HELIOS FAIRFAX PARTNERS

INTERIM REPORT

For the three months ended March 31, 2021

Consolidated Balance Sheets
as at March 31, 2021 and December 31, 2020
(unaudited - US$ thousands)

	Notes	March 31, 2021	December 31, 2020
Assets			
Cash and cash equivalents	7, 16	**131,375**	66,052
Restricted cash deposits	13	**7,559**	7,525
Term deposits	13	**12,392**	12,392
Loans	6, 7, 13	**75,866**	76,175
Bonds	6, 7	**58,883**	58,829
Common stocks	6, 7	**88,446**	89,510
Derivatives and guarantees	6, 7, 8, 13	**37,082**	13,252
Limited partnership investments	6, 7, 13	**288,415**	275,299
Total cash and investments		**700,018**	599,034
Interest receivable		**9,099**	8,961
Deferred income taxes		**—**	835
Income taxes refundable		**2,777**	—
Other assets	13, 15	**5,277**	1,946
Total assets		**717,171**	610,776
Liabilities			
Accounts payable and accrued liabilities		**1,036**	6,982
Payable to related parties	13	**3,565**	3,660
Income taxes payable		**—**	399
Deferred income taxes	11	**2,564**	—
Borrowings	8, 13	**98,200**	—
Total liabilities		**105,365**	11,041
Equity			
Common shareholders' equity	9	**611,806**	599,735
		717,171	610,776

See accompanying notes.

Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss)
for the three months ended March 31, 2021 and 2020
(unaudited - US$ thousands except per share amounts)

	Notes	First quarter 2021	First quarter 2020
Income			
Interest	7	**473**	5,397
Dividends	7	**148**	—
Net change in unrealized gains (losses) on investments	7	**1,152**	(68,564)
Net foreign exchange losses	7	**(972)**	(52,516)
		801	(115,683)
Expenses			
Investment and advisory fees	13	**741**	1,099
Performance fee	13	**1,855**	—
General and administration expenses	14	**2,239**	1,022
Loss on uncollectible accounts receivable	13, 15	**5,703**	—
Interest expense	8	**—**	199
		10,538	2,320
Loss before income taxes		**(9,737)**	(118,003)
Provision for income taxes	11	**1,412**	3,801
Net loss and comprehensive loss		**(11,149)**	(121,804)
Net loss per share (basic and diluted)	10	**$ (0.10)**	$ (2.05)
Shares outstanding (weighted average)	10	**109,118,253**	59,392,568

See accompanying notes.

Consolidated Statements of Changes in Equity
for the three months ended March 31, 2021 and 2020
(unaudited - US$ thousands)

	Subordinate voting shares	Multiple voting shares	Share-based payments, net	Warrants	Contributed surplus	Retained earnings (deficit)	Common share-holders' equity
Balance as of January 1, 2021	**440,663**	**439,904**	**5,438**	**—**	**8,855**	**(295,125)**	**599,735**
Net loss for the period	**—**	**—**	**—**	**—**	**—**	**(11,149)**	**(11,149)**
Issuances (notes 8, 9, 13)	**—**	**—**	**—**	**5,557**	**—**	**—**	**5,557**
Purchases and amortization	**—**	**—**	**30**	**—**	**—**	**—**	**30**
Capital contributions (notes 8, 13)	**—**	**—**	**—**	**—**	**18,107**	**—**	**18,107**
Tax benefit on equity transactions (note 11)	**—**	**—**	**—**	**—**	**(474)**	**—**	**(474)**
Balance as of March 31, 2021	**440,663**	**439,904**	**5,468**	**5,557**	**26,488**	**(306,274)**	**611,806**
Balance as of January 1, 2020	310,078	300,000	(427)	—	—	(90,836)	518,815
Net loss for the period	—	—	—	—	—	(121,804)	(121,804)
Purchases for cancellation (note 9)	(4,810)	—	—	—	—	2,960	(1,850)
Purchases and amortization	—	—	28	—	—	—	28
Balance as of March 31, 2020	305,268	300,000	(399)	—	—	(209,680)	395,189

See accompanying notes.

Consolidated Statements of Cash Flows
for the three months ended March 31, 2021 and 2020
(unaudited - US$ thousands)

	Notes	First quarter 2021	First quarter 2020
Operating activities			
Net loss		**(11,149)**	(121,804)
Items not affecting cash and cash equivalents:			
Net bond discount accretion		**(72)**	(296)
Capitalized interest on loans and bonds	6	**(156)**	(3,064)
Performance fee	13	**1,855**	—
Loss on uncollectible accounts receivable	13, 15	**5,703**	—
Deferred income taxes	11	**2,737**	31
Amortization of share-based payment awards		**30**	28
Net change in unrealized (gains) losses on investments	7	**(1,152)**	68,564
Net foreign exchange losses	7	**972**	52,516
Net sales of short term investments		**—**	65,137
Purchases of investments	6, 16	**(13,116)**	(3,587)
Settlement of guarantee liability	13, 15	**(8,474)**	—
Increase in restricted cash deposits in support of investments	13	**(34)**	(4,892)
Changes in operating assets and liabilities:			
Interest receivable		**(138)**	(361)
Accounts payable and accrued liabilities		**(5,946)**	332
Income taxes payable		**(3,176)**	3,592
Payable to related parties		**(1,950)**	(384)
Other		**(532)**	208
Cash provided by (used in) operating activities		**(34,598)**	56,020
Financing activities			
Borrowings:	8		
Proceeds		**100,000**	—
Subordinate voting shares:	9		
Purchases for cancellation		**—**	(1,850)
Cash provided by (used in) financing activities		**100,000**	(1,850)
Increase in cash and cash equivalents		**65,402**	54,170
Cash and cash equivalents - beginning of period		**66,052**	44,334
Foreign currency translation		**(79)**	(4,917)
Cash and cash equivalents - end of period		**131,375**	93,587

See accompanying notes.

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1. Business Operations

Helios Fairfax Partners Corporation ("the company" or "HFP", formerly known as Fairfax Africa Holdings Corporation) is an investment holding company whose objective is to achieve long term capital appreciation, while preserving capital, by investing in public and private equity securities and debt instruments in Africa and African businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, Africa ("African Investments"). The company makes all or substantially all of its investments either directly or through one of its wholly-owned subsidiaries, which include a South Africa-based subsidiary HFP South Africa Investments Proprietary Limited ("SA Sub", formerly known as Fairfax Africa Investments Proprietary Limited) and a Mauritius-based subsidiary HFP Investments Limited ("Mauritius Sub", formerly known as Fairfax Africa Holdings Investments Limited).

HFA Topco, L.P. ("TopCo LP" or the "Portfolio Advisor"), an affiliate of Helios Holdings Limited ("HHL") (together with one or more of its affiliates, as the context requires, the "Helios Holdings Group"), is the portfolio advisor of the company and its consolidated subsidiaries, responsible to source and advise with respect to all investments. TopCo LP has appointed Helios Investment Partners LLP (the "Manager"), a registered portfolio manager in the United Kingdom, as its sub-advisor. Both Fairfax and the Helios Holdings Group exert significant influence and, together, act as the ultimate controlling party of HFP, though there is no contractual arrangement requiring that Fairfax and the Helios Holdings Group concur on all decisions. Refer to note 13 for details on Fairfax's and the Helios Holdings Group's voting rights and equity interest in the company.

Fairfax Financial Holdings Limited ("Fairfax") provides certain services under a Management Services Agreement between HFP and Fairfax, effective December 8, 2020. Fairfax is a holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and the associated investment management.

The company is federally incorporated and is domiciled in Ontario, Canada. The principal office of the company and Fairfax is located at 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada, M5J 2N7. The principal office of the Portfolio Advisor is located at De Capatan House, Grange Road, St Peter Port, Guernsey, GY1 2QG. The principal office of the Manager is located on the 2nd Floor, 12 Charles II Street, St James's, London, United Kingdom, SW1Y 4QU.

2. Helios Transaction

On December 8, 2020 the company closed the previously announced transaction with HHL, pursuant to which HHL contributed its entitlement to cash flows arising from certain fee streams (as described below) to HFP in exchange for a 45.9% equity and voting interest in HFP (the "Transaction"). Upon closing of the Transaction, the company was renamed Helios Fairfax Partners Corporation and its subordinate voting shares continued to be listed on the Toronto Stock Exchange. In December 2020, following completion of the Transaction, the TSX ticker for the company's subordinate voting shares was changed from FAH.U to HFPC.U.

Helios Investment Partners LLP is an Africa-focused private investment firm led and predominantly staffed by African professionals and manages geographically diversified portfolios of private equity and credit investments in over 30 African countries.

As consideration for a 45.9% equity and voting interest in HFP, Helios Holdings Limited contributed cash flows arising from the following fee stream entitlements:

- 100% of all management and other fees paid to Helios and its affiliates in connection with the management of any existing or future fund (including the management of HFP and its subsidiaries), less expenses, administrative fees, and other operation fees relating to the management of those funds;
- 25% of carried interest amounts generated by any existing fund managed by Helios or any of its affiliates, excluding Helios Investors IV, L.P.; and
- 50% of carried interest amounts generated by any future fund managed by Helios or any of its affiliates, including Helios Investors IV, L.P.

(Existing and future funds managed by Helios or any of its affiliates, are referred to as "Helios Funds".)

On December 7, 2020, prior to closing of the Transaction, the company's investment in Atlas Mara common shares was sold to Fairfax for proceeds of $40,000. Net proceeds were comprised of $20,000 in cash and $20,000 in an interest-free loan due from Fairfax no later than three years from closing of the Transaction (the "Fairfax Loan") (see note 13). In addition, Fairfax has guaranteed all repayment obligations of Atlas Mara under the Atlas Mara Facility, giving rise to the Atlas Mara Facility Guarantee (see note 13). Fairfax has also guaranteed that the Atlas Mara Zambia Term Deposit of $12,392 plus accrued interest and $7,283 of the restricted cash deposits at Grobank may be withdrawn at any time after December 8, 2021.

Upon closing of the Transaction, the company entered into an administration and investment advisory services agreement with TopCo LP (the "Investment Advisory Agreement"), which appointed the Manager as its sub-advisor. The Investment Advisory Agreement replaced the previous investment advisory agreement (the "Former Investment Advisory Agreement") with Hamblin Watsa Investment Counsel Ltd. ("HWIC" or the "Former Portfolio Advisor"). The Portfolio Advisor has discretionary authority to negotiate and complete investments on behalf of the company. The Portfolio Advisor will request approval from the company's board of directors, by simple majority, prior to making any investment in excess of the greater of 10% of HFP's Net Asset Value and $50.0 million; and will not make any insurance-related investment without the prior written consent of Fairfax.

Upon closing of the Transaction, Tope Lawani and Babatunde Soyoye (the co-founders and Managing Partners of the investment advisor to the Helios Funds) were appointed as Co-Chief Executive Officers of HFP and Michael Wilkerson was appointed Executive Vice Chairman of HFP.

The company entered into the Management Services Agreement with Fairfax, pursuant to which Fairfax will provide certain services to the company and its subsidiaries on a two-year transitional basis (see note 13).

Upon closing of the Transaction, the company adopted a new special incentive plan, pursuant to which options to purchase subordinate voting shares of the company were granted to certain employees, officers, members, partners or consultants of the Manager (the "SIP Recipients") (see note 9).

3. Basis of Presentation

The company's interim consolidated financial statements for the three months ended March 31, 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard 34 *Interim Financial Reporting*. Accordingly, certain information and disclosures normally included in annual consolidated financial statements prepared in accordance with IFRS as issued by the IASB have been omitted or condensed. These interim consolidated financial statements should be read in conjunction with the company's annual consolidated financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS as issued by the IASB.

These interim consolidated financial statements were approved for issue by the company's Board of Directors on April 29, 2021.

4. Summary of Significant Accounting Policies

The principal accounting policies applied to the preparation of these interim consolidated financial statements are as set out in the company's annual consolidated financial statements for the year ended December 31, 2020, prepared in accordance with IFRS as issued by the IASB. Those policies and methods of computation have been consistently applied to all periods presented except as described below.

Hybrid contracts - Hybrid contracts are comprised of a non-derivative host contract and an embedded derivative. At inception, the company will bifurcate an embedded derivative from a non-derivative host contract that is not a financial asset within the scope of IFRS 9 if the economic characteristics and risks of the two are not closely related, the embedded derivative meets the definition of a derivative on a standalone basis, and the company has not irrevocably designated the entire hybrid contract as measured at FVTPL. The bifurcated non-derivative host contract and embedded derivative are recognized and measured in accordance with their respective accounting policies.

Warrants - Warrants issued by the company are classified as equity when there is no contractual obligation to transfer cash or other financial assets to the holder of the warrants, and if the warrants will or may be settled by the company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments. Warrants are measured at fair value at inception and are not subsequently remeasured.

New accounting pronouncements adopted in 2021

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
On August 27, 2020 the IASB issued amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 4 *Insurance Contracts* and IFRS 16 *Leases* to address financial statement impacts and practical expedients when an existing interest rate benchmark such as LIBOR is replaced with an alternative reference rate. Retrospective adoption of these amendments on January 1, 2021 did not have a significant impact on the company's consolidated financial statements.

New accounting pronouncements issued but not yet effective

The IASB issued the following amendments in 2021 and 2020 which the company does not expect to adopt in advance of their respective effective dates: *Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)* and *Annual Improvements to IFRS Standards 2018-2020*, effective January 1, 2022; and *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*, *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* and *Definition of Accounting Estimates (Amendments to IAS 8)* effective January 1, 2023. The company is currently evaluating the expected impact of these pronouncements on its consolidated financial statements.

5. Critical Accounting Estimates and Judgments

The company made a number of critical accounting estimates and judgements in the preparation of the company's interim consolidated financial statements.

Helios Transaction

At March 31, 2021 the company exercised judgement and concluded that it continues to meet the definition of an investment entity. The company's conclusion continues to be supported by the factors described in the company's annual consolidated financial statements for the year ended December 31, 2020. In addition, management has made a number of critical estimates and judgements in the preparation of notes 6 and 7 relating to the valuation of TopCo LP Class A and Class B Limited Partnership Interests in a manner consistent with those as described in the company's annual consolidated financial statements for the year ended December 31, 2020.

Valuation of Private African Investments, income taxes, and determination of functional currency

In the preparation of the company's interim consolidated financial statements, management has made a number of critical estimates and judgments in the preparation of notes 6, 7 and 11 relating to the valuation of Private African Investments, income taxes and the determination of functional currency in a manner consistent with those as described in the company's annual consolidated financial statements for the year ended December 31, 2020. The broad effects of the COVID-19 pandemic on the company are described in note 12.

6. African Investments

Throughout the company's interim consolidated financial statements for the three months ended March 31, 2021, the term "African Investments" refers to deployed capital invested in Public and Private African Investments as disclosed within this note.

Summary of Changes in Fair Value of the Company's African Investments

A summary of changes in the fair value of the company's Public and Private African Investments for the first quarters of 2021 and 2020 were as follows:

	First quarter					
	2021					
	Balance as of January 1	Purchases	Accretion of discount/ (amortization of premium)[1]	Net change in unrealized gains (losses) on investments[2]	Net foreign exchange losses on investments	Balance as of March 31
Public African Investments:						
Common stocks:						
Other	**14,836**	**—**	**—**	**4,767**	**(66)**	**19,537**
Total Public African Investments	**14,836**	**—**	**—**	**4,767**	**(66)**	**19,537**
Private African Investments:						
Limited partnership investments:						
TopCo LP Class A Limited Partnership Interest	**88,465**	**—**	**—**	**—**	**—**	**88,465**
TopCo LP Class B Limited Partnership Interest	**186,834**	**—**	**—**	**—**	**—**	**186,834**
Helios Fund IV Limited Partnership Interest	**—**	**13,116**	**—**	**—**	**—**	**13,116**
	275,299	**13,116**	**—**	**—**	**—**	**288,415**
Loans:						
CIG Loan	**19,254**	**—**	**—**	**1,169**	**(106)**	**20,317**
Atlas Mara Facility[3]	**30,346**	**—**	**—**	**(1,547)**	**—**	**28,799**
Philafrica Facility[4]	**7,164**	**156**	**24**	**(23)**	**(30)**	**7,291**
	56,764	**156**	**24**	**(401)**	**(136)**	**56,407**
Bonds:						
Atlas Mara 11.0% Convertible Bonds	**2,442**	**—**	**—**	**210**	**—**	**2,652**
Atlas Mara 7.5% Bonds	**19,966**	**—**	**—**	**34**	**—**	**20,000**
Nova Pioneer Bonds	**36,421**	**—**	**—**	**(190)**	**—**	**36,231**
	58,829	**—**	**—**	**54**	**—**	**58,883**
Common stocks:						
Indirect equity interest in AGH[5]	**64,210**	**—**	**—**	**(4,709)**	**(313)**	**59,188**
Philafrica	**9,065**	**—**	**—**	**(620)**	**(116)**	**8,329**
GroCapital Holdings	**1,399**	**—**	**—**	**95**	**(102)**	**1,392**
	74,674	**—**	**—**	**(5,234)**	**(531)**	**68,909**
Total Private African Investments	**465,566**	**13,272**	**24**	**(5,581)**	**(667)**	**472,614**
Total African Investments	**480,402**	**13,272**	**24**	**(814)**	**(733)**	**492,151**

(1) Recorded in interest within the consolidated statement of earnings (loss) and comprehensive income (loss).

(2) For all Private African Investments classified as Level 3 in the fair value hierarchy, net change in unrealized gains (losses) on investments related to unrealized gains (losses) on investments held at the end of the reporting period.

(3) In connection with the Transaction (see note 2), Fairfax has guaranteed all repayment obligations of Atlas Mara under the Atlas Mara Facility, giving rise to the Atlas Mara Facility Guarantee discussed later in note 13.

(4) Purchases in the first quarter of 2021 of $156 related to capitalized interest.

(5) Invested through the company's ownership in and shareholder loan to Joseph Holdings.

	First quarter					
	2020					
	Balance as of January 1	Purchases	Accretion of discount/ (amortization of premium)[(1)]	Net change in unrealized gains (losses) on investments[(2)]	Net foreign exchange losses on investments	Balance as of March 31
Public African Investments:						
Common stocks:						
Atlas Mara	78,075	—	—	(36,339)	—	41,736
CIG	19,562	614	—	(1,194)	(10,681)	8,301
Total Public African Investments	97,637	614	—	(37,533)	(10,681)	50,037
Private African Investments:						
Loans:						
CIG Loan	20,744	—	32	(3,333)	(4,578)	12,865
PGR2 Loan	21,240	—	—	(579)	(4,921)	15,740
	41,984	—	32	(3,912)	(9,499)	28,605
Bonds:						
Atlas Mara 11.0% Convertible Bonds[(3)]	18,296	493	(23)	211	—	18,977
Atlas Mara 7.5% Bonds	18,431	—	181	452	—	19,064
Nova Pioneer Bonds[(4)]	42,093	2,571	(15)	(5,194)	—	39,455
	78,820	3,064	143	(4,531)	—	77,496
Common stocks:						
Indirect equity interest in AGH[(5)]	104,976	—	—	(18,794)	(18,740)	67,442
Philafrica	19,271	—	—	(2,843)	(5,045)	11,383
GroCapital Holdings	10,328	3,133	—	115	(3,545)	10,031
	134,575	3,133	—	(21,522)	(27,330)	88,856
Derivatives:						
Atlas Mara Warrants	83	—	—	(81)	—	2
Nova Pioneer Warrants	1,458	—	—	(985)	—	473
	1,541	—	—	(1,066)	—	475
Total Private African Investments	256,920	6,197	175	(31,031)	(36,829)	195,432
Total African Investments	354,557	6,811	175	(68,564)	(47,510)	245,469

(1) Recorded in interest within the consolidated statement of earnings (loss) and comprehensive income (loss).

(2) For all Private African Investments classified as Level 3 in the fair value hierarchy, net change in unrealized gains (losses) on investments related to unrealized gains (losses) on investments held at the end of the reporting period.

(3) Purchases in the first quarter of 2020 of $493 related to capitalized interest.

(4) Purchases in the first quarter of 2020 of $2,571 related to capitalized interest.

(5) Invested through the company's ownership in and shareholder loan to Joseph Holdings.

Public African Investments

The fair values of HFP's Public African Investments are determined using the bid prices of those investments (without adjustments or discounts) at the balance sheet date.

Investment in Atlas Mara Limited (Common Shares)

Atlas Mara Limited ("Atlas Mara") is a Sub-Saharan African financial services group listed on the London Stock Exchange under the symbol ATMA. Since its inception, Atlas Mara has acquired control or significant influence in banks across seven Sub-Saharan African countries: Nigeria, Botswana, Zimbabwe, Mozambique, Rwanda, Tanzania and Zambia.

The company's investment in Atlas Mara is comprised of debt instruments and warrants classified as Level 3 in the fair value hierarchy. The company previously held Atlas Mara common shares, which it sold to Fairfax on December 7, 2020 prior to closing of the Transaction. The debt instruments and warrants are discussed in the Private African Investments section under the heading Investment in Atlas Mara Limited (Debt Instruments and Warrants) later in note 6.

In 2019 and 2020 the company entered into related party transactions with Atlas Mara, comprised of the Atlas Mara Zambia Term Deposit and a financial guarantee, which are discussed later in note 13.

In 2020, in connection with the Transaction, the company entered into a related party transaction with Fairfax with respect to the company's investments in the Atlas Mara Facility, which are discussed later in note 13.

Investment in Consolidated Infrastructure Group Limited (Common Shares)

Consolidated Infrastructure Group Limited ("CIG") is a Pan-African engineering infrastructure company previously listed on the Johannesburg Stock Exchange under the stock symbol CIL. CIG has a diversified portfolio of operations including services and materials in power and electrical, waste management of oil and gas, building materials and the railway sector, with a footprint that spans over 20 African countries and the Middle East.

CIG Common Shares

Between the fourth quarter of 2017 and the second quarter of 2020, the company acquired an aggregate of 215,517,270 common shares of CIG, representing a 54.4% equity interest for net consideration of $49,881 (700.6 million South African rand).

On October 23, 2020 the company terminated the appointment of its nominee directors from the board of directors of CIG. On November 9, 2020 CIG commenced voluntary business rescue proceedings. As a result of its voluntary business rescue, on November 25, 2020 CIG announced that it had applied to the Johannesburg Stock Exchange to voluntarily suspend trading in CIG common shares.

At March 31, 2021 and December 31, 2020 the company held 215,517,270 common shares of CIG, representing a 54.4% equity interest. The company does not expect to recover any of its initial investment in the CIG common shares, which was written down to nil at December 31, 2020.

The changes in fair value of the company's investment in CIG for the first quarter of 2020 are presented in the table disclosed earlier in note 6.

Investment in Other Public African Investments

In the second quarter of 2020 the company acquired less than 5.0% of the common shares of public companies in various sectors, listed on the Johannesburg Stock Exchange (investment in "Other Public African Investments"), for aggregate cash consideration of $10,053 (185.3 million South African rand).

At March 31, 2021 the fair value of the company's investment in the Other Public African Investments was $19,537. The changes in fair value of the company's investment in the Other Public African Investments for the first quarters of 2021 and 2020 are presented in the tables disclosed earlier in note 6.

Private African Investments

The fair values of HFP's Private African Investments cannot be derived from an active market and accordingly, are determined using industry accepted valuation techniques and models. Market observable inputs are used where possible, with unobservable inputs used where necessary. Use of unobservable inputs can involve significant judgment and may materially affect the reported fair value of these investments.

Investment in TopCo LP

TopCo LP is a limited partnership established under the laws of Guernsey and is controlled by its general partner, HFA GP (Guernsey) Limited, an affiliate of the Helios Holdings Group. TopCo LP was formed as the investment vehicle through which HFP will receive cash flows from its entitlement to certain Helios fee streams. TopCo LP is the portfolio advisor of the company and its consolidated subsidiaries and has entered into a sub-advisory agreement with the Manager to provide the investment and advisory services to HFP. TopCo LP will earn investment advisory fees from HFP. Further details on the company's transactions with TopCo LP are discussed later in note 13.

Immediately prior to the closing of the Transaction, TopCo LP was admitted as a limited partner of the Carried Interest Recipients, defined below, entitling it to its share of the carried interest earned on Helios Funds by way of distributions arising from the Carried Interest Recipients. TopCo LP also entered into contractual arrangements with certain affiliates of the Helios Holdings Group, entitling it to the management fees earned on the Helios Funds.

On December 8, 2020, pursuant to the terms of the purchase and sale agreement entered into on July 10, 2020, HFP acquired all of the issued and outstanding TopCo LP Class A and Class B Limited Partnership Interests from HHL and Helios Holdings Partners Limited ("HHPL") for $88,465 and $186,834 respectively, in exchange for 25,452,865 multiple voting shares and 24,632,413 subordinate voting shares of HFP issued to HHL and HHPL, representing 45.9% of the equity and voting interest in HFP. Immediately following the closing of the Transaction, each of HHL and HHPL transferred the HFP shares to HFP Investment Holdings SARL ("Principal Holdco"), a Luxembourg holding company, indirectly owned by Tope Lawani and Babatunde Soyoye. HFP may not transfer or otherwise dispose of its TopCo LP Class A and Class B Limited Partnership Interests without consent from the general partner of TopCo LP. TopCo LP reports its financial performance in U.S. dollars.

TopCo LP Class A Limited Partnership Interest

TopCo LP is a limited partner of Helios Investors Genpar, L.P., HIP Equity II, L.P., HIP Equity III, L.P. and HIP Equity IV, L.P. (collectively, the “Carried Interest Recipients”) and as such is entitled to receive Carried Interest Proceeds. Carried Interest Proceeds include 25% of carried interest amounts generated by any existing fund managed by Helios or any of its affiliates, excluding Helios Investors IV, L.P.; and 50% of carried interest amounts generated by any future fund managed by Helios or any of its affiliates, including Helios Investors IV, L.P. HFP's TopCo LP Class A Limited Partnership Interest entitles HFP to receive the Carried Interest Proceeds received by TopCo LP when relevant amounts become available for distribution. The company may be subject to clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest to the extent HFP has received Carried Interest Proceeds and a clawback is required. The risk is partially mitigated by escrow accounts required by each Helios Fund in accordance with their respective governing documents.

At December 8, 2020 the company estimated the fair value of its TopCo LP Class A Limited Partnership Interest using a discounted cash flow analysis based on multi-year free cash flow forecasts with assumed discount rates ranging from 21.0% to 27.0%, target exit multiples of invested capital averaging 2.1x to 2.6x across the existing Helios Funds, and forecasted exit dates ranging from 2021 to 2024 for Helios Investors II, L.P. and Helios Investors III, L.P., and from 2022 to 2027 for Helios Investors IV, L.P. At December 8, 2020 free cash flow forecasts were based on estimates of Carried Interest Proceeds derived for each fund in accordance with waterfall provisions, prepared in the fourth quarter of 2020 by Helios' management.

The limited partnership agreement for each Helios Fund includes a distribution waterfall provision, which is common in private equity fund structures, and requires that proceeds (generated following realizations or partial realizations of the relevant fund’s investments or as other income becomes available to the relevant fund for distribution) are distributed in four stages: (i) a return of amounts contributed by investors and not previously repaid to those investors by the fund; (ii) an 8% preferred return to investors; (iii) a “catch-up” amount to the relevant Helios Holdings Group entity equal to 20% of all amounts distributed to all partners in excess of amounts distributed to limited partners to repay their drawn down capital contributions; and (iv) a split of all remaining profits between limited partners and the relevant Helios Holdings Group entity at an 80:20 ratio.

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are the exit assumptions on Helios Funds' underlying portfolio investments, including the planned exit strategy, target exit multiples of invested capital and timing of exit. The target exit multiple of invested capital for an underlying portfolio investment is equal to the fund's expected total proceeds divided by the expected total cost from initial investment to exit. Carried Interest Proceeds which may arise in future Helios Funds have been excluded from free cash flow estimates. Free cash flow estimates are evaluated net of income taxes based on HFP's Canadian marginal tax rate for capital gains. In the event that target exit timings are not met and delayed in future periods, this may result in a negative impact on the fair value of the company's TopCo LP Class A Limited Partnership Interest.

