which stabilize or maintain the market price of the Subordinate Voting Shares at levels other than those which otherwise might prevail on the open market, including: stabilizing transactions; short sales; purchases to cover positions created by short sales; imposition of penalty bids; and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Subordinate Voting Shares while the Offering is in progress. These transactions may also include making short sales of the Subordinate Voting Shares, which involve the sale by the Underwriters of a greater number of Subordinate Voting Shares than they are required to purchase in the Offering. Short sales may be "covered short sales", which are short positions in an amount not greater than the Over-Allotment Option, or may be "naked short sales", which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Subordinate Voting Shares in the open market. In making this determination, the Underwriters will consider, among other things, the price of Subordinate Voting Shares available for purchase in the open market compared with the price at which they may purchase Subordinate Voting Shares from the Company through the Over-Allotment Option. If, following Closing, the market price of the Subordinate Voting Shares decreases, the short position created by the over-allocation position in Subordinate Voting Shares may be filled through purchases in the market, creating upward pressure on the price of the Subordinate Voting Shares. If, following Closing, the market price of Subordinate Voting Shares increases, the over-allocation position in Subordinate Voting Shares may be filled through the exercise of the Over-Allotment Option in respect of Subordinate Voting Shares at the Offering Price.

The Underwriters must close out any naked short position by purchasing Subordinate Voting Shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Subordinate Voting Shares in the open market that could adversely affect investors who purchase in the Offering. Any naked short sales will form part of the Underwriters' over-allocation position. A purchaser who acquires Subordinate Voting Shares forming part of the Underwriters' over-allocation position resulting from any covered short sales or naked short sales will, in each case, acquire such Subordinate Voting Shares under this prospectus, regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In addition, in accordance with rules and policy statements of certain Canadian securities regulatory authorities, the Underwriters may not, at any time during the period of distribution, bid for or purchase Subordinate Voting Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Subordinate Voting Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the stock exchange, including the Universal Market Integrity Rules for Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Subordinate Voting Shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Subordinate Voting Shares are listed, in the over-the-counter market, or otherwise.

**Relationship Between the Company and Certain of the Underwriters**

RBCDS, BMONB, CIBCWM, SCI and TDSI are affiliates of Canadian chartered banks that are part of a syndicate of lenders that has provided a US$300 million unsecured revolving credit facility to Fairfax. Consequently, the Company may be considered a "connected issuer" of each of RBCDS, BMONB, CIBCWM, SCI and TDSI under applicable Canadian securities laws. The decision to issue the Subordinate Voting Shares and the determination of the terms of the Offering were made through negotiation between the Company, Fairfax and the Underwriters. The Canadian chartered banks of which such Underwriters are affiliates did not have any involvement in such decision or determination although such Canadian chartered banks may be advised of the Offering and the terms thereof. As a consequence of the Offering, each of such Underwriters will receive its proportionate share of the Underwriters' fee. Fairfax has informed the Company that Fairfax is and has been in compliance with all material terms and conditions of the foregoing credit facility and that no waiver of any default has occurred thereunder.

**Non-Certificated Inventory System**

Other than pursuant to certain exceptions, registration of interests in and transfers of Subordinate Voting Shares held through CDS, or its nominee, will be made electronically through the non-certificated inventory ("**NCI**") system administered by CDS. On Closing, the Company, via its transfer agent, will electronically deliver the Subordinate Voting Shares registered in the name of CDS to CDS or its nominee. Subordinate Voting Shares held in CDS must be purchased, transferred and surrendered for redemption through a CDS participant, which includes securities brokers and dealers, banks and trust companies. All rights of shareholders who hold Subordinate Voting Shares in CDS must be exercised through, and all payments or other property to which such shareholders are entitled will be made or delivered by CDS, or the CDS participant through which the shareholder holds such Subordinate Voting Shares. A shareholder participating in the NCI system will not be entitled to a certificate or other instrument from the Company or the Company's transfer agent evidencing that person's interest in or ownership of Subordinate Voting Shares, nor, to the extent applicable, will such shareholder be shown on the records maintained by CDS, except through an agent who is a CDS participant.

The ability of a beneficial shareholder to pledge such Subordinate Voting Shares or otherwise take action with respect to such shareholder's interest in such Subordinate Voting Shares (other than through a CDS participant) may be limited due to the lack of a physical certificate.

## FEES AND EXPENSES

**Fees Payable to the Underwriters**

The Underwriters' fee will be US$0.50 per Subordinate Voting Share (5.0%). No fee will be payable to the Underwriters in respect of (i) Fairfax's Substantial Equity Investment, or (ii) the Cornerstone Investment. See "Plan of Distribution".

**Expenses of the Offering**

The expenses of the Offering, which are estimated to be US$2,000,000 (including the costs of creating the Company, the costs of printing and preparing this prospectus, legal expenses, marketing expenses and other out-of-pocket expenses incurred by the Underwriters and certain other expenses), will, together with the Underwriters' fee, be paid from the gross proceeds of the Offering. Any amounts paid in connection with the formation of the Company or the Offering prior to Closing will be paid by Fairfax and reimbursed by the Company following Closing from the proceeds of the Offering.

**Administration and Advisory Fee and Performance Fee**

As compensation for the provision of portfolio administration and investment advisory services to be provided by Fairfax and the Portfolio Advisor, the Company will pay the Administration and Advisory Fee and, if applicable, the Performance Fee, in each case, together with any applicable sales taxes thereon to Fairfax.

The administration and advisory fee (the "**Administration and Advisory Fee**") will be an amount equal to the sum of: (i) 1.5% of the Net Asset Value of the Company less the aggregate fair value of any Undeployed Capital; and (ii) 0.5% of the aggregate fair value of any Undeployed Capital. The Administration and Advisory Fee will be calculated and payable quarterly as of the last business day of each quarter and allocated proportionately, once determined, based on the consolidated assets of the Company, MI Co, MI Sub and any other subsidiary through which the Company invests from time to time, unless otherwise agreed.

The performance fee (the "**Performance Fee**") will be calculated and accrued quarterly and paid for the period from the Closing Date to December 31, 2017 and for each consecutive three year period thereafter (each a "**Calculation Period**"). The amount of the Performance Fee shall be determined as of the end of the last day of each Calculation Period (each a "**Determination Date**") with respect to the Multiple Voting Shares and the Subordinate Voting Shares of the Company then outstanding. All calculations with respect to the Performance Fee will be made to four decimal places.

The Performance Fee for a Calculation Period, if any, will be paid within 30 days after the Company issues its year-end audited financial statements for the last calendar year of such Calculation Period. The Performance Fee will be allocated proportionately, once determined, based on the consolidated assets of the Company,

MI Co, MI Sub and any other subsidiary through which the Company invests from time to time, and paid by the Company to Fairfax, unless otherwise agreed.

The Performance Fee will be payable in cash, or at the option of Fairfax, in Subordinate Voting Shares. If Fairfax elects to have the Performance Fee paid in Subordinate Voting Shares, such election must be made no later than December 15 of the last year of the applicable Calculation Period in respect of which the Performance Fee is to be paid. The number of Subordinate Voting Shares to be issued will be calculated based on market price (the "**Market Price**"), being the volume-weighted average trading price of the Subordinate Voting Shares on a recognized stock exchange for the 10 trading days prior to and including the last day of the Calculation Period in respect of which the Performance Fee is to be paid regardless of the actual date of issuance thereof and for purposes of calculating the Performance Fee in respect of subsequent Calculation Periods thereafter will be deemed to be outstanding as of the first day of such Calculation Period regardless of the date of actual issuance. Notwithstanding the foregoing, in respect of the first two Calculation Periods following Closing, in the event that the Subordinate Voting Shares are trading at a Market Price per Subordinate Voting Share that is less than 2 times the NAV per Share as of the last day of the applicable Calculation Period, Fairfax shall receive the Performance Fee, if any, in the form of Subordinate Voting Shares, to the extent permitted under applicable law, stock exchange rules and the immediately following sentence. In no instance will Subordinate Voting Shares be issued to satisfy the Performance Fee if, after such issuance, Fairfax and its affiliates would own more than 49% of the outstanding equity capital of the Company on the date of issuance.

The Administration and Advisory Fee and the Performance Fee, if any, will be paid to Fairfax. Any portion of such fees to which the Portfolio Advisor is entitled will be paid by Fairfax to the Portfolio Advisor.

The Performance Fee for a Calculation Period will be equal to the product of:

(a) the number of Multiple Voting Shares and Subordinate Voting Shares outstanding on the Determination Date for such Calculation Period (calculated before taking into account any Subordinate Voting Shares issuable in payment of a Performance Fee for such Calculation Period), and

(b) 20% of the amount by which the sum of:

  (i) the NAV per Share of the Company at the end of such Calculation Period (calculated before taking into account the Performance Fee payable for the period ending on the Determination Date for such Calculation Period), plus

  (ii) the total amount of distributions paid on the Multiple Voting Shares and Subordinate Voting Shares during such Calculation Period and all consecutive immediately preceding Calculation Periods, if any, in respect of which no Performance Fee was paid divided by the weighted average number of Multiple Voting Shares and Subordinate Voting Shares outstanding during such Calculation Periods,

  exceeds the greater of:

  (i) the High Water Mark, and

  (ii) the Hurdle per Share.

The "High Water Mark" will be (a) in respect of the initial Calculation Period, the Net Proceeds of the Offerings on the Closing Date, divided by the aggregate number of Multiple Voting Shares and Subordinate Voting Shares outstanding on the Closing Date, and (b) in respect of any Calculation Period thereafter, (x) the highest NAV per Share on any preceding Determination Date for a Calculation Period in respect of which a Performance Fee was paid (calculated after taking into account the Performance Fee, if any, in respect of such Calculation Period, including any Performance Fee which is paid through the issuance of Subordinate Voting Shares) or (y) if no Performance Fee has yet been paid, the High Water Mark in respect of the initial Calculation Period.

The "Hurdle per Share" for a Calculation Period will be equal to the quotient of:

(a) the sum of:

(x) the product of (1) the weighted average of the Adjusted Capital for the period from the Closing Date to the Determination Date for such Calculation Period, (2) 5%, and (3) the number of years (which need not be an integer) since the Closing Date, and

(y) the Adjusted Capital on the Determination Date for such Calculation Period,

divided by

(b) the number of Multiple Voting Shares and Subordinate Voting Shares outstanding on the Determination Date for such Calculation Period (calculated before taking into account any Subordinate Voting Shares issued in payment of a Performance Fee for such Calculation Period).

The "Adjusted Capital" on any date is equal to the net proceeds from the issuance of Multiple Voting Shares and Subordinate Voting Shares on the Closing Date, plus the net proceeds from, or consideration for, all issuances of Multiple Voting Shares and Subordinate Voting Shares (other than on a share conversion) after the Closing Date but on or before such date, less all amounts paid by the Company in connection with any purchase for cancellation of Multiple Voting Shares and Subordinate Voting Shares after the Closing Date but on or before such date.

**Ongoing Fees and Expenses**

The Portfolio Advisor and Fairfax will each be responsible for their own day-to-day operating expenses, including in connection with the provision of investment advisory (including discovery and evaluation of investment opportunities) and portfolio administration services for the Company and its subsidiaries, compensation of their professional staff and the cost of office space, office supplies, communications, telephone, news, quotation and computer equipment, utilities and other normal overhead expenses. The Portfolio Advisor will also bear fees and expenses payable to any sub-advisor.

Each of the Company and its subsidiaries will be responsible for its own operating expenses including: (i) all expenses incurred in connection with trading and the acquisition, holding or disposition of investments following recommendation by the Portfolio Advisor, including taxes, brokerage fees and commissions, underwriting commissions and discounts, expenses related to indemnification obligations, and legal, accounting, investment banking, consulting, information services and other professional fees; (ii) all costs and expenses relating to investment transactions that are not consummated after recommendation by the Portfolio Advisor, and legal, accounting, investment banking, consulting, information services and other professional fees related thereto; (iii) entity-level taxes; (iv) all costs and fees relating to the preparation of financial statements, audits, financial and tax reports, portfolio valuations, tax returns and other reports and continuous disclosure materials, including fees and out-of-pocket expenses of any service company retained to provide accounting and bookkeeping services; (v) all ongoing legal and compliance costs and the costs of prosecuting or defending any legal action for or against any of the Company, MI Co, MI Sub, the Board, the MI Co Board, the MI Sub Board, any other subsidiary through which the Company invests in Indian Investments from time to time and its board of directors, the Portfolio Advisor, Fairfax or any of their respective affiliates relating to the affairs of the Company; (vi) compensation of officers and employees (excluding the Chief Executive Officer and the Chief Financial Officer and Corporate Secretary of the Company); (vii) all fees, costs and expenses related to all governmental filings of the Company or its subsidiaries; (viii) expenses of the directors, including directors' fees and travel expenses; (ix) expenses related to maintenance of corporate records and books of account, including, without limitation, accounting and auditing fees, disbursements and company secretarial expenses; and (x) expenses related to organization and conduct of directors' and shareholders' meetings and the preparation and distribution of all reports to, and other communications with, shareholders, expenses related to issuing and transferring shares and paying dividends or making other distributions thereon, extraordinary expenses and other similar expenses.

The total amount of compensation to be paid by the Company and its subsidiaries in respect of directors, officers and employees is expected to be less than $1.5 million per annum, in the aggregate.

Any arrangements for additional services to be provided to the Company or its subsidiaries by the Portfolio Advisor, Fairfax or any affiliates thereof that have not been described in this prospectus will be on terms that are no less favourable to the Company or its subsidiaries than those available from arm's length persons (within the meaning of the Tax Act) for comparable services, and the Company or such subsidiary, as the case may be, will pay all expenses associated with any such additional services.

## RISK FACTORS

An investment in the Company and the Subordinate Voting Shares carries a number of risks, many of which are inherent in the business to be conducted by the Company, including the risk that the entire investment may be lost. In addition to all other information set out in this prospectus, the following specific factors could materially adversely affect the Company and should be considered when deciding whether to make an investment in the Company and the Subordinate Voting Shares. Other risks and uncertainties that the Company does not presently consider to be material, or of which the Company is not presently aware, may become important factors that affect the Company's future financial condition and results of operations. The occurrence of any of the risks discussed below could materially adversely affect the business, prospects, financial condition, results of operations or cash flow of the Company. The Subordinate Voting Shares are only suitable for investors (i) who understand the potential risk of capital loss, (ii) for whom an investment in the Subordinate Voting Shares is part of a diversified investment program, and (iii) who fully understand and are willing to assume the risks involved in such an investment program. Prospective purchasers of Subordinate Voting Shares should carefully consider the following risks before investing in the Company and the Subordinate Voting Shares.

### Risk Factors Related to the Offering

#### *Return on Investment is Not Guaranteed*

There can be no assurance regarding the amount of income to be generated by the Company's investments. The Subordinate Voting Shares are equity securities of the Company and are not fixed income securities. Unlike fixed-income securities, there is no obligation of the Company to distribute to shareholders a fixed amount or to return the initial purchase price of a Subordinate Voting Share on a date in the future. The market value of the Subordinate Voting Shares will deteriorate if the Company is unable to generate sufficient positive returns, and that deterioration may be significant.

#### *Potential Volatility of Subordinate Voting Share Price*

The market price for Subordinate Voting Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following: (i) actual or anticipated fluctuations in the Company's quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to the Company; (iv) addition or departure of the Company's or the Portfolio Advisor's executive officers and other key personnel; (v) release or expiration of lock-up or other transfer restrictions on outstanding Multiple Voting Shares; (vi) sales or perceived sales of additional Multiple Voting Shares or Subordinate Voting Shares; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; and (viii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of public entities and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, the market price of the Subordinate Voting Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the Company's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in the Subordinate Voting Shares by those institutions, which could materially adversely affect the trading price of the Subordinate Voting Shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, the Company's operations and the trading price of the Subordinate Voting Shares may be materially adversely effected.

