INVESTING IN THE FUTURE

HELIOS FAIRFAX PARTNERS

Annual Report 2021

ABOUT HELIOS FAIRFAX PARTNERS

Helios Fairfax Partners (HFP) is the only listed alternative investment company focused on the high-growth Africa market.

Our vision is to harness the wealth of investment opportunity in Africa's high-growth and under-penetrated market to generate globally competitive returns and real impact by combining world class investment capabilities and an unparalleled mix of local and global connectivity.

CONTRIBUTING TO THE SOCIO-ECONOMIC DEVELOPMENT OF AFRICA.

Focused on Africa: Our Purpose

We are passionate about Africa and its people. We want to contribute to the socio-economic development of the continent and have a positive impact on the lives of African people. Through Helios Investment Partners ("Helios")*, we work with entrepreneurs, management teams and investors to build profitable, value-creating and responsible businesses that deliver sustainable development and real impact.

*HFA TopCo LP, through its sub-advisor, Helios Investment Partners LLP, provides investment management services, investment advisory services and investment administration services to HFP and its subsidiaries.

Focused on Africa: The case for Africa

Investing in African businesses is investing in the future. The continent presents a wealth of exciting investment opportunities, driven by attractive demographics, rapid urbanization and an explosion of technological innovation.

With populations in the developed and much of the developing world aging rapidly, the youthfulness and growth of Africa's population makes the continent critical to sustaining the global labour force: over the next 30 years, almost 70% of the growth in the total global workforce will come from Africa. The growing reliance on African talent to address global labour imbalances is seen, for example, in increasing commitments by the largest global technology firms to establishing software development centres on the continent. It is also highly visible in the strength and resilience, even through the pandemic, of remittance payments sent home by African overseas workers.

70% ↗

OF THE GROWTH IN THE TOTAL GLOBAL WORKFORCE WILL COME FROM AFRICA, OVER THE NEXT 30 YEARS

Focused on Africa: Investible opportunities

Not only is Africa's population growing (by 2050, a quarter of the world's population will live on the continent), Africa is also the world's fastest urbanizing region. Urbanization is bringing with it increases in productivity and broad structural changes in consumption patterns which, combined with the growth in the absolute population, creates powerful tailwinds for industries such as consumer packaged goods, retail, distribution and logistics, healthcare, and real estate.

In much the same way that the under-developed state of the continent's fixed line infrastructure permitted an extremely rapid take-up of mobile telephony, more recent technological innovations are generating leapfrogging opportunities across numerous sectors of the economy. These innovations are enabling new business models that succeed by reducing the cost of providing essential goods and services, rendering them more affordable and, as a result, significantly increasing the addressable markets. This gives rise to exciting investible opportunities in financial technology, e-commerce, clean energy and energy access.

Population under age of 20 in 2020

42%
AFRICA

24%
REST OF THE WORLD

Population under age of 20 in 2020

303m
2020

474m
2025

Focused on Africa: Unique access

We believe that HFP provides a unique means of accessing these exciting African investment opportunities. The continent's public equity markets do not currently adequately reflect the market developments we have outlined here. As such, we believe that the alternative investment asset classes (such as private equity, venture capital, private credit and hedge funds) present the most attractive means of gaining exposure to these exciting opportunities. The team at Helios has extensive experience and, we believe, market-leading capability in developing appropriate alternative fund strategies and attracting global private capital to capture these opportunities.

Population that do not live with broadband

47%
2015

19% ↘
2020

Number of tech hubs in Africa

70
2012

618 ↗
2019

OUR STRATEGY

Our strategy is to create value from our balance sheet investments by (i) making investments that drive the growth of TopCo LP's excess management fees and carried interest proceeds arising from Helios' third-party alternative asset management business; and (ii) making investments in opportunities arising from Helios' investment strategies, principally private equity, but extending to new investment strategies that leverage our and Helios's existing resources or capabilities and strengthen our position as the premier conduit between global capital and African businesses.

We plan to harness our balance sheet capital to enhance the value of our investment in TopCo LP. We intend to invest in new Helios fund strategies in advance of Helios raising third-party capital into them and, potentially, make acquisitions of complementary asset management businesses

Balance sheet capital that is not deployed in driving such strategic initiatives will be invested alongside the Helios funds, which we believe will ensure that HFP's capital is exposed to the best ideas Helios' market-leading investment team identify. And, importantly, this further aligns our interests with those of the third-party investors in the Helios funds.

As Helios's third-party asset management business grows across complementary alternative asset classes, Topco LP's excess management fees and carried interest proceeds are expected to increase in scale and predictability. Increasing TopCo LP's fee income is expected to enhance the overall return on HFP's own equity capital. All else being equal, the greater the ratio that fee-earning third-party assets under management in Helios funds bear to HFP's own balance sheet capital, the greater HFP's return on equity.

We anticipate that the key to our success will be performance. Achieving consistently attractive risk-adjusted returns for the third-party investors in the Helios funds is the key to their entrusting the funds with additional capital and to enhancing the value of our own balance sheet capital that is invested alongside those funds. We believe this will drive the virtuous cycle of shareholder value creation

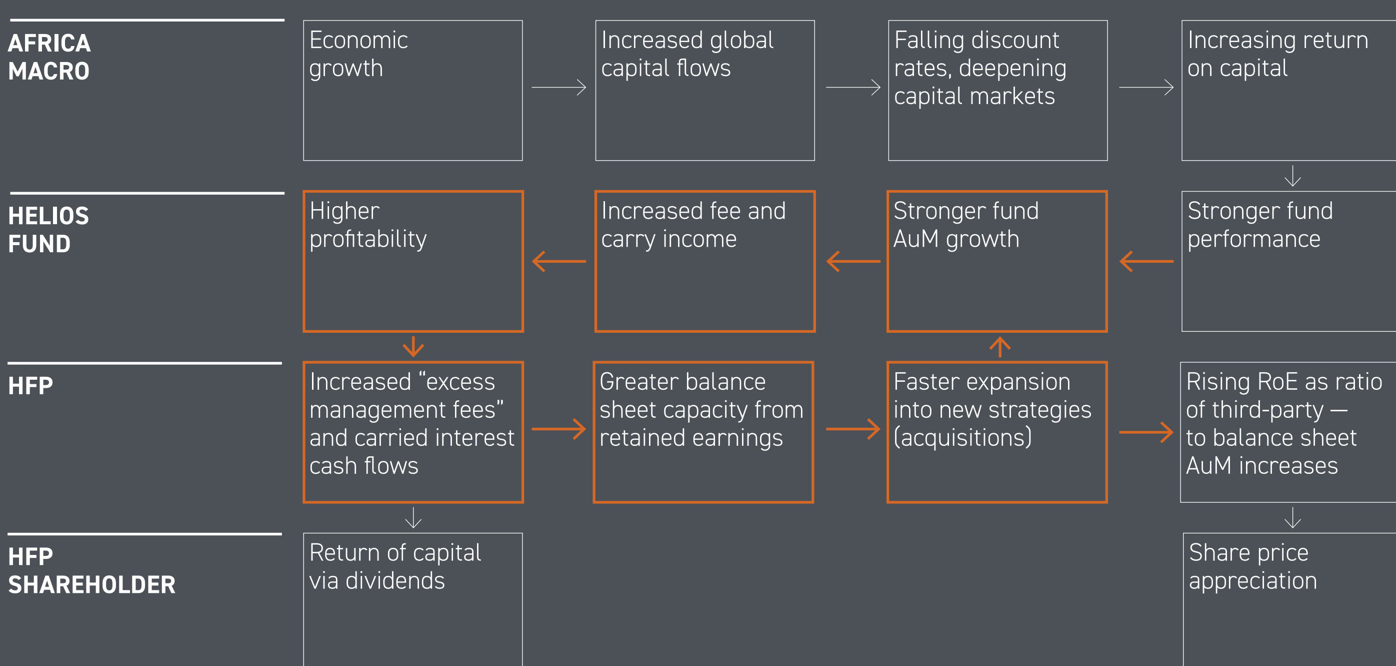
$3.6bn

CARRY GENERATING FUND AUM

BUSINESS MODEL: HOW HFP'S STRUCTURE CREATES VALUE

Creating value
HFP's structure is a powerful flywheel of value-creation. Performance and asset growth within the Helios funds drives HFP's excess management fees and carried interest cash flows — and increases the value of any HFP capital that is invested alongside those funds. Accomplishing this provides more capital for HFP to reinvest in accelerating the development of additional fee-generating investment funds — and we intend to reward shareholders with dividends. And as the share of HFP's earnings from these fee income streams grows, we would expect this to drive appreciation in HFP's share price.

The Share Price
We believe the market value of HFP's shares will be derived from the sum of four parts: TopCo's share of excess management fees from Helios Funds, multiplied by a market-based price-to-earnings multiple; plus TopCo's share of unrealized gains in performance fees from the Helios funds, multiplied by a market-based multiple; plus our balance sheet investments; and our net cash.

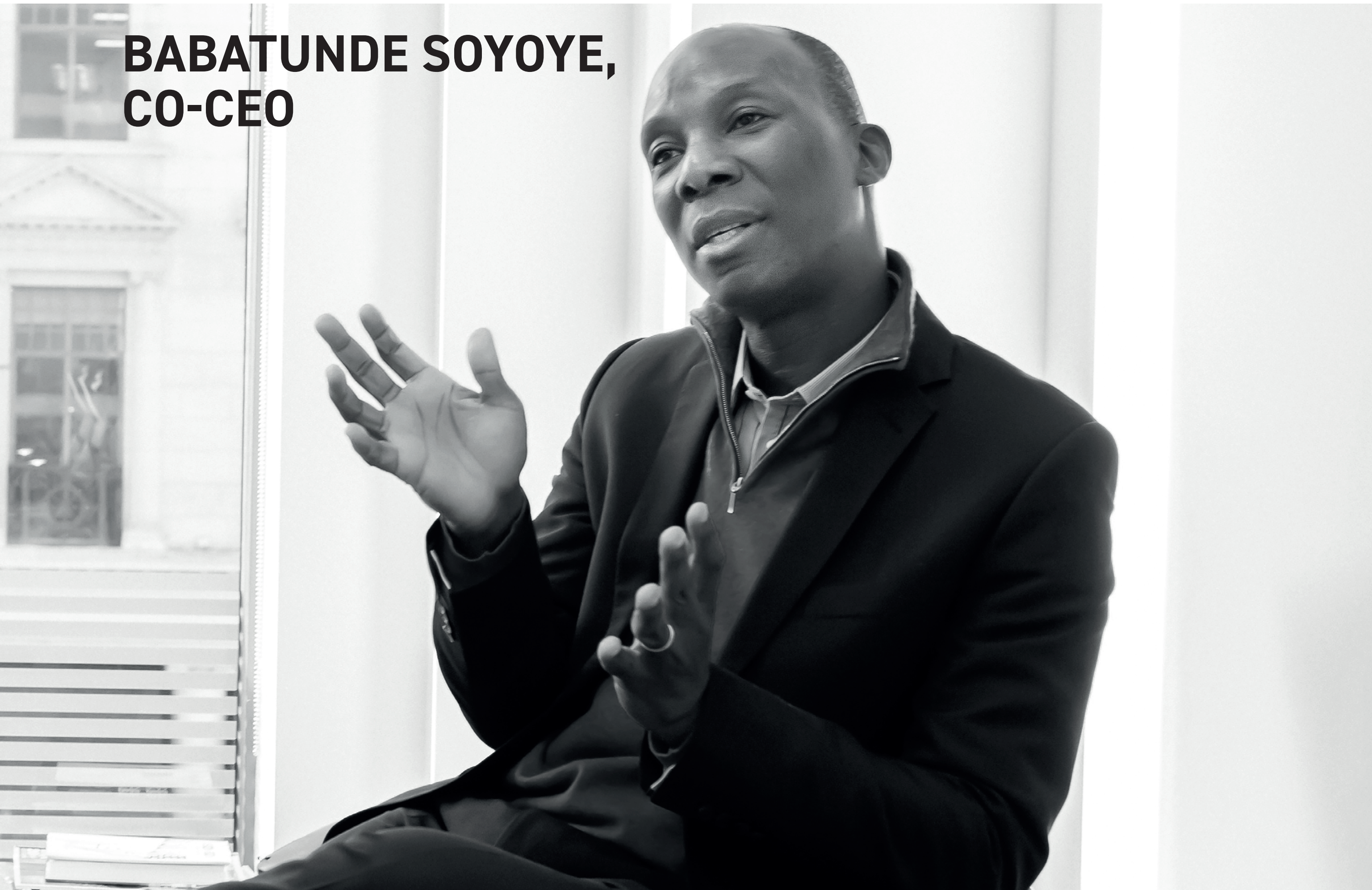


Q&A WITH HFP CO-CEOS, TOPE LAWANI AND BABATUNDE SOYOYE

“Our recent investment in NBA Africa encapsulates the points we have been making about demographics, urbanization and technology. Africa is the only place where the population of urban youth is growing meaningfully — that’s where the players will come from. And at the same time technology has made sports and other media content much more affordable for Africans which makes the addressable market there ever larger.”

Tope Lawani, Co-CEO HFP

BABATUNDE SOYOYE, CO-CEO



TOPE LAWANI, CO-CEO

Q.
Tell us about Helios Investment Partners, which you co-founded

We started Helios Investment Partners in 2004. It is now the largest Africa-focused private investment firm, with a record that spans creating start-ups to providing companies with growth capital and expertise. The firm is led and managed by a predominantly African team based in London, Paris, Lagos and Nairobi, 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 create attractive proprietary investment opportunities, with an emphasis on building market leaders in core economic sectors and driving performance through a highly engaged approach to portfolio operations.

Helios' 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 its diverse portfolio of growing, market-leading businesses and its position as a partner of choice in Africa.

Q.
How would you describe the impact you have as investors across the continent?

First, we bring our own balance sheet capital to what is an extremely capital-short continent, creating meaningful employment as well as life-improving and affordable goods and services. Helios assists our portfolio companies in raising additional equity and debt capital, often from domestic markets, and, in so doing, help advance the development of African capital markets.

Second, through Helios' highly engaged and experienced portfolio operations group, we provide our portfolio company management teams and boards with the resources, capabilities, expertise, access and networks that enable them to operate to a global standard.

Third, we invest in companies that themselves create significant impact — operating in sectors that are engines of economic development and increasing domestic productive capacity. For example: electronic payments businesses that contribute to financial inclusion; digital infrastructure that expands and improves connectivity and lowers costs to consumers; and businesses that provide access to cheaper and cleaner energy, reducing the continent's reliance on dirtier fuels like coal, diesel and heavy fuel oil, and contributing to a just energy transition for Africa.

Q.

Do you have an ESG strategy?

Helios' activities are a significant part of our footprint. As such, they are an important aspect of our ESG focus. Helios is B Corp certified — a globally established, highly rigorous, third-party verified certification that recognizes companies that demonstrate a long-standing commitment to sustainability and responsible business practices. B Corp membership include firms such as Patagonia and Danone which have put ESG issues at the forefront of their activity. Helios is only the second mainstream private investment firm globally to achieve this certification.

Helios is a signatory to Institutional Limited Partners Association ("ILPA") Diversity in Action and the United Nations ("UN") Principles for Responsible Investment and is also a supporter of the UN Sustainable Development Goals and the Task Force on Climate-Related Financial Disclosures. These ESG credentials permeate through all of the Helios funds, including all funds where HFP is either a direct investor (such as in Helios Fund IV) or where HFP is participating in excess management fees and carried interest (which would also include Helios Fund II and III and all future Helios funds). In a first of its kind in Africa, Helios recently secured an ESG-linked capital call facility for Helios Fund IV which links the interest rate on the facility directly to independently rated ESG performance targets for the portfolio companies.

Q.
Going back to the beginning of HFP, how have you managed to stabilize the legacy Fairfax Africa portfolio?

The legacy portfolio is on a much sounder footing than it was at the outset. Active, engaged leadership was brought in, earning the confidence of the various stakeholders — regulators, employees, customers and lenders — and creating much-needed breathing room to address company-specific challenges. The company balance sheets were restructured and strengthened. Liquidity positions were improved, for example, at Nova Pioneer where new equity was raised from third-parties (and we converted our own debt to equity), and at Afgri where we the company's debt was successfully restructured and third-party lenders provided an injection of new capital. Also at Afgri the management team was strengthened with a new, highly capable, CEO and t at Nova Pioneer management incentive plans were implemented that better align with the interests of shareholders.

Lastly, we have made good progress toward exiting portions of the portfolio: we have exited Grobank and are well advanced on a number of asset disposals at Atlas Mara which, when completed, will generate liquidity toward the repayment of certain of our debt investments in the company. We are pleased with the progress thus far and will continue to work toward achieving a full but orderly exit of that portfolio. It is important to note that as a result of the various guarantees and portfolio insurance transactions we entered into with Fairfax, our financial exposure to the legacy portfolio is limited.

Q.
What are some examples of new investment strategies that Helios is developing to benefit TopCo LP?

Helios is continually evaluating new investment strategies, with a focus on those that leverage our and Helios' existing capabilities and networks, are highly synergistic and intrinsically attractive.

Among these are: venture capital, where Helios sees an opportunity to raise new funds to invest in early stage, high growth technology companies that are transforming the economic sectors where Helios has deep expertise — financial services/fintech, education, healthcare, distribution/logistics and clean energy; and climate-focused private equity with the objective of decoupling economic growth in Africa from increases in greenhouse gas emissions. This would entail investing in businesses that deliver measurable decarbonization outcomes and financing companies to support the execution of their Net Zero strategies.

Q.

What do you see as the biggest risk to achieving HFP's strategic objectives?

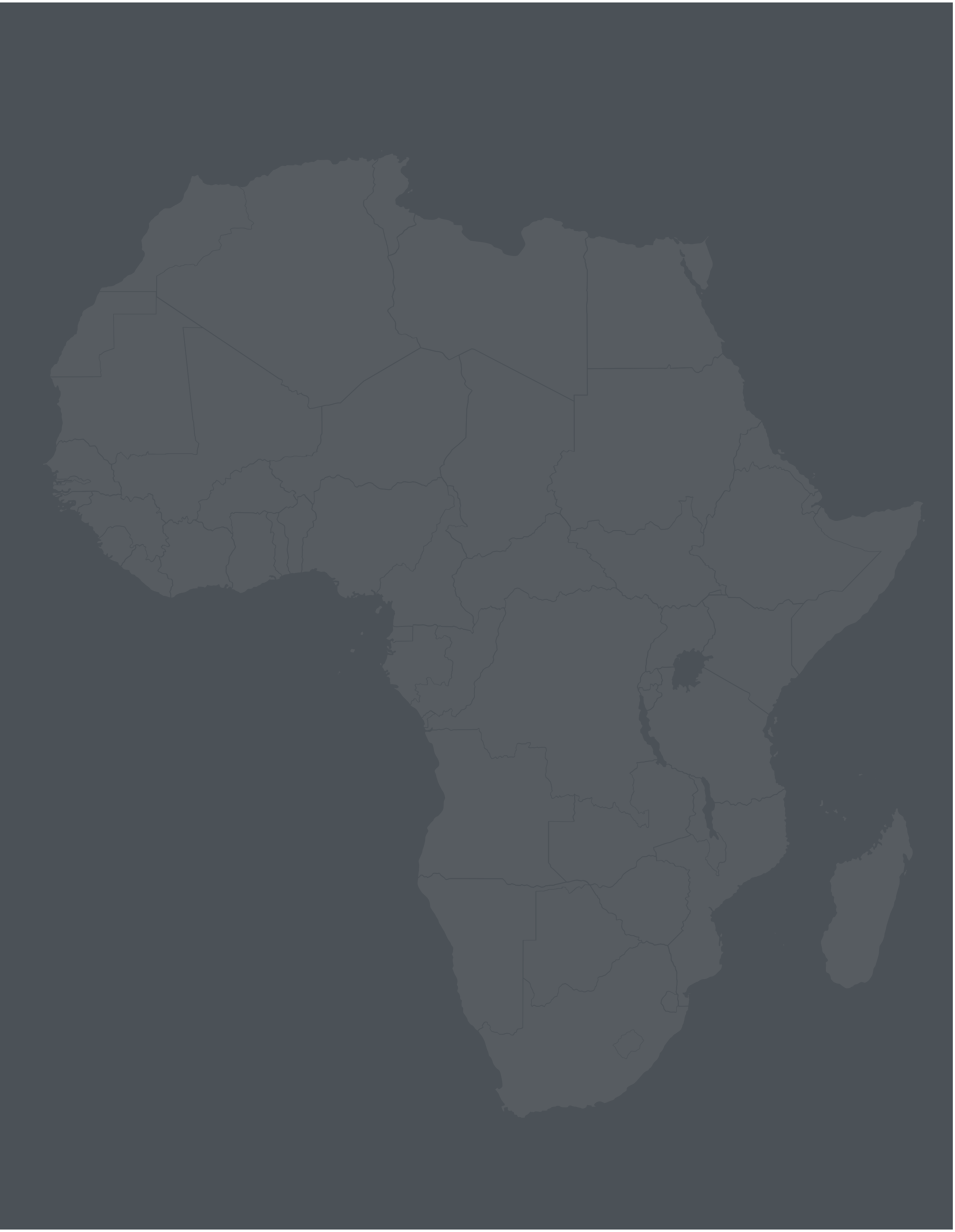
An important driver of HFP's success will be Helios' ability to raise third-party funds to support the growth of the various alternative investment strategies. In recent years, fundraising for African (and other emerging markets) funds has been challenging as its markets have under-performed the developed markets, principally that of the US. However, we are of the view that the fundraising environment has the potential to improve significantly as relative performance begins to turn in favour of Africa and other emerging markets.

As interest rates rise in the US, valuation multiples are likely to fall, reducing the historically high gap in valuations of US companies relative to African ones. If the valuation gap were to close (or simply not grow), and corporate earnings growth in Africa continues to exceed those in the US, as we believe they will, African equities would outperform.

To the extent that the performance of African and other emerging markets relative to developed ones improves, as we believe it will over the medium term, the fundraising environment for the Helios funds would improve significantly.

WE HAVE THE EXPERTISE, CONNECTIVITY AND CREATIVITY TO SUCCEED IN AFRICA

WE MAKE HIGH IMPACT INVESTMENTS IN THE WORLD'S FASTEST GROWING MARKET, IN PARTNERSHIP WITH THE MARKET-LEADING TEAM, IN A UNIQUE AND POWERFUL STRUCTURE. HFP REPRESENTS THE CAPITAL AND KNOW-HOW FOR INVESTMENT SUCCESS IN AFRICA.



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Helios Fairfax Partners Corporation Corporate Performance

(in US$ thousands, except as otherwise indicated)[1]

	Book value per share[2]	Closing share price[1]	Income (loss)	Net earnings (loss)	Total assets	Invest-ments	Common share-holders' equity	Shares out-standing[1]	Earnings (loss) per share
As at and for the years ended December 31									
Initial public offering	10.00	10.00[3]							
2017	10.21	14.16	31,851	23,484	669,111	339,052	516,736	50.6	0.54
2018	9.60	8.11	(42,108)	(60,580)	643,830	409,475	603,127	62.8	(1.06)
2019	8.72	5.91	(46,242)	(61,199)	520,667	458,565	518,815	59.5	(1.01)
2020	5.50	5.25	(173,033)	(206,646)	610,776	513,065	599,735	109.1	(3.31)
2021	5.47	3.37	(3,277)	(25,922)	704,392	607,106	591,902	108.3	(0.24)
Compound annual decline	(11.6)%	(20.0)%							

(1) *All share references are to common shares; closing share price and per share amounts are in U.S. dollars; shares outstanding are in millions.*

(2) *Calculated as common shareholders' equity divided by common shares effectively outstanding.*

(3) *On February 17, 2017, upon completion of the company's initial public offering price of $10.00 per share, Fairfax Africa Holdings Corporation's subordinate voting shares began trading on the Toronto Stock Exchange under the symbol FAH.U. In December 2020, following completion of the Transaction, the TSX symbol for the company's subordinate voting shares was changed to HFPC.U.*

Index to Management's Discussion and Analysis

Management's Discussion and Analysis
(as of March 22, 2022)

(Figures and amounts are in US$ and $ thousands except share and per share amounts and as otherwise indicated. Figures may not add due to rounding.)

Notes to Management's Discussion and Analysis

(1) The Management's Discussion and Analysis ("MD&A") presents management's view of the financial condition and results of operations of Helios Fairfax Partners Corporation ("HFP" or the "company") as at and for the years ended December 31, 2021 and 2020 and should be read in conjunction with the audited consolidated financial statements and the entire Annual Report for additional commentary and information. Additional information relating to the company, including its annual information form, can be found on SEDAR at www.sedar.com. Additional information can also be accessed from the company's website www.heliosfairfax.com.

(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"), and is presented in U.S. dollars which is also the functional currency of the company and its consolidated subsidiaries.

(3) Throughout this MD&A, the term "Portfolio Investments" refers to deployed capital invested in public and private investments and derivatives as disclosed in note 6 (Portfolio Investments) to the consolidated financial statements for the year ended December 31, 2021.

Forward-Looking Statements

This MD&A may contain forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements may relate to the company's or a Portfolio 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, a Portfolio 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 MD&A 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 that are described in greater detail elsewhere in this annual report: 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 Portfolio 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 Financial Holdings Limited ("Fairfax") and HFP Investments Holdings SARL ("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 22, 2022 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.

Specified Financial Measures

The company discloses specified financial measures that are calculated using methodologies that are not in accordance with IFRS as issued by the IASB. The presentation of specified financial measures in this manner should not be considered as the only measure of our performance and should not be considered as a substitute for similar financial measures calculated in accordance with IFRS. These financial measures do not have a standardized meaning prescribed under IFRS and is therefore unlikely to be comparable to similar financial measures presented by other companies. The company uses these financial measures in managing the business and believes these financial measures provide helpful information to investors. Reconciliations of the specified financial measures to the most directly comparable financial measures calculated and presented in accordance with IFRS have been presented within this MD&A. Refer to the Glossary of Non-GAAP and Other Financial Measures located at the end of this MD&A for details.

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 ("Portfolio Investments"). Generally, subject to compliance with applicable law, the company will make Portfolio Investments with a view to acquiring control or significant influence positions.

HFA Topco, L.P. ("TopCo LP" or the "Portfolio Advisor") is the portfolio advisor of the company and, through its sub-advisor, Helios Investment Partners LLP ("Helios" or the "Manager"), provides investment management services, investment advisory services and investment administration services to the company. 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") and a Mauritius-based subsidiary HFP Investments Limited ("Mauritius Sub").

Investment Strategy

The company's strategy is to create value from its balance sheet investments by (i) making investments that drive the growth of TopCo LP's excess management fees and carried interest proceeds arising from Helios' third-party alternative asset management business; and (ii) making investments in opportunities arising from Helios' investment strategies, principally private equity, but extending to new investment strategies that leverage its existing resources or capabilities and strengthen its position as the premier conduit between global capital and African businesses.

The company plans to harness balance sheet capital to enhance the value of its investment in TopCo LP. It anticipates investing in new Helios Fund strategies in advance of Helios raising third party capital into them.

As Helios's third-party asset management business grows across complementary alternative asset classes, TopCo LP's excess management fee and carried interest proceeds are expected to increase in scale and predictability. Increasing such proceeds is expected to enhance the overall return on HFP's own equity capital. All else being equal, the greater the ratio that fee-earning third-party assets under management in Helios Funds bear to HFP's own balance sheet capital, the greater HFP's return on equity.

Across various investment strategies, the company intends to focus its efforts on those sectors that are most closely geared to the engines of growth in Africa, namely: demographics and urbanization; and technology and innovation. Specifically, the company plans to focus on Financial Services and Financial Technology; Digital Infrastructure; Clean Energy and Power; and Consumer Non-Discretionary goods and services such as food and beverage, personal care, healthcare, and education. Similarly, the company's approach to investment selection seeks to address the unique aspects of the African investment environment. The company's focus is on: (i) demographically- or technologically-driven secular growth opportunities minimizes risks associated with the general business cycle; (ii) private equity investments, where the company seeks to have control or joint control accelerates the value creation process; (iii) proactively seeking out investments with natural hedges against adverse currency movements and avoiding those with direct commodity price exposure mitigates macroeconomic risks that are difficult to manage and/or price; and, lastly, (iv) global climate-related targets, which are increasingly influencing asset values.

The company anticipates that the key to its success will be performance measured by growth in book value per share. If Helios achieves consistently attractive risk-adjusted returns for the third-party investors in the Helios Funds, then investors will entrust the future funds with additional capital, which will enhance the value of the company's own balance sheet capital through the capital appreciation of TopCo LP and growth in capital invested alongside those funds. The company believes this will drive the cycle of shareholder value creation.

Balance sheet capital that is not deployed in driving such strategic initiatives will generally be invested alongside the Helios Funds, which the company believes will ensure that HFP's capital is exposed to the best ideas of the Manager. This approach is expected to further align the company's interests with those of the third-party investors in the Helios Funds.

The company may from time to time seek to realize on any of its Portfolio Investments. The circumstances under which the company may sell some or all of its investments include: (i) where the company believes that the Portfolio Investments are fully valued or that the original investment thesis has played out; or (ii) where the company has identified other investment opportunities which it believes present more attractive risk-adjusted return opportunities and additional capital is needed to make such alternative investments.

The company would exit its private Portfolio Investments ("Private Portfolio Investments" as disclosed in the Portfolio Investments section of this MD&A) either through initial public offerings or private sales. For publicly traded Portfolio Investments ("Public Portfolio Investments" as disclosed in the Portfolio Investments section of this MD&A), exit strategies may include selling the investments through private placements or in public markets.

Investment Selection

While specific investment criteria will differ among the various investment strategies, the company targets investees with the following characteristics:

- Benefit from secular or consumer non-discretionary rather than cyclical growth;
- Achieved growth rates at multiples of GDP;
- Capital light businesses – or, where capital intensive, a high degree of revenue visibility;
- High levels of operating leverage and relatively simple operating processes;
- A high degree of control over their own value chains, with few third-party operational dependencies;
- Minimal daily interaction with public sector entities (for example, as customers or suppliers); and
- Business strategies that are consistent with global climate targets and objectives.

Environmental, social and governance ("ESG") considerations are paramount, and concerns related to these matters could render a potential investment unsuitable. Prior to recommending an investment to the Investment Committee, the Manager conducts an ESG assessment in which, ESG risks, requirements and expectations are defined, and bribery and corruption risk monitoring procedures determined. In the initial stages of reviewing an investment, should any key threshold issues emerge, such as credibility of the sponsor, reputational risks to HFP or material ESG issues, the Manager may recommend to the Investment Committee that the deal should be declined or taken to the next stage where consultants can be engaged to explore any alleged issues in further detail.

Investment Restrictions

The company will not make a Portfolio 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 Portfolio Investments where, after giving effect to each such investment, the total invested amount of each such investment would be equal to or no more than 25.0% of the company's total assets (the "Investment Concentration Restriction").

The company intends to make multiple different investments as part of its prudent investment strategy. Portfolio 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 shareholders. At December 31, 2021, the company determined that it was in compliance with the Investment Concentration Restriction.

Operating Environment

Overview

The company is optimistic about the macroeconomic outlook for the year and is of the view that the operating environment in Africa is less uncertain now than it has been for the past few years. Two years since the onset of the global pandemic, African businesses are learning to live with COVID-19. They have shifted from a survival mindset to a focus on recovery, managing challenges that include a rising cost environment and supply chain disruptions.

During the pandemic, capital markets in developed economies benefited from the injection of vast amounts of liquidity, including fiscal and monetary stimulus, in order to support their economies and capital markets. This has led to an overall rise in inflation, exacerbated by the spending of COVID-19-related accumulated savings. As a result, major central banks are under pressure to increase interest rates. While the traditional view is that an increase in rates in developed markets would trigger capital flows out of Africa, the company believes that in the current environment investors may pay closer attention to relative valuations which, would put Africa in a favorable position.

Furthermore, the lifting of restrictions on movement worldwide will help the travel and hospitality industry to recover, which for some African economies represents a significant part of GDP.

Subsequent to year end, the recent conflict in Ukraine is causing significant financial market volatility and social dislocation. Although the company does not have direct exposure to Russian markets, the ultimate extent of the crisis is currently unknown and therefore the effect on the company is also not known. The Manager continues to monitor the effect on the investments and operations of the company.

Implications of rising inflation for Africa

Historically, rising inflation and interest rates in the developed world have led to a flight-to-safety, as investors rebalance their capital from risky assets (e.g. those in emerging markets) to assets that are perceived to be safer. The rationale driving this behavior is that, as interest rates increase, indebted issuers may struggle to repay their obligations, particularly floating rate instruments and those denominated in hard currency. In such circumstances, global investors seek opportunities to earn higher returns "at home". As a consequence, local currencies in emerging markets usually depreciate as demand decreases, and their central banks are often forced to increase interest rates to discourage capital flight and to dampen the inflationary impact of higher commodity prices and depreciating currencies. These scenarios in emerging markets tend to be characterized by low economic growth, balance of payments crises, debt crises, or large currency devaluations.