Current Model Assumptions

The following table describes the Helios Funds and their underlying investments at December 31, 2020 and provides a summary of inputs used in the company's internal valuation model to estimate the fair value of the company's investment in the TopCo LP Class A Limited Partnership Interest at December 8, 2020:

			Method of valuing underlying portfolio investments		Model inputs:			
Helios Private Equity Fund	**Vintage Year**	**Committed Capital**	**Traded share price**	**Internal valuation model**	**Target exit year**	**Average target exit multiple of invested capital**	**HFP's share of carried interest**	**Fair value of carried interest to HFP**
Helios Investors, L.P. ("Helios Fund I")(1)	2006	304,400	—%	100.0%	2021	2.1x	25%	5,812
Helios Investors II, L.P. ("Helios Fund II")(2)	2009	908,500	54.0%	46.0%	2021-2023	2.6x	25%	34,078
Helios Investors III, L.P. ("Helios Fund III")(3)	2014	1,117,000	16.1%	83.9%	2021-2024	2.6x	25%	48,119
Helios Investors IV, L.P. ("Helios Fund IV")(4)	2020	237,560	—%	100.0%	2022-2027	2.6x	50%	456
								88,465

(1) Helios Fund I is a private equity fund domiciled in the Cayman Islands that was formed in 2006 with the purpose of investing in companies that operate primarily in Sub-Saharan Africa. At December 31, 2020 Helios Fund I was invested in a private company operating in the telecommunication sector, which is expected to be fully exited in 2021 at which time Helios Fund I will close. In the third quarter of 2020, Helios Fund I distributed shares of a public company operating in the fuel distribution sector across Africa to its limited partners and carried interest holders as a distribution in specie. The company is entitled to receive these shares, the value of which is the primary driver of the fair value of the carried interest component of Helios Fund I, in addition to cash distributions of Carried Interest Proceeds from Helios Fund I.

(2) Helios Fund II is a private equity fund domiciled in the Cayman Islands that was formed in 2009 with the purpose of investing in companies that operate primarily in Africa. At December 31, 2020 the underlying portfolio investments in Helios Fund II were primarily comprised of investments in: (i) a public company operating in the fuel distribution sector across Africa (28.9% of portfolio); (ii) a private company offering electronic payment processing services in Nigeria (24.2% of portfolio); (iii) a public company operating in the telecommunication infrastructure sector across Africa (23.6% of portfolio); and (iv) a private company operating in the financial services sector across Africa (9.2% of portfolio).

(3) Helios Fund III is a private equity fund domiciled in the Cayman Islands that was formed in 2014 with the purpose of investing in companies that operate primarily in Africa. At December 31, 2020 the underlying portfolio investments in Helios Fund III were primarily comprised of investments in: (i) a private company operating in the gas distribution sector in Nigeria (17.0% of portfolio); (ii) a public company providing electronic payment processing services in Egypt (14.0% of portfolio); (iii) a private company operating in the consumer goods sector across Africa (12.4% of portfolio); (iv) a private company operating in the financial services sector across Africa (11.4% of portfolio); (v) a private company that operates a liquified natural gas terminal in Ghana (8.2% of portfolio); (vi) a private company that imports and distributes agricultural inputs across Africa (6.6% of portfolio); (vii) a private company that provides electronic payment processing services in Egypt (4.8% of portfolio); and (viii) a private company operating in the agricultural sector in Egypt (4.4% of portfolio).

(4) Helios Fund IV is a private equity fund domiciled in the Cayman Islands that was formed in 2020 with the purpose of investing in companies that operate primarily in Africa. In 2020 Helios Fund IV completed its first capital raise and made investments in: (i) a private company that provides electronic payment processing services globally (including Africa); and (ii) a private insurance company established in 2020 and expected to operate across Africa.

Discount rates were based on the company's assessment of risk premiums to the appropriate risk-free rate of the economic environment in which the Helios private equity funds operate. These risk premiums were reflective of the increased uncertainty of the free cash flow forecasts as a result of the economic and social impacts of the COVID-19 pandemic.

At December 8, 2020 the company's internal valuation model indicated that the fair value of its TopCo LP Class A Limited Partnership Interest was $88,465. At March 31, 2021 and December 31, 2020 the initial transaction price of the company's investment in the TopCo LP Class A Limited Partnership Interest was considered to approximate fair value as there were no significant changes to TopCo LP's business, capital structure or operating environment and the key assumptions in the company's acquisition valuation model continued to be valid. At March 31, 2021 the fair value of the company's investment in TopCo LP Class A Limited Partnership Interest was $88,465 (December 31, 2020 - $88,465).

TopCo LP Class B Limited Partnership Interest

TopCo LP entered into contractual arrangements with certain Helios Holdings Group entities, pursuant to which the Helios Holdings Group entities entitled to receive management fees assigned their respective rights to receive all management fees to TopCo LP and TopCo LP agreed to pay all expenses incurred in order to earn the management fees ("Net Management Fees"). HFP's ownership of TopCo LP Class B Limited Partnership Interest entitles HFP to receive Net Management Fees after a six-month holding period by TopCo LP.

At December 8, 2020 the company estimated the fair value of its TopCo LP Class B Limited Partnership Interest using a discounted cash flow analysis based on multi-year free cash flow forecasts with an assumed discount rate of 19.3%, a long term growth rate of 4.5% and a long term pre-tax profit margin of 52.3%. At December 8, 2020 free cash flow forecasts were based on Net Management Fee forecasts prepared in the fourth quarter of 2020 by Helios' management.

Free Cash Flow Forecast Inputs

The primary drivers of the free cash flow estimates are the forecasted growth in assets under management over eight years through the creation of new Helios private equity, infrastructure, and real estate funds, and the expected use of operating leverage to grow profit margins. Based on committed capital of the Helios Funds in place at December 8, 2020 of approximately $2.3 billion (excluding Helios Fund I which is in the process of closing), the forecasted growth in assets under management implies a compound annual growth rate in committed capital of 18.7% over the eight year forecasting period. In the event that TopCo LP does not achieve its forecasted growth in assets under management in future periods, this may result in a negative impact on the fair value of the company's TopCo LP Class B Limited Partnership Interest. Free cash flow estimates were evaluated net of income taxes based on HFP's Canadian marginal tax rate.

Current Model Assumptions

As a result of the continued business disruptions caused by the COVID-19 pandemic, free cash flow forecasts reflected increased market volatility and government-mandated travel restrictions in the short term primarily through an expected delay in fundraising activities. The development of these free cash flow forecasts was subject to a higher degree of estimation uncertainty that was primarily driven by a forecasting period of eight years, the impacts of government-mandated travel restrictions on current fundraising activities, and forecasted growth in assets under management due to the expected demand for future Africa-focused alternative asset funds. A forecasting period of eight years was used due to the inherent long-term nature of Africa-focused private equity, infrastructure and real estate funds, which require additional time to fundraise, deploy capital and prepare investments for exit. These factors contributed to a higher degree of estimation uncertainty in the free cash flow estimates which was primarily reflected through higher discount rates and in the estimation of the long term pre-tax profit margin expected to be achieved at the end of the forecasting period.

The discount rate was based on the company's assessment of risk premiums to the appropriate risk-free rate of the economic environment in which the Helios Funds operate. These risk premiums were reflective of the increased uncertainty of free cash flow forecasts as a result of the economic and social impacts of the COVID-19 pandemic. Long term pre-tax profit margins were estimated based on comparable pre-tax management fee-related earnings margins of publicly listed global private equity asset managers. Long term growth rates were based on the expected long term sustainable growth rate of the economic environments in which TopCo LP conducts asset management activities.

At December 8, 2020 the company's internal valuation model indicated that the fair value of its TopCo LP Class B Limited Partnership Interest was $186,834. At March 31, 2021 and December 31, 2020 the initial transaction price of the company's investment in the TopCo LP Class B Limited Partnership Interest was considered to approximate fair value as there were no significant changes to TopCo LP's business, capital structure or operating environment and the key assumptions in the company's acquisition valuation model continued to be valid. At March 31, 2021 the fair value of the company's investment in TopCo LP Class B Limited Partnership Interest was $186,834 (December 31, 2020 - $186,834).

The changes in fair value of the company's investment in TopCo LP Class A and Class B Limited Partnership Interests for the first quarter of 2021 are presented in the table disclosed earlier in note 6.

Investment in Helios Investors IV, L.P.

Helios Investors IV, L.P. ("Helios Fund IV") is a limited partnership based in the Cayman Islands, structured to receive and deploy capital from limited partners with the objective of earning returns from investments directly or indirectly in, or with a nexus to, Africa. Helios Fund IV is controlled by its general partner, Helios Investors Genpar IV, Ltd. ("Helios Fund IV GP").

Helios Fund IV Limited Partnership Interest

On March 31, 2021 the company committed to invest $50,000 in Helios Fund IV and funded a capital call for $12,600 plus equalization interest of $516, for total funding of $13,116. At March 31, 2021 the company's capital commitment represented 17.2% of the limited partnership interest in Helios Fund IV. As agreed in a side letter with Helios Fund IV GP, the company was admitted to Helios Fund IV as a "Listed Fund" under the terms of Helios Fund IV's limited partnership agreement, as amended and restated (the "Helios Fund IV LPA"), meaning that the company will not incur any management fees nor any carried interest payable to Helios Fund IV GP with respect to its investment in Helios Fund IV, which would otherwise be incurred in accordance with the Helios Fund IV LPA.

At March 31, 2021, the company's investment in Helios Fund IV was measured at the transaction price, which approximates fair value given there were no significant changes to Helios Fund IV's business, capital structure, or operating environment. At March 31, 2021 the fair value of the company's investment in Helios Fund IV Limited Partnership Interest was $13,116.

The changes in fair value of the company's investment in Helios Investors IV Limited Partnership Interest for the first quarter of 2021 are presented in the table disclosed earlier in note 6.

At March 31, 2021 the company's remaining capital commitment to Helios Fund IV was $37,400, which may be called at any time by Helios Fund IV GP in accordance with the Helios Fund IV LPA.

Subsequent to March 31, 2021

On April 23, 2021 the company funded a capital call for $9,297. Subsequent to funding the capital call, the company's remaining capital commitment to Helios Fund IV is $28,103.

Investment in AFGRI Holdings Proprietary Limited

AFGRI Holdings Proprietary Limited ("AFGRI Holdings") is a private holding company based in South Africa that owns 100.0% of AFGRI Group Holdings Proprietary Limited ("AGH"), an investment holding company with interests in a number of agricultural and food-related companies providing products and services to ensure sustainable agriculture. AGH's core focus is grain commodities and it provides services across the entire grain production and storage cycle, offering financial support and solutions as well as high-tech equipment through the John Deere brand supported by a large retail footprint.

Indirect Equity Interest in AGH

Between the first quarter of 2017 and the fourth quarter of 2020, the company invested an aggregate of $98,876 in Joseph Holdings (comprised of 74.6% of the common shares and 73.7% in Class A shares of Joseph Holdings, providing a 74.6% voting interest; and a $10,132 shareholder loan). HFP is the largest beneficial shareholder of AGH, through its investment in Joseph Holdings, with a 46.8% indirect equity interest (December 31, 2020 - 46.8%).

On December 15, 2020 AFGRI Holdings and AGH entered into a standstill agreement with certain lenders (the "AGH standstill agreement") as a result of liquidity pressures arising from the trade volatility caused by COVID-19 pandemic. The execution of the AGH standstill agreement, which was extended in March 2021 to April 30, 2021, was a key component of AGH's preliminary plan to restructure its debt for the benefit of all stakeholders.

At March 31, 2021 the company estimated the fair value of its indirect equity interest in AGH using a discounted cash flow analysis based on multi-year free cash flow forecasts with assumed after-tax discount rates ranging from 10.0% to 22.6% and a long term growth rate of 2.5% (December 31, 2020 - 9.3% to 21.2% and 2.5%). At March 31, 2021 free cash flow forecasts were based on EBITDA estimates derived from financial information for AGH's business units prepared in the fourth quarter of 2020 (December 31, 2020 - fourth quarter of 2020) by AGH's management.

Free Cash Flow Forecast Inputs

The primary driver of free cash flow estimates is EBITDA growth across AGH's major lines of business: the equipment, grain management, agribusiness finance, and food businesses in Philafrica, partially offset by corporate overhead costs.

Current Model Assumptions

As a result of the business disruptions caused by the COVID-19 pandemic free cash flow forecasts were revised downward by AGH's management in the fourth quarter of 2020 to primarily reflect: (i) an increase in working capital outflows in the near term due to continued liquidity pressures; (ii) an increase in corporate overhead costs related to expected legal and advisory fees in connection with the debt restructuring; (iii) the cancellation of AGH's loan book management arrangement with the Land and Agricultural Development Bank of South Africa in November 2020; (iv) an operational fire and the resulting termination of a significant customer contract at Philafrica's soybean processing business in November 2020; and (v) the discontinuation of Philafrica's greenfield businesses during 2020; partially offset by (vi) continued operations during the COVID-19 pandemic; (vii) the equity infusion from Joseph Holdings; and (viii) the execution of the AGH standstill agreement and continued progress in AGH's debt restructuring plan.

Discount rates were based on the company's assessment of risk premiums to the appropriate risk-free rate of the economic environment in which AGH operates. These risk premiums were reflective of the increased uncertainty of the revised free cash flow forecasts as a result of the economic and social impacts of the COVID-19 pandemic, as well as the increased credit risk associated with AGH's plans to restructure its debt. Long term growth rates were based on the expected long term sustainable growth rate of the economic environments and sectors in which AGH operates.

At March 31, 2021 the company's internal valuation model indicated that the fair value of its 46.8% indirect equity interest in AGH was $59,188 (December 31, 2020 - $64,210), comprised of Class A shares, common shares, and a shareholder loan to Joseph Holdings. The changes in fair value of the company's indirect equity interest in AGH for the first quarters of 2021 and 2020 are presented in the tables disclosed earlier in note 6.

Investment in Philafrica Foods Proprietary Ltd.

Philafrica Foods Proprietary Ltd. ("Philafrica") is headquartered in South Africa, where it owns and operates maize mills, wheat mills, animal feed factories, snacking and bread production facilities, and soya crushing and extraction plants, which process oil and other raw materials into edible oils, fats and proteins for human consumption (primarily for the food processing and quick-service restaurant industries). Philafrica has 15 production plants across the South African provinces of Gauteng, KwaZulu-Natal, Mpumalanga, Eastern Cape, Western Cape, the Free State and Limpopo.

Philafrica Common Shares

In November 2018 the company converted $23,254 (325.0 million South African rand) of its previously existing Philafrica secured lending facility into 26,000 common shares of Philafrica with the remainder of the facility fully paid with cash. Upon closing of this transaction the company held a 26.0% equity interest in Philafrica, a third party investor held a 14.0% equity interest and AGH's equity interest decreased from 100.0% to 60.0%. AGH continues to control Philafrica.

At March 31, 2021 the company estimated the fair value of its investment in Philafrica common shares using a discounted cash flow analysis based on multi-year free cash flow forecasts with assumed after-tax discount rates ranging from 13.4% to 16.4% and a long term growth rate of 2.5% (December 31, 2020 - 12.6% to 15.6% and 2.5%). At March 31, 2021 free cash flow projections were based on EBITDA estimates derived from financial information for Philafrica’s business units prepared in the fourth quarter of 2020 (December 31, 2020 - fourth quarter of 2020) by Philafrica’s management.

Free Cash Flow Forecast Inputs

The primary driver of free cash flow estimates is EBITDA growth at Philafrica's food businesses, partially offset by corporate overhead costs.

Current Model Assumptions

Free cash flow forecasts were revised downward by Philafrica's management in the fourth quarter of 2020 to primarily reflect (i) an operational fire and the resulting termination of a significant customer contract at the soybean processing business; (ii) the discontinuation of cassava processing, mussels farming and poultry greenfield businesses due to difficulties in ramping up operations, partly due to the COVID-19 pandemic; and (iii) an increase in overhead costs; partially offset by (iv) continued operations through 2020.

Discount rates were based on the company's assessment of risk premiums to the appropriate risk-free rate in the countries of Philafrica's operations. These risk premiums reflected increased uncertainty of the revised free cash flow forecasts as a result of the economic and social impacts of the COVID-19 pandemic, as well as the increased credit risk associated with debt restructuring plans at Philafrica's parent company, AGH. Long term growth rates were based on the expected long term sustainable growth rate of the economic environments and sectors in which Philafrica operates.

At March 31, 2021 the company's internal valuation model indicated that the fair value of its investment in Philafrica common shares was $8,329 (December 31, 2020 - $9,065) for the 26.0% equity interest. The changes in fair value of the company's investment in Philafrica common shares for the first quarters of 2021 and 2020 are presented in the tables disclosed earlier in note 6.

Philafrica Facility

In the second quarter of 2020 the company advanced $5,622 (98.0 million South African rand), net of a 2.0% raising fee, to Philafrica under a secured lending arrangement (the "Philafrica Facility"). The Philafrica Facility bears interest at a rate of South African prime plus 2.0% per annum, which is accrued and capitalized monthly. The maturity of the Philafrica Facility was extended to April 30, 2021, in line with the expiry of the AGH standstill agreement. The Philafrica Facility is secured by a general guarantee from AGH and AGH's pledge of equity interests in Philafrica.

At March 31, 2021 the company estimated the fair value of its investment in the Philafrica Facility based on an expected recovery model with an expected recovery of 100.0% (December 31, 2020 - 100.0%). The expected recovery was supported by the value of the underlying guarantee and pledge from AGH. AGH reached a debt standstill agreement with its lenders on December 15, 2020 and accordingly, the company determined that an expected recovery model was the most appropriate valuation technique.

At March 31, 2021 the company's internal valuation model indicated that the estimated fair value of its investment in the Philafrica Facility was $7,291 (December 31, 2020 - $7,164). The changes in fair value of the Philafrica Facility for the first quarter of 2021 are presented in the table disclosed earlier in note 6.

In the first quarter of 2021 the company recorded interest income of $180 (2020 - nil) within the consolidated statements of earnings (loss) and comprehensive income (loss) related to the Philafrica Facility.

Investment in GroCapital Holdings Limited

GroCapital Holdings Limited ("GroCapital Holdings") is a bank holding company that owns 99.9% of Grobank Limited ("Grobank"). Operating as a South African bank since 1947, Grobank is focused on developing and delivering banking services to medium-sized businesses and individuals, driven by a unique combination of retail, business and alliance banking and agri-business experience.

GroCapital Holdings Common Shares

Between the fourth quarter of 2018 and the second quarter of 2020 the company invested an aggregate of $19,403 (285.7 million South African rand) for a 48.1% equity interest in GroCapital Holdings.

On September 29, 2020 GroCapital Holdings and Grobank entered into a subscription agreement with Access Bank Plc ("Access Bank"), a publicly listed Nigerian commercial bank, pursuant to which Access Bank will invest cash consideration of up to 400.0 million South African rand ($27,089 at period end exchange rates) to acquire a 90.4% equity interest in Grobank in two tranches, subject to regulatory and shareholder approval. Following completion of the first tranche, Grobank will be renamed Access Bank (South Africa) Limited ("Access Bank SA"). On March 26, 2021, the South African and Nigerian regulatory authorities approved Access Bank's acquisition of Grobank.

At March 31, 2021 the company estimated the fair value of its investment in GroCapital Holdings common shares based on the transaction price of Grobank implied by the subscription agreement with Access Bank. At March 31, 2021 the recent transaction price indicated that the fair value of the company's investment in GroCapital Holdings was $1,392 (December 31, 2020 - $1,399) for the 48.1% equity interest.

The changes in fair value of the company's equity interest in GroCapital Holdings for the first quarters of 2021 and 2020 are presented in the tables disclosed earlier in note 6.

Investment in Consolidated Infrastructure Group Limited (Debt Instrument and Derivative Obligation)

CIG Loan

In the second quarter of 2018 the company entered into a secured lending arrangement with CIG, pursuant to which the company provided CIG with $23,270 (292.5 million South African rand), net of a 2.5% raising fee (the "CIG Loan"). The CIG Loan bears interest at South African prime plus 2.0% per annum and has a maturity date of June 4, 2023. The CIG Loan is secured by CIG's pledge of its equity interests in Conlog Proprietary Limited ("Conlog"), a wholly owned subsidiary of CIG that provides metering solutions to utilities, municipalities and property management companies in South Africa, the Middle East and across Africa. The CIG Loan is not rated.

In June 2020 due to the impacts of COVID-19, the company allowed CIG to defer interest payments due June 4, 2020 and going forward.

At March 31, 2021, interest receivable of $1,229 on the CIG Loan is expected to be received in more than 12 months.

At March 31, 2021 the company estimated the fair value of its investment in the CIG Loan using an expected recovery model with an estimated expected recovery of 100.0%. The expected recovery reflected the estimated value of expected proceeds from the sale of CIG's equity interest in Conlog, which is pledged as collateral for the CIG Loan. It is expected that CIG will sell its equity interest in Conlog in the second half of 2021 through an orderly sale process. Accordingly, the company determined that an expected recovery model was the most appropriate valuation technique and the company has not accrued interest on the CIG Loan after December 31, 2020.

At December 31, 2020 the company estimated the fair value of its investment in the CIG Loan using an industry accepted discounted cash flow and option pricing model that incorporated the security's estimated credit spread of 7.9%. The estimated credit spread was based on a peer group of comparable companies adjusted for credit risk specific to CIG. On November 9, 2020 CIG commenced voluntary business rescue proceedings. This did not significantly impact the fair value of the CIG Loan at December 31, 2020 as the Conlog shares pledged as collateral continue to support full recovery of the CIG Loan.

At March 31, 2021 the company's internal valuation model indicated that the estimated fair value its investment in the CIG Loan was $20,317 (December 31, 2020 - $19,254). The changes in fair value of the CIG Loan for the first quarters of 2021 and 2020 are presented in the tables disclosed earlier in note 6.

In the first quarter of 2021 the company recorded interest income of nil (2020 - $582) within the consolidated statements of earnings (loss) and comprehensive income (loss) related to the CIG Loan.

Investment in the PGR2 Loan (Debt Instrument)

In the second quarter of 2018, in conjunction with the CIG Loan, the company entered into a secured lending agreement with PGR2 Investments Proprietary Limited ("PGR2"), the largest shareholder of CIG at the time of the transaction, pursuant to which the company provided PGR2 with $19,969 (260.0 million South African rand) of financing (the "PGR2 Loan"). The PGR2 Loan was partially secured by common shares of CIG held by PGR2 and associated parties. The PGR2 Loan had a coupon of 15.0% per annum, payable semi-annually in cash or in kind at PGR2's option, with a maturity date of May 24, 2021.

As a result of the significant and prolonged decline in the fair value of CIG common shares pledged as security for the PGR2 Loan, the company does not expect to recover any of its initial investment in the PGR2 Loan, which was written down to nil at December 31, 2020.

The changes in fair value of the PGR2 Loan for the first quarter of 2020 are presented in the table disclosed earlier in note 6.

In the first quarter of 2020 the company recorded interest income of $606 within the consolidated statements of earnings (loss) and comprehensive income (loss) related to the PGR2 Loan, which was subsequently written down to nil.

Investment in Atlas Mara Limited (Debt Instruments and Warrants)

The company's investment in Atlas Mara is comprised of debt instruments classified as Level 3 in the fair value hierarchy. The Atlas Mara debt instruments discussed below are not rated.

On December 28, 2020 Atlas Mara entered into a standstill agreement with its lenders, (the "Atlas Mara standstill agreement"), as a result of continued liquidity pressures facing its African banks, partially due to the COVID-19 pandemic. The execution of the Atlas Mara standstill agreement, which was extended to April 30, 2021, was a key component of Atlas Mara's plan to repay its outstanding debt obligations through orderly dispositions of certain of its underlying businesses. The expected proceeds from the proposed dispositions and the duration and outcome of negotiations with other lenders have increased risk of recovery, which has been reflected in the valuation of the Atlas Mara 11.0% Convertible Bonds (defined below) and the Atlas Mara 7.5% Bonds (defined below) (collectively, the "Atlas Mara Bonds") and the Atlas Mara Facility. As a result of the Atlas Mara standstill agreement and restructuring plan, the company changed its valuation technique to an expected recovery model in the fourth quarter of 2020 and has not accrued interest on the Atlas Mara Bonds and Atlas Mara Facility after December 28, 2020.

Atlas Mara 11.0% Convertible Bonds

In the second quarter of 2018 the company entered into a placing agreement pursuant to which the company invested $16,000 in Atlas Mara 7.5% convertible bonds. The terms of the agreement were subsequently amended such that the bonds have a stated coupon of 11.0% per annum, accrued quarterly and payable in kind ("Atlas Mara 11.0% Convertible Bonds"). The maturity of the Atlas Mara 11.0% Convertible Bonds was extended to April 30, 2021 to coincide with the expiration of the Atlas Mara standstill agreement.

At March 31, 2021 the company estimated the fair value of its investment in Atlas Mara 11.0% Convertible Bonds based on an expected recovery model with an estimated expected recovery of 13.3% (December 31, 2020 - 12.2%). The expected recovery reflected the value of expected proceeds from Atlas Mara's planned asset disposals less expected repayments to higher-ranking and secured lenders as the Atlas Mara 11.0% Convertible Bonds are unsecured. At March 31, 2021 the company's internal valuation model indicated that the estimated fair value of its investment in the Atlas Mara 11.0% Convertible Bonds was $2,652 (December 31, 2020 - $2,442).

Atlas Mara 7.5% Bonds plus Warrants

In the second quarter of 2018 the company provided an additional $20,000 in funding to Atlas Mara under substantially the same terms as stated above. The terms were subsequently amended such that the bond's conversion feature was replaced with 6,200,000 Atlas Mara Warrants. The bonds have a stated coupon of 7.5% per annum, payable semi-annually ("Atlas Mara 7.5% Bonds"). The maturity of the Atlas Mara 7.5% Bonds was extended to April 30, 2021 to coincide with the expiration of the Atlas Mara standstill agreement. The Atlas Mara 7.5% Bonds are secured by Atlas Mara's shares in Union Bank of Nigeria ("UBN").

In 2019 and 2020, partially due to the impacts of COVID-19, the company provided Atlas Mara an extension on all interest payable from December 31, 2019. At March 31, 2021, interest receivable of $2,832 on the Atlas Mara 7.5% Bonds reflects the same expected recovery as the principal and is expected to be received in more than 12 months.

At March 31, 2021 the company estimated the fair value of its investment in Atlas Mara 7.5% Bonds based on an expected recovery model with an estimated expected recovery of 100.0% (December 31, 2020 - 99.8%) of principal and interest. The expected recovery reflected the value of expected proceeds from Atlas Mara's planned asset disposals. At March 31, 2021 the company's internal valuation model indicated that the estimated fair value of its investment in the Atlas Mara 7.5% Bonds was $20,000 (December 31, 2020 - $19,966).

The company does not expect to recover any of its initial investment in the Atlas Mara Warrants which were written down to nil at December 31, 2020.

Atlas Mara Facility

In 2020 the company advanced $39,507, net of $493 in raising fees, under the terms of a secured lending arrangement with Atlas Mara (the "Atlas Mara Facility"). The Atlas Mara Facility has a stated coupon of 10.0% per annum, accrued quarterly and payable in kind. The maturity of the Atlas Mara Facility was extended to April 30, 2021 to coincide with the expiration of the Atlas Mara standstill agreement. The Atlas Mara Facility is secured by Atlas Mara's shares in the publicly listed entity, African Banking Corporation Botswana Limited ("Atlas Mara Botswana").

In connection with the Transaction (see note 2), Fairfax has guaranteed all repayment obligations of Atlas Mara under the Atlas Mara Facility, giving rise to the Atlas Mara Facility Guarantee described later in note 13.

At March 31, 2021 the company estimated the fair value of its investment in the Atlas Mara Facility based on an expected recovery model with an estimated expected recovery of 67.6% (December 31, 2020 - 71.3%). The expected recovery reflected the value of expected proceeds from Atlas Mara's planned asset disposals. At March 31, 2021 the company's internal valuation model indicated that the estimated fair value of its investment in the Atlas Mara Facility was $28,799 (December 31, 2020 - $30,346).

In the first quarter of 2021 the company recorded interest income of nil (2020 - $1,126) in interest within the consolidated statements of earnings (loss) and comprehensive income (loss) related to the Atlas Mara Bonds and the Atlas Mara Facility.