***Dilution***

The issuance of additional Multiple Voting Shares or Subordinate Voting Shares may have a dilutive effect on the interests of Shareholders. The number of Multiple Voting Shares and Subordinate Voting Shares that the Company is authorized to issue is unlimited. The Company may, in its sole discretion, issue additional Multiple Voting Shares or Subordinate Voting Shares from time to time (including pursuant to any equity-based compensation plans that may be introduced in the future), and the interests of shareholders may be diluted thereby.

***Absence of a Prior Public Market***

There is currently no public market for the Subordinate Voting Shares. The Offering Price of the Subordinate Voting Shares offered hereunder has been determined by negotiation between the Company, Fairfax and the Underwriters. The Company cannot predict the price at which the Subordinate Voting Shares will trade upon Closing and there can be no assurance that an active trading market will develop after Closing or, if developed, that such a market will be sustained at the price level of the Offering. In addition, if an active public market does not develop or is not maintained, investors may have difficulty selling their Subordinate Voting Shares.

***Market Discount***

The price of the Subordinate Voting Shares will fluctuate with market conditions and other factors. If a holder of Subordinate Voting Shares sells its Subordinate Voting Shares, the price received may be more or less than the original investment. NAV per Share will be reduced immediately following the Offering by offering expenses paid or reimbursed by the Company. The Subordinate Voting Shares may trade at a discount from their book value. The Subordinate Voting Shares may trade at a price that is less than the initial Offering Price. This risk may be greater for investors who sell their Subordinate Voting Shares relatively shortly after Closing.

***Limited Control***

Holders of Subordinate Voting Shares will have limited control over changes in the Company's policies and operations, which increases the uncertainty and risks of an investment in the Company. The Board will determine major policies, including policies regarding financing, growth, debt capitalization and any future dividends to Shareholders. Generally, the Board may amend or revise these and other policies without a vote of the holders of Subordinate Voting Shares. Holders of Subordinate Voting Shares will only have a right to vote, as a class, in the limited circumstances described elsewhere in this prospectus. The Board's broad discretion in setting policies and the limited ability of holders of Subordinate Voting Shares to exert control over those policies increases the uncertainty and risks of an investment in the Company.

***Financial Reporting and Other Public Company Requirements***

Upon receiving a final receipt for this prospectus, the Company will become subject to reporting and other obligations under applicable Canadian securities laws and rules of any stock exchange on which the Subordinate Voting Shares are then-listed, including National Instrument 52-109 — *Certification of Disclosure in Issuers' Annual and Interim Filings*. These reporting and other obligations will place significant demands on the Company's management, administrative, operational and accounting resources. In order to meet such requirements, the Company has appointed Fairfax, as administrator, pursuant to the Investment Advisory Agreement to, among other things, establish systems, implement financial and management controls, reporting systems and procedures and hire qualified accounting and finance staff. However, if the Company or Fairfax is unable to accomplish any such necessary objectives in a timely and effective manner, the Company's ability to comply with its financial reporting obligations and other rules applicable to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause the Company to fail to satisfy its reporting obligations or result in material misstatements in its financial statements. If the Company cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially adversely effected which could also cause investors to lose confidence in the Company's reported financial information, which could result in a reduction in the trading price of the Subordinate Voting Shares.

The Company does not expect that the Company's disclosure controls and procedures and internal controls over financial reporting will prevent all error or fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

***Broad Discretion Over the Use of Proceeds From the Offering***

The Company will have significant discretion as to the use of the Net Proceeds of the Offerings and could spend the proceeds in ways that do not enhance the value of the Subordinate Voting Shares. For example, the Company's investment of these net proceeds may not yield a favourable rate of return, or may even be lost in their entirety if the businesses in which the Company invests were to fail.

***Limited Voting Rights of the Subordinate Voting Shares***

Holders of Subordinate Voting Shares and Multiple Voting Shares will generally have similar rights, except that holders of Subordinate Voting Shares will be entitled to one vote per Subordinate Voting Share whereas holders of Multiple Voting Shares will be entitled to fifty votes per Multiple Voting Share. The different voting rights of the Subordinate Voting Shares and Multiple Voting Shares could diminish the value of the Subordinate Voting Shares to the extent that investors or any potential future purchasers of Subordinate Voting Shares attribute value to the superior voting or other rights of the Multiple Voting Shares.

***Significant Ownership by Fairfax May Adversely Affect the Market Price of the Subordinate Voting Shares***

On Closing, it is expected that Fairfax, either directly or through one or more subsidiaries, will hold a 95.6% voting interest in the Company through ownership of all of the Multiple Voting Shares and 660,000 Subordinate Voting Shares (or an approximate 95.1% voting interest in the Company if the Over-Allotment Option is exercised in full).

For so long as Fairfax, either directly or through one or more subsidiaries, maintains a significant voting interest in the Company, Fairfax will have the ability to exercise substantial influence with respect to the Company's affairs and significantly affect the outcome of shareholder votes, and may have the ability to prevent certain fundamental transactions.

Accordingly, the Subordinate Voting Shares may be less liquid and trade at a relative discount compared to such Subordinate Voting Shares in circumstances where Fairfax did not have the ability to significantly influence or determine matters affecting the Company. Additionally, Fairfax's significant voting interest in the Company may discourage transactions involving a change of control of the Company, including transactions in which an investor, as a holder of Subordinate Voting Shares, might otherwise receive a premium for its Subordinate Voting Shares over the then-current market price.

***It is Possible that the Cornerstone Investment Will Fail to Close***

Although the Company has entered into subscription agreements with the Cornerstone Investors, there is no guarantee that all of the conditions to the completion of the Cornerstone Investment will be satisfied. Although the closing of the Cornerstone Investment is conditional upon the Closing of the Offering, it is possible that the Offering could close without the Cornerstone Investment also closing to the extent that the Company and the Underwriters waive such condition. In those circumstances, the Company will not have access to the aggregate net proceeds from the Cornerstone Investment but would only have access to the net proceeds from the Offering (together with the proceeds from the issuance of the Multiple Voting Shares). Such a lack of

financing may adversely affect the Company's business, financial condition, results of operations and the market price of the Company's securities.

***Investment Company Act***

The Company, were it to publicly offer the Subordinate Voting Shares in the United States, likely would be considered an investment company subject to registration and regulation under the Investment Company Act. The Company has taken various steps so as to qualify for an exemption from registration pursuant to Section 3(c)(7) of the Investment Company Act. So long as the Company continues to be so exempt, the investor protections under the Investment Company Act will not apply to the Company. If that exemption were not available, the Company could be required to significantly restructure or restrict its activities.

**Canadian Tax-Related Risk Factors**

***Taxation of the Company***

The Company will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year including income that is deemed to accrue to it in respect of the FAPI of any of its CFAs or Indirect CFAs. To the extent that any CFA of the Company, including MI Co and MI Sub or any Indirect CFA, including MI Sub, earns income that is characterized as FAPI in a particular taxation year of the CFA or Indirect CFA, the FAPI of the CFA allocable to the Company must be included in computing the income of the Company for Canadian federal income tax purposes for the fiscal year of the Company in which the taxation year of the CFA or the Indirect CFA ends, whether or not the Company actually receives a distribution of that FAPI. The Company, MI Co and MI Sub are anticipated to earn FAPI in respect of certain interest, dividends and capital gains received from its investments including, in certain circumstances, FAPI which arises from deemed income under section 94.1 of the Tax Act. As a consequence, the Company is expected to be subject to Canadian tax even though it may not be distributing its income as dividends to Holders.

As the Company and its subsidiaries will invest in investment securities issued by foreign issuers, the Company and its subsidiaries may be subject to foreign withholding taxes in respect of payments received or deemed to be received from such investments for which they may be unable to obtain relief in the form of deductions or credits from taxes otherwise payable.

The tax laws of India as they apply to direct and indirect investors in Indian investments including shareholders of the Company are uncertain and evolving and it is not clear as a practical matter how they might be applied to foreign nationals transacting in shares of a public company on a foreign stock exchange. Accordingly, there is a risk that a Canadian resident shareholder of the Company may be subject to Indian income or withholding tax on gains realized by the shareholder on a disposition of shares of the Company and that dividend payments made by the Company to its shareholders may also be subject to withholding tax in India if the shares of the Company derive, directly or indirectly, their value substantially from assets located in India. The Tax Act contains comprehensive rules that provide Canadian residents with foreign tax credits or deductions in respect of income and withholding taxes paid by (or on behalf of) such residents to a government other than Canada. However such rules are complex and subject to various exceptions and limitations and, as a result, there is a risk that a Canadian resident shareholder of the Company may not be able to obtain a foreign tax credit and/or deduction that would fully offset the amount Indian tax paid by such shareholder. See: "Indian Income Taxation of MI Co, MI Sub and the Company — Gains arising from the transfer of shares of MI Co, MI Sub and the Company" and "Risk Factors Related to Investments in India — Indian Tax Law" below.

***Taxation of MI Co and MI Sub***

It is assumed that MI Co and MI Sub will, at all times, be non-residents of Canada for purposes of the Tax Act. MI Co and MI Sub, however, have directors who are resident in Canada. A corporation that has its "mind and management" in Canada will be considered to be resident in Canada for Canadian federal income tax purposes. The Company intends to operate MI Co and MI Sub to ensure that its "mind and management" does not reside in Canada and that it does not carry on business in Canada. However, no assurances with respect to factual determinations such as this can be given by the Company's legal counsel. If MI Co or MI Sub were found to be resident in Canada, MI Co or MI Sub, as the case may be, would be subject to tax in Canada on its

worldwide income. If MI Co or MI Sub were found to carry on business in Canada, it would be subject to tax in Canada on its income in respect of its business carried on in Canada.

If MI Co and MI Sub are non-residents of Canada under the Tax Act and they do not carry on business in Canada, they should not be subject to tax in Canada.

**Risk Factors Related to the Business of the Company**

***Newly-Formed Company With No Operating History or Revenues***

The Company is a recently formed company with no operating results, and will not commence operations until it receives the net proceeds of the Offering. As the Company lacks an operating history, there is a very limited basis upon which a potential investor can evaluate the Company's ability to achieve its stated investment objective. The Company currently has no binding plans, arrangements or understandings with any prospective investment and may be unable to complete one or more investments following Closing. If the Company fails to invest in one or more businesses following Closing, such uninvested funds will principally be invested in Permitted Investments which are not expected to generate significant operating revenues.

***Substantial Loss of Capital***

The investments to be made by the Company are speculative in nature and purchasers of Subordinate Voting Shares under this prospectus could experience a loss of all or substantially all of their investment in the Company. There can be no assurance that the Company will be able to make and realize investments or generate positive returns. There can also be no assurance that the returns generated, if any, will be commensurate with the risks of investing in the types of investments contemplated by the Company's investment objectives. As such, an investment in the Company should only be considered by persons who can afford a loss of their entire investment.

***Shareholders Are Not Entitled to Vote on the Company's Proposed Investments***

In determining how best to invest the Net Proceeds of the Offerings, the Company will be relying on the Portfolio Advisor to source and identify suitable investments. Accordingly, holders of Subordinate Voting Shares will not be afforded the opportunity to either approve or oppose an investment opportunity of the Company. Thus, the Company may consummate any such investment even if a majority of the holders of its outstanding equity securities do not favour the particular investment.

***Long-Term Nature of Investment***

An investment in Subordinate Voting Shares requires a long-term commitment with no certainty of return. Most investments to be made by the Company are not expected to generate current income. Therefore, the return of capital to the Company and the realization of gains, if any, from the Company's investments will generally occur only upon the partial or complete realization or disposition of such investment. While an investment of the Company may be realized or disposed of at any time, it is generally expected that the ultimate realization or disposition of most of the Company's investments will not occur for a number of years after each such investment is made.

***Limited Number of Investments***

Subject to the Investment Concentration Restrictions, the Company may own relatively few investments. Consequently, the Company's aggregate returns may be significantly adversely affected if one or more significant investments perform poorly or if the Company needs to write-down the value of any one significant investment.

***Geographic Concentration of Investments***

The Company intends to invest all of the Net Proceeds of the Offerings in various investment opportunities in India and in Indian businesses or other businesses with customers, suppliers or business primary conducted in, or dependent on, India. As a result, the Company's performance will be particularly sensitive to economic changes in India. The market value of the Company's investments, the income generated by the Company and

the Company's performance will be particularly sensitive to changes in the economic condition and regulatory environment in India. Adverse changes in the economic condition or regulatory environment of India may have a material adverse effect on the Company's business, cash flows, financial condition and results of operations.

***Potential Lack of Diversification***

Although the Company's investments are required to be in India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India, the Company does not have any specific limits on investments in businesses in any one industry or size of business. Accordingly, the Company's investments may be more susceptible to fluctuations in value resulting from adverse economic conditions affecting a particular industry or segment of business in India than would be the case if the Company were required to satisfy certain investment guidelines relating to business diversification.

***Financial Market Fluctuations***

The Company intends to invest in both private businesses and publicly traded businesses. With respect to publicly traded businesses, fluctuations in the market prices of such securities may negatively affect the value of such investments. In addition, general instability in the public debt market and other securities markets may impede the ability of businesses to refinance their debt through selling new securities, thereby limiting the Company's investment options with regard to a particular portfolio investment.

Global capital markets have experienced extreme volatility and disruption in recent years as evidenced by the failure of major financial institutions, significant write-offs suffered by the financial services sector, the re-pricing of credit risk, the unavailability of credit or the downgrading and the possibility of default by sovereign issuers, forced exit or voluntary withdrawal of countries from a common currency and/or devaluation. Despite actions of government authorities, these events have contributed to a worsening of general economic conditions, high levels of unemployment in Western economies and the introduction of austerity measures by governments.

Such worsening of financial market and economic conditions may have a negative effect on the valuations of, and the ability of the Company to exit or partially divest from, investment positions. Adverse economic conditions may also decrease the value of collateral securing some of its positions, and require the Company to contribute additional collateral.

Depending on market conditions, the Company may incur substantial realized and unrealized losses in future periods, all of which may materially adversely affect its results of operations and the value of any investment in the Company.

***Pace of Completing Investments***

The Company's business is to identify, with the assistance of the Portfolio Advisor, suitable investment opportunities, pursuing such opportunities and consummating such investments opportunities. If the Company is unable to source and manage its investments effectively, it would adversely impact the Company's financial position and results of operation. There can be no assurance as to the pace of finding and implementing investment opportunities.

Conversely, there may only be a limited number of suitable investment opportunities at any given time. This may cause the Company, while it deploys cash proceeds (from the Offering, from future inflows of capital, or otherwise) not yet invested, to hold significant levels of cash, cash equivalents or Permitted Investments. A lengthy period prior to which capital is deployed may adversely affect the Company's overall performance.

***Control or Significant Influence Position Risk***

Although non-control investments may also be made, the Company generally intends, subject to compliance with applicable law, to make investments that allow the Company to acquire control or exercise significant influence over management and the strategic direction of a business. The exercise of control over a business imposes additional risks of liability for environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability characteristic of business operations may be ignored. The exercise of control over an investment could expose the assets of the Company to claims by such businesses, its

shareholders and its creditors. While the Company intends to manage its investments in a manner that will minimize the exposure to these risks, the possibility of successful claims cannot be precluded.

***Minority Investments***

The Company may make minority equity investments in businesses in which the Company does not participate in the management or otherwise control the business or affairs of such businesses. The Company will monitor the performance of each investment and maintain an ongoing dialogue with each businesses' management team. However, it will be primarily the responsibility of the management of the business to operate the business on a day-to-day basis and the Company may not have the right to control such business.

***Ranking of Company Investments and Structural Subordination***

The Company will invest in public and private equity securities and debt instruments. Portfolio investments may have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt in which the Company invests. By their terms, such debt instruments may entitle the holders to receive payment of interest or principal on or before the dates on which the Company is entitled to receive payments with respect to the debt instruments in which the Company invests. Also, in the event of insolvency, liquidation, dissolution, reorganization or bankruptcy of a portfolio business, holders of debt instruments ranking senior to the Company's investment in that portfolio business would typically be entitled to receive payment in full before the Company receives any distribution. After repaying such senior creditors, such portfolio business may not have any remaining assets to use to repay its obligation to the Company. In the case of debt ranking equally with debt instruments in which the Company invests, the Company would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization or bankruptcy of the relevant portfolio business.