Despite this backdrop of rising inflation and interest rates, the company believes the outlook in Africa is brighter owing to:

1. **African currencies being fairly valued**

   African currencies have already experienced significant depreciation against the US Dollar and the company therefore believes they are no longer overvalued in real terms. For example, between December 2018 and December 2021, the Ghanian Cedi depreciated by about 26%, Nigerian Naira fell by 17%, while South African Rand and Kenyan Shilling both lost 11% of their value.

2. **Rising commodity prices**

   Across the board, prices of industrial commodities are up (with the exceptions of iron and platinum), and the company believes there is a demand floor that may support persistent high prices. Energy prices are up due to an increase in global demand, supply and demand imbalances, inflation in industrial commodities, underinvestment in energy capacity as well as a hasty shift to cleaner fuel for which the world has not adequately prepared. The rapid rise in energy prices is positive for many African economies; those that are net exporters will benefit from improvements to their balance sheets and FX reserves.

3. **Strong remittance inflows**

   Remittances are non-commercial transfers of money sent from abroad. During the pandemic, remittances to African countries have risen significantly. Full employment and wage inflation on a global basis means that Africans living abroad have been able to increase remittances. For example, in the case of Morocco, in 2021 remittances were up 25% from 2020 and accounted for 7% of GDP (equivalent to the country's tourism industry). In many African markets, these flows tend to be larger than Foreign Direct Investments ('FDI'), which are any investments made by a foreign entity. In 2020, FDI inflows in Africa accounted for approximately $40 billion versus $83 billion for remittances.

Debt positions and political outlook

The company observes that risk is mispriced across the credit spectrum. Many countries across emerging markets have raised significant amounts of debt during the pandemic, in order to inject liquidity into their economies and avoid a recession. A global debt crisis could ensue, and a widening of spreads would leave heavily indebted countries with floating instruments and maturities due soon in a vulnerable position. This is particularly the case for Latin America ("LatAm") which appears to be coming out of the pandemic with deeper structural problems. In addition to high debt levels, the region experienced slow growth prior to the pandemic (a meager 0.8% year-on-year between 2014 and 2019). Further, although currencies in LatAm traditionally had a strong positive relationship with commodity prices, this time around local currencies have come under pressure as markets are pricing in not just the high debt levels but also the potential damaging effects that far left policies could have on their economies.

The company believes such a scenario is less likely to unfold in Africa. As mentioned above, local currencies seem to be fairly valued and capital inflows are likely to be buoyed by higher commodity prices (for net exporters), remittances, and potential portfolio inflows given attractive relative valuations. The continent registered GDP growth of about 4% in the five years prior to COVID-19. Further, debt levels in the region appear sustainable, with no significant maturities due in the near-term. The average debt-to-GDP ratio in sub-Saharan Africa is 50% versus 70% for Asia and 73% for LatAm. Across the continent, the countries with debt-to-GDP ratios above 90% include Sudan (210%), Mozambique (134%), Angola (104%), Zambia (101%), and Egypt (91%). The company notes that its portfolios currently have limited exposure to these countries.

From a political perspective, the continent has seen elections come and go in a relatively straightforward manner over the past 10 years (with a few exceptions, such as Côte d'Ivoire, Mali, Tunisia, Egypt, Guinea and Burkina Faso which have experienced political instability). In Kenya, presidential elections are scheduled to take place in August 2022. The current President is expected to stand down, having reached the constitutional limit of two five-year terms. The Deputy President and the historical opposition leader are both running and political campaigns are focused on who is best placed to improve the economy. The winning candidate will likely maintain a certain continuity as both front runners have been in the regime for over two decades. In South Africa, the incumbent president will be vying to remain party leader in the African National Congress ("ANC") elections in December. Consequently, political in-fighting is expected, even as the ANC celebrates its 100th year.

Business Developments

Helios Transaction

On December 8, 2020, the company closed a transaction with Helios Holdings Limited ("HHL") whereby HHL contributed its entitlement to cash flows arising from certain fee streams (as described below) to HFP in exchange for 25,452,865 multiple voting shares and 24,632,413 subordinate voting shares of HFP, representing a 45.9% equity and voting interest in HFP (the "Transaction"). Upon closing of the Transaction, the company was renamed Helios Fairfax Partners Corporation (formerly Fairfax Africa Holdings Corporation) and its subordinate voting shares continued to be listed on the Toronto Stock Exchange.

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

- 100% of all management and other fees paid to Helios Holdings Group (as defined below) in connection with the management of any existing or future fund (including the management of HFP and its subsidiaries), including co-investments, less expenses, administrative fees, and other operation fees relating to the management of those funds ("Excess Management Fees");
- 25% of carried interest amounts generated by any existing fund, including co-investments, 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, including co-investments, managed by Helios or any of its affiliates, including Helios Investors IV, L.P. (collectively, the "Carried Interest Proceeds").

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

Fairfax is a holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and the associated investment management. 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 (see note 6 (Portfolio Investments) to the consolidated financial statements for the year ended December 31, 2021). Fairfax guaranteed the Atlas Mara Zambia Term Deposit of $12,392 plus accrued interest, and the guarantee was settled in 2021. In addition, Fairfax guaranteed up to $7,283 of the company's restricted cash deposits with Access Bank SA, which became unrestricted in 2021 and were therefore no longer guaranteed by Fairfax.

Upon closing of the Transaction, the company entered into a management services agreement with Fairfax to provide certain services to the company and its subsidiaries on a two-year transitional basis (the “Management Services Agreement”).

TopCo LP, an affiliate of 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 the Manager, a registered portfolio manager in the United Kingdom, as its sub-advisor.

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”). TopCo LP, through the Manager, has discretionary authority to negotiate and complete investments on behalf of the company. TopCo LP, through the Manager, 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 $50,000; and will not make any insurance-related investment without the prior written consent of Fairfax.

Upon closing of the Transaction, options to purchase subordinate voting shares of the company were granted to certain employees, officers, members, partners, or consultants of the Manager as part of a special incentive plan (the “SIP Recipients”).

In 2020, the company incurred Transaction-related costs of $16,507 recorded as Helios Transaction expenses in the consolidated statement of earnings (loss).

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 fee streams (Excess 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 3,000,000 warrants (the “HFP Warrants”). Refer to note 8 (Borrowings) to the consolidated financial statements for the year ended December 31, 2021 for additional details.

During 2021, under the terms of the normal course issuer bid, the company purchased for cancellation 858,608 subordinate voting shares for a net cost of $2,587 and $4,400 was recorded as a benefit in retained earnings.

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 to Principal Holdco 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.

Subsequent to December 31, 2021

Subsequent to December 31, 2021, under the terms of the automatic share purchase plan, 62,840 subordinate voting shares were purchased on behalf of the company for a net cost of $212.

Portfolio Investments

Cautionary Statement Regarding Financial Information of Significant Portfolio Investments

HFP has agreed to voluntarily provide within its MD&A, summarized unaudited financial information prepared for all of its Portfolio 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") and TopCo LP prepare their financial statements in accordance with IFRS as issued by the IASB (TopCo LP and AGH collectively, "Significant Portfolio Investments"). At March 22, 2022 TopCo LP had not yet completed its audited consolidated financial statements for the year ended December 31, 2021 or December 31, 2020. Such unaudited financial information is the responsibility of the respective management teams and has been prepared by them using recognition, measurement and presentation principles consistent with IFRS, and provided to the company in their underlying functional currencies.The company is limited in respect to the amount of independent verification it is able to perform with respect to the financial statements of AGH.

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 Portfolio 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.

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

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

A summary of changes in the fair value of the company's public and private Portfolio Investments during 2021 and 2020 were as follows:

	2021							
	Balance as of January 1	Purchases / Contributions	Sales / Distributions / Redemptions/ Conversions	Accretion of discount(1)	Net realized gains (losses) on investments	Net change in unrealized gains (losses) on investments(2)	Net foreign exchange losses on investments	Balance as of December 31
Portfolio Investments (excluding Portfolio Investments with related party derivatives and guarantees(3)):								
Public Investments:								
Common shares	14,836	5,812	(7,433)	–	3,579	13,290	(792)	29,292
Total Public Investments	14,836	5,812	(7,433)	–	3,579	13,290	(792)	29,292
Private Investments:								
Limited partnership investments:								
TopCo limited partnership interests	275,299	4,718	(8,221)	–	–	(21,614)	–	250,182
Helios Fund IV limited partnership interest	–	31,967	–	–	–	6,899	–	38,866
Common shares	1,399	45,528	38,811	–	–	4,854	(1,549)	89,043
Loans	19,254	9,600	–	126	–	1,147	(1,604)	28,523
Bonds	58,829	–	(34,711)	–	(9,541)	5,451	–	20,028
Total Private Investments excluding related party derivatives and guarantees	354,781	91,813	(4,121)	126	(9,541)	(3,263)	(3,153)	426,642
Total Portfolio Investments (excluding Portfolio Investments with related party derivatives and guarantees(3))	369,617	97,625	(11,554)	126	(5,962)	10,027	(3,945)	455,934
Portfolio Investments with related party derivatives and guarantees(3):								
Private Investments:								
Common shares	73,275	64	–	–	–	3,001	(6,769)	69,571
Loans	37,510	666	(11,325)	28	(16,388)	4,160	(610)	14,041
Related party derivatives and guarantees	13,252	21,864	–	–	–	12,836	–	47,952
Total Portfolio Investments with related party derivatives and guarantees(3)	124,037	22,594	(11,325)	28	(16,388)	19,997	(7,379)	131,564
Total Portfolio Investments	493,654	120,219	(22,879)	154	(22,350)	30,024	(11,324)	587,498

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

(2) *Net change in unrealized gains (losses) on investments related to unrealized gains (losses) on investments held at the end of the reporting period, except for reversal of prior period unrealized losses upon partial redemption of the Atlas Mara Facility ($7,905) and conversion of the Nova Pioneer Bonds ($7,831), and reversal of prior period unrealized gains upon disposition of certain Other Common Shares ($626).*

(3) *In connection with the Transaction and HFP 3.0% Debentures, the company entered into related party derivatives and guarantees with Fairfax and the associated Reference Investments have been moved to Portfolio Investments with related party derivatives and guarantees (see "Related Party Derivatives and Guarantees" later in this MD&A).*

	2020							
	Balance as of January 1	**Purchases / Contributions**	**Sales / Distributions / Redemptions/ Conversions**	**Accretion of discount[(1)]**	**Net realized gains (losses) on investments**	**Net change in unrealized gains (losses) on investments[(2)]**	**Net foreign exchange losses on investments**	**Balance as of December 31**
Portfolio Investments (excluding Portfolio Investments with related party derivatives and guarantees[(3)]):								
Public Investments:								
Common shares	97,637	10,919	(29,142)	–	(187,298)	124,103	(1,383)	14,836
Total Public Investments	97,637	10,919	(29,142)	–	(187,298)	124,103	(1,383)	14,836
Private Investments:								
Limited partnership investments:								
TopCo limited partnership interests	–	275,299	–	–	–	–	–	275,299
Common shares	134,575	15,106	–	–	–	(66,687)	(8,320)	74,674
Loans	41,984	7,308	–	203	(22,356)	884	(1,605)	26,418
Bonds	78,820	7,151	–	894	–	(28,036)	–	58,829
Derivatives	1,541	–	–	–	(3,609)	2,068	–	–
Total Private Investments excluding related party derivatives and guarantees	255,379	304,864	–	1,097	(22,356)	(93,839)	(9,925)	435,220
Total Portfolio Investments (excluding Portfolio Investments with related party derivatives and guarantees[(3)])	353,016	315,783	(29,142)	1,097	(209,654)	30,264	(11,308)	450,056
Portfolio Investments with related party derivatives and guarantees[(3)]:								
Loans	–	42,095	–	346	–	(12,095)	–	30,346
Related party derivatives and guarantees	–	8,855	(10,857)	–	4,801	10,453	–	13,252
Total Portfolio Investments with related party derivatives and guarantees[(3)]	–	50,950	(10,857)	346	4,801	(1,642)	–	43,598
Total Portfolio Investments	353,016	366,733	(39,999)	1,443	(204,853)	28,622	(11,308)	493,654

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

(2) Net change in unrealized gains (losses) on investments related to unrealized gains (losses) on investments held at the end of the reporting period, except for reversal of prior period unrealized losses recorded on sale of the Atlas Mara common shares ($92,412) and write-down of CIG common shares ($29,470), the PGR2 Loan ($1,433), Atlas Mara Warrants ($2,241), and reversal of prior period unrealized gains on the write-down of the Nova Pioneer Warrants ($173).

(3) In connection with the Transaction and HFP 3.0% Debentures, the company entered into related party derivatives and guarantees with Fairfax (see "Related Party Derivatives and Guarantees" later in this MD&A).

Public Portfolio Investments

The company's Public Portfolio Investments are as follows:

Common Shares

Atlas Mara Limited Common Shares

Atlas Mara Limited ("Atlas Mara") is a Sub-Saharan African financial services group formerly listed on the London Stock Exchange under the symbol ATMA (delisted on October 25, 2021). 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. Additional information can be accessed from Atlas Mara's website www.atlasmara.com.

In 2017, the company acquired a 43.3% equity interest of Atlas Mara for net consideration of $159,335. On December 7, 2020, prior to closing of the Transaction, the company sold its equity interest in Atlas Mara to Fairfax for proceeds of $40,000, 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. In 2020, the company recorded a net loss on investments of $48,933 comprised of (i) an inception to date realized loss of $141,345 recorded in net realized losses on investments; and (ii) a reversal of prior period unrealized losses of $92,412 recorded in net change in unrealized gains on investments within the consolidated statements of earnings (loss) and comprehensive income (loss).

Consolidated Infrastructure Group 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. Additional information can be accessed from CIG's website www.ciglimited.co.za.

At December 31, 2021 and December 31, 2020, the company held 215,517,270 common shares of CIG, representing a 54.4% equity interest in CIG which was acquired for net consideration of $49,881 (700.6 million South African rand).

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.

Other Common Shares

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, for aggregate cash consideration of $10,053 (185.3 million South African rand) and in June 2021, the company acquired less than 5.0% of the common shares of Vivo Energy Plc ("Vivo"), a public company listed on the London Stock Exchange, fom HHL (collectively, the "Other Common Shares"). Refer to the Private Portfolio Investments section under the heading TopCo LP later in this MD&A.

In the third quarter of 2021, the company sold an investment in Other Common Shares for total net proceeds of $7,433 (108.3 million South African rand), resulting in a realized gain of $3,579 recorded in net realized gains on investments within the consolidated statements of earnings (loss) and comprehensive income (loss).

At December 31, 2021, the fair value of the company's investment in the Other Common Shares was $29,292 (December 31, 2020 – $14,836).

Private Portfolio Investments

Cautionary Statement Regarding the Valuation of Private Portfolio Investments

In the absence of an active market for the company's Private Portfolio 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 Portfolio 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 Portfolio Investments remained unchanged in 2021 (with the exception of the company's investments in TopCo LP Class A and Class B Limited Partnership Interests, the indirect equity interest in AGH, Philafrica common shares, and the CIG Loan), the development of unobservable inputs included added uncertainty related to the economic disruption caused by the ongoing COVID-19 pandemic.

Limited Partnership Investments

TopCo LP

Business Overview

TopCo LP is a limited partnership established under the laws of Guernsey and 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 receives investment advisory fees from HFP.

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 HFP Investments 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 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, which HFP is entitled to receive, through HFP's ownership of TopCo LP Class A Limited Partnership Interests, 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 established by each Helios Fund in accordance with their respective governing documents. At December 31, 2021 and December 31, 2020, the company was not subject to any clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest.

TopCo LP Class B Limited Partnership Interest

TopCo LP also 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 receive the management fees ("Excess Management Fees"). HFP's ownership of TopCo LP Class B Limited Partnership Interests entitles HFP to receive Excess Management Fees after a six-month holding period by TopCo LP.

At December 31, 2021, HFP held all of the issued and outstanding Class A and Class B Limited Partnership Interests of 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 Excess 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 Excess Management Fees are received from underlying Helios Funds, managed by the Helios Holdings Group.

TopCo LP Class A Limited Partnership Interest

In December 2021, TopCo LP's limited partnership agreement was amended to commit HFP to contributing no more than 50.0% of either $15,000 or 2.0% of total commitments to TopCo LP in respect of Management Team Commitments for Helios Fund IV and future Helios Funds ("Management Team Commitment") in exchange for pro rata limited partnership returns not subject to management fees and carried interest. Contributions in excess of this limit require consultation in good faith with the company and with Fairfax. This represents 50% of the Helios Holdings Group's Management Team Commitment, and is to be contributed to TopCo LP by HFP as the TopCo LP Class A Limited Partnership Interest holder. On December 14, 2021, TopCo LP issued a capital call for $4,718 to HFP as the TopCo LP Class A Limited Partnership Interest holder to fund 50.0% of the Management Team Commitment and HFP recognized a $4,718 increase in the investment in TopCo LP Class A Limited Partnership Interest and a corresponding increase in payable to related parties. At December 31, 2021, the company's remaining capital commitment to TopCo LP with respect to the Management Team Commitment was $2,782.

In 2021, TopCo LP declared a distribution of $7,733 and accordingly, the company recorded a receivable from related parties of $7,733.

Subsequent to December 31, 2021

On January 7, 2022, the company received a distribution from TopCo LP of $7,733 and paid a contribution of $4,718 relating to the Management Team Commitment, which were settled on a net basis (refer to the Related Party Transactions section later in this MD&A).

TopCo LP Class B Limited Partnership Interest

In 2021, the company recognized a distribution receivable from its TopCo LP Class B Limited Partnership Interest of $2,410, which reflected Excess Management Fees earned during 2021. Accordingly, the company recorded a reduction in the valuation of TopCo LP Class B Limited Partnership Interest and a receivable from related parties of $2,410.

Subsequent to December 31, 2021

On January 24, 2022, the company received a distribution of $1,440 of Excess Management Fees earned during the first six months of 2021.

Valuation and Consolidated Financial Statement Impact

TopCo LP Class A Limited Partnership Interest

At December 31, 2021 the company estimated the fair value of its TopCo LP Class A Limited Partnership Interest using a sum-of-the-parts valuation comprised of:

(i) Fair value of Carried Interest Proceeds on Helios Funds which were determined using a discounted cash flow analysis based on multi-year free cash flow forecasts with assumed discount rates ranging from 22.8% to 28.8% (December 31, 2020 – 21.0% to 27.0%), target exit multiples of invested capital averaging 2.5x to 3.0x across Helios Funds II, III, and IV (December 31, 2020 – 2.1x to 2.6x), and forecasted exit dates ranging from 2022 to 2024 for Helios Funds II and III, and from 2022 to 2027 for Helios Fund IV (December 31, 2020 – 2021 to 2024 and 2022 to 2027). At December 31, 2021 free cash flow forecasts were based on estimates of Carried Interest Proceeds derived for each fund in accordance with waterfall provisions, prepared as at December 31, 2021 by Helios' management (December 31, 2020 – fourth quarter of 2020);

(ii) Fair value of Carried Interest Proceeds from a co-investment vehicle which was based on the traded share price of the listed portfolio investment (December 31, 2020 – not applicable); and

(iii) Fair value of TopCo LP's direct interest in Helios Fund IV arising from the $7,500 (50% of $15,000) Management Team Commitment which was valued based on the net asset value of Helios Fund IV; TopCo LP's interest in Helios Fund IV does not bear management fees or carried interest (December 31, 2020 – not applicable).

As a result of the amendment to TopCo LP's limited partnership agreement which formed the Management Team Commitment, the valuation methodology was updated as described above.

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. 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

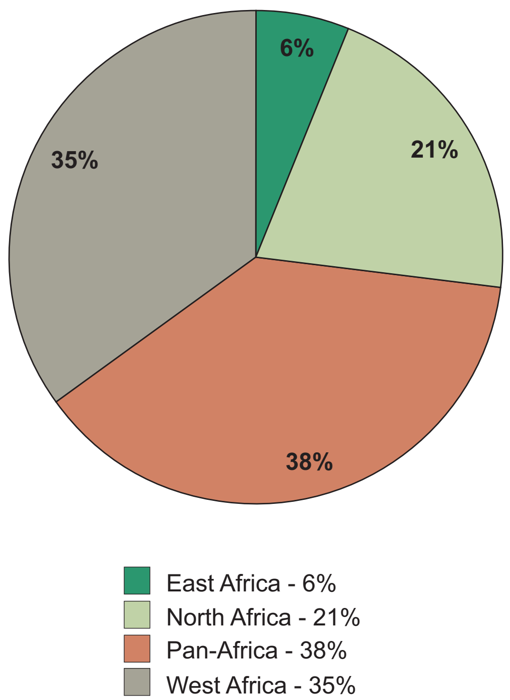
The following table describes the components of fair value, which include the Helios Funds and co-investments, and provides a summary of inputs used in the company's internal valuation model to estimate the fair value of the company's investment in the TopCo LP Class A Limited Partnership Interest at December 31, 2021:

			Model inputs:				
Components of value	**Vintage Year**	**Committed Capital**	**Target exit year**	**Average target exit multiple of invested capital**	**Discount Rate**	**HFP's share of carried interest**	**Fair value**
Helios Investors II, L.P. ("Helios Fund II")	2009	908,500	2022-2024	2.5x	22.8%	25.0%	29,438
Helios Investors III, L.P. ("Helios Fund III")	2014	1,117,000	2022-2024	2.6x	26.3%	25.0%	46,845
Helios Investors IV, L.P. ("Helios Fund IV")	2020	295,800	2022-2027	3.0x	28.8%	50.0%	4,566
Carried interest on co-investment	2011	47,500	2022	7.3x	N/A	25.0%	3,544
Fair value of Carried Interest Proceeds							84,393
Fair value of direct interest in Helios Fund IV through Management Team Commitment							5,830
Fair value of TopCo LP Class A Limited Partnership Interest							90,223

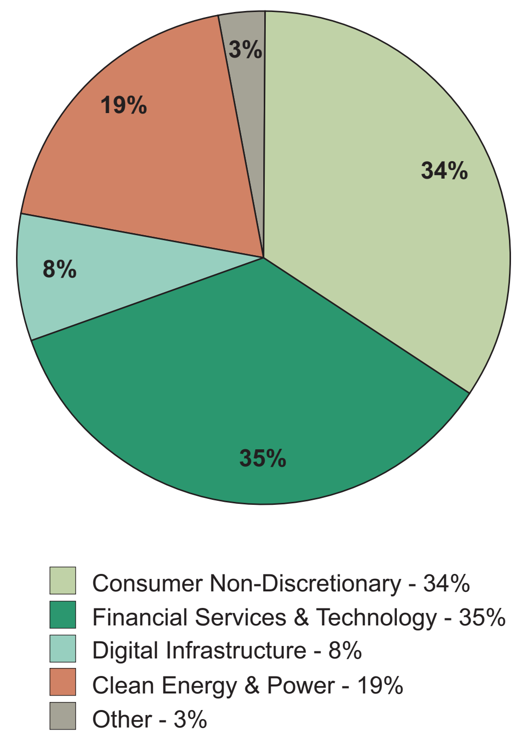
The continued growth in these underlying companies' businesses, profits and their implied valuations is expected to yield attractive exit valuations, allowing the Helios Funds to realize at profitable exit multiples of invested capital. Helios Funds II and III, which together form a significant part of the fair value of Carried Interest Proceeds, are currently on track to meet their target exit dates through 2022 to 2024 with Carried Interest Proceeds expected to be realized beginning in 2023.

The geographic and sector diversification of the above-reference Helios Funds II, III, and IV, based on the unrealized aggregate value, is as follows:

Diversification by Geography



Diversification by industry sector



At December 31, 2021, the company's internal valuation model indicated that the fair value of its TopCo LP Class A Limited Partnership Interest was $90,223.

At December 31, 2020, the initial transaction price of the company's initial investment in the TopCo LP Class A Limited Partnership Interest on December 8, 2020 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 December 31, 2020, the fair value of the company's investment in TopCo LP Class A Limited Partnership Interest was $88,465.

TopCo LP Class B Limited Partnership Interest

At December 31, 2021, 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 probability-weighted free cash flow forecasts with an assumed discount rate of 14.1%, growth in assets under management of 23.1%, probability weightings of 25.0% to 75.0% on future fundraising initiatives implying an average reduction in unweighted future cash flows of 24.2%, a long term pre-tax profit margin of 42.2% and a long term growth rate of 4.5% (December 31, 2020 – multi-year conditional free-cash flow forecasts with an assumed discount rate of 19.3%, growth in assets under management of 18.7%, a long term pre-tax profit margin of 52.3% and a long term growth rate of 4.5%). At December 31, 2021, free cash flow forecasts were based on Excess Management Fee forecasts prepared in the fourth quarter of 2021 by Helios' management (December 31, 2020 – fourth quarter of 2020).

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 funds, as well as raising capital for new strategies such as climate and venture capital funds and the establishment of permanent capital vehicles to invest in listed African stocks. Growth in profit margins is driven by growth in assets under management, combined with the use of operating leverage. Based on $1.3 billion in fee-bearing committed capital in place at the end of the fourth quarter of 2021 and growth over eight years to $6.9 billion in projected assets under management, the forecasted growth in assets under management implies a compound annual growth rate in committed capital of 23.1% 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.

Current model assumptions

Long term pre-tax profit margins of 42.2% at December 31, 2021 (December 31, 2020 – 52.3%) were estimated by Helios' management based on pre-tax management fee-related earnings margins. Pretax profit margins are forecasted to increase over an eight-year period driven primarily by growth in assets under management and the expected use of operating leverage. Fee-related earnings on future fundraising initiatives were probability weighted in a manner described below, resulting in expected long term pre-tax profit margins that were comparable to publicly listed global private equity asset managers.

Probability weightings were assigned to Excess Management Fees for each future initiative. Lower probability weightings were assigned to earnings arising from fee-bearing capital in the following decreasing order of probability: (i) follow-on private funds of current strategies; (ii) initiation of new strategies to be executed through future private funds and permanent capital vehicles; and (iii) follow-on private funds of these new strategies.

The discount rate decreased to 14.1% at December 31, 2021 from 19.3% at December 31, 2020 to reflect the use of probability-weighted future cash flows versus future cash flows in 2020. At December 31, 2021, the discount rate of 14.1% continued to include certain risk premiums commensurate with the risks inherent in the probability-weighted expected future cash flows.

Long term growth rates of 4.5% at December 31, 2021 (December 31, 2020 – 4.5%) were based on the expected long term sustainable growth rate of the economic environments and sectors in which the investment operates.

At December 31, 2021, the company's internal valuation model indicated that the fair value of its TopCo LP Class B Limited Partnership Interest was $159,959.

At December 31, 2020, the initial transaction price of the company's initial investment in the TopCo LP Class B Limited Partnership Interest on December 8, 2020 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 December 31, 2020, the fair value of the company's investment in TopCo LP Class B Limited Partnership Interest was $186,834.

TopCo LP's Summarized Financial Information

Summarized below is TopCo LP's balance sheet at December 31, 2021.

Balance Sheets
(unaudited – US$ thousands)

	December 31, 2021
Assets	
Cash	**4,663**
Equity interest in limited partnerships	**90,223**
Future net fee related earnings	**159,959**
Due from affiliates	**13,880**
Total Assets	**268,725**
Liabilities	
Due to affiliates	**8,400**
Amounts due to Class A interest holder	**90,223**
Amounts due to Class B interest holder	**159,959**
Distributions payable to Class A interest holder	**7,733**
Distributions payable to Class B interest holder	**2,410**
Total Liabilities	**268,725**

Summarized below is selected information from TopCo LP for the year ended December 31, 2021.

Realized gain from future net fee related earnings
(unaudited – US$ millions)

	Year ended December 31, 2021
Management fees earned	**33,312**
Expenses incurred	**30,902**
Realized gain from future net fee related earnings (Excess Management Fees to HFP)	**2,410**

Summarized below is selected information from the Helios Funds for the years ended December 31, 2021 and December 31, 2020. Unrealized carried interest represents the amount of carried interest that would have been realized if all the portfolio investments in the respective Helios Funds were to be exited at their reporting date fair values.

Unrealized carried interest
(unaudited – US$ thousands)

	Year ended December 31, 2021	Year ended December 31, 2020
Helios Investors, LP	**1,189**	18,355
Helios Investors II, L.P.	**142,599**	41,981
Helios Investors III, L.P.	**190,419**	146,503
Helios Investors IV, L.P.	**6,562**	—
Peak Co-investment LP	**14,177**	9,617
Unrealized carried interest	**354,946**	216,456

Unrealized carried interest increased by $138,490 from $216,456 at December 31, 2020 to $354,946 at December 31, 2021. TopCo LP's share of unrealized carried interest of the Helios Funds noted above is 25% for Helios Funds I-III and Peak Co-investment LP, and 50% of Helios Fund IV.

Helios Fund IV

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").

In 2020, Helios Fund IV completed its first capital raise and made investments in: (i) TTMFS Singapore, a private company that provides electronic payment processing services globally (including Africa) and (ii) Africa Specialty Risks, a private re-insurance company established in 2020 and is expected to operate across Africa. In 2021, Helios Fund IV continued its capital raising and made additional investments in: (i) BIM Stores Morocco, a private company operating in the discount grocery retail space in Morocco; and (ii) Trone, a private company operating in medical devices, in vitro diagnostic and pharmaceuticals in Morocco.

On March 31, 2021, the company committed to invest $50,000 in Helios Fund IV. At December 31, 2021, the company had funded aggregate capital calls of $31,451, plus equalization interest of $516, for total funding of $31,967, representing 16.9% of the limited partnership interest in Helios Fund IV based on committed capital. As agreed in a side letter with the 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 December 31, 2021, the company's remaining capital commitment to Helios Fund IV was $18,549, which may be called at any time by Helios Fund IV GP in accordance with the Helios Fund IV LPA.

At December 31, 2021, the company estimated the fair value of its investment in Helios Fund IV Limited Partnership Interest to be $38,866 (December 31, 2020 – nil).

Subsequent to December 31, 2021

In February 2022, Helios Fund IV received additional limited partnership commitments, thereby reducing the company's interest based on committed capital to 14.9% and resulting in an equalization interest receivable of $4,614 for the company. The company's updated undrawn commitment is $22,891. In March 2022, the company received an equalization interest payment of $4,614.

Common Shares

NBA Africa

On May 17, 2021, the company formed a wholly-owned holding company, HFP US Investments, Inc. ("U.S. Holdco"), for the sole purpose of investing in NBA Africa, LLC ("NBA Africa"), a new entity formed by the National Basketball Association ("NBA") to conduct the league's business in Africa including the Basketball Africa League, a partnership between the NBA and the International Basketball Federation.

At December 31, 2021, the company had, through its U.S. Holdco, invested $30,000 in exchange for an equity interest in NBA Africa.

At December 31, 2021, the company estimated the fair value of its investment in NBA Africa to be $33,416 (December 31, 2020 – nil).

Trone Holdings

On December 13, 2021, the company invested $15,528 for a 22.0% equity interest in Trone Holdings, a holding company based in London, United Kingdom, created for the purpose of holding an equity interest in a Moroccan medical technology distribution group ("Trone"). Trone's business is centered around the distribution and maintenance of medical imaging and diagnostic equipment, and the production and distribution of contrast pharmaceuticals for imaging. Helios Fund IV holds the remaining 78.0% equity interest in Trone Holdings. Trone Holdings, together with the founding partner and management of Trone, hold the entire equity interest in SPV Rayon Holdings ("SPV Rayon"), a Moroccan holding company which owns 100.0% of Trone's operating businesses.

At December 31, 2021, the company estimated the fair value of its 22.0% equity interest in Trone Holdings to be $15,528 (December 31, 2020 – nil).

Indirect equity interest in AGH

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. 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 is also involved in food businesses, as it owns and operates maize and wheat mills, animal feed factories, and snacking and bread production facilities. Additional information can be accessed from AGH's website www.agh.co.za.

AGH's principal lines of business are comprised of:

- AFGRI Agri Services Proprietary Limited ("AFGRI") is a leading agricultural services company with core competencies to enhance, support and guide the growth of agricultural enterprises. AFGRI is involved in the entire grain production and storage cycle offering financial support and solutions, as well as, inputs and hi-tech equipment through the John Deere brand, support by a large retail footprint. AGH holds 73.2% equity interest in AFGRI;
- Philafrica Food Proprietary Limited ("Philafrica") discussed below. AGH holds 60% equity in Philafrica;
- AFGRI International Proprietary Limited ("AFGRI International") discussed below, is a wholly-owned subsidiary.