The changes in fair value of the company's loan, bonds, and warrant investments in Atlas Mara in the first quarters of 2021 and 2020 are presented in the tables disclosed earlier in note 6.

Investment in Nova Pioneer Education Group

Nova Pioneer Education Group ("Nova Pioneer") is a Pan-African independent school network offering preschool through secondary education for students from ages 3 through 19. Nova Pioneer was started in 2013 with its first school opening in South Africa in 2015. Since then, Nova Pioneer has expanded across South Africa and launched its first campus in Kenya in 2016. Nova Pioneer operates thirteen schools with a combined enrollment of approximately 4,450 students.

Nova Pioneer Bonds and Warrants

Between the third quarter of 2017 and the second quarter of 2019 the company invested an aggregate of $45,256 in Ascendant Learning Limited ("Ascendant"), the Mauritius based parent entity of Nova Pioneer, which consisted of: (i) $43,969 in 20.0% debentures (inclusive of capitalized interest) due on December 31, 2024 (the "Nova Pioneer Bonds"); and (ii) $1,287 in 3,400,000 warrants with an exercise price of $2.06 per share (the "Nova Pioneer Warrants").

In 2020, due to the impacts of COVID-19, the company provided Nova Pioneer an extension on all interest payable from June 30, 2020 to June 30, 2021. At March 31, 2021 interest receivable of $4,302 on Nova Pioneer Bonds is expected to be received in more than 12 months and the company has not accrued interest on the Nova Pioneer Bonds after September 30, 2020.

At March 31, 2021 the company estimated the fair value of its investment in the Nova Pioneer Bonds using an industry accepted discounted cash flow and option pricing model that incorporated Nova Pioneer's estimated credit spread of 28.4% (December 31, 2020 - 28.2%). The estimated credit spread was based on the credit spreads of a peer group of comparable companies adjusted for credit risk specific to Ascendant. At March 31, 2021 the company's internal valuation model indicated that the estimated fair value of the investment in Nova Pioneer Bonds was $36,231 (December 31, 2020 - $36,421). The changes in fair value of the Nova Pioneer Bonds during the first quarters of 2021 and 2020 are presented in the tables disclosed earlier in note 6.

In the first quarter of 2021 the company recorded interest income of nil (2020 - $2,110) within the consolidated statements of earnings (loss) and comprehensive income (loss) related to the Nova Pioneer Bonds.

The company does not expect to recover any of its initial investment in the Nova Pioneer Warrants which were written down to nil at December 31, 2020.

7. Cash and Investments

Fair Value Disclosures

The company's use of quoted market prices (Level 1), valuation models using observable market information as inputs (Level 2) and valuation models without observable market information as inputs (Level 3) in the valuation of securities by type of issuer was as follows:

	March 31, 2021				December 31, 2020			
	Quoted prices (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total fair value of assets**	Quoted prices (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value of assets
Cash and cash equivalents	**131,375**	**—**	**—**	**131,375**	66,052	—	—	66,052
Restricted cash deposits	**7,559**	**—**	**—**	**7,559**	7,525	—	—	7,525
	138,934	**—**	**—**	**138,934**	73,577	—	—	73,577
Term deposits[(1)]	**—**	**12,392**	**—**	**12,392**	—	12,392	—	12,392
Limited partnership investments:								
TopCo LP Class A Limited Partnership Interest	**—**	**—**	**88,465**	**88,465**	—	—	88,465	88,465
TopCo LP Class B Limited Partnership Interest	**—**	**—**	**186,834**	**186,834**	—	—	186,834	186,834
Helios Fund IV Limited Partnership Interest	**—**	**—**	**13,116**	**13,116**	—	—	—	—
	—	**—**	**288,415**	**288,415**	—	—	275,299	275,299
Loans:								
CIG Loan	**—**	**—**	**20,317**	**20,317**	—	—	19,254	19,254
Atlas Mara Facility	**—**	**—**	**28,799**	**28,799**	—	—	30,346	30,346
Philafrica Facility	**—**	**—**	**7,291**	**7,291**	—	—	7,164	7,164
Fairfax Loan	**—**	**—**	**19,459**	**19,459**	—	—	19,411	19,411
	—	**—**	**75,866**	**75,866**	—	—	76,175	76,175
Bonds:								
Atlas Mara 11.0% Convertible Bonds	**—**	**—**	**2,652**	**2,652**	—	—	2,442	2,442
Atlas Mara 7.5% Bonds	**—**	**—**	**20,000**	**20,000**	—	—	19,966	19,966
Nova Pioneer Bonds	**—**	**—**	**36,231**	**36,231**	—	—	36,421	36,421
	—	**—**	**58,883**	**58,883**	—	—	58,829	58,829
Common stocks:								
Other	**19,537**	**—**	**—**	**19,537**	14,836	—	—	14,836
Indirect equity interest in AGH	**—**	**—**	**59,188**	**59,188**	—	—	64,210	64,210
Philafrica	**—**	**—**	**8,329**	**8,329**	—	—	9,065	9,065
GroCapital Holdings	**—**	**—**	**1,392**	**1,392**	—	—	1,399	1,399
	19,537	**—**	**68,909**	**88,446**	14,836	—	74,674	89,510
Derivatives:								
Atlas Mara Facility Guarantee	**—**	**—**	**15,218**	**15,218**	—	—	13,252	13,252
HFP Redemption Derivative [(2)]	**—**	**—**	**21,864**	**21,864**	—	—	—	—
	—	**—**	**37,082**	**37,082**	—	—	13,252	13,252
Total cash and investments	**158,471**	**12,392**	**529,155**	**700,018**	88,413	12,392	498,229	599,034
	22.6%	**1.8 %**	**75.6 %**	**100.0 %**	14.8 %	2.0 %	83.2 %	100.0 %

(1) Cash placed on deposit with Atlas Mara Zambia and supported by collateral held for the benefit of the company (see note 13).

(2) Relates to the issuance of the HFP Host Debentures and HFP Warrants and the HFP Redemption Derivative (see note 13). At inception, the difference of $18,107 between the total net fair value of the financial instruments issued and received ($81,893) and the transaction amount ($100,000) was recorded in contributed surplus within common shareholders' equity.

Transfers between fair value hierarchy levels are considered effective from the beginning of the reporting period in which the transfer is identified. During the first three months of 2021 and 2020 there were no transfers of financial instruments between Level 1 and Level 2 and there were no transfers of financial instruments into or out of Level 3 as a result of changes in the observability of valuation inputs. The changes in fair value of the company's Private African Investments (classified as Level 3) are disclosed in note 6.

The table that follows illustrates the potential impact on net earnings (loss) of various combinations of changes in unobservable inputs in the company's internal valuation model for its financial instruments classified as Level 3 at March 31, 2021. The analysis assumes quarterly variations within a reasonably possible range determined by the company based on analysis of the return on various equity indices, management's knowledge of the applicable equity markets and the potential impact of changes in interest rates. The reasonably possible ranges of after-tax discount rates and discount rates reflect increased market volatility due to the economic and social impacts of the COVID-19 pandemic. The range also reflects the additional uncertainty in determining recoverability and the discounted cash flows for assessing the fair values of Private African Investments. This sensitivity analysis excludes the company's investments in the CIG Loan, the Atlas Mara Facility, the Philafrica Facility, the Atlas Mara Bonds and the Atlas Mara Facility Guarantee, which are presented separately in the next table. The company's investments in Helios Fund IV Limited Partnership Interest and GroCapital Holdings are also excluded from this sensitivity analysis as the company determined that there were no significant unobservable inputs suited for a sensitivity analysis for these investments.

Investments	Fair value of Investment	Valuation technique	Significant unobservable inputs	Significant unobservable inputs used in the internal valuation models	Hypothetical $ change effect on fair value measurement[1]	Hypothetical $ change effect on net earnings (loss) [1][2]
Limited partnership investments:						
TopCo LP Class A Limited Partnership Interest[3]	$88,465	Discounted cash flow	Discount rate	21.0% to 27.0%	(1,253) / 1,287	(1,087) / 1,116
			Exit multiple of invested capital	2.1x to 2.6x	6,098 / (6,098)	5,290 / (5,290)
TopCo LP Class B Limited Partnership Interest[3]	$186,834	Discounted cash flow	Discount rate	19.3%	(15,129) / 17,462	(13,124) / 15,148
			Growth in assets under management	18.7%	15,342 / (15,342)	13,309 / (13,309)
			Long term pre-tax profit margin	52.3%	1,818 / (1,818)	1,577 / (1,577)
			Long term growth rate	4.5%	1,867 / (1,805)	1,620 / (1,566)
Bonds:						
Nova Pioneer Bonds	$36,231	Discounted cash flow and option pricing model	Credit spread	28.4%	(842) / 869	(619) / 639
Common stocks:						
Indirect equity interest in AGH	$59,188	Discounted cash flow	After-tax discount rate	10.0% to 22.6%	(8,686) / 10,911	(7,535) / 9,465
			Long term growth rate	2.5%	1,800 / (1,700)	1,562 / (1,475)
Philafrica	$8,329	Discounted cash flow	After-tax discount rate	13.4% to 16.4%	(2,180) / 2,605	(1,891) / 2,260
			Long term growth rate	2.5%	420 / (402)	365 / (349)
Derivatives:						
HFP Redemption Derivative	$21,864	Discounted cash flow and option pricing model	Total fair value of the Reference Investments	$74,808	7,481 / (7,481)	6,490 / (6,490)

(1) The impact on the internal valuation models from changes in significant unobservable inputs deemed to be subject to the most judgment and estimates disclosed in the above table shows the hypothetical increase (decrease) in net earnings. Changes in the after-tax discount rates (100 basis points), discount rates (100 basis points), long term growth rates (25 basis points), credit spreads (100 basis points), exit multiple of invested capital (5.0%), growth in assets under management (implied compound annual growth rates in committed capital of 17.9% and 19.4%), long term pre-tax profit margin (100 basis points), and the total fair value of the Reference Investments (10.0% of the total fair value) each in isolation, would hypothetically change the fair value of the company's investments as noted in the table above. Generally, an increase (decrease) in exit multiples of invested capital, growth in assets under management, long term pre-tax profit margin, and long term growth rates, or a decrease (increase) in after-tax discount rates, discount rates, credit spreads and total fair value of the Reference Investments would result in a higher (lower) fair value of the company's investments classified as Level 3 in the fair value hierarchy. After-tax discount rates and discount rates are subject to a mitigating factor: increases (decreases) in after-tax discount rates and discount rates tend to be accompanied by increases (decreases) in free cash flows that may offset changes in fair value resulting from changes in after-tax discount rates and discount rates. Exit multiples of invested capital and growth in assets under management are subject to a mitigating factor: increases (decreases) in exit multiples of invested capital and growth in assets under management tend to be accompanied by increases (decreases) in discount rates that may offset changes in fair value resulting from changes in exit multiples of invested capital and growth in assets under management.

(2) For the purpose of this sensitivity analysis, the hypothetical $ change effect on net earnings (loss) includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.

(3) The significant unobservable inputs used to determine the fair value of TopCo LP Class A and Class B Limited Partnership Interests were based on the acquisition date valuation model at December 8, 2020. At March 31, 2021 the initial transaction prices of the company's investments in the TopCo LP Class A and Class B Limited Partnership Interests were considered to approximate fair value as there were no significant changes to TopCo LP's business, capital structure or operating environment and the key assumptions in the company's acquisition valuation model continued to be valid.

The table that follows illustrates the potential impact on net earnings (loss) of changes in expected recovery rates derived from collateral value and expected timing and proceeds from planned asset sales in the company's expected recovery model for financial instruments classified as Level 3 at March 31, 2021. The analysis assumes quarterly variations within a reasonably possible range determined by the company based on analysis of the underlying assets.

Investments	Fair value of Investment	Expected recovery used in the internal valuation models	Hypothetical $ change effect on fair value measurement[1]	Hypothetical $ change effect on net earnings (loss)[1][2]
Loans:				
CIG Loan	$20,317	100.0%	- / (1,016)	- / (881)
Atlas Mara Facility[3]	$28,799	67.6%	2,130 / (2,130)	1,566 / (1,566)
Philafrica Facility	$7,291	100.0%	- / (365)	- / (316)
Bonds:				
Atlas Mara 11.0% Convertible Bonds	$2,652	13.3%	997 / (997)	733 / (733)
Atlas Mara 7.5% Bonds	$20,000	100.0%	- / (1,000)	- / (735)

(1) The above table demonstrates the hypothetical increase (decrease) in net earnings from changes in the expected recovery rates disclosed. Changes in expected recovery rates (5.0%, to a maximum of 100% expected recovery and a minimum of nil expected recovery) would hypothetically change the fair value of the company's investments as noted in the table above. An increase (decrease) in expected recovery rates would result in a higher (lower) fair value of the company's Private African Investments classified as Level 3 in the fair value hierarchy.

(2) For the purpose of this sensitivity analysis, the hypothetical $ change effect on net earnings (loss) includes an income tax impact that is calculated using the company's marginal tax rate. Actual income tax expense (recovery) may differ significantly when earnings (losses) are realized.

(3) A hypothetical increase (decrease) in the expected recovery of the Atlas Mara Facility would result in a commensurate decrease (increase) in fair value of the Atlas Mara Facility Guarantee, which had a fair value of $15,218 at March 31, 2021.

Fixed Income Maturity Profile

Loans and bonds are summarized by their earliest contractual maturity date in the table that follows. Actual maturities may differ from maturities shown below due to the existence of call and put features. At March 31, 2021 loans and bonds with fair values of $56,407 and $38,883 (December 31, 2020 - $56,764 and $38,863) contained call features. At March 31, 2021 and December 31, 2020 there were no debt instruments containing put features.

	March 31, 2021		December 31, 2020	
	Cost [1]	**Fair value**	Cost [1]	Fair value
Loans:				
Due in 1 year or less	**72,192**	**56,407**	72,011	56,764
Due after 1 year through 5 years	**19,459**	**19,459**	19,411	19,411
	91,651	**75,866**	91,422	76,175
Bonds:				
Due in 1 year or less [2][3]	**83,615**	**58,883**	64,325	38,863
Due after 1 year through 5 years	**—**	**—**	19,290	19,966
	83,615	**58,883**	83,615	58,829

(1) Cost is comprised of fair value on initial recognition and capitalized interest.

(2) At March 31, 2021, includes the Atlas Mara 11.0% Convertible Bonds with a cost of $20,073 and fair value of $2,652 which have a contractual maturity of April 30, 2021 and are callable. Management estimates that payment of the bonds will be delayed for more than a year as a result of the Atlas Mara standstill agreement and restructuring plan.

(3) At March 31, 2021, includes the Atlas Mara 7.5% Bonds with a cost of $19,290 and fair value of $20,000 which have a contractual maturity of April 30, 2021. Management estimates that payment of the bonds will be delayed for more than a year as a result of the Atlas Mara standstill agreement and restructuring plan.

Investment Income

An analysis of investment income for the three months ended March 31 is summarized in the table that follows:

	First quarter	
	2021	2020
Interest:		
Cash and cash equivalents	**28**	478
Restricted cash deposits	**73**	141
Term deposits	**129**	—
Short term investments - U.S. treasuries	**—**	354
Loans	**243**	1,188
Bonds	**—**	3,236
	473	5,397
Dividends: Common stocks	**148**	—

Net gains (losses) on investments and net foreign exchange gains (losses)

	First quarter					
	2021			2020		
	Net realized losses	**Net change in unrealized gains (losses)**	**Net gains (losses)**	Net realized losses	Net change in unrealized losses	Net losses
Net gains (losses) on investments:[1]						
Loans	**—**	**(401)**	**(401)**	—	(3,912)	(3,912)
Bonds	**—**	**54**	**54**	—	(4,531)	(4,531)
Common stocks	**—**	**(467)**	**(467)**	—	(59,055)	(59,055)
Derivatives and guarantees	**—**	**1,966**	**1,966**	—	(1,066)	(1,066)
	—	**1,152**	**1,152**	—	(68,564)	(68,564)
Net foreign exchange gains (losses) on:[1]						
Cash and cash equivalents	**(79)**	**—**	**(79)**	(4,917)	—	(4,917)
Loans	**—**	**(136)**	**(136)**	—	(9,499)	(9,499)
Common stocks	**—**	**(597)**	**(597)**	—	(38,011)	(38,011)
Other	**—**	**(160)**	**(160)**	—	(89)	(89)
	(79)	**(893)**	**(972)**	(4,917)	(47,599)	(52,516)

(1) Refer to note 6 for a summary of changes in the fair value of the company's Public and Private African Investments during the first quarters of 2021 and 2020.

8. Borrowings

	March 31, 2021		
	Principal	**Carrying value**	**Fair value**
HFP 3.0% Debentures (host instrument) due March 31, 2024[1]	100,000	98,200	98,200
	100,000	98,200	98,200

(1) Redeemable on either of the first two anniversary dates, at the option of Fairfax.

HFP 3.0% Debentures

On March 31, 2021, Fairfax, through its affiliates, invested $100,000 in 3.0% unsecured debentures of HFP (the "HFP 3.0% Debentures") and 3 million warrants (the "HFP Warrants"). The Warrants are exercisable for one subordinate voting share of HFP, have an exercise price of $4.90 and are exercisable at any time prior to March 31, 2026. The HFP Warrants include anti-dilution features, which may increase or decrease the total number of subordinate voting shares issuable per HFP Warrant, in the event of certain share transactions undertaken by the company which may increase or decrease the company’s outstanding subordinate voting shares. The net proceeds from the HFP 3.0% Debentures will be used primarily to invest in African Investments. The HFP 3.0% Debentures mature on March 31, 2024 or, at the option of Fairfax, on either of the first two anniversary dates. At maturity or on redemption by Fairfax, the principal amount to be repaid will be adjusted for the amount, if any, by which the aggregate fair value of the company’s investments in AGH (indirect via Joseph Holdings), Philafrica common shares, the Philafrica Facility, and the PGR2 Loan (collectively, the "Reference Investments") is lower than $102,600.

The company determined that the variability of cash flows arising from the redemption price, either on maturity or upon Fairfax's exercise of its put option, held economic characteristics and risks which were not closely related to the debt instrument and reflected those of a separate derivative financial instrument. Furthermore, Fairfax's put option and the adjustment to the redemption amount are both linked to the Reference Investments, and the exercise of Fairfax's put option and the adjustment to the redemption amount are not mutually exclusive. Accordingly, at inception, the company recorded the embedded derivative, inclusive of Fairfax's put option (the "HFP Redemption Derivative"), in derivatives and guarantees within the consolidated balance sheet, separately from the host debt instrument (the "HFP Host Debentures") recorded in borrowings within the consolidated balance sheet. The company did not elect to irrevocably designate the entire hybrid contract as measured at fair value through profit or loss.

At inception the company estimated the fair value of the HFP Host Debentures using a discounted cash flow analysis that incorporated HFP’s estimated credit spread of 3.3%. The estimated credit spread was based on the credit spreads of a peer group of companies adjusted for credit risk specific to HFP. At March 31, 2021 the company's internal valuation model indicated that the fair value of the HFP Host Debentures was $98,200 which was recorded in borrowings within the consolidated balance sheet. The HFP Host Debentures shall be subsequently measured at amortized cost.

The valuation of the HFP Redemption Derivative was determined using a discounted cash flow and option pricing model, which included the total fair value of the Reference Investments of $74,808 and assumed historical share price volatilities ranging from 34.2% to 38.1%. At March 31, 2021 the company’s internal valuation model indicated that the fair value of the HFP Redemption Derivative was $21,864 which was recorded in derivatives and guarantees within the consolidated balance sheet.

At inception, the company estimated the fair value of the HFP Warrants using an industry accepted option pricing model that included HFP's underlying share price of $4.56, exercise price of $4.90, historical volatility of 48.5%, exercise period of five years, no expected dividends, and risk-free rate of 1.0%. At inception, the company determined that the fair value of the HFP Warrants issued was $5,557 which was recorded in warrants within common shareholders' equity.

The transaction was executed with Fairfax in its capacity as a shareholder of HFP and as such, the difference of $18,107 between the total net fair value of the financial instruments issued and received ($81,893) and the transaction amount ($100,000) was recorded in contributed surplus within common shareholders' equity.

Revolving Credit Facilities

On December 20, 2019 the company entered into an $80,000 secured, revolving demand credit facility with a syndicate of Canadian lenders, bearing interest at a rate of LIBOR plus 450 basis points (the "Credit Facility"). On December 20, 2020 the Credit Facility matured and was not renewed.

Interest Expense

No interest expense was incurred in the first quarter of 2021. In the first quarter of 2020 interest expense of $199 was comprised of amortization of issuance costs.

9. Common Shareholders' Equity

Common stock

The number of shares outstanding was as follows:

	2021	2020
Subordinate voting shares - January 1	**53,665,388**	29,496,481
Purchases for cancellation	**—**	(463,506)
Subordinate voting shares - March 31	**53,665,388**	29,032,975
Multiple voting shares - beginning and end of period	**55,452,865**	30,000,000
Common shares effectively outstanding - March 31	**109,118,253**	59,032,975

Capital Transactions

On December 4, 2020, shareholders of HFP approved an amendment to the company's articles to permit, among other things, the issuance of an unlimited number of multiple voting shares to Fairfax, Principal Holdco, and certain of their respective subsidiaries and affiliates. On December 8, 2020 the company issued 24,632,413 subordinate voting shares and 25,452,865 multiple voting shares at a price of $5.50 per share as part of the Transaction, in exchange for TopCo LP Class A and Class B Limited Partnership Interests with an aggregate fair value of $275,299. The cost of subordinate voting shares and multiple voting shares issued was determined on the basis of the fair value of the TopCo LP Class A and Class B Limited Partnership Interests received. Principal Holdco and its subsidiaries and affiliates may not, without the prior written consent of Fairfax and the approval of Board of Directors by simple majority approval, transfer any of their shares in the company prior to the earlier of December 8, 2025 or upon termination of the Investment Advisory Agreement. In the event Fairfax transfers shares, Principal Holdco and its affiliates may transfer an equal proportion of their shares without the prior written consent of Fairfax or the Board of Directors.

At March 31, 2021 Fairfax, through its subsidiaries, owned 30,000,000 multiple voting shares and 5,279,489 subordinate voting shares of HFP (December 31, 2020 - 30,000,000 and 5,279,489 respectively).

At March 31, 2021 Principal Holdco, a Luxembourg holding company, indirectly owned by Tope Lawani and Babatunde Soyoye, owned 25,452,865 multiple voting shares and 24,632,413 subordinate voting shares of HFP (December 31, 2020 - 25,452,865 and 24,632,413).

Purchase of Shares

On June 30, 2020 the company announced that the TSX had accepted its intention to commence a normal course issuer bid to purchase up to 2,162,134 subordinate voting shares, representing approximately 10% of the public float of its subordinate voting shares, over a twelve month period from July 8, 2020 to July 7, 2021. Any subordinate voting shares that may be purchased under the normal course issuer bid will be canceled. The actual number of subordinate voting shares that may be purchased under the normal course issuer bid and the timing of such purchases will be determined at the discretion of the company, with no assurances that any such purchases will be completed.

During the first three months of 2021 the company did not purchase for cancellation any subordinate voting shares under the terms of the normal course issuer bid. During the first three months of 2020, under the terms of the normal course issuer bid, the company purchased for cancellation 463,506 subordinate voting shares for a net cost of $1,850 and $2,960 was recorded as a benefit in retained earnings.

Special Incentive Plan

On December 8, 2020 and in connection with the closing of the Transaction (see note 2), the company adopted a new special incentive plan (the "Special Incentive Plan"), pursuant to which 2,505,637 options to purchase subordinate voting shares of the company were granted to the SIP Recipients. Options issued under the Special Incentive Plan vested immediately on grant date and had an exercise price of $3.99 per share and maturity date of December 8, 2030. The options may also be exercised by way of a cashless exercise, at the participant's option, where the company will issue shares equivalent to the amount by which the aggregate fair market value of the shares at time of exercise exceed the exercise price, less any applicable withholding taxes. At December 31, 2020 the maximum number of options under the Special Incentive Plan had been issued, and none of the options granted were exercised.

Warrants

On March 31, 2021, Fairfax, through its affiliates, invested $100,000 in HFP 3.0% Debentures and HFP Warrants. At inception, the company determined that the fair value of the HFP Warrants issued was $5,557, which was recorded as an issuance of warrants within common shareholders' equity. Refer to note 8 for details on the valuation methodology used to determine the fair value of the HFP Warrants.

Dividends

The company adopted a policy to provide for an annual dividend with respect to the subordinate voting shares and the multiple voting shares of an amount sufficient to produce a non-cumulative and non-accruing 2.0% dividend yield per share (the "Dividend Policy"), calculated based on the average closing market price of the subordinate voting shares on each trading day of the last fiscal quarter for the prior fiscal year. The declaration of any dividends is conditional upon assets exceeding the aggregate of liabilities and stated capital of multiple voting shares and subordinate voting shares after such declaration, and will be determined by the Board of Directors in its sole discretion. The company did not pay any dividends on its outstanding multiple and subordinate voting shares in the first three months of 2021 and 2020.

Capital Contributions

On July 10, 2020 and in connection with the Transaction (see note 2), the company entered into an agreement to sell its 42.3% equity interest in Atlas Mara to Fairfax for proceeds of $40,000, giving rise to the Atlas Mara Forward Derivative, discussed later in note 13. At inception, the difference between fair value ($6,056) and transaction price (nil) of the Atlas Mara Forward Derivative was recorded in contributed surplus within common shareholders' equity.

On July 10, 2020 in connection with the Transaction (see note 2), the company entered into an agreement with Fairfax whereby Fairfax guaranteed all principal and interest obligations of Atlas Mara under the Atlas Mara Facility, giving rise to the Atlas Mara Facility Guarantee, discussed later in note 13. At inception, the difference between fair value ($2,799) and transaction price (nil) of the Atlas Mara Facility Guarantee was recorded in contributed surplus within common shareholders' equity.

On March 31, 2021, Fairfax, through its affiliates, invested $100,000 in HFP 3.0% Debentures and HFP Warrants. At maturity or on redemption by Fairfax, the principal amount to be repaid will be adjusted for the amount, if any, by which the aggregate fair value of the company's investments in the Reference Investments is lower than $102,600. At inception, the difference of $18,107 between the total net fair value of the financial instruments issued and received ($81,893) and the transaction amount ($100,000) was recorded in contributed surplus within common shareholders' equity. Refer to note 8 for details on the valuation methodology used to determine the fair value of the HFP Host Debentures, the HFP Redemption Derivative, and the HFP Warrants.

Deemed Distributions

On December 7, 2020, prior to closing of the Transaction, the company's investment in Atlas Mara common shares was sold to Fairfax for proceeds of $40,000. Net proceeds were comprised of $20,000 in cash and $20,000 in the interest-free Fairfax Loan due from Fairfax no later than three years from closing of the Transaction. The company estimated the fair value of the benefit to Fairfax of the interest-free loan to be $603, which was recognized in retained earnings (deficit) within the consolidated statement of changes in equity upon initial recognition.

10. Net Earnings (Loss) per Share

Net loss per common share is calculated in the following table based on the weighted average common shares outstanding:

	First quarter	
	2021	2020
Net loss - basic and diluted	**(11,149)**	(121,804)
Weighted average common shares outstanding - basic and diluted	**109,118,253**	59,392,568
Net loss per common share - basic and diluted	**$ (0.10)**	$ (2.05)

At March 31, 2021 there were 414,691 contingently issuable subordinate voting shares related to the performance fee payable to TopCo LP, which were excluded from the calculation of diluted weighted average common shares outstanding because their effect would have been anti-dilutive. Under the Investment Advisory Agreement, the performance fee for the first calculation period, if applicable, will be payable after December 31, 2023. TopCo LP's general partner may elect, no later than fifteen days from the end of the calculation period (the "election date"), to receive the performance fee, wholly or partly, in cash or in subordinate voting shares of the company. The number of subordinate voting shares to be issued will be calculated based on the volume-weighted average trading price of the company's subordinate voting shares for the 10 trading days prior to and including the election date.

At March 31, 2021 there were 2,505,637 potential subordinate voting shares issuable relating to the Special Incentive Plan (see note 13), which were excluded from the calculation of diluted weighted average common shares outstanding because their effect would have been anti-dilutive.