***Follow-On Investments***

Following the initial investment in a business, the Company may be called upon to provide additional funds or have the opportunity to increase its investment in such business through the exercise of a warrant or other right to purchase securities or to fund additional investments through such business. There is no assurance that the Company will make follow-on investments or that the Company will have sufficient funds to make any such investment. Even if the Company has sufficient capital to make a desired follow-on investment, the Company may elect not to make such investment, as the Company may not want to increase its level of risk, the Company may prefer other opportunities or the Company may be restricted from doing so under its investment guidelines. Any decision by the Company not to make follow-on investments or its inability to make such follow-on investments may have a negative impact on the portfolio business in need of such investment, may result in a missed opportunity for the Company to increase its participation in a successful operation or may reduce the expected return on the investment.

***Prepayments of Debt Investments***

Debt investments made by the Company may be repaid or prepaid by portfolio businesses prior to maturity. When this occurs, the Company will generally reinvest these proceeds in temporary investments, pending their future investment in new portfolio businesses. These temporary investments will typically have substantially lower yields than the debt being prepaid and the Company could experience significant delays in reinvesting these amounts. Any future investment in a new portfolio business may also be at lower yields than the debt that was repaid. As a result, the Company's results of operations could be materially adversely affected if one or more portfolio businesses elect to prepay amounts owed to the Company. Downward changes in interest rates may cause prepayments to occur at a faster than expected rate, thereby effectively shortening the maturity of the security and making the security less likely to be an income-producing instrument. Additionally, prepayments, net of prepayment fees (if any), could negatively impact the Company's return on equity.

***Risks upon Dispositions of Investments***

In connection with the disposition of an investment in a business, the Company may be required to make representations about the business and financial affairs of the business, or may be responsible as a selling stockholder for the contents of disclosure documents under applicable securities laws. The Company may also be required to indemnify the borrowers, investors or purchasers of such investment or underwriters to the extent that any such representation turns out to be incorrect, inaccurate or misleading.

***Bridge Financings***

From time to time, the Company may lend to businesses on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term securities. Such bridge loans will typically be convertible into a more permanent, long-term security. It is possible, however, for reasons not always in the Company's control, that such long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Company.

***Reliance on Key Personnel and Risks Associated with the Investment Advisory Agreement***

The management and governance of the Company depends on the services of certain key personnel, including the Portfolio Advisor, Fairfax, as administrator, and certain executive officers of the Company. The loss of the services of any key personnel, particularly V. Prem Watsa and Chandran Ratnaswami, could have a material adverse effect on the Company and materially adversely affect the Company's financial condition and results of operations.

The Company will rely on the Portfolio Advisor and any of its sub-advisors, from time to time, including Fairbridge, with respect to the sourcing and advising with respect to their investments. Consequently, the Company's ability to achieve its investment objectives depends in large part on the Portfolio Advisor and its ability to identify and advise the Company on attractive investment opportunities. This means that the Company's investments are dependent upon the Portfolio Advisor's business contacts, its ability to successfully hire, train, supervise and manage its personnel and its ability to maintain its operating systems. If the Company were to lose the services provided by the Portfolio Advisor or its key personnel or if the Portfolio Advisor fails to satisfactorily perform its obligations under the Investment Advisory Agreement, the Company's investments and growth prospects may decline.

The Company may be unable to duplicate the quality and depth of management from the Portfolio Advisor if the Company were to source and manage its own investments or if it were to hire another investment advisor. Prospective investors should not purchase any securities of the Company unless they are prepared to rely on the Directors, the MI Directors, each of their respective executive officers and the Portfolio Advisor. The Investment Advisory Agreement may be terminated in certain circumstances and is only renewable on certain conditions. Accordingly, there can be no assurance that the Company will continue to have the benefit of the Portfolio Advisor's services, or Fairfax's services, including their respective executive officers, that the Portfolio Advisor will continue to be the Company's investment advisor or that Fairfax will continue to provide investment administration services. If the Portfolio Advisor should cease for whatever reason to be the investment advisor of the Company or Fairfax should cease to provide investment administration services to the Company, the cost of obtaining substitute services may be greater than the fees the Company will pay the Portfolio Advisor and Fairfax under the Investment Advisory Agreement, and this may adversely affect the Company's ability to meet its objectives and execute its strategy which could materially and adversely effect the Company's cash flows, operating results and financial condition.

***Effect of Fees***

The Company will be required to pay the Administration and Advisory Fee (which includes the Performance Fee, if any) to Fairfax. From time to time, the payment of such fees will reduce the actual returns to holders of Subordinate Voting Shares. A portion of these fees will be payable to Fairfax regardless of whether the Company produces positive investment returns.

***Performance Fee could induce Fairfax to make Speculative Investments***

The Performance Fee that may be payable to Fairfax may create an incentive for the Portfolio Advisor to make or recommend investments that are more speculative or involve more risk than would be the case in the absence of such a compensation arrangement. The way in which the Performance Fee payable is determined (calculated as a percentage of the return above a certain amount on invested capital) may encourage the Portfolio Advisor to use or recommend the use of leverage to increase the return on the Company's investments. Increased use of leverage and the corresponding increased risk of replacement of that leverage at maturity could increase the likelihood of default, which could materially and adversely affect the Company's cash flows, operating results and financial condition.

***Operating and Financial Risks of Investments***

Businesses in which the Company invests could deteriorate as a result of, among other factors, an adverse development in their business operations, a change in the competitive environment or an economic downturn. As a result, businesses which the Company expects to be stable may operate, or expect to operate, at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position, or may otherwise have a weak financial condition or be experiencing financial distress. In some cases, the success of the Company's investment strategy will depend, in part, on the ability of the Company to restructure and effect improvements in the operations of a business in which they have invested. The activity of identifying and implementing restructuring programs and operating improvements at businesses entails a high degree of uncertainty. There can be no assurance that the Company will be able to successfully identify and implement such restructuring programs and improvements.

Although the Company's investment strategy includes a focus on tight control of risk, there can be no assurance that the various risks of an investment will be successfully controlled or that losses can be completely avoided.

***Allocation of Personnel***

The Portfolio Advisor's officers and employees will not be able to devote all of their business time and attention to the Company as they will continue to be involved in the operations of the Portfolio Advisor's other lines of business. The Portfolio Advisor's officers and employees will devote such time and attention to the business of the Company as they reasonably consider necessary to effectively carry out the operations of the Company and satisfactorily perform its obligations under the Investment Advisory Agreement.

***Potential Conflicts of Interest***

The Company will rely on the Portfolio Advisor's expertise in identifying and advising on investment opportunities, transaction execution and asset management capabilities. The Portfolio Advisor also provides similar services to other subsidiaries of Fairfax. The advisory services to be provided by the Portfolio Advisor under the Investment Advisory Agreement are to be provided on a non-exclusive basis to the Company and its subsidiaries, and accordingly, there are no restrictions on the Portfolio Advisor from providing similar services to other entities, including Fairfax and its subsidiaries, or from engaging in other activities in the future (whether or not their investment objectives, strategies and policies are similar to those of the Company). The Company acknowledges that the Portfolio Advisor will allocate investment opportunities among the Company and its subsidiaries and the Portfolio Advisor's other portfolio clients in accordance with the Portfolio Advisor's fair allocation policy (see "The Portfolio Advisor — Fair Allocation"). As a result of this fair allocation policy, the Company may, from time to time, be precluded from participating in an investment opportunity available to the Portfolio Advisor that would otherwise be compatible with the Company's investment objectives and restrictions. In addition, although allocation of investment opportunities will be made in accordance with the Portfolio Advisor's fair allocation policy, the Portfolio Advisor may encounter conflicts of interest when allocating investment opportunities among the Company and the Portfolio Advisor's other portfolio clients.

The Portfolio Advisor is not restricted from forming additional investment funds, entering into other investment advisory relationships, exercising investment responsibility, engaging in other business (or non-business) activities or directly or indirectly purchasing, selling, holding or otherwise dealing with any

securities for the account of any such other business or for other portfolio clients (including, without limitation, for or on behalf of clients that invest or may invest in the Company). These activities may be in competition with the Company or involve substantial time and resources of the Portfolio Advisor. These activities, including the establishment of other investment funds which may be more, similarly or less concentrated than the Company, may give rise to additional conflicts of interest.

Furthermore, certain Indian indirect subsidiaries of Fairfax, each of which are comprised of their own management teams, will continue to operate their existing businesses as they see fit and pursue additional Indian investment opportunities for themselves as they may desire. Such competition may increase the cost of investment opportunities that are of interest to the Company, increase competition for those investment opportunities generally or inhibit their consummation altogether.

In addition, the MI Directors will, from time to time, in their individual capacities, deal with parties with whom the Company or its subsidiaries may be dealing, or may be seeking investments similar to those desired by the Company or its subsidiaries. It is possible that the interests of these persons could conflict with those of the Company or its subsidiaries. Applicable corporate law contains conflict of interest provisions requiring the Directors to disclose their interests in certain contracts and transactions and to refrain from voting on those matters.

Conflicts may also exist due to the fact that certain Directors will be affiliated with the Portfolio Advisor. While the Company and the Portfolio Advisor will enter into certain arrangements, the Portfolio Advisor and its affiliates are engaged in a wide variety of business activities, and the Company may, consequently, become involved in transactions that conflict with the interests of the Portfolio Advisor and/or its affiliates.

***The Liability of the Portfolio Advisor is Limited and the Company and the Portfolio Advisor have not been Represented by Separate Legal Counsel***

Under the Investment Advisory Agreement, the Portfolio Advisor does not assume any responsibility other than to perform the obligations, duties and responsibilities described in the Investment Advisory Agreement. As a result, the right of the Company to recover against the Portfolio Advisor may be limited to damages arising out of the performance or non-performance of the responsibilities explicitly set forth in the Investment Advisory Agreement. In addition, the Investment Advisory Agreement contains provisions exonerating the Portfolio Advisor and related persons from liability in connection with the performance of obligations under the Investment Advisory Agreement or indemnifying the Portfolio Advisor or related persons under certain circumstances, even if the Portfolio Advisor has been negligent. These protections from liability may result in the Portfolio Advisor tolerating greater risks when making investment-related decisions or providing investment-related advice than would otherwise be the case, including when determining whether to use or advise with respect to leverage in connection with investments. See "The Portfolio Advisor — Investment Advisory Agreement".

The Company and the Portfolio Advisor have not been represented by separate legal counsel in connection with the structuring of the Company, its operations, contractual relationships and the Offering, and such terms have not been negotiated at arm's length.

***Employee Misconduct at the Portfolio Advisor Could Harm the Company***

There is a risk that employees of the Portfolio Advisor could engage in misconduct that adversely affects its reputation, business and ability to successfully execute its investment strategy and which, in turn, may harm the operations and financial condition of the Company. The Portfolio Advisor's business often requires that it deal with confidential matters relating to companies on which it may provide advice or invest. It is not always possible to detect or deter employee misconduct, and the precautions the Portfolio Advisor takes to detect and prevent these types of activities may not be effective in all cases. If any of the Portfolio Advisor's employees were to engage in misconduct or were to be accused of such misconduct, whether or not substantiated, the Portfolio Advisor's business and reputation could be adversely affected and a loss of investor confidence could result, which could materially adversely affect the Company.

***Valuation Methodologies Involve Subjective Judgments***

For purposes of IFRS-compliant financial reporting, the Company's assets and liabilities will be valued in accordance with IFRS. Accordingly, the Company is required to follow a specific framework for measuring the fair value of its assets and liabilities and, in its audited financial statements, to provide certain disclosures regarding the use of fair value measurements.

The fair value measurement accounting guidance establishes a hierarchal disclosure framework that ranks the observability of market inputs used in measuring financing instruments at fair value. The observability of inputs depends on a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily quoted prices, or for which fair value can be measured from quoted prices in active markets, generally will have a high degree of market price observability and less judgment applied in determining fair value.

A portion of the Company's portfolio investments may be in the form of securities that are not publicly traded. The fair value of securities and other investments that are not publicly traded may not be readily determinable. The Company will value these securities quarterly at fair value as determined in good faith by the Company and in accordance with the valuation policies and procedures described under "Calculation of Total Assets and Net Asset Value". However, the Company may be required to value its securities at fair value as determined in good faith by its Board to the extent necessary to reflect significant events affecting the value of its securities. The Company may utilize the services of an independent valuation firm to aid it in determining the fair value of these securities. The types of factors that may be considered in fair value pricing of the Company's investments include the nature and realizable value of any collateral, the portfolio business' ability to make payments and its earnings, the markets in which the portfolio investment does business, comparison to publicly traded companies, discounted cash flow and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, such valuations may fluctuate over short periods of time and may be based on estimates, and the Company's determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed. The value of the Company's Total Assets could be materially adversely affected if the Company's determinations regarding the fair value of its investments were materially higher than the values that it ultimately realizes upon the disposition of such securities.

The value of the Company's portfolio may also be affected by changes in accounting standards, policies or practices. From time to time, the Company will be required to adopt new or revised accounting standards or guidance. It is possible that future accounting standards that the Company is required to adopt could change the valuation of the Company's assets and liabilities.

Due to a wide variety of market factors and the nature of certain securities to be held by the Company, there is no guarantee that the value determined by the Company or any third-party valuation agents will represent the value that will be realized by the Company on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. Moreover, the valuations to be performed by the Company or any third-party valuation agents are inherently different from the valuation of the Company's securities that would be performed if the Company were forced to liquidate all or a significant portion of its securities, which liquidation valuation could be materially lower.

***Lawsuits***

The Company may, from time to time, become party to a variety of legal claims and regulatory proceedings in Canada, India, Mauritius or elsewhere. The existence of such claims against the Company or its affiliates, directors or officers could have various adverse effects, including the incurrence of significant legal expenses defending such claims, even those claims without merit. The Company intends to manage day-to-day regulatory and legal risk primarily by implementing appropriate policies, procedures and controls. Internal and external legal counsel are also expected to work closely with the Company to identify and mitigate areas of potential regulatory and legal risk.

***Foreign Currency Fluctuation***

All of the Company's portfolio investments, once completed, will be made in India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India, or in Permitted Investments, and the financial position and results for these investments are expected to be principally denominated in INR (other than Permitted Investments). The Company's functional and reporting currency is the United States dollar. Accordingly, the revenues and expenses of such Indian Investments will be translated at average rates of exchange in effect during the applicable reporting period. Assets and liabilities will be translated at the exchange rates in effect at the balance sheet date. As a result, the Company's consolidated financial position is subject to foreign currency fluctuation risk, which could materially adversely impact its operating results and cash flows. Although the Company may enter into currency hedging arrangements in respect of its foreign currency cash flows, there can be no assurance that the Company will do so or, if they do, that the full amount of the foreign currency exposure will be hedged at any time.

***Derivative Risks***

The Company may employ hedging techniques to minimize certain investment risks, such as fluctuations in interest and currency exchange rates, but the Company can offer no assurance that such strategies will be effective. If the Company engages in hedging transactions, it may expose itself to risks associated with such transactions. The Company may utilize instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of the Company's portfolio positions from changes in currency exchange rates and market interest rates. Hedging against a decline in the values of the Company's portfolio positions does not eliminate the possibility of fluctuations in the values of such positions or prevent losses if the values of such positions decline. However, such hedging can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of such portfolio positions. Such hedging transactions may also limit the opportunity for gain if the values of the portfolio positions should increase. Moreover, it may not be possible to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that the Company is not able to enter into a hedging transaction at an acceptable price.

The degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may vary. Moreover, for a variety of reasons, the Company may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent the Company from achieving the intended hedge and expose the Company to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies. While the Company has no current intention of engaging in any of the hedging transactions described above, it nonetheless reserves the right to do so in the future.

***Unknown Merits and Risks of Future Investments***

As the Company has not yet identified or approached any specific target businesses in which to invest, there is no basis for a potential investor to evaluate the possible merits or risks of any particular target business' operations, results of operations, cash flows, liquidity, financial condition or prospects. Although the Company's officers, directors and the Portfolio Advisor will endeavour to evaluate the risks inherent in a particular investment, there can be no assurance that the Company or the Portfolio Advisor will properly ascertain or assess all of the significant risks or that the Company or the Portfolio Advisor will have adequate time to complete appropriate due diligence investigations. Furthermore, some of these risks may be outside of the Company's control and leave the Company with no ability to control or reduce the chances that those risks will adversely impact a target business.