At December 31, 2021 and December 31, 2020, the company had invested $98,876 in Joseph Investment Holdings ("Joseph Holdings") (comprised of 74.6% in common shares and 73.7% in Class A shares of Joseph Holdings, providing a 74.6% voting interest; and $10,132 as a shareholder loan). Through its investment in Joseph Holdings, HFP is the largest beneficial shareholder of AGH. HFP has a 46.8% indirect equity interest (December 31, 2020 – 46.8%) in AGH.

In December 2020, Joseph Holdings received $13,749 by way of shareholder loans from its Class A shareholders for which HFP funded its share on December 10, 2020 through a $10,132 shareholder loan to Joseph Holdings. Due to liquidity pressures arising from the trade volatility caused by the COVID-19 pandemic, Joseph Holdings used the proceeds to subscribe for Class A shares of AFGRI Holdings with a cost of 202.1 million South African rand ($13,568 at transaction date exchange rates) to provide immediate liquidity support and facilitate the execution of a standstill agreement between AGH and its lenders (the "AGH standstill agreement") which was entered into on December 15, 2020. The execution of the AGH standstill agreement was a key component of AGH's preliminary plan to restructure its balance sheet for the benefit of all stakeholders. On August 24, 2021 upon expiry of the AGH standstill agreement, AGH entered into a debt restructuring agreement with its lenders which formalized a monthly repayment plan to fully repay lenders by December 31, 2021 through monetization or sale of certain non-core assets. In addition, AGH and certain of its lenders agreed to a further debt standstill until May 31, 2022 and December 31, 2022.

At December 31, 2021, the company estimated the fair value of its 46.8% indirect equity interest in AGH to be $60,416 (December 31, 2020 – $64,210).

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 September 30, 2021 and March 31, 2021.

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

	South African rand		US$	
	September 30, 2021	**March 31, 2021**	**September 30, 2021(1)**	**March 31, 2021(1)**
Current assets	9,263,257	6,539,181	615,499	442,734
Non-current assets	3,504,706	3,455,532	232,871	233,956
Current liabilities	9,240,270	6,739,344	613,971	456,286
Non-current liabilities	1,758,301	1,463,208	116,831	99,066
Shareholders' equity	1,769,392	1,792,161	117,568	121,338

(1) The net assets of AGH were translated at September 30, 2021 at $1 U.S. dollar = 15.05 South African rand and at March 31, 2021 at $1 U.S. dollar = 14.77 South African rand. The exchange rates used were the spot rates prevailing on those respective dates.

Current assets increased primarily reflecting an increase in inventory, trade receivables, and derivative financial instruments driven by the seasonality of the business and the higher commodity price environment. Non-current assets remained relatively constant. Current liabilities increased primarily related to increases in trade and other payables to finance trade receivables, particularly in the grain management business, driven by the seasonality of the business, and inventory due to the increase in equipment stock levels following the acquisition of an Australian John Deere dealership. Non-current liabilities increased primarily due to rental liabilities associated with sale and leaseback of retail properties, and the acquisition of an Australian John Deere dealership. Shareholders' equity remained relatively stable during the period.

Summarized below are AGH's statements of earnings for the six months ended September 30, 2021 and 2020.

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

	South African rand		US$	
	Six months ended September 30, 2021	**Six months ended September 30, 2020**	**Six months ended September 30, 2021(1)**	**Six months ended September 30, 2020(1)**
Revenue from continuing operations	8,296,756	7,056,682	577,366	405,790
Income (loss) before taxes	114,094	(89,297)	7,940	(5,135)
Net income (loss)	14,797	(135,777)	1,030	(7,808)

(1) Amounts for the six months ended September 30, 2021 and 2020 were translated into US$ using the average exchange rates of $1 U.S. dollar = 14.37 South African rand and $1 U.S. dollar = 17.39 South African rand prevailing during those periods.

Revenues increased primarily due to strong equipment sales in both South Africa and Australia following a good agricultural year and elevated commodity prices, and elevated sales prices in Philafrica's businesses, partially offset by decreased volume sales in Philafrica's businesses due to competitive pressures. These results were dampened by lower grain management volumes at AFGRI International given the exit strategy for the business as well as volume and margin pressure reported at AFGRI's financial services business due to the implementation of its transitional service level agreement with the Land Bank. Effective October 1, 2020, revenues include retail operations, previously equity-accounted, following the acquisition of certain retail-related assets from a former joint venture. Income before taxes and net income increased primarily due to improved profitability in Philafrica's legacy businesses despite volume pressures as well as the mentioned strong equipment sales, partially offset by margin pressures in the financial services business due to reduction in book size and margin pressures in Philafrica's bread production business due to the competitive landscape.

Philafrica Foods Proprietary Ltd.

Philafrica Foods Proprietary Ltd. ("Philafrica") is a South African entity that owns and operates maize and wheat mills, animal feed factories, and snacking and bread production facilities. Additional information can be accessed from Philafrica's website www.philafricafoods.com.

At December 31, 2021 and December 31, 2020, the company had invested $23,254 (325.0 million South African rand) into 26,000 common shares or 26.0% equity interest in Philafrica. Philafrica is controlled by AGH through AGH's 60% equity interest.

At December 31, 2021, the company estimated the fair value of its investment in Philafrica common shares to be $9,155 (December 31, 2020 – $9,065).

Indirect equity interest in Nova Pioneer

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 operates fourteen schools with a combined enrollment of approximately 4,900 students. Nova Pioneer is wholly-owned by Ascendant Learning Limited ("Ascendant"), its Mauritius-based parent entity.

On July 1, 2021, Nova Pioneer redeemed the company's 20.0% Nova Pioneer debentures (the "Nova Pioneer Bonds") with an aggregate fair value of $34,711 and settled interest accrued of $4,100 by issuing Ascendant common shares with a fair value of $38,811, representing a 56.3% equity interest in Ascendant ("Indirect equity interest in Nova Pioneer").

The company had invested an aggregate of $44,252 (inclusive of capitalized interest and accretion) in the Nova Pioneer Bonds, which was derecognized upon receipt of the Ascendant common shares. The company recorded a realized loss of $9,541 in net realized losses on investments within the consolidated statements of earnings (loss) and comprehensive income (loss) on settlement of the Nova Pioneer Bonds and recorded the indirect equity interest in Nova Pioneer at its estimated fair value on the date of the transaction.

At December 31, 2021, the company estimated the fair value of its 56.3% indirect equity interest in Nova Pioneer to be $38,811 (December 31, 2020 – nil).

Indirect equity interest in Access Bank SA

GroCapital Holdings Limited ("GroCapital Holdings") is a holding company that owns 9.6% of Access Bank (South Africa) Limited ("Access Bank SA", formerly known as Grobank Limited ("Grobank")).

On May 3, 2021, Access Bank Plc ("Access Bank"), a publicly listed Nigerian commercial bank, acquired a 90.4% equity interest in Grobank for 400.0 million South African rand ($27,787 at transaction date exchange rates). Upon closing of the transaction, GroCapital Holdings had a 9.6% equity interest in Grobank which was renamed Access Bank (South Africa) Limited.

At December 31, 2021, the company had invested an aggregate of $19,403 (285.7 million South African rand) for a 48.1% equity interest in GroCapital Holdings (December 31, 2020 – 48.1%). Through its investment in GroCapital Holdings, the company has a 4.6% indirect equity interest in Access Bank SA (December 31, 2020 – 48.1%).

At December 31, 2021, the company estimated the fair value of its 4.6% indirect equity interest in Access Bank SA to be $1,288 (December 31, 2020 – 48.1% and $1,399).

Loans

AFGRI International Facility

On August 20, 2021, the company entered into a secured lending arrangement with AFGRI International Proprietary Limited ("AFGRI International"), a wholly-owned South African subsidiary of AGH, pursuant to which the company agreed to provide up to $10,000 of financing (the "AFGRI International Facility"). The AFGRI International Facility is primarily secured by AFGRI International's pledge of its equity interests in its wholly-owned Australian equipment business, AFGRI Australia Proprietary Limited. The AFGRI International Facility bears interest at a rate of 12.75% per annum, accrued and capitalized quarterly. On August 26, 2021 the company advanced $9,600, net of $400 in raising fees, under the AFGRI International Facility. The AFGRI International Facility matures on August 26, 2022, one year from initial funding date.

At December 31, 2021, the company determined that amortized cost approximated the fair value of the AFGRI International Facility, which was estimated to be $9,726 (December 31, 2020 – nil).

In 2021, the company recorded interest income of $669 (2020 – nil) within the consolidated statements of earnings (loss) and comprehensive income (loss) related to the AFGRI International Facility.

Philafrica Facility

At December 31, 2021 and December 31, 2020, the company had 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 repayment of the Philafrica Facility is subordinated against other third party debt and is currently not repayable under its existing terms. The company continues to engage Philafrica and its lenders on the repayment of the Philafrica Facility. The Philafrica Facility is secured by a general guarantee from AGH and AGH's pledge of equity interests in Philafrica.

At December 31, 2021, the company estimated the fair value of the Philafrica Facility to be $7,219 (December 31, 2020 – $7,164).

In 2021, the company recorded interest income of $733 (2020 – $418) within the consolidated statement of earnings (loss) and comprehensive income (loss) related to the Philafrica Facility.

CIG Loan

At December 31, 2021 and December 31, 2020, the company had advanced $23,270 (292.5 million South African rand), net of a 2.5% raising fee to CIG (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.

On November 9, 2020, CIG commenced voluntary business rescue proceedings and as a result, suspended trading of its common shares on the Johannesburg Stock Exchange. The company does not expect to recover any of its interest receivable on the CIG Loan and in 2021, the company recorded a write-down of interest receivable of $1,206 (2020 – interest income of $1,932) within the consolidated statements of earnings (loss) and comprehensive income (loss). At December 31, 2021, the interest receivable related to the CIG Loan was nil.

At December 31, 2021, the company estimated the fair value of the CIG Loan to be $18,797 (December 31, 2020 – $19,254).

Subsequent to December 31, 2021

In January 2022, the anticipated sale of assets that was expected to provide recovery on the CIG Loan was terminated. The company continues to be engaged with CIG's business rescue practitioner in recovering proceeds.

Atlas Mara Facility

At December 31, 2021 and December 31, 2020, the company had 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 plus default interest of 7.5%, accrued quarterly and payable in kind. The Atlas Mara Facility was secured by Atlas Mara's shares in African Banking Corporation Botswana Limited ("Atlas Mara Botswana"), which were subsequently released in October 2021 upon sale to Access Bank.

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. On July 14, 2021 Atlas Mara and certain of its affiliates entered into a support and override agreement (the "Atlas Mara SOA") with its lenders which formalized plans to repay its outstanding debt obligations through orderly dispositions of certain of its underlying businesses. The key features of the Atlas Mara SOA were as follows:

(i) The Atlas Mara SOA formalized the waterfall allocation to existing lenders of proceeds from the orderly dispositions of certain of Atlas Mara's underlying businesses;

(ii) Certain of Atlas Mara's lenders, including HFP, agreed to grant a forbearance with respect to the maturities of their outstanding debts; and

(iii) For those lenders whose financing documents provide for an increase in the underlying interest rate as a result of default, event of default or other similar event, these lenders are entitled to additional default interest in accordance with those provisions effective December 28, 2020.

The company continues to be engaged with Atlas Mara and its lenders in formalizing the terms and extension of the Atlas Mara SOA including forbearance with respect to the maturities of Atlas Mara's outstanding debts beyond December 31, 2021. On December 28, 2020, the company stopped accruing interest on the Atlas Mara Facility and has capitalized all interest up to that date. The expected recovery rate used in the company's valuation of the Atlas Mara Facility reflects expected recovery from the sale of Atlas Mara Botswana and UBN.

In October 2021, Atlas Mara completed the sale of its equity interest in Atlas Mara Botswana to Access Bank. A portion of the Atlas Mara Botswana shares were pledged as security for the Atlas Mara Facility and were subsequently released by the company in connection with the aforementioned sale. The proceeds from the sale are to be paid in three tranches: (i) an upfront portion due on closing; (ii) a portion due no later than April 2022; and (iii) deferred consideration due two years from the date of closing. On October 14, 2021, upon Atlas Mara receiving the upfront portion of proceeds from the sale, the company received partial repayment on the Atlas Mara Facility of $11,325. Pursuant to the Atlas Mara SOA, the company expects further repayments on the Atlas Mara Facility as Atlas Mara receives the remaining two tranches of proceeds from the sale.

In December 2021, Atlas Mara and certain other shareholders in Union Bank of Nigeria ("UBN") entered an agreement, subject to regulatory approval, to sell their interest in UBN to a Nigerian bank holding company. The net proceeds from the sale are to be paid to the shareholders of UBN on closing. Pursuant to the Atlas Mara SOA, the company expects repayments on the Atlas Mara Facility as Atlas Mara receives the proceeds from the UBN sale.

At December 31, 2021, the company estimated the fair value of the Atlas Mara Facility to be $6,822 (December 31, 2020 – $30,346).

In 2021, the company recorded interest income of nil (2020 – $2,936) within the consolidated statements of earnings (loss) and comprehensive income (loss) related to the Atlas Mara Facility.

In connection with the Transaction (see note 2 (Helios Transaction) to the consolidated financial statements for the year ended December 31, 2021), 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 this note.

Bonds

Atlas Mara Bonds

At December 31, 2021 and December 31, 2020, the company had invested $16,000 in Atlas Mara convertible bonds with a stated coupon of 11.0% per annum, accrued quarterly and payable in kind ("Atlas Mara 11.0% Convertible Bonds"). In addition, at December 31, 2021 and December 31, 2020, the company had invested $20,000 in Atlas Mara bonds with a stated coupon of 7.5% per annum, payable semi-annually ("Atlas Mara 7.5% Bonds") (collectively, the Atlas Mara 11.0% Convertible Bonds and the Atlas Mara 7.5% Bonds are referred to as the "Atlas Mara Bonds"). The Atlas Mara 7.5% Bonds are secured by Atlas Mara's shares in UBN and the Atlas Mara 11.0% Convertible Bonds are not secured.

On December 28, 2020, Atlas Mara entered into the Atlas Mara SOA with its lenders, which formalized plans to repay its outstanding debt obligations through orderly dispositions of certain of its underlying businesses (see discussion under the header "Atlas Mara Facility" earlier in this MD&A).

In December 2021, Atlas Mara and certain other shareholders in UBN entered an agreement, subject to regulatory approval, to sell their interest in UBN to a Nigerian bank holding company. The net proceeds from the sale are to be paid to the shareholders of UBN on closing. Pursuant to the Atlas Mara SOA, the company expects repayments on the Atlas Mara 7.5% Bonds as Atlas Mara receives the proceeds from the UBN sale.

At December 31, 2021, interest receivable of $2,832 related to the Atlas Mara 7.5% Bonds and reflected the same expected recovery as the principal. Interest receivable relating to the Atlas Mara 11.0% Convertible Bond has been accrued and capitalized up to December 28, 2020. The company stopped accruing interest on the Atlas Mara Bonds on December 28, 2020.

At December 31, 2021, the company estimated the fair value of the Atlas Mara 11.0% Convertible Bonds and the Atlas Mara 7.5% Bonds to be $28 and $20,000 (December 31, 2020 – $2,442 and $19,966).

In 2021, the company recorded interest income of nil (2020 – $4,732) within the consolidated statements of earnings (loss) and comprehensive income (loss) related to the Atlas Mara Bonds.

Nova Pioneer Bonds

At December 31, 2020, the company had invested an aggregate of $45,539 in Nova Pioneer, which consisted of (i) $44,252 in Nova Pioneer Bonds (inclusive of capitalized interest and accretion) and (ii) $1,287 in 3,400,000 warrants with an exercise price of $2.06 per share (the "Nova Pioneer Warrants"). The Nova Pioneer Bonds were converted into the company's indirect equity interest in Nova Pioneer on July 1, 2021 (described earlier in this MDA) and the Nova Pioneer Warrants were extinguished immediately prior to the Nova Pioneer Bonds conversion.

In 2021, the company recorded a write-down of interest receivable of $202 (2020 – interest income of $5,742) within the consolidated statements of earnings (loss) and comprehensive income (loss) related to the Nova Pioneer Bonds.

Related Party Derivatives and Guarantees

Atlas Mara Facility Guarantee

On July 10, 2020, in connection with the Transaction, 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"), a derivative recorded in Portfolio Investments 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 December 31, 2021, the fair value of the Atlas Mara Facility Guarantee reflected the expected continued forbearance with respect to the maturity of the Atlas Mara Facility, the inclusion of 7.5% default interest effective December 28, 2020 and the partial repayment of $11,325 on the Atlas Mara Facility received October 14, 2021.

At December 31, 2021, the company estimated the fair value of the Atlas Mara Facility Guarantee to be $32,046 (December 31, 2020 – $13,252).

HFP Redemption Derivative

On March 31, 2021, as part of the $100,000 HFP 3.0% Debenture transaction (see note 8 to the consolidated financial statements for the year ended December 31, 2021) the company recorded the HFP Redemption Derivative. 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.

At December 31, 2021, the fair value of the company's HFP Redemption Derivative was $15,906 (December 31, 2020 – nil).

Results of Operations

HFP's consolidated statements of earnings (loss) for the years ended December 31, 2021, 2020 and 2019 are shown in the following table:

	2021	2020	2019
Income			
Interest	139	18,727	22,606
Dividends	714	15	2,381
Net realized losses on investments	(21,247)	(208,462)	(4,838)
Net change in unrealized gains (losses) on investments	30,024	30,643	(73,223)
Net foreign exchange gains (losses)	(12,907)	(13,956)	6,832
	(3,277)	(173,033)	(46,242)
Expenses			
Investment and advisory fees	4,146	4,128	6,572
Performance fee	938	–	–
General and administration expenses	10,562	9,528	3,677
Helios Transaction expenses	–	16,507	–
Loss on uncollectible accounts receivable	6,073	–	–
Interest expense	2,700	773	977
	24,419	30,936	11,226
Loss before income taxes	(27,696)	(203,969)	(57,468)
Provision for (recovery of) income taxes	(1,774)	2,677	3,731
Net loss and comprehensive loss	(25,922)	(206,646)	(61,199)
Net loss per share	$ (0.24)	$ (3.31)	$ (1.01)

Total loss from income of $3,277 in 2021 decreased from $173,033 in 2020 principally as a result of decreased net realized losses on investments, partially offset by decrease interest income.

Net gains (losses) on investments in 2021 and 2020 were comprised as follows:

	2021			2020		
	Net realized gains (losses)	Net change in unrealized gains (losses)	Net gains (losses)	Net realized gains (losses)	Net change in unrealized gains (losses)	Net gains (losses)
Net gains (losses) on investments:						
Short term investments – U.S. treasuries	**–**	**–**	**–**	–	(47)	(47)
Term deposits	**(12,392)**	**–**	**(12,392)**	–	–	–
Limited partnership investments	**–**	**(14,715)**	**(14,715)**	–	–	–
Common shares	**3,579**	**21,145**	**24,724**	(187,298)	57,416	(129,882)
Loans	**(16,388)**	**5,307**	**(11,081)**	(22,356)	(11,211)	(33,567)
Bonds	**(9,541)**	**5,451**	**(4,090)**	–	(28,036)	(28,036)
Derivatives and guarantees	**13,495**	**12,836**	**26,331**	1,192	12,521	13,713
	(21,247)	**30,024**	**8,777**	(208,462)	30,643	(177,819)

Net realized losses on investments of $21,247 in 2021 principally related to realized losses on the partial repayment of the Atlas Mara Facility ($16,388), the Atlas Mara Zambia Term Deposit ($12,392), and conversion of the Nova Pioneer Bonds ($9,541), partially offset by realized gains on the Atlas Mara Zambia Term Deposit Guarantee ($13,495) and sale of the company's Other Common Shares ($3,579). Net realized losses of $208,462 in 2020 principally related to the sale of the Atlas Mara Common shares ($141,345) and write-down of CIG common shares ($45,953) and the PGR2 Loan ($22,356).

The net change in unrealized gains on investments of $30,024 in 2021 was principally comprised of unrealized gains on the company's investments in the Atlas Mara Facility Guarantee ($18,794), Other Common Shares ($13,290), and Helios Fund IV limited partnership interest ($6,899), and reversal of prior period unrealized losses on partial settlement of the Atlas Mara Facility ($7,905) and conversion of the Nova Pioneer Bonds ($7,831), partially offset by unrealized losses on TopCo LP Class A and Class B Limited Partnership Interests ($21,614), the HFP Redemption Derivative ($5,958), the Atlas Mara Facility ($3,716) and the Atlas Mara 11.0% Convertible Bonds ($2,414). The net change in unrealized gains on investments of $30,643 in 2020 was principally comprised of the reversal of prior period unrealized losses on the sale of the Atlas Mara common shares ($92,412), reversal of prior period losses on the company's write-down of CIG common shares ($29,470), and unrealized gains on the Atlas Mara Facility Guarantee ($10,453), partially offset by unrealized losses on the company's indirect equity interest in AGH ($43,836), the Atlas Mara 11.0% Convertible Bonds ($17,893), the company's indirect equity interest in Access Bank SA ($13,761), the Atlas Mara Facility ($12,095), the Nova Pioneer Bonds ($10,930) and Philafrica common shares ($9,090).

Net foreign exchange gains (losses) on investments in 2021 and 2020 were comprised as follows:

	2021			2020		
	Net realized gains (losses)	**Net change in unrealized gains (losses)**	**Net gains (losses)**	**Net realized gains (losses)**	**Net change in unrealized gains (losses)**	**Net gains (losses)**
Net foreign exchange gains (losses) on:						
Cash and cash equivalents	**(1,305)**	**–**	**(1,305)**	(2,906)	–	(2,906)
Common shares	**808**	**(9,918)**	**(9,110)**	(3,928)	(5,775)	(9,703)
Loans	**–**	**(2,214)**	**(2,214)**	(2,941)	1,336	(1,605)
Other	**–**	**(278)**	**(278)**	–	258	258
	(497)	**(12,410)**	**(12,907)**	(9,775)	(4,181)	(13,956)

Net foreign exchange losses of $12,907 in 2021 and $13,956 in 2020 were principally a result of the weakening of the South African rand relative to the U.S. dollar during the periods.

Total expenses of $24,419 in 2021 decreased from total expenses of $30,936 in 2020 principally as a result of Helios Transaction expenses incurred in 2020 (relating to legal, financial, and professional fees), partially offset by loss on uncollectible accounts receivable, increased interest expense, increased general and administration expenses, and increased performance 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. In 2021, investment and advisory fees recorded within the consolidated statements of earnings (loss) and comprehensive income (loss) was $4,146 (2020 – $4,128).

At December 31, 2021 the company determined that a performance fee of $938 should be accrued to TopCo LP (December 31, 2020 – nil) as the Adjusted Book Value per Share of $3.17 (before factoring in the impact of the performance fee) at December 31, 2021 was greater than the hurdle per share at that date of $3.12. In 2021, a performance fee of $938 (2020 – nil) was recorded within the consolidated statements of earnings (loss) and comprehensive income (loss).

Loss on uncollectible accounts receivable of $6,073 in 2021 increased from nil in 2020 as a result of losses on the TLG Facility Guarantee and sales tax refundable.

Interest expense of $2,700 in 2021 related to the HFP 3.0% Debentures. Interest expense of $773 in 2020 related to amortization of issuance costs.

The recovery of income taxes of $1,774 in 2021 differed from the provision for income taxes that would be 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 unused tax losses, partially offset by the non-taxable portion of unrealized gains and losses on investments, the tax rate differential on losses incurred outside of Canada, and foreign exchange effects. The provision for income taxes of $2,677 in 2020 differed from the recovery of income taxes that would be determined by applying the company's Canadian statutory income tax rate of 26.5% to the company's loss before income taxes primarily due to the change in unrecorded tax benefit of losses and temporary differences, tax rate differential on losses incurred outside of Canada and other permanent differences, partially offset by non-deductible investment losses.

The company reported a net loss of $25,922 (net loss of $0.24 per basic and diluted share) in 2021 compared to a net loss of $206,646 (net loss of $3.31 per basic and diluted share) in 2020. The decrease in net loss primarily reflected decreased net realized losses on investments, decreased Helios Transaction expenses, and increased recovery of income taxes, partially offset by decreased interest income, increased interest expense, increased general and administration expenses, and increased performance fees.

Consolidated Balance Sheet Summary

The assets and liabilities reflected on the company's consolidated balance sheet at December 31, 2021 were primarily impacted by Portfolio Investments, including the TopCo LP Class A and Class B Limited Partnership Interests acquired through the Transaction, other Portfolio Investments, and share purchases under the terms of the normal course issuer bid.

	December 31, 2021	December 31, 2020	December 31, 2019
Assets			
Cash and cash equivalents	**76,284**	66,052	44,334
Restricted cash deposits	**–**	7,525	7,500
Term deposits	**–**	12,392	–
Short term investments	**–**	–	104,008
Portfolio Investments	**587,498**	493,654	354,557
Related party loan	**19,608**	19,411	–
Total cash and investments	**683,390**	599,034	510,399
Interest receivable	**2,978**	8,961	5,835
Deferred income taxes	**–**	835	1,665
Income tax refundable	**5,632**	–	380
Receivable from related parties	**11,002**	–	–
Other assets	**1,390**	1,946	2,388
Total assets	**704,392**	610,776	520,667
Liabilities			
Accounts payable and accrued liabilities	**136**	6,982	297
Automatic share purchase plan liability	**500**	–	–
Payable to related parties	**8,803**	3,660	1,555
Income taxes payable	**–**	399	–
Deferred income taxes	**4,419**	–	–
Borrowings	**98,632**	–	–
Total liabilities	**112,490**	11,041	1,852
Equity			
Common shareholders' equity	**591,902**	599,735	518,815
	704,392	610,776	520,667

Total Assets

Total assets at December 31, 2021 of $704,392 increased compared to total assets of $610,776 at December 31, 2020. The increase was principally comprised of the following:

Total cash and investments increased to $683,390 at December 31, 2021 from $599,034 at December 31, 2020.

Cash and cash equivalents increased to $76,284 at December 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, settlement received from Fairfax's guarantee of the Atlas Mara Zambia Term Deposit, transfer of amounts in deposit accounts with Access Bank SA from restricted cash deposits to cash and cash equivalents, and partial settlement received from collateral held on the TLG Facility Guarantee. This was partially offset by funds deployed in Portfolio Investments, amounts paid to TLG in settlement of the TLG Facility Guarantee, payment of Helios Transaction expenses accrued in the prior year, and income taxes paid.

Restricted cash deposits decreased to nil at December 31, 2021 from $7,525 at December 31, 2020 reflecting a transfer of amounts in deposit accounts with Access Bank SA from restricted cash deposits to cash and cash equivalents.

Term deposits decreased to nil at December 31, 2021 from $12,392 at December 31, 2020 reflecting a settlement received from Fairfax's guarantee of the Atlas Mara Zambia Term Deposit.

Portfolio 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 into Portfolio Investments as and when those opportunities are identified. For more information about recent Portfolio Investments, see the Portfolio Investments section of this MD&A.

Related party loan increased to $19,608 at December 31, 2021 from $19,411 at December 31, 2020 reflecting accretion on the Fairfax Loan.

Interest receivable of $2,978 at December 31, 2021 primarily related to interest receivable on the company's investments in the Atlas Mara 7.5% Bonds. Interest receivable of $8,961 at December 31, 2020 primarily related 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 $5,632 at December 31, 2021 from a payable position of $399 at December 31, 2020 primarily as a result of tax instalments paid during the year and current income tax recovery recorded in the consolidated statements of earnings (loss) and comprehensive income (loss) for the year ended December 31, 2021.

Receivable from related parties increased to $11,002 at December 31, 2021 from nil at December 31, 2020 primarily reflecting $7,733 distribution receivable from TopCo LP Class A Limited Partnership Interest. Receivable from related parties also included a $2,410 distribution receivable from TopCo LP Class B Limited Partnership Interest in connection with Excess Management Fees earned during the year.

Other assets decreased to $1,390 at December 31, 2021 from $1,946 at December 31, 2020 primarily reflecting a loss on uncollectible sales tax refunds, partially offset by a receivable from Atlas Mara in connection with the company's settlement of the TLG Facility Guarantee.

Total Liabilities

Total liabilities at December 31, 2021 of $112,490 increased compared to $11,041 at December 31, 2020. The increase was principally comprised of the following:

Accounts payable and accrued liabilities decreased to $136 at December 31, 2021 from $6,982 at December 31, 2020 primarily as a result of the settlement of Helios Transaction expenses incurred by HFP and Helios.

Automatic share purchase plan liability of $500 at December 31, 2021 related to the company's obligations under the automatic share purchase plan with a designated broker to allow for the purchase of subordinated voting shares under its normal course issuer bid at times when the company normally would not be active in the market.

Payable to related parties increased to $8,803 at December 31, 2021 from $3,660 at December 31, 2020 primarily as a result of TopCo LP Class A Limited Partnership Interest capital call commitment, performance fees, and increased management services fees, partially offset by settlement of amounts due to Fairfax for Helios Transaction expenses. Refer to the Related Party Transactions section later in this MD&A for details.

Deferred income taxes liability increased to $4,419 at December 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 Portfolio Investments, and amortization of tax benefit on share issuance costs.

Borrowings increased to $98,632 at December 31, 2021 from nil at December 31, 2020 as a result of the issuance of the $100,000 HFP 3.0% Debentures.

Comparison of 2020 to 2019 – Total assets increased to $610,776 at December 31, 2020 from $520,667 at December 31, 2019 primarily due to the company's investment in TopCo LP Class A and Class B Limited Partnership Interests, partially offset by net realized losses on investments, net foreign exchange losses and decrease in short term investments.

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 December 31, 2021 compared to those identified at December 31, 2020, other than as outlined in note 13 (Financial Risk Management) to the consolidated financial statements for the year ended December 31, 2021.

Capital Resources and Management

The company's objectives when managing capital is to optimize returns for common shareholders, while seeking attractive risk-adjusted returns. Total capital, comprised of common shareholders' equity and borrowings, was $690,534 at December 31, 2021 (December 31, 2020 – $599,735). The increase primarily reflected the issuances of the HFP Host Debentures ($98,632) and HFP Warrants ($5,557), and an increase in contributed surplus ($18,107) arising from the issuances of the HFP 3.0% Debentures and the HFP Warrants at a transaction amount ($100,000) greater than the total net fair value ($81,893), partially offset by a net loss of $25,922, tax expense on equity transactions of $2,625, purchases for cancellation of 858,608 subordinate voting shares for a net cost of $2,587, and a commitment under the company's automatic share purchase plan recorded against common shareholders' equity of $500.

Book Value per Share

Common shareholders' equity at December 31, 2021 was $591,902 (December 31, 2020 – $599,735). The company's book value per share at December 31, 2021 was $5.47 compared to $5.50 at December 31, 2020, representing a decrease in 2021 of 0.5%, primarily due to a net loss of $25,922 in 2021.

The table below presents the book value per share from the company's IPO date of February 17, 2017 to December 31, 2021, and the annual growth (decline) and the compound annual decline in book value per share since IPO. At December 31, 2021 the company determined that a performance fee of $938 should be accrued to TopCo LP (December 31, 2020 – nil) as the Adjusted Book Value per Share of $3.17 (before factoring in the impact of the performance fee) at December 31, 2021 was greater than the hurdle per share at that date of $3.12.

	Book value per share	Annual growth (decline) in book value per share
February 17, 2017[(1)]	$10.00	–
December 31, 2017	$10.21	2.1%
December 31, 2018	$9.60	(6.0)%
December 31, 2019	$8.72	(9.2)%
December 31, 2020	$5.50	(36.9)%
December 31, 2021	$5.47	(0.5)%
Compound annual decline in book value per share		(11.6)%

HFP's compound annual decline in book value per share to $5.47 at December 31, 2021 was in line with the performance of the broader African macroeconomic environment, which faced rising inflation and interest rates in the wake of the COVID-19 pandemic. HFP's book value per share of $5.47 at December 31, 2021 represented a compound annual decline during that period of 11.6% from the initial public offering price of $10.00 per share, underperforming the compound annual decline of the MSCI Emerging Frontier Markets Africa Index of 0.9% during the same period.

During 2021 the total number of shares effectively outstanding decreased as a result of purchases for cancellation of 858,608 subordinate voting shares under the terms of the normal course issuer bid. At December 31, 2021 there were 108,259,645 common shares effectively outstanding.

The company has issued and purchased its common shares since it was federally incorporated on April 28, 2016 as follows:

Date	Number of subordinate voting shares	Number of multiple voting shares(1)	Total number of shares	Average issue / purchase price per share	Net proceeds (purchase cost)
2016 – issuance of shares	–	1	1	$10.00	–
2017 – issuance of shares	20,620,189	29,999,999	50,620,188	$ 9.75	$493,326
2018 – issuance of shares	12,300,000	–	12,300,000	$12.06	$148,316
2018 – purchase of shares	(108,224)	–	(108,224)	$ 9.06	$ (981)
2019 – purchase of shares	(3,315,484)	–	(3,315,484)	$ 8.15	$ (27,018)
2020 – issuance of shares	24,632,413	25,452,865	50,085,278	$ 5.50	$275,299
2020 – purchase of shares	(463,506)	–	(463,506)	$ 3.99	$ (1,850)
	53,665,388	55,452,865	109,118,253		
2021 – purchase of shares	(858,608)	–	(858,608)	$ 3.01	$ (2,587)
	52,806,780	55,452,865	108,259,645		

(1) Multiple voting shares are not publicly traded.