11. Income Taxes

The company's provision for income taxes for the three months ended March 31 is summarized in the following table:

	First quarter	
	2021	2020
Current income tax:		
Current year expense (recovery)	**(1,325)**	3,770
	(1,325)	3,770
Deferred income tax:		
Origination of temporary differences	**2,737**	31
	2,737	31
Provision for income taxes	**1,412**	3,801

A significant portion of the company's earnings (loss) before income taxes is earned or incurred outside of Canada. The statutory income tax rates for jurisdictions outside of Canada generally differ from the Canadian statutory income tax rate (and may be significantly higher or lower).

The company's net loss before income taxes by jurisdiction and the associated provision for (recovery of) income taxes for the three months ended March 31 are summarized in the following table:

	First quarter							
	2021				2020			
	Canada	**Mauritius**	**South Africa**	**Total**	Canada	Mauritius	South Africa	Total
Loss before income taxes	**(3,236)**	**(6,174)**	**(327)**	**(9,737)**	(18,599)	(77,002)	(22,402)	(118,003)
Provision for (recovery of) income taxes	**1,280**	**36**	**96**	**1,412**	3,557	69	175	3,801
Net loss	**(4,516)**	**(6,210)**	**(423)**	**(11,149)**	(22,156)	(77,071)	(22,577)	(121,804)

The decrease in loss before income taxes in Canada in the first quarter of 2021 compared to the first quarter of 2020 primarily reflected decreased foreign exchange losses on the company's intercompany loans, net change in unrealized gains on the company's Other Public African Investments and the Atlas Mara Facility Guarantee, partially offset by loss on uncollectible accounts receivable, performance fees, net change in unrealized losses on the Atlas Mara Facility and decreased interest income.

The decrease in loss before income taxes in Mauritius in the first quarter of 2021 compared to the first quarter of 2020 primarily reflected net change in unrealized losses on the Atlas Mara common shares in the first quarter of 2020, decreased net foreign exchange losses on the company's indirect equity interest in AGH and decreased net change in unrealized losses on the Nova Pioneer Bonds, partially offset by performance fees and decreased interest income.

The decrease in loss before income taxes in South Africa in the first quarter of 2021 compared to the first quarter of 2020 primarily reflected decreased foreign exchange losses and decreased net change in unrealized losses on the CIG common shares (written down to nil in the fourth quarter of 2020), Philafrica common shares, GroCapital Holdings common shares, the CIG Loan and the PGR2 Loan (written down to nil in the fourth quarter of 2020), partially offset by decreased foreign exchange gains on the company's intercompany loans and decreased interest income.

A reconciliation of the recovery of income taxes calculated at the Canadian statutory income tax rate to the provision for income taxes at the effective tax rate in the consolidated financial statements for the three months ended March 31 are summarized in the following table:

	First quarter	
	2021	2020
Canadian statutory income tax rate	**26.5 %**	26.5 %
Recovery of income taxes at the Canadian statutory income tax rate	**(2,580)**	(31,271)
Unrealized gains and losses on investments	**1,975**	—
Tax rate differential on losses incurred outside of Canada	**(404)**	24,952
Change in unrecorded tax benefit of losses and temporary differences	**3,130**	1,970
Foreign exchange effect	**(716)**	8,143
Other, including permanent differences	**7**	7
Provision for income taxes	**1,412**	3,801

Unrealized gains and losses on investments of $1,975 in the first quarter of 2021 (2020 - nil) principally reflected unrealized gains on investments of $2,423 partially offset by unrealized losses on investments of $448.

The tax rate differential on losses earned outside of Canada of $404 in the first quarter of 2021 (2020 - $24,952) principally reflected the current and deferred tax impact of foreign accrual property and capital losses, net investment losses taxed in Mauritius at lower rates, partially offset by losses incurred in South Africa taxed at marginally higher rates.

The change in unrecorded tax benefit of losses and temporary differences of $3,130 in the first quarter of 2021 principally reflected the change in deferred tax assets in foreign accrual capital losses of $2,734 and investment and other temporary timing differences of $1,105 that were not recorded by the company as the related pre-tax losses did not meet the recognition criteria under IFRS, partially offset by deferred tax assets in South Africa on investments of $709. The change in unrecorded tax benefit of losses and temporary differences of $1,970 in the first quarter of 2020 principally reflected deferred tax assets in South Africa on investments of $1,402, changes in unrecorded deferred tax assets incurred related to foreign accrual property losses of $515 with respect to the company's wholly-owned subsidiaries, and temporary timing differences of $53 that were not recorded by the company as the related pre-tax losses did not meet the recognition criteria under IFRS. At March 31, 2021 deferred tax assets in Canada of $32,053 and South Africa of $16,846 (December 31, 2020 - $28,208 and $17,555) were not recorded as it was considered not probable that those losses could be utilized by the company.

Foreign exchange effect of $716 in the first quarter of 2021 (2020 - $8,143) principally reflected the impact of fluctuations in the value of the Canadian dollar relative to the U.S. dollar as the company computes its corporate tax liability in Canadian dollars pursuant to the requirements of Canadian tax authorities, whereas the functional currency of the company and its subsidiaries is the U.S. dollar.

Other, including permanent differences of $7 in the first quarter of 2021 (2020 - $7) principally reflected non-deductible expenses.

12. Financial Risk Management

Overview

There were no significant changes in the types of the company's risk exposures or the processes used by the company for managing those risk exposures at March 31, 2021 compared to those identified and disclosed in the company's annual consolidated financial statements for the year ended December 31, 2020, except as described below.

COVID-19

The rapid spread of the COVID-19 virus, which was declared by the World Health Organization to be a pandemic on March 11, 2020, and actions taken globally in response to COVID-19, have significantly disrupted business activities throughout the world. The company's African Investments rely, to a certain extent, on free movement of goods, services, and capital from around the world, which has been significantly restricted as a result of COVID-19.

Given the ongoing and dynamic nature of the circumstances surrounding COVID-19, it is difficult to predict how significant the impact of COVID-19, including any responses to it, will be on the global economy and the company's African Investments in particular, or for how long any disruptions are likely to continue. The extent of such impact will depend on future developments, which are highly uncertain, rapidly evolving and difficult to predict, including new information which may emerge concerning the severity of COVID-19 and additional actions which may be taken to contain COVID-19, as well as the timing of the re-opening of the economy in various parts of the world. Such further developments could have a material adverse effect on the company's business, financial condition, results of operations and cash flows.

Market Risk

Market risk (comprised of foreign currency risk, interest rate risk and other price risk) is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market price. The company is exposed to market risk principally in its investing activities and to the extent that those activities expose the company to foreign currency risk. The valuation of the company's investment portfolio is dependent upon the underlying performance of the companies within the portfolio, but may also be affected, along with other financial statement items by fluctuations in foreign currency exchange rates, interest rates, and market prices.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument or another asset or liability will fluctuate due to changes in exchange rates and as a result, could produce an adverse effect on net earnings and common shareholders' equity when measured in U.S. dollars, the company's functional currency.

In the first quarter of 2021 the company's net foreign currency exposure on balances denominated in currencies other than the U.S. dollar is approximately the same as December 31, 2020. The company's common shareholders' equity and net earnings (loss) may be significantly affected by foreign currency movements resulting from the company's South African rand-denominated investments. The company has not hedged its foreign currency risk. There were no significant changes to the company's framework used to monitor, evaluate and manage foreign currency risk at March 31, 2021 compared to December 31, 2020.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Typically, as interest rates rise, the fair values of fixed income investments decline and, conversely, as interest rates decline, the fair values of fixed income investments rise. In each case, the longer the maturity of the financial instrument, the greater the consequence of a change in interest rates. The company's interest rate risk management strategy is to position its fixed income portfolio based on its view of future interest rates and the yield curve, balanced with liquidity requirements. General economic conditions, political conditions and many other factors can also adversely affect the bond markets and, consequently, the value of fixed income securities held. Interest rate movements in African countries may affect the company's common shareholders' equity and net earnings (loss). The Manager actively monitors interest rates in African countries for the potential impact changes in interest rates may have on the company's investment portfolio. There were no significant changes to the company's framework used to monitor, evaluate and manage interest rate risk at March 31, 2021 compared to December 31, 2020.

At March 31, 2021 the company held fixed income investments with a fair value of $79,059 (December 31, 2020 - $59,918), representing 58.7% (December 31, 2020 - 44.4%) of the fixed income portfolio, which were valued using expected recovery models. As expected recovery models are dependent on either the expected proceeds from the planned orderly disposition of the issuer's assets or the fair value of the underlying collateral, these investments have limited exposure to interest rate risk.

Market Price Fluctuations

Market price fluctuation is the risk that the fair value or future cash flows of an equity investment or limited partnership investment will fluctuate due to changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual investment or its issuer, or other factors affecting all similar investments in the market. The company's exposure to equity price risk through its equity investments at March 31, 2021 compared to December 31, 2020 are described below.

The company holds significant equity and limited partnership investments. The market value and the liquidity of these investments are volatile and may vary dramatically either up or down in short periods, and their ultimate value will therefore only be known over a period of time or on disposition. As discussed earlier, COVID-19 has increased uncertainty and may adversely impact the fair value or future cash flows of the company's equity investments and limited partnership investments.

The company's exposure to market price risk decreased to $309,344 at March 31, 2021 from $364,809 at December 31, 2020 primarily as a result of the HFP Redemption Derivative (see note 13), which limits the company's exposure to market price risk on its common stock investments in AGH (indirect) and Philafrica. The decrease in market price risk was partially offset by the company's investment in Helios Fund IV (Level 3 investment in the fair value hierarchy) and unrealized gains on the company's investments in Other Public African Investments (Level 1 investments in the fair value hierarchy).

The company estimates the potential impact on net earnings (loss) from a 20% increase or decrease in the fair value of its investments classified as Level 1 in the fair value hierarchy at March 31, 2021 to be an increase or decrease in net earnings (loss) of $2,872 (December 31, 2020 - $2,181). Refer to note 7 for the potential impact on net earnings (loss) of various combinations of changes in significant unobservable inputs in the company's internal valuation models for the company's investments classified as Level 3 in the fair value hierarchy.

Credit Risk

Credit risk is the risk of loss resulting from the failure of a counterparty to honour its financial obligations to the company and arises predominantly with respect to cash and cash equivalents, restricted cash deposits, term deposits, and investments in debt instruments. There were no significant changes to the company's exposure to credit risk (except as set out in the discussion which follows) or the company's framework used to monitor, evaluate and manage credit risk at March 31, 2021 compared to December 31, 2020.

Cash and Cash Equivalents, and Short Term Investments

At March 31, 2021 the company's cash and cash equivalents of $131,375 (December 31, 2020 - $66,052) were comprised of $111,348 (December 31, 2020 - $45,352) at the holding company (principally in major Canadian financial institutions) and $20,027 (December 31, 2020 - $20,700) at the company's wholly-owned subsidiaries. The company monitors risks associated with cash and cash equivalents and short term investments by regularly reviewing the financial strength and creditworthiness of these financial institutions. From these reviews, the company may transfer balances from financial institutions where it perceives heightened credit risk to others considered to be more stable.

At March 31, 2021 the company did not hold short term investments in U.S. treasuries (December 31, 2020 - nil).

Restricted Cash Deposits

At March 31, 2021 the company's restricted cash deposits of $7,559 (December 31, 2020 - $7,525) were comprised of amounts in deposit accounts with Grobank (see note 13). In connection with the closing of the Transaction, Fairfax guaranteed that $7,283 on deposit at Grobank may be withdrawn at any time after December 8, 2021. The company will continue to monitor the credit risk associated with restricted cash deposits by reviewing the financial strength and creditworthiness of the counterparties.

Term Deposits

At March 31, 2021 the company's term deposits of $12,392 (December 31, 2020 - $12,392) was comprised of amounts in a deposit account with Atlas Mara Zambia (see note 13). At March 31, 2021 Atlas Mara Zambia had deposited Government of Zambia Eurobonds ("Zambia Eurobonds") with a fair value of $13,425 for the benefit of the company and cash collateral of $991 recorded within cash and cash equivalents, which are held in trust by HFP. In connection with the closing of the Transaction, Fairfax has also guaranteed that the Atlas Mara Zambia Term Deposit of $12,392 plus accrued interest may be withdrawn at any time after December 8, 2021. The company will continue to monitor the credit risk associated with term deposits by reviewing the financial strength and creditworthiness of the counterparties and the fair value of collateral deposited for the benefit of the company.

Other Assets

On December 31, 2019 the company agreed to guarantee up to $20,000 in principal on a facility provided to Atlas Mara by TLG Credit Opportunities Fund ("TLG Capital") (the "TLG Facility"). The guarantee was indemnified by Atlas Mara and secured by certain of Atlas Mara's shares in Atlas Mara Botswana. In 2020, Atlas Mara had drawn an aggregate of $8,000 on the TLG Facility.

On January 8, 2021, Atlas Mara defaulted on the TLG Facility and TLG Capital enforced under the guarantee with the company. On January 19, 2021, the company paid $8,474 in principal, interest, and fees to TLG Capital in settlement of the guarantee. Also on January 19, 2021, the company enforced under the indemnity with Atlas Mara, which provided the company with certain rights, including the right to transfer and sell the underlying Atlas Mara Botswana shares, which had a fair value of $11,044 on the date of enforcement. The company recorded a receivable of $8,474 given its right to receive Atlas Mara Botswana shares with a fair value in excess of the amount paid to TLG.

At March 31, 2021 the company estimated the recoverable amount on its receivable from Atlas Mara was $5,217. Refer to note 13 for details on the receivable from Atlas Mara.

Investments in Debt Instruments

At March 31, 2021 the company had debt instruments with a fair value of $134,749 (December 31, 2020 - $135,004) that were subject to credit risk, representing 19.2% (December 31, 2020 - 22.5%) of the total cash and investments. Management monitors term deposits and has determined that the associated credit risk is limited due to existing collateral arrangements discussed above.

The composition of the company's fixed income portfolio, which is comprised of loans and bonds, is presented in the table below:

	March 31, 2021		**December 31, 2020**	
	Principal	**Fair value**	**Principal**	**Fair value**
Loans:[1]				
CIG Loan	**23,867**	**20,317**	23,867	19,254
Atlas Mara Facility[2]	**42,589**	**28,799**	42,589	30,346
Philafrica Facility[2]	**6,221**	**7,291**	6,065	7,164
Fairfax Loan	**20,000**	**19,459**	20,000	19,411
	92,677	**75,866**	92,521	76,175
Bonds:[1]				
Atlas Mara 11.0% Convertible Bonds[2]	**19,988**	**2,652**	19,988	2,442
Atlas Mara 7.5% Bonds	**20,000**	**20,000**	20,000	19,966
Nova Pioneer Bonds[2]	**45,256**	**36,231**	45,256	36,421
	85,244	**58,883**	85,244	58,829
Total loans and bonds	**177,921**	**134,749**	177,765	135,004

(1) The company's debt instruments are not rated.
(2) Principal amounts are inclusive of capitalized interest.

The company's investment in fixed income securities decreased slightly at March 31, 2021 compared to December 31, 2020 primarily reflecting unrealized losses on the Atlas Mara Facility, Nova Pioneer Bonds, and Philafrica Facility, and foreign exchange losses on the CIG Loan and Philafrica Facility, partially offset by unrealized gains on the CIG Loan and the Atlas Mara Bonds, and capitalized interest on the Philafrica Facility.

The company's exposure to credit risk from its investments in fixed income securities decreased to $127,458 at March 31, 2021 from $135,004 at December 31, 2020 primarily as a result of the HFP Redemption Derivative (see note 13), which limits the company's exposure to credit risk on its investment in the Philafrica Facility.

The company assesses the creditworthiness of each new counterparty prior to entering into contracts. Management monitors credit risk from its African investments in debt instruments through reviewing financial performance of its counterparties, collateral arrangements, diversification, and other credit risk mitigation techniques.

Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The company manages liquidity risk by maintaining sufficient liquid assets to enable settlement of financial commitments on their respective due dates. All accounts payable and accrued liabilities are due within three months, and income taxes payable must be remitted to the respective tax jurisdictions as they are due. There were no significant changes to the company's exposure to liquidity risk (except as set out in the discussion below) or the framework used to monitor, evaluate and manage liquidity risk at March 31, 2021 compared to December 31, 2020.

The undeployed cash and investments at March 31, 2021 provide adequate liquidity to meet the company's remaining known significant commitments over the next twelve months, which are principally comprised of undrawn capital commitments to

Helios Fund IV, interest expense on the HFP 3.0% Debentures, the investment and advisory fees, general and administration expenses, and corporate income taxes. The company has adequate working capital to support its operations.

At March 31, 2021 the company's remaining capital commitment to Helios Fund IV was $37,400, which may be called at any time by Helios Fund IV GP in accordance with the Helios Fund IV LPA.

The company may be subject to clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest to the extent HFP has received Carried Interest Proceeds and a clawback is required. The risk is partially mitigated by escrow accounts required by each Helios Fund in accordance with their respective governing documents. The company may be subject to capital call obligations with respect to its TopCo LP Class A and Class B Limited Partnership Interests to cover its pro rata share of expenses incurred by TopCo LP, the risk of which is partially mitigated by the six-month holding period of Net Management Fee Proceeds by TopCo LP.

The company is required to compensate the Co-Chief Executive Officers up to a maximum of $500 each per year, to the extent that each of their annual salaries of $2,000 per year are not fully paid by the Manager.

Refer to note 13 for details on the settlement of the performance fees, if any, at the end of the first calculation period, December 31, 2023.

Subsequent to March 31, 2021

On April 23, 2021 the company funded a capital call for $9,297. Subsequent to funding the capital call, the company's remaining capital commitment to Helios Fund IV is $28,103.

Concentration Risk

The company's cash and investments are primarily concentrated in Africa and in African businesses or businesses with customers, suppliers or business primarily conducted in, or dependent on, Africa. 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, interest rates, and regulatory environment of African countries in which the company has investments. Adverse changes to the economic condition, interest rates or regulatory environment in those African countries may have a material adverse effect on the company's business, cash flows, financial condition and net earnings.

The company's holdings of Public and Private African Investments (see note 6) at March 31, 2021 and December 31, 2020 are summarized by the issuer's primary sector in the table below:

	March 31, 2021	December 31, 2020
Asset management	**288,415**	275,299
Food and agriculture	**74,808**	80,439
Financial services	**52,843**	54,153
Education	**36,231**	36,421
Infrastructure	**20,317**	19,254
Other	**19,537**	14,836
	492,151	480,402

During the first three months of 2021 the company's concentration risk in the asset management sector increased due to its investment in the Helios Fund IV Limited Partnership Interest. The company's concentration risk in the food and agriculture sector decreased as a result of unrealized losses and foreign exchange losses on the company's indirect equity interest in AGH, Philafrica common shares, and the Philafrica Facility, partially offset by capitalized interest on the Philafrica Facility. The company's concentration risk in the financial services sector decreased primarily due to unrealized losses on Atlas Mara Facility and foreign exchange losses on GroCapital Holdings common shares, partially offset by unrealized gains on Atlas Mara Bonds and GroCapital Holdings common shares. The company's concentration risk in the education sector decreased due to unrealized losses on the Nova Pioneer Bonds. The company's concentration risk in the infrastructure sector increased primarily due to unrealized gains on the CIG Loan, partially offset by foreign exchange losses on the CIG Loan. The company's concentration risk in the other sector increased primarily due to unrealized gains on Other Public African Investments, partially offset by foreign exchange losses on Other Public African Investments.

The company will not make an African Investment if, after giving effect to such investment, the total invested amount of such investment would exceed 20.0% of the company's total assets at the time of the investment, provided, however, that the company is permitted to complete up to two African Investments where, after giving effect to each such investment, the total invested amount of each such investment would be less than or equal to 25.0% of the company's total assets (the "Investment Concentration Restriction"). On April 15, 2020 the company received common shareholders' approval of a special resolution (the "Special Resolution") allowing the company to make additional investments in Atlas Mara where, after giving effect to such investment, the total invested amount in Atlas Mara (calculated on a fair value basis) would be less than or equal to 40.0% of the company's total assets at the time of such investment. On December 4, 2020 the company received common shareholders' approval of a special resolution allowing the company to invest in TopCo LP Class A and Class B Limited Partnership Interests where, after giving effect to such investment, the total invested amount in TopCo LP (calculated on a fair value basis) would exceed 25.0% of the company's total assets at the time of such investment. The company's investment limit for an African Investment in accordance with the Investment Concentration Restriction increased at March 31, 2021 from December 31, 2020 principally as a result of the issuance of the HFP 3.0% Debentures and unrealized gains on investments, partially offset by net foreign exchange losses as described above.

African Investments may be financed through equity or debt offerings as part of the company's objective to reduce its cost of capital and provide returns to common shareholders. At March 31, 2021 the company determined that it was in compliance with the Investment Concentration Restriction.

Capital Management

The company's objective when managing capital is to optimize returns for common shareholders, while seeking attractive risk-adjusted returns. Total capital, comprised of common shareholders' equity, was $611,806 at March 31, 2021 (December 31, 2020 - $599,735). The increase primarily reflected an increase in contributed surplus ($18,107) arising from the issuance of the HFP Host Debentures, the HFP Warrants, and the HFP Redemption Derivative at a transaction amount ($100,000) greater than the total net fair value ($81,893), partially offset by a net loss of $11,149.

On March 31, 2021, Fairfax, through its affiliates, invested $100,000 in the HFP 3.0% Debentures and the HFP Warrants. On December 20, 2019 the company entered into the Credit Facility, which matured on December 20, 2020 and was not renewed. Refer to note 8 for details.

13. Related Party Transactions

Payable to Related Parties

The company's payable to related parties was comprised as follows:

	March 31, 2021			December 31, 2020		
	Helios [(1)]	**Fairfax**	**Total**	Helios [(1)]	Fairfax	Total
Performance fee	**1,855**	**—**	**1,855**	—	—	—
Investment and advisory fees	**938**	**—**	**938**	201	709	910
Management services fees	**—**	**419**	**419**	—	107	107
Helios Transaction expenses	**—**	**—**	**—**	—	2,532	2,532
Management compensation	**353**	**—**	**353**	63	—	63
Other	**—**	**—**	**—**	—	48	48
	3,146	**419**	**3,565**	264	3,396	3,660

(1) Performance fee and Investment and advisory fees are paid to TopCo LP. Management compensation is paid to Tope Lawani and Babatunde Soyoye.

Investment in TopCo LP

Upon closing of the Transaction, the company acquired all of the issued and outstanding TopCo LP Class A and Class B Limited Partnership Interests from HHL and HHPL. TopCo LP was formed as the investment vehicle through which HFP will receive cash flows from its entitlement to certain Helios fee streams and has entered into a sub-advisory agreement with Helios Investment Partners LLP, to provide investment and advisory services to HFP. Further details on the company's transactions with TopCo LP are discussed earlier in note 6.

Investment in Helios Fund IV

On March 31, 2021 the company committed to invest $50,000 in Helios Fund IV, a limited partnership controlled by its general partner, Helios Fund IV GP, an affiliate of the Helios Holdings Group. On March 31, 2021 and subsequently on April 23, 2021 the company funded capital calls of $13,116 and $9,297. The company will not incur any management fees nor any carried interest payable to Helios Fund IV GP with respect to its investment in Helios Fund IV. Further details on the company's transactions with Helios Fund IV are discussed earlier in note 6.

Investment Advisory Agreements

On December 8, 2020, the company and its subsidiaries terminated the Former Investment Advisory Agreement with HWIC and entered into the new Investment Advisory Agreement with TopCo LP, pursuant to which TopCo LP replaced HWIC and Fairfax and became the new portfolio advisor and portfolio administrator to the company and its subsidiaries. TopCo LP immediately entered into a sub-investment and advisory agreement with the Manager, pursuant to which the Manager was appointed as TopCo LP's sub-advisor for the purposes of the Investment Advisory Agreement. As compensation for the provision of these services, the company and its subsidiaries pay an investment and advisory fee, and if applicable, a performance fee. Such fees are determined with reference to the company's common shareholders' equity adjusted to exclude TopCo LP.

Performance Fee

The performance fee under the Investment Advisory Agreement is accrued quarterly and is calculated, on a cumulative basis, as 20% of any increase in book value per share, excluding the TopCo LP Class A and Class B Limited Partnership Interests and any cash distributions made by TopCo LP ("Adjusted Book Value per Share"), above a 5% per annum increase less any performance fees settled in prior calculation periods. The amount of Adjusted Book Value per Share at any time which must be achieved before any performance fee would be payable is also referred to as the "hurdle per share".

Under the Investment Advisory Agreement, the period from January 1, 2021 to December 31, 2023 (the "first calculation period") is the first consecutive three-year period for which a performance fee, if applicable, will be payable to TopCo LP. At March 31, 2021 the company determined that a performance fee of $1,855 should be accrued to TopCo LP (December 31, 2020 - nil accrued to Fairfax) as the Adjusted Book Value per Share of $3.09 (before factoring in the impact of the performance fee) at March 31, 2021 was greater than the hurdle per share at that date of $3.01.

Under the Investment Advisory Agreement, the performance fee for the first calculation period, if applicable, will be payable after December 31, 2023. TopCo LP's general partner may elect, no later than fifteen days from the end of the calculation period (the "election date"), to receive the performance fee, wholly or partly, in cash or in subordinate voting shares of the company. The number of subordinate voting shares to be issued will be calculated based on the volume-weighted average trading price of the company's subordinate voting shares for the 10 trading days prior to and including the election date. At March 31, 2021 there were 414,691 (December 31, 2020 - nil) contingently issuable subordinate voting shares related to the performance fee payable to TopCo LP.

In the first quarter of 2021 a performance fee of $1,855 (2020 - nil) was recorded within the consolidated statements of earnings (loss) and comprehensive income (loss).

Investment and Advisory Fees

The investment and advisory fees are calculated and payable quarterly as 0.5% of the value of undeployed capital and 1.5% of the company's common shareholders' equity less the value of undeployed capital and the fair value of Topco LP Class A and Class B Limited Partnership Interests. In the first quarter of 2021 the company determined that a significant portion of its assets were invested in African Investments, which are considered deployed capital. The investment and advisory fees recorded within the consolidated statements of earnings (loss) and comprehensive income (loss) in the first quarter of 2021 were $741 (2020 - $1,099).

Management Services Agreement

On December 8, 2020 the company entered into a management services agreement with Fairfax (the "Management Services Agreement"), pursuant to which Fairfax will provide certain services to the company and its subsidiaries on a two-year transitional basis for $1,700 in the first year and $2,125 in the second year, paid quarterly in arrears. In the first quarter of 2021 management services fees recorded within the consolidated statements of earnings (loss) and comprehensive income (loss) were $419 (2020 - nil).

Helios Transaction Fees

At March 31, 2021 there were no Helios Transaction expenses payable to related parties. At December 31, 2020 Helios Transaction expenses payable to related parties of $2,532 was comprised of amounts due to Fairfax for Transaction expenditures paid by Fairfax on behalf of the company.

Other

At March 31, 2021 there were no other payables to related parties. At December 31, 2020 other payable to related parties of $48 was primarily comprised of amounts due to Fairfax for expenses incurred by Fairfax and HWIC on behalf of the company.

Fairfax's Voting Rights and Equity Interest

At March 31, 2021 Fairfax, through its subsidiaries, owned 30,000,000 multiple voting shares and 5,279,489 subordinate voting shares of HFP (December 31, 2020 - 30,000,000 and 5,279,489).

At March 31, 2021 Fairfax's holdings of multiple and subordinate voting shares represented 53.3% of the voting rights and 32.3% of the equity interest in HFP (December 31, 2020 - 53.3% and 32.3%).

Helios' Voting Rights and Equity Interest

At March 31, 2021 Principal Holdco, a Luxembourg holding company, indirectly owned by Tope Lawani and Babatunde Soyoye, owned 25,452,865 multiple voting shares and 24,632,413 subordinate voting shares of HFP (December 31, 2020 - 25,452,865 and 24,632,413).

At March 31, 2021 Helios' holdings of multiple and subordinate voting shares represented 45.9% of the voting rights and 45.9% of the equity interest in HFP (December 31, 2020 - 45.9% and 45.9%).

Special Incentive Plan

Upon closing of the Transaction, the company adopted the Special Incentive Plan, pursuant to which options to purchase subordinate voting shares of the company were granted to the SIP Recipients (see note 9).