***Opinions From Independent Investment Banks or Accounting Firms Are Not Contemplated***

The Company is not required to obtain an opinion from an independent investment banking or accounting firm that the price the Company is paying for a particular investment is fair to the Company from a financial point of view. If no opinion is obtained, holders of Subordinate Voting Shares will be relying on the judgment of

the Board, its executive officers and the Portfolio Advisor, who will determine fair market value based on standards generally accepted by the financial community. Except as required by law, the Company has no intention of obtaining an opinion from an independent investment banking or accounting firm prior to making each of its investments.

***Resources Could Be Wasted In Researching Investment Opportunities That Are Not Ultimately Completed***

The Company anticipates that the investigation of each specific investment opportunity that has been recommended by the Portfolio Advisor and the negotiation, drafting and execution of the relevant agreements, disclosure documents and other instruments will require substantial management time and attention and substantial costs for accountants, lawyers and others. In the event that the Company elects not to complete a specific investment, the costs incurred up to that point for the proposed transaction are not likely to be recoverable by the Company. Furthermore, in the event that the Company reaches an agreement relating to a specific investment, it may fail to complete such an investment for any number of reasons, including those beyond the Company's control. Any such occurrence will similarly likely result in a loss to the Company of the related costs incurred for accountants, lawyers and others.

***Investments May Be Made In Foreign Private Businesses Where Information Is Unreliable or Unavailable***

In pursuing the Company's investment strategy, the Company may seek to make one or more investments in privately-held businesses. As minimal public information exists about private businesses, the Company could be required to make investment decisions on whether to pursue a potential investment in a private business on the basis of limited information, which may result in an investment in a business that is not as profitable as the Company initially suspected, if at all.

Investments in private businesses pose certain incremental risks as compared to investments in public businesses, including that they:

- have reduced access to the capital markets, resulting in diminished capital resources and ability to withstand financial distress;
- may have limited financial resources and may be unable to meet their obligations under their debt securities that the Company may hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of the Company realizing any guarantees that it may have obtained in connection with its investment;
- may have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and changing market conditions, as well as general economic downturns;
- are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on a portfolio investment and, as a result, the Company; and
- generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position.

***Material, Non-Public Information***

The Company may substantially participate in or influence the conduct, affairs or management of portfolio businesses in which it invests. Directors, officers, employees, designees, associates or affiliates of the Company may, from time to time, serve as directors of, or in a similar capacity with, businesses in which the Company invests. By reason of their responsibilities in connection with these and other activities, certain Company, Portfolio Advisor personnel or advisors may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Company will not be free to act upon any such information. In addition, these individuals may become subject to trading restrictions pursuant to the internal

trading policies of such businesses. Due to these restrictions, the Company may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold. Conversely, the Company may not have access to material non-public information in the possession of the Portfolio Advisor which might be relevant to an investment decision to be made by the Company and the Company may initiate a transaction or sell an investment which, if such information had been known to it, may not have been undertaken.

***Illiquidity of Investments***

Some of the investments of the Company in India or in Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India, are expected to be in private businesses and, in turn, highly illiquid. Accordingly, there can be no assurance that the Company will be able to realize on its investments in a timely manner or at all, which may also make the Company difficult to accurately value. Illiquidity may result from the absence of an established market for the investments as well as legal or contractual restrictions on their resale. In addition, private equity investments by their nature are often difficult and time consuming to liquidate. If the Company is required to liquidate all or a portion of its portfolio investments quickly, it may realize significantly less than the value at which the Company previously recorded such investments.

Furthermore, it is possible that unlisted portfolio businesses in which the Company invests will consider having their securities listed with an Indian or overseas stock exchange, as a means of creating liquidity for its investors. However, there can be no assurance that the listing of these securities will provide a viable exit mechanism, as these securities may experience low trading volumes and a low market capitalization at the time of intended disposal. Also, SEBI regulations generally impose a lock-in period on promoters' holdings in businesses seeking listing through initial public offerings, which would reduce secondary market liquidity. Although the Company would generally endeavour to avoid or minimize such lock-in restrictions on its shareholdings in its portfolio investments, there can be no assurance that it will be able to do so.

***Competitive Market for Investment Opportunities***

The Company will compete with a large number of other investors focused on India, such as private equity funds, mezzanine funds, investment banks and other equity and non-equity based public and private investment funds, and other sources of financing, including traditional financial services companies, such as commercial banks. Competitors may have a lower cost of funds and may have access to funding sources that are not available to the Company. In addition, certain competitors of the Company may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships and build their respective market shares. There can be no assurance that the competitive pressures faced by the Company will not have a material adverse effect on its activities, financial condition and results of operations. In addition, as a result of this competition, the Company may not be able to take advantage of attractive investment opportunities from time to time and there can be no assurance that it will be able to identify and make investments.

The success of the Company will depend on the availability of appropriate investment opportunities and the ability of the Portfolio Advisor to identify, source and make recommendations in respect of those investments. There can be no assurance that there will be a sufficient number of suitable investment opportunities to enable the Company to invest all of the net proceeds of the Offering or that such investment opportunities will lead to completed investments by the Company. As noted above, the Company will be competing with private equity funds, as well as mezzanine funds, institutional investors and, potentially, strategic investors, for prospective investments. As a result of this competition, there can be no assurance that the Company will be able to locate suitable investment opportunities, acquire such investments on acceptable terms, achieve its targeted rate of return or fully invest the net proceeds of the Offering.

***Use of Leverage***

The Company may rely on the use of leverage when making its investments. As such, the ability to achieve attractive rates of return on such investments will significantly depend on the Company's continued ability to

access sources of debt financing on attractive terms. An increase in either market interest rates or in the risk spreads demanded by lenders would make it more expensive for the Company to finance its investments and, in turn, would reduce net returns therein. Increases in interest rates could also make it more difficult for the Company to locate and consummate investments because other potential buyers, including operating companies acting as strategic buyers, may be able to bid for an asset at a higher price due to a lower overall cost of capital. Availability of capital from debt capital markets is subject to significant volatility and the Company may not be able to access those markets on attractive terms, or at all, when completing an investment. Any of the foregoing circumstances could have a material adverse effect on the financial condition and results of operations of the Company.

***Investing in Leveraged Businesses***

The Company may invest in highly leveraged businesses which involves a high degree of risk and will increase the exposure of the Company to adverse economic factors, such as downturns in the economy or deteriorations in the condition of the business in which the Company invests or its industry. In the event that any such business in which the Company invests cannot generate adequate cash flow to meet its debt service obligations, the Company may suffer a partial or total loss of capital invested in such business. Such an occurrence may materially adversely affect the Company's return on its investment.

***Regulation***

The Company is subject to various laws and regulations governing its business, employment standards, taxes and other matters. It is possible that future changes in applicable federal, provincial or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting the Company (including with retroactive effect). Any changes in the laws to which the Company is subject could materially adversely affect the Company's investments and its overall business. It is impossible to predict whether there will be any future changes in the regulatory regimes to which the Company will be subject or the effect of any such change on its investments. Similarly, the businesses in which the Company expects to invest are expected to be principally subject to the laws of India. Any changes to the existing laws of India could have a material adverse effect on the businesses in which the Company invests, which may in turn have a material adverse effect on the Company.

***The Company is Not Subject to the TSX's SPAC Rules***

For the avoidance of doubt, the Company is not subject to the TSX's SPAC rules. As a result, investors participating in the Offering will not be afforded certain of the investor protection features that are required of SPACs under the SPAC rules, including: (i) purchasers of Subordinate Voting Shares will not have the right to pre-approve any Indian Investments; and (ii) there will be no mechanism to return funds to purchasers of Subordinate Voting Shares in the event that any proceeds of the Offering are not deployed.

**Risk Factors Related to Investments in India**

***Investment and Repatriation Restrictions***

Foreign investment in the securities of Indian businesses is restricted or controlled to varying degrees. These restrictions or controls may limit or preclude foreign investment in certain sectors and increase the costs and expenses of the Company. Although these restrictions have been progressively eased in favour of permitting and attracting foreign investments, there can be no guarantee that this policy of liberalization will continue. Reversals in such policy decisions could be retrospective and therefore affect realization of value from existing investments and could impact the Company's ability to enforce negotiated rights.

In order for the Company to acquire Indian-listed securities on stock exchanges in India or acquire Indian debt securities, the Company or one of its subsidiaries will be required to be registered as a FPI in India under the FPI Regulations. The Company intends to make its investments in India pursuant to a FPI registration granted by SEBI to MI Sub. Under the FPI Regulations, a FPI's individual holding must be below 10% of the total paid up share capital of an Indian-listed company. The total FPI holding must be below 24% of the total paid up share capital of such business (or such higher percentage approved by the business subject to the

sectoral cap). To the extent that the maximum FPI limits have been reached in that business, further investment by a FPI would not be permitted. Therefore, under the FPI registration, MI Sub may be limited in the amount that it may invest in a particular business, and investment opportunities in certain issuers or industries may be restricted or prohibited altogether.

There is a risk that MI Sub may not have received such a FPI registration by Closing, or at all, from the applicable regulatory authorities in India which would materially limit the ability of the Company to carry out its investment objective and strategies. Specifically, if MI Sub is not, or ceases to be, a broad based fund, the registration as a FPI may not be granted or continued. In addition, following receipt of the necessary registrations, it is also possible that the licence granted to MI Sub may be revoked or suspended. If registration as a FPI is not granted or continued at any time, MI Sub and the Company would not be permitted to acquire Indian-listed securities on stock exchanges in India or several types of debt securities of Indian businesses. MI Co may, in such a situation, make certain investments as a FDI investor, subject to the provisions of the Government of India's foreign direct investment policy and regulations, however in such case the Company, together with its subsidiaries, would not be permitted to acquire securities through the facilities of a recognized stock exchange in India (which means that it will become less attractive, from a taxation perspective, for existing Indian shareholders to sell shares to the Company).

Generally, in order to comply with the FPI registration requirements, MI Sub must have at least 20 investors (directly or indirectly) with no investor holding more than 49% of the shares of MI Sub (directly or indirectly) (unless such investor is an institutional investor who, itself, satisfies the above requirements). In the event that these conditions are not met, at any time, the applicable Indian regulatory authorities may revoke MI Sub's FPI licence, which would have a material adverse effect on the Company's business, operations and financial results.

Further, restrictions under such registrations are within the absolute discretion of the SEBI. The designated depository participant, authorized under the FPI Regulations to grant licences in this regard, considers various factors, such as eligibility, satisfaction of "fit and proper" criteria and conduct as a FPI which are required to be complied with in order to obtain such licence.

The ability of the Company to invest in certain businesses may be restricted, and there can be no assurance that additional restrictions on investments permissible for a FPI will not be imposed in the future or that the FPI Regulations will not be amended, clarified, interpreted by judicial or administrative ruling or superseded in the future in such a way that may adversely affect the Company. Accordingly, the failure by MI Sub to obtain the applicable registrations by Closing or revocation or suspension of such registration may result in a material adverse effect on the Company's business, operations and financial results.

The ability to invest in Indian securities, exchange INR into United States dollars and repatriate investment income, capital and proceeds of sales realized from its investments in Indian securities is subject to the (Indian) Foreign Exchange Management Act, 1999 ("**FEMA**") and the rules, regulations and notifications issued thereunder, and the Government of India foreign investment policy and regulations. Under certain circumstances, such as a change in law or regulation or loss of FPI authorization, governmental registration or approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors may be required. In addition, if there is a deterioration in India's balance of payments or for other reasons, India may impose temporary restrictions on foreign capital remittances abroad. The Company could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital, as well as by the application to the Company of any restrictions on investments. The Company will be subject to withholding and capital gains taxes, as applicable.

The Company and MI Co intend to make investments in equity securities of listed and unlisted Indian companies as FDIs. While there are no shareholding caps on a FDI investor, there are sectoral limits, minimum lock-in of investments, minimum capitalization requirements, pricing guidelines and reporting requirements. Further, FDI investors are not permitted to invest in debt instruments, other than foreign currency convertible bonds, which will be subject to all-in-cost ceilings, restrictions on eligible borrowers, restrictions on recognized lenders, minimum maturity requirements and restrictions on end-uses of the debt proceeds. A FDI investor is also not permitted to acquire shares on a recognized stock exchange in India, except in certain limited circumstances.

*Aggregation Restrictions*

Under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Fairfax and its affiliates would be deemed to be PACs with the Company. Although the deeming provision is a rebuttable presumption based on facts, if it is determined in accordance with Indian law that Fairfax and its affiliates are PACs with the Company or its subsidiaries, and their aggregate holding exceeds 25% or more of a listed Indian company, the Company may be required to make an open offer for all of the issued and outstanding securities of the Indian company. Consequently, any listed Indian Investments acquired by Fairfax or its affiliates may reduce the permissible quantum that the Company will be permitted to acquire in respect of the same Indian Investment without triggering open offer requirements.

In addition, Fairfax and certain of its affiliates have, are in the process of obtaining, or may obtain in the future, FPI registrations. If it is determined in accordance with Indian law that MI Sub, on the one hand, and Fairfax and its affiliates, on the other hand, have more than 50% direct or indirect common shareholding, beneficial ownership or beneficial interest, then equity investments made by Fairfax and its affiliates and MI Sub in Indian listed companies will be aggregated for purposes of calculating the permissible quantum of investment (i.e., less than 10% of such portfolio business' shareholding) by each of MI Sub and Fairfax and its affiliates, to ensure compliance with the FPI Regulations. Consequently, any Indian Investments acquired by Fairfax or its affiliates who are registered as FPIs, may reduce the permissible quantum that MI Sub will be permitted to acquire in respect of the same Indian Investment on the facilities of a stock exchange in India, such that the percentage held by MI Sub, Fairfax and its affiliates equals, in the aggregate, less than 10% of such portfolio business' share capital.

*Restrictions Relating to Debt Securities*

The Indian corporate bond market is still in its nascent stages of development and does not have the same liquidity as developed bond markets. Investments in debt securities are subject to certain restrictions imposed from time to time by the SEBI and the RBI (for instance, aggregate investments by all FPIs as a whole in Indian government securities is capped at US$25 billion). Stamp duty payable on the transfer of corporate bonds held in physical form is higher in comparison to international standards and is not uniform across all states in India. Investment in Indian corporate bonds could be considered risky as the legal framework for recovering the investment is lengthy and enforcement of contracts could be time consuming and expensive.

*Pricing Guidelines*

Pursuant to the rules and regulations of the RBI under FEMA and the regulations issued thereunder, foreign direct investment in Indian businesses is subject to certain minimum valuation and pricing guidelines. Such minimum valuation and pricing guidelines may restrict the ability of the Company to make investments in Indian businesses at attractive prices. The RBI has also prescribed certain maximum valuation and pricing guidelines for persons and corporations resident outside of India that sell shares of Indian businesses to resident Indian persons and corporations. Such maximum valuation and pricing guidelines may restrict the ability of the Company to sell its investments in Indian businesses at a higher valuation than may be available in the absence of the aforesaid restrictions prescribed by the RBI.

*Emerging Markets*

The Company's investment objective is to achieve long-term capital appreciation, while preserving capital, by investing in Indian Investments. Foreign investment risk is particularly high given that the Company invests in securities of issuers based in or doing business in an emerging market country.

The economies of emerging market countries have been and may continue to be adversely affected by economic conditions in the countries with which they trade. The economies of emerging market countries may also be predominantly based on only a few industries or dependent on revenues from particular commodities. In addition, custodial services and other investment-related costs may be more expensive in emerging markets than in many developed markets, which could reduce the Company's income from securities or debt instruments of emerging market country issuers.