The company has the ability to purchase for cancellation subordinate voting shares at prevailing market prices under the terms of its normal course issuer bid and in accordance with the rules and policies of the TSX. 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 2021, under the terms of the normal course issuer bid, the company purchased for cancellation 858,608 subordinate voting shares (2020 – 463,506) for a net cost of $2,587 (2020 – $1,850) and $4,400 (2020 – $2,960) was recorded as a benefit in retained earnings.

Liquidity

Cash, interest receivable, receivable from related parties, and publicly traded investments at December 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 and TopCo LP, interest expense on the HFP 3.0% Debentures, the investment and advisory fees, general and administration expenses, corporate income taxes, and the potential settlement of the HFP 3.0% Debentures if Fairfax exercises its put option, net of the fair value of the HFP Redemption Derivative. The company has adequate working capital to support its operations.

At December 31, 2021 the company determined that a performance fee of $938 should be accrued to TopCo LP (December 31, 2020 – nil). 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 ending December 31, 2023.

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 31, 2021, the company was not subject to any clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest. 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 and TopCo LP's share of commitments to the general partners of the Helios Funds, the risk of which is partially mitigated by the six-month holding period of Excess Management Fee Proceeds by TopCo LP.

Highlights in 2021 (with comparisons to 2020) of major components of the statements of cash flows are presented in the following table:

	2021	2020
Operating activities		
Cash used in operating activities excluding the impact of changes in restricted cash deposits, changes in term deposits, and net sales (purchases) of investments	(25,064)	(14,050)
Net sales (purchases) of short term investments	–	104,095
Purchases of investments	(87,095)	(71,154)
Disposals of investments	18,758	20,000
Decrease (increase) in restricted cash deposits	7,525	(25)
Decrease (increase) in term deposits	–	(12,392)
Financing activities		
Proceeds from borrowings	100,000	–
Subordinate voting shares – purchases for cancellation	(2,587)	(1,850)
Increase (decrease) in cash and cash equivalents during the year	11,537	24,624

"Cash used in operating activities excluding the impact of changes in restricted cash deposits, changes in term deposits, and net sales (purchases) of investments of $25,064 in 2021 increased from $14,050 in 2020 primarily due to settlement of Helios Transaction expenses, settlement of a guarantee liability, increased interest paid on borrowings, and decreased interest received, partially offset by a recovery of guaranteed amounts.

Net sales of short term investments of $104,095 in 2020 related to net sales of U.S. treasuries for deployment into Portfolio Investments and into U.S. treasuries due in less than 3 months.

Purchases of investments of $87,095 in 2021 primarily related to the company's investments in Helios Fund IV, NBA Africa, Trone, and the AFGRI International Facility. Purchases of investments of $71,154 in 2020 primarily related to the company's investments in the Atlas Mara Facility, additional investments in the company's indirect equity in AGH through a shareholder loan to Joseph Holdings, Other Common Shares, the Philafrica Facility, indirect equity interest in Access Bank SA, and CIG common shares.

Disposals of investments of $18,758 in 2021 related to partial settlement of the Atlas Mara Facility and sale of an investment in Other Common Shares. Disposals of investments of $20,000 in 2020 related to upfront proceeds from the sale of Atlas Mara common shares.

Decrease in restricted cash deposits of $7,525 in 2021 reflected a transfer of amounts held in deposit accounts with Access Bank SA from restricted cash deposits to cash and cash equivalents. Increase in restricted cash deposits of $25 in 2020 reflected a transfer of amounts held in deposit accounts with Access Bank SA from cash and cash equivalents to restricted cash deposits, partially offset by the transfer of the Atlas Mara Zambia Term Deposit from restricted cash deposits to term deposits.

There was no cash impact from term deposits in 2021 as the Atlas Mara Zambia Term Deposit was transferred to Fairfax in connection with Fairfax's settlement of the Atlas Mara Zambia Term Deposit Guarantee, which is reflected in the "Cash used in operating activities excluding the impact of changes in restricted cash deposits, changes in term deposits, and net sales (purchases) of investments" balance. Increase in term deposits of $12,392 in 2020 reflected a transfer of the Atlas Mara Zambia Term Deposit from restricted cash deposits to term deposits, and additional amounts placed on deposit for a fixed period with Atlas Mara Zambia.

Proceeds from borrowings of $100,000 in 2021 related to the HFP 3.0% Debentures.

Purchase of subordinate voting shares for cancellation of $2,587 in 2021 related to the cash paid for the company's purchases for cancellation of 858,608 subordinate voting shares under the terms of the normal course issuer bid that were settled in the year. Purchase of subordinate voting shares of $1,850 in 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 year. Refer to the Book Value per Share section of this MD&A for details.

Contractual Obligations

The following table presents the company's contractual obligations and commitments by their contractual maturity date:

	December 31, 2021		
	Total	Less than 1 year	1-3 years
HFP 3.0% Debenture – Interest	6,750	3,000	3,750
HFP 3.0% Debenture – Principal repayment[(1)]	100,000	–	100,000
Helios Fund IV Commitment[(2)]	18,549	18,549	–
TopCo LP Management Team Commitment	2,782	2,782	–
Due to related parties	8,803	7,865	938
Accounts payable and accrued liabilities	136	136	–
Automatic share purchase plan	500	500	–
	137,520	32,832	104,688

(1) 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 December 31, 2021, Fairfax had agreed not to exercise its option to redeem the HFP 3.0% Debenture on the first anniversary. Refer to note 8 (Borrowings) to the consolidated financial statements for the year ended December 31, 2021.

(2) Subsequent to December 31, 2021, the company's undrawn capital commitment to Helios Fund IV increased to $22,891. Refer to the Portfolio Investments section of this MD&A.

Under the terms of the Investment Advisory Agreement and the Former Investment Advisory Agreement (defined in the Related Party Transactions section later in this MD&A), the company is contractually obligated to pay TopCo LP and Fairfax 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 in the consolidated statements of earnings (loss) and comprehensive income (loss) in 2021 was $4,146 (2020 – $4,128).

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 December 31, 2021 the company determined that a performance fee of $938 should be accrued to TopCo LP (December 31, 2020 – nil) as the Adjusted Book Value per Share of $3.17 (before factoring in the impact of the performance fee) at December 31, 2021 was greater than the hurdle per share at that date of $3.12. Refer to the Related Party Transactions section of this MD&A for discussion on the performance fee.

Related Party Transactions

Payable to Related Parties

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

	December 31, 2021			December 31, 2020		
	Helios Holdings Group[(1)]	Fairfax	Total	Helios Holdings Group	Fairfax	Total
Investment and advisory fees	**1,711**	**–**	**1,711**	201	709	910
Performance fee	**938**	**–**	**938**	–	–	–
Management services fees	**–**	**400**	**400**	–	107	107
Management compensation	**–**	**–**	**–**	63	–	63
Helios Transaction expenses	**–**	**–**	**–**	–	2,532	2,532
TopCo LP Capital Call	**4,718**	**–**	**4,718**	–	–	–
Other	**–**	**1,036**	**1,036**	–	48	48
	7,367	**1,436**	**8,803**	264	3,396	3,660

(1) Investment and advisory fees are paid to TopCo LP and management compensation is paid to key management.

Investment and Advisory Fees

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.

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. In 2021, investment and advisory fees recorded within the consolidated statements of earnings (loss) and comprehensive income (loss) was $4,146 (2020 – $4,128).

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 investment in 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 sometimes 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 December 31, 2021 the company determined that a performance fee of $938 should be accrued to TopCo LP (December 31, 2020 – nil) as the Adjusted Book Value per Share of $3.17 (before factoring in the impact of the performance fee) at December 31, 2021 was greater than the hurdle per share at that date of $3.12.

The performance fee, if applicable, will be paid within 30 days after the company issues its annual audited consolidated financial statements for the year ended 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.

In 2021, a performance fee of $938 (2020 – nil) was recorded within the consolidated statements of earnings (loss) and comprehensive income (loss).

Management Services Agreement

On December 8, 2020, 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 for $1,700 in the first year and $2,125 in the second year, adjusted for discontinued services, paid quarterly in arrears. In 2021, the services provided by Fairfax under the Management Services Agreement include providing and paying for the compensation of a Chief Financial Officer (to June 13, 2021), Vice President (from June 14, 2021 to November 30, 2021), and Corporate Secretary to the company.

The management services fees recorded within the consolidated statements of earnings (loss) and comprehensive income (loss) in December 31, 2021 was $1,832 (2020 – $107).

Helios Transaction Expenses

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.

TopCo LP Capital Call

TopCo LP capital call of $4,718 at December 31, 2021 (December 31, 2020 – nil) was comprised of a capital call payable to TopCo LP with respect to Management Team Commitment. Refer to note 6 (Portfolio Investments) to the consolidated financial statements for the year ended December 31, 2021 for the company's commitments and capital contributions to TopCo LP.

Other

Other payable of $1,036 at December 31, 2021 (December 31, 2020 – $48) was primarily comprised of amounts due to Fairfax for expenses incurred by Fairfax and HWIC on behalf of the company.

Subsequent to December 31, 2021

On January 7, 2022, the company paid a contribution of $4,718 relating to the Management Team Commitment, which was settled on a net basis with $7,733 receivable from TopCo LP discussed below.

Receivable from Related Parties

Receivable from related parties of $11,002 at December 31, 2021 (December 31, 2020 – nil) was primarily comprised of a distribution receivable from TopCo LP Class A Limited Partnership Interest of $7,733. Receivable from related parties also included a $2,410 distribution receivable from TopCo LP Class B Limited Partnership Interest in connection with Excess Management Fees earned during the year. Refer to the Private Portfolio Investments section in note 6 (Portfolio Investments) to the consolidated financial statements for the year ended December 31, 2021.

On January 7, 2022, the company received $7,733 in full settlement of the distribution receivable from TopCo LP. On January 24, 2022, the company received a distribution of $1,440 Excess Management Fees earned during the first six months of 2021 as the sole TopCo LP Class B Limited Partnership Interest holder.

Fairfax's Voting Rights and Equity Interest

At December 31, 2021, Fairfax, through its subsidiaries, owned 30,000,000 multiple voting shares and 5,302,912 subordinate voting shares of HFP (December 31, 2020 – 30,000,000 and 5,279,489 respectively), as well as 3,000,000 HFP Warrants exercisable for one subordinate voting share each, none of which have been exercised.

At December 31, 2021, Fairfax's holdings of multiple and subordinate voting shares represented 53.3% of the voting rights and 32.6% of the equity interest in HFP (December 31, 2020 – 53.3% and 32.3%).

Helios' Voting Rights and Equity Interest

At December 31, 2021, Principal Holdco 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 December 31, 2021, Helios' holdings of multiple and subordinate voting shares represented 45.9% of the voting rights and 46.3% of the equity interest in HFP (December 31, 2020 – 45.9% and 45.9%).

Key Management Personnel Compensation

Management Compensation

In 2021, the company incurred $1,226 (2020 – $63) in compensation expense for key management personnel, which was recorded in general and administration expenses within the consolidated statements of earnings (loss) and comprehensive income (loss). In 2020, all other key management personnel compensation was incurred and paid by Fairfax as part of the Former Investment Advisory Agreement with HWIC.

Director Compensation

Compensation for the company's Board of Directors for the years ended December 31 was recognized in general and administration expenses in the consolidated statements of earnings (loss) and comprehensive income (loss) as follows:

	2021	2020
Retainers and fees	**312**	235
Share-based payments	**124**	67
	436	302

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 10 (Special Incentive Plan) to the consolidated financial statements for the year ended December 31, 2021.

Related Party Investment Transactions

Helios Fund IV

On March 31, 2021, the company committed to invest $50,000 in Helios Fund IV. Helios Fund IV is related to HFP by virtue of common key management personnel. The exchange amount of the transaction represented fair value on initial recognition (see notes 6 (Portfolio Investments) and 7 (Cash and Investments) to the consolidated financial statements for the year ended December 31, 2021).

Indirect equity interest in Trone Holdings

On December 14, 2021, the company invested $15,528 for a 22% equity interest in Trone Holdings. Helios Fund IV, who controls SPV Rayon and the operating businesses of Trone and is a related party of HFP by virtue of common key management personnel, holds the remaining 78.0% equity interest in Trone Holdings. Trone Holdings is a related party of HFP by virtue of common key management personnel and is an associate of the company. The exchange amount of the transaction represented fair value on initial recognition (see notes 6 (Portfolio Investments) and 7 (Cash and Investments) to the consolidated financial statements for the year ended December 31, 2021).

TopCo LP Management Team Commitment

On December 14, 2021, TopCo LP's limited partnership agreement was amended to commit HFP to contributing to the Management Team Commitment. TopCo LP is a related party of HFP by virtue of common key management personnel and is an associate of the company. On December 14, 2021, TopCo LP issued a capital call for $4,718 to HFP as the TopCo LP Class A Limited Partnership Interest holder to fund 50.0% of the Management Team Commitment and HFP recognized a $4,718 increase in the investment in TopCo LP Class A Limited Partnership Interest and a corresponding increase in payable to related parties. The exchange amount of the transaction represented fair value on initial recognition (see notes 6 (Portfolio Investments) and 7 (Cash and Investments) to the consolidated financial statements for the year ended December 31, 2021).

HFP 3.0% Debentures

On March 31, 2021, Fairfax, through its affiliates, invested $100,000 in HFP 3.0% Debentures and HFP Warrants (see note 8 (Borrowings) to the consolidated financial statements for the year ended December 31, 2021).

Related party derivatives and guarantees

Fairfax has issued the Atlas Mara Facility Guarantee and the HFP Redemption Derivative (see note 6 (Portfolio Investments) to the consolidated financial statements for the year ended December 31, 2021). These related party derivatives and guarantees are recorded in Portfolio Investments within the consolidated balance sheet.

Fairfax Loan

The company issued a $20,000 in the interest-free Fairfax Loan due from Fairfax no later than three years from closing of the Transaction (see notes 2 (Helios Transaction) and 6 (Portfolio Investments) to the consolidated financial statements for the year ended December 31, 2021).

Atlas Mara Zambia Term Deposit

In 2019 and 2020, the company had deposited $12,392 in aggregate in a deposit account with Atlas Mara Zambia, which was collateralized by Government of Zambia Eurobonds ("Zambia Eurobonds") and cash collateral of $991 deposited for the benefit of the company. In connection with the Transaction, Fairfax has guaranteed that the Atlas Mara Zambia Term Deposit of $12,392 plus accrued interest may be withdrawn at any time on or after December 8, 2021 (the "Atlas Mara Zambia Term Deposit Guarantee").

On December 8, 2021, the company called upon the guarantee from Fairfax. The company received $13,495 from Fairfax in settlement of the Atlas Mara Zambia Term Deposit Guarantee (comprised of $12,392 on the Atlas Mara Zambia Term Deposit and $1,103 in accrued interest) and transferred the Atlas Mara Zambia Term Deposit and accrued interest in conjunction with the Zambia Eurobonds and cash collateral of $991 to Fairfax. In 2021, the company recorded (i) a realized loss of $12,392 on the Atlas Mara Zambia Term Deposit; (ii) interest receivable write-off $1,103; and (iii) a realized gain of $13,495 on the Atlas Mara Zambia Term Deposit Guarantee in net change in realized gains (losses) on investments within the consolidated statements of earnings (loss) and comprehensive income (loss).

Accounting and Disclosure Matters

Management's Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of the company's management, including the company's Co-CEOs and CFO, the company conducted an evaluation of the effectiveness of its disclosure controls and procedures as of December 31, 2021, as required by the Canadian securities legislation. Disclosure controls and procedures are designed to ensure that the information required to be disclosed by the company in the reports it files or submits under securities legislation is recorded, processed, summarized and reported on a timely basis and that such information is accumulated and reported to management, including the company's Co-CEOs and CFO, as appropriate, to allow required disclosures to be made in a timely fashion. Based on their evaluation, the Co-CEOs and CFO have concluded that as of December 31, 2021, the company's disclosure controls and procedures were effective.

Management's Report on Internal Control Over Financial Reporting

The company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined under National Instrument 52-109). The company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS as issued by the IASB, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The company's management assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2021. In making this assessment, the company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control – Integrated Framework (2013)*. Based on that assessment the company's management concluded that our internal control over financial reporting was not effective as of December 31, 2021. A material weakness is a control deficiency, or combination of control deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement in the annual or interim financial statements will not be prevented or detected on a timely basis.

As of December 31, 2021, the following material weakness has been identified and included in Management's assessment:

- The company did not maintain effective controls over the completeness and accuracy of inputs and the reasonableness of assumptions used in its level 3 valuation process. Specifically, the company did not maintain effective review and monitoring processes to (i) verify the accuracy of valuation model inputs; (ii) identify adjusting events; (iii) assess the reasonability of valuation model inputs and assumptions. The company changed its valuation processes in the fourth quarter of 2021 and did not adequately evaluate and change its existing controls to address the change in processes and procedures. This control deficiency resulted in a material audit adjustment to reduce the estimated fair value of Portfolio Investments, which also impacted reported net change in unrealized gains (losses) on investments. The adjustment was made prior to issuing the annual audited consolidated financial statements and no restatement is required.

This material weakness could result in misstatements of the company's financial statement accounts and disclosures that could result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

Management is committed to implementing remediation efforts designed to ensure the control deficiencies that contributed to the material weakness are remediated, such that these controls are designed, implemented and operating effectively. A plan has been developed and includes the following improvements (i) hiring a resource with professional valuations experience; (ii) enhancing the review process to include detailed analysis of all available information, benchmarking key model assumptions and a process to assess and resolve conflicting information; and (iii) additional training for staff involved in the process.

Critical Accounting Estimates and Judgments

In the preparation of the company's consolidated financial statements, management has made a number of critical accounting estimates and judgments that affect the reported amounts of assets, liabilities, income and expenses recorded during the period at the date of the consolidated financial statements. Actual results could differ from those estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The effects on the company's development of critical accounting estimates are further described below.

Determination of Investment Entity Status

The company exercised judgment and concluded that it continues to meet the definition of an investment entity. The company's conclusion was supported by the following key factors: (i) the company's strategic objective of investing and providing investment management services to investors for the purpose of generating returns in the form of long-term capital appreciation remains unchanged; and (ii) the company's most indicative measure of performance continues to be the fair value of its underlying investments.

The company's investment in TopCo LP Class A and Class B Limited Partnership units entitle it to Carried Interest Proceeds and Excess Management Fees (defined later in note 6 (Portfolio Investments) to the consolidated financial statements for the year ended December 31, 2021) respectively from current and future Helios Funds, which are solely driven by the asset management activities of the Helios Holdings Group, for which the company does not have any performance obligations. TopCo LP was formed to allow the company to receive cash flows from its entitlement to Carried Interest Proceeds and Excess Management Fees from the underlying Helios Funds as well as returns from contributions to Management Team Commitments (defined later in note 6 (Portfolio Investments) to the consolidated financial statements for the year ended December 31, 2021) in the underlying Helios Funds. While the company does not have exit strategies for its TopCo LP Class A and Class B Limited Partnership Interests, the underlying Helios Funds have exit strategies in place for each of their underlying portfolio investments.

The company's assessment of its investment entity status requires an ongoing assessment of the company's strategic objectives, business activities, and its method of measuring and evaluating its performance. Accordingly, the company's investment entity status may change in future reporting periods based on the facts and circumstances at that time.

Valuation of Private Portfolio Investments

The valuations of Private Portfolio Investments are assessed at the end of each reporting period and requires the company to exercise significant judgment when determining the fair value in the absence of quoted market values, the nature of these investments, and change from the acquisition transaction price, such as the significant variances from budgeted earnings; changes in market conditions; changes to the regulatory environment; movements in interest rates, foreign exchange rates and other market variables; and the passage of time.

Estimates and judgments for the valuation of the company's Private Portfolio Investments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Valuation methodologies include discounted cash flow analyses, earnings multiples, industry accepted discounted cash flow and option pricing models, and expected recovery models. There was added uncertainty related to the economic disruption caused by the ongoing COVID-19 pandemic in the company's development of unobservable inputs. Significant judgments and assumptions were applied such as the timing of future cash flows, exit multiples of invested capital, target exit dates, growth in assets under management, probability weighting on future fundraising initiatives, long term profit margins, discount rates, growth rates, and other inputs. Additional volatility in the fair values of Private Portfolio Investments may arise in future periods if actual results differ materially from the company's estimates.

Income taxes

The company is subject to income taxes in Canada, the United States, Mauritius and South Africa, and the company's determination of its tax liability or receivable is subject to review by those applicable tax authorities. The company exercised judgment in assessing that unremitted earnings related to its subsidiaries' holdings of Portfolio Investments are not expected to result in taxable amounts as the company has determined it is not probable that those unremitted earnings will be repatriated in the foreseeable future. Where the company's interpretations differ from those of tax authorities or the timing of realization is not as expected, the provision for income taxes may increase or decrease in future periods to reflect actual experience. The company engages external specialist tax personnel who assist the company with its assessment of the income tax consequences of planned transactions and the undertaking of appropriate tax planning.

Realization of deferred income tax assets is dependent upon the generation of taxable income in those jurisdictions where the relevant tax losses and temporary differences exist. Tax legislation of each jurisdiction in which the company operates is interpreted to determine the provision for (recovery of) income taxes and expected timing of the reversal of deferred income tax assets and liabilities. The company exercised judgment that certain carryforwards of unused losses disclosed in note 12 (Income Taxes) to the consolidated financial statements for the year ended December 31, 2021 should not be recognized as an asset as it was considered not probable that those losses could be utilized by the company.

Significant Accounting Policy Changes

There were no significant accounting policy changes during 2021.

Future Accounting Changes

Certain new IFRS may have a significant impact on the company's consolidated financial reporting in the future. Each of those standards will require a moderate degree of implementation effort. The company does not expect to adopt any of these new standards in advance of their respective effective dates. New standards and amendments that have been issued but are not yet effective are as follows:

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

On May 14, 2020, the IASB issued amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* to clarify the types of costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous. The amendments are effective for annual periods beginning on or after January 1, 2022 and apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated and instead the cumulative effect of applying the amendments is recognized as an adjustment to opening equity at the date of initial application. The amendments are not expected to have a significant impact on the company's consolidated financial statements.

Annual Improvements to IFRS Standards 2018 – 2020

On May 14, 2020, the IASB issued amendments to certain IFRS Standards as a result of its annual improvements project, which includes an amendment to IFRS 9 *Financial Instruments* to clarify which fees are considered when assessing whether to derecognize a financial liability. The amendment to IFRS 9 is applied prospectively on or after January 1, 2022 and is not expected to have a significant impact on the company's consolidated financial statements.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On January 23, 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* to clarify the criteria for classifying a liability as non-current. The amendments are to be applied retrospectively to annual reporting periods beginning on or after January 1, 2023. The company is currently evaluating the expected impact of these amendments on its consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

On May 7, 2021, the IASB issued amendments to IAS 12 *Income Taxes* to clarify how companies account for deferred tax on transactions that give rise to equal taxable and deductible temporary differences. The amendments preclude the use of the initial recognition exemption on such transactions and are effective for annual periods beginning on or after January 1, 2023 with early application permitted. The amendments are not expected to have a significant impact on the company's consolidated financial statements.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

On February 12, 2021, the IASB issued amendments to IAS 1 *Presentation of Financial Statements and* IFRS Practice Statement 2 *Making Materiality Judgments* to help entities decide which accounting policies to disclose in their financial statements. The amendments are applied prospectively on or after January 1, 2023 and are not expected to have a significant impact on the company's consolidated financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to help entities distinguish between accounting policies and accounting estimates. The amendments are applied prospectively to changes in accounting estimates and changes in accounting policies occurring on or after January 1, 2023 and are not expected to have a significant impact on the company's consolidated financial statements.

Risk Management

Overview

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 December 31, 2021 compared to those identified at December 31, 2020, other than as outlined in note 13 (Financial Risk Management) to the consolidated financial statements for the year ended December 31, 2021.

Risks

The following risks, among others, should be considered in evaluating the outlook for the company. Additional risks not currently known to the company or that are currently deemed immaterial may become important factors that affect the company's future financial conditions and results of operations. The company, its consolidated subsidiaries, Fairfax, and the Manager monitor these risks on an on-going basis and take actions as needed to mitigate their impact. For further detail about the risks relating to the company, please see Risk Factors in HFP's most recent annual information form, which is available on SEDAR at www.sedar.com.

The COVID-19 Pandemic

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 Portfolio 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, including its subsequent variants, 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 Portfolio Investments in particular, or for how long any disruptions are likely to continue. The extent of such impact will depend on future developments, including new information which may emerge concerning the severity of COVID-19 and additional actions which may be taken to contain COVID-19. In particular, the potential resurgence of COVID-19 cases and its new variants, and consequently the extension or reintroduction of containment measures may contribute to greater uncertainty and delay the recovery of economic activity. Such further developments could have a material adverse effect on the company's business, financial condition, results of operations and cash flows.

Geographic Concentration of Investments

The company has invested substantially all of the cash proceeds it has raised in various investment opportunities in Africa. As a result, the company's performance is particularly sensitive to economic changes in the countries in Africa in which it invests. The market value of the company's investments, the income generated by the company and the company's performance is particularly sensitive to changes in the economic condition and regulatory environment in the countries in Africa in which it invests. Adverse changes in the economic condition or regulatory environment of the countries in Africa in which it invests may have a material adverse effect on the company's business, cash flows, financial condition and results of operations.

Financial Market Fluctuations

The company invests in both private businesses and publicly traded businesses. With respect to publicly traded businesses, fluctuations in the market prices of such securities may negatively affect the value of such investments. In addition, general instability in the public debt market and other securities markets may impede the ability of businesses to refinance their debt through selling new securities, thereby limiting the company's investment options with regard to a particular Portfolio Investment.

Global capital markets have experienced extreme volatility and disruption in recent years as evidenced by the failure of major financial institutions, significant write-offs suffered by the financial services sector, the re-pricing of credit risk, the unavailability of credit or the downgrading and the possibility of default by sovereign issuers, forced exit or voluntary withdrawal of countries from a common currency and/or devaluation. Despite actions of government authorities, these events have contributed to a worsening of general economic conditions, high levels of unemployment in certain Western economies and the introduction of austerity measures by certain governments.

Such worsening of financial market and economic conditions may have a negative effect on the valuations of, and the ability of the company to exit or partially divest from, investment positions. Adverse economic conditions may also decrease the value of collateral securing some of its positions, and require the company to contribute additional collateral.

Depending on market conditions, the company may incur substantial realized and unrealized losses in future periods, all of which may materially adversely affect its results of operations and the value of any investment in the company.

Pace of Completing Investments

The company's business is to identify, with the assistance of the Portfolio Advisor, suitable investment opportunities, pursuing such opportunities and consummating such investment opportunities. If the company is unable to source and manage its investments effectively, it would adversely impact the company's financial position and earnings. There can be no assurance as to the pace of finding and implementing investment opportunities.

Conversely, there may only be a limited number of suitable investment opportunities at any given time. This may cause the company, while it deploys cash proceeds not yet invested, to hold significant levels of cash, cash equivalents, short term U.S. treasuries or Government of South Africa bonds. A lengthy period prior to which capital is deployed may adversely affect the company's overall performance.

Minority Investments

The company may make minority equity investments in which the company does not participate in the management or otherwise influence the business or affairs of such businesses. The company will monitor the performance of each investment and maintain an ongoing dialogue with each business's management team. However, day-to-day operations will primarily be the responsibility of each businesses' management team and the company may not have the right to influence such operations.

Reliance on Key Personnel and Risks Associated with the Investment Advisory Agreement

The management and governance of the company depends on the services of certain key personnel, including key personnel of the Portfolio Advisor, the Manager, as sub-advisor of the Portfolio Advisor, and certain executive officers of the company. The loss of the services of any key personnel, particularly Tope Lawani and Babatunde Soyoye, could have a material adverse effect on the company and materially adversely affect the company's financial condition and results of operations.

The company relies on the Portfolio Advisor and any of its sub-advisors or consultants, from time to time, including the Manager, with respect to the sourcing and advising, as applicable, with respect to their investments. Consequently, the company's ability to achieve its investment objectives depends in large part on the Portfolio Advisor and the Manager, in its role as sub-advisor, and their respective ability to identify and advise the company on attractive investment opportunities. This means that the company's investments are dependent upon the business contacts of the Portfolio Advisor and the Manager, in its role as sub-advisor, and their respective ability to (i) successfully hire, train, supervise and manage their personnel and (ii) to maintain their operating systems. If the company were to lose the services provided by the Portfolio Advisor, the Manager, in its role as sub-advisor, or their key personnel or if the Portfolio Advisor or the Manager, in its role as sub-advisor, fail to satisfactorily perform the Portfolio Advisor's obligations under the Investment Advisory Agreement, the company's investments and growth prospects may decline.

The company may be unable to duplicate the quality and depth of management from the Portfolio Advisor or the Manager, in its role as sub-advisor, if the company were to source and manage its own investments or if it were to hire another investment advisor. Prospective investors should not purchase any securities of the company unless they are prepared to rely on the Directors, the Sub Directors, each of their respective executive officers and the Portfolio Advisor and any of its sub-advisors (including the Manager). The Investment Advisory Agreement may be terminated in certain circumstances and is only renewable on certain conditions. Accordingly, there can be no assurance that the company will continue to have the benefit of the services of the Portfolio Advisor and the Manager, in its role as sub-advisor, including their respective executive officers, investment professionals and other personnel, that the Portfolio Advisor will continue to be the company's investment advisor, that the Manager will continue to be the

Portfolio Advisor's sub-advisor, or that the Portfolio Advisor will continue to provide investment administration services to the company. If the Portfolio Advisor or Manager, in its role as sub-advisor, should cease for whatever reason to be the investment advisor of the company, the cost of obtaining substitute services may be greater than the fees the company will pay the Portfolio Advisor under the Investment Advisory Agreement. Such increased fees may adversely affect the company's ability to meet its objectives and execute its strategy which could materially and adversely affect the company's cash flows, net earnings and financial condition.

Operating and Financial Risks of Portfolio Investments

Businesses in which the company invests could deteriorate as a result of, among other factors, an adverse development in their business operations, a change in the competitive environment or an economic downturn. As a result, businesses that the company expects to be stable may operate at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position, or may otherwise have a weak financial condition or experience financial distress. In some cases, the success of the company's investment strategy will depend, in part, on the ability of the company to restructure and effect improvements in the operations of a business in which it has invested. The activity of identifying and implementing restructuring programs and operating improvements at businesses entails a high degree of uncertainty. There can be no assurance that the company will be able to successfully identify and implement such restructuring programs and improvements.

Valuation Methodologies Involve Subjective Judgments

For the purposes of IFRS-compliant financial reporting, the company's financial assets and liabilities will be valued in accordance with IFRS. Accordingly, the company is required to follow a specific framework for measuring the fair value of its assets and liabilities and, in its consolidated financial statements, to provide certain disclosures regarding the use of fair value measurements.

The fair value measurement accounting guidance establishes a hierarchical disclosure framework that ranks the observability of market inputs used in measuring financial instruments at fair value. The observability of inputs depends on a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument and the state of the marketplace, including the existence and transparency of transactions between market participants. Financial instruments with readily quoted prices, or for which fair value can be measured from quoted prices in active markets, generally will have a high degree of market price observability and less judgment applied in determining fair value.

A portion of the company's Portfolio Investments are in the form of securities that are not publicly traded and thus have no readily ascertainable market prices. The fair value of securities and other investments that are not publicly traded may not be readily determinable. The company will value these securities quarterly at fair value as determined in good faith by the company and in accordance with the valuation policies and procedures under IFRS. The company may utilize the services of an independent valuation firm to aid it in determining the fair value of these securities. The types of factors that may be considered in fair value pricing of the company's investments include the nature and realizable value of any collateral, the portfolio business' ability to make payments and its earnings, the markets in which the Portfolio Investment does business, comparison to publicly traded companies, discounted cash flow and other relevant factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, such valuations may fluctuate over short periods of time and may be based on estimates. Thus, the company's determinations of fair value may differ materially from the prices that would have been obtained if a ready market for these securities existed. The value of the company's total assets could be materially adversely affected if the company's determinations regarding the fair value of its investments were materially higher than the values that it ultimately realizes upon the disposition of such securities.

The value of the company's investment portfolio may also be affected by changes in accounting standards, policies or practices. From time to time, the company will be required to adopt new or revised accounting standards or guidance. It is possible that future accounting standards that the company is required to adopt could change the valuation of the company's assets and liabilities.