Helios Transaction - Related Party Financial Instruments

In connection with the Transaction, the company entered into related party transactions with Fairfax to purchase and guarantee certain of the company's cash and investment holdings (see note 2 and discussion below). These transactions were recorded on the consolidated balance sheet, the consolidated statement of earnings (loss) and comprehensive income (loss) and the consolidated statement of changes in equity as follows:

	March 31, 2021		Three months ended March 31, 2021	
Financial instrument	**Balance sheet line**	**Fair value asset/ (capital)**	**Net gains (losses) on investments**	**Common shareholders' equity**
Fairfax Loan	Loans	19,459	—	—
Atlas Mara Facility Guarantee (1)	Derivatives and guarantees	15,218	1,966	—
Atlas Mara Zambia Term Deposit Guarantee (2)	Derivatives and guarantees	—	—	—
Grobank Deposit Guarantee (3)	Derivatives and guarantees	—	—	—
HFP Host Debentures (4)	Borrowings	(98,200)	—	
HFP Redemption Derivative (4)	Derivatives and guarantees	21,864	—	18,107
HFP Warrants (4)	Warrants	(5,557)	—	

(1) Relates to the Atlas Mara Facility which had a fair value of $28,799 at March 31, 2021, recorded in loans within the consolidated balance sheet.
(2) Relates to the Atlas Mara Zambia Term Deposit which had a fair value of $12,392 at March 31, 2021, recorded in term deposits within the consolidated balance sheet (December 31, 2020 - $12,392).
(3) Relates to amounts on deposit at Grobank which had a fair value of $7,559 at March 31, 2021, recorded in restricted cash deposits within the consolidated balance sheet (December 31, 2020 - $7,525).
(4) Relates to the issuance of the HFP Host Debentures and HFP Warrants and the HFP Redemption Derivative. At inception, the difference of $18,107 between the total net fair value of the financial instruments issued and received ($81,893) and the transaction amount ($100,000) was recorded in contributed surplus within common shareholders' equity.

Fairfax Loan

On December 7, 2020, prior to closing of the Transaction, the company's investment in Atlas Mara common shares was sold to Fairfax for proceeds of $40,000. Net proceeds were comprised of $20,000 in cash and $20,000 in the interest-free Fairfax Loan due from Fairfax no later than three years from closing of the Transaction. The company estimated the fair value of the benefit to Fairfax of the interest-free loan to be $603, which was recognized in retained earnings (deficit) within the consolidated statement of changes in equity upon initial recognition.

At March 31, 2021 the company determined that the amortized cost of the Fairfax Loan of $19,459 approximated fair value.

Atlas Mara Facility Guarantee

On July 10, 2020 in connection with the Transaction (see note 2), the company entered into an agreement with Fairfax whereby Fairfax guaranteed all principal and interest obligations of Atlas Mara under the Atlas Mara Facility, giving rise to a guarantee (the "Atlas Mara Facility Guarantee"), which was recorded in derivatives and guarantees within the consolidated balance sheet.

At inception, the difference between fair value ($2,799) and transaction price (nil) of the Atlas Mara Facility Guarantee was recorded in contributed surplus within common shareholders' equity. At March 31, 2021 the company estimated the fair value of the Atlas Mara Facility Guarantee using the fair value at that date of the Atlas Mara Facility compared to the present value of the interest and repayment obligations of the Atlas Mara Facility guaranteed by Fairfax, discounted using observable default spreads specific to Fairfax. Refer to note 6 for details on the valuation methodology used to determine the fair value of the Atlas Mara Facility.

In the first quarter of 2021, as a result of a further decline in the fair value of the Atlas Mara Facility from December 31, 2020 to March 31, 2021 and an extension of the maturity of the Atlas Mara Facility until the expiration of the Atlas Mara standstill agreement on April 30, 2021, the company recorded an unrealized gain on the Atlas Mara Facility Guarantee of $1,966. At March 31, 2021 the company's internal valuation model indicated that the estimated fair value of its investment in the Atlas Mara Facility Guarantee was $15,218.

Atlas Mara Zambia Term Deposit

On December 13, 2019 the company entered into a term deposit agreement with Atlas Mara Zambia whereby the company agreed to place up to $15,000 with Atlas Mara Zambia as a term deposit, bearing interest at a rate of LIBOR plus 400 basis points. The company placed the fixed deposit in Atlas Mara Zambia in two tranches: (i) $7,500 deposited on December 20, 2019 (the "First Tranche"; and (ii) $4,890 deposited on February 14, 2020 (the "Second Tranche"). Atlas Mara directed the company to wire the Second Tranche directly to a third party creditor and agreed to record the term deposit. Atlas Mara Zambia has been unable to record the term deposit as it has not yet received regulatory approval from the Central Bank of Zambia. Atlas Mara is pursuing this matter with the regulator and discussions are ongoing. The term deposit matured on December 18, 2020 and was renewed to June 18, 2021. At March 31, 2021 Atlas Mara Zambia had deposited Zambia Eurobonds with a fair value of $13,425 for the benefit of the company and cash collateral of $991 recorded within cash and cash equivalents, which are held in trust by HFP. In connection with the closing of the Transaction, Fairfax has also guaranteed that the Atlas Mara Zambia Term Deposit of $12,392 plus accrued interest may be withdrawn at any time after December 8, 2021.

At March 31, 2021 the company had a term deposit of $12,392 (December 31, 2020 - $12,392), recorded at the value of the cash placed on deposit with Atlas Mara Zambia and supported by the collateral held for the benefit of the company.

Deposits on Account with Grobank

At March 31, 2021 the company held $7,559 (December 31, 2020 - $7,525) in deposit accounts with Grobank. In connection with the closing of the Transaction, Fairfax guaranteed that $7,283 on deposit at Grobank may be withdrawn at any time after December 8, 2021.

HFP 3.0% Debentures

On March 31, 2021, Fairfax, through its affiliates, invested $100,000 in HFP 3.0% Debentures and HFP Warrants. Refer to note 8 for details on the valuation methodology used to determine the fair value of the HFP Host Debentures, the HFP Redemption Derivative, and the HFP Warrants.

Other Related Party Financial Instruments

Guarantor for Atlas Mara Loan from TLG Capital

On December 31, 2019 the company agreed to guarantee up to $20,000 in principal on a facility provided to Atlas Mara by TLG Capital. The guarantee was indemnified by Atlas Mara and secured by certain of Atlas Mara's shares in Atlas Mara Botswana. In 2020, Atlas Mara had drawn an aggregate of $8,000 on the TLG Facility.

On January 8, 2021, Atlas Mara defaulted on the TLG Facility and TLG Capital enforced under the guarantee with the company. On January 19, 2021, the company paid $8,474 in principal, interest, and fees to TLG Capital in settlement of the guarantee. Also on January 19, 2021, the company enforced under the indemnity with Atlas Mara, which provided the company with certain rights, including the right to transfer and sell the underlying Atlas Mara Botswana shares, which had a fair value of $11,044 on the date of enforcement. The company recorded a receivable of $8,474 given its right to receive Atlas Mara Botswana shares with a fair value in excess of the amount paid to TLG.

In March 2021 given the proposed terms of Atlas Mara's sale of Atlas Mara Botswana to Access Bank (the "Access Bank Transaction"), the company remeasured the receivable from Atlas Mara based on the net proceeds expected to be recovered from Atlas Mara using the price implied by the Access Bank Transaction. As a result, at March 31, 2021 the company estimated the recoverable amount on its receivable from Atlas Mara was $5,217.

In the first quarter of 2021 the company recorded a loss of $3,257 in loss on uncollectible accounts receivable within the consolidated statements of earnings (loss) and comprehensive income (loss) related to the receivable from Atlas Mara.

14. General and Administration Expenses

General and administration expenses for the three months ended March 31 were comprised as follows:

	First quarter	
	2021	2020
Audit, legal and tax professional fees	**936**	295
Administrative expenses	**70**	129
Salaries and employee benefit expenses	**1,224**	588
Brokerage fees	**9**	10
	2,239	1,022

15. Other Assets

Other assets at March 31, 2021 and December 31, 2020 were comprised as follows:

	March 31, 2021			December 31, 2020		
	Gross	**Loss**	**Net**	Gross	Loss	Net
Receivable from Atlas Mara	**8,474**	**3,257**	**5,217**	—	—	—
Sales tax refundable	**2,492**	**2,446**	**46**	1,928	—	1,928
Other	**14**	**—**	**14**	18	—	18
	10,980	**5,703**	**5,277**	1,946	—	1,946

Receivable from Atlas Mara

On December 31, 2019 the company agreed to guarantee up to $20,000 in principal on a facility provided to Atlas Mara by TLG Capital. The guarantee was indemnified by Atlas Mara and secured by certain of Atlas Mara's shares in Atlas Mara Botswana. In 2020, Atlas Mara had drawn an aggregate of $8,000 on the TLG Facility.

On January 8, 2021, Atlas Mara defaulted on the TLG Facility and TLG Capital enforced under the guarantee with the company. On January 19, 2021, the company paid $8,474 in principal, interest, and fees to TLG Capital in settlement of the guarantee. Also on January 19, 2021, the company enforced under the indemnity with Atlas Mara, which provided the company with certain rights, including the right to transfer and sell the underlying Atlas Mara Botswana shares, which had a fair value of $11,044 on the date of enforcement. The company recorded a receivable of $8,474 given its right to receive Atlas Mara Botswana shares with a fair value in excess of the amount paid to TLG.

In March 2021 given the proposed terms of Atlas Mara's sale of Atlas Mara Botswana to Access Bank (the "Access Bank Transaction"), the company remeasured the receivable from Atlas Mara based on the net proceeds expected to be recovered from Atlas Mara using the price implied by the Access Bank Transaction. As a result at March 31, 2021 the company estimated the recoverable amount on its receivable from Atlas Mara was $5,217.

In the first quarter of 2021 the company recorded a loss of $3,257 in loss on uncollectible accounts receivable within the consolidated statements of earnings (loss) and comprehensive income (loss) related to the receivable from Atlas Mara.

Sales Tax Refundable

At March 31, 2021 the company determined that sales tax refundable in Canada is uncollectible and in the first quarter of 2021 the company recorded a loss of $2,446 in loss on uncollectible accounts receivable within the consolidated statements of earnings (loss) and comprehensive income (loss).

16. Supplementary Cash Flow Information

Cash and cash equivalents were included within the consolidated balance sheets and statements of cash flows as follows:

	March 31, 2021	December 31, 2020
Cash and balances with banks	**131,375**	43,551
U.S. treasuries	**—**	22,501
	131,375	66,052

Details of certain cash flows included within the consolidated statements of cash flows for the three months ended March 31 were as follows:

	First quarter	
	2021	2020
Purchases of investments		
Common stocks	**—**	(3,587)
Limited partnership investments	**(13,116)**	—
	(13,116)	(3,587)
Interest received	**27**	1,669
Dividends received	**148**	—
Income taxes paid	**(1,662)**	—

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Notes to Management's Discussion and Analysis of Financial Condition and Results of Operations

(1) Readers of the Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should review the notes to the interim consolidated financial statements for the three months ended March 31, 2021 and the company's 2020 Annual Report.

(2) Unless otherwise noted, consolidated financial information of the company within this MD&A is derived from the consolidated financial statements of the company prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard 34 *Interim Financial Reporting*, and is presented in U.S. dollars which is also the functional currency of the company and its consolidated subsidiaries.

(3) The MD&A contains references to book value per share. On any date, book value per share is calculated as common shareholders' equity at the end of the period, determined in accordance with IFRS, divided by the total number of common shares of the company effectively outstanding on that date. Those amounts are presented in the consolidated balance sheet and note 9 (Common Shareholders' Equity under the heading Common Stock) respectively within the consolidated financial statements for the three months ended March 31, 2021. Book value per share is a key performance measure of the company and is closely monitored as it is used to calculate the performance fee payable, if any, to HFA Topco, L.P. ("TopCo LP" or the "Portfolio Advisor").

(4) The MD&A contains references to "Cash used in operating activities excluding the impact of changes in restricted cash deposits and net sales (purchases) of investments", which provides a measure of the cash generated by (used in) the company’s head office operations, primarily comprised of cash inflows (outflows) from interest and dividend income, interest expense, investment and advisory fees, current income taxes, and general and administration expenses, and excludes the impact of changes to restricted cash deposits and purchases and sales of investments. This measure is not a standard measurement under IFRS and therefore may not be comparable to similar measures presented by other issuers.

(5) Throughout this MD&A, the term "African Investments" refers to deployed capital invested in Public and Private African Investments as disclosed in note 6 (African Investments) to the interim consolidated financial statements for the three months ended March 31, 2021.

Business Developments

Overview

TopCo LP, an affiliate of Helios Holdings Limited ("HHL") (together with one or more of its affiliates, as the context requires, the "Helios Holdings Group"), is the portfolio advisor of the company and its consolidated subsidiaries, responsible to source and advise with respect to all investments. TopCo LP has appointed Helios Investment Partners LLP (the "Manager"), a registered portfolio manager in the United Kingdom, as its sub-advisor. The company's subordinate voting shares trade on the Toronto Stock Exchange ("TSX") under the symbol HFPC.U. The multiple voting shares of the company are not traded.

Fairfax Financial Holdings Limited ("Fairfax") provides certain services under a Management Services Agreement between HFP and Fairfax, effective December 8, 2020. Fairfax is a holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and the associated investment management.

The book value per share at March 31, 2021 was $5.61 compared to $5.50 at December 31, 2020 representing an increase of 2.0% in the first three months of 2021, primarily reflected an increase in contributed surplus ($18,107) arising from the issuance of the HFP Host Debentures, the HFP Warrants, and the HFP Redemption Derivative at a transaction amount ($100,000) greater than the total net fair value ($81,893), partially offset by a net loss of $11,149 (principally due to a loss on uncollectible accounts receivable, performance fees and investment and advisory fees, general and administration expenses, and net foreign exchange losses, partially offset by net change in unrealized gains on the company's African Investments).

The following narrative sets out the company’s key business developments in the first three months of 2021.

Helios Transaction

On December 8, 2020 the company closed the previously announced transaction with HHL, pursuant to which HHL contributed its entitlement to cash flows arising from certain fee streams (as described below) to HFP in exchange for a 45.9% equity and voting interest in HFP (the "Transaction"). Upon closing of the Transaction, the company was renamed Helios Fairfax Partners Corporation and its subordinate voting shares continued to be listed on the Toronto Stock Exchange.

Helios Investment Partners LLP is the largest Africa-focused private investment firm, with a record that spans creating start-ups to providing established companies with growth capital and expertise. Led and predominantly staffed by African professionals with the language skills and cultural affinity to engage with local entrepreneurs, managers and intermediaries on the continent, Helios leverages its local and global networks to identify business opportunities and structure proprietary transactions around them. The firm's unique combination of a deep knowledge of the African operating environment, a singular commitment to the region and a proven capability to manage complexity, is reflected in the firm's diverse portfolio of growing, market-leading businesses and its position as a partner of choice of multinational corporations in Africa. Helios is among the world's largest emerging markets-focused private equity firms to receive B Corp certification. B Corp status recognizes the firm's long-standing commitment to sustainability and responsible business practices.

As consideration for a 45.9% equity and voting interest in HFP, Helios Holdings Limited contributed cash flows arising from the following fee stream entitlements:

- 100% of all management and other fees paid to Helios and its affiliates in connection with the management of any existing or future fund (including the management of HFP and its subsidiaries), less expenses, administrative fees, and other operation fees relating to the management of those funds;
- 25% of carried interest amounts generated by any existing fund managed by Helios or any of its affiliates, excluding Helios Investors IV, L.P.; and
- 50% of carried interest amounts generated by any future fund managed by Helios or any of its affiliates, including Helios Investors IV, L.P.

(Existing and future funds managed by Helios or any of its affiliates, are referred to as "Helios Funds".)

On December 7, 2020, prior to closing of the Transaction, the company's investment in Atlas Mara common shares was sold to Fairfax for proceeds of $40,000. Net proceeds were comprised of $20,000 in cash and $20,000 in an interest-free loan due from Fairfax no later than three years from closing of the Transaction (the "Fairfax Loan"). In addition, Fairfax has guaranteed all repayment obligations of Atlas Mara under the Atlas Mara Facility, giving rise to the Atlas Mara Facility Guarantee. Fairfax has also guaranteed that the Atlas Mara Zambia Term Deposit of $12,392 plus accrued interest and $7,283 of the restricted cash deposits at Grobank may be withdrawn at any time after December 8, 2021.

Upon closing of the Transaction, the company entered into an administration and investment advisory services agreement with TopCo LP (the "Investment Advisory Agreement"), which appointed Helios Investment Partners LLP (the "Manager") as its sub-advisor. The Investment Advisory Agreement replaced the previous investment advisory agreement (the "Former Investment Advisory Agreement") with Hamblin Watsa Investment Counsel Ltd. ("HWIC" or the "Former Portfolio Advisor"). The Portfolio Advisor has discretionary authority to negotiate and complete investments on behalf of the company. The Portfolio Advisor will request approval from the company's board of directors, by simple majority, prior to making any investment in excess of the greater of 10% of HFP's Net Asset Value and $50.0 million; and will not make any insurance-related investment without the prior written consent of Fairfax.

Upon closing of the Transaction, Tope Lawani and Babatunde Soyoye (the co-founders and Managing Partners of the investment advisor to the Helios Funds) were appointed as Co-Chief Executive Officers of HFP and Michael Wilkerson was appointed Executive Vice Chairman of HFP.

The company entered into the Management Services Agreement with Fairfax, pursuant to which Fairfax will provide certain services to the company and its subsidiaries on a two-year transitional basis (see note 13 (Related Party Transactions) to the consolidated financial statements for the three months ended March 31, 2021).

Upon closing of the Transaction, the company adopted a new special incentive plan, pursuant to which options to purchase subordinate voting shares of the company were granted to certain employees, officers, members, partners or consultants of the Manager (the "SIP Recipients") (see note 9 (Common Shareholders' Equity) to the interim consolidated financial statements for the three months ended March 31, 2021).

After the closing of the Transaction, HFP is positioned as the leading, Africa-focused listed investment holding company that will offer high-quality investments in African markets, while receiving the benefit of diversified revenue streams through an entitlement to cash flows arising from recurring and predictable fee streams (Net Management Fees and Carried Interest Proceeds) from Helios Funds. Going forward the company will also benefit from a broader team of experienced investment professionals fully focused on Africa, with deep local knowledge, differentiated capabilities and a successful track record across the continent in identifying and securing high-quality, largely proprietary, investment opportunities.

Capital Transactions

On March 31, 2021, Fairfax, through its affiliates, invested $100,000 in 3.0% unsecured debentures of HFP (the "HFP 3.0% Debentures") and 3 million warrants (the "HFP Warrants").

On December 20, 2019 the company entered into an $80,000 secured, revolving demand credit facility with a syndicate of Canadian lenders, bearing interest at a rate of LIBOR plus 450 basis points (the "Credit Facility"). On December 20, 2020 the Credit Facility matured and was not renewed. Refer to note 8 (Borrowings) to the interim consolidated financial statements for the three months ended March 31, 2021 for additional details.

On December 4, 2020, shareholders of HFP approved an amendment to the company's articles to permit, among other things, the issuance of an unlimited number of multiple voting shares to Fairfax, HFP Investment Holdings SARL ("Principal Holdco"), and certain of their respective subsidiaries and affiliates. On December 8, 2020 the company issued 24,632,413 subordinate voting shares and 25,452,865 multiple voting shares at a price of $5.50 per share as part of the Transaction, in exchange for TopCo LP Class A and Class B Limited Partnership Interests with an aggregate fair value of $275,299. The cost of subordinate voting shares and multiple voting shares issued was determined on the basis of the fair value of the TopCo LP Class A and Class B Limited Partnership Interests received. Principal Holdco and its subsidiaries and affiliates may not, without the prior written consent of Fairfax and the approval of Board of Directors by simple majority approval, transfer any of their shares in the company prior to the earlier of December 8, 2025 or upon termination of the Investment Advisory Agreement. In the event Fairfax transfers shares, Principal Holdco and its affiliates may transfer an equal proportion of their shares without the prior written consent of Fairfax or the Board of Directors.

African Investments

Full descriptions of the African Investments committed to and acquired in the first quarter of 2021 are provided in the African Investments section of this MD&A.

Operating Environment

Overview

A year into the COVID-19 pandemic, vaccine rollouts and easing lockdown measures offer a brighter economic outlook, though the path to recovery remains uncertain. The International Monetary Fund ("IMF") in its April 2021 report, "*World Economic Outlook - Managing Divergent Recoveries*", revised its estimate of 2020 global GDP to a contraction of 3.3%, with an expected recovery to 6.0% growth in 2021, moderating to 4.4% growth in 2022. The IMF projects that while fiscal support in a few large economies and the anticipated vaccine-powered recovery in the second half of 2021 will support gains in GDP, global growth in the medium term will remain muted in the aftermath of the COVID-19 pandemic.

Sub-Saharan Africa

The African Development Bank ("AfDB") in its March 2021 report, "*African Economic Outlook 2021 - From Debt Resolution to Growth: The Road Ahead for Africa*", projected that GDP in Sub-Saharan Africa ("SSA") is expected to recover from a contraction of 2.6% in 2020 to 3.0% growth in 2021 and 3.9% growth in 2022, underpinned by a resumption of tourism, a rebound in commodity prices, and the rollback of pandemic-induced restrictions. These region-wide forecasts mask considerable differences in the growth performance and prospects of countries across the region. Although all economies in SSA have been affected by the pandemic, tourism-dependent, oil-exporting, and other resource-intensive economies were hit hardest. Oil prices are projected to grow 30% in 2021 from their low in 2020, while resumption in tourism remains uncertain. The region entered the COVID-19 crisis with constrained fiscal space and many SSA economies are now faced with higher debt levels, output losses, and muted commodity prices even as governments aim to continue providing monetary and fiscal support to underpin economic recovery.

South Africa

In April 2021, the IMF revised its estimate of South Africa's 2020 GDP to a contraction of 7.0%, with a projected recovery to 3.1% growth in 2021 and 2.0% growth in 2022. The construction, transportation, communication, manufacturing, and mining industries were greatly impacted by the COVID-19 pandemic, though the banking sector remains well-capitalized. South Africa's COVID-19 fiscal stimulus package represented 10.4% of its GDP and focused spending on healthcare, tax cuts, unemployment benefits, and loan deferrals. The AfDB projects that social indicators will remain weak, with unemployment at 30.8% in September 2020, and the pace of recovery will be limited by structural constraints. The South African Reserve Bank ("SARB") has kept the South Africa prime overdraft rate stable at 7.0% since the beginning of the year, following an aggregate 300 bps cut in 2020. The South African rand remained stable relative to the U.S. dollar during the first quarter of 2021, from 14.69 at December 31, 2020 to 14.77 at March 31, 2021. Moody's Investors Service ("Moody's"), Fitch Ratings Inc. ("Fitch") and Standard & Poor's Financial Services LLC ("S&P") have maintained their ratings at Ba2 with a negative outlook, BB- with a negative outlook, and BB- with a stable outlook respectively.

Nigeria

In April 2021, the IMF revised its estimate of Nigeria's 2020 GDP to a contraction of 1.8%, with a projected recovery to 2.5% growth in 2021 and 2.3% growth in 2022. Nigeria is SSA's largest economy and is historically heavily oil-dependent. The tumbling crude oil prices in 2020 had a spillover effect into non-oil industries and resulted in an economic recession, though the projected recovery in the oil price is expected to support Nigeria's economy. Fitch stated that Nigeria's credit rating is supported by the large size of the economy, low government debt to GDP ratio, and developed financial system, counterbalanced by weak fiscal revenue, high dependence on the oil sector, continued weak growth, and high inflation. Moody's, Fitch, and S&P have maintained their ratings at B2 with a negative outlook, B with a stable outlook, and B- with a stable outlook respectively.

Kenya

In April 2021, the IMF revised its estimate of Kenya's 2020 GDP to a contraction of 0.1%, with a projected recovery to 7.6% growth in 2021 and 5.7% growth in 2022. Kenya, one of the most economically diverse countries in SSA, has fared better in the COVID-19 pandemic than its resource-intensive counterparts. While its tourism and services industries, which contribute significantly to Kenya's GDP, have been severely impacted given the fall in international travel, agricultural production has supported economic growth. Public debt surged in 72% of GDP in 2020, driven by COVID-19 related spending and putting the country in high risk of debt distress. Moody's and Fitch have maintained their ratings at B2 with a negative outlook and B+ with a negative outlook respectively, while S&P downgraded its rating to B with a stable outlook.

Business Objectives

Investment Objective

HFP is an investment holding company whose objective is to achieve long term capital appreciation, while preserving capital, by investing in public and private equity securities and debt instruments in Africa and African businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, Africa ("African Investments"). The company makes all or substantially all of its investments either directly or through one of its wholly-owned subsidiaries, which include a South Africa-based subsidiary HFP South Africa Investments Proprietary Limited ("SA Sub", formerly known as Fairfax Africa Investments Proprietary Limited) and a Mauritius-based subsidiary HFP Investments Limited ("Mauritius Sub", formerly known as Fairfax Africa Holdings Investments Limited).

Investment Restrictions

The company will not make an African Investment if, after giving effect to such investment, the total invested amount of such investment would exceed 20.0% of the company's total assets at the time of the investment, provided, however, that the company is permitted to complete up to two African Investments where, after giving effect to each such investment, the total invested amount of each such investment would be less than or equal to 25.0% of the company's total assets (the "Investment Concentration Restriction"). On April 15, 2020 the company received common shareholders' approval of a special resolution (the "Special Resolution") allowing the company to make additional investments in Atlas Mara where, after giving effect to such investment, the total invested amount in Atlas Mara (calculated on a fair value basis) would be less than or equal to 40.0% of the company's total assets at the time of such investment. On December 4, 2020 the company received common shareholders' approval of a special resolution allowing the company to invest in TopCo LP Class A and Class B Limited Partnership Interests where, after giving effect to such investment, the total invested amount in TopCo LP (calculated on a fair value basis) would exceed 25.0% of the company’s total assets at the time of such investment. The company's investment limit for an African Investment in accordance with the Investment Concentration Restriction increased at March 31, 2021 from December 31, 2020 principally as a result of the issuance of the HFP 3.0% Debentures and unrealized gains on investments, partially offset by net foreign exchange losses.

The company intends to make multiple different investments as part of its prudent investment strategy. African Investments may be financed through equity or debt offerings as part of the company's objective to reduce its cost of capital and provide returns to common shareholders. At March 31, 2021 the company determined that it was in compliance with the Investment Concentration Restriction.

African Investments

Cautionary Statement Regarding Financial Information of Significant African Investments

HFP has agreed to voluntarily provide within its MD&A, summarized unaudited financial information prepared for all of its African Investments for which it had previously filed a business acquisition report in accordance with section 8.2 of *National Instrument 51-102 Continuous Disclosure Obligations.* AFGRI Group Holdings Proprietary Limited ("AGH") prepares its financial statements in accordance with IFRS as issued by IASB; TopCo LP is required to prepare its financial statements in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") pursuant to its amended and restated limited partnership agreement (TopCo LP and AGH collectively, "Significant African Investments"). At April 29, 2021 TopCo LP had not yet completed its audited consolidated financial statements for the period ended December 31, 2020 and no prior period financial statements are available. The company is limited in respect to the amount of independent verification it is able to perform with respect to the financial statements of the Significant African Investments. Such unaudited financial information is the responsibility of the respective managements and has been prepared by them using recognition, measurement and presentation principles consistent with their respective accounting standards, and provided to the company in their underlying functional currencies.

The company's investments in TopCo LP and AGH have fiscal years which end on December 31 and March 31 respectively. Summarized financial information of the company's Significant African Investments has generally been provided for the periods subsequent to the company's investment and to the extent that the most recent interim financial information is available to the company's management. Significant African Investments' summarized financial information should be read in conjunction with HFP's historical interim and annual consolidated financial statements including the notes thereto and the related MD&A as well as HFP's other public filings.

HFP has no knowledge that would indicate that the Significant African Investments' summarized financial information contained herein requires material modifications. However, readers are cautioned that the Significant African Investments' summarized financial information contained in this MD&A may not be appropriate for their purposes.

