



644 Fernandez Juncos Avenue
Suite 301
San Juan, PR 00907-3122
USA

November 5, 2014

Re: Notice of Formation of Puerto Rico Intermediary Holding Company

To the Limited Partners of the Funds:

Reference is hereby made to the Amended and Restated Limited Partnership Agreements (as amended, collectively, the "Partnership Agreements") of Dhandho Holdings, L.P. and Dhandho Holdings Qualified Purchaser, L.P., each a Delaware limited partnership (collectively, the "Funds"). All capitalized terms used herein but not otherwise defined shall have the meanings given to them in the Partnership Agreements.

The Commonwealth of Puerto Rico passed several significant tax incentives in 2012 to encourage businesses to set up operations in Puerto Rico, which has struggled with economic growth in recent years. To take advantage of the potential tax benefits, the Funds have decided to (i) form a new, wholly-owned intermediary holding company, Dhandho Holdings Corp., a Puerto Rico corporation ("Dhandho Holdings"), and (ii) have Dhandho Holdings apply for tax exemptions and credits available to investment management businesses pursuant to Puerto Rico's Act No. 20 of 2012, as amended (the "Puerto Rico 20 Act"). Clauses (i) and (ii) of the forgoing sentence are collectively referred to hereinafter as the "Puerto Rico Reorganization."

The general partner of the Funds, Dhandho GP, LLC (the "General Partner"), using the discretionary authority granted to it by the Partnership Agreements, formed Dhandho Holdings on October 31, 2014. On November 5, 2014, the General Partner caused the Funds to contribute substantially all of their assets to Dhandho Holdings in return for their proportionate share of the outstanding capital stock of Dhandho Holdings. As a result of these actions, Dhandho Holdings is owned approximately 73.597% by Dhandho Holdings, L.P. and 26.403% by Dhandho Holdings Qualified Purchaser, L.P. Dhandho Holdings intends to submit an application with the Office of Industrial Tax Exemption of Puerto Rico to obtain a tax exemption decree under the Puerto Rico 20 Act as soon as practicable.

The Funds plan to complete the previously announced Stonetrust acquisition (and future investments by the Funds) indirectly through Dhandho Holdings. A revised organizational structure chart reflecting the Puerto Rico Reorganization and anticipated closing of the previously announced Stonetrust acquisition is attached as Exhibit A hereto. Because Dhandho Holdings is a "foreign corporation" for U.S. income tax purposes, pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended (e.g., the "Subpart F," "passive foreign investment company," and "expatriation" provisions), such investments by the Funds through the foreign corporation intermediary (i.e., Dhandho Holdings) could have negative tax consequences for the Funds and/or their Limited Partners, including (i) recognition of taxable income prior to the Funds' or the Limited Partners' receipt of distributable proceeds, (ii) payment of an interest charge on receipts deemed to have been deferred, (iii) recognition of ordinary income that, but for the provisions of the U.S. Internal Revenue Code of 1986, as amended, would have been treated as long-term capital gain, and/or (iv) diminished value of the investment in such foreign corporation as a result of re-characterization of the investment. The Funds have not sought a ruling from the Internal Revenue Service nor from any other federal, state, local and foreign agency with respect to any of the tax issues affecting the Funds or their Limited Partners, nor have they obtained an opinion of counsel with respect to any tax issues. EACH LIMITED PARTNER SHOULD CONSULT ITS OWN TAX ADVISER IN ORDER TO FULLY UNDERSTAND THE FEDERAL, STATE, LOCAL AND FOREIGN INCOME TAX CONSEQUENCES OF ITS INVESTMENT IN THE FUNDS.

Please feel free to contact us if you have any questions or would like any additional information regarding the Puerto Rico Reorganization.

DHANDHO GP, LLC


By: 
Mohnish Pabrai, Manager

EXHIBIT A

OWNERSHIP STRUCTURE FOLLOWING THE PUERTO RICO REORGANIZATION AND THE PENDING STONETRUST ACQUISITION