There is a heightened possibility of imposition of withholding taxes on interest or dividend income generated from emerging market securities. Governments of emerging market countries may engage in confiscatory taxation or expropriation of income and/or assets to raise revenues or to pursue a domestic political agenda. In the past, emerging market countries have nationalized assets, companies and even entire sectors, including the assets of foreign investors, with inadequate or no compensation to the prior owners. There can be no assurance that the Company will not suffer a loss of any or all of its investments or, interest or dividends thereon, due to adverse fiscal or other policy changes in emerging market countries.

Governments of many emerging market countries have exercised and continue to exercise substantial influence over many aspects of the private sector. In some cases, the government owns or controls many companies, including some of the largest in the country. Accordingly, government actions could have a significant effect on economic conditions in an emerging country and on market conditions, prices and yields of securities in the Company's portfolio.

Bankruptcy law and creditor reorganization processes may differ substantially from those in Canada and the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain emerging market countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain. In addition, it may be impossible to seek legal redress against an issuer that is a sovereign state.

Also, because publicly traded debt instruments of emerging market issuers represent a relatively recent innovation in the world debt markets, there is little historical data or related market experience concerning the attributes of such instruments under all economic, market and political conditions.

Other heightened risks associated with emerging markets investments include without limitation: (i) risks due to less social, political and economic stability, including the risk of war, terrorism, nationalization, limitations on the removal of funds or other assets, or diplomatic developments that affect investments in these countries; (ii) the smaller size of the market for such securities and a lower volume of trading, resulting in a lack of liquidity and in price volatility; (iii) certain national policies which may restrict the Company's investment opportunities, including restrictions on investing in issuers or industries deemed sensitive to relevant national interests and requirements that government approval be obtained prior to investment by foreign persons; (iv) certain national policies that may restrict the Company's repatriation of investment income, capital or the proceeds of sales of securities, including temporary restrictions on foreign capital remittances; (v) the lack of uniform accounting and auditing standards and/or standards that may be significantly different from the standards required in Canada; (vi) less publicly available financial and other information regarding issuers; (vii) potential difficulties in enforcing contractual obligations; and (viii) higher rates of inflation, higher interest rates and other economic concerns. The Company may invest to a substantial extent in emerging market securities that are denominated in INR, subjecting the Company to a greater degree of foreign currency risk. Also, investing in emerging market countries may entail purchases of securities of issuers that are insolvent, bankrupt or otherwise of questionable ability to satisfy their payment obligations as they become due, subjecting the Company to a greater amount of credit risk and/or high yield risk.

As reflected in the above discussion, investments in emerging market securities involve a greater degree of risk than, and special risks in addition to the risks associated with, investments in domestic securities or in securities of foreign developed countries.

***Corporate Disclosure, Governance and Regulatory Requirements***

In addition to their smaller size, reduced liquidity and greater volatility, Indian securities markets are less developed than Canadian securities markets and may differ in fundamental ways. Disclosure and regulatory standards are in many respects less stringent than Canadian standards. Issuers in India are subject to accounting, auditing and financial standards and requirements that differ, in some cases significantly, from those applicable to Canadian reporting issuers. In particular, the assets and profits appearing on the financial statements of an Indian issuer may not reflect its financial position or results of operations in the way they would be reflected had such financial statements been prepared in accordance with Canadian generally accepted accounting principles. Accordingly, information available to the Company, including both general economic and commercial

information concerning specific enterprises or assets, may be less reliable and less detailed than information available in Canada or the United States.

There is less regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants than in Canada. Moreover, issuers of securities in India are not subject to the same degree of regulation as are Canadian reporting issuers with respect to such matters as insider trading rules, tender offer regulation, shareholder proxy requirements and the timely disclosure of information. There is also generally less publicly available information about Indian issuers than Canadian reporting issuers.

***Legal and Regulatory Risks***

Legal, tax and regulatory changes in the Indian investment environment could have a material adverse effect on the Company and the Indian Investments.

Many of the laws that govern private and foreign investment, equity securities transactions and other contractual relationships in India are untested. As a result, the Company may be subject to a number of risks, including: inadequate investor protection; contradictory legislation; incomplete, unclear and changing laws; ignorance or breaches of regulations on the part of other market participants; lack of established or effective avenues for legal redress; lack of standard practices; confidentiality customs characteristic of developed markets; and lack of enforcement of existing regulations. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Company and its operations. Existing regulatory controls and corporate governance of businesses in India occasionally confer less protections for minority shareholders. The concept of fiduciary duty to investors by officers and directors in some Indian companies is also limited when compared to such concepts in western markets. In certain instances, the Company may take significant actions without the consent of investors and anti-dilution protection may also be limited.

Further, it is possible that there will be tax and regulatory changes in the Indian investment environment that may have a material adverse impact on the Company and the Indian Investments.

India recently enacted legislation that will come into force on December 1, 2014 that will have the effect of requiring Fairbridge to be registered with SEBI as a "research analyst" in order to continue to act as a sub-advisor to the Portfolio Advisor with respect to investments of the Company and its subsidiaries in securities which are listed or to be listed on stock exchanges in India. Fairbridge will be required to apply for such registration by June 30, 2015. Fairbridge will apply for, and expects to receive, such registration in due course. There can be no assurance, however, that the registration will be accepted. In the event that the registration is not accepted, Fairbridge will no longer be permitted to act as sub-advisor to the Portfolio Advisor with respect to such investments of the Company and its subsidiaries.

***Volatility of the Indian Securities Markets***

Stock exchanges in India have, in the past, experienced substantial fluctuations in the prices of listed securities. The stock exchanges in India have also experienced temporary exchange closures, broker defaults, settlement delays and strikes by brokerage firm employees. In addition, the governing bodies of the stock exchanges in India have, from time to time, imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time, disputes have occurred between listed businesses and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

***Political, Economic, Social and Other Factors***

The value of the Company's assets may be adversely affected by political, economic, social and other factors, changes in Indian law or regulations and the status of India's relations with other countries. In addition, the economy of India may differ favourably or unfavourably from the Canadian economy in such respects as the rate of GDP growth, the rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments position. Agriculture occupies a more prominent position in the Indian economy than in Canada, and the Indian economy therefore is more susceptible to adverse changes in weather. The Indian government has exercised and continues to exercise significant influence over many aspects of the economy, and the number of public sector

enterprises in India is substantial. Accordingly, Indian government actions in the future could have a significant effect on the Indian economy, which could affect market conditions, and prices and yields of the Company's investments. Further, certain developments (such as the possibility of nationalization, expropriation or punitive taxation) could adversely affect the value of the Indian Investments.

Since mid-1991, the Indian government has committed itself to implementing an economic structural reform program with the goal of liberalizing India's exchange and trade policies, reducing the fiscal deficit, controlling inflation, promoting a sound monetary policy, reforming the financial sector and relying more heavily on market mechanisms to direct economic activity. A significant component of the program is the promotion of foreign investment in key areas of the economy and the further development of, and the relaxation of restrictions in, the private sector. These policies have been coupled with a plan to redirect the government's central planning function away from the allocation of resources and closer to the issuance of indicative guidelines. While the government's policies have resulted in improved economic performance, there can be no assurance that the economic recovery will be sustained. Moreover, there can be no assurance that these economic reforms will persist. Uncertainties with respect to potential changes in Indian economic policies, in light of a new government, may cause significant volatility in the value of Indian businesses.

The Indian population is comprised of diverse religious, linguistic and ethnic groups and religious and border disputes continue to be a problem in India. In recent years, there have been incidents of communal violence between Hindus and Muslims. Moreover, India has, from time to time, experienced civil unrest and hostility with neighbouring countries such as Pakistan. If the Indian government is unable to control the violence and disruption associated with these tensions, the results could have a negative effect on India's economy and, consequently, materially adversely affect the Company's investments. Additionally, since early 2003, there have been military hostilities and civil unrest in Afghanistan, Iraq, Syria, Lebanon and other Asian countries. These events could adversely influence the Indian economy and, as a result, materially adversely affect the Company's investments.

***Governance Issues Risk***

Recent instances of governance issues in India have the potential to discourage investors and derail the growth prospects of the Indian economy. Governance issues create economic and regulatory uncertainty and could have an adverse effect on the returns on investment.

***Indian Tax Law***

There is a risk that upon application of Indian tax law, including the imposition of tax on income and gains of the Company, certain holders of Subordinate Voting Shares may not receive a full foreign tax credit. Holders of Subordinate Voting Shares who are unable to fully utilize foreign tax credits designated to them will indirectly bear a portion of such Indian tax liabilities.

Further, gains arising on transfer of shares of the Company could be taxable in India under the ITA if the shares of the Company derive, directly or indirectly, their value substantially from assets located in India. Additionally, any dividend payments by the Company could also be subject to withholding tax in India if the shares of the Company derive, directly or indirectly, their value substantially from assets located in India. However, this should be subject to benefits available, if any, under an applicable DTAA.

***Changes in Law***

The Republic of Mauritius legal framework under which MI Co and MI Sub will invest in India may undergo changes in the future, which could impose additional costs or burdens on the Company's operations. Future changes to Mauritian or Indian law, or the Indo-Mauritius DTAA, or the interpretations given to them by regulatory authorities, could impose additional costs or obligations on MI Co's and MI Sub's activities in Mauritius or India. Significant adverse tax consequences could result if MI Co or MI Sub do not qualify for benefits under the Indo-Mauritius DTAA. There can be no assurance that MI Co or MI Sub will continue to qualify for or receive the benefits of the Indo-Mauritius DTAA or that the terms of the Indo-Mauritius DTAA will not be modified. It is possible that provisions of the Indo-Mauritius DTAA will be overridden by Indian legislation in a way that materially adversely affects the Company, MI Co and MI Sub. Further, there can be no

assurance that changes in the law or government policies of Mauritius that may limit or eliminate a non-Mauritian investor's ability to make investments into India via Mauritius will not occur.

An amendment to the capital gains articles in the Indo-Mauritius DTAA may result in capital gains derived from MI Co's or MI Sub's investments in India becoming subject to capital gains tax in India, which could have a material adverse effect on the Company's business and financial conditions and results of operations.

***GAAR***

Under GAAR, the Indian tax authorities have been given the power to re-characterize or disregard any arrangement which qualifies as an 'impermissible avoidance arrangement' ("**IAA**"). IAA means an arrangement whose main purpose is to obtain a 'tax benefit' (e.g., a reduction or avoidance of tax that would be payable under the ITA), and, among other things, such arrangement 'lacks' or is 'deemed to lack' commercial substance in whole or in part. Further, where GAAR is invoked, the taxpayer would not have the option of being governed by the relevant DTAA provisions. GAAR would apply on income arising on or after April 1, 2015. However, GAAR would not apply to: (i) arrangements where tax benefits in a relevant tax year, in aggregate, to all the parties involved does not exceed INR 30 million; (ii) any income or gains on transfer, accruing, arising or deemed to accrue or arise to any person from investments made prior to August 30, 2010; (iii) FPIs who are assessed under the ITA and, who do not avail itself of the benefits under the applicable DTAA and have invested in listed or unlisted securities in accordance with the SEBI (Foreign Institutional Investors) Regulations, 1995 and/or any other applicable regulations; and (iv) non-residents in relation to investments made by such non-resident by way of offshore derivative instruments or otherwise, directly or indirectly, in a foreign institutional investor. If any arrangement is determined by the Indian tax authorities to be an IAA, any benefits from a tax perspective available under the ITA read with the DTAA with respect to such arrangement would be eliminated, which would have a material adverse effect on the Company's business and financial conditions and results of operations.

***Exposure to Permanent Establishment, etc.***

While the Company believes that the activities of the Company and its subsidiaries do not and will not create a permanent establishment for the Company in India, there may be a risk that the Indian tax authorities nonetheless assert that these activities result in such a permanent establishment. If for any reason any of the above activities are held to create such a permanent establishment, the profits of the Company and/or its subsidiaries, as the case may be, to the extent attributable to the permanent establishment, could be subject to tax in India.

***Enforcement of Rights***

The Company's assets may be held in accounts by custodians, or pledged to creditors of the Company as per applicable law, in jurisdictions outside of Canada. Accordingly, there can be no assurance that judgments obtained in Canadian courts will be enforceable in any of those jurisdictions. It is possible that events such as the expropriation, confiscatory taxation or nationalization of foreign bank deposits or other assets may occur, which may result in the Company being unable to enforce its legal rights or protect its investments.

Legal principles relating to corporate affairs and the validity of corporate procedures, directors' fiduciary duties and liabilities and shareholders' rights may differ from those that may apply in other jurisdictions. Shareholders' rights under Indian law may not be as extensive as those that exist under the laws of Canada. The Company may therefore have more difficulty asserting its rights as a shareholder of an Indian company in which it invests than it would as a shareholder of a comparable Canadian company. Further, the (Indian) Companies Act, 2013, which recently replaced in its entirety the (Indian) Companies Act, 1956, contains certain additional compliance requirements coupled with interpretational challenges that could impact the Company's rights as a corporation. Provisions of Indian law relating to the enforcement of foreign judgments and arbitral awards provide for broad exceptions. In addition, approval from the RBI is required to repatriate certain amounts outside of India, such as indemnity payments by Indian companies or resident individuals.

***Smaller Company Risk***

The Company may invest in less seasoned and smaller and mid-capitalization Indian businesses. Investments in such businesses may present greater opportunities for growth, but also involve greater risks than are customarily associated with investments in more established and larger capitalized businesses. It is more difficult to obtain information about less seasoned and smaller capitalization businesses as they tend to be less well-known and have shorter operating histories and because they tend not to have significant ownership by large investors or be followed by many securities analysts. Investments in larger and more established businesses present certain advantages in that such businesses generally have greater financial resources, more extensive research and development, manufacturing, marketing and service capabilities, more stability and greater depth of management and technical personnel.

***Due Diligence and Conduct of Potential Investment Entities***

Before making investments, the Portfolio Advisor and the Company will typically conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third party advisers or consultants may present a number of risks primarily relating to the Company's or the Portfolio Advisor's reduced control of the functions that are outsourced. In addition, if the Company or the Portfolio Advisor are unable to timely engage third-party providers, their ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding an investment, the Company or the Portfolio Advisor will rely on the resources available to it, including publicly available information, information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that the Company or the Portfolio Advisor carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful. There can be no assurance that attempts to provide downside protection with respect to investments will achieve their desired effect and potential investors should regard an investment in the Company as being speculative and having a high degree of risk.

In addition, when assessing an investment opportunity for the Company, investment analyses and decisions by the Company or the Portfolio Advisor may be undertaken on an expedited basis in order to take advantage of what it perceives to be short-lived investment opportunities. In such cases, the available information at the time of an investment may be limited, inaccurate or incomplete.

There can be no assurance that the Company or the Portfolio Advisor will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during its efforts to monitor the investment on an ongoing basis. In the event of fraud by any portfolio business or any of its affiliates, the Company may suffer a partial or total loss of capital invested in that business. An additional concern is the possibility of material misrepresentation or omission on the part of the portfolio business or the seller. Such inaccuracy or incompleteness may adversely affect the value of the Company's securities and/or instruments in such business. The Company and the Portfolio Advisor will rely upon the accuracy and completeness of representations made by the portfolio business and/or their former owners in the due diligence process to the extent reasonable when it makes its investments, but cannot guarantee such accuracy or completeness. As a result, there can be no assurance that the due diligence investigations carried out by the Portfolio Advisor or the Company will reveal or highlight all relevant facts that may be necessary or helpful in evaluating investment opportunities. Any failure to identify relevant facts may result in inappropriate investment decisions, which may have a material adverse effect on the value of any investment in the Company. Under certain circumstances, payments to the Company may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

*Asian Economic Risk*

Certain Asian economies have experienced over-extension of credit, currency devaluations and restrictions, high unemployment, high inflation, decreased exports and economic recessions. Economic events in any one country can have a significant economic effect on the entire Asian region and any adverse events in the Asian markets may have a significant adverse effect on Indian businesses and, in turn, the Company.

*Reliance on Trading Partners Risk*

The Indian economy is dependent on commodity prices and the economies of Asia (mainly Japan and China) and the United States as key trading partners. Reduction in spending on Indian products and services by any of these trading partners or a slowdown or recession in any of these economies could materially adversely affect the Indian economy and, in turn, the Company.