Summary of African Investments

The table below provides a summary of the company's African Investments:

	Date Acquired	March 31, 2021 Ownership %	March 31, 2021 Net consider-ation [1]	March 31, 2021 Fair value	March 31, 2021 Net change	December 31, 2020 Ownership %	December 31, 2020 Net consider-ation [1]	December 31, 2020 Fair value	December 31, 2020 Net change
Public African Investments:									
Common Stocks:									
CIG [2]	Fourth quarters of 2017 and 2018, January and December 2019, and first and second quarters of 2020		**—**	**—**	**—**	54.4%	54,720	—	(54,720)
Other	Various	**<5%**	**10,053**	**19,537**	**9,484**	<5%	10,053	14,836	4,783
			10,053	**19,537**	**9,484**		64,773	14,836	(49,937)
Private African Investments:									
Limited partnership investments:									
TopCo LP Class A Limited Partnership Interest [3]	December 2020	**100.0%**	**88,465**	**88,465**	**—**	100.0%	88,465	88,465	—
TopCo LP Class B Limited Partnership Interest [3]	December 2020	**100.0%**	**186,834**	**186,834**	**—**	100.0%	186,834	186,834	—
Helios Fund IV Limited Partnership Interest	March 2021	**17.2%**	**13,116**	**13,116**	**—**		—	—	—
			288,415	**288,415**	**—**		275,299	275,299	—
Loans:									
CIG Loan	June 2018		**23,270**	**20,317**	**(2,953)**		23,270	19,254	(4,016)
PGR2 Loan [2]	June and December 2018		**—**	**—**	**—**		19,969	—	(19,969)
Atlas Mara Facility	Second and third quarters of 2020		**39,507**	**28,799**	**(10,708)**		39,507	30,346	(9,161)
Philafrica Facility	Second quarter of 2020		**5,622**	**7,291**	**1,669**		5,622	7,164	1,542
			68,399	**56,407**	**(11,992)**		88,368	56,764	(31,604)
Bonds:									
Atlas Mara 11.0% Convertible Bonds	December 2018		**15,040**	**2,652**	**(12,388)**		15,040	2,442	(12,598)
Atlas Mara 7.5% Bonds	November 2018		**16,476**	**20,000**	**3,524**		16,476	19,966	3,490
Nova Pioneer Bonds	Third and fourth quarters of 2017 and 2018, and first and second quarters of 2019		**32,713**	**36,231**	**3,518**		32,713	36,421	3,708
			64,229	**58,883**	**(5,346)**		64,229	58,829	(5,400)
Common Stocks:									
Indirect equity interest in AGH [4]	February 2017, January and November 2018, December 2020	**46.8%**	**97,073**	**59,188**	**(37,885)**	46.8%	97,073	64,210	(32,863)
Philafrica	November 2018	**26.0%**	**23,254**	**8,329**	**(14,925)**	26.0%	23,254	9,065	(14,189)
GroCapital Holdings	Fourth quarter of 2018, April 2019, February and June 2020	**48.1%**	**19,403**	**1,392**	**(18,011)**	48.1%	19,403	1,399	(18,004)
			139,730	**68,909**	**(70,821)**		139,730	74,674	(65,056)
Derivatives and guarantees:									
Atlas Mara Warrants [2]	November 2018		**—**	**—**	**—**		2,324	—	(2,324)
Nova Pioneer Warrants [2]	Third and fourth quarters of 2017 and 2018, and first and second quarters of 2019		**—**	**—**	**—**		1,287	—	(1,287)
			—	**—**	**—**		3,611	—	(3,611)
			560,773	**472,614**	**(88,159)**		571,237	465,566	(105,671)
Total African Investments			**570,826**	**492,151**	**(78,675)**		636,010	480,402	(155,608)

(1) Comprised of net cash consideration invested since inception, with the exception of TopCo LP Class A and Class B Limited Partnership Interests, discussed in footnote 3 to this table.

(2) At December 31, 2020 the company did not expect to recover any of its initial investment in CIG common shares, the PGR2 Loan, Atlas Mara Warrants, and Nova Pioneer Warrants, and the fair values of these investments are nil.

(3) On December 8, 2020 HFP acquired all of the issued and outstanding TopCo LP Class A and Class B Limited Partnership Interests from Helios Holdings Limited and Helios Holdings Partners Limited for $88,465 and $186,834 respectively, in exchange for non-cash consideration of 25,452,865 multiple voting shares and 24,632,413 subordinate voting shares of HFP, representing 45.9% of the equity and voting interest in HFP.

(4) Invested through the company's ownership in and shareholder loan to Joseph Holdings.

Summary of Changes in the Fair Value of the Company's African Investments

A summary of changes in the fair value of the company's Public and Private African Investments for the first quarters of 2021 and 2020 were as follows:

	First quarter					
	2021					
	Balance as of January 1	Purchases	Accretion of discount/ (amortization of premium)(1)	Net change in unrealized gains (losses) on investments	Net foreign exchange losses on investments	Balance as of March 31
Public African Investments:						
Common stocks:						
Other	**14,836**	**—**	**—**	**4,767**	**(66)**	**19,537**
Total Public African Investments	**14,836**	**—**	**—**	**4,767**	**(66)**	**19,537**
Private African Investments:						
Limited partnership investments:						
TopCo LP Class A Limited Partnership Interest	**88,465**	**—**	**—**	**—**	**—**	**88,465**
TopCo LP Class B Limited Partnership Interest	**186,834**	**—**	**—**	**—**	**—**	**186,834**
Helios Fund IV Limited Partnership Interest	**—**	**13,116**	**—**	**—**	**—**	**13,116**
	275,299	**13,116**	**—**	**—**	**—**	**288,415**
Loans:						
CIG Loan	**19,254**	**—**	**—**	**1,169**	**(106)**	**20,317**
Atlas Mara Facility(2)	**30,346**	**—**	**—**	**(1,547)**	**—**	**28,799**
Philafrica Facility(3)	**7,164**	**156**	**24**	**(23)**	**(30)**	**7,291**
	56,764	**156**	**24**	**(401)**	**(136)**	**56,407**
Bonds:						
Atlas Mara 11.0% Convertible Bonds	**2,442**	**—**	**—**	**210**	**—**	**2,652**
Atlas Mara 7.5% Bonds	**19,966**	**—**	**—**	**34**	**—**	**20,000**
Nova Pioneer Bonds	**36,421**	**—**	**—**	**(190)**	**—**	**36,231**
	58,829	**—**	**—**	**54**	**—**	**58,883**
Common stocks:						
Indirect equity interest in AGH(4)	**64,210**	**—**	**—**	**(4,709)**	**(313)**	**59,188**
Philafrica	**9,065**	**—**	**—**	**(620)**	**(116)**	**8,329**
GroCapital Holdings	**1,399**	**—**	**—**	**95**	**(102)**	**1,392**
	74,674	**—**	**—**	**(5,234)**	**(531)**	**68,909**
Total Private African Investments	**465,566**	**13,272**	**24**	**(5,581)**	**(667)**	**472,614**
Total African Investments	**480,402**	**13,272**	**24**	**(814)**	**(733)**	**492,151**

(1) Recorded in interest within the consolidated statement of earnings (loss) and comprehensive income (loss).
(2) In connection with the Transaction (see note 2 (Helios Transaction) to the interim consolidated financial statements for the three months ended March 31, 2021). Fairfax has guaranteed all repayment obligations of Atlas Mara under the Atlas Mara Facility, giving rise to the Atlas Mara Facility Guarantee (see note 13 (Related Party Transactions) to the interim consolidated financial statements for the three months ended March 31, 2021).
(3) Purchases in the first quarter of 2021 of $156 related to capitalized interest.
(4) Invested through the company's ownership in and shareholder loan to Joseph Holdings.

	First quarter					
	2020					
	Balance as of January 1	Purchases	Accretion of discount/ (amortization of premium)[1]	Net change in unrealized gains (losses) on investments	Net foreign exchange losses on investments	Balance as of March 31
Public African Investments:						
Common stocks:						
Atlas Mara	78,075	—	—	(36,339)	—	41,736
CIG	19,562	614	—	(1,194)	(10,681)	8,301
Total Public African Investments	97,637	614	—	(37,533)	(10,681)	50,037
Private African Investments:						
Loans:						
CIG Loan	20,744	—	32	(3,333)	(4,578)	12,865
PGR2 Loan	21,240	—	—	(579)	(4,921)	15,740
	41,984	—	32	(3,912)	(9,499)	28,605
Bonds:						
Atlas Mara 11.0% Convertible Bonds[2]	18,296	493	(23)	211	—	18,977
Atlas Mara 7.5% Bonds	18,431	—	181	452	—	19,064
Nova Pioneer Bonds[3]	42,093	2,571	(15)	(5,194)	—	39,455
	78,820	3,064	143	(4,531)	—	77,496
Common stocks:						
Indirect equity interest in AGH[4]	104,976	—	—	(18,794)	(18,740)	67,442
Philafrica	19,271	—	—	(2,843)	(5,045)	11,383
GroCapital Holdings	10,328	3,133	—	115	(3,545)	10,031
	134,575	3,133	—	(21,522)	(27,330)	88,856
Derivatives:						
Atlas Mara Warrants	83	—	—	(81)	—	2
Nova Pioneer Warrants	1,458	—	—	(985)	—	473
	1,541	—	—	(1,066)	—	475
Total Private African Investments	256,920	6,197	175	(31,031)	(36,829)	195,432
Total African Investments	354,557	6,811	175	(68,564)	(47,510)	245,469

(1) Recorded in interest within the consolidated statement of earnings (loss) and comprehensive income (loss).
(2) Purchases in the first quarter of 2020 of $493 related to capitalized interest.
(3) Purchases in the first quarter of 2020 of $2,571 related to capitalized interest.
(4) Invested through the company's ownership in and shareholder loan to Joseph Holdings.

Public African Investments

The fair values of HFP's Public African Investments are determined using the bid prices of those investments (without adjustments or discounts) at the balance sheet date.

Investment in Atlas Mara Limited (Common Shares)

Business Overview

Atlas Mara Limited ("Atlas Mara") is a Sub-Saharan African financial services group listed on the London Stock Exchange under the symbol ATMA. Since its inception, Atlas Mara has acquired control or significant influence in banks across seven Sub-Saharan African countries: Nigeria, Botswana, Zimbabwe, Mozambique, Rwanda, Tanzania and Zambia.

The company's investment in Atlas Mara is comprised of debt instruments and warrants. The company previously held Atlas Mara common shares, which it sold to Fairfax on December 7, 2020 prior to closing of the Transaction, which is discussed in note 13 (Related Party Transactions) to the interim consolidated financial statements for the three months ended March 31, 2021. The debt instruments and warrants are discussed in the Private African Investments section under the heading Investment in Atlas Mara Limited (Debt Instruments and Warrants) later in this MD&A.

In 2019 and 2020 the company entered into related party transactions with Atlas Mara, comprised of the Atlas Mara Zambia Term Deposit and a financial guarantee, which are discussed in note 13 (Related Party Transactions) to the interim consolidated financial statements for the three months ended March 31, 2021.

In 2020, in connection with the Transaction, the company entered into a related party transaction with Fairfax with respect to the company's investments in the Atlas Mara Facility, which are discussed in note 13 (Related Party Transactions) to the interim consolidated financial statements for the three months ended March 31, 2021.

Investment in Consolidated Infrastructure Group Limited (Common Shares)

Business Overview

Consolidated Infrastructure Group Limited ("CIG") is a Pan-African engineering infrastructure company previously listed on the Johannesburg Stock Exchange under the stock symbol CIL. CIG has a diversified portfolio of operations including services and materials in power and electrical, waste management of oil and gas, building materials and the railway sector, with a footprint that spans over 20 African countries and the Middle East. Key markets for CIG outside South Africa include Angola, Kenya, Nigeria and Uganda.

Transaction Description

CIG Common Shares

Between the fourth quarter of 2017 and the second quarter of 2020, the company acquired an aggregate of 215,517,270 common shares of CIG, representing a 54.4% equity interest for net consideration of $49,881 (700.6 million South African rand).

On October 23, 2020 the company terminated the appointment of its nominee directors from the board of directors of CIG. On November 9, 2020 CIG commenced voluntary business rescue proceedings. As a result of its voluntary business rescue, on November 25, 2020 CIG announced that it had applied to the Johannesburg Stock Exchange to voluntarily suspend trading in CIG common shares.

Valuation and Interim Consolidated Financial Statement Impact

At March 31, 2021 and December 31, 2020 the company held 215,517,270 common shares of CIG, representing a 54.4% equity interest. The company does not expect to recover any of its initial investment in the CIG common shares, which was written down to nil at December 31, 2020.

The changes in fair value of the company's investment in CIG for the first quarter of 2020 are presented in the table disclosed at the outset of the African Investments section of this MD&A.

Investment in Other Public African Investments

In the second quarter of 2020 the company acquired less than 5.0% of the common shares of public companies in various sectors, listed on the Johannesburg Stock Exchange (investment in "Other Public African Investments"), for aggregate cash consideration of $10,053 (185.3 million South African rand).

At March 31, 2021 the fair value of the company's investment in the Other Public African Investments was $19,537. The changes in fair value of the company's investment in the Other Public African Investments for the first quarters of 2021 and 2020 are presented in the tables disclosed at the outset of the African Investments section of this MD&A.

Private African Investments

Cautionary Statement Regarding the Valuation of Private African Investments

In the absence of an active market for the company's Private African Investments, fair values of these investments are determined by management using industry accepted valuation methodologies after considering the history and nature of the business, operating results and financial conditions, outlook and prospects, general economic, industry and market conditions, contractual rights relating to the investment, public market comparables (if available) and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which the company's Private African Investments could be disposed of may differ from the fair values assigned and those differences may be material.

While the company's valuation techniques for Private African Investments remained unchanged (with the exception of the company's investment in the CIG Loan) during the first quarter of 2021, the development of unobservable inputs included added uncertainty related to the economic disruption caused by the ongoing COVID-19 pandemic. The uncertainty in those assumptions has been incorporated into the company's valuations of Private African Investments primarily through wider credit spreads and higher risk premiums, as applicable.

Investment in TopCo LP

Business Overview

TopCo LP is a limited partnership established under the laws of Guernsey and is controlled by its general partner, HFA GP (Guernsey) Limited, an affiliate of the Helios Holdings Group. TopCo LP was formed as the investment vehicle through which HFP will receive cash flows from its entitlement to certain Helios fee streams. TopCo LP is the portfolio advisor of the company and its consolidated subsidiaries and has entered into a sub-advisory agreement with the Manager to provide the investment and advisory services to HFP. TopCo LP will earn investment advisory fees from HFP. Further details on the company's transactions with TopCo LP are discussed in note 13 (Related Party Transactions) to the interim consolidated financial statements for the three months ended March 31, 2021.

Immediately prior to the closing of the Transaction, TopCo LP was admitted as a limited partner of the Carried Interest Recipients, defined below, entitling it to its share of the carried interest earned on Helios Funds by way of distributions arising from the Carried Interest Recipients. TopCo LP also entered into contractual arrangements with certain affiliates of the Helios Holdings Group, entitling it to the management fees earned on the Helios Funds.

Transaction Description

On December 8, 2020, pursuant to the terms of the purchase and sale agreement entered into on July 10, 2020, HFP acquired all of the issued and outstanding TopCo LP Class A and Class B Limited Partnership Interests from HHL and Helios Holdings Partners Limited ("HHPL") for $88,465 and $186,834 respectively, in exchange for 25,452,865 multiple voting shares and 24,632,413 subordinate voting shares of HFP issued to HHL and HHPL, representing 45.9% of the equity and voting interest in HFP. Immediately following the closing of the Transaction, each of HHL and HHPL transferred the HFP shares to Principal Holdco, a Luxembourg holding company, indirectly owned by Tope Lawani and Babatunde Soyoye. HFP may not transfer or otherwise dispose of its TopCo LP Class A and Class B Limited Partnership Interests without consent from the general partner of TopCo LP. TopCo LP reports its financial performance in U.S. dollars.

TopCo LP Class A Limited Partnership Interest

TopCo LP is a limited partner of Helios Investors Genpar, L.P., HIP Equity II, L.P., HIP Equity III, L.P. and HIP Equity IV, L.P. (collectively, the “Carried Interest Recipients”) and as such is entitled to receive Carried Interest Proceeds. Carried Interest Proceeds include 25% of carried interest amounts generated by any existing fund managed by Helios or any of its affiliates, excluding Helios Investors IV, L.P.; and 50% of carried interest amounts generated by any future fund managed by Helios or any of its affiliates, including Helios Investors IV, L.P. HFP's TopCo LP Class A Limited Partnership Interest entitles HFP to receive the Carried Interest Proceeds received by TopCo LP when relevant amounts become available for distribution. The company may be subject to clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest to the extent HFP has received Carried Interest Proceeds and a clawback is required. The risk is partially mitigated by escrow accounts required by each Helios Fund in accordance with their respective governing documents.

TopCo LP Class B Limited Partnership Interest

TopCo LP entered into contractual arrangements with certain Helios Holdings Group entities, pursuant to which the Helios Holdings Group entities entitled to receive management fees assigned their respective rights to receive all management fees to TopCo LP and TopCo LP agreed to pay all expenses incurred in order to earn the management fees ("Net Management Fees"). HFP's ownership of TopCo LP Class B Limited Partnership Interest entitles HFP to receive Net Management Fees after a six-month holding period by TopCo LP.

Key Business Drivers, Events, and Risks

TopCo LP is structured to accumulate and distribute Carried Interest Proceeds from the Carried Interest Recipients and Net Management Fees from the Helios Holdings Group to HFP by virtue of HFP's TopCo LP Class A and Class B Limited Partnership Interests respectively, and the investment and advisory fees from HFP to the Helios Holdings Group. The Carried Interest Proceeds and Net Management Fees are earned from underlying Helios Funds, managed by the Helios Holdings Group.

Valuation and Consolidated Financial Statement Impact

TopCo LP Class A Limited Partnership Interest

At December 8, 2020 the company estimated the fair value of its TopCo LP Class A Limited Partnership Interest using a discounted cash flow analysis based on multi-year free cash flow forecasts with assumed discount rates ranging from 21.0% to 27.0%, target exit multiples of invested capital averaging 2.1x to 2.6x across the existing Helios Funds, and forecasted exit dates ranging from 2021 to 2024 for Helios Investors II, L.P. and Helios Investors III, L.P., and from 2022 to 2027 for Helios Investors IV, L.P. At December 8, 2020 free cash flow forecasts were based on estimates of Carried Interest Proceeds derived for each fund in accordance with waterfall provisions, prepared in the fourth quarter of 2020 by Helios' management.

The limited partnership agreement for each Helios Fund includes a distribution waterfall provision, which is common in private equity fund structures, and requires that proceeds (generated following realizations or partial realizations of the relevant fund’s investments or as other income becomes available to the relevant fund for distribution) are distributed in four stages: (i) a return of amounts contributed by investors and not previously repaid to those investors by the fund; (ii) an 8% preferred return to investors; (iii) a “catch-up” amount to the relevant Helios Holdings Group entity equal to 20% of all amounts distributed to all partners in excess of amounts distributed to limited partners to repay their drawn down capital contributions; and (iv) a split of all remaining profits between limited partners and the relevant Helios Holdings Group entity at an 80:20 ratio.

Free Cash Flow Forecast Inputs

The primary drivers of free cash flow estimates are the exit assumptions on Helios Funds' underlying portfolio investments, including the planned exit strategy, target exit multiples of invested capital and timing of exit. The target exit multiple of invested capital for an underlying portfolio investment is equal to the fund's expected total proceeds divided by the expected total cost from initial investment to exit. Carried Interest Proceeds which may arise in future Helios Funds have been excluded from free cash flow estimates. Free cash flow estimates are evaluated net of income taxes based on HFP's Canadian marginal tax rate for capital gains. In the event that target exit timings are not met and delayed in future periods, this may result in a negative impact on the fair value of the company's TopCo LP Class A Limited Partnership Interest.

Current Model Assumptions

The following table describes the Helios Funds and their underlying investments at December 31, 2020 and provides a summary of inputs used in the company's internal valuation model to estimate the fair value of the company's investment in the TopCo LP Class A Limited Partnership Interest at December 8, 2020:

			Method of valuing underlying portfolio investments		Model inputs:			
Helios Private Equity Fund	**Vintage Year**	**Committed Capital**	**Traded share price**	**Internal valuation model**	**Target exit year**	**Average target exit multiple of invested capital**	**HFP's share of carried interest**	**Fair value of carried interest to HFP**
Helios Investors, L.P. ("Helios Fund I")[(1)]	2006	304,400	—%	100.0%	2021	2.1x	25%	5,812
Helios Investors II, L.P. ("Helios Fund II")[(2)]	2009	908,500	54.0%	46.0%	2021-2023	2.6x	25%	34,078
Helios Investors III, L.P. ("Helios Fund III")[(3)]	2014	1,117,000	16.1%	83.9%	2021-2024	2.6x	25%	48,119
Helios Investors IV, L.P. ("Helios Fund IV")[(4)]	2020	237,560	—%	100.0%	2022-2027	2.6x	50%	456
								88,465

(1) Helios Fund I is a private equity fund domiciled in the Cayman Islands that was formed in 2006 with the purpose of investing in companies that operate primarily in Sub-Saharan Africa. At December 31, 2020 Helios Fund I was invested in a private company operating in the telecommunication sector, which is expected to be fully exited in 2021 at which time Helios Fund I will close. In the third quarter of 2020, Helios Fund I distributed shares of a public company operating in the fuel distribution sector across Africa to its limited partners and carried interest holders as a distribution in specie. The company is entitled to receive these shares, the value of which is the primary driver of the fair value of the carried interest component of Helios Fund I, in addition to cash distributions of Carried Interest Proceeds from Helios Fund I.

(2) Helios Fund II is a private equity fund domiciled in the Cayman Islands that was formed in 2009 with the purpose of investing in companies that operate primarily in Africa. At December 31, 2020 the underlying portfolio investments in Helios Fund II were primarily comprised of investments in: (i) a public company operating in the fuel distribution sector across Africa (28.9% of portfolio); (ii) a private company offering electronic payment processing services in Nigeria (24.2% of portfolio); (iii) a public company operating in the telecommunication infrastructure sector across Africa (23.6% of portfolio); and (iv) a private company operating in the financial services sector across Africa (9.2% of portfolio).

(3) Helios Fund III is a private equity fund domiciled in the Cayman Islands that was formed in 2014 with the purpose of investing in companies that operate primarily in Africa. At December 31, 2020 the underlying portfolio investments in Helios Fund III were primarily comprised of investments in: (i) a private company operating in the gas distribution sector in Nigeria (17.0% of portfolio); (ii) a public company providing electronic payment processing services in Egypt (14.0% of portfolio); (iii) a private company operating in the consumer goods sector across Africa (12.4% of portfolio); (iv) a private company operating in the financial services sector across Africa (11.4% of portfolio); (v) a private company that operates a liquified natural gas terminal in Ghana (8.2% of portfolio); (vi) a private company that imports and distributes agricultural inputs across Africa (6.6% of portfolio); (vii) a private company that provides electronic payment processing services in Egypt (4.8% of portfolio); and (viii) a private company operating in the agricultural sector in Egypt (4.4% of portfolio).

(4) Helios Fund IV is a private equity fund domiciled in the Cayman Islands that was formed in 2020 with the purpose of investing in companies that operate primarily in Africa. In 2020 Helios Fund IV completed its first capital raise and made investments in: (i) a private company that provides electronic payment processing services globally (including Africa); and (ii) a private insurance company established in 2020 and expected to operate across Africa.

Discount rates were based on the company's assessment of risk premiums to the appropriate risk-free rate of the economic environment in which the Helios private equity funds operate. These risk premiums were reflective of the increased uncertainty of the free cash flow forecasts as a result of the economic and social impacts of the COVID-19 pandemic.

At December 8, 2020 the company's internal valuation model indicated that the fair value of its TopCo LP Class A Limited Partnership Interest was $88,465. At March 31, 2021 and December 31, 2020 the initial transaction price of the company's investment in the TopCo LP Class A Limited Partnership Interest was considered to approximate fair value as there were no significant changes to TopCo LP's business, capital structure or operating environment and the key assumptions in the company's acquisition valuation model continued to be valid. At March 31, 2021 the fair value of the company's investment in TopCo LP Class A Limited Partnership Interest was $88,465 (December 31, 2020 - $88,465).

TopCo LP Class B Limited Partnership Interest

At December 8, 2020 the company estimated the fair value of its TopCo LP Class B Limited Partnership Interest using a discounted cash flow analysis based on multi-year free cash flow forecasts with an assumed discount rate of 19.3%, a long term growth rate of 4.5% and a long term pre-tax profit margin of 52.3%. At December 8, 2020 free cash flow forecasts were based on Net Management Fee forecasts prepared in the fourth quarter of 2020 by Helios' management.

Free Cash Flow Forecast Inputs

The primary drivers of the free cash flow estimates are the forecasted growth in assets under management over eight years through the creation of new Helios private equity, infrastructure, and real estate funds, and the expected use of operating leverage to grow profit margins. Based on committed capital of the Helios Funds in place at December 8, 2020 of approximately $2.3 billion (excluding Helios Fund I which is in the process of closing), the forecasted growth in assets under management implies a compound annual growth rate in committed capital of 18.7% over the eight year forecasting period. In the event that

TopCo LP does not achieve its forecasted growth in assets under management in future periods, this may result in a negative impact on the fair value of the company's TopCo LP Class B Limited Partnership Interest. Free cash flow estimates were evaluated net of income taxes based on HFP's Canadian marginal tax rate.

Current Model Assumptions

As a result of the continued business disruptions caused by the COVID-19 pandemic, free cash flow forecasts reflected increased market volatility and government-mandated travel restrictions in the short term primarily through an expected delay in fundraising activities. The development of these free cash flow forecasts was subject to a higher degree of estimation uncertainty that was primarily driven by a forecasting period of eight years, the impacts of government-mandated travel restrictions on current fundraising activities, and forecasted growth in assets under management due to the expected demand for future Africa-focused alternative asset funds. A forecasting period of eight years was used due to the inherent long-term nature of Africa-focused private equity, infrastructure and real estate funds, which require additional time to fundraise, deploy capital and prepare investments for exit. These factors contributed to a higher degree of estimation uncertainty in the free cash flow estimates which was primarily reflected through higher discount rates and in the estimation of the long term pre-tax profit margin expected to be achieved at the end of the forecasting period.

The discount rate was based on the company's assessment of risk premiums to the appropriate risk-free rate of the economic environment in which the Helios Funds operate. These risk premiums were reflective of the increased uncertainty of free cash flow forecasts as a result of the economic and social impacts of the COVID-19 pandemic. Long term pre-tax profit margins were estimated based on comparable pre-tax management fee-related earnings margins of publicly listed global private equity asset managers. Long term growth rates were based on the expected long term sustainable growth rate of the economic environments in which TopCo LP conducts asset management activities.

At December 8, 2020 the company's internal valuation model indicated that the fair value of its TopCo LP Class B Limited Partnership Interest was $186,834. At March 31, 2021 and December 31, 2020 the initial transaction price of the company's investment in the TopCo LP Class B Limited Partnership Interest was considered to approximate fair value as there were no significant changes to TopCo LP's business, capital structure or operating environment and the key assumptions in the company's acquisition valuation model continued to be valid. At March 31, 2021 the fair value of the company's investment in TopCo LP Class B Limited Partnership Interest was $186,834 (December 31, 2020 - $186,834).

The changes in fair value of the company's investment in TopCo LP Class A and Class B Limited Partnership Interests for the first quarter of 2021 are presented in the table disclosed at the outset of this MD&A.

TopCo LP's Carried Interest Position (unaudited)

At December 31, 2020, had the underlying portfolio investments, other assets and liabilities of the Helios Funds been liquidated and settled at their carrying amounts, and had the residual proceeds thereof been distributed to their respective limited and general partners in accordance with the distribution waterfall provisions on that date, the amount to be received by TopCo LP through its interests in the Carried Interest Recipients would have been $56.8 million, based on the unaudited consolidated financial statements of the existing Helios Funds.

TopCo LP's Summarized Financial Information

TopCo LP's fiscal year ends on December 31. At April 29, 2021 TopCo LP had not yet completed its audited consolidated financial statements for the year ended December 31, 2020.

Investment in Helios Investors IV, L.P.

Business Overview

Helios Investors IV, L.P. ("Helios Fund IV") is a limited partnership based in the Cayman Islands, structured to receive and deploy capital from limited partners with the objective of earning returns from investments directly or indirectly in, or with a nexus to, Africa. Helios Fund IV is controlled by its general partner, Helios Investors Genpar IV, Ltd. ("Helios Fund IV GP").

