

FAIRFAX INDIA

TSX Stock Symbol: FIH.U

News Release

TORONTO, December 21, 2016

FAIRFAX INDIA FILES PRELIMINARY PROSPECTUS FOR US\$150 MILLION BOUGHT DEAL FINANCING OF SUBORDINATE VOTING SHARES

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Toronto, Ontario (December 21, 2016) – Fairfax India Holdings Corporation (“Fairfax India” or the “Company”) (TSX: FIH.U) has announced today that the Company has filed a preliminary short form prospectus with the securities regulatory authorities in all of the provinces of Canada and obtained a receipt therefor in respect of its previously-announced bought deal public offering, co-led by RBC Capital Markets, Scotiabank and TD Securities Inc., 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”).

Concurrent with the Public Offering, Fairfax Financial Holdings Limited (“Fairfax”) and OMERS, the pension plan for Ontario’s municipal employees (“OMERS”), 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”). At the time of pricing, the offering price of US\$11.75 per Subordinate Voting Share represented a discount of approximately 0.8% to the market price of the Subordinate Voting Shares. 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 has granted the underwriters an option, exercisable, in whole or in part, at any time until and including 30 days following the closing of the Public Offering, to purchase up to an additional 15% of the Public Offering at the offering price to cover over-allotments, if any, and for market stabilization purposes (the “Over-Allotment Option”).

Fairfax, an “insider” of the Company (within the meaning of applicable Canadian securities laws), currently beneficially owns and controls an approximately 95.3% voting interest in the Company through its ownership of 30,000,000 multiple voting shares of the Company (carrying fifty (50) votes per share) and 796,864 Subordinate Voting Shares (carrying one (1) vote per share). Accordingly, Fairfax is the Company’s controlling shareholder. Fairfax’s purchase of 12,766,000 Subordinate Voting Shares in the Concurrent Private Placement (the “Fairfax Share Purchase”) is being completed pursuant to the exercise of its pre-emptive right granted to it by the Company under the securityholders’ rights agreement dated January 30, 2015, pursuant to which Fairfax will acquire Subordinate Voting Shares in such an amount to maintain, and not exceed, its approximately 29% equity interest in the Company. Upon completion of the Offerings, Fairfax will beneficially own or control 13,562,864 Subordinate Voting Shares and its voting interest in the Company will be reduced from approximately 95.3% to approximately 93.6% (or approximately 93.5% if the Over-Allotment Option is exercised in full). OMERS is not currently an “insider” of the Company (within the meaning of applicable Canadian securities laws) and, following completion of the Offerings, OMERS will not become an “insider” of the Company as a result thereof. The Offerings will not materially affect control of the Company nor will they create a new control person of the Company.

The Subordinate Voting Shares issuable pursuant to the Concurrent Private Placement will represent approximately 39.8% of the Company’s currently issued and outstanding Subordinate Voting Shares and, upon issuance, will result in dilution to the Company’s Subordinate Voting Shares in the amount of approximately 28.5% (without giving effect to the Public Offering). Absent security holder approval or an exemption therefrom, such issuance would be in excess of the TSX’s private placement limit of 25% of the Company’s currently issued and outstanding Subordinate Voting Shares. In addition, the Fairfax Share Purchase will result in the issuance to Fairfax of approximately 17.0% of the

currently issued and outstanding Subordinate Voting Shares, which will result in more than 10% of the number of issued and outstanding Subordinate Voting Shares being issued to an “insider” of the Company during a 6-month period. As Fairfax beneficially owns and controls an approximately 95.3% voting interest in the Company, the Company is relying on the 90% control block exemption contained in section 604(f) of the TSX Company Manual. As such, the Company is not required to obtain shareholder approval in order to give effect to the Concurrent Private Placement, including the Fairfax Share Purchase in accordance with Fairfax’s pre-emptive rights.

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.

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.

Contact Information:
Fairfax India Holdings Corporation
John Varnell
Vice President, Corporate Affairs
(416) 367-4941

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 and on the Company's website at 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.