*Natural Disaster Risks*

The occurrence of natural disasters, including hurricanes, earthquakes, tornadoes, fires, explosions and pandemic diseases, could adversely affect returns from Indian Investments and, in turn, the Company.

*Government Debt Risk*

The government of India has experienced chronic structural public sector deficits. High amounts of debt and public spending may stifle Indian economic growth, cause prolonged periods of recession, or lower India's sovereign debt rating.

*Economic Risk*

The Indian economy has grown rapidly during the past several years and there is no assurance that this growth rate will be maintained. India may experience substantial (and, in some cases, extremely high) rates of inflation or economic recessions causing a negative effect on the Indian economy. India may also impose restrictions on the exchange or export of currency, institute adverse currency exchange rates or experience a lack of available currency hedging instruments. Any of these events could have a material adverse effect on the Indian economy.

## PROMOTER

Fairfax has taken the initiative in founding and organizing the Company and may therefore be considered a promoter of the Company for the purposes of applicable securities legislation. The number of Multiple Voting Shares and Subordinate Voting Shares (and the equity percentage outstanding) that will be held by Fairfax, either directly or through one or more subsidiaries, following Closing is set forth under "Principal Shareholder". Fairfax also acts as administrator under the Investment Advisory Agreement and thereby receives certain fees as described under "Fees and Expenses". Fairfax will not receive any benefits, directly or indirectly, from the issuance of securities offered hereunder other than as described under "Fees and Expenses" and "Principal Shareholder".

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not aware of any existing or contemplated legal proceedings to which it is or was a party since January 1, 2014.

The Company is not aware of any penalties or sanctions imposed by a court or securities regulatory authority or other regulatory body against the Company, nor has the Company entered into any settlement agreements before a court or with a securities regulatory authority.

The Autorité des marchés financiers, the securities regulatory authority in the Province of Quebec (the "**AMF**"), is conducting an investigation of the Administrator, its Chief Executive Officer, Mr. Prem Watsa, and its President, Mr. Paul Rivett. The investigation concerns the possibility of illegal insider trading and/or tipping (not involving any personal trading by the individuals) in connection with a Quebec transaction. Further

details concerning the investigation are, by law, not permitted to be disclosed. The Administrator and its officers are fully cooperating with the investigation and have advised the Company that they are not aware of any reasonable basis for any legal proceedings against it or any of its officers. However, if the AMF commences legal proceedings, no assurance can be given at this time as to the outcome or to the impact on the Company.

The Administrator and its directors and officers have in past and are currently subject to various litigation matters in India relating to investments by the Administrator and affiliates in India. The Administrator is of the view that such litigation is without merit and that if determined adversely would not have a material adverse effect on the ability of the Administrator and its directors and officers to perform their obligations to the Company as described in this prospectus.

## LEGAL MATTERS

The matters referred to under "Eligibility for Investment" and "Certain Canadian Federal Income Tax Considerations", as well as certain other legal matters relating to the issue and sale of the Subordinate Voting Shares, will be passed upon on behalf of the Company by Torys LLP and on behalf of the Underwriters by Stikeman Elliott LLP. The matters referred to under "Indian Income Taxation of MI Co, MI Sub and the Company" will be passed upon on behalf of the Company by AZB and Partners, and the matters referred to under "Republic of Mauritius Income Taxation of MI Co, MI Sub and the Company" will be passed upon on behalf of the Company by C&A Law. As at the date of this prospectus, the partners and associates of each of Torys LLP, Stikeman Elliott LLP, AZB and Partners and C&A Law beneficially own, directly and indirectly, less than 1% of the outstanding securities or other property of the Company, its associates or its affiliates.

## INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as noted below, there are no material interests, direct or indirect, of any director or executive officer of the Company, any shareholder that beneficially owns, or controls or directs (directly or indirectly), more than 10% of the aggregate votes attached to the Multiple Voting Shares and Subordinate Voting Shares, or any associate or affiliate of any of the foregoing persons, in any transaction within the three years before the date hereof that has materially affected or is reasonably expected to materially affect the Company or any of its subsidiaries.

Fairfax will hold a significant interest in the Company following Closing. See "Principal Shareholder" and "Promoter".

## AUDITOR, TRANSFER AGENT AND REGISTRAR

PricewaterhouseCoopers LLP, Chartered Professional Accountants, Licensed Public Accountants, is the auditor of the Company and has confirmed that it is independent of the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

The transfer agent and registrar for the Multiple Voting Shares and the Subordinate Voting Shares will be Valiant Trust Company at its principal office in Toronto, Ontario.

## MATERIAL CONTRACTS

The following are the only material agreements of the Company that will be in effect on Closing (other than certain agreements entered into in the ordinary course of business):

(a) the Coattail Agreement;

(b) the Investment Advisory Agreement;

(c) the Securityholders' Rights Agreement; and

(d) the Underwriting Agreement.

Copies of the foregoing documents will be available following Closing on SEDAR.

## AGENT FOR SERVICE OF PROCESS

Deepak Parekh and Harsha Raghavan, each a director of the Company, reside outside of Canada and have appointed the following agent for service of process:

| Name of Person or Company | Name and Address of Agent |
|---|---|
| Deepak Parekh | Fairfax India Holdings Corporation<br>95 Wellington Street West, Suite 800<br>Toronto, Ontario, M5J 2N7 |
| Harsha Raghavan | Fairfax India Holdings Corporation<br>95 Wellington Street West, Suite 800<br>Toronto, Ontario, M5J 2N7 |

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

## PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

"**Adjusted Capital**" has the meaning ascribed thereto under "Fees and Expenses";

"**Adjustments**" has the meaning ascribed thereto under "Consolidated Capitalization";

"**Administration and Advisory Fee**" has the meaning ascribed thereto under "Fees and Expenses";

"**Advance Notice Provisions**" has the meaning ascribed thereto under "Description of Share Capital — Multiple Voting Shares and Subordinate Voting Shares";

"**allowable capital loss**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Taxation of Resident Holders of Subordinate Voting Shares";

"**AMF**" means Autorité des marchés financiers;

"**Audit Committee**" means the audit committee of the Company, as further described under the heading "Directors and Management of the Company — Committees of the Board";

"**BAR**" has the meaning ascribed thereto under "About this Prospectus";

"**Board**" means the board of directors of the Company;

"**BJP**" means the Bharatiya Janata Party;

"**BMONB**" means BMO Nesbitt Burns Inc.;

"**Business Trusts**" has the meaning ascribed thereto under "Indian Income Taxation of MI Co, MI Sub and the Company — Dividend Income and Income Distributions";

"**CAGR**" means the compound annual growth rate;

"**Calculation Period**" has the meaning ascribed thereto under "Fees and Expenses";

"**CCAA**" means the *Companies' Creditors Arrangement Act* (Canada);

"**CDS**" means CDS Clearing and Depository Services Inc.;

"**CFA**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Taxation of the Company";

"**CIBCWM**" means CIBC World Markets Inc.;

"**Closing**" means the closing of the Offering;

"**Closing Date**" means January 30, 2015, or such other date as the Company, Fairfax and the Underwriters may agree, but in any event no later than February 13, 2015;

"**Coattail Agreement**" has the meaning ascribed thereto under "Principal Shareholder — Coattail Agreement";

"**Code of Conduct**" means the code of conduct of the Company, as further described under "Directors and Management of the Company";

"**Companies Act**" has the meaning ascribed thereto under "MI Co and MI Sub";

"**Company**" means Fairfax India Holdings Corporation, as interpreted in the manner described under "About this Prospectus";

"**Convention**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Taxation of Non-Resident Holders of Subordinate Voting Shares";

"**Cornerstone Investment**" has the meaning ascribed thereto on the cover page of this prospectus;

"**Cornerstone Investors**" has the meaning ascribed thereto on the cover page of this prospectus;

"**CRA**" means the Canada Revenue Agency;

"**Custodians**" means, collectively, RBC Investor Services Trust and Deutsche Bank AG, Mumbai Branch, and "Custodian" shall mean any one of them;

"**Custodian Agreements**" means the agreement(s) between the Company and the Custodians, as further described under "The Custodians";

"**DBRS**" means DBRS Limited;

"**Demand Distribution**" has the meaning ascribed thereto under "Principal Shareholder — Registration Rights";

"**Demand Registration Right**" has the meaning ascribed thereto under "Principal Shareholder — Registration Rights";

"**Designated Rating Organization**" means (a) each of DBRS, Fitch, Moody's, S&P, including their DRO Affiliates, or (b) any other credit rating organization that has been designated under applicable Canadian securities legislation;

"**Determination Date**" has the meaning ascribed thereto under "Fees and Expenses";

"**DFA Rules**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Taxation of the Company";

"**Directors**" means the directors of the Company, and "**Director**" means any one of them;

"**DRO Affiliate**" has the same meaning as in section 1 of National Instrument 25-101 — *Designated Rating Organizations*;

"**DTAA**" has the meaning ascribed thereto under "Indian Income Taxation of MI Co, MI Sub and the Company";

"**DTC**" has the meaning ascribed thereto under "Indian Income Taxation of MI Co, MI Sub and the Company — The Direct Taxes Code Bill, 2013";

"**Education Cess**" has the meaning ascribed thereto under "Indian Income Taxation of MI Co, MI Sub and the Company";

"**Employee Exception**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Taxation of the Company";

"**Equity Monetization Arrangement**" means one or more agreements, arrangements or understandings to which a holder of a Multiple Voting Share is a party, the effect of which is to allow the holder of such Multiple Voting Share to receive a cash amount similar to proceeds of disposition, and transfer part or all of the economic risk and/or return associated with such Multiple Voting Share, without actually transferring ownership of or control over such Multiple Voting Shares; provided, however, that an Equity Monetization Arrangement expressly excludes (a) any pledge, grant of a security interest or other assignment or transfer for purposes of providing security relating to a Multiple Voting Share, or (b) any currency hedging activities;

"**Fairbridge**" means Fairbridge Capital Private Limited, a corporation established under the laws of India, and a sub-advisor to the Portfolio Advisor;

"**Fairfax**" means Fairfax Financial Holdings Limited, a corporation established under the laws of Canada, and the promoter of the Offering;

"**FAPI**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Taxation of the Company";

"**FAPL**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Computation of FAPI of MI Co";

"**FAT**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Taxation of the Company";

"**FDI**" means foreign direct investment;

"**FEMA**" means the (Indian) Foreign Exchange Management Act, 1999;

"**Fitch**" means Fitch, Inc.;

"**forward-looking statements**" has the meaning ascribed thereto under "Forward-Looking Statements";

"**FPI**" means foreign portfolio investor;

"**FPI Regulations**" means Regulation 5(2) and Schedule 2 of the FEMA Regulations and the Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations, 2014;

"**FSC**" has the meaning ascribed thereto under "MI Co and MI Sub";

"**GAAR**" has the meaning ascribed thereto under "Indian Income Taxation of MI Co, MI Sub and the Company";

"**GDP**" means gross domestic product;

"**Governance, Compensation and Nominating Committee**" means the governance, compensation and nominating committee of the Company, as further described under "Directors and Management of the Company — Committees of the Board";

"**High Water Mark**" has the meaning ascribed thereto under "Fees and Expenses";

"**Holder**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations";

"**Hurdle Per Share**" has the meaning ascribed thereto under "Fees and Expenses";

"**IAA**" has the meaning ascribed thereto under "Risk Factors — Risk Factors Related to Investments in India";

"**ICICI Lombard**" means ICICI Lombard General Insurance Company Limited;

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board;

"**IKYA**" means IKYA Human Capital Solutions Private Limited;

"**Independent Director**" means a Director who is independent of the Company in accordance with applicable Canadian securities law;

"**Indian Investments**" means investments by the Company in public and private equity securities and debt instruments in India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India. For the avoidance of doubt Indian Investments do not include Permitted Investments;

"**Indirect CFA**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Taxation of the Company";

"**Indo-Canada DTAA**" has the meaning ascribed thereto under "Indian Income Taxation of MI Co, MI Sub and the Company";

"**Indo-Mauritius DTAA**" has the meaning ascribed thereto under "Indian Income Taxation of MI Co, MI Sub and the Company";

"**INR**" has the meaning ascribed thereto under "Indian Income Taxation of MI Co, MI Sub and the Company";

"**Investment Advisory Agreement**" means the administration and investment advisory services agreement to be entered into on Closing among the Company, MI Co, MI Sub, Fairfax and the Portfolio Advisor and such other subsidiaries of the Company as may be added from time to time, as further described under "The Portfolio Advisor — Investment Advisory Agreement";

"**Investment Company Act**" has the meaning ascribed thereto under "Plan of Distribution";

"**Investment Concentration Restriction**" has the meaning ascribed thereto under "About this Prospectus";

"**Investor Presentation**" has the meaning ascribed thereto in "Marketing Materials";

"**Issued Securities**" has the meaning ascribed thereto under "Principal Shareholder — Pre-Emptive Rights";

"**ITA**" has the meaning ascribed thereto under "Indian Income Taxation of MI Co, MI Sub and the Company";

"**Lead Underwriter**" means RBCDS;

"**Mandatory By-Law Provisions**" has the meaning ascribed thereto in "About this Prospectus";

"**Market Price**" has the meaning ascribed thereto in "Fees and Expenses";

"**MAT**" means minimum alternate tax;

"**Mauritius Administrator**" has the meaning ascribed thereto under "MI Co and MI Sub";

"**MI Co**" means FIH Mauritius Investments Ltd;

"**MI Co Board**" means the board of directors of MI Co;

"**MI Co Shares**" has the meaning ascribed thereto under "MI Co and MI Sub — Share Capital";

"**MI Directors**" means the directors of MI Co or MI Sub, and "**MI Director**" means any one of them;

"**MI Sub**" means FIH Private Investments Ltd;

"**MI Sub Board**" means the board of directors of MI Sub;

"**MI Sub Shares**" has the meaning ascribed thereto under "MI Co and MI Sub — Share Capital";

"**Minimum Investment Requirement**" has the meaning ascribed thereto under "About this Prospectus";

"**Moody's**" means Moody's Investors Service Inc.;

"**Multiple Voting Shares**" means the multiple voting shares in the capital of the Company, as further described under "Description of Share Capital — Multiple Voting Shares and Subordinate Voting Shares", and "**Multiple Voting Share**" means any one of them;

"**named executive officers**" means the named executive officers of the Company and its subsidiaries, as further described under "Executive Compensation";

"**NAV per Share**" means, on any day, the Net Asset Value of the Company on such day divided by the aggregate number of Multiple Voting Shares and Subordinate Voting Shares of the Company that are outstanding on such day;

"**NCI**" means the non-certificated inventory system administered by CDS, as further described in "Plan of Distribution — Non-Certificated Inventory System";

"**NEOs**" means the named executive officers of the Company and its subsidiaries, as further described under "Executive Compensation";

"**Net Asset Value**" has the meaning ascribed thereto under "Calculation of Total Assets and Net Asset Value";

"**Net Proceeds of the Offerings**" means the net proceeds of the Offering, together with the net proceeds of the Cornerstone Investment and the concurrent issuance of the Multiple Voting Shares;

"**NI 51-102**" means National Instrument 51-102 — *Continuous Disclosure Obligations* of the Canadian Securities Administrators, as amended from time to time;

"**NI 52-110**" means National Instrument 52-110 — *Audit Committees* of the Canadian Securities Administrators, as amended from time to time;

"**NI 81-102**" means National Instrument 81-102 — *Investment Funds* of the Canadian Securities Administrators, as amended from time to time;

"**Nominating Shareholder**" has the meaning ascribed thereto under "Description of Share Capital — Multiple Voting Shares and Subordinate Voting Shares";

"**Non-Resident Holder**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Taxation of Non-Resident Holders of Subordinate Voting Shares";

"**Notice Date**" has the meaning ascribed thereto under "Description of Share Capital — Multiple Voting Shares and Subordinate Voting Shares";

"**Offering**" has the meaning ascribed thereto on the cover page of this prospectus;

"**Offering Price**" has the meaning ascribed thereto on the cover page of this prospectus;