Transaction Description

Helios Fund IV Limited Partnership Interest

On March 31, 2021 the company committed to invest $50,000 in Helios Fund IV and funded a capital call for $12,600 plus equalization interest of $516, for total funding of $13,116, At March 31, 2021 the company's capital commitment represented 17.2% of the limited partnership interest in Helios Fund IV. As agreed in a side letter with Helios Fund IV GP, the company was admitted to Helios Fund IV as a "Listed Fund" under the terms of Helios Fund IV's limited partnership agreement, as amended and restated (the "Helios Fund IV LPA"), meaning that the company will not incur any management fees nor any carried interest payable to Helios Fund IV GP with respect to its investment in Helios Fund IV, which would otherwise be incurred in accordance with the Helios Fund IV LPA.

Key Business Drivers, Events, Risks

At March 31, 2021 Helios Fund IV's portfolio investments included a pan-African electronic payments company and a pan-African reinsurance startup. At March 31, 2021 Helios Fund IV had capital commitments of $290,050, of which $214,390 remained uncalled.

On April 14, 2021 Helios Fund IV made a capital call of $53,934 from its limited partners for deployment into a North African food retailer, leaving $160,456 in undrawn capital commitments.

Valuation and Interim Consolidated Financial Statement Impact

At March 31, 2021 the company's investment in Helios Fund IV was measured at the transaction price, which approximates fair value given there were no significant changes to Helios Fund IV's business, capital structure, or operating environment. At March 31, 2021 the fair value of the company's investment in Helios Fund IV Limited Partnership Interest was $13,116.

The changes in fair value of the company's investment in Helios Investors IV Limited Partnership Interest for the first quarter of 2021 are presented in the table disclosed at the outset of this MD&A.

At March 31, 2021 the company's remaining capital commitment to Helios Fund IV was $37,400, which may be called at any time by Helios Fund IV GP in accordance with the Helios Fund IV LPA.

Subsequent to March 31, 2021

On April 23, 2021 the company funded a capital call for $9,297. Subsequent to funding the capital call, the company's remaining capital commitment to Helios Fund IV is $28,103.

Investment in AFGRI Holdings Proprietary Limited

Business Overview

AFGRI Holdings Proprietary Limited ("AFGRI Holdings") is a private holding company based in South Africa that owns 100.0% of AFGRI Group Holdings Proprietary Limited ("AGH"), an investment holding company with interests in a number of agricultural and food-related companies providing products and services to ensure sustainable agriculture. AGH's core focus is grain commodities and it provides services across the entire grain production and storage cycle, offering financial support and solutions as well as high-tech equipment through the John Deere brand supported by a large retail footprint. AGH is one of the largest John Deere distributors outside of the United States, with presence in several markets in Africa and Western Australia.

AGH’s investment philosophy is to create long term sustainable value by targeting investments in agriculture, food processing and financial services, by building or acquiring equity interests in companies which provide AGH control or significant influence. AGH’s long term growth strategy is based on a vision to ensure sustainable agriculture and enable food security across Africa. In addition to South Africa, AGH currently has operational activities aimed at supporting agriculture in Zambia, Zimbabwe, Mozambique, Congo-Brazzaville, Botswana, and Côte d'Ivoire. AGH also has a John Deere operation in Australia, an animal feeds research and development venture in the United Kingdom, and an investment in animal feeds in the United States of America. AGH’s current strategic initiatives also include growing its existing financial services business, which is currently centered on providing credit, trade and commodity finance, insurance, payments and related products and services to the agricultural sector.

AGH's principal lines of business are comprised of:

- A 73.2% controlling interest in AFGRI Agri Services Proprietary Limited ("AFGRI") (agricultural services company which focuses on grain management, silo management, equipment sales through the John Deere brand, agricultural finance and insurance, and retail and farmer development);
- A 60.0% controlling interest in Philafrica Foods Proprietary Ltd. ("Philafrica") (a food processing provider operating primarily in South Africa);
- GroCapital Advisory Services Proprietary Limited ("GroCapital Advisory"), a collateral management solutions provider as well as a foreign exchange and commodity broking services provider; and
- AFGRI International Proprietary Limited ("AFGRI International") (focus on operations outside of South Africa).

Transaction Description

Indirect Equity Interest in AGH

Between the first quarter of 2017 and the fourth quarter of 2020, the company invested an aggregate of $98,876 in Joseph Holdings (comprised of 74.6% of the common shares and 73.7% in Class A shares of Joseph Holdings, providing a 74.6% voting interest; and a $10,132 shareholder loan). HFP is the largest beneficial shareholder of AGH, through its investment in Joseph Holdings, with a 46.8% indirect equity interest (December 31, 2020 - 46.8%).

On December 15, 2020 AFGRI Holdings and AGH entered into a standstill agreement with certain lenders (the "AGH standstill agreement") as a result of liquidity pressures arising from the trade volatility caused by COVID-19 pandemic. The execution of the AGH standstill agreement, which was extended in March 2021 to April 30, 2021, was a key component of AGH's preliminary plan to restructure its debt for the benefit of all stakeholders.

Key Business Drivers, Events, and Risks

AGH is headquartered in South Africa. Refer to the Business Developments section under the heading Operating Environment of this MD&A for a description of the macroeconomic conditions in South Africa.

AGH's key business drivers relate to its ability to sustain and grow its grain management and equipment operations through capital upgrades, support the growth of Philafrica and expand its financial services offerings to the agricultural sector.

On April 8, 2019 AGH announced plans to form a grain storage platform to grow capacity in South Africa and improve food security. AFGRI Grain Silo Company Proprietary Limited ("AFGRI Grain Silo Company") plans to expand its current storage from 4.7 million tonnes to 6.0 million tonnes in the near future. The current storage footprint consists of grain silos and bunker complexes throughout six provinces in South Africa. Four institutional investors have committed to invest alongside AGH and its current Black Economic Empowerment ("BEE") employee partner, Izitsalo Employee Investments. This investment consortium owns storage facilities acquired from AFGRI, which owns AGH's grain management division. At March 31, 2021 AGH's remaining equity interest in AFGRI Grain Silo Company was 11.0%. AFGRI continues to manage the storage facilities on behalf of AFGRI Grain Silo Company through a management service agreement.

AGH's strategic focus for the balance of 2021 is to (i) focus on its core business to ensure efficiencies; (ii) expand its grain storage footprint through AFGRI Grain Silo Company and diversify storage services into a broader commodity pool; (iii) continue to streamline agricultural operations to ensure more efficient capital deployment in South Africa; and (iv) restructure its debt.

Valuation and Interim Consolidated Financial Statement Impact

Indirect Equity Interest in AGH

At March 31, 2021 the company estimated the fair value of its indirect equity interest in AGH using a discounted cash flow analysis based on multi-year free cash flow forecasts with assumed after-tax discount rates ranging from 10.0% to 22.6% and a long term growth rate of 2.5% (December 31, 2020 - 9.3% to 21.2% and 2.5%). At March 31, 2021 free cash flow forecasts were based on EBITDA estimates derived from financial information for AGH's business units prepared in the fourth quarter of 2020 (December 31, 2020 - fourth quarter of 2020) by AGH's management.

Free Cash Flow Forecast Inputs

The primary driver of free cash flow estimates is EBITDA growth across AGH's major lines of business: the equipment, grain management, agribusiness finance, and food businesses in Philafrica, partially offset by corporate overhead costs.

Current Model Assumptions

As a result of the business disruptions caused by the COVID-19 pandemic free cash flow forecasts were revised downward by AGH's management in the fourth quarter of 2020 to primarily reflect: (i) an increase in working capital outflows in the near term due to continued liquidity pressures; (ii) an increase in corporate overhead costs related to expected legal and advisory fees in connection with the debt restructuring; (iii) the cancellation of AGH's loan book management arrangement with the Land and Agricultural Development Bank of South Africa in November 2020; (iv) an operational fire and the resulting termination of a significant customer contract at Philafrica's soybean processing business in November 2020; and (v) the discontinuation of Philafrica's greenfield businesses during 2020; partially offset by (vi) continued operations during the COVID-19 pandemic; (vii) the equity infusion from Joseph Holdings; and (viii) the execution of the AGH standstill agreement and continued progress in AGH's debt restructuring plan.

Discount rates were based on the company's assessment of risk premiums to the appropriate risk-free rate of the economic environment in which AGH operates. These risk premiums were reflective of the increased uncertainty of the revised free cash flow forecasts as a result of the economic and social impacts of the COVID-19 pandemic, as well as the increased credit risk associated with AGH's plans to restructure its debt. Long term growth rates were based on the expected long term sustainable growth rate of the economic environments and sectors in which AGH operates.

At March 31, 2021 the company's internal valuation model indicated that the fair value of its 46.8% indirect equity interest in AGH was $59,188 (December 31, 2020 - $64,210), comprised of Class A shares, common shares, and a shareholder loan to Joseph Holdings. The changes in fair value of the company's indirect equity interest in AGH for the first quarters of 2021 and 2020 are presented in the tables disclosed at the outset of the African Investments section of this MD&A.

AGH's Summarized Financial Information

To avoid the distortion caused by foreign currency translation, the tables below present AGH's financial and operating results in both U.S. dollars and South African rand (AGH's functional currency). The discussion which follows refers to those South African rand figures unless indicated otherwise.

The company's fiscal year ends on December 31 and AGH's fiscal year ends on March 31. Summarized below are AGH's balance sheets at December 31, 2020 and March 31, 2020.

Balance Sheets
(unaudited - South African rand and US$ thousands)

	South African rand		**US$**	
	December 31, 2020	March 31, 2020	**December 31, 2020 (1)**	March 31, 2020 (1)
Current assets	**8,051,305**	7,130,924	**548,081**	399,268
Non-current assets	**3,857,658**	4,414,975	**262,604**	247,199
Current liabilities	**8,128,235**	7,692,856	**553,318**	430,731
Non-current liabilities	**1,532,614**	1,554,899	**104,330**	87,060
Shareholders' equity	**2,248,114**	2,298,144	**153,037**	128,676

(1) The net assets of AGH were translated at December 31, 2020 at $1 U.S. dollar = 14.69 South African rand and at March 31, 2020 at $1 U.S. dollar = 17.86 South African rand. The exchange rates used were the spot rates prevailing on those respective dates.

Current assets increased, primarily reflecting an increase in trade and other receivables driven by increased net advances to the Land Bank's farmer clients and increased equipment sales, partially offset by a decrease in inventory and a decrease in derivative financial instruments driven by the normalization of elevated pre-season contracts and delayed harvests, which impacted the magnitude and timing of foreign exchange movements. Non-current assets decreased primarily due to depreciation and amortization, further dilution of AGH's share in AFGRI Grain Silo Company on April 8, 2020, disposition of Philafrica's interests in its poultry and mussels greenfield businesses, and Philafrica's equipment impairments due to a fire at its oil and protein processing facility. Current liabilities increased primarily related to an increase in trade and other payables due to seasonal fluctuations in timing of purchases from farmers, sales to customers during the South African harvest, and increased remittances due to the Land Bank, partially offset by a decrease in derivative financial instruments. Non-current liabilities remained stable.

Shareholders' equity decreased primarily due to net loss recognized during the period, partially offset by Joseph Holdings' subscription to Class A shares in December 2020.

Summarized below are AGH's statements of earnings for the nine months ended December 31, 2020 and 2019.

Statements of Earnings
(unaudited - South African rand and US$ thousands)

	South African rand		US$	
	Nine months ended December 31, 2020	Nine months ended December 31, 2019	**Nine months ended December 31, 2020**	Nine months ended December 31, 2019
Revenue from continuing operations	**12,299,117**	10,906,941	**734,714**	748,589
Loss before taxes	**(306,460)**	(69,487)	**(18,307)**	(4,769)
Net loss	**(376,641)**	(191,856)	**(22,499)**	(13,168)

(1) Amounts for the nine months ended December 31, 2020 and 2019 were translated into US$ using the average exchange rates of $1 U.S. dollar = 16.74 South African rand and $1 U.S. dollar = 14.57 South African rand prevailing during those periods.

Revenues increased primarily due to an increase in equipment sales in both South Africa and Australia following a strong harvest year, providing capital to farmers, and stimulating the replacement of capital equipment, and increased market share in Philafrica's bakery business through new distribution channels in light of gaps in the competitive space due to the lockdown in South Africa. This was partially offset by lower grain management volumes at AFGRI International given the exit strategy for the business. Effective October 1, 2020, revenues include retail operations, previously equity-accounted, following the acquisition of certain retail-related assets from a former joint venture. Loss before taxes and net losses increased primarily due to reduced volume in the loan book management business due to liquidity issues at the Land Bank, losses and impairments on Philafrica's discontinued greenfield businesses, impairments and lost revenue due to the fire at Philafrica's oil and protein processing facility, and losses on AGH's equity-accounted investment in Grobank as Grobank pivots strategic focus in anticipation of the Access Bank transaction.

Investment in Philafrica Foods Proprietary Ltd.

Business Overview

Philafrica is headquartered in South Africa, where it owns and operates maize mills, wheat mills, animal feed factories, snacking and bread production facilities, and soya crushing and extraction plants, which process oil and other raw materials into edible oils, fats and proteins for human consumption (primarily for the food processing and quick-service restaurant industries). Philafrica has 15 production plants across the South African provinces of Gauteng, KwaZulu-Natal, Mpumalanga, Eastern Cape, Western Cape, the Free State and Limpopo.

Philafrica's vision is to support the lives of millions of Africans through food processing in Africa. Currently, most African countries are net importers of processed food products. Philafrica's management believes that the most effective way to transform African agriculture is to create market pull through large-scale food processing, which requires vertical integration throughout the entire food value chain straight back to the farms and ensures consistent quality supply of raw materials into the company's food production sites.

Philafrica's principal lines of business are comprised of:

- Grain Milling (involved in the industrial milling of yellow corn (maize) and wheat);
- Oil and Protein (soya crushing and oil extraction through Nedan Foods);
- Animal Feeds (production of balanced feed for animal production);
- Pet Food Production (through Afrique Pet Food);
- Snacking Manufacturing (through Pakworks); and
- Bread Production (through Sunshine Bakery).

Transaction Description

Philafrica Common Shares

In November 2018 the company converted $23,254 (325.0 million South African rand) of its previously existing Philafrica secured lending facility into 26,000 common shares of Philafrica with the remainder of the facility fully paid with cash. Upon closing of this transaction the company held a 26.0% equity interest in Philafrica, a third party investor held a 14.0% equity interest and AGH's equity interest decreased from 100.0% to 60.0%. AGH continues to control Philafrica.

Philafrica Facility

In the second quarter of 2020 the company advanced $5,622 (98.0 million South African rand), net of a 2.0% raising fee, to Philafrica under a secured lending arrangement (the "Philafrica Facility"). The Philafrica Facility bears interest at a rate of South African prime plus 2.0% per annum, which is accrued and capitalized monthly. The maturity of the Philafrica Facility was extended to April 30, 2021, in line with the expiry of the AGH standstill agreement. The Philafrica Facility is secured by a general guarantee from AGH and AGH's pledge of equity interests in Philafrica.

Key Business Drivers, Events, and Risks

Philafrica is headquartered in South Africa. Refer to the Business Developments section under the heading Operating Environment of this MD&A for a description of the macroeconomic conditions in South Africa.

Philafrica's key business drivers relate to its ability to grow and vertically integrate its share in the food value chain across the African continent. Philafrica's April 2019 acquisition of Sunshine Bakery, a branded regional manufacturer and distributor of Vitamin D enriched bread under the Sunshine Brand with the potential to expand nationally, forms part of its strategic drive to participate meaningfully with branded offerings in the fast moving consumer goods market.

In March 2021, Philafrica completed the structuring of a pet foods joint venture, which intends to increase production capacity in the first half of 2021.

In July 2020 Philafrica exited the poultry business through the divestiture of its investment in Novos Horizontes; in September 2020 Philafrica exited the mussels business through the divestiture of its investment in Southern Atlantic; in April 2021 Philafrica exited its cassava processing business.

In the balance of 2021, Philafrica will continue to focus on (i) developing and expanding existing business units by implementing operational improvements and maintaining disciplined procurement practices; (ii) continued drive for organic growth across all South African businesses; (iii) expanding its footprint in South Africa's pet food market; and (iv) exiting non-performing businesses.

Valuation and Interim Consolidated Financial Statement Impact

Philafrica Common Shares

At March 31, 2021 the company estimated the fair value of its investment in Philafrica common shares using a discounted cash flow analysis based on multi-year free cash flow forecasts with assumed after-tax discount rates ranging from 13.4% to 16.4% and a long term growth rate of 2.5% (December 31, 2020 - 12.6% to 15.6% and 2.5%). At March 31, 2021 free cash flow projections were based on EBITDA estimates derived from financial information for Philafrica’s business units prepared in the fourth quarter of 2020 (December 31, 2020 - fourth quarter of 2020) by Philafrica’s management.

Free Cash Flow Forecast Inputs

The primary driver of free cash flow estimates is EBITDA growth at Philafrica's food businesses, partially offset by corporate overhead costs.

Current Model Assumptions

Free cash flow forecasts were revised downward by Philafrica's management in the fourth quarter of 2020 to primarily reflect (i) an operational fire and the resulting termination of a significant customer contract at the soybean processing business; (ii) the discontinuation of cassava processing, mussels farming and poultry greenfield businesses due to difficulties in ramping up operations, partly due to the COVID-19 pandemic; and (iii) an increase in overhead costs; partially offset by (iv) continued operations through 2020.

Discount rates were based on the company's assessment of risk premiums to the appropriate risk-free rate in the countries of Philafrica's operations. These risk premiums reflected increased uncertainty of the revised free cash flow forecasts as a result of the economic and social impacts of the COVID-19 pandemic, as well as the increased credit risk associated with debt restructuring plans at Philafrica's parent company, AGH. Long term growth rates were based on the expected long term sustainable growth rate of the economic environments and sectors in which Philafrica operates.

At March 31, 2021 the company's internal valuation model indicated that the fair value of its investment in Philafrica common shares was $8,329 (December 31, 2020 - $9,065) for the 26.0% equity interest. The changes in fair value of the company's investment in Philafrica common shares for the first quarters of 2021 and 2020 are presented in the tables disclosed at the outset of this MD&A.

Philafrica Facility

At March 31, 2021 the company estimated the fair value of its investment in the Philafrica Facility based on an expected recovery model with an expected recovery of 100.0% (December 31, 2020 - 100.0%). The expected recovery was supported by the value of the underlying guarantee and pledge from AGH. AGH reached a debt standstill agreement with its lenders on December 15, 2020 and accordingly, the company determined that an expected recovery model was the most appropriate valuation technique.

At March 31, 2021 the company's internal valuation model indicated that the estimated fair value of its investment in the Philafrica Facility was $7,291. The changes in fair value of the Philafrica Facility for the first quarter of 2021 are presented in the table disclosed at the outset of the African Investments section of this MD&A.

In the first quarter of 2021 the company recorded interest income of $180 (2020 - nil) within the consolidated statements of earnings (loss) and comprehensive income (loss) related to the Philafrica Facility.

Investment in GroCapital Holdings Limited

Business Overview

GroCapital Holdings Limited ("GroCapital Holdings") is a bank holding company that owns 99.9% of Grobank Limited ("Grobank"). Operating as a South African bank since 1947, Grobank is focused on developing and delivering banking services to medium-sized businesses and individuals, driven by a unique combination of retail, business and alliance banking and agri-business experience.

Transaction Description

GroCapital Holdings Common Shares

Between the fourth quarter of 2018 and the second quarter of 2020 the company invested an aggregate of $19,403 (285.7 million South African rand) for a 48.1% equity interest in GroCapital Holdings.

On September 29, 2020 GroCapital Holdings and Grobank entered into a subscription agreement with Access Bank Plc ("Access Bank"), a publicly listed Nigerian commercial bank, pursuant to which Access Bank will invest cash consideration of up to 400.0 million South African rand ($27,089 at period end exchange rates) to acquire a 90.4% equity interest in Grobank in two tranches, subject to regulatory and shareholder approval. Following completion of the first tranche, Grobank will be renamed Access Bank (South Africa) Limited ("Access Bank SA"). On March 26, 2021, the South African and Nigerian regulatory authorities approved Access Bank's acquisition of Grobank.

Key Business Drivers, Events and Risks

Grobank is headquartered in South Africa. Refer to the Operating Environment section of this MD&A for a description of the macroeconomic conditions in South Africa.

On March 26, 2021, the South African and Nigerian regulatory authorities approved Access Bank's previously announced acquisition of Grobank as discussed above. Access Bank is a leading full-service commercial bank operating through a network of more than 600 branches and service outlets, spanning three continents, 12 countries, and 31 million customers. Grobank's strategic focuses for the balance of 2021 are to integrate operations seamlessly in order for Access Bank to consolidate its Southern African and broader African footprint with enhanced capabilities to fulfil the needs of multinational clients.

Valuation and Consolidated Financial Statement Impact

At March 31, 2021 the company estimated the fair value of its investment in GroCapital Holdings common shares based on the transaction price of Grobank implied by the subscription agreement with Access Bank. At March 31, 2021 the recent transaction price indicated that the fair value of the company's investment in GroCapital Holdings was $1,392 (December 31, 2020 - $1,399) for the 48.1% equity interest.

The changes in fair value of the company's equity interest in GroCapital Holdings for the first quarters of 2021 and 2020 are presented in the tables disclosed at the outset of the African Investments section of this MD&A.

Investment in Consolidated Infrastructure Group Limited (Debt Instrument)

Transaction Description

CIG Loan

In the second quarter of 2018 the company entered into a secured lending arrangement with CIG, pursuant to which the company provided CIG with $23,270 (292.5 million South African rand), net of a 2.5% raising fee (the "CIG Loan"). The CIG Loan bears interest at South African prime plus 2.0% per annum and has a maturity date of June 4, 2023. The CIG Loan is secured by CIG's pledge of its equity interests in Conlog Proprietary Limited ("Conlog"), a wholly owned subsidiary of CIG that provides metering solutions to utilities, municipalities and property management companies in South Africa, the Middle East and across Africa. The CIG Loan is not rated.

In June 2020 due to the impacts of COVID-19, the company allowed CIG to defer interest payments due June 4, 2020 and going forward.

At March 31, 2021, interest receivable of $1,229 on the CIG Loan is expected to be received in more than 12 months.

Valuation and Interim Consolidated Financial Statement Impact

CIG Loan

At March 31, 2021 the company estimated the fair value of its investment in the CIG Loan using an expected recovery model with an estimated expected recovery of 100.0%. The expected recovery reflected the estimated value of expected proceeds from the sale of CIG's equity interest in Conlog, which is pledged as collateral for the CIG Loan. It is expected that CIG will sell its equity interest in Conlog in the second half of 2021 through an orderly sale process. Accordingly, the company determined that an expected recovery model was the most appropriate valuation technique and the company has not accrued interest on the CIG Loan after December 31, 2020.

At December 31, 2020 the company estimated the fair value of its investment in the CIG Loan using an industry accepted discounted cash flow and option pricing model that incorporated the security's estimated credit spread of 7.9%. The estimated credit spread was based on a peer group of comparable companies adjusted for credit risk specific to CIG. On November 9, 2020 CIG commenced voluntary business rescue proceedings. This did not significantly impact the fair value of the CIG Loan at December 31, 2020 as the Conlog shares pledged as collateral continue to support full recovery of the CIG Loan.

At March 31, 2021 the company's internal valuation model indicated that the estimated fair value its investment in the CIG Loan was $20,317 (December 31, 2020 - $19,254). The changes in fair value of the CIG Loan for the first quarters of 2021 and 2020 are presented in the tables disclosed at the outset of the African Investments section of this MD&A.

In the first quarter of 2021 the company recorded interest income of nil (2020 - $582) within the consolidated statements of earnings (loss) and comprehensive income (loss) related to the CIG Loan.

Investment in the PGR2 Loan (Debt Instrument)

Transaction Description

In the second quarter of 2018, in conjunction with the CIG Loan, the company entered into a secured lending agreement with PGR2 Investments Proprietary Limited ("PGR2"), the largest shareholder of CIG at the time of the transaction, pursuant to which the company provided PGR2 with $19,969 (260.0 million South African rand) of financing (the "PGR2 Loan"). The PGR2 Loan was partially secured by common shares of CIG held by PGR2 and associated parties. The PGR2 Loan had a coupon of 15.0% per annum, payable semi-annually in cash or in kind at PGR2's option, with a maturity date of May 24, 2021.

Valuation and Interim Consolidated Financial Statement Impact

As a result of the significant and prolonged decline in the fair value of CIG common shares pledged as security for the PGR2 Loan, the company does not expect to recover any of its initial investment in the PGR2 Loan, which was written down to nil at December 31, 2020.

The changes in fair value of the PGR2 Loan for the first quarter of 2020 are presented in the table disclosed at the outset of the African Investments section of this MD&A.

In the first quarter of 2020 the company recorded interest income of $606 within the consolidated statements of earnings (loss) and comprehensive income (loss) related to the PGR2 Loan, which was subsequently written down to nil.

Investment in Atlas Mara Limited (Debt Instruments and Warrants)

The company's investment in Atlas Mara is comprised of debt instruments classified as Level 3 in the fair value hierarchy. The Atlas Mara debt instruments discussed below are not rated.

On December 28, 2020 Atlas Mara entered into a standstill agreement with its lenders, (the "Atlas Mara standstill agreement"), as a result of continued liquidity pressures facing its African banks, partially due to the COVID-19 pandemic. The execution of the Atlas Mara standstill agreement, which was extended to April 30, 2021, was a key component of Atlas Mara's plan to repay its outstanding debt obligations through orderly dispositions of certain of its underlying businesses. The expected proceeds from the proposed dispositions and the duration and outcome of negotiations with other lenders have increased risk of recovery, which has been reflected in the valuation of the Atlas Mara 11.0% Convertible Bonds (defined below) and the Atlas Mara 7.5% Bonds (defined below) (collectively, the "Atlas Mara Bonds") and the Atlas Mara Facility. As a result of the Atlas Mara standstill agreement and restructuring plan, the company changed its valuation technique to an expected recovery model in the fourth quarter of 2020 and has not accrued interest on the Atlas Mara Bonds and Atlas Mara Facility after December 28, 2020.

Transaction Description

Atlas Mara 11.0% Convertible Bonds

In the second quarter of 2018 the company entered into a placing agreement pursuant to which the company invested $16,000 in Atlas Mara 7.5% convertible bonds. The terms of the agreement were subsequently amended such that the bonds have a stated coupon of 11.0% per annum, accrued quarterly and payable in kind ("Atlas Mara 11.0% Convertible Bonds"). The maturity of the Atlas Mara 11.0% Convertible Bonds was extended to April 30, 2021 to coincide with the expiration of the Atlas Mara standstill agreement.

Atlas Mara 7.5% Bonds plus Warrants

In the second quarter of 2018 the company provided an additional $20,000 in funding to Atlas Mara under substantially the same terms as stated above. The terms were subsequently amended such that the bond's conversion feature was replaced with 6,200,000 Atlas Mara Warrants. The bonds have a stated coupon of 7.5% per annum, payable semi-annually ("Atlas Mara 7.5% Bonds"). The maturity of the Atlas Mara 7.5% Bonds was extended to April 30, 2021 to coincide with the expiration of the Atlas Mara standstill agreement. The Atlas Mara 7.5% Bonds are secured by Atlas Mara's shares in Union Bank of Nigeria ("UBN").

In 2019 and 2020, partially due to the impacts of COVID-19, the company provided Atlas Mara an extension on all interest payable from December 31, 2019. At March 31, 2021, interest receivable of $2,832 on the Atlas Mara 7.5% Bonds reflects the same expected recovery as the principal and is expected to be received in more than 12 months.

Atlas Mara Facility

In 2020 the company advanced $39,507, net of $493 in raising fees, under the terms of a secured lending arrangement with Atlas Mara (the "Atlas Mara Facility"). The Atlas Mara Facility has a stated coupon of 10.0% per annum, accrued quarterly and payable in kind. The maturity of the Atlas Mara Facility was extended to April 30, 2021 to coincide with the expiration of the Atlas Mara standstill agreement. The Atlas Mara Facility is secured by Atlas Mara's shares in the publicly listed entity, African Banking Corporation Botswana Limited ("Atlas Mara Botswana").