Due to a wide variety of market factors and the nature of certain securities to be held by the company, there is no guarantee that the fair value determined by the company or any third-party valuation agents will represent the value that will be realized by the company on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. Moreover, the valuations to be performed by the company or any third-party valuation agents are inherently different from the valuation of the company's securities that would be performed if the company were forced to liquidate all or a significant portion of its securities, which liquidation valuation could be materially lower.

In addition, the values of the company's investments are subject to significant volatility, including due to a number of factors beyond the company's control. These include actual or anticipated fluctuations in the quarterly and annual results of these companies or companies in their industries, market perceptions concerning the availability of additional securities for sale, general economic, social or political developments, changes in industry conditions or government regulations, changes in management or capital structure and significant acquisitions or dispositions. In addition, because the company often holds substantial positions in its investees, the disposition of these securities often is delayed for, or takes place over, long periods of time, which can further expose the company to volatility risk. Even if the company holds an investment that may be difficult to liquidate in a single transaction, the company may not discount the market price of the security sufficiently for purposes of its valuations. If the company realizes value on an investment that is significantly lower that the value at which it was recorded in its balance sheet, the company would recognize investment losses.

Lawsuits

The company may, from time to time, become party to a variety of legal claims and regulatory proceedings in Canada, Africa (including Mauritius) or elsewhere. The existence of such claims against the company or its affiliates, directors or officers could have various adverse effects, including the incurrence of significant legal expenses defending such claims, even those claims without merit. The company manages day-to-day regulatory and legal risk primarily by implementing appropriate policies, procedures and controls. Internal and external legal counsel also work closely with the company to identify and mitigate areas of potential regulatory and legal risk. The company's results of operations, financial condition, and liquidity could be materially adversely affected by such legal risks.

Use of Leverage

The company may rely on the use of leverage when making its investments. As such, the ability to achieve attractive rates of return on such investments will significantly depend on the company's continued ability to access sources of debt financing on attractive terms. An increase in either market interest rates or in the risk spreads demanded by lenders would make it more expensive for the company to finance its investments and, in turn, would reduce net returns therein. Increases in interest rates could also make it more difficult for the company to locate and consummate investments because other potential buyers, including operating companies acting as strategic buyers, may be able to bid for an asset at a higher price due to a lower overall cost of capital. Availability of capital from debt capital markets is subject to significant volatility and the company may not be able to access those markets on attractive terms, or at all, when completing an investment. Any of the foregoing circumstances could have a material adverse effect on the financial condition and results of operations of the company.

Foreign Currency Fluctuation

All of the company's Portfolio Investments have been and will be made in Africa and in African businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, Africa, and the financial position and results for these investments are expected to be principally denominated in currencies other than the United States dollar. The company's functional and reporting currency is the United States dollar. Changes in the fair value of such Portfolio Investments will be translated at average rates of exchange in effect during the applicable reporting period. Assets and liabilities will be translated at the exchange rates in effect at the balance sheet date. As a result, the company's consolidated financial position is subject to foreign currency fluctuation risk, which could materially adversely impact its operating results and cash flows. Although the company may enter into currency hedging arrangements in respect of its foreign currency cash flows, there can be no assurance that the company will do so or, if they do, that the full amount of the foreign currency exposure will be hedged at any time.

Investments May Be Made in Foreign Private Businesses Where Information Is Unreliable or Unavailable

In pursuing the company's investment strategy, the company may seek to make one or more investments in privately-held African businesses as disclosed in note 6 (Portfolio Investments) to the consolidated financial statements for the year ended December 31, 2021. As minimal public information exists about private African businesses, the company could be required to make investment decisions on whether to pursue a potential investment in a private business on the basis of limited information, which may result in an investment in a business that is not as profitable as the company initially suspected, if at all.

Investments in private African businesses pose certain incremental risks as compared to investments in public businesses, including that they:

- have reduced access to the capital markets, resulting in diminished capital resources and ability to withstand financial distress;

- may have limited financial resources and may be unable to meet their obligations under their debt securities that the company may hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of the company realizing any guarantees that it may have obtained in connection with its investment;
- may have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and changing market conditions, as well as general economic downturns;
- are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on a Portfolio Investment and, as a result, the company; and
- generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position.

Significant Ownership by Fairfax and Principal Holdco May Adversely Affect the Market Price of the Subordinate Voting Shares

As of March 22, 2022, Fairfax and its affiliates hold a 53.3% and 32.6% voting and equity interest, respectively, in the company through ownership of 30,000,000 issued and outstanding multiple voting shares and 5,302,912 subordinate voting shares.

As of March 22, 2022, Principal Holdco and its affiliates hold a 45.9% and 46.3% voting and equity interest, respectively, in the company through ownership of 25,452,865 issued and outstanding multiple voting shares and 24,632,413 subordinate voting shares.

For so long as Fairfax and Principal Holdco, respectively, either directly or through one or more subsidiaries and affiliates, maintain a significant voting interest in the company, Fairfax and Principal Holdco, as applicable, will have the ability to exercise substantial influence with respect to the company's affairs and significantly affect the outcome of shareholder votes, and may have the ability to prevent certain fundamental transactions.

Accordingly, the subordinate voting shares may be less liquid and trade at a relative discount compared to such subordinate voting shares in circumstances where Fairfax and Principal Holdco did not have the ability to significantly influence or determine matters affecting the company. Additionally, Fairfax's and Principal Holdco's respective significant voting interests in the company may discourage transactions involving a change of control of the company, including transactions in which an investor, as a holder of subordinate voting shares, might otherwise receive a premium for its subordinate voting shares over the then-current market price.

Emerging Markets

The company's investment objective is to achieve long term capital appreciation, while preserving capital, by investing in Portfolio Investments. Foreign investment risk is particularly high given that the company invests in securities of issuers based in or doing business in emerging market countries.

The economies of emerging market countries have been and may continue to be adversely affected by economic conditions in the countries with which they trade. The economies of emerging market countries may also be predominantly based on only a few industries or dependent on revenues from particular commodities. In addition, custodial services and other investment-related costs may be more expensive in emerging markets than in many developed markets, which could reduce the company's income from securities or debt instruments of emerging market country issuers.

Certain African countries still have some form of exchange control regulation that can lead to additional costs, delays and/or restrictions/requirements on the repatriation of profits for the company. There is a heightened possibility of imposition of withholding taxes on interest or dividend income generated from emerging market securities. In this regard, certain African countries seek to impose tax on the sale of shares of companies that are resident in their jurisdiction. Furthermore, there are legislative developments in certain jurisdictions aimed to allow for tax in the event of an indirect disposal or change of control. It is also possible that certain African revenue authorities will apply a withholding tax in breach of the relevant tax treaty and the company may be unable to reclaim this undue tax in the form of a tax credit. Governments of emerging market countries may engage in confiscatory taxation or expropriation of income and/or assets to raise revenues or to pursue a domestic political agenda. In the past, emerging market countries have nationalized assets, companies and even entire sectors, including the assets of foreign investors, with inadequate or no compensation to the prior owners. Certain governments in African countries may also restrict or control the ability of foreign investors to invest in securities by varying degrees. These restrictions and controls may limit or preclude foreign investment, require governmental approval, special licenses, impose certain costs and expenses, and/or limit the amount of foreign investment, or limit such investment to certain classes of securities that may be less advantageous than the classes available for purchase by domestic investors. There can be no assurance that the company will not suffer a loss of any or all of its investments or, interest or dividends thereon, due to adverse fiscal or other policy changes in emerging market countries.

Governments of many emerging market countries have exercised and continue to exercise substantial influence over many aspects of the private sector. In some cases, the government owns or controls many companies, including some of the largest in the country. Crime, corruption and fraud in certain African countries, as well as ties between government, agencies or officials and the private sector, have resulted, and could in the future result, in preferential treatment for local competitors, inefficient resource allocation, arbitrary decisions and other practices or policies. Accordingly, government actions could have a significant effect on economic conditions in an emerging country and on market conditions, prices and yields of securities in the company's portfolio.

Bankruptcy law and creditor reorganization processes in the African countries in which the company may invest may differ substantially from those in Canada, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain emerging market countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain. In addition, it may be impossible to seek legal redress against an issuer that is a sovereign state.

Also, because publicly traded debt instruments of emerging market issuers represent a relatively recent innovation in the world debt markets, there is little historical data or related market experience concerning the attributes of such instruments under all economic, market and political conditions.

Other heightened risks associated with emerging markets investments include without limitation: (i) risks due to less social, political and economic stability, including the risk of war, terrorism, nationalization, limitations on the removal of funds or other assets, or diplomatic developments that affect investments in these countries; (ii) the smaller size of the market for such securities and a lower volume of trading, resulting in a lack of liquidity and in price volatility; (iii) certain national policies and other factors which may restrict the company's investment opportunities, including restrictions on investing in issuers or industries deemed sensitive to relevant national interests and requirements that government approval be obtained prior to investment by foreign persons; (iv) certain national policies that may restrict the company's repatriation of investment income, capital or the proceeds of sales of securities, including temporary restrictions on foreign capital remittances and shortages of foreign currency; (v) the lack of uniform accounting and auditing standards and/or standards that may be significantly different from the standards required in Canada; (vi) less publicly available financial and other information regarding issuers; (vii) potential difficulties in enforcing contractual obligations; (viii) higher rates of inflation, higher interest rates and other economic concerns; and (ix) less development and/or obsolescence in banking systems and practices, postal systems, communications and information technology and transportation networks. The company may invest to a substantial extent in emerging market securities that are denominated in currencies other than the United States dollar, subjecting the company to a greater degree of foreign currency risk. Also, investing in emerging market countries may entail purchases of securities of issuers that are insolvent, bankrupt or otherwise of questionable ability to satisfy their payment obligations as they become due, subjecting the company to a greater amount of credit risk and/or high yield risk. Additionally, the demand for securities of the company may be more volatile due to general market volatility in demand for investments in emerging markets.

As reflected in the above discussion, investments in emerging market securities involve a greater degree of risk than, and special risks in addition to the risks associated with, investments in domestic securities or in securities of foreign developed countries.

South African Black Economic Empowerment

As a company that has invested, and will seek to complete further investment, in South Africa, the entities in which the company has and may invest could be required to comply with the South African government's policy and legal framework relating to black economic empowerment in respect of any South African investments. Black economic empowerment is governed generally by the Broad-Based Black Economic Empowerment Act of 2003 and the Codes of Good Practice, promulgated under that Act. The relevant South African entities will be required to comply with local procurement, employment equity, ownership and other regulations which are designated to address social and economic transformation issues, redress social and economic inequalities and ensure socio-economic stability from time to time. Compliance with the said legislation and policies, including the need to meet minimum equity ownership targets depending on the sector of the proposed investment, may result in the dilution of the company's indirect interest in its South African investments whilst non-compliance with the said legislation and policies may result in financial penalties, the loss of key customer contacts with state owned entities and parastatals or the suspension or revocation of any underlying licenses that the relevant entity requires in order to conduct its business which, in either case, could have an adverse effect on the company's business, financial condition and results of operations.

Economic Risk

The economies of certain African countries have grown rapidly during the past several years and there is no assurance that this growth rate will be maintained. Certain countries in Africa may experience substantial (and, in some cases, extremely high) rates of inflation or economic recessions causing a negative effect on such economies. Certain countries in Africa may also impose restrictions on the exchange or export of currency, institute adverse currency exchange rates or experience a lack of available currency hedging instruments. Any of these events could have a material adverse effect on their respective economies.

Weather Risk

Certain Portfolio Investments are operating in industries exposed to weather risk. The revenues of these portfolio companies may be adversely affected during a period of severe weather conditions in Africa. Because weather events are by their nature unpredictable, historical results of operations of certain Portfolio Investments may not be indicative of their future results of operations. As a result of the occurrence of one or more major weather catastrophes in any given period, the expected returns from Portfolio Investments impacted by weather risk may fall short of the company's expectations.

Taxation Risks

The company structures its business according to prevailing taxation law and practice in Canada, Mauritius, South Africa, and the United States. Any change in tax policy, tax legislation (including in relation to taxation rates), the interpretation of tax policy or legislation or practice could adversely affect the company's return earned on investments and on the capital available to be invested. Further, taxes and other constraints that would apply to the company and its consolidated subsidiaries in such jurisdictions may not apply to other parties, and such parties may therefore have a significantly lower effective cost of capital and a corresponding competitive advantage in pursuing investments. A number of other factors may increase the effective tax rates, which would have a negative impact on net earnings. These include, but are not limited to, changes in the valuation of our deferred tax assets and liabilities, and any reassessment of taxes by a taxation authority. The company engages external specialist tax personnel who assist the company with its assessment of the income tax consequences of planned transactions and the undertaking of appropriate tax planning. Tax legislation of each jurisdiction in which the company operates is interpreted to determine income taxes and expected timing of the reversal of deferred income tax assets and liabilities.

Tax Laws in Mauritius and South Africa

In February 2013 the South African Minister of Finance, when tabling the 2013/14 Budget, announced that the South African Government will initiate a tax review "to assess our tax policy framework and its role in supporting the objectives of inclusive growth, employment, development and fiscal sustainability". The committee set up to conduct the review is known as The Davis Tax Committee ("DTC"). The terms of reference of the DTC (the "Terms of Reference") are to inquire into the role of the tax system in the promotion of inclusive economic growth, employment creation, development and fiscal sustainability. Aspects that are to receive specific attention from the DTC include a review of the corporate tax system, whether the current mining tax regime is appropriate and the efficiency and effectiveness of the VAT system (sub committees have been set up to deal with specific items in the terms of reference). The DTC will make recommendations to the Minister of Finance and any tax proposals arising from these recommendations will be announced as part of the usual budget and legislative processes. In April 2018 the DTC announced its conclusion based on the Terms of Reference. It is important to note that in the Terms of Reference, "the Committee is advisory in nature, and will make recommendations to the Minister of Finance. The Minister will take into account the report and recommendations and will make any appropriate announcements as part of the normal budget and legislative processes. As with all tax policy proposals, these will be subject to the normal consultative processes and Parliamentary oversight once announced by the Minister." During the 2020 National Budget Speech, the Minister confirmed that the DTC had been re-established to focus on combatting tax leakages, customs fraud and trade mispricing. Accordingly, it is possible that SA Sub and its investments in South Africa could become subject to taxation outlined in the reports that is not currently anticipated, or it may become subject to a higher rate of taxation, which could have a materially adverse effect on its business, financial condition and results of operations in South Africa.

During the 2021 National Budget Speech, the South African Minster of Finance announced proposals that are aligned to some of the DTC's recommendations. In this regard, it was announced that the corporate income tax rate will be lowered to 27 per cent for companies with years of assessment commencing on or after April 1, 2022. The reduction of the corporate income tax rate is to be implemented alongside a broadening of the corporate income tax base by limiting interest deductions and assessed losses, reducing the availability of tax incentives and imposing taxes on cross border e-commerce trade in line with the OECD proposals. The Taxation Laws Amendment Act, 2021 (Act No 20 of 2021) ("TLAA") was promulgated on January 19, 2022, giving legislative effect to certain tax proposals as outlined by the Minister of Finance in his annual National Budget Speech delivered on February 24, 2021. As mentioned, the TLAA proposal to restrict the offset of the balance of assessed losses carried forward to the greater of 1.0 million South African rand or 80% of taxable income will come into effect at the same time as the reduced income tax rate for the relevant company.

Furthermore, an amendment to the hybrid debt anti-avoidance and debt relief rules came info effect on January 19, 2022. The amendment seeks to explicitly extend the deeming provision to apply to the holder of a tainted instrument or recipient of tainted return. In addition, consequential amendments exclude the reclassified return from withholding tax on interest. These amendments need to be considered in relation to any lending arrangements into the operations in South Africa.

Changes in Law

The Republic of Mauritius or South African legal framework under which Mauritius Sub and SA Sub, respectively, invest in Africa may undergo changes in the future, which could impose additional costs or burdens on the Company's operations. Future changes to Mauritian or South African law, or the relevant tax treaties, or the interpretations given to them by regulatory or tax authorities, could impose additional costs or obligations on Mauritius Sub's and SA Sub's activities in Mauritius or South Africa. Significant adverse tax consequences could result if Mauritius Sub or SA Sub do not qualify for benefits under the relevant tax treaties. There can be no assurance that Mauritius Sub or SA Sub will continue to qualify for or receive the benefits of the relevant tax treaties or that the terms of the relevant tax treaties will not be modified. It is possible that provisions of the relevant tax treaties will be overridden by local legislation in a way that materially adversely affects the Company, Mauritius Sub and SA Sub. Further, there can be no assurance that changes in the law or government policies of Mauritius or South Africa that may limit or eliminate a non-Mauritian or non-South African investor's ability to make investments into other countries in Africa via Mauritius or South Africa will not occur.

Canada

In February 2022, the Department of Finance Canada released for public comment draft legislative proposals which, if enacted, may limit the deductibility of interest and financing expenses for Canadian tax purposes. The draft legislative proposals are generally intended to apply in respect of taxation years beginning on or after January 1, 2023. Comments on the draft legislative proposals are invited until May 5, 2022. The company will continue to monitor the BEPS and interest deductibility limitation proposals and any impact on the company, which may result in an increase in future taxes and an adverse effect on the Company. No assurance can be given that the applicable tax laws or the interpretation thereof will not change or that new taxes will not be implemented which would adversely affect the company.

MLI

It is possible that changes in applicable tax treaties in connection with Base Erosion and Profit Shifting ("BEPS") could result in a loss of benefits or taxation that is not currently anticipated. Canada, together with approximately 140 other countries comprising the Organization for Economic Co-operation and Development ("OECD") and the G20 Inclusive Framework on BEPS, approved in principle in 2021 certain base erosion tax initiatives, including the introduction of a 15% global minimum tax which is intended to be effective in 2023. Canada has not yet released any domestic legislation i respect of the introduction of the global minimum tax. OECD has developed 15 action plans aimed at tackling BEPS strategies. Action Plan 15 of the BEPS project envisaged a multilateral instrument ("MLI") for modifying the global tax treaty network in a timely and synchronized manner. Mauritius and Canada (along with 97 other jurisdictions as of February 28, 2022) are signatories to the MLI, and deposited their instruments of ratification with the OECD in 2019. South Africa is also a signatory to the MLI, but has not yet deposited its instrument of ratification with the OECD. During the 2021 National Budget Speech, the South African Minister of Finance announced that the MLI will be ratified as soon as possible; however, no commitment was made on the timing of such ratification.

Trading Price of Subordinate Voting Shares Relative to Book Value per Share

The company is neither a mutual fund nor an investment fund, and due to the nature of its business and investment strategy, and the composition of its investment portfolio, the market price of the subordinate voting shares, at any time, may vary significantly from its book value per share. This risk is separate and distinct from the risk that the market price of the subordinate voting shares may decrease.

Other

Quarterly Data (unaudited)

US$ thousands, except per share amounts

	First Quarter	Second Quarter	Third Quarter(1)	Fourth Quarter	Full Year
2021					
Income (loss)	801	2,502	(8,788)	2,208	(3,277)
Expenses	10,538	5,947	2,353	5,581	24,419
Provision for (recovery of) income taxes	1,412	(3,500)	2,441	(2,127)	(1,774)
Net earnings (loss)	(11,149)	55	(13,582)	(1,246)	(25,922)
Net earnings (loss) per share (basic and diluted)	$ (0.10)	$ –	$ (0.12)	$ (0.01)	$ (0.24)
2020					
Income (loss)	(115,683)	503	(43,512)	(14,341)	(173,033)
Expenses	2,320	2,809	15,656	10,151	30,936
Provision for (recovery of) income taxes	3,801	1,880	(795)	(2,209)	2,677
Net loss	(121,804)	(4,186)	(58,373)	(22,283)	(206,646)
Net loss per share (basic and diluted)	$ (2.05)	$ (0.07)	$ (0.99)	$ (0.31)	$ (3.31)

(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 initial recognition 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 consolidated financial statements for the year ended December 31, 2021 for details.

Income (loss) is composed of net change in net realized gains (losses) on investments, net change in unrealized gains (losses) on investments, net foreign exchange gains (losses), interest income, and dividend income. Net loss in the fourth quarter of 2021 was primarily due to net change in unrealized gains on investments and reversal of prior period unrealized losses, partially offset by net realized losses on investments, net foreign exchange losses, the timing of which are not predictable, general and administration expenses, and investment and advisory fees. 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 Portfolio Investments which result in higher performance fees, if applicable, and investment and advisory fees.

Stock Prices and Share Information

At March 22, 2022 the company had 52,743,940 subordinate voting shares and 55,452,865 multiple voting shares outstanding (an aggregate of 108,196,805 common shares effectively outstanding). Each subordinate voting share carries one vote per share at all meetings of shareholders except for separate meetings of holders of another class of shares. The company's subordinate voting shares trade on the TSX under the symbol HFPC.U. Each multiple voting share carries fifty votes per share at all meetings of shareholders except for separate meetings of holders of another class of shares. Fairfax and the Helios Holdings Group, through their respective subsidiaries and affiliates, own all the issued and outstanding multiple voting shares, which are not publicly traded.

Compliance with Corporate Governance Rules

HFP is a Canadian reporting issuer with securities listed on the TSX and trading in U.S. dollars under the symbol HFPC.U. It has in place corporate governance practices that comply with all applicable rules and substantially comply with all applicable guidelines and policies of the Canadian Securities Administrators and the practices set out therein.

The company's Board of Directors has adopted a set of Corporate Governance Guidelines (which include a written mandate of the Board), established an Audit Committee and Governance, Compensation and Nominating Committee, approved written charters for all of its committees, approved a Code of Business Conduct and Ethics applicable to all directors, officers and employees of the company and established, in conjunction with the Audit

Committee, a Whistleblower Policy. The company continues to monitor developments in the area of corporate governance as well as its own procedures.

Glossary of Non-GAAP and Other Financial Measures

Management analyzes and assesses the financial position of the consolidated company in various ways. Certain of the measures included in the MD&A do not have a prescribed meaning under IFRS as issued by the IASB and may not be comparable to similar measures presented by other companies.

Supplementary Financial Measures

Book value per share – The company considers book value per share a key performance measure in evaluating its objective of long term capital appreciation, while preserving capital. Book value per share is a key performance measure of the company and is closely monitored. This measure is calculated by the company as common shareholders' equity divided by the number of common shares outstanding. Those amounts are presented in the consolidated balance sheets and note 9 (Common Shareholders' Equity under the heading Common Stock) respectively within the consolidated financial statements for the year ended December 31, 2021.

Non-GAAP Financial Measures

Adjusted book value per share – This measure adjusts common shareholders' equity in the book value per share calculation to remove the fair value of TopCo LP Class A and B Limited Partnership Interests at the end of the current reporting period as presented in note 6 (Portfolio Investments) within the consolidated financial statements for the year ended December 31, 2021. This measure is also closely monitored as it is used to calculate the performance fee, if any, to TopCo LP for the benefit of the Manager.

Price-to-earnings multiple – is a ratio that values a company by measuring its current share price relative to its earnings per share.

Cash used in operating activities excluding the impact of changes in restricted cash deposits, changes in term 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, Helios Transaction expenses, and general and administration expenses, and excludes the impact of changes to restricted cash deposits, changes to term deposits, and purchases and sales of investments.

Compound annual growth (decline) rate – The company uses the compound annual growth (decline) rate to measure performance of certain of the above-noted metrics over a specified period of time. Compound annual growth (decline) rate is calculated using the formula: (ending value / beginning value) ^ (1 / number of years) – 1.

Management's Responsibility for the Consolidated Financial Statements

The preparation and presentation of the accompanying consolidated financial statements, Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and all financial information are the responsibility of management and have been approved by the Board of Directors (the "Board").

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Financial statements, by nature, are not precise since they include certain amounts based upon estimates and judgments. When alternative methods exist, management has chosen those it deems to be the most appropriate in the circumstances.

Management maintains appropriate systems of internal controls. Policies and procedures are designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records properly maintained to provide reliable information for the preparation of the consolidated financial statements.

We, as HFP's Co-Chief Executive Officers and Chief Financial Officer, have certified HFP's annual disclosure documents filed with the Canadian Securities Administrators in accordance with Canadian securities legislation.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements and MD&A. The Board carries out this responsibility principally through its Audit Committee which is independent from management.

As more fully described in the accompanying MD&A, based on management's assessment of the company's internal control over financial reporting ("ICFR") using the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework (2013), it was concluded that the company did not maintain effective processes and controls over the completeness and accuracy of inputs and the reasonableness of assumptions used in its level 3 valuation process. This was determined to be a material weakness and could result in misstatements of the company's financial statement accounts and disclosures that could result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

The Audit Committee is appointed by the Board and reviews the consolidated financial statements and MD&A; considers the report of the independent auditor; assesses the adequacy of the internal controls of the company; examines the fees and expenses for audit services; and recommends to the Board the independent auditor for appointment by the shareholders. The independent auditor has full access to the Audit Committee and meet with it to discuss their audit work, HFP's internal control over financial reporting and financial reporting matters. The Audit Committee reports its findings to the Board for consideration when approving the consolidated financial statements and MD&A for issuance to the shareholders.

March 22, 2022

Tope Lawani	Babatunde Soyoye	Belinda Blades
Co-Chief Executive Officer	*Co-Chief Executive Officer*	*Chief Financial Officer*

Independent auditor's report

To the Shareholders of Helios Fairfax Partners Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Helios Fairfax Partners Corporation and its subsidiaries (together, the Company) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2021 and 2020;
- the consolidated statements of earnings (loss) and comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter

Valuation of Certain Level 3 Portfolio Investments
 	
Refer to note 4 – Summary of Significant Accounting Policies, note 5 – Critical Accounting Estimates and Judgments, note 6 – Portfolio Investments and note 7 – Cash and Investments to the consolidated financial statements. (All numbers are in thousands)
 	
The Company's portfolio investments of $587,498 include financial instruments for which quoted prices or observable inputs were not available and for which management determined fair value estimates using a variety of models that use significant unobservable inputs (Level 3 financial instruments). These Level 3 financial instruments include common shares, loans, bonds, related party derivatives and guarantees, and limited partnership investments. The valuation of these financial instruments requires the company to exercise significant judgment when determining the fair value in the absence of quoted market values.
 	
Common shares include the indirect equity interest in AGH and Philafrica Foods Proprietary Ltd. of $60,416 and $9,155 respectively. These common shares are valued based on market multiples. Significant unobservable inputs include multiples of EBITDA.
 	
Loans include the CIG Loan, the Philafrica Facility and the Atlas Mara Facility of $18,797, $7,219 and $6,822 respectively. These loans are valued using an expected recovery model. Significant unobservable inputs include expected recovery rates.
 	
Bonds include the Atlas Mara 7.5% Bonds of $20,000. These bonds are valued using an expected recovery model. Significant unobservable inputs include expected recovery rates.
 	
Related party derivatives and guarantees include the HFP Redemption Derivative and the Atlas Mara Facility Guarantee of $15,906 and $32,046 respectively. The HFP Redemption Derivative is valued using a discounted cash flow and option pricing model and the Atlas Mara Facility Guarantee is valued using a discounted cash flow model. Significant unobservable inputs for the HFP Redemption Derivative include the total fair value of the Reference Investments and for the Atlas Mara Facility Guarantee, the total fair value of the Atlas Mara Facility.
	Our approach to addressing the matter included the following procedures, among others:
	
	• Tested how management determined the fair values of the Level 3 financial instruments; which included the following:
	
	  • For the common shares:
	    • With the assistance of professionals with specialized skill and knowledge in the field of valuation, assessed the appropriateness of the market multiple model and evaluated the multiples of EBITDA used in the calculation.
	    • Tested significant inputs used in the model.
	    • Tested the mathematical accuracy of the calculation.
	
	  • For the loans and bonds:
	    • Assessed the appropriateness of the expected recovery rate model and evaluated the expected recovery rates used in the calculation.
	    • For a sample of the loans and bonds, professionals with specialized skill and knowledge in the field of valuation assisted us in our assessment of the model and in evaluating the expected recovery rates.
	    • Tested significant inputs used in the model.
	    • Read legal agreements to verify the contractual claim and rights to the collateral.
	    • Tested the mathematical accuracy of the calculation.
	
	  • For the related party derivatives and guarantees:
	    • With the assistance of professionals with specialized skill and knowledge in the field of valuation, developed an independent point estimate of the fair values.
	    • Professionals with specialized skill and knowledge in the field of valuation also assisted us in our assessment of the reasonableness of the significant unobservable inputs of the total fair value of the Atlas Mara Facility and the total fair value of the Reference Investments.

Key audit matter	How our audit addressed the key audit matter
Limited partnership investments include TopCo LP Class A Limited Partnership Interest (TopCo A) and TopCo LP Class B Limited Partnership Interest (TopCo B) of $90,223 and $159,959 respectively. TopCo A is valued using a discounted cash flow model and net asset value. Significant unobservable inputs include the discount rate, target exit dates and exit multiples of invested capital. TopCo B is valued using a discounted cash flow model. Significant unobservable inputs include the discount rate, growth in assets under management, probability weighting on future fundraising initiatives, long term pre-tax profit margin and long term growth rate. We considered this a key audit matter due to the significant judgment required by management when determining the fair value estimate of these financial instruments. This in turn led to a high degree of auditor subjectivity, judgment and effort in performing procedures relating to the valuation of these financial instruments. The audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.	• Tested the underlying inputs used in developing the independent point estimate. • Compared the independent point estimate to management's to evaluate the reasonableness of management's estimate. • For the TopCo A: • With the assistance of professionals with specialized skill and knowledge in the field of valuation, assessed the appropriateness of the discounted cash flow model and the reasonableness of the discount rate used in the model. • Evaluated the reasonableness of target exit dates and exit multiples of invested capital, by considering consistency with, as applicable: • current and past performance of the Helios Funds and certain underlying investments held by the Helios Funds; • past holding periods for the Helios Funds and certain underlying investments held by the Helios Funds; • forecasted multiples of invested capital; • relevant external market and industry data, including peer data; and • for a sample of the underlying investments held by the Helios Funds, professionals with specialized skill and knowledge in the field of valuation assisted us in our assessment of the exit multiples of invested capital. • Tested significant inputs used in the model. • Tested the mathematical accuracy of the calculation. • For the TopCo B: • With the assistance of professionals with specialized skill and knowledge in the field of valuation, assessed the appropriateness of the discounted cash flow model and the reasonableness of the discount rate, probability weighting on future fundraising initiatives, long term pre-tax profit margin and long term growth rate.

Key audit matter	**How our audit addressed the key audit matter**
	• Evaluated the reasonableness of growth in assets under management, probability weighting on future fundraising initiatives and long term pre-tax profit margin, by considering consistency with, as applicable: • current and past performance of the underlying Helios Funds, historical ability to raise capital, and the overall historical growth in assets under management; and • relevant external market and industry data, including peer data. • Tested significant inputs used in the model. • Tested the mathematical accuracy of the calculation. Tested the disclosures made in the consolidated financial statements, particularly on the sensitivity of significant unobservable inputs used.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report. The other information does not include information contained in the websites of the Company's Portfolio Investments as disclosed in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Catriona Read.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 22, 2022

Consolidated Financial Statements

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

	Notes	December 31, 2021	December 31, 2020
Assets			
Cash and cash equivalents	7, 18	**76,284**	66,052
Restricted cash deposits	13	**–**	7,525
Term deposits	13	**–**	12,392
Portfolio Investments	6, 7, 14	**587,498**	493,654
Related party loan	6, 7, 14	**19,608**	19,411
Total cash and investments		**683,390**	599,034
Interest receivable		**2,978**	8,961
Deferred income taxes	12	**–**	835
Income tax refundable	12	**5,632**	–
Receivable from related parties	14	**11,002**	–
Other assets	15	**1,390**	1,946
Total assets		**704,392**	610,776
Liabilities			
Accounts payable and accrued liabilities		**136**	6,982
Automatic share purchase plan liability	9	**500**	–
Payable to related parties	14	**8,803**	3,660
Income taxes payable	12	**–**	399
Deferred income taxes	12	**4,419**	–
Borrowings	8	**98,632**	–
Total liabilities		**112,490**	11,041
Equity			
Common shareholders' equity	9	**591,902**	599,735
		704,392	610,776

See accompanying notes.

Signed on behalf of the Board

Director

Director

Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss)
for the years ended December 31, 2021 and 2020
(US$ thousands except per share amounts)

	Notes	2021	2020
Income			
Interest	7	**139**	18,727
Dividends	7	**714**	15
Net realized losses on investments	7	**(21,247)**	(208,462)
Net change in unrealized gains on investments	7	**30,024**	30,643
Net foreign exchange losses	7	**(12,907)**	(13,956)
		(3,277)	(173,033)
Expenses			
Investment and advisory fees	14	**4,146**	4,128
Performance fee	14	**938**	–
General and administration expenses	14, 17	**10,562**	9,528
Helios Transaction expenses	2	**–**	16,507
Loss on uncollectible accounts receivable	15	**6,073**	–
Interest expense	8	**2,700**	773
		24,419	30,936
Loss before income taxes		**(27,696)**	(203,969)
Provision for (recovery of) income taxes	12	**(1,774)**	2,677
Net loss and comprehensive loss		**(25,922)**	(206,646)
Net loss per share	11	**$ (0.24)**	$ (3.31)
Shares outstanding (weighted average)	11	**109,071,609**	62,406,662

See accompanying notes.