"**Over-Allotment Option**" has the meaning ascribed thereto on the cover page of this prospectus;

"**PACs**" has the meaning ascribed thereto under the heading "MI Co and MI Sub";

"**PAN**" has the meaning ascribed thereto under "Indian Income Taxation of MI Co, MI Sub and the Company";

"**PE**" has the meaning ascribed thereto under "Indian Income Taxation of MI Co, MI Sub and the Company";

"**Performance Fee**" has the meaning ascribed thereto under "Fees and Expenses";

"**Permitted Investments**" means (a) an evidence of indebtedness that is issued, or fully and unconditionally guaranteed as to principal and interest, by (i) the government of Canada or the government of a jurisdiction, (ii) the government of the United States of America, the government of one of the states of the United States of America, the government of another sovereign state, or a Permitted Supranational Agency, if, in each case, the evidence of indebtedness has a designated rating, or (iii) a Canadian financial institution or a financial institution that is not incorporated or organized under the laws of Canada or of a province or municipality thereof if, in either case, evidences of indebtedness of that issuer or guarantor that are rated as short term debt by a Designated Rating Organization or its DRO Affiliate have a designated rating, or (b) commercial paper that has a term to maturity of 365 days or less and an approved credit rating and that was issued by a person or company other than a government or Permitted Supranational Agency;

"**Permitted Supranational Agency**" means the African Development Bank, the Asian Development Bank, the Caribbean Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the International Bank for Reconstruction and Development and the International Finance Corporation;

"**Piggy-Back Distribution**" has the meaning ascribed thereto under "Principal Shareholder — Registration Rights";

"**Piggy-Back Registration Right**" has the meaning ascribed thereto under "Principal Shareholder — Registration Rights";

"**PIS**" has the meaning ascribed thereto under "MI Co and MI Sub";

"**Portfolio Advisor**" means Hamblin Watsa Investment Counsel Ltd., a corporation incorporated under the laws of Canada;

"**RBI**" means the Reserve Bank of India;

"**RBCDS**" means RBC Dominion Securities Inc.;

"**Resident Holder**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Taxation of Resident Holders of Subordinate Voting Shares";

"**Retained Interest Requirement**" has the meaning ascribed thereto under "About this Prospectus";

"**RRIF**" means registered retirement income fund;

"**RRSP**" means registered retirement savings plan;

"**S&P**" means Standard & Poor's Ratings Service;

"**same country exception**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Taxation of the Company";

"**SCI**" means Scotia Capital Inc.;

"**SEBI**" means the Securities and Exchange Board of India;

"**Securityholders' Rights Agreement**" has the meaning ascribed thereto under "Principal Shareholder — Pre-Emptive Rights";

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval at www.sedar.com;

"**Shareholders**" means, collectively, the holders of the Multiple Voting Shares and Subordinate Voting Shares, and "**Shareholder**" means any one of them;

"**Sixty Two**" means The Sixty Two Investment Company Limited;

"**SPAC**" means a Special Purpose Acquisition Corporation as contemplated in the TSX Company Manual;

"**Sterling Resorts**" means Sterling Holiday Resorts (India) Limited;

"**STT**" has the meaning ascribed thereto under "Indian Income Taxation of MI Co, MI Sub and the Company";

"**Subject Investment**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Taxation of the Company";

"**Subordinate Voting Shares**" means the subordinate voting shares in the capital of the Company, as further described under "Description of Share Capital — Multiple Voting Shares and Subordinate Voting Shares", and "**Subordinate Voting Share**" means any one of them;

"**Substantial Equity Investment**" has the meaning ascribed thereto on the cover page of this prospectus;

"**substituted property**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Taxation of the Company";

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder;

"**Tax Proposals**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations";

"**taxable capital gain**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations — Taxation of Resident Holders of Subordinate Voting Shares";

"**TDSI**" means TD Securities Inc.;

"**Term Sheet**" has the meaning ascribed thereto in "Marketing Materials";

"**TFSA**" means tax-free savings account;

"**Thomas Cook India**" means Thomas Cook (India) Limited;

"**Total Assets**" has the meaning ascribed thereto under "Calculation of Total Assets and Net Asset Value";

"**TRC**" has the meaning ascribed thereto under "Indian Income Taxation of MI Co, MI Sub and the Company";

"**TSX**" means the Toronto Stock Exchange;

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended;

"**Undeployed Capital**" means all equity capital of the Company that is not then invested in Indian Investments;

"**Underwriters**" means, collectively, RBCDS, BMO Nesbitt Burns Inc., CIBC World Markets Inc., Scotia Capital Inc., National Bank Financial Inc., TD Securities Inc., Canaccord Genuity Corp., Desjardins Securities Inc., Raymond James Ltd., Cormark Securities Inc., Dundee Securities Ltd., GMP Securities L.P. and Manulife Securities Incorporated;

"**Underwriting Agreement**" means the underwriting agreement among Fairfax, the Company and the Underwriters dated January 22, 2015, as further described under "Plan of Distribution";

"**United States**" has the meaning ascribed thereto in Regulation S under the U.S. Securities Act; and

"**USBC**" means the United States Bankruptcy Court.

## INDEX TO FINANCIAL STATEMENTS

January 15, 2015

**Independent Auditor's Report**

**To the Board of Fairfax India Holdings Corporation**

We have audited the accompanying financial statements of Fairfax India Holdings Corporation, which comprise the balance sheet as at November 25, 2014 and the statements of earnings, comprehensive income, shareholder's equity and cash flows for the one day period then ended and the related notes which comprise a summary of significant accounting policies and other explanatory information (together, the financial statements).

**Management's responsibility for the financial statements**
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's responsibility**
Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**
In our opinion, the financial statements present fairly, in all material respects, the financial position of Fairfax India Holdings Corporation as at November 25, 2014, and its financial performance and its cash flows for the one day period then ended in accordance with International Financial Reporting Standards as issued by the IASB.

PricewaterhouseCoopers LLP

**Chartered Professional Accountants, Licensed Public Accountants**
*PricewaterhouseCoopers LLP*
*PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2*
*T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca*

''PwC'' refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

**FAIRFAX INDIA HOLDINGS CORPORATION**

**BALANCE SHEET**

**as at November 25, 2014**

| | November 25, 2014 |
|---|---|
| | (US$) |
| **Assets** | |
| Cash | 10 |
| **Shareholder's Equity** | |
| Multiple Voting Share — 1 share issued and outstanding | 10 |

*See accompanying notes.*

Signed on behalf of the Board

(Signed) V. PREM WATSA
Director

(Signed) ANTHONY F. GRIFFITHS
Director

**FAIRFAX INDIA HOLDINGS CORPORATION**

**STATEMENT OF EARNINGS**

**One day period ended November 25, 2014**

| | US$ |
|---|---|
| **Revenue** | — |
| **Expenses** | — |
| Provision for income taxes | — |
| **Net earnings** | — |

*See accompanying notes.*

**FAIRFAX INDIA HOLDINGS CORPORATION**

**STATEMENT OF COMPREHENSIVE INCOME**

**One day period ended November 25, 2014**

| | US$ |
|---|---|
| **Net earnings** | — |
| **Other comprehensive income, net of income taxes** | — |
| **Comprehensive income** | — |

*See accompanying notes.*

**FAIRFAX INDIA HOLDINGS CORPORATION**

**STATEMENT OF SHAREHOLDER'S EQUITY**

**One day period ended November 25, 2014**

| | US$ |
|---|---|
| **Shareholder's Equity, beginning of period** | — |
| Issuance of 1 Multiple Voting Share | 10 |
| **Shareholder's Equity, end of period** | 10 |

*See accompanying notes.*

**FAIRFAX INDIA HOLDINGS CORPORATION**

**STATEMENT OF CASH FLOWS**

**One day period ended November 25, 2014**

| | US$ |
|---|---|
| **Financing activity** | |
| Issuance of 1 Multiple Voting Share | 10 |
| **Increase in cash** | 10 |
| Cash, beginning of period | — |
| **Cash, end of period** | 10 |

*See accompanying notes.*

# NOTES TO THE FINANCIAL STATEMENTS
## One day period ended November 25, 2014
## (in US$ unless otherwise stated)

### 1. BUSINESS OPERATIONS

Fairfax India Holdings Corporation ("the company") is an investment holding company. Its investment objective is to achieve long-term capital appreciation, while preserving capital, by investing, either directly or through one of its wholly-owned subsidiaries, in public and private equity securities and debt instruments in India and Indian businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, India ("Indian Investments"). Generally, subject to compliance with applicable law, Indian Investments will be made with a view to acquiring control or significant influence positions.

Fairfax Financial Holdings Limited ("Fairfax") has taken the initiative in creating the company and will act as the company's administrator. Fairfax is a financial services holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and investment management. Fairfax has been listed on the Toronto Stock Exchange ("TSX") under the symbol "FFH" for over 25 years. Fairfax is currently the company's sole shareholder.

Hamblin Watsa Investment Counsel Ltd. (the "portfolio advisor"), a wholly-owned subsidiary of Fairfax and registered portfolio manager in the Province of Ontario, is the portfolio advisor of the company and its subsidiaries, responsible to source and advise with respect to all investments for the company and its subsidiaries.

The company is federally incorporated and domiciled in Ontario, Canada. The principal office of the company, Fairfax and the portfolio advisor is located at 95 Wellington Street West, Suite 800, Toronto, Ontario M5J 2N7.

### 2. BASIS OF PRESENTATION

The financial statements of the company as at and for the one day period ended November 25, 2014 were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were approved for issue by the company's Board of Directors on January 15, 2015.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Functional and Presentation Currency***

The financial statements are presented in United States dollars, which is the company's functional and presentation currency.

***Cash***

Cash comprises cash on deposit and is stated at fair value.

### 4. SHARE CAPITAL

The company's authorized share capital consists of an unlimited number of Multiple Voting Shares carrying fifty (50) votes per Multiple Voting Share, an unlimited number of Subordinate Voting Shares carrying one (1) vote per Subordinate Voting Share and an unlimited number of preference shares, issuable in series.

As at November 25, 2014 one Multiple Voting Share was issued and outstanding. No Subordinate Voting Shares or preference shares have been issued.

### 5. SUBSEQUENT EVENTS

On November 26, 2014, the company filed a preliminary long form prospectus (amended December 31, 2014) for purposes of completing a Canadian initial public offering of Subordinate Voting Shares at US$10 per share. Concurrent with the closing of the offering, Markel Corporation, West Street Capital Corporation, certain funds and accounts advised by Fidelity Management & Research Company or one of its affiliates, and Fidelity Worldwide Investment, acting for and on behalf of certain funds and portfolios managed or advised by it (collectively, the "Cornerstone Investors") have agreed to purchase an aggregate of approximately 20,000,000 Subordinate Voting Shares on a private placement basis for gross proceeds of approximately US$200 million. As a condition to the closing of the offering, the company will also issue to Fairfax, either directly or to one or more of Fairfax's subsidiaries, 30,000,000 Multiple Voting Shares of the company, on a private placement basis, for an aggregate purchase price of US$300 million.

# APPENDIX A — BOARD MANDATE

**FAIRFAX INDIA HOLDINGS CORPORATION**

**MANDATE OF THE BOARD OF DIRECTORS**

## 1. Statement of Purpose

The Board of Directors (the "**Board**") is responsible for the stewardship of Fairfax India Holdings Corporation ("**Fairfax India**") and for supervising the management of the business and affairs of Fairfax India. Accordingly, the Board acts as the ultimate decision-making body of Fairfax India, except with respect to those matters that must be approved by the shareholders or upon which discretionary authority has been delegated to Fairfax India's portfolio advisor (the "**Portfolio Advisor**"). The Board has the power to delegate its authority and duties to committees or individual members, to senior management and to the Portfolio Advisor as it determines appropriate, subject to any applicable law. The Board explicitly delegates to senior management responsibility for the day to day operations of Fairfax India, including for all matters not specifically assigned to the Board or to any committee of the Board. Where a committee of the Board, senior management or the Portfolio Advisor is responsible for making recommendations to the Board, the Board will carefully consider those recommendations.

## 2. Board Mandate

The directors' primary responsibility is to act in good faith and to exercise their business judgment in what they reasonably believe to be the best interests of Fairfax India. In fulfilling its responsibilities, the Board is, among other matters, responsible for the following:

- Exercising its powers and taking whatever actions may be necessary or desirable in order to carry out Fairfax India's investment objectives, as stated in its articles of incorporation;
- Determining, from time to time, the appropriate criteria against which to evaluate performance, and set strategic goals and objectives within this context;
- Monitoring performance against both strategic goals and objectives of Fairfax India;
- Appointing the CEO and other corporate officers;
- Delegating to the CEO the authority to manage and supervise the business of Fairfax India, including making any decisions regarding Fairfax India's ordinary course of business and operations that are not specifically reserved to the Board under the terms of that delegation of authority;
- Determining what, if any, executive limitations may be required in the exercise of the authority delegated to management;
- On an ongoing basis, satisfying itself as to the integrity of the CEO and other executive officers and that the CEO and the other executive officers create a culture of integrity throughout Fairfax India;
- Monitoring and evaluating the performance of the CEO and the other executive officers against the corporate objectives;
- Succession planning;
- Participating in the development of and approving a long-term strategic plan for Fairfax India;
- Reviewing and approving the business and investment objectives to be met by management and ensuring they are consistent with long-term goals;
- Satisfying itself that Fairfax India is pursuing a sound strategic direction in accordance with the corporate objectives;
- Reviewing operating and financial performance results relative to established corporate objectives;
- Approving an annual fiscal plan and setting targets and budgets against which to measure executive performance and the performance of Fairfax India;

- Ensuring that it understands the principal risks of Fairfax India's business, and that appropriate systems to manage these risks are implemented;
- Ensuring that the materials and information provided by Fairfax India to the Board and its committees are sufficient in their scope and content and in their timing to allow the Board and its committees to satisfy their duties and obligations;
- Reviewing and approving Fairfax India's annual and interim financial statements and related management's discussion and analysis, annual information form, annual report (if any) and management proxy circular;
- Overseeing Fairfax India's compliance with applicable audit, accounting and reporting requirements, including in the areas of internal control over financial reporting and disclosure controls and procedures;
- Confirming the integrity of Fairfax India's internal control and management information systems;
- Approving any securities issuances and repurchases by Fairfax India;
- Determining the amount and timing of dividends to shareholders, if any;
- Approving the nomination of directors;
- Maintaining records and providing reports to shareholders;
- Establishing committees of the Board, where required or prudent, and defining their respective mandates;
- Approving the charters of the Board committees and approving the appointment of directors to Board committees and the appointment of the Chairs of those committees;
- Satisfying itself that a process is in place with respect to the appointment, development, evaluation and succession of senior management;
- Adopting a communications policy for Fairfax India (including ensuring the timeliness and integrity of communications to shareholders, other stakeholders and the public and establishing suitable mechanisms to receive shareholder views); and
- Monitoring the social responsibility, integrity and ethics of Fairfax India.

**3. Independence of Directors**

The Board believes that the majority of its members should be independent. For this purpose, a director is independent if he or she would be Independent within the meaning of National Instrument 58-101 — *Disclosure of Corporate Governance Practices*, as the same may be amended from time to time. On an annual basis, the Board will determine which of its directors is independent based on the rules of applicable stock exchanges and securities regulatory authorities and will publish its determinations in the management circular for Fairfax India's annual meeting of shareholders. Directors have an on-going obligation to inform the Board of any material changes in their circumstances or relationships that may affect the Board's determination as to their independence and, depending on the nature of the change, a director may be asked to resign as a result.

**4. Board Size**

The Board will periodically review whether its current size is appropriate. The size of the Board will, in any case, be within the minimum and maximum number provided for in the articles of Fairfax India (3 to 15).

**5. Committees**

The Board will have an Audit Committee, and a Governance, Compensation and Nominating Committee, the charters of each of which will be as established by the Board from time to time. The Board may, from time to time, establish and maintain additional or different committees as it deems necessary or appropriate.

