

DHANDHO

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To: All Limited Partners and Investors in Dhandho Holdings
From: Mohnish Pabrai, Managing Partner
Date: March 9, 2014
Re: **An Update**

Dear Partners:

Hope all is well. We just finished our first closing to raise funds for Dhandho Holdings on Feb. 28, 2014. As a reminder, I had hoped to raise between \$35 and \$150 million between two closings (on Feb. 28, 2014 and April 30, 2014). I am happy to report that we raised a total of \$148.4 million on February 28. It exceeded my best case estimates – by some margin! I am very grateful for the support and confidence all of you have shown in Dhandho and I will endeavor to do the very best I can for you.

Dhandho Holdings, L. P. was setup to accept Qualified Clients (individuals with a net worth exceeding \$2 million) and thus limited per SEC rules to 100 investors. As the fund raising progressed, it became clear that we would likely exceed 100 investors and that for IRAs and some non-US investors, an offshore feeder was desirable. To accommodate all of this, we ended up with three legal entities:

1. Dhandho Holdings, L. P. (DHLP)
2. Dhandho Holdings Offshore Limited (DHOL - a BVI based offshore feeder fund to DHLP)
3. Dhandho Holdings Qualified Purchaser L. P. (DHQP)

DHQP is for Qualified Purchasers (individuals with a net worth over \$5 million). We ended up with 71 investors in DHLP, 26 investors in DHOL and 33 investors in DHQP. My family invested a total of \$9 million and is the single largest investor. I am delighted to have ended with such an august group of co-investors. You will receive confirmation of your investment at \$10/unit from our administrator, Liccar & Co., within 2 weeks.

We have the ability to accept up to another \$2 million from one investor at the April 30 opening. The investor needs to be qualified purchaser (net worth over \$5 million). The minimum investment is \$2 million and pricing is 5% higher at \$10.50/unit.

Acquisition Update

Our first insurance company acquisition is on track. I had my first “get to know each other” meeting with the State Commissioner of Insurance and his senior staff recently. It went very well. The business we are acquiring is setup as two legal entities, one of which is a mutual insurance company. Mutuals are owned by their policyholders. The state acts as the fiduciary looking out for their interests. The process of demutualization that we have to go through has to be approved by the state, which will take time. My best guess is that we will close on this acquisition in Q3 2014.

To recap, we will be paying about \$35 million for this acquisition with a combination of cash and Dhandho units priced at \$10/unit. In addition we have agreed to add \$30 million in capital to the insurance company after the acquisition to increase its financial strength and improve its A.M. Best rating.

I am as excited as ever about this first acquisition. It is a win-win for everyone. Dhandho will do well with it.

The Next Acquisition

The diligent reader will note that this first acquisition will absorb up to \$65 million in cash and leave us with about \$85 million in cash to be used for future acquisitions. I have already begun my hunt for the next deal. I would prefer to buy another insurance company, so any outbound efforts are focused on insurance. However, I am flexible and willing to look at a wide range of businesses and industries. Please review the Acquisition Criteria tab on our website. If you can think of any privately held businesses that may be a good fit for Dhandho, please do call or email me.

Looking for a CFO – Referrals welcome!

While Dhandho is designed to be thinly staffed at headquarters, we do need to bring on an experienced Chief Financial Officer. The person will be based in Irvine, California. It would be a plus if the individual has worked as an officer (for example in the capacity of CFO, Treasurer or Controller etc.) of a publicly traded business. Another plus would be familiarity with SEC filings and experience with taking a company public. Dhandho will provide competitive market wages and benefits. We intend to put in place a discounted stock purchase plan for all employees after we are a public company. Dhandho has no plans to provide stock options to any officers, directors or employees. Resumes can be sent to my attention at mp@dhandho-holdings.com. I very much appreciate your referrals.

Public Company/Exchange Listing

After we close on the first acquisition (anticipated in Q3 2014), we will begin working on getting listed as public company. That process will take 9-12 months. We expect to be listed publicly in mid-

2015 and raise up to \$100 million at the time of our listing. If pricing is reasonable, Pabrai Funds intends to invest \$70+ million at the time of our listing as part of the \$100 million.

Quarterly Updates

My intent is to get you short and sweet quarterly updates with salient developments. In addition, you will get quarterly statements from Liccar & Co. until we are a public company. Thanks for your continued interest, and support for Dhandho.

Annual Meeting

The Pabrai Funds/Dhandho Holdings Annual Meeting will be held in Aliso Viejo, CA on September 13, 2014 and Chicago IL on September 20, 2014.

The **California** meeting is scheduled to be on **Saturday, Sept. 13, 2014** at 4:00 PM at:

[Soka University](#)

Performing Arts Center

1 University Drive, Aliso Viejo, California 92656

Tel. +1949.480.4000

Soka University has a spectacular campus nestled in the scenic hills of Aliso Viejo. It is a 20 minute drive from Orange County Airport (SNA), and about an hour drive from LAX.

There is a fantastic Marriott Club Sport hotel about 3 miles from Soka University:

[Marriott Renaissance ClubSport](#)

50 Enterprise

Aliso Viejo, CA 92656

Reservations: 800-468-3571

Phone: 949-643-6700

There are many hotels in the area. Here is a link to other hotels near Soka University:

<http://tinyurl.com/8dmevvu>

The **Chicago** meeting is thus scheduled to be on **Saturday, Sept. 20, 2014** at 4:00 PM at:

[Carlucci's Restaurant](#)

(The Auditorium)

6111 North River Road, Rosemont, Illinois 60018

Tel. +1847.518.0990

Carlucci's is a five minute taxi ride away from O'Hare airport. [The Marriott Suites O'Hare](#) and [The Westin O'Hare](#) are both next to the restaurant. In addition, there are a plethora of hotels in the vicinity. Good deals on O'Hare hotels are usually available on the major travel-related websites.

Agenda:

4:00 – 4:30 PM: Meet and Greet

4:30 – 6:30 PM: Presentation and Q&A
6:30 – 7:15 PM: Cocktail Hour
7:15 PM: Dinner

The invites will go out in July, 2014. Your significant other and kids of all ages are welcome to attend. I look forward to seeing you in September.

Feel free to call me at +1949.453.0609 or email me at mp@dhandho-holdings.com with any queries or comments.

Warmly,

A handwritten signature in black ink, appearing to read 'Mohnish Pabrai', with a long horizontal flourish extending to the right.

Mohnish Pabrai

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