Consolidated Statements of Changes in Equity
for the years ended December 31, 2021 and 2020
(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	**–**	**–**	**–**	**–**	**–**	**(25,922)**	**(25,922)**
Issuances (note 9)	**–**	**–**	**–**	**5,557**	**–**	**–**	**5,557**
Purchases for cancellation (note 9)	**(6,987)**	**–**	**–**	**–**	**–**	**4,400**	**(2,587)**
Amortization	**–**	**–**	**124**	**–**	**–**	**–**	**124**
Automatic share purchase plan commitment (note 9)	**(1,319)**	**–**	**–**	**–**	**–**	**819**	**(500)**
Capital contributions (note 9)	**–**	**–**	**–**	**–**	**18,107**	**–**	**18,107**
Tax expense on equity transactions (note 12)	**13**	**–**	**–**	**–**	**(2,625)**	**–**	**(2,612)**
Balance as of December 31, 2021	**432,370**	**439,904**	**5,562**	**5,557**	**24,337**	**(315,828)**	**591,902**
Balance as of January 1, 2020	310,078	300,000	(427)	–	–	(90,836)	518,815
Net loss	–	–	–	–	–	(206,646)	(206,646)
Issuances (note 9)	135,395	139,904	–	–	–	–	275,299
Purchases for cancellation (note 9)	(4,810)	–	–	–	–	2,960	(1,850)
Amortization	–	–	5,865	–	–	–	5,865
Capital contributions (note 9)	–	–	–	–	8,855	–	8,855
Deemed distributions (note 9)	–	–	–	–	–	(603)	(603)
Balance as of December 31, 2020	440,663	439,904	5,438	–	8,855	(295,125)	599,735

See accompanying notes.

Consolidated Statements of Cash Flows
for the years ended December 31, 2021 and 2020
(US$ thousands)

	Notes	2021	2020
Operating activities			
Net loss		**(25,922)**	(206,646)
Items not affecting cash and cash equivalents:			
Net bond discount accretion		**(353)**	(1,592)
Capitalized interest on loans and bonds	6	**(730)**	(11,425)
Performance fee	14	**938**	–
Loss on uncollectible accounts receivable	15	**6,073**	–
Deferred income taxes	12	**1,898**	110
Amortization of share-based payment awards		**124**	5,926
Net realized losses on investments	7	**21,247**	208,462
Net change in unrealized gains on investments	7	**(30,024)**	(30,643)
Net foreign exchange losses	7	**12,907**	13,956
Net sales of short term investments		**–**	104,095
Purchases of investments	6, 18	**(87,095)**	(71,154)
Disposals of investments	6, 18	**18,758**	20,000
Settlement of guarantee liability	15	**(8,474)**	–
Recovery from guarantee asset	14	**13,495**	–
Recovery of guaranteed amounts	15	**3,660**	–
Decrease (increase) in restricted cash deposits	14	**7,525**	(25)
Decrease (increase) in term deposits	14	**–**	(12,392)
Changes in operating assets and liabilities:			
Interest receivable		**1,884**	(3,126)
Accounts payable and accrued liabilities		**(6,845)**	6,685
Receivable from related parties		**(8,593)**	–
Income taxes refundable		**(6,031)**	779
Payable to related parties		**(513)**	2,105
Other		**195**	1,359
Cash provided by (used in) operating activities		**(85,876)**	26,474
Financing activities			
Proceeds from borrowings	8	**100,000**	–
Subordinate voting shares – purchases for cancellation		**(2,587)**	(1,850)
Cash provided by (used in) financing activities		**97,413**	(1,850)
Increase in cash and cash equivalents		**11,537**	24,624
Cash and cash equivalents – beginning of year		**66,052**	44,334
Foreign currency translation		**(1,305)**	(2,906)
Cash and cash equivalents – end of year	18	**76,284**	66,052

See accompanying notes.

Index to Notes to Consolidated Financial Statements

Notes to Consolidated Financial Statements
for the years ended December 31, 2021 and 2020
(in US$ and thousands except share and per share amounts and as otherwise indicated)

1. Business Operations

Helios Fairfax Partners Corporation (“the company” or “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 (“Portfolio Investments”). Generally, subject to compliance with applicable law, the company will make Portfolio Investments with a view to acquiring control or significant influence positions.

HFA Topco, L.P. ("TopCo LP" or the "Portfolio Advisor") is the portfolio advisor of the company and, through its sub-advisor, Helios Investment Partners LLP (“Helios” or the “Manager”), provides investment management services, investment advisory services and investment administration services to the company. 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”) and a Mauritius-based subsidiary HFP Investments Limited (“Mauritius Sub”).

The company is federally incorporated and is domiciled in Ontario, Canada. The principal office of the company is located at 95 Wellington Street West, Suite 800, Toronto, Ontario, Canada, M5J 2N7.

2. Helios Transaction

On December 8, 2020, the company closed a transaction with Helios Holdings Limited (“HHL”) whereby HHL contributed its entitlement to cash flows arising from certain fee streams (as described below) to HFP in exchange for 25,452,865 multiple voting shares and 24,632,413 subordinate voting shares of HFP, representing a 45.9% equity and voting interest in HFP (the “Transaction”). Upon closing of the Transaction, the company was renamed Helios Fairfax Partners Corporation (formerly Fairfax Africa Holdings Corporation) and its subordinate voting shares continued to be listed on the Toronto Stock Exchange.

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

- 100% of all management and other fees paid to Helios Holdings Group (as defined below) in connection with the management of any existing or future fund (including the management of HFP and its subsidiaries), including co-investments, less expenses, administrative fees, and other operation fees relating to the management of those funds (“Excess Management Fees”);
- 25% of carried interest amounts generated by any existing fund, including co-investments, 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, including co-investments, managed by Helios or any of its affiliates, including Helios Investors IV, L.P. (collectively, the “Carried Interest Proceeds”).

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

Fairfax Financial Holdings Limited (“Fairfax”) is a holding company which, through its subsidiaries, is engaged in property and casualty insurance and reinsurance and the associated investment management. 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 (see note 6). Fairfax guaranteed the Atlas Mara Zambia Term Deposit of $12,392 plus accrued interest, and the guarantee was settled in 2021. In addition, Fairfax guaranteed up to $7,283 of the company’s restricted cash deposits with Access Bank SA, which became unrestricted in 2021 and were therefore no longer guaranteed by Fairfax.

Upon closing of the Transaction, the company entered into a management services agreement with Fairfax to provide certain services to the company and its subsidiaries on a two-year transitional basis (the “Management Services Agreement”).

TopCo LP, an affiliate of 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 the Manager, a registered portfolio manager in the United Kingdom, as its sub-advisor (see note 14).

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"). TopCo LP, through the Manager, has discretionary authority to negotiate and complete investments on behalf of the company. TopCo LP, through the Manager, 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 $50,000; and will not make any insurance-related investment without the prior written consent of Fairfax.

Upon closing of the Transaction, 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.

Upon closing of the Transaction, Tope Lawani and Babatunde Soyoye (the co-founders and Managing Partners of the Manager) were appointed as Co-Chief Executive Officers of HFP.

Upon closing of the Transaction, options to purchase subordinate voting shares of the company were granted to certain employees, officers, members, partners, or consultants of the Manager as part of a special incentive plan (the "SIP Recipients") (see note 10).

In 2020, the company incurred Transaction-related costs of $16,507 recorded as Helios Transaction expenses in the consolidated statement of earnings (loss).

3. Basis of Presentation

The company's consolidated financial statements for the year ended December 31, 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). At December 31, 2021, the company has determined that it continues to meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements* ("IFRS 10") as its strategic objective of investing in Portfolio Investments and providing investment management services to investors for the purpose of generating returns in the form of long-term capital appreciation, investment income, or both, remains unchanged. As a result, HFP's investments in subsidiaries are measured at fair value through profit (loss) ("FVTPL") rather than through consolidation (other than those subsidiaries that provide services to the company).

The company has determined that SA Sub and Mauritius Sub are not investment entities and their main purpose and activities are providing investment related services to the company, and should therefore continue to be consolidated. All intercompany balances, profits and transactions with consolidated subsidiaries are fully eliminated.

The company accounts for its investments in subsidiaries (HFP US Investments, Inc. ("U.S. Holdco"), Joseph Investment Holdings ("Joseph Holdings") and Ascendant Learning Limited ("Ascendant")) at FVTPL rather than by consolidation. The company accounts for its investments in associates (Trone Investment Holdings Limited ("Trone Holdings") and Philafrica Foods Proprietary Ltd. ("Philafrica"), and TopCo LP) at FVTPL rather than under the equity method of accounting.

These consolidated financial statements were approved for issue by the company's Board of Directors on March 22, 2022.

4. Summary of Significant Accounting Policies

The principal accounting policies applied to the preparation of these consolidated financial statements and the methods of computation have been consistently applied to all periods presented unless otherwise stated and are as set out below.

Determination of investment entity status

An entity that meets the IFRS 10 *Consolidated Financial Statements* ("IFRS 10") definition of an investment entity is required to measure its investments in subsidiaries (other than those subsidiaries that provide services related to the investment entity's investment activities) at FVTPL rather than consolidate them.

An investment entity is an entity that obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis. An investment entity may provide investment-related services, either directly or through a subsidiary, to third parties as well as to its investors, even if those activities are substantial to the entity, subject to the entity continuing to meet the definition of an investment entity. The company continues to meet the definition of an investment entity, as its strategic objective of investing in Portfolio Investments and providing investment management services to investors for the purpose of generating returns in the form of long-term capital appreciation, remains unchanged. The company has determined that SA Sub and Mauritius Sub continue to provide investment related services to the company and should continue to be consolidated. The company's determination of its investment entity status was a critical accounting judgment and is discussed further in note 5.

Foreign currency translation

The consolidated financial statements are presented in U.S. dollars which is the functional currency of the company and its consolidated subsidiaries as it is the currency of the primary economic environment in which it operates.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at period end exchange rates. Non-monetary assets and liabilities denominated in foreign currencies are translated at historical rates. Income and expenses are translated at the average rate of exchange for the period. Net foreign exchange gains (losses), including those resulting from the settlement of such transactions are recognized in the consolidated statements of earnings (loss) and comprehensive income (loss).

Total cash and investments

Recognition and initial measurement – The company recognizes purchases and sales of investments on the trade date, which is the date on which the company commits to purchase or sell the asset. Transactions pending settlement are reflected on the consolidated balance sheet in other assets or in accounts payable and accrued liabilities. The company measures cash and investments at fair value upon initial recognition.

Classification – Short term investments, Portfolio Investments (comprised of limited partnership interests, loans, bonds, common stocks, and derivatives and guarantees), and related party loans are classified at FVTPL. The company manages these investments on a fair value basis, using fair value information to assess investment performance and to make investment decisions.

Subsequent measurement – Subsequent to initial recognition, investments classified at FVTPL are measured at fair value with changes in fair value reported in the consolidated statements of earnings (loss) and comprehensive income (loss) as income, comprised of interest, dividends, net realized gains (losses) on investments and net change in unrealized gains (losses) on investments, as described below:

Interest

Calculation of a debt instrument's effective interest rate does not consider expected credit losses and requires estimates of future cash flows considering all contractual terms of the financial instrument including the stated interest rate, discount or premium, and any origination or structuring fees. For short term investments, loans and bonds, the sum of interest income and net realized gains (losses) on investments and net change in unrealized gains (losses) on investments is equal to their total change in fair value for the reporting period.

Dividends

Dividends represent dividends received on common and preferred stock holdings and are recognized when the company's right to receive payment is established.

Net realized gains (losses) on investments, and Net change in unrealized gains (losses) on investments

Where a financial instrument continues to be held by the company at the end of a reporting period, changes in the fair value of that instrument during the reporting period, excluding those changes reported as interest and dividends, are presented in net change in unrealized gains (losses) on investments. On disposition of that financial instrument, its inception-to-date net gain (loss), excluding those changes previously reported as interest and dividends, is presented as net realized gains (losses) on investments in the consolidated statements of earnings (loss) and comprehensive income (loss). The cumulative unrealized net gain (loss) recognized in prior periods on that financial instrument is then reversed in net change in unrealized gains (losses) on investments in the consolidated statements of earnings (loss) and comprehensive income (loss). The sum of the net realized gain (loss) and the cumulative reversal of prior period unrealized gains (losses) equals that financial instrument's net gain (loss) on investment for the current reporting period.

Derecognition – An investment is derecognized when substantially all the rights to receive cash flows from the investment have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership or when it is determined further recovery is nil.

Transaction costs – Costs incurred when purchasing investments that are classified at FVTPL are expensed as incurred in the consolidated statements of earnings (loss) and comprehensive income (loss).

Fair value

Fair value is the price that would either be received to sell an asset or be paid to transfer a liability in an orderly transaction (i.e., an exit price) between market participants at the measurement date. In an active market, fair value is best evidenced by an independent quoted market price. In the absence of an active market, fair value is determined by valuation techniques that make maximum use of inputs observed from markets. The company's financial assets and their determination of fair value is as follows:

a. **Cash and cash equivalents** – Cash and cash equivalents consist of cash on hand, demand deposits with banks and other short term highly liquid investments with maturities of three months or less when purchased, and exclude cash that is restricted. The carrying value of cash and cash equivalents approximates fair value.

b. **Restricted cash deposits and term deposits** – Restricted cash deposits and term deposits consist of amounts required to be maintained on deposit for a fixed period of time with an African bank. The carrying value of restricted cash deposits and term deposits approximates fair value.

c. **Short term investments** – Highly liquid debt instruments with maturity dates between three and twelve months when purchased are classified as short term investments.

d. **Portfolio Investments**

   i. *Common shares* – The fair values of the company's investments in publicly traded common shares are determined using the bid prices of those investments (without adjustments or discounts) and the company's investments in privately held common shares are determined using industry accepted valuation techniques and models. Market observable inputs are used where possible, with unobservable inputs used where necessary. Distributions are recognized as a reduction in the cost of the investment when distribution notices are received, or, in the case of TopCo LP, when the company's right to receive payment is established.

   ii. *Limited partnership interests* – The fair values of the company's investments in limited partnership interests are determined using industry accepted valuation techniques and models or net asset values, adjusted where applicable. Market observable inputs are used where possible, with unobservable inputs used where necessary. Distributions are recognized as a reduction in the cost of the investment when distribution notices are received, or, in the case of TopCo LP, when the company's right toreceive payment is established.

   iii. *Loans and bonds* – Loans and bonds are lending arrangements with public or private African businesses. The carrying value of loans and bonds excludes the debt instrument's accrued interest receivable at the stated rate of interest.

   iv. *Derivatives* – Derivatives derive their value primarily from changes in underlying financial instruments. The fair values of derivatives are determined using industry accepted valuation techniques and models. Market observable inputs are used where possible, with unobservable inputs used where necessary. The fair value of derivatives in a gain position are presented on the consolidated balance sheets within total cash and investments while those in a loss position, if any, are presented in derivative obligations. The initial premium paid for a derivative contract, if any, would be recorded as a derivative asset and subsequently adjusted for changes in the fair value of the contract at each reporting date. Changes in the fair value of derivatives are recorded within net change in unrealized gains (losses) on investments in the consolidated statements of earnings (loss) and comprehensive income (loss).

   v. *Guarantees – Guarantee contracts are commitments to reimburse the holder for potential losses the holder incurs because a specifieddebtor fails to meet its debt obligations, and are measured at fair value. The fair values of guarantees are determined using industry accepted valuationtechniques and models.*

Market observable inputs are used where possible, with unobservable inputs used where necessary. Changes in the fair value ofguarantees are recorded within net change in unrealized gains (losses) on investments in the consolidated statements of earnings (loss) and comprehensiveincome (loss).

e. **Related party loans** – Related party loans are lending arrangements with related parties. The carrying value of related party loans excludes the debt instrument's accrued interest receivable at the stated rate of interest. The amortized cost of related party loans approximates fair value.

Valuation techniques used by the company's independent pricing service providers include use of prices from similar instruments where observable market prices exist, discounted cash flow analyses, option pricing models, and other valuation techniques commonly used by market participants. The company assesses the reasonableness of pricing received from these third party sources by comparing the fair values received to recent transaction prices for similar assets where available, to industry accepted discounted cash flow models (that incorporate estimates of the amount and timing of future cash flows and market observable inputs such as credit spreads and discount rates) and to option pricing models (that incorporate market observable inputs including the quoted price, volatility and dividend yield of the underlying security and the risk free rate).

Fair value hierarchy

Fair values for substantially all of the company's investments are measured using market or income approaches. The fair values of investments are based on bid prices for financial assets and ask prices for financial liabilities. The company categorizes its fair value measurements using a three-level hierarchy in accordance with IFRS ("fair value hierarchy") as described below:

Level 1 – Inputs represent unadjusted quoted prices for identical instruments exchanged in active markets. The fair values of the company's Public Portfolio Investments are based on published quotes in active markets.

Level 2 – Inputs include directly or indirectly observable inputs (other than Level 1 inputs) such as quoted prices for similar financial instruments exchanged in active markets, quoted prices for identical or similar financial instruments exchanged in inactive markets and other market observable inputs.

Level 3 – Inputs include unobservable inputs used in the measurement of financial instruments. Management is required to use its own assumptions regarding unobservable inputs as there is little, if any, market activity in these instruments or related observable inputs that can be corroborated at the measurement date. The fair values of the company's Private Portfolio Investments are based on discounted cash flow analyses, market multiples, expected recovery and industry accepted discounted cash flow and option pricing models which utilize inputs that are not market observable such as discount rates, target exit timings and multiples of invested capital, growth in assets under management, probability weighting on future fundraising initiatives, long term pre-tax profit margins, long term growth rates, expected recovery rates, historical share price volatilities, share prices credit spreads, market multiples, and net asset values.

Transfers between fair value hierarchy categories are considered effective from the beginning of the reporting period in which the transfer is identified.

Related party transactions

Related party transactions include those between the company and material shareholders holding over 20.0% equity interest, the company's subsidiaries and associates, and entities under common control. The company also considers key management personnel and the Board of Directors to be related parties.

To the extent that the exchange amount of a transaction with a related party in their capacity as a shareholder does not represent the fair value on initial recognition, the difference between fair value and the exchange amount, representing the unrealized gain (loss) on initial recognition, is recorded in common shareholders' equity.

Performance fees

Performance fees are estimated and accrued at the end of each reporting period within the calculation period and expensed as incurred. An estimate is also made for the number of shares to be issued, if any, on settlement for the purposes of the calculation of diluted earnings per share 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 last day of the reporting period. The amount of the performance fee payable and the subordinate voting shares to be issued which are determined at the end of each calculation period, if any, may differ when performance fee is settled in accordance with the terms.

Income taxes

The provision for income taxes for the period comprises current and deferred income taxes. Income taxes are recognized in the consolidated statements of earnings (loss) and comprehensive income (loss), except to the extent that they relate to items recognized directly in equity. In those cases, the related taxes are also recognized directly in equity.

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income.

Deferred income tax is calculated under the liability method whereby deferred income tax assets and liabilities are recognized for temporary differences between the financial statements carrying amounts of assets and liabilities and their respective income tax bases at current substantively enacted tax rates. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Carry forwards of unused losses or unused tax credits are tax effected and recognized as deferred tax assets when it is probable that future taxable profits will be available against which these losses or tax credits can be utilized.

A deferred income tax liability has not been recognized on unremitted earnings from the company's subsidiaries' holdings of Portfolio Investments where the company has determined it is not probable that those unremitted earnings will be repatriated in the foreseeable future.

Current and deferred income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and there is a legally enforceable right of offset.

Borrowings

Borrowings are initially recognized at fair value, net of incremental and directly attributable transaction costs, and subsequently measured at amortized cost. Interest expense on borrowings is recognized in the consolidated statements of earnings (loss) and comprehensive income (loss) using the effective interest method. Borrowings are derecognized when extinguished, with any gain or loss on extinguishment recognized in interest expense in the consolidated statements of earnings (loss) and comprehensive income (loss). Debt issuance costs are amortized over the term of the related debt agreement into interest expense using the effective interest rate method.

Equity

Common stock issued by the company is classified as equity when there is no contractual obligation to transfer cash or other financial assets to the holder of the shares. Common stock issued in a private placement is valued based on the fair value of consideration received provided it can be reliably measured and readily determined. Incremental costs directly attributable to the issue or purchase for cancellation of equity instruments are recognized in equity, net of tax.

Dividends and other distributions to holders of the company's equity instruments are recognized directly in equity.

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, or 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.

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.

Share-based compensation

The company applies the fair value method of accounting for share-based compensation. The company made certain share-based payments to its directors and employees with vesting periods of up to five years from the date of grant. In addition, the company has a special incentive plan (the "Special Incentive Plan" or "SIP"), pursuant to which 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. The fair values at grant date of restricted shares and options are estimated using an industry accepted option pricing model. Compensation costs relating to the restricted share and option awards are amortized to salaries and employee benefit and special incentive plan expenses, included in general and administration expenses in the consolidated statements of earnings (loss) and comprehensive income (loss) on a straight-line basis over the expected vesting period of the share-based compensation.

Net earnings (loss) per share

Basic net earnings (loss) per share is calculated by dividing the net earnings (loss) by the weighted average number of subordinate and multiple voting shares issued and outstanding during the period.

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of subordinate and multiple voting shares outstanding during the period for the dilutive effect, if any, of the potentially issuable subordinate voting shares relating to share option awards and warrants, and the contingently issuable subordinate voting shares relating to the performance fee payable to TopCo LP for the benefit of the Manager that would have been outstanding during the period had all potential subordinate voting shares been issued at the beginning of the period.

New accounting pronouncement 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 following new standards and amendments have been issued by the IASB and were not yet effective for the fiscal year beginning January 1, 2021. The company does not expect to adopt any of them in advance of their respective effective dates.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

On May 14, 2020, the IASB issued amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* to clarify the types of costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous. The amendments are effective for annual periods beginning on or after January 1, 2022 and apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated and instead the cumulative effect of applying the amendments is recognized as an adjustment to opening equity at the date of initial application. The amendments are not expected to have a significant impact on the company's consolidated financial statements.

Annual Improvements to IFRS Standards 2018 – 2020

On May 14, 2020, the IASB issued amendments to certain IFRS Standards as a result of its annual improvements project, which includes an amendment to IFRS 9 *Financial Instruments* to clarify which fees are considered when assessing whether to derecognize a financial liability. The amendment to IFRS 9 is applied prospectively on or after January 1, 2022 and is not expected to have a significant impact on the company's consolidated financial statements.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On January 23, 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* to clarify the criteria for classifying a liability as non-current. The amendments are to be applied retrospectively to annual reporting periods beginning on or after January 1, 2023. The company is currently evaluating the expected impact of these amendments on its consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

On May 7, 2021, the IASB issued amendments to IAS 12 *Income Taxes* to clarify how companies account for deferred tax on transactions that give rise to equal taxable and deductible temporary differences. The amendments preclude the use of the initial recognition exemption on such transactions and are effective for annual periods beginning on or after January 1, 2023 with early application permitted. The amendments are not expected to have a significant impact on the company's consolidated financial statements.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

On February 12, 2021, the IASB issued amendments to IAS 1 *Presentation of Financial Statements and* IFRS Practice Statement 2 *Making Materiality Judgments* to help entities decide which accounting policies to disclose in their financial statements. The amendments are applied prospectively on or after January 1, 2023 and are not expected to have a significant impact on the company's consolidated financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* to help entities distinguish between accounting policies and accounting estimates. The amendments are applied prospectively to changes in accounting estimates and changes in accounting policies occurring on or after January 1, 2023 and are not expected to have a significant impact on the company's consolidated financial statements.

5. Critical Accounting Estimates and Judgments

In the preparation of the company's consolidated financial statements, management has made a number of critical accounting estimates and judgments that affect the reported amounts of assets, liabilities, income and expenses recorded during the period at the date of the consolidated financial statements. Actual results could differ from those estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The effects on the company's development of critical accounting estimates are further described below.

Determination of Investment Entity Status

The company exercised judgment and concluded that it continues to meet the definition of an investment entity. The company's conclusion was supported by the following key factors: (i) the company's strategic objective of investing and providing investment management services to investors for the purpose of generating returns in the form of long-term capital appreciation remains unchanged; and (ii) the company's most indicative measure of performance continues to be the fair value of its underlying investments.

The company's investment in TopCo LP Class A and Class B Limited Partnership units entitle it to Carried Interest Proceeds and Excess Management Fees (defined later in note 6) respectively from current and future Helios Funds, which are solely driven by the asset management activities of the Helios Holdings Group, for which the company does not have any performance obligations. TopCo LP was formed to allow the company to receive cash flows from its entitlement to Carried Interest Proceeds and Excess Management Fees from the underlying Helios Funds as well as returns from contributions to Management Team Commitments (defined later in note 6) in the underlying Helios Funds. While the company does not have exit strategies for its TopCo LP Class A and Class B Limited Partnership Interests, the underlying Helios Funds have exit strategies in place for each of their underlying portfolio investments.

The company's assessment of its investment entity status requires an ongoing assessment of the company's strategic objectives, business activities, and its method of measuring and evaluating its performance. Accordingly, the company's investment entity status may change in future reporting periods based on the facts and circumstances at that time.

Valuation of Private Portfolio Investments

The valuations of Private Portfolio Investments are assessed at the end of each reporting period and requires the company to exercise significant judgment when determining the fair value in the absence of quoted market values, the nature of these investments, and change from the acquisition transaction price, such as the significant variances from budgeted earnings; changes in market conditions; changes to the regulatory environment; movements in interest rates, foreign exchange rates and other market variables; and the passage of time.

Estimates and judgments for the valuation of the company's Private Portfolio Investments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Valuation methodologies include discounted cash flow analyses, earnings multiples, industry accepted discounted cash flow and option pricing models, and expected recovery models. There was added uncertainty related to the economic disruption caused by the ongoing COVID-19 pandemic in the Company's development of unobservable inputs. Significant judgments and assumptions were applied such as the timing of future cash flows, exit multiples of invested capital, target exit dates, growth in assets under management, probability weighting on future fundraising initiatives, long term profit margins, discount rates, growth rates, market multiples, net asset values, and other inputs. Additional volatility in the fair values of Private Portfolio Investments may arise in future periods if actual results differ materially from the company's estimates.

Income taxes

The company is subject to income taxes in Canada, the United States, Mauritius and South Africa, and the company's determination of its tax liability or receivable is subject to review by those applicable tax authorities. The company exercised judgment in assessing that unremitted earnings related to its subsidiaries' holdings of Portfolio Investments are not expected to result in taxable amounts as the company has determined it is not probable that those unremitted earnings will be repatriated in the foreseeable future. Where the company's interpretations differ from those of tax authorities or the timing of realization is not as expected, the provision for income taxes may increase or decrease in future periods to reflect actual experience. The company engages external specialist tax personnel who assist the company with its assessment of the income tax consequences of planned transactions and the undertaking of appropriate tax planning.

Realization of deferred income tax assets is dependent upon the generation of taxable income in those jurisdictions where the relevant tax losses and temporary differences exist. Tax legislation of each jurisdiction in which the company operates is interpreted to determine the provision for (recovery of) income taxes and expected timing of the reversal of deferred income tax assets and liabilities. The company exercised judgment that certain carryforwards of unused losses disclosed in note 12 should not be recognized as an asset as it was considered not probable that those losses could be utilized by the company.

6. Portfolio Investments

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

A summary of changes in the fair value of the company's Public and Private Portfolio Investments during 2021 and 2020 were as follows:

	2021							
	Balance as of January 1	Purchases / Contributions	Sales / Distributions / Redemptions/ Conversions	Accretion of discount[1]	Net realized gains (losses) on investments	Net change in unrealized gains (losses) on investments[2]	Net foreign exchange losses on investments	Balance as of December 31
Portfolio Investments (excluding Portfolio Investments with related party derivatives and guarantees[3]):								
Public Investments:								
Common shares	14,836	5,812	(7,433)	–	3,579	13,290	(792)	29,292
Total Public Investments	14,836	5,812	(7,433)	–	3,579	13,290	(792)	29,292
Private Investments:								
Limited partnership investments:								
TopCo LP limited partnership interests	275,299	4,718	(8,221)	–	–	(21,614)	–	250,182
Helios Fund IV limited partnership interest	–	31,967	–	–	–	6,899	–	38,866
Common shares	1,399	45,528	38,811	–	–	4,854	(1,549)	89,043
Loans	19,254	9,600	–	126	–	1,147	(1,604)	28,523
Bonds	58,829	–	(34,711)	–	(9,541)	5,451	–	20,028
Total Private Investments excluding related party derivatives and guarantees	354,781	91,813	(4,121)	126	(9,541)	(3,263)	(3,153)	426,642
Total Portfolio Investments (excluding Portfolio Investments with related party derivatives and guarantees[3])	369,617	97,625	(11,554)	126	(5,962)	10,027	(3,945)	455,934
Portfolio Investments with related party derivatives and guarantees[3]:								
Private Investments:								
Common shares	73,275	64	–	–	–	3,001	(6,769)	69,571
Loans	37,510	666	(11,325)	28	(16,388)	4,160	(610)	14,041
Related party derivatives and guarantees	13,252	21,864	–	–	–	12,836	–	47,952
Total Portfolio Investments with related party derivatives and guarantees[3]	124,037	22,594	(11,325)	28	(16,388)	19,997	(7,379)	131,564
Total Portfolio Investments	493,654	120,219	(22,879)	154	(22,350)	30,024	(11,324)	587,498

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

(2) Net change in unrealized gains (losses) on investments related to unrealized gains (losses) on investments held at the end of the reporting period, except for reversal of prior period unrealized losses upon partial redemption of the Atlas Mara Facility ($7,905) and conversion of the Nova Pioneer Bonds ($7,831), and reversal of prior period unrealized gains upon disposition of certain Other Common Shares ($626).

(3) In connection with the Transaction and HFP 3.0% Debentures, the company entered into related party derivatives and guarantees with Fairfax and the associated Reference Investments have been moved to Portfolio Investments with related party derivatives and guarantees (see "Related Party Derivatives and Guarantees" later in this note).

	2020							
	Balance as of January 1	Purchases / Contributions	Sales / Distributions / Redemptions/ Conversions	Accretion of discount(1)	Net realized gains (losses) on investments	Net change in unrealized gains (losses) on investments(2)	Net foreign exchange losses on investments	Balance as of December 31
Portfolio Investments (excluding Portfolio Investments with related party derivatives and guarantees(3)):								
Public Investments:								
Common shares	97,637	10,919	(29,142)	–	(187,298)	124,103	(1,383)	14,836
Total Public Investments	97,637	10,919	(29,142)	–	(187,298)	124,103	(1,383)	14,836
Private Investments:								
Limited partnership investments:								
TopCo limited partnership interests	–	275,299	–	–	–	–	–	275,299
Common shares	134,575	15,106	–	–	–	(66,687)	(8,320)	74,674
Loans	41,984	7,308	–	203	(22,356)	884	(1,605)	26,418
Bonds	78,820	7,151	–	894	–	(28,036)	–	58,829
Derivatives	1,541	–	–	–	(3,609)	2,068	–	–
Total Private Investments excluding related party derivatives and guarantees	256,920	304,864	–	1,097	(25,965)	(91,771)	(9,925)	435,220
Total Portfolio Investments (excluding Portfolio Investments with related party derivatives and guarantees(3))	354,557	315,783	(29,142)	1,097	(213,263)	32,332	(11,308)	450,056
Portfolio Investments with related party derivatives and guarantees(3):								
Loans	–	42,095	–	346	–	(12,095)	–	30,346
Related party derivatives and guarantees	–	8,855	(10,857)	–	4,801	10,453	–	13,252
Total Portfolio Investments with Related Party Guarantees(3)	–	50,950	(10,857)	346	4,801	(1,642)	–	43,598
Total Portfolio Investments	354,557	366,733	(39,999)	1,443	(208,462)	30,690	(11,308)	493,654

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

(2) Net change in unrealized gains (losses) on investments related to unrealized gains (losses) on investments held at the end of the reporting period, except for reversal of prior period unrealized losses recorded on sale of the Atlas Mara common shares ($92,412) and write-down of CIG common shares ($29,470), the PGR2 Loan ($1,433), Atlas Mara Warrants ($2,241), and reversal of prior period unrealized gains on the write-down of the Nova Pioneer Warrants ($173).

(3) In connection with the Transaction and HFP 3.0% Debentures, the company entered into related party derivatives and guarantees with Fairfax (see “Related Party Derivatives and Guarantees” later in this note).

