

# FAIRFAX INDIA

TSX Stock Symbol: FIH.U

## News Release

### FAIRFAX INDIA FILES FINAL PROSPECTUS FOR US\$150 MILLION BOUGHT DEAL FINANCING OF SUBORDINATE VOTING SHARES AND PROVIDES UPDATE REGARDING BANGALORE INTERNATIONAL AIRPORT LIMITED INVESTMENT

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TORONTO, Ontario (January 5, 2017) – Fairfax India Holdings Corporation (“Fairfax India” or the “Company”) (TSX: FIH.U) has announced today that the Company has filed a final short form prospectus with the securities regulatory authorities in all of the provinces of Canada, in respect of its previously-announced bought deal public offering of 12,766,000 subordinate voting shares (the “Subordinate Voting Shares”) at a price of US\$11.75 per Subordinate Voting Share, for gross proceeds of approximately US\$150 million (the “Public Offering”), and obtained a receipt therefor. The Public Offering is being co-led by RBC Capital Markets, Scotiabank and TD Securities Inc.

Concurrent with the Public Offering, Fairfax Financial Holdings Limited (“Fairfax”) and OMERS, the pension plan for Ontario’s municipal employees, will acquire 12,766,000 Subordinate Voting Shares and 17,021,500 Subordinate Voting Shares, respectively, at a price of US\$11.75 per Subordinate Voting Share in a concurrent private placement (the “Concurrent Private Placement” and, together with the Public Offering, the “Offerings”). An aggregate of 29,787,500 Subordinate Voting Shares will be issued in connection with the Concurrent Private Placement. The Offerings are expected to close on or about January 13, 2017, subject to the Company obtaining all regulatory approvals.

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”). Fairfax India intends to use the net proceeds of the Offerings to acquire additional Indian Investments and for general corporate purposes, including the repayment of indebtedness. Generally, subject to compliance with applicable law, Indian Investments will be made with a view to acquiring control or significant influence positions. Pending the application of such proceeds, the Company may invest the net proceeds of the Offerings in certain permitted investments.

#### Update Regarding Investment in Bangalore International Airport Limited (“BIAL”)

As reported by the Company in its interim financial statements for the three- and nine-month periods ended September 30, 2016, the Company believed, at the time, that all conditions to closing of its previously-announced investment in BIAL (the “BIAL Transaction”) would be satisfied and that the BIAL Transaction would close by the end of 2016. As of the date of this press release, certain of the conditions to closing remain outstanding and there is no certainty as to if or when such conditions, consents and approvals will be satisfied or waived. Such conditions, consents and approvals include: (i) transaction approvals from the board of directors of BIAL, certain lenders of BIAL and certain governmental authorities; (ii) obtaining security clearance from the Indian Ministry of Civil Aviation in respect of certain subsidiaries of the Company and Fairfax and certain of the Company’s and Fairfax’s proposed directors of BIAL following completion of the BIAL Transaction; (iii) finalizing certain lending arrangements between the Company and its lenders; and (iv) receipt of a no-objection certificate from a relevant authorized dealer under the Foreign Exchange Management Act, 1999, with respect to permitting a pledge of shares in connection with the BIAL Transaction.

Consequently, while the Company can confirm that closing of the BIAL Transaction did not occur by the end of 2016, given the continued delays and impediments to closing associated with the BIAL Transaction and management’s

current uncertainty in respect of whether such conditions will be satisfied, management is unable to establish with any reasonable degree of confidence the timing with respect to closing of the BIAL Transaction or the likelihood of the transaction closing. The Company will continue to provide further updates with respect to the BIAL Transaction as additional information becomes available.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. This press release is not an offer of securities for sale in the United States, and the securities may not be offered or sold in the United States absent registration or an exemption from the registration requirements. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended.

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*This press release may contain forward-looking information within the meaning of applicable securities legislation. 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 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 of this press release, 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: taxation of the Company and its subsidiaries; substantial loss of capital; 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; 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; 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; 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; illiquidity of investments; competitive market for investment opportunities; use of leverage; investing in leveraged businesses; regulation; 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; 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. Additional risks and uncertainties are described in the Company's annual information form dated March 29, 2016 which is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.fairfaxindia.ca](http://www.fairfaxindia.ca). 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 law.*