In connection with the Transaction (see note 2 (Helios Transaction) to the interim consolidated financial statements for the three months ended March 31, 2021), Fairfax has guaranteed all repayment obligations of Atlas Mara under the Atlas Mara Facility, giving rise to the Atlas Mara Facility Guarantee discussed in note 13 (Related Party Transactions) to the interim consolidated financial statements for the three months ended March 31, 2021.

Valuation and Interim Consolidated Financial Statement Impact

Atlas Mara 11.0% Convertible Bonds

At March 31, 2021 the company estimated the fair value of its investment in Atlas Mara 11.0% Convertible Bonds based on an expected recovery model with an estimated expected recovery of 13.3% (December 31, 2020 - 12.2%). The expected recovery reflected the value of expected proceeds from Atlas Mara's planned asset disposals less expected repayments to higher-ranking and secured lenders as the Atlas Mara 11.0% Convertible Bonds are unsecured. At March 31, 2021 the company's internal valuation model indicated that the estimated fair value of its investment in the Atlas Mara 11.0% Convertible Bonds was $2,652 (December 31, 2020 - $2,442).

Atlas Mara 7.5% Bonds plus Warrants

At March 31, 2021 the company estimated the fair value of its investment in Atlas Mara 7.5% Bonds based on an expected recovery model with an estimated expected recovery of 100.0% (December 31, 2020 - 99.8%) of principal and interest. The expected recovery reflected the value of expected proceeds from Atlas Mara's planned asset disposals. At March 31, 2021 the company's internal valuation model indicated that the estimated fair value of its investment in the Atlas Mara 7.5% Bonds was $20,000 (December 31, 2020 - $19,966).

The company does not expect to recover any of its initial investment in the Atlas Mara Warrants which were written down to nil at December 31, 2020.

Atlas Mara Facility

At March 31, 2021 the company estimated the fair value of its investment in the Atlas Mara Facility based on an expected recovery model with an estimated expected recovery of 67.6% (December 31, 2020 - 71.3%). The expected recovery reflected the value of expected proceeds from Atlas Mara's planned asset disposals. At March 31, 2021 the company's internal valuation model indicated that the estimated fair value of its investment in the Atlas Mara Facility was $28,799 (December 31, 2020 - $30,346).

In the first quarter of 2021 the company recorded interest income of nil (2020 - $1,126) in interest within the consolidated statements of earnings (loss) and comprehensive income (loss) related to the Atlas Mara Bonds and the Atlas Mara Facility.

The changes in fair value of the company's loan, bonds, and warrant investments in Atlas Mara in the first quarters of 2021 and 2020 are presented in the tables disclosed at the outset of the African Investments section of this MD&A.

Investment in Nova Pioneer Education Group

Business Overview

Nova Pioneer Education Group ("Nova Pioneer") is a Pan-African independent school network offering preschool through secondary education for students from ages 3 through 19. Nova Pioneer was started in 2013 with its first school opening in South Africa in 2015. Since then, Nova Pioneer has expanded across South Africa and launched its first campus in Kenya in 2016. Nova Pioneer operates thirteen schools with a combined enrollment of approximately 4,450 students.

The middle class has rapidly expanded across key regions in Africa. As a result, the demand for affordable, quality private education has grown in excess of available supply. Nova Pioneer is well-positioned to become a leading brand in the African education sector. Average tuition per student is approximately $3,460 per year and is priced to target emerging middle to upper-middle income families.

Transaction Description

Nova Pioneer Bonds and Warrants

Between the third quarter of 2017 and the second quarter of 2019 the company invested an aggregate of $45,256 in Ascendant Learning Limited ("Ascendant"), the Mauritius based parent entity of Nova Pioneer, which consisted of: (i) $43,969 in 20.0% debentures (inclusive of capitalized interest) due on December 31, 2024 (the "Nova Pioneer Bonds"); and (ii) $1,287 in 3,400,000 warrants with an exercise price of $2.06 per share (the "Nova Pioneer Warrants").

In 2020, due to the impacts of COVID-19, the company provided Nova Pioneer an extension on all interest payable from June 30, 2020 to June 30, 2021. At March 31, 2021 interest receivable of $4,302 on Nova Pioneer Bonds is expected to be received in more than 12 months and the company has not accrued interest on the Nova Pioneer Bonds after September 30, 2020.

Key Business Drivers, Events, and Risks

Nova Pioneer's key business drivers relate to its success in meeting its enrollment targets, scaling and expanding its operations across multiple campuses in Kenya and South Africa through efficient sourcing of financing and capital to support the planned expansion, and building its talent pool of teachers and administrators. In January 2020 Nova Pioneer opened new schools in Eldoret, Kenya and Ruimsig, South Africa and expanded capacity at its existing schools. These initiatives have increased total potential student capacity by approximately 30% from approximately 10,000 to 13,000. In May 2020 Nova Pioneer obtained financing to fund the expansion of Kenyan properties and, in the near term, will continue to pursue growth opportunities in Kenya and in South Africa while ensuring each opportunity presents a strong business case.

Valuation and Interim Consolidated Financial Statement Impact

At March 31, 2021 the company estimated the fair value of its investment in the Nova Pioneer Bonds using an industry accepted discounted cash flow and option pricing model that incorporated Nova Pioneer's estimated credit spread of 28.4% (December 31, 2020 - 28.2%). The estimated credit spread was based on the credit spreads of a peer group of comparable companies adjusted for credit risk specific to Ascendant. At March 31, 2021 the company's internal valuation model indicated that the estimated fair value of the investment in Nova Pioneer Bonds was $36,231 (December 31, 2020 - $36,421). The changes in fair value of the Nova Pioneer Bonds during the first quarters of 2021 and 2020 are presented in the tables disclosed at the outset of the African Investments section of this MD&A.

In the first quarter of 2021 the company recorded interest income of nil (2020 - $2,110) within the consolidated statements of earnings (loss) and comprehensive income (loss) related to the Nova Pioneer Bonds.

The company does not expect to recover any of its initial investment in the Nova Pioneer Warrants which were written down to nil at December 31, 2020.

Results of Operations

HFP's consolidated statements of earnings (loss) and comprehensive income (loss) for the three months ended March 31 are shown in the following table:

	First quarter	
Income	**2021**	2020
Interest	**473**	5,397
Dividends	**148**	—
Net change in unrealized gains (losses) on investments	**1,152**	(68,564)
Net foreign exchange losses	**(972)**	(52,516)
	801	(115,683)
Expenses		
Investment and advisory fees	**741**	1,099
Performance fee	**1,855**	—
General and administration expenses	**2,239**	1,022
Loss on uncollectible accounts receivable	**5,703**	—
Interest expense	**—**	199
	10,538	2,320
Loss before income taxes	**(9,737)**	(118,003)
Provision for income taxes	**1,412**	3,801
Net loss and comprehensive loss	**(11,149)**	(121,804)
Net loss per share (basic and diluted)	**$ (0.10)**	$ (2.05)

Total income of $801 in the first quarter of 2021 increased compared to total loss from income of $115,683 in the first quarter of 2020 primarily reflecting net change in unrealized gains on investments and decreased net foreign exchange losses (arising from the weakening of the South African rand relative to the U.S. dollar), partially offset by decreased interest income.

Net change in unrealized gains on investments of $1,152 in the first quarter of 2021 was principally comprised of unrealized gains on the company's investments in Other Public African Investments ($4,767), the Atlas Mara Facility Guarantee ($1,966), the CIG Loan ($1,169), and the Atlas Mara Bonds ($244), partially offset by unrealized losses on the company's indirect equity interest in AGH ($4,709), and investments in the Atlas Mara Facility ($1,547), Philafrica common shares ($620), and the Nova Pioneer Bonds ($190). Net change in unrealized losses on investments of $68,564 in the first quarter of 2020 was principally comprised of unrealized losses on the company's investments in Atlas Mara common shares ($36,339), indirect equity interest in AGH ($18,794), the Nova Pioneer Bonds ($5,194), the CIG Loan ($3,333), Philafrica common shares ($2,843), CIG common shares ($1,194), Nova Pioneer Warrants ($985), and the PGR2 Loan ($579), partially offset by unrealized gains on the company's investments in the Atlas Mara Bonds ($663).

Net foreign exchange losses of $972 in the first quarter of 2021 were primarily a result of the weakening of the South African rand relative to the U.S. dollar during the period, principally related to the company's indirect equity interest in AGH ($313), investments in Philafrica common shares ($116), the CIG Loan ($106), GroCapital Holdings common shares ($102), and Other Public African Investments ($66), as well as holdings of cash and cash equivalents ($79). Net foreign exchange losses of $52,516 in the first quarter of 2020 were primarily a result of the weakening of the South African rand relative to the U.S. dollar during the period, principally relating to the company's indirect equity interest in AGH ($18,740), investments in CIG common shares ($10,681), Philafrica common shares ($5,045), the PGR2 Loan ($4,921), the CIG Loan ($4,578), and GroCapital Holdings common shares ($3,545), as well as holdings of cash and cash equivalents ($4,917).

Net gains (losses) on investments and net foreign exchange gains (losses) for the three months ended March 31 were comprised as follows:

	First quarter					
	2021			2020		
	Net realized losses	**Net change in unrealized gains (losses)**	**Net gains (losses)**	Net realized losses	Net change in unrealized losses	Net losses
Net gains (losses) on investments:						
Loans	**—**	**(401)**	**(401)**	—	(3,912)	(3,912)
Bonds	**—**	**54**	**54**	—	(4,531)	(4,531)
Common stocks	**—**	**(467)**	**(467)**	—	(59,055)	(59,055)
Derivatives and guarantees	**—**	**1,966**	**1,966**	—	(1,066)	(1,066)
	—	**1,152**	**1,152**	—	(68,564)	(68,564)
Net foreign exchange gains (losses) on:						
Cash and cash equivalents	**(79)**	**—**	**(79)**	(4,917)	—	(4,917)
Loans	**—**	**(136)**	**(136)**	—	(9,499)	(9,499)
Common stocks	**—**	**(597)**	**(597)**	—	(38,011)	(38,011)
Other	**—**	**(160)**	**(160)**	—	(89)	(89)
	(79)	**(893)**	**(972)**	(4,917)	(47,599)	(52,516)

Total expenses of $10,538 in the first quarter of 2021 increased compared to total expenses of $2,320 in the first quarter of 2020 principally as a result of increased loss on uncollectible accounts receivable, increased performance fees, and increased general and administration expenses (primarily due to the Management Services Agreement with Fairfax and compensation for the Co-Chief Executive Officers), partially offset by decreased investment and advisory fees and decreased interest expense.

The investment and advisory fees are calculated and payable quarterly as 0.5% of the value of undeployed capital and 1.5% of the company's common shareholders' equity less the value of undeployed capital and the fair value of Topco LP Class A and Class B Limited Partnership Interests. In the first quarter 2021 the company determined that a significant portion of its assets were invested in African Investments, which are considered deployed capital. In the first quarter of 2021 the investment and advisory fees recorded in the consolidated statements of earnings (loss) and comprehensive income (loss) was $741 (2020 - $1,099).

At March 31, 2021 the company determined that a performance fee of $1,855 should be accrued to TopCo LP as of March 31, 2021 (December 31, 2020 - nil accrued to Fairfax) as the Adjusted Book Value per Share of $3.09 (before factoring in the impact of the performance fee) at March 31, 2021 was greater than the hurdle per share at that date of $3.01. In the first quarter of 2021 a performance fee of $1,855 (2020 - nil) was recorded within the consolidated statements of earnings (loss) and comprehensive income (loss).

Interest expense of $199 in the first quarter of 2020 related to amortization of issuance costs.

The provision for income taxes of $1,412 in the first quarter of 2021 differed from the recovery of income taxes determined by applying the company's Canadian statutory income tax rate of 26.5% to the company's losses before income taxes primarily as a result of change in unrecorded benefit of losses and temporary differences, unrealized gains and losses on investments and other permanent differences, partially offset by foreign exchange effect and tax rate differential on income and losses incurred outside of Canada. The provision for income taxes of $3,801 in the first quarter of 2020 differed from the recovery of income taxes determined by applying the company's Canadian statutory income tax rate of 26.5% to the company's losses before income taxes primarily due to the tax rate differential on losses incurred outside of Canada, foreign exchange effect and the change in unrecorded tax benefit of losses and temporary differences.

The company reported a net loss of $11,149 (a net loss of $0.10 per basic and diluted share) in the first quarter of 2021 compared to a net loss of $121,804 (a net loss of $2.05 per basic and diluted share) in the first quarter of 2020. The decrease in net loss primarily reflected net change in unrealized gains on investments, decreased foreign exchange losses, decreased provision for income taxes, and decreased investment and advisory fees, partially offset by increased loss on uncollectible accounts receivable, decreased interest income, increased performance fees, and increased general and administration expenses.

Consolidated Balance Sheet Summary

Total Assets

Total assets at March 31, 2021 of $717,171 (December 31, 2020 - $610,776) were principally comprised as follows:

Total cash and investments increased to $700,018 at March 31, 2021 from $599,034 at December 31, 2020. The movements in the company's cash and investments were principally as follows:

Cash and cash equivalents increased to $131,375 at March 31, 2021 from $66,052 at December 31, 2020 primarily as a result of the issuance of the $100,000 HFP 3.0% Debentures and HFP Warrants to Fairfax, partially offset by the company's investment in African Investments (Helios Fund IV), amounts paid to TLG in settlement of the TLG Facility Guarantee and payment of Helios Transaction expenses accrued in the prior year.

Restricted cash deposits increased to $7,559 at March 31, 2021 from $7,525 at December 31, 2020 reflecting interest received on restricted cash on deposit at Grobank. See note 13 (Related Party Transactions)to the interim consolidated financial statements for the three months ended March 31, 2021.

Term deposits of $12,392 at March 31, 2021 and December 31, 2020 reflected the Atlas Mara Zambia Fixed Deposit. See note 13 (Related Party Transactions) to the interim consolidated financial statements for the three months ended March 31, 2021.

Loans, Bonds, Common stocks, Derivatives and guarantees, and Limited partnership investments - The company is actively seeking investment opportunities in Africa and will continue to redirect capital from its cash and cash equivalents, and short term investments portfolio into African Investments as and when those opportunities are identified. For more information about recent African Investments, see the African Investments section of this MD&A. Loans and Derivatives and guarantees include the Fairfax Loan of $19,459, the Atlas Mara Facility Guarantee of $15,218, and the HFP Redemption Derivative of $21,864, which are not African Investments. See note 13 (Related Party Transactions) to the interim consolidated financial statements for the three months ended March 31, 2021.

Interest receivable of $9,099 at March 31, 2021 primarily related to interest receivable on the company's investments in Nova Pioneer Bonds, the Atlas Mara 7.5% Bonds, the CIG Loan, and the Atlas Mara Zambia Fixed Deposit. Interest receivable of $8,961 at December 31, 2020 primarily related to interest receivable on the company's investments in the Nova Pioneer Bonds, the Atlas Mara 7.5% Bonds, and the CIG Loan.

Income taxes refundable increased to $2,777 at March 31, 2021 from a payable position of $399 at December 31, 2020 primarily as a result of timing of income tax payments and current income taxes recovery recorded in the interim consolidated statements of earnings (loss) and comprehensive income (loss) for the three months ended March 31, 2021.

Other assets increased to $5,277 at March 31, 2021 from $1,946 at December 31, 2020 primarily reflecting a receivable from Atlas Mara in connection with the company's settlement of the TLG Facility Guarantee on January 19, 2021, partially offset by loss on uncollectible receivable from Atlas Mara and uncollectible Canadian sales tax refundable.

Total Liabilities

Total liabilities at March 31, 2021 of $105,365 (December 31, 2020 - $11,041) were principally comprised as follows:

Accounts payable and accrued liabilities decreased to $1,036 at March 31, 2021 from $6,982 at December 31, 2020 primarily as a result of settlement of Helios Transaction expenses incurred by HFP and Helios.

Payable to related parties decreased to $3,565 at March 31, 2021 from $3,660 at December 31, 2020 primarily as a result of settlement of amounts due to Fairfax for Helios Transaction expenses, partially offset by performance fees due to Helios and increased management services fees due to Fairfax.

Deferred income taxes liability increased to $2,564 at March 31, 2021 from an asset position of $835 at December 31, 2020 primarily related to temporary timing differences relating to the redemption price of the HFP 3.0% Debentures, unrealized gains on the company's Other Public African Investments, partially offset by amortization of tax benefit on share issuance costs.

Borrowings increased to $98,200 at March 31, 2021 from nil at December 31, 2020 as a result of the issuance of the $100,000 HFP 3.0% Debentures and HFP Warrants to Fairfax.

Financial Risk Management

The primary goals of the company's financial risk management program are to ensure that the outcomes of activities involving elements of risk are consistent with the company's objectives and risk tolerance, while maintaining an appropriate balance between risk and reward and protecting the company's consolidated balance sheets from events that have the potential to materially impair its financial strength. There were no significant changes in the types of the company's risk exposures or the processes used by the company for managing those risk exposures at March 31, 2021 compared to those identified at December 31, 2020 and disclosed in the company's 2020 Annual Report, other than as outlined in note 12 (Financial Risk Management) to the interim consolidated financial statements for the three months ended March 31, 2021.

Capital Resources and Management

For a detailed analysis, refer to note 12 (Financial Risk Management, under the heading Capital Management) to the interim consolidated financial statements for the three months ended March 31, 2021.

Book Value per Share

Common shareholders' equity at March 31, 2021 was $611,806 (December 31, 2020 - $599,735). The book value per share at March 31, 2021 was $5.61 compared to $5.50 at December 31, 2020, representing an increase of 2.0% in the first three months of 2021 and primarily reflected an increase in contributed surplus ($18,107) arising from the issuance of the HFP Host Debentures, the HFP Warrants, and the HFP Redemption Derivative at a transaction amount ($100,000) greater than the total net fair value ($81,893), partially offset by a net loss of $11,149 (principally due to a loss on uncollectible accounts receivable, performance fees and investment and advisory fees, general and administration expenses, and net foreign exchange losses, partially offset by net change in unrealized gains on the company's African Investments).

	March 31, 2021	December 31, 2020
Common shareholders' equity	**611,806**	599,735
Number of common shares outstanding	**109,118,253**	109,118,253
Book value per share	**$5.61**	$5.50

On June 30, 2020 the company announced that the TSX had accepted its intention to commence a normal course issuer bid to purchase up to 2,162,134 subordinate voting shares, representing approximately 10% of the public float of its subordinate voting shares, over a twelve month period from July 8, 2020 to July 7, 2021. Decisions regarding any future repurchases will be based on market conditions, share price and other factors including opportunities to invest capital for growth. The Notice of Intention to Make a Normal Course Issuer Bid is available, without charge, by contacting the Corporate Secretary of the company.

During the first three months of 2021 the company did not purchase for cancellation any subordinate voting shares under the terms of the normal course issuer bid. During the first three months of 2020, under the terms of the normal course issuer bid, the company purchased for cancellation 463,506 subordinate voting shares for a net cost of $1,850 and $2,960 was recorded as a benefit in retained earnings.

Liquidity

The undeployed cash and investments at March 31, 2021 provide adequate liquidity to meet the company's remaining known significant commitments over the next twelve months, which are principally comprised of undrawn capital commitments to Helios Fund IV, interest expense on the HFP 3.0% Debentures, the investment and advisory fees, general and administration expenses, and corporate income taxes. The company has adequate working capital to support its operations.

Refer to the Contractual Obligations section of this MD&A for details on the settlement of the performance fees, if any, at the end of the first calculation period, December 31, 2023.

Highlights in the first three months of 2021 (with comparisons to the first three months of 2020 except as otherwise noted) of major components of cash flow are presented in the following table:

	First three months	
	2021	2020
Operating activities		
Cash used in operating activities excluding the impact of changes in restricted cash deposits and net sales (purchases) of investments	**(21,448)**	(638)
Net sales of short term investments	**—**	65,137
Purchases of investments	**(13,116)**	(3,587)
Increase in restricted cash deposits in support of investments	**(34)**	(4,892)
Financing activities		
Net proceeds from the HFP 3.0% Debentures and HFP Warrants	**100,000**	—
Purchases of subordinate voting shares for cancellation	**—**	(1,850)
Increase in cash and cash equivalents during the period	**65,402**	54,170

"Cash used in operating activities excluding the impact of changes in restricted cash deposits and net sales (purchases) of investments" provides a measure of the cash generated by (used in) the company's head office operations, primarily comprised of cash inflows (outflows) from interest and dividend income, interest expense, investment and advisory fees, current income taxes, and general and administration expenses, and excludes the impact of changes to restricted cash deposits, and purchases and sales of investments. Cash used in operating activities excluding the impact of changes in restricted cash deposits and net sales (purchases) of investments of $21,448 in the first three months of 2021 increased compared to $638 in the first three months of 2020 primarily due to amounts paid to TLG in settlement of the TLG Facility Guarantee, payment of Helios Transaction expenses accrued in the prior year, increased income taxes paid, and decreased cash interest received.

Net sales of short term investments were nil in the first three months of 2021. Net sales of short term investments of $65,137 in the first three months of 2020 related to net sales of short term U.S. treasuries for deployment into African Investments and reinvestment into cash equivalent U.S. treasuries.

Purchases of investments of $13,116 in the first three months of 2021 related to the company's investment in the Helios Fund IV Limited Partnership Interest. Purchases of investments of $3,587 in the first three months of 2020 related to the company's additional investments in GroCapital Holdings and CIG common shares.

Increase in restricted cash deposits in support of investments of $34 in the first three months of 2021 reflected interest received on restricted cash on deposit at Grobank. Increase in restricted cash deposits in support of investments of $4,892 in the first three months of 2020 reflected additional amounts placed on deposit for a fixed period with Atlas Mara Zambia, which were subsequently reclassified to term deposits in the third quarter of 2020. Refer to note 13 (Related Party Transactions) to the interim consolidated financial statements for the three months ended March 31, 2021 for details.

Net proceeds from the HFP 3.0% Debentures and HFP Warrants of $100,000 in the first three months of 2021 related to proceeds from the company's issuance of the HFP 3.0% Debentures and HFP Warrants to Fairfax. Refer to note 8 (Borrowings) to the interim consolidated financial statements for the three months ended March 31, 2021 for details.

Purchases of subordinate voting share of $1,850 in the first three months of 2020 related to the cash paid for the company's purchases for cancellation of 463,506 subordinate voting shares under the terms of the normal course issuer bid that were settled in the period. Refer to note 9 (Common Shareholders' Equity) to the interim consolidated financial statements for the three months ended March 31, 2021 for details.

Contractual Obligations

On March 31, 2021, Fairfax, through its affiliates, invested $100,000 in the HFP 3.0% Debentures and HFP Warrants. The HFP 3.0% Debentures mature on March 31, 2024 or, at the option of Fairfax, on either of the first two anniversary dates. At maturity or on redemption by Fairfax, the principal amount to be repaid will be adjusted for the amount, if any, by which the aggregate fair value of the company's investments in AGH (indirect via Joseph Holdings), Philafrica common shares, the Philafrica Facility, and the PGR2 Loan (collectively, the "Reference Investments") is lower than $102,600.

Under the terms of the Investment Advisory Agreement (defined in note 13 (Related Party Transactions) to the interim consolidated financial statements for the three months ended March 31, 2021), the company is contractually obligated to pay TopCo LP an investment and advisory fee and, if applicable, a performance fee. These fees will vary based on the company's common shareholders' equity and book value per share.

The investment and advisory fees recorded within the consolidated statements of earnings (loss) and comprehensive income (loss) in the first quarter of 2021 were $741 (2020 - $1,099).

At March 31, 2021 the company determined that a performance fee of $1,855 should be accrued to TopCo LP as of March 31, 2021 (December 31, 2020 - nil accrued to Fairfax) as the Adjusted Book Value per Share of $3.09 (before factoring in the impact of the performance fee) at March 31, 2021 was greater than the hurdle per share at that date of $3.01. At March 31, 2021 there were 414,691 (December 31, 2020 - nil) contingently issuable subordinate voting shares related to the performance fee payable to TopCo LP. Refer to note 13 (Related Party Transactions) to the interim consolidated financial statements for the three months ended March 31, 2021 for discussion on the performance fee.

On March 31, 2021 the company committed to invest $50,000 in Helios Fund IV and funded a capital call for $12,600 plus equalization interest of $516, for total funding of $13,116. At March 31, 2021 the company's remaining capital commitment to Helios Fund IV was $37,400, which may be called at any time by Helios Fund IV GP in accordance with the Helios Fund IV LPA.

Subsequent to March 31, 2021

On April 23, 2021 the company funded a capital call for $9,297. Subsequent to funding the capital call, the company's remaining capital commitment to Helios Fund IV is $28,103.

Related Party Transactions

The company's related party transactions are disclosed in note 13 (Related Party Transactions) to the interim consolidated financial statements for the three months ended March 31, 2021.

Other

Quarterly Data (unaudited)

US$ thousands, except per share amounts	**March 31, 2021**	December 30, 2020	September 30, 2020 [1]	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019
Income (loss)	**801**	(14,341)	(43,512)	503	(115,683)	11,331	(28,689)	(10,767)
Expenses	**10,538**	10,151	15,656	2,809	2,320	2,747	2,408	2,432
Provision for (recovery of) income taxes	**1,412**	(2,209)	(795)	1,880	3,801	(182)	1,159	3,030
Net earnings (loss)	**(11,149)**	(22,283)	(58,373)	(4,186)	(121,804)	8,766	(32,256)	(16,229)
Net earnings (loss) per share	**$ (0.10)**	$ (0.31)	$ (0.99)	$ (0.07)	$ (2.05)	$ 0.15	$ (0.54)	$ (0.27)
Net earnings (loss) per diluted share	**$ (0.10)**	$ (0.31)	$ (0.99)	$ (0.07)	$ (2.05)	$ 0.15	$ (0.54)	$ (0.27)

(1) Loss and net loss for the third quarter of 2020 were revised for the impact of reclassifying $8,855 in unrealized gains to contributed surplus, reflecting the difference at inception on July 10, 2020 between fair value and the transaction price on the Atlas Mara Forward Derivative ($6,056) and the Atlas Mara Facility Guarantee ($2,799). Net loss per share (basic and diluted) were revised accordingly. The above revisions for the third quarter of 2020 did not impact book value per share. Refer to note 9 (Common Shareholders' Equity) to the interim consolidated financial statements for the three months ended March 31, 2021 for details.

Income (loss) is primarily comprised of net change in unrealized gains (losses) on investments, net foreign exchange gains (losses), net realized gains (losses) on investments, interest income, and dividend income. Net losses in the first quarter of 2021 were primarily a result of loss on uncollectible accounts receivable, performance fees, general and administration expenses, investment and advisory fees, and net foreign exchange losses, the timing of which are not predictable, partially offset by net change in unrealized gains (principally comprised of unrealized gains on the company's investments in Other Public African Investments, the Atlas Mara Facility Guarantee, the CIG Loan, and the Atlas Mara Bonds, partially offset by unrealized losses on the company's indirect equity interest in AGH, and investments in the Atlas Mara Facility, Philafrica common shares, and the Nova Pioneer Bonds). Individual quarterly results have been (and may in the future be) affected by increased expenses impacted by the change in fair value of the company's African Investments which result in higher performance fees, if applicable, and investment and advisory fees.

Forward-Looking Statements

This interim report may contain forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements may relate to the company's or an African Investment'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, an African Investment, or the African 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 our opinions and estimates as of the date of this interim report 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: the COVID-19 pandemic; geographic concentration of investments; financial market fluctuations; pace of completing investments; minority investments; reliance on key personnel and risks associated with the Investment Advisory Agreement; operating and financial risks of African investments; valuation methodologies involve subjective judgments; lawsuits; use of leverage; foreign currency fluctuation; investments may be made in foreign private businesses where information is unreliable or unavailable; significant ownership by Fairfax and Principal Holdco may adversely affect the market price of the subordinate voting shares; emerging markets; South African black economic empowerment; economic risk; weather risk; taxation risks; MLI; and trading price of subordinate voting shares relative to book value per share. Additional risks and uncertainties are described in the company's annual information form dated March 5, 2021 which is available on SEDAR at www.sedar.com and on the company's website at www.heliosfairfax.com. 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.

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