Circumstances may warrant the establishment of new committees, the disbanding of current committees or the reassignment of authority and responsibilities amongst committees. The authority and responsibilities of each committee are set out in a written mandate approved by the Board. At least annually, each mandate shall be reviewed and, on the recommendation of the Governance, Compensation and Nominating Committee, approved by the Board. Each Committee Chair shall provide a report to the Board on material matters considered by the Committee at the next regular Board meeting following such Committee's meeting.

**6. Board Meetings**

*Agenda*

The Lead Director, in consultation with the Chairman, is responsible for establishing the agenda for each Board meeting.

*Frequency of Meetings*

The Board will meet as often as the Board considers appropriate to fulfill its duties, but in any event at least once per quarter.

*Responsibilities of Directors with Respect to Meetings*

Directors are expected to regularly attend Board meetings and Committee meetings (as applicable) and to review in advance all materials for Board meetings and Committee meetings (as applicable).

*Minutes*

Regular minutes of Board and Committee proceedings will be kept and will be circulated on a timely basis to all directors and Committee members, as applicable, the Chairman and the Lead Director (and to other directors, by request for review and approval).

*Attendance at Meetings*

The Board (or any Committee) may invite, at its discretion, non-directors to attend a meeting. Any member of management will attend a meeting if invited by the directors. The Lead Director may attend any Committee meeting.

*Meetings of Independent Directors*

After each meeting of the Board, the independent directors may meet without the non-independent directors. In addition, separate, regularly scheduled meetings of the independent directors of the Board may be held, at which members of management are not present. The agenda for each Board meeting (and each Committee meeting to which members of management have been invited) will afford an opportunity for the independent directors to meet separately.

*Residency*

Applicable residency requirements will be complied with in respect of any Board or Committee meeting.

**7. Communications with Shareholders and Others**

The Board will ensure that there is timely communication of material corporate information to shareholders.

Shareholders and others, including other securityholders, may contact the Board with any questions or concerns, including complaints with respect to accounting, internal accounting controls, or auditing matters, by contacting the Chief Financial Officer of Fairfax India at:

95 Wellington Street West, Suite 800
Toronto, Ontario, Canada M5J 2N7

**8. Service on other Boards and Audit Committees**

The Board believes that its members should be permitted to serve on the boards of other public entities so long as these commitments do not materially interfere with and are not incompatible with their ability to fulfill their duties as a member of the Board.

**9. Code of Conduct**

The Board will adopt a Code of Business Conduct and Ethics (the "**Code**"). The Board expects all directors, officers and employees of Fairfax India and its subsidiaries to conduct themselves in accordance with the highest ethical standards, and to adhere to the Code. Any waiver of the Code for directors or executive officers may only be made by the Board or one of its Committees and will be promptly disclosed by Fairfax India, as required by applicable law, including the requirements of any applicable stock exchanges.

## APPENDIX B — AUDIT COMMITTEE CHARTER

**FAIRFAX INDIA HOLDINGS CORPORATION**

**AUDIT COMMITTEE CHARTER**

## 1. Statement of Purpose

The Audit Committee (the "**Committee**") of Fairfax India Holdings Corporation ("**Fairfax India**") has been established by the Board of Directors of Fairfax India (the "**Board**") for the purpose of overseeing the accounting and financial reporting processes of Fairfax India, including the audit of the financial statements of Fairfax India.

The Committee is responsible for assisting with the Board's oversight of (1) the quality and integrity of Fairfax India's financial statements and related disclosure, (2) Fairfax India's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications, performance and independence and (4) the integrity of the internal controls at Fairfax India.

## 2. Committee Membership

*Members*

The Committee will consist of as many members of the Board as the Board may determine but, in any event, not less than three members, a majority of whom shall be resident Canadians. Members of the Committee will be appointed by the Board, taking into account any recommendation that may be made by the Governance, Compensation and Nominating Committee. Any member of the Committee may be removed and replaced at any time by the Board, and will automatically cease to be a member if he or she ceases to meet the qualifications set out below. The Board will fill vacancies on the Committee by appointment from among qualified members of the Board, taking into account any recommendation that may be made by the Governance, Compensation and Nominating Committee. If a vacancy exists, the remaining members of the Committee may exercise all of its powers so long as there is a quorum and subject to any legal requirements regarding the minimum number of members of the Committee.

*Chair*

Each year, the Board will designate one of the members of the Committee to be the Chair of the Committee, taking into account any recommendation that may be made by the Governance, Compensation and Nominating Committee. If, in any year, the Board does not appoint a Chair, the incumbent Chair shall continue in office until a successor is appointed. The Board will adopt and approve a position description for the Chair which sets out his or her role and responsibilities.

*Qualifications*

All of the members of the Committee shall be selected based upon the following, to the extent that the following are required under the applicable law: (i) each member shall be an independent director; and (ii) each member shall be financially literate. For the purpose of this Charter, the terms "independent" and "financially literate" shall have the meanings attributed thereto in Multilateral Instrument 52-110 — *Audit Committees*, as the same may be amended from time to time.

*Tenure*

Each member of the Committee shall hold office until his or her term as a member of the Committee expires or is terminated.

*Ex Officio Members and Management Attendance*

The Committee may invite, at its discretion, members of management to attend any meetings of the Committee. Any member of management will attend a Committee meeting if invited by the Committee. The Lead Director, if not already a member of the Committee, will be entitled to attend each meeting of the Committee as an observer.

## 3. Committee Operations

*Frequency of Meetings*

The Chair, in consultation with the other members of the Committee, will determine the schedule and frequency of meetings of the Committee, provided that the Committee will meet at least once per quarter.

*Agenda and Reporting to the Board*

The Chair will establish the agenda for meetings in consultation with the other members of the Committee, the Chairman of the Board and the Lead Director. To the maximum extent possible, the agenda and meeting materials will be circulated to the members in advance to ensure sufficient time for study prior to the meeting. The Committee will report to the Board at the next meeting of the Board following each Committee meeting.

*Minutes*

Regular minutes of Committee proceedings will be kept and will be circulated to all Committee members, the Chairman of the Board and the Lead Director (and to any other director that requests that they be sent to him or her) on a timely basis for review and approval.

*Quorum*

A quorum at any meeting will be a simple majority.

*Procedure*

The procedure at meetings will be determined by the Committee.

*Transaction of Business*

The powers of the Committee may be exercised at a meeting where a quorum is present or by resolution in writing signed by all members of the Committee.

*Absence of Chair*

In the absence of the Chair, the Committee may appoint one of its other members to act as Chair of that meeting.

*Exercise of Power Between Meetings*

Between meetings, and subject to any applicable law, the Chair of the Committee, or any member of the Committee designated for this purpose, may, if required in the circumstance, exercise any power delegated by the Committee. The Chair or other designated member will promptly report to the other Committee members in any case in which this interim power is exercised.

## 4. Committee Duties and Responsibilities

The Committee is responsible for performing the duties set out below and any other duties that may be assigned to it by the Board and performing any other functions that may be necessary or appropriate for the performance of its duties.

***Independent Auditor's Qualifications and Independence***

1. The Committee must recommend to the Board at all appropriate times the independent auditor to be nominated or appointed for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for Fairfax India and approve the compensation to be paid to the independent auditor.
2. The Committee is directly responsible for overseeing the work of the independent auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest

services for Fairfax India, including the resolution of disagreements between management and the independent auditor regarding financial reporting. The independent auditor will report directly to the Committee and the Committee will evaluate and be responsible for Fairfax India's relationship with the independent auditor.

3. The Committee must pre-approve any permitted non-audit services to be provided by the independent auditor to Fairfax India or its subsidiaries, provided that no approval will be provided for any service that is prohibited under the rules of the Canadian Public Accountability Board or the Independence Standards of the Canadian Institute of Chartered Accountants. The Committee may delegate to one or more of its members the authority to pre-approve those permitted non-audit services provided that any such pre-approval must be presented to the Committee at its next meeting and that the Committee may not delegate pre-approval of any non-audit internal control related services. The Committee may also adopt specific policies and procedures relating to pre-approval of permitted non-audit services to satisfy the pre-approval requirement provided that the procedures are detailed as to the specific service, the Committee is informed of each non-audit service and the procedures do not include the delegation of the Committee's responsibilities to management or pre-approval of non-audit internal control related services. The Committee will review with the lead audit partner whether any of the audit team members receive any discretionary compensation from the audit firm with respect to non-audit services performed by the independent auditor.

4. The Committee will obtain and review with the lead audit partner and a more senior representative of the independent auditor, annually or more frequently as the Committee considers appropriate, a report by the independent auditor describing: (a) the independent auditor's internal quality-control procedures; (b) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any inquiry, review or investigation by governmental, professional or other regulatory authorities, within the preceding five years, respecting independent audits carried out by the independent auditor, and any steps taken to deal with these issues; and (c) in order to assess the independent auditor's independence, all relationships between the independent auditor and Fairfax India and the independent auditor's objectivity and independence in accordance with the rules, policies and standards applicable to auditors.

5. After reviewing the report referred to above and the independent auditor's performance throughout the year, the Committee will evaluate the independent auditor's qualifications, performance and independence. The evaluation will include a review and evaluation of the lead partner of the independent auditor. In making its evaluation, the Committee will take into account the opinions of management and Fairfax India's internal auditors (or other personnel responsible for the internal audit function). The Committee will also consider whether, in order to assure continuing auditor independence, there should be a rotation of the audit firm itself. The Committee will present its conclusions to the Board.

6. The Committee will review with the Board any issues that arise with respect to the performance and independence of the independent auditor and, where issues arise, make recommendations about whether Fairfax India should continue with that independent auditor.

7. The Committee has the responsibility for approving the independent auditor's fees. In approving the independent auditor's fees, the Committee should consider, among other things, the number and nature of reports issued by the independent auditor, the quality of the internal controls, the impact of the size, complexity and financial condition of Fairfax India on the audit work plan, and the extent of internal audit and other support provided by Fairfax India to the independent auditor.

8. The Committee will ensure the regular rotation of members of the independent auditor's team as required by law.

9. The Committee will establish hiring policies for employees and former employees of its independent auditor.

***Financial Statements and Financial Review***

10. The Committee will review the annual audited financial statements and quarterly financial statements with management and the independent auditor, including MD&A, before their release and their filing with securities regulatory authorities. The Committee will also review all news releases relating to annual and interim financial results prior to their public release. The Committee will also consider, establish, and periodically review policies with respect to the release or distribution of any other financial information, including earnings guidance and any financial information provided to ratings agencies and analysts, and review that information prior to its release.

11. The Committee will review all other financial statements of Fairfax India that require approval by the Board before they are released to the public, including, without limitation, financial statements for use in prospectuses or other offering or public disclosure documents and financial statements required by regulatory authorities. The Committee will review the Annual Information Form and Management Proxy Circular of Fairfax India prior to its filing.

12. The Committee will meet separately and periodically with management, the internal auditors (or other personnel responsible for the internal audit function) and the independent auditor.

13. The Committee will oversee management's design and implementation of an adequate and effective system of internal controls at Fairfax India, including ensuring adequate internal audit functions. The Committee will review the processes for complying with internal control reporting and certification requirements and for evaluating the adequacy and effectiveness of specified controls. The Committee will review the annual and interim conclusions of the effectiveness of Fairfax India's disclosure controls and procedures and internal controls and procedures (including the independent auditor's attestation that is required to be filed with securities regulators).

14. The Committee will review with management and the independent auditor: (A) major issues regarding accounting principles and financial statement presentations, including critical accounting principles and practices used and any significant changes to Fairfax India's selection or application of accounting principles, and major issues as to the adequacy of Fairfax India's internal controls and any special audit steps adopted in light of material control deficiencies; (B) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analysis of the effects of alternative GAAP methods on the financial statements of Fairfax India and the treatment preferred by the independent auditor; (C) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of Fairfax India; and (D) the type and presentation of information to be included in earnings press releases (including any use of "*pro forma*" or "adjusted" non-GAAP information).

15. The Committee will regularly review with the independent auditor any difficulties the auditor encountered in the course of its audit work, including any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management. The Committee will also review with the independent auditor any material communications with the independent auditor, including any management letter or schedule of unadjusted differences.

16. The Committee will review with management, and any outside professionals as the Committee considers appropriate, important trends and developments in financial reporting practices and requirements and their effect on Fairfax India's financial statements.

17. The Committee will review with management and the independent auditor the scope, planning and staffing of the proposed audit for the current year. The Committee will also review the organization, responsibilities, plans, results, budget and staffing of the internal audit departments. In addition, management of Fairfax India's subsidiaries will consult with the Committee, or in the case of Fairfax India's publicly traded subsidiaries, the audit committees of those subsidiaries, on the appointment, replacement, reassignment or dismissal of personnel in the respective internal audit departments.

18. The Committee will meet with management to discuss guidelines and policies governing the process by which Fairfax India and its subsidiaries assess and manage exposure to risk and to discuss Fairfax India's major financial risk exposures and the steps management has taken to monitor and control such exposures.

19. The Committee will review with management, and any internal or external counsel as the Committee considers appropriate, any legal matters (including the status of pending litigation) that may have a material impact on Fairfax India and any material reports or inquiries from regulatory or governmental agencies.

20. The Committee will review with the Board any issues that arise with respect to the quality or integrity of Fairfax India's financial statements, compliance with legal or regulatory requirements, or the performance of the internal audit function.

***Additional Oversight***

21. The Committee will establish procedures for (a) the receipt, retention and treatment of complaints received by Fairfax India regarding accounting, internal accounting controls, auditing matters or potential violations of law and (b) the confidential, anonymous submission by employees of Fairfax India of concerns regarding questionable accounting, internal accounting controls or auditing matters or potential violations of law. This will include the establishment of a whistleblower policy.

22. The Committee will annually review the expenses of the CEO and the CFO.

**5. Access to Advisors**

The Committee may, in its sole discretion, retain counsel, auditors or other advisors in connection with the execution of its duties and responsibilities and may determine the fees of any advisors so retained. Fairfax India will provide the Committee with appropriate funding for payment of compensation to such counsel, auditors or other advisors and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

**6. The Committee Chair**

In addition to the responsibilities of the Chair described above, the Chair has the primary responsibility for monitoring developments with respect to financial reporting in general, and reporting to the Committee on any significant developments.

**7. Committee Evaluation**

The performance of the Committee will be evaluated by the Governance, Compensation and Nominating Committee as part of its annual evaluation of the Board committees.

## CERTIFICATE OF THE ISSUER AND PROMOTER

Dated: January 22, 2015

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

### FAIRFAX INDIA HOLDINGS CORPORATION

(Signed) CHANDRAN RATNASWAMI
Chief Executive Officer

(Signed) JOHN VARNELL
Chief Financial Officer
and Corporate Secretary

On behalf of the Board of Directors

(Signed) V. PREM WATSA
Director

(Signed) ANTHONY F. GRIFFITHS
Director

### FAIRFAX FINANCIAL HOLDINGS LIMITED
**(as Promoter)**

(Signed) V. PREM WATSA
Chief Executive Officer

(Signed) DAVID BONHAM
Chief Financial Officer

## CERTIFICATE OF THE UNDERWRITERS

Dated: January 22, 2015

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

**RBC DOMINION SECURITIES INC.**

(Signed) CHRISTOPHER BEAN

**BMO NESBITT BURNS INC.**

(Signed) JOHN COKE

**CIBC WORLD MARKETS INC.**

(Signed) SHANNAN M. LEVERE

**SCOTIA CAPITAL INC.**

(Signed) RAJIV BAHL

**NATIONAL BANK FINANCIAL INC.**

(Signed) TIMOTHY D. EVANS

**TD SECURITIES INC.**

(Signed) CAMERON GOODNOUGH

**CANACCORD GENUITY CORP.**

(Signed) ALAN POLAK

**DESJARDINS SECURITIES INC.**

(Signed) A. THOMAS LITTLE

**RAYMOND JAMES LTD.**

(Signed) J. GRAHAM FELL

**CORMARK SECURITIES INC.**

(Signed) ROGER POIRIER

**DUNDEE SECURITIES LTD.**

(Signed) AARON UNGER

**GMP SECURITIES L.P.**

(Signed) NEIL SELFE

**MANULIFE SECURITIES INCORPORATED**

(Signed) DAVID MACLEOD

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