Public Portfolio Investments

The company's Public Portfolio Investments are as follows:

Common Shares

Atlas Mara Limited Common Shares

In 2017, the company acquired a 43.3% equity interest of Atlas Mara Limited ("Atlas Mara"), a Sub-Saharan African financial services group, for net consideration of $159,335. On December 7, 2020, prior to closing of the Transaction, the company sold its equity interest in Atlas Mara to Fairfax for proceeds of $40,000, 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. In 2020, the company recorded a net loss on investments of $48,933 comprised of (i) an inception to date realized loss of $141,345 recorded in net realized losses on investments; and (ii) a reversal of prior period unrealized losses of $92,412 recorded in net change in unrealized gains on investments within the consolidated statements of earnings (loss) and comprehensive income (loss).

Consolidated Infrastructure Group Common Shares

At December 31, 2021 and December 31, 2020, the company held 215,517,270 common shares of Consolidated Infrastructure Group Limited ("CIG"), a Pan-African engineering infrastructure company previously listed on the Johannesburg Stock Exchange under the stock symbol CIL, representing a 54.4% equity interest in CIG which was acquired for net consideration of $49,881 (700.6 million South African rand).

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.

Other Common Shares

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, for aggregate cash consideration of $10,053 (185.3 million South African rand) and in June 2021, the company acquired less than 5.0% of the common shares of Vivo Energy Plc ("Vivo"), a public company listed on the London Stock Exchange, from HHL (collectively, the "Other Common Shares"). Refer to the Private Portfolio Investments section under the heading TopCo LP later in this note.

In the third quarter of 2021, the company sold an investment in Other Common Shares for total net proceeds of $7,433 (108.3 million South African rand), resulting in a realized gain of $3,579 recorded in net realized gains on investments within the consolidated statements of earnings (loss) and comprehensive income (loss).

At December 31, 2021, the fair value of the company's investment in the Other Common Shares was $29,292 (December 31, 2020 – $14,836).

Private Portfolio Investments

The company's Private Portfolio Investments are as follows:

Limited Partnership Investments

TopCo LP

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 Investments 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.

At December 31, 2021 and December 31, 2020, HFP held all of the issued and outstanding Class A and Class B Limited Partnership Interests of TopCo LP, a limited partnership established under the laws of Guernsey and 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 receives investment advisory fees from HFP.

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, which HFP is entitled to receive, through HFP’s ownership of TopCo LP Class A Limited Partnership Interests, 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 established by each Helios Fund in accordance with their respective governing documents. At December 31, 2021 and December 31, 2020, the company was not subject to any clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest. TopCo LP also 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 receive the management fees (“Excess Management Fees”). HFP’s ownership of TopCo LP Class B Limited Partnership Interests entitles HFP to receive Excess Management Fees after a six-month holding period by TopCo LP.

In December 2021, TopCo LP’s limited partnership agreement was amended to commit HFP to contributing no more than 50.0% of either $15,000 or 2.0% of total commitments to TopCo LP in respect of Management Team Commitments for Helios Fund IV and future Helios Funds (“Management Team Commitment”) in exchange for pro rata limited partnership returns not subject to management fees and carried interest. Contributions in excess of this limit require consultation in good faith with the company and with Fairfax. This represents 50% of the Helios Holdings Group’s Management Team Commitment, and is to be contributed to TopCo LP by HFP as the TopCo LP Class A Limited Partnership Interest holder. On December 14, 2021, TopCo LP issued a capital call for $4,718 to HFP as the TopCo LP Class A Limited Partnership Interest holder to fund 50.0% of the Management Team Commitment and HFP recognized a $4,718 increase in the investment in TopCo LP Class A Limited Partnership Interest and a corresponding increase in payable to related parties. At December 31, 2021, the company's remaining capital commitment to TopCo LP with respect to the Management Team Commitment was $2,782.

In 2021, TopCo LP declared a distribution of $7,733 and accordingly, the company recorded a receivable from related parties of $7,733.

In 2021, the company recognized a distribution receivable from its TopCo LP Class B Limited Partnership Interest of $2,410, which reflected Excess Management Fees earned during 2021. Accordingly, the company recorded a reduction in the valuation of TopCo LP Class B Limited Partnership Interest and a receivable from related parties of $2,410.

At December 31, 2021, the fair value of the company’s investment in TopCo LP Limited Partnership Interests was $250,182 (December 31, 2020 – $275,299).

Subsequent to December 31, 2021

On January 7, 2022, the company received a distribution from TopCo LP of $7,733 and paid a contribution of $4,718 relating to the Management Team Commitment, which were settled on a net basis (refer to note 14). On January 24, 2022, the company received a distribution of $1,440 of Excess Management Fees earned during the first six months of 2021.

Helios Fund IV

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”).

On March 31, 2021, the company committed to invest $50,000 in Helios Fund IV. At December 31, 2021, the company had funded aggregate capital calls of $31,451, plus equalization interest of $516, for total funding of $31,967, representing 16.9% of the limited partnership interest in Helios Fund IV based on committed capital. As agreed in a side letter with the 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 December 31, 2021, the company's remaining capital commitment to Helios Fund IV was $18,549, which may be called at any time by Helios Fund IV GP in accordance with the Helios Fund IV LPA.

At December 31, 2021, the company estimated the fair value of its investment in Helios Fund IV Limited Partnership Interest to be $38,866 (December 31, 2020 – nil).

Subsequent to December 31, 2021

In February 2022, Helios Fund IV received additional limited partnership commitments, thereby reducing the company's interest based on committed capital to 14.9% and resulting in an equalization interest receivable of $4,614 for the company. The company's updated undrawn commitment is $22,891. In March 2022, the company received an equalization interest payment of $4,614.

Common Shares

NBA Africa

On May 17, 2021, the company formed a wholly-owned holding company, U.S. Holdco, for the sole purpose of investing in NBA Africa, LLC ("NBA Africa"), a new entity formed by the National Basketball Association ("NBA") to conduct the league's business in Africa including the Basketball Africa League, a partnership between the NBA and the International Basketball Federation.

At December 31, 2021, the company had, through its U.S. Holdco, invested $30,000 in exchange for an equity interest in NBA Africa.

At December 31, 2021, the company estimated the fair value of its investment in NBA Africa to be $33,416 (December 31, 2020 – nil).

Trone Holdings

On December 13, 2021, the company invested $15,528 for a 22.0% equity interest in Trone Holdings, a holding company based in London, United Kingdom, created for the purpose of holding an equity interest in a Moroccan medical technology distribution group ("Trone"). Helios Fund IV holds the remaining 78.0% equity interest in Trone Holdings. Trone Holdings, together with the founding partner and management of Trone, hold the entire equity interest in SPV Rayon Holdings ("SPV Rayon"), a Moroccan holding company which owns 100.0% of Trone's operating businesses.

At December 31, 2021, the company estimated the fair value of its 22.0% equity interest in Trone Holdings to be $15,528 (December 31, 2020 – nil).

Indirect equity interest in AGH

At December 31, 2021 and December 31, 2020, the company had invested $98,876 in Joseph Holdings (comprised of 74.6% in common shares and 73.7% in Class A shares of Joseph Holdings, providing a 74.6% voting interest; and $10,132 as a shareholder loan). Through its investment in Joseph Holdings, HFP is the largest beneficial shareholder of AFGRI Holdings Proprietary Limited ("AFGRI Holdings"), 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. HFP has a 46.8% indirect equity interest (December 31, 2020 – 46.8%) in AGH.

In December 2020, Joseph Holdings received $13,749 by way of shareholder loans from its Class A shareholders for which HFP funded its share on December 10, 2020 through a $10,132 shareholder loan to Joseph Holdings. Due to liquidity pressures arising from the trade volatility caused by the COVID-19 pandemic, Joseph Holdings used the proceeds to subscribe for Class A shares of AFGRI Holdings with a cost of 202.1 million South African rand ($13,568 at transaction date exchange rates) to provide immediate liquidity support and facilitate the execution of a standstill agreement between AGH and its lenders (the "AGH standstill agreement") which was entered into on December 15, 2020. The execution of the AGH standstill agreement was a key component of AGH's preliminary plan to restructure its balance sheet for the benefit of all stakeholders. On August 24, 2021 upon expiry of the AGH standstill agreement, AGH entered into a debt restructuring agreement with its lenders which formalized a monthly repayment plan to fully repay lenders by December 31, 2021 through monetization or sale of certain non-core assets. In addition, AGH and certain of its lenders agreed to a further debt standstill until May 31, 2022 and December 31, 2022.

At December 31, 2021, the company estimated the fair value of its 46.8% indirect equity interest in AGH to be $60,416 (December 31, 2020 – $64,210).

Philafrica Foods Proprietary Ltd.

At December 31, 2021 and December 31, 2020, the company had invested $23,254 (325.0 million South African rand) into 26,000 common shares or 26.0% equity interest in Philafrica, a South African entity that owns and operates maize and wheat mills, animal feed factories, and snacking and bread production facilities. Philafrica is controlled by AGH through AGH's 60% equity interest.

At December 31, 2021, the company estimated the fair value of its investment in Philafrica common shares to be $9,155 (December 31, 2020 – $9,065).

Indirect equity interest in Nova Pioneer

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 operates fourteen schools with a combined enrollment of approximately 4,900 students. Nova Pioneer is wholly-owned by Ascendant Learning Limited ("Ascendant"), its Mauritius-based parent entity.

On July 1, 2021, Nova Pioneer redeemed the company's 20.0% Nova Pioneer debentures (the "Nova Pioneer Bonds") with an aggregate fair value of $34,711 and settled interest accrued of $4,100 by issuing Ascendant common shares with a fair value of $38,811, representing a 56.3% equity interest in Ascendant ("Indirect equity interest in Nova Pioneer").

The company had invested an aggregate of $44,252 (inclusive of capitalized interest and accretion) in the Nova Pioneer Bonds, which was derecognized upon receipt of the Ascendant common shares. The company recorded a realized loss of $9,541 in net realized losses on investments within the consolidated statements of earnings (loss) and comprehensive income (loss) on settlement of the Nova Pioneer Bonds and recorded the indirect equity interest in Nova Pioneer at its estimated fair value on the date of the transaction.

At December 31, 2021, the company estimated the fair value of its 56.3% indirect equity interest in Nova Pioneer to be $38,811 (December 31, 2020 – nil).

Indirect equity interest in Access Bank SA

GroCapital Holdings Limited ("GroCapital Holdings") is a holding company that owns 9.6% of Access Bank (South Africa) Limited ("Access Bank SA", formerly known as Grobank Limited ("Grobank")).

On May 3, 2021, Access Bank Plc ("Access Bank"), a publicly listed Nigerian commercial bank, acquired a 90.4% equity interest in Grobank for 400.0 million South African rand ($27,787 at transaction date exchange rates). Upon closing of the transaction, GroCapital Holdings had a 9.6% equity interest in Grobank which was renamed Access Bank (South Africa) Limited.

At December 31, 2021, the company had invested an aggregate of $19,403 (285.7 million South African rand) for a 48.1% equity interest in GroCapital Holdings (December 31, 2020 – 48.1%). Through its investment in GroCapital Holdings, the company has a 4.6% indirect equity interest in Access Bank SA (December 31, 2020 – 48.1% in Grobank).

At December 31, 2021, the company estimated the fair value of its 4.6% indirect equity interest in Access Bank SA to be $1,288 (December 31, 2020 – 48.1% and $1,399).

Loans

AFGRI International Facility

On August 20, 2021, the company entered into a secured lending arrangement with AFGRI International Proprietary Limited ("AFGRI International"), a wholly-owned South African subsidiary of AGH, pursuant to which the company agreed to provide up to $10,000 of financing (the "AFGRI International Facility"). The AFGRI International Facility is primarily secured by AFGRI International's pledge of its equity interests in its wholly-owned Australian equipment business, AFGRI Australia Proprietary Limited. The AFGRI International Facility bears interest at a rate of 12.75%

per annum, accrued and capitalized quarterly. On August 26, 2021 the company advanced $9,600, net of $400 in raising fees, under the AFGRI International Facility. The AFGRI International Facility matures on August 26, 2022, one year from initial funding date.

At December 31, 2021, the company determined that amortized cost approximated the fair value of the AFGRI International Facility, which was estimated to be $9,726 (December 31, 2020 – nil).

In 2021, the company recorded interest income of $669 (2020 – nil) within the consolidated statements of earnings (loss) and comprehensive income (loss) related to the AFGRI International Facility.

Philafrica Facility

At December 31, 2021 and December 31, 2020, the company had 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 repayment of the Philafrica Facility is subordinated against other third party debt and is currently not repayable under its existing terms. The company continues to engage Philafrica and its lenders on the repayment of the Philafrica Facility. The Philafrica Facility is secured by a general guarantee from AGH and AGH's pledge of equity interests in Philafrica.

At December 31, 2021, the company estimated the fair value of the Philafrica Facility to be $7,219 (December 31, 2020 – $7,164).

In 2021, the company recorded interest income of $733 (2020 – $418) within the consolidated statement of earnings (loss) and comprehensive income (loss) related to the Philafrica Facility.

CIG Loan

At December 31, 2021 and December 31, 2020, the company had advanced $23,270 (292.5 million South African rand), net of a 2.5% raising fee to CIG (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.

On November 9, 2020, CIG commenced voluntary business rescue proceedings and as a result, suspended trading of its common shares on the Johannesburg Stock Exchange. The company does not expect to recover any of its interest receivable on the CIG Loan and in 2021, the company recorded a write-down of interest receivable of $1,206 (2020 – interest income of $1,932) within the consolidated statements of earnings (loss) and comprehensive income (loss). At December 31, 2021, the interest receivable related to the CIG Loan was nil.

At December 31, 2021, the company estimated the fair value of the CIG Loan to be $18,797 (December 31, 2020 – $19,254).

Subsequent to December 31, 2021

In January 2022, the anticipated sale of assets that was expected to provide recovery on the CIG Loan was terminated. The company continues to be engaged with CIG's business rescue practitioner in recovering proceeds.

Atlas Mara Facility

At December 31, 2021 and December 31, 2020, the company had 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 plus default interest of 7.5%, accrued quarterly and payable in kind. The Atlas Mara Facility was secured by Atlas Mara's shares in African Banking Corporation Botswana Limited ("Atlas Mara Botswana"), which were subsequently released in October 2021 upon sale to Access Bank.

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. On July 14, 2021 Atlas Mara and certain of its affiliates entered into a support and override agreement (the "Atlas Mara SOA") with its lenders which formalized plans to repay its outstanding debt obligations through orderly dispositions of certain of its underlying businesses. The key features of the Atlas Mara SOA were as follows:

(i) The Atlas Mara SOA formalized the waterfall allocation to existing lenders of proceeds from the orderly dispositions of certain of Atlas Mara's underlying businesses;

(ii) Certain of Atlas Mara's lenders, including HFP, agreed to grant a forbearance with respect to the maturities of their outstanding debts; and

(iii) For those lenders whose financing documents provide for an increase in the underlying interest rate as a result of default, event of default or other similar event, these lenders are entitled to additional default interest in accordance with those provisions effective December 28, 2020.

The company continues to be engaged with Atlas Mara and its lenders in formalizing the terms and extension of the Atlas Mara SOA including forbearance with respect to the maturities of Atlas Mara's outstanding debts beyond December 31, 2021. On December 28, 2020, the company stopped accruing interest on the Atlas Mara Facility and has capitalized all interest up to that date. The expected recovery rate used in the company's valuation of the Atlas Mara Facility reflects expected recovery from the sale of Atlas Mara Botswana and UBN.

In October 2021, Atlas Mara completed the sale of its equity interest in Atlas Mara Botswana to Access Bank. A portion of the Atlas Mara Botswana shares were pledged as security for the Atlas Mara Facility and were subsequently released by the company in connection with the aforementioned sale. The proceeds from the sale are to be paid in three tranches: (i) an upfront portion due on closing; (ii) a portion due no later than April 2022; and (iii) deferred consideration due two years from the date of closing. On October 14, 2021, upon Atlas Mara receiving the upfront portion of proceeds from the sale, the company received partial repayment on the Atlas Mara Facility of $11,325. Pursuant to the Atlas Mara SOA, the company expects further repayments on the Atlas Mara Facility as Atlas Mara receives the remaining two tranches of proceeds from the sale.

In December 2021, Atlas Mara and certain other shareholders in Union Bank of Nigeria ("UBN") entered an agreement, subject to regulatory approval, to sell their interest in UBN to a Nigerian bank holding company. The net proceeds from the sale are to be paid to the shareholders of UBN on closing. Pursuant to the Atlas Mara SOA, the company expects repayments on the Atlas Mara Facility as Atlas Mara receives the proceeds from the UBN sale.

At December 31, 2021, the company estimated the fair value of the Atlas Mara Facility to be $6,822 (December 31, 2020 – $30,346).

In 2021, the company recorded interest income of nil (2020 – $2,936) within the consolidated statements of earnings (loss) and comprehensive income (loss) related to the Atlas Mara Facility.

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 this note.

Bonds

Atlas Mara Bonds

At December 31, 2021 and December 31, 2020, the company had invested $16,000 in Atlas Mara convertible bonds with a stated coupon of 11.0% per annum, accrued quarterly and payable in kind ("Atlas Mara 11.0% Convertible Bonds"). In addition, at December 31, 2021 and December 31, 2020, the company had invested $20,000 in Atlas Mara bonds with a stated coupon of 7.5% per annum, payable semi-annually ("Atlas Mara 7.5% Bonds") (collectively, the Atlas Mara 11.0% Convertible Bonds and the Atlas Mara 7.5% Bonds are referred to as the "Atlas Mara Bonds"). The Atlas Mara 7.5% Bonds are secured by Atlas Mara's shares in UBN and the Atlas Mara 11.0% Convertible Bonds are not secured.

On December 28, 2020, Atlas Mara entered into the Atlas Mara SOA with its lenders, which formalized plans to repay its outstanding debt obligations through orderly dispositions of certain of its underlying businesses (see discussion under the header "Atlas Mara Facility" earlier in this note).

In December 2021, Atlas Mara and certain other shareholders in UBN entered an agreement, subject to regulatory approval, to sell their interest in UBN to a Nigerian bank holding company. The net proceeds from the sale are to be paid to the shareholders of UBN on closing. Pursuant to the Atlas Mara SOA, the company expects repayments on the Atlas Mara 7.5% Bonds as Atlas Mara receives the proceeds from the UBN sale.

At December 31, 2021, interest receivable of $2,832 related to the Atlas Mara 7.5% Bonds and reflected the same expected recovery as the principal. Interest receivable relating to the Atlas Mara 11.0% Convertible Bond has been accrued and capitalized up to December 28, 2020. The company stopped accruing interest on the Atlas Mara Bonds on December 28, 2020.

At December 31, 2021, the company estimated the fair value of the Atlas Mara 11.0% Convertible Bonds and the Atlas Mara 7.5% Bonds to be $28 and $20,000 (December 31, 2020 – $2,442 and $19,966).

In 2021, the company recorded interest income of nil (2020 – $4,732) within the consolidated statements of earnings (loss) and comprehensive income (loss) related to the Atlas Mara Bonds.

Nova Pioneer Bonds

At December 31, 2020, the company had invested an aggregate of $45,539 in Nova Pioneer, which consisted of (i) $44,252 in Nova Pioneer Bonds (inclusive of capitalized interest and accretion) and (ii) $1,287 in 3,400,000 warrants with an exercise price of $2.06 per share (the "Nova Pioneer Warrants"). The Nova Pioneer Bonds were converted into the company's indirect equity interest in Nova Pioneer on July 1, 2021 (described earlier in this note) and the Nova Pioneer Warrants were extinguished immediately prior to the Nova Pioneer Bonds conversion.

In 2021, the company recorded a write-down of interest receivable of $202 (2020 – interest income of $5,742) within the consolidated statements of earnings (loss) and comprehensive income (loss) related to the Nova Pioneer Bonds.

Related Party Derivatives and Guarantees

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"), a derivative recorded in Portfolio Investments 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 December 31, 2021, the fair value of the Atlas Mara Facility Guarantee reflected the expected continued forbearance with respect to the maturity of the Atlas Mara Facility, the inclusion of 7.5% default interest effective December 28, 2020 and the partial repayment of $11,325 on the Atlas Mara Facility received October 14, 2021.

At December 31, 2021, the company estimated the fair value of the Atlas Mara Facility Guarantee to be $32,046 (December 31, 2020 – $13,252).

HFP Redemption Derivative

On March 31, 2021, as part of the $100,000 HFP 3.0% Debenture transaction (see note 8) the company recorded the HFP Redemption Derivative. 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. Refer to notes 7 and 8 for the company's valuation inputs and methodology with respect to the HFP 3.0% Redemption Derivative.

At December 31, 2021, the fair value of the company's HFP Redemption Derivative was $15,906 (December 31, 2020 – nil).

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:

	December 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	**76,284**	**–**	**–**	**76,284**	66,052	–	–	66,052
Restricted cash deposits	**–**	**–**	**–**	**–**	7,525	–	–	7,525
	76,284	**–**	**–**	**76,284**	73,577	–	–	73,577
Term deposits[(1)]	**–**	**–**	**–**	**–**	–	12,392	–	12,392
Portfolio Investments (excluding Portfolio Investments with related party derivatives and guarantees):								
Limited partnership investments	**–**	**–**	**289,048**	**289,048**	–	–	275,299	275,299
Common shares	**29,292**	**–**	**89,043**	**118,335**	14,836	–	74,674	89,510
Loans	**–**	**–**	**28,523**	**28,523**	–	–	26,418	26,418
Bonds	**–**	**–**	**20,028**	**20,028**	–	–	58,829	58,829
Total Portfolio Investments (excluding Portfolio Investments with related party derivatives and guarantees)	**29,292**	**–**	**426,642**	**455,934**	14,836	–	435,220	450,056
Portfolio Investments with related party derivatives and guarantees:								
Common shares	**–**	**–**	**69,571**	**69,571**	–	–	–	–
Loans	**–**	**–**	**14,041**	**14,041**	–	–	30,346	30,346
Related party derivatives and guarantees	**–**	**–**	**47,952**	**47,952**	–	–	13,252	13,252
Total Portfolio Investments with related party derivatives and guarantees	**–**	**–**	**131,564**	**131,564**	–	–	43,598	43,598
Total Portfolio Investments	**29,292**	**–**	**558,206**	**587,498**	14,836	–	478,818	493,654
Related party loan	**–**	**–**	**19,608**	**19,608**	–	–	19,411	19,411
Total cash and investments	**105,576**	**–**	**577,814**	**683,390**	88,413	12,392	498,229	599,034
	15.4%	**– %**	**84.6%**	**100.0%**	14.8%	2.0%	83.2%	100.0%

(1) At December 31, 2020, cash placed on deposit with Atlas Mara Zambia and supported by collateral held for the benefit of the company.

The fair values of HFP's Private Portfolio 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.

Estimates and significant judgments for Private Portfolio Investments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company utilizes valuation personnel from Helios to assist with the valuation of its investment portfolio. Detailed valuations are performed for those financial instruments that are priced internally, while external pricing received from independent pricing service providers are evaluated by the company for reasonableness. The company does not use independent valuation experts to determine the fair value of its Private Portfolio Investments. The company's Chief Financial Officer oversees the valuation function and regularly reviews valuation processes and results, including at each quarterly reporting period. Significant valuation matters, particularly those requiring extensive judgment, are communicated to the company's Audit Committee.

Transfers between fair value hierarchy levels are considered effective from the beginning of the reporting period in which the transfer is identified. During 2021, 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. During 2020, as a result of the voluntary trading suspension of CIG common shares on November 25, 2020, the company's investment in CIG common shares was transferred out of Level 1 and into Level 3. During 2020, the Atlas Mara Zambia Term Deposit was transferred from Level 1 to Level 2 and reclassified from restricted cash deposits to term deposits on the consolidated balance sheets because of the decline in the fair value of the underlying collateral relative to the term deposit balance. The changes in fair value of the company's private Portfolio Investments (classified as Level 3) are disclosed in note 6.

The tables that follow describe the valuation technique and significant unobservable inputs and 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 December 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 Portfolio Investments.

Investments	Valuation technique	Significant unobservable inputs(1)	Inputs at December 31, 2021	Inputs at December 31, 2020	Relationship of unobservable inputs to fair value
Limited partnership investments					
TopCo LP Class A Limited Partnership Interest(2)	Discounted cash flow and net asset value	Discount rate	22.8% to 28.8%	21.0% to 27.0%	Increases (decreases) in discount rates (decrease) increase fair value
		Target exit dates	2022 to 2027	2021 to 2027	Increases (decreases) in target exit dates (decrease) increase fair value
		Exit multiple of invested capital	2.5x to 3.0x	2.1x to 2.6x	Increases (decreases) in exit multiples increase (decrease) fair value
TopCo LP Class B Limited Partnership Interest	Discounted cash flow	Discount rate	14.1%	19.3%	Increases (decreases) in discount rates (decrease) increase fair value
		Growth in assets under management	23.1%	18.7%	Increases (decreases) in growth in assets under management increase (decrease) fair value
		Probability weighting on future fundraising initiatives(3)	25.0% to 75.0%	N/A	Increases (decreases) in probability weightings on Excess Management Fees relating to future fundraising initiatives increase (decrease) fair value
		Long term pre-tax profit margin	42.2%	52.3%	Increases (decreases) in long term pre-tax profit margin increase (decrease) fair value
		Long term growth rate	4.5%	4.5%	Increases (decreases) in growth rates increase (decrease) fair value
Common shares(4)	Market multiples	Multiples of EBITDA	0.0x to 7.0x	N/A	Increases (decreases) in multiples of EBITDA increase (decrease) fair value
	Discounted cash flow	After-tax discount rate	N/A	9.3% to 21.2%	Increases (decreases) in discount rates decrease (increase) fair value
		Long-term growth rate	N/A	2.5%	Increases (decreases) in growth rates increase (decrease) fair value
Derivatives					
Atlas Mara Facility Guarantee(5)	Discounted cash flow	Total fair value of the Atlas Mara Facility	$6,822	$30,346	Increases (decreases) in the total fair value of the Atlas Mara Facility (decrease) increase fair value
HFP Redemption Derivative	Discounted cash flow and option pricing model	Total fair value of the Reference Investments	$76,790	N/A	Increases (decreases) in the total fair value of the Reference Investments (decrease) increase fair value

(1) *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. Target exit dates are a significant unobservable input and changes in target exit dates would change the fair value of the company's investment in TopCo LP Class A Limited Partnership Interest.*

(2) *In December 2021, TopCo LP's limited partnership agreement was amended to commit HFP to contributing no more than 50.0% of either $15,000 or 2.0% of total commitments to TopCo LP in respect of Management Team Commitments (see note 6). Accordingly, the company determined that the most appropriate valuation technique for the Management Team Commitment was net asset value. Net asset value was applied only for TopCo LP Class A Limited Partnership Interest's Management Team Commitment in Helios Fund IV. The company determined that there were no significant unobservable inputs suited for a sensitivity analysis for the Management Team Commitment.*

(3) *Probability weightings reflect an average reduction in unweighted future cash flows of 24.2%, calculated as the undiscounted sum of the expected cash flows divided by the undiscounted sum of the unweighted cash flows over the forecast period.*

(4) *At December 31, 2021, the valuation methodology was changed from discounted cash flow to multiples of EBITDA as this methodology was determined to be more appropriate given the stability of AGH's and Philafrica's operations.*

(5) *At December 31, 2021, the Atlas Mara Facility Guarantee was valued using an assumed guarantee call date of January 1, 2022. If the Atlas Mara SOA*

were terminated, Atlas Mara would be in default on the Atlas Mara Facility, and management would call on the Atlas Mara Facility Guarantee in order to be made whole. Increases (decreases) in assumed guarantee call date result in increases (decreases) in the fair value of the Atlas Mara Facility Guarantee. At March 22, 2022, the Atlas Mara SOA had not been terminated, and the Atlas Mara Facility Guarantee had not been called.

	December 31, 2021					
Investments	**Fair value of Investment**	**Valuation technique**	**Significant unobservable inputs**	**Sensitivity Factor**	**Hypothetical $ change effect on fair value measurement**	**Hypothetical $ change effect on net earnings (loss)[(1)]**
Limited partnership investments:						
TopCo LP Class A Limited Partnership Interest	$90,223	Discounted cash flow and net asset value	Discount rate	Increase/(decrease) 100 basis points	(1,596) / 1,648	(1,384) / 1,430
			Target exit dates	Increase/(decrease) 1 year	(24,718) / 23,279	(21,443) / 20,195
			Exit multiple of invested capital	Increase/(decrease) 5%	6,536 / (8,393)	5,670 / (7,281)
TopCo LP Class B Limited Partnership Interest	$159,959	Discounted cash flow	Discount rate	Increase/(decrease) 100 basis points	(18,978) / 23,624	(16,464) / 20,494
			Growth in assets under management	Implied CAGR of committed capital of 22.3% to 23.9%	16,390 / (16,390)	14,219 / (14,219)
			Probability weighting on future fundraising initiatives	Increase/(decrease) 5.0% probability weighting	32,545 / (32,461)	28,233 / (28,160)
			Long term pre-tax profit margin	Increase/(decrease) 100 basis points	2,610 / (2,610)	2,264 / (2,264)
			Long term growth rate	Increase/(decrease) 25 basis points	2,951 / (2,801)	2,560 / (2,430)
Common shares	$69,571	Market multiples	Multiples of EBITDA	Increase/(decrease) 5%	7,485 / (7,485)	6,493 / (6,493)
Related party derivatives and guarantees:						
Atlas Mara Facility Guarantee	$32,046	Discounted cash flow	Total fair value of the Atlas Mara Facility	Increase/(decrease) 10%	(682) / 682	(592) / 592
HFP Redemption Derivative	$15,906	Discounted cash flow and option pricing model	Total fair value of the Reference Investments	Increase/(decrease) 10%	(7,679) / 7,679	(6,662) / 6,662

(1) 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.

Discount rates were based on the company's assessment of risk premiums to the appropriate risk-free rate of the economic environment of the investment. For expected future cash flows which were probability-weighted, risk premiums commensurate with the risks inherent in the expected cash flows were applied.

Target exit date for an underlying portfolio investment is the timing of the fund's expected disposition of the investment.

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.

Growth in assets under management represents the compound annual growth rate in fee-bearing capital over eight years to approximately $6.9 billion from $1.3 billion at December 31, 2021, before taking into account probability weightings. Growth in assets under management is expected to be achieved through raising capital for future Africafocused private funds of new strategies, permanent capital vehicles and follow-on private funds of both current and new strategies. A forecasting period of eight years was used due to the inherent long-term nature of Africa-focused private funds, which require additional time to fundraise, deploy capital and prepare investments for exit.

Long term pre-tax profit margins were estimated by Helios' management based on pre-tax management fee-related earnings margins. Pre-tax profit margins are forecasted to increase over an eight-year period driven primarily by growth in assets under management and the expected use of operating leverage. Fee-related earnings on future fundraising initiatives were probability weighted in a manner described below, resulting in expected long term pre-tax profit margins that were comparable to 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 and sectors in which the investment operates.

Probability weighting on future fundraising initiatives reflects the probability weightings assigned to the various growth initiatives determined by Helios' management. Lower probability weightings were assigned to earnings arising from fee-bearing capital in the following decreasing order of probability: (i) follow-on private funds of current strategies; (ii) initiation of new strategies to be executed through future private funds and permanent capital vehicles; and (iii) follow-on private funds of these new strategies.

Multiples of EBITDA were based on the expected valuation contribution of a certain business unit to the investee as a whole, and were assessed with reference to peer comparative multiples.

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 loans and bonds classified as Level 3 at December 31, 2021. The analysis assumes quarterly variations within a reasonably possible range determined by the company based on analysis of the underlying assets.

	Expected recovery at December 31		Fair value of investment at December 31	Hypothetical $ change effect on fair value measurement(1)	Hypothetical $ change effect on net earnings (loss) (1)(2)
Investments	**2021**	**2020**	**2021**	**2021**	**2021**
Loans:					
CIG Loan(3)	100.0%	N/A	$18,797	-/(940)	-/(815)
Atlas Mara Facility	46.1%	71.3%	$ 6,822	740/(740)	544/(544)
Philafrica Facility	100.0%	100.0%	$ 7,219	-/(361)	-/(313)
Bonds:					
Atlas Mara 11.0% Convertible Bonds	0.1%	12.2%	$ 28	1,399/(28)	1,028/(21)
Atlas Mara 7.5% Bonds	100.0%	99.8%	$20,000	-/(1,000)	-/(735)

(1) *The impact on the expected recovery models from changes in expected recovery rates disclosed in the above table shows the hypothetical increase (decrease) in net earnings (loss). 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 Portfolio 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) *In 2020, the CIG loan was valued using a discounted cash flow and option pricing model with an estimated credit spread of 7.9%. The valuation technique was changed to an expected recovery model in 2021 as a result of the expectation that CIG will sell its equity interest in Conlog through an orderly sale process in order to repay the CIG Loan.*

The following investments have been excluded from the sensitivity analysis above as the company determined that there were no significant unobservable inputs suited for a sensitivity analysis for these investments.

Investments	Valuation technique at December 31		Fair value of investment at December 31
	2021	2020	2021
Limited partnership investments:			
Helios Fund IV limited partnership interest	Net asset value reported by Helios Fund IV GP	N/A	$38,866
Common shares:			
NBA Africa	Transaction price implied by third party investment	N/A	$33,416
Indirect equity interest in Trone	Initial transaction price	N/A	$15,528
Indirect equity interest in Nova Pioneer	Transaction price implied by third party investment	N/A	$38,811
Indirect equity interest in Access Bank SA	Transaction price implied by Access Bank's investment	Transaction price implied by Access Bank's investment	$ 1,288
Loans:			
AFGRI International Facility	Amortized cost	N/A	$ 9,726
Fairfax Loan	Amortized cost	Amortized cost	$19,608
Bonds:			
Nova Pioneer Bonds	N/A	Discounted cash flow and option pricing model that incorporated Nova Pioneer's estimated credit spread of 28.2%	N/A

Investment Income

An analysis of investment income for the years ended December 31 is summarized in the table that follows:

	2021	2020
Interest:		
Cash and cash equivalents	**309**	641
Restricted cash deposits	**152**	520
Term deposits	**(573)**	268
Short term investments	**–**	403
Loans	**453**	6,421
Bonds	**(202)**	10,474
	139	18,727
Dividends: Common stocks	**714**	15

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

	2021			2020		
	Net realized gains (losses)	Net change in unrealized gains (losses)	Net gains (losses)	Net realized gains (losses)	Net change in unrealized gains (losses)	Net gains (losses)
Net gains (losses) on investments:						
Short term investments – U.S. treasuries	**–**	**–**	**–**	–	(47)	(47)
Term deposits	**(12,392)**	**–**	**(12,392)**	–	–	–
Limited partnership investments	**–**	**(14,715)**	**(14,715)**	–	–	–
Common shares	**3,579**	**21,145**	**24,724**	(187,298)	57,416	(129,882)
Loans	**(16,388)**	**5,307**	**(11,081)**	(22,356)	(11,211)	(33,567)
Bonds	**(9,541)**	**5,451**	**(4,090)**	–	(28,036)	(28,036)
Derivatives and guarantees	**13,495**	**12,836**	**26,331**	1,192	12,521	13,713
	(21,247)	**30,024**	**8,777**	(208,462)	30,643	(177,819)
Net foreign exchange gains (losses) on:						
Cash and cash equivalents	**(1,305)**	**–**	**(1,305)**	(2,906)	–	(2,906)
Common shares	**808**	**(9,918)**	**(9,110)**	(3,928)	(5,775)	(9,703)
Loans	**–**	**(2,214)**	**(2,214)**	(2,941)	1,336	(1,605)
Other	**–**	**(278)**	**(278)**	–	258	258
	(497)	**(12,410)**	**(12,907)**	(9,775)	(4,181)	(13,956)

8. Borrowings

	December 31, 2021		
	Principal	**Carrying value**	**Fair value**
HFP 3.0% Debentures (host instrument) due March 31, 2024[(1)]	100,000	98,632	93,729

(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 3,000,000 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 antidilution features, which may increase or decrease the total number of subordinate voting shares issuable per HFP Warrant, in the event that certain share transactions are 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 or have been used primarily to invest in Portfolio 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"), as a derivative financial instrument under Portfolio Investments within the consolidated balance sheet, separately from the host debt instrument (the "HFP Host Debentures") recorded in borrowings within the consolidated balance sheets. The company did not elect to irrevocably designate the entire hybrid contract as measured at fair value through profit or loss (see note 14).

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 inception 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 sheets. The HFP Host Debentures are carried at amortized cost.

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, 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.

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

In 2021, the company recorded interest expense of $2,700 related to interest on the HFP 3.0% Debentures (2020 – $773 comprised of amortization of issuance costs).

Subsequent to December 31, 2021

On March 3, 2022, the company closed a $70,000 secured revolving credit facility with FirstRand Bank Limited (acting through its Rand Merchant Bank division) (the "RMB Facility"), bearing interest at a rate of the compound reference rate plus 6.88%, payable quarterly. The RMB Facility matures on March 3, 2027. The RMB Facility is collateralized by the company's rights, title and interests in the securities held in the Mauritius Sub and SA Sub, as well as Mauritius Sub's bank accounts and its receivables.

9. Common Shareholders' Equity

Authorized Capital

The company's authorized share capital consists of: (i) an unlimited number of multiple voting shares that may only be issued to Fairfax, Principal Holdco, and certain of their respective subsidiaries and affiliates; (ii) an unlimited number of subordinate voting shares; and (iii) an unlimited number of preference shares, issuable in series. Except as provided in any special rights or restrictions attaching to any series of preference shares issued from time to time, the preference shares will not be entitled to vote at any meeting of the shareholders of the company.

Issued Capital

Issued capital at December 31, 2021 included 55,452,865 (December 31, 2020 – 55,452,865) multiple voting shares and 52,806,780 (December 31, 2020 – 53,665,388) subordinate voting shares. Each subordinate voting share carries one vote per share at all meetings of shareholders except for separate meetings of holders of another class of shares. Each multiple voting share carries fifty votes per share at all meetings of shareholders except for separate meetings of holders of another class of shares. At December 31, 2021 and December 31, 2020 there were no preference shares outstanding.

Common stock

The number of shares outstanding was as follows:

	2021	**2020**
Subordinate voting shares – January 1	**53,665,388**	29,496,481
Issuances of shares	**–**	24,632,413
Purchases for cancellation	**(858,608)**	(463,506)
Subordinate voting shares – December 31	**52,806,780**	53,665,388
Multiple voting shares – January 1	**55,452,865**	30,000,000
Issuances of shares	**–**	25,452,865
Multiple voting shares – December 31	**55,452,865**	55,452,865
Common shares effectively outstanding – December 31	**108,259,645**	109,118,253

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 to Principal Holdco as part of the Transaction (refer to note 2). 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. Fairfax, through its subsidiaries and affiliates, and Principal Holdco own all of the issued and outstanding multiple voting shares, which are not publicly traded.

Purchase of Shares

The company has the ability to purchase for cancellation subordinate voting shares at prevailing market prices under the terms of its normal course issuer bid and in accordance with the rules and policies of the TSX. During 2021, under the terms of the normal course issuer bid, the company purchased for cancellation 858,608 subordinate voting shares (2020 – 463,506) for a net cost of $2,587 (2020 – $1,850) and $4,400 (2020 – $2,960) was recorded as a benefit in retained earnings.

Automatic Share Purchase Plan

On December 31, 2021 the company entered into an automatic share purchase plan with a designated broker to allow for the purchase of subordinated voting shares under its normal course issuer bid at times when the company normally would not be active in the market. Such purchases are determined by the broker in its sole discretion based on parameters established by the company prior to commencement of the applicable trading black-out period. At December 31, 2021 the automatic share purchase plan gave rise to an obligation to repurchase shares up to a maximum dollar limit of $500 (December 31, 2020 – nil), which was recorded as an automatic share purchase plan liability within the consolidated balance sheets.

Subsequent to December 31, 2021

Subsequent to December 31, 2021, under the terms of the automatic share purchase plan, 62,840 subordinate voting shares were purchased on behalf of the company for a net cost of $212.

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 in warrants within common shareholders' equity.

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 during 2021 and 2020.

Capital Contributions

On July 10, 2020 and in connection with the Transaction (see note 2), the company entered into an agreement with Fairfax to sell its equity interest in Atlas Mara at a fixed price greater than the fair value, which gave rise to a forward derivative (the "Atlas Mara Forward Derivative"). At inception, the difference of $6,056 between the fair value and transaction price of the Atlas Mara common shares 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 the Atlas Mara Facility Guarantee with Fairfax (see note 6). At inception, the difference of $2,799 between the fair value and transaction price 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 (HFP 3.0% Debentures – $98,200; HFP Warrants – $5,557) and received (HFP Redemption Derivative ($21,864) and the transaction amount ($100,000) was recorded in contributed surplus within common shareholders' equity, in line with the company's accounting policy on related party transactions.

Deemed Distributions

In 2020, the company's investment in Atlas Mara common shares was sold to Fairfax for proceeds of $40,000, comprised of $20,000 in cash and $20,000 in an interest-free loan due from Fairfax (the "Fairfax Loan") 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 as a deemed distribution in retained earnings (deficit) within the consolidated statement of changes in equity.

10. Special Incentive Plan

Under the Special Incentive Plan, 2,505,637 options to purchase subordinate voting shares of the company were granted to the SIP Recipients. Options issued under the SIP 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, 2021 and December 31, 2020, the maximum number of options under the Special Incentive Plan had been issued, and none of the options granted were exercised.

In 2020, the company estimated the fair value of the options granted under the Special Incentive Plan using the option pricing model that incorporated an underlying share price of $4.09 per share, exercise price of $3.99 per share, expected volatility of 45.8%, option term of ten years, no expected dividends, and risk-free rate of 1.3%. Expected volatility was determined based on daily historical volatility of HFPC.U since initial public offering on February 17, 2017.

In 2020, the company recorded share based payment expense of $5,804 in general and administration expenses within the consolidated statement of earnings (loss) and comprehensive income (loss) with respect to options granted under the Special Incentive Plan.

11. Net Earnings (Loss) per Share

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

	2021	2020
Net loss – basic and diluted	**(25,922)**	(206,646)
Weighted average shares outstanding – basic and diluted	**109,071,609**	62,406,662
Net loss per share – basic and diluted	**$ (0.24)**	$ (3.31)

At December 31, 2021, there were 319,387 contingently issuable subordinate voting shares (December 31, 2020 – nil) 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 December 31, 2021, there were no potential subordinate voting shares issuable relating to the Special Incentive Plan (see note 10) because the options issued under the Special Incentive Plan were out of the money, and no potential subordinate voting shares issuable relating to the HFP Warrants (see note 8) because the HFP Warrants were out of the money.

12. Income Taxes

The company's provision for (recovery of) income taxes for the years ended December 31 is summarized in the following table:

	2021	2020
Current income tax:		
Current year expense (recovery)	**(2,509)**	2,449
Adjustment to prior years' income taxes	**(1,163)**	118
	(3,672)	2,567
Deferred income tax:		
Origination of temporary differences	**2,110**	145
Adjustments to prior years' deferred income taxes	**(212)**	(35)
	1,898	110
Provision for (recovery of) income taxes	**(1,774)**	2,677

The components of the company's provision for (recovery of) income taxes for the years ended December 31 are summarized in the following table:

	2021	2020
Current income tax:		
Canada	**(3,774)**	2,105
Outside of Canada	**102**	462
	(3,672)	2,567
Deferred income tax:		
Canada	**1,882**	86
Outside of Canada	**16**	24
	1,898	110
Provision for (recovery of) income taxes	**(1,774)**	2,677

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).

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

	2021	**2020**
Canadian statutory income tax rate	**26.5%**	26.5%
Recovery of income taxes at the Canadian statutory income tax rate	**(7,340)**	(54,052)
Non-taxable gains losses (gains) on investments	**2,242**	(777)
Tax rate differential on losses incurred outside of Canada	**7,382**	18,056
Provision (recovery) relating to prior years	**(1,375)**	83
Unused tax losses	**(5,579)**	–
Change in unrecorded tax benefit of losses and temporary differences	**1,477**	35,399
Foreign exchange effect	**1,622**	221
Other, including permanent differences	**(203)**	3,747
Provision for (recovery of) income taxes	**(1,774)**	2,677

Non-taxable losses on investments of $2,242 in 2021 principally reflected the non-taxable portion of unrealized losses on investments in TopCo LP and Helios Fund IV of $3,349, and the non-taxable portion of unrealized losses on other investments of $1,107. Non-taxable gains on investments of $777 in 2020 principally reflected the non-taxable portion of income on account of capital in Canada after the Transaction.

Tax rate differential on losses incurred outside of Canada of $7,382 in 2021 principally reflected the tax impact of foreign accrual property income and losses, foreign accrual capital losses, and net investment losses taxed at different rates in jurisdictions outside of Canada. The tax rate differential on losses incurred outside of Canada of $18,056 in 2020 principally reflected the impact of net investment losses taxed at different rates in jurisdictions outside of Canada.

Recovery relating to prior years of $1,375 in 2021 principally reflected adjustments for impaired debts, tax benefit of foreign accrual property loss carryback, and related foreign exchange adjustments. Provision relating to prior years of $83 in 2020 principally reflected a reclassification of the tax benefit on share issuance costs recorded directly in common shareholders' equity.

Unused tax losses of $5,579 in 2021 (2020 – nil) reflected the company's net capital loss carryforward arising from an intercompany transaction.

The change in unrecorded tax benefit of losses and temporary differences of $1,477 in 2021 principally reflected the change in deferred tax assets and liabilities in foreign accrual capital losses of $2,865, investment and other temporary timing differences of $986 that were not recorded by the company as the related pre-tax losses did not meet the recognition criteria under IFRS, partially offset by the change in deferred tax assets and liabilities in South Africa on investments of $2,374.

The change in unrecorded tax benefit of losses and temporary differences of $35,399 in 2020 principally reflected increases in deferred tax assets in South Africa on investments of $7,781 and increases in deferred tax assets in Canada related to foreign accrual property losses of $5,661, net capital losses and foreign accrual capital losses of $18,810, and investment and other temporary timing differences of $3,147.

Foreign exchange effect of $1,622 in 2021 (2020 – $221) 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 $(203) in 2021 (2020 – $3,747) principally reflected non-deductible expenses.

Changes in net income taxes payable (refundable) for the years ended December 31 were as follows:

	2021	2020
Balance – January 1	**399**	(380)
Amounts recorded in the consolidated statements of earnings (loss) and comprehensive income (loss)	**(3,672)**	2,567
Amounts recorded in total equity	**(745)**	(719)
Payments made during the year	**(1,614)**	(1,069)
Balance – December 31	**(5,632)**	399

Changes in net deferred income tax asset for the years ended December 31 were as follows:

	2021				
	Investments	Borrowings	Tax Loss Carryforwards	Other	Total
Balance – January 1	**90**	**–**	**–**	**745**	**835**
Amounts recorded in the consolidated statements of earnings (loss) and comprehensive income (loss)	**(5,568)**	**953**	**3,040**	**(323)**	**(1,898)**
Amounts recorded in equity	**–**	**(2,625)**	**–**	**(731)**	**(3,356)**
Balance – December 31	**(5,478)**	**(1,672)**	**3,040**	**(309)**	**(4,419)**

	2020				
	Investments	Borrowings	Tax Loss Carryforwards	Other	Total
Balance – January 1	**114**	**–**	**–**	**1,551**	**1,665**
Amounts recorded in the consolidated statements of earnings (loss) and comprehensive income (loss)	**(24)**	**–**	**–**	**(86)**	**(110)**
Amounts recorded in equity	**–**	**–**	**–**	**(720)**	**(720)**
Balance – December 31	**90**	**–**	**–**	**745**	**835**

The temporary differences included in the deferred income tax asset (liability) at December 31, 2021 related to investments, borrowings, tax loss carryforwards, and other temporary timing differences. The temporary differences on investments are primarily due to net investment differences in Canada and South Africa. The temporary differences on borrowings are primarily related to the company's unsecured debentures. The temporary differences on tax loss carryforwards are related to the company's net capital losses. The other temporary timing differences primarily relate to intercompany debt and share issuance and transaction costs.

Management reviews the recoverability of potential deferred tax assets on an ongoing basis and adjusts, as necessary, to reflect their anticipated realization. At December 31, 2021, deferred income tax assets not recorded by the company of $47,240 (December 31, 2020 – $45,763) were principally comprised of: (i) losses on South African investments of $15,182 (December 31, 2020 – $17,555); (ii) net capital losses and foreign accrual capital losses of $23,975 (December 31, 2020 – $18,926); (iii) foreign accrual property losses of $84 (December 31, 2020 – $6,087); (iv) other investment differences of $7,999 (December 31, 2020 – $3,042); and (v) share issuance and transaction costs of nil (December 31, 2020 – $153).

At December 31, 2021 and 2020, net unrealized loss related to the company's Portfolio Investments resulted in no deferred income tax consideration for withholding and other taxes that could be payable on unremitted earnings of Portfolio Investments.

13. Financial Risk Management

Overview

The primary goals of the company's financial risk management 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 sheet from events that have the potential to materially impair its financial strength. The company's activities expose it to certain financial risks during or at the end of the reporting period. There were no significant changes in the types of the company's risk exposures or the company's framework used to monitor, evaluate and manage the company's risk exposures at December 31, 2021 compared to those identified at 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 Portfolio 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 Portfolio 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 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 (loss) and common shareholders' equity when measured in U.S. dollars, the company's functional currency.

The company has cash and cash equivalents, Portfolio Investments, and receivables in South African rand, and a Portfolio Investment in pound sterling. In addition, the company has cash and cash equivalents in Canadian dollars and Mauritian rupees, the impacts of which would be insignificant. In 2021, the company's net foreign currency exposure on balance denominated in the South African rand remained relatively constant compared to at December 31, 2020. In 2021, the company's net foreign currency exposure to pound sterling increased due to the company's investment in Vivo. 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. At December 31, 2021, had the U.S. dollar strengthened by 5% or 10% relative to the South African rand with all other variables held constant, the net decrease in net earnings (loss) would have been $4,749 and $9,498, respectively. Conversely, had the U.S. dollar weakened by 5% or 10% relative to the South African rand, with all other variables held constant, the net increase in net earnings (loss) would have been $4,749 and $9,498, respectively. At December 31, 2021, had the U.S. dollar strengthened by 5% or 10% relative to the pound sterling with all other variables held constant, the net decrease in net earnings (loss) would have been $376 and $751, respectively. Conversely, had the U.S. dollar weakened by 5% or 10% relative to the pound sterling, with all other variables held constant, the net increase in net earnings (loss) would have been $376 and $751, respectively. The company has not hedged its foreign currency risk. Certain shortcomings are inherent with this method of analysis, including the assumption that the hypothetical appreciation or depreciation of the South African rand against the U.S. dollar occurred with all other variables held constant.

Interest Rate Risk

At December 31, 2021 the company held fixed income investments with a fair value of $52,866 (December 31, 2020 – $59,918), representing 64.3% (December 31, 2020 – 44.4%) of the fixed income portfolio, which were valued using expected recovery models. As expected recovery models are dependent on 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).

The company holds significant equity and limited partnership investments and is exposed to market price risk. 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.

The company's exposure to market price risk increased to $407,383 at December 31, 2021 from $364,809 at December 31, 2020 primarily as a result of investments in limited partnership interests and public and private common shares, and unrealized gains on public and private common shares, partially offset by net unrealized losses on limited partnership interests, and the HFP Redemption Derivative (see note 6), which limits the company's exposure to market price risk on its investments in indirect equity interest in AGH and Philafrica common shares. The impact of a 10.0% decrease in the fair value of the company's investments classified as Level 1 in the fair value hierarchy at December 31, 2021, with all other variables held constant, would have resulted in a net decrease in net earnings (loss) of $2,153 (December 31, 2020 – $1,090). Conversely, the impact of a 10.0% increase in the fair value of the company's investments classified as Level 1 in the fair value hierarchy at December 31, 2021, with all other variables held constant, would have resulted in a net increase in net earnings (loss) of $2,153 (December 31, 2020 – $1,090). 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, short term investments, and investments in debt instruments.

Cash and Cash Equivalents

At December 31, 2021, the company's cash and cash equivalents of $76,284 (December 31, 2020 – $66,052) were comprised of $51,609 (December 31, 2020 – $45,352) at the holding company (principally in major Canadian financial institutions) and $24,675 (December 31, 2020 – $20,700) at the company's wholly-owned subsidiaries.

At December 31, 2021, the company held $4,677 in cash and cash equivalents (December 31, 2020 – $7,525 in restricted cash deposits) in deposit accounts with Access Bank SA.

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.

Term Deposits

At December 31, 2021, the company did not hold term deposits. At December 31, 2020, the company's term deposits of $12,392 was comprised of amounts in a deposit account with Atlas Mara Zambia, collateralized by Government of Zambia Eurobonds ("Zambia Eurobonds") with a fair value of $12,539 and cash collateral of $991 deposited for the benefit of the company. In connection with the closing of the Transaction, Fairfax has 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 "Atlas Mara Zambia Term Deposit Guarantee") (see note 14).

On December 8, 2021, the company called upon the guarantee from Fairfax. The company received $13,495 from Fairfax in settlement of the Atlas Mara Zambia Term Deposit Guarantee (comprised of $12,392 on the Atlas Mara Zambia Term Deposit and $1,103 in accrued interest) and transferred the Atlas Mara Zambia Term Deposit and accrued interest in conjunction with the Zambia Eurobonds and cash collateral of $991 to Fairfax. In 2021, the company recorded (i) a realized loss of $12,392 on the Atlas Mara Zambia Term Deposit; (ii) interest receivable write-off $1,103; and (iii) a realized gain of $13,495 on the Atlas Mara Zambia Term Deposit Guarantee in net change in realized gains (losses) on investments within the consolidated statements of earnings (loss) and comprehensive income (loss).

Receivable from Related Parties

At December 31, 2021, the company's receivable from related parties of $11,002 (December 31, 2020 – nil) was primarily comprised of $10,512 receivable from TopCo LP and $490 receivable from other related parties (see note 14). The company monitors risks associated with receivables from related parties by regularly reviewing the financial strength and creditworthiness of these related parties, and has determined that the credit risk associated with related parties is minimal.

Subsequent to December 31, 2021, receivable from related parties of $10,012 were settled (see note 14).

Other Assets

At December 31, 2021, the company's other assets of $1,390 (December 31, 2020 – $1,946) were primarily comprised of amounts receivable from Atlas Mara relating to the guarantee provided to TLG Credit Opportunities Fund ("TLG Capital") on Atlas Mara's facility with TLG Capital (the "TLG Facility"). At December 31, 2021, the company estimated the recoverable amount on its receivable from Atlas Mara to be $1,188 based on deferred proceeds and expected to be received from the sale of Atlas Mara Botswana to Access Bank, pursuant to the terms of the Atlas Mara SOA. Refer to note 15 for the company's valuation of the receivable from Atlas Mara.

Investments in Debt Instruments

The company's risk management strategy for debt instruments is to limit the amount of credit exposure with respect to any one corporate issuer. The company endeavours to limit credit exposure by monitoring fixed income portfolio limits on individual corporate issuers and limits based on credit quality.

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

At December 31, 2021, the company had debt instruments with a fair value of $82,200 (December 31, 2020 – $135,004) that were subject to credit risk, representing 12.0% (December 31, 2020 – 22.5%) of the total cash and investments.

The company's exposure to credit risk from its investments in fixed income securities decreased to $74,981 at December 31, 2021 from $135,004 at December 31, 2020 primarily as a result of the conversion of the Nova Pioneer Bonds to indirect equity interest in Nova Pioneer, partial repayment on the Atlas Mara Facility, and the HFP Redemption Derivative (see note 6), which limits the company's exposure to credit risk on its investment in the Philafrica Facility, partially offset by the company's investment in the AFGRI International Facility.

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.

	December 31, 2021		December 31, 2020	
	Cost(1)	**Fair value**	**Cost(1)**	**Fair value**
Loans:				
Due in 1 year or less(2)	**54,453**	**42,564**	72,011	56,764
Due after 1 year through 5 years	**19,608**	**19,608**	19,411	19,411
	74,061	**62,172**	91,422	76,175
Bonds:				
Due in 1 year or less(2)	**39,363**	**20,028**	64,325	38,863
Due after 1 year through 5 years	**–**	**–**	19,290	19,966
	39,363	**20,028**	83,615	58,829

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

(2) At December 31, 2021, includes instruments for which the contractual maturity has passed but have not yet been repaid.

At December 31, 2021, loans and bonds with fair values of $42,564 and $28 (December 31, 2020 – $56,764 and $38,863) contained call features. At December 31, 2021 and 2020, there were no debt instruments containing put features.

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.

Cash, interest receivable, receivable from related parties, and publicly traded investments at December 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 and TopCo LP, interest expense on the HFP 3.0% Debentures, the investment and advisory fees, general and administration expenses, corporate income taxes, and the potential settlement of the HFP 3.0% Debentures if Fairfax exercises its put option, net of the fair value of the HFP Redemption Derivative. The company has adequate working capital to support its operations.

The following table presents the company's contractual obligations and commitments by their contractual maturity date:

	December 31, 2021		
	Total	**Less than 1 year**	**1-3 years**
HFP 3.0% Debenture – Interest	6,750	3,000	3,750
HFP 3.0% Debenture – Principal repayment(1)	100,000	–	100,000
Helios Fund IV Commitment(2)	18,549	18,549	–
TopCo LP Management Team Commitment	2,782	2,782	–
Due to related parties	8,803	7,865	938
Accounts payable and accrued liabilities	136	136	–
Automatic share purchase plan	500	500	–
	137,520	32,832	104,688

(1) 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 December 31, 2021, Fairfax had agreed not to exercise its option to redeem the HFP 3.0% Debenture on the first anniversary. Refer to note 8.

(2) Subsequent to December 31, 2021 the company's undrawn capital commitment to Helios Fund IV increased to $22,891. Refer to note 6.

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 31, 2021, the company was not subject to any clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest. 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 and TopCo LP's share of commitments to the general partners of the Helios Funds, the risk of which is partially mitigated by the six-month holding period of Excess Management Fee Proceeds by TopCo LP.

Concentration Risk

The company's 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 composition of the company's total cash and cash equivalents, restricted cash deposits, term deposits, limited partnership investments and common shares by industry sector and the regions where the primary underlying risk of the issuer's businesses resides is presented in the following table. The fair values of these investments were allocated based on the issuer's revenue from each region.

	December 31, 2021					December 31, 2020				
	North Africa[1]	Sub-Saharan Africa[2]	Pan-Africa[3]	Other	Total	North Africa[1]	Sub-Saharan Africa[2]	Pan-Africa[3]	Other	Total
Cash and cash equivalents	**—**	**24,675**	**—**	**51,609**	**76,284**	—	20,700	—	45,352	66,052
Restricted cash deposits	**—**	**—**	**—**	**—**	**—**	—	7,525	—	—	7,525
Term deposits	**—**	**—**	**—**	**—**	**—**	—	12,392	—	—	12,392
Limited partnership investments:										
Asset management[4]	**—**	**—**	**250,182**	**—**	**250,182**	—	—	275,299	—	275,299
Financial services	**—**	**—**	**12,092**	**—**	**12,092**	—	—	—	—	—
Insurance	**—**	**—**	**8,162**	**—**	**8,162**	—	—	—	—	—
Retail and distribution	**18,612**	**—**	**—**	**—**	**18,612**	—	—	—	—	—
Common shares:										
Food and agriculture	**—**	**46,311**	**—**	**23,260**	**69,571**	—	46,692	—	26,583	73,275
Financial services	**—**	**1,288**	**—**	**—**	**1,288**	—	1,399	—	—	1,399
Entertainment	**—**	**—**	**33,416**	**—**	**33,416**	—	—	—	—	—
Retail and distribution	**15,528**	**—**	**—**	**—**	**15,528**	—	—	—	—	—
Education	**—**	**38,811**	**—**	**—**	**38,811**	—	—	—	—	—
Other	**—**	**19,071**	**10,221**	**—**	**29,292**	—	14,836	—	—	14,836
Loans										
Food and agriculture	**—**	**7,219**	**—**	**9,726**	**16,945**	—	7,164	—	—	7,164
Financial services	**—**	**6,822**	**—**	**—**	**6,822**	—	30,346	—	—	30,346
Infrastructure	**—**	**18,797**	**—**	**—**	**18,797**	—	19,254	—	—	19,254
Education	**—**	**—**	**—**	**—**	**—**	—	36,421	—	—	36,421
Bonds										
Financial Services	**—**	**20,028**	**—**	**—**	**20,028**	—	22,408	—	—	22,408
	34,140	**183,022**	**314,073**	**84,595**	**615,830**	—	219,137	275,299	71,935	566,371

(1) North Africa is geographically, the area of the continent of Africa that lies north of the Sahara Desert. It encompasses 8 of Africa's 54 countries.

(2) Sub-Saharan Africa is geographically, the area of the continent of Africa that lies south of the Sahara Desert. It encompasses 46 of Africa's 54 countries.

(3) Pan-Africa is geographically, the continent of Africa. Investments operating broadly across the continent of Africa are exposed to Pan-African regional risk.

(4) The asset management industry sector exposure is comprised of the company's investments in TopCo LP, which is domiciled in Guernsey.

The company's loans and bonds are not rated, with 32.7% concentrated with one issuer at December 31, 2021 (December 31, 2020 – 39.1%). The company's exposure to credit risk is partially reduced by the company's investment in the HFP Redemption Derivative and Atlas Mara Facility Guarantee.

During 2021, the company's exposure to concentration risk by sector through its Portfolio Investments changed as follows:

- Asset management sector decreased primarily due to unrealized losses on TopCo LP Class A and Class B Limited Partnership Interests.
- Food and agriculture sector increased primarily due to the company's investment in the AFGRI International Facility, unrealized gains on the company's indirect equity interest in AGH and Philafrica common shares, and capitalized interest on the Philafrica Facility, partially offset by foreign exchange losses.
- Financial services sector decreased primarily due to partial repayment on the Atlas Mara Facility, partially offset by increased exposure through the company's investment in Helios Fund IV.
- Education sector increased due to conversion of Nova Pioneer Bonds and interest receivable, the latter of which were not part of Portfolio Investments, into indirect equity interest in Nova Pioneer, partially offset by realized losses on Nova Pioneer Bonds.

- Entertainment sector increased due to the company's investment in and unrealized gains on NBA Africa common shares.
- Infrastructure sector decreased primarily due to foreign exchange losses on the CIG Loan, partially offset by unrealized gains on the CIG Loan.
- Retail and distribution sector increased due to the company's investment in Trone Holdings and through the company's investment in Helios Fund IV.
- Insurance sector increased through the company's investment in Helios Fund IV.
- Other sector increased primarily due to investments in Other Common Shares and unrealized and realized gains thereon.

The company will not make a Portfolio 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 Portfolio Investments where, after giving effect to each such investment, the total invested amount of each such investment would be equal to or no more than 25.0% of the company's total assets (the "Investment Concentration Restriction").

The company intends to make multiple different investments as part of its prudent investment strategy. Portfolio 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 shareholders. At December 31, 2021 and December 31, 2020, the company determined that it was in compliance with the Investment Concentration Restriction.

Capital Management

The company's objectives when managing capital is to optimize returns for common shareholders, while seeking attractive risk-adjusted returns. Total capital, comprised of common shareholders' equity and borrowings, was $690,534 at December 31, 2021 (December 31, 2020 – $599,735). The increase primarily reflected the issuances of the HFP Host Debentures ($98,632) and HFP Warrants ($5,557), and an increase in contributed surplus ($18,107) arising from the issuances of the HFP 3.0% Debentures and the HFP Warrants at a transaction amount ($100,000) greater than the total net fair value ($81,893), partially offset by a net loss of $25,922, tax expense on equity transactions of $2,625, purchases for cancellation of 858,608 subordinate voting shares for a net cost of $2,587, and a commitment under the company's automatic share purchase plan recorded against common shareholders' equity of $500.

14. Related Party Transactions

Payable to Related Parties

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

	December 31, 2021			December 31, 2020		
	Helios Holdings Group[(1)]	Fairfax	Total	Helios Holdings Group	Fairfax	Total
Investment and advisory fees	**1,711**	**–**	**1,711**	201	709	910
Performance fee	**938**	**–**	**938**	–	–	–
Management services fees	**–**	**400**	**400**	–	107	107
Management compensation	**–**	**–**	**–**	63	–	63
Helios Transaction expenses	**–**	**–**	**–**	–	2,532	2,532
TopCo LP Capital Call	**4,718**	**–**	**4,718**	–	–	–
Other	**–**	**1,036**	**1,036**	–	48	48
	7,367	**1,436**	**8,803**	264	3,396	3,660

(1) Investment and advisory fees are paid to TopCo LP and management compensation is paid to key management.

Investment and Advisory Fees

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.

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. In 2021, investment and advisory fees recorded within the consolidated statements of earnings (loss) and comprehensive income (loss) was $4,146 (2020 – $4,128).

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 investment in 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 sometimes 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 December 31, 2021 the company determined that a performance fee of $938 should be accrued to TopCo LP (December 31, 2020 – nil) as the Adjusted Book Value per Share of $3.17 (before factoring in the impact of the performance fee) at December 31, 2021 was greater than the hurdle per share at that date of $3.12.

The performance fee, if applicable, will be paid within 30 days after the company issues its annual audited consolidated financial statements for the year ended 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.

In 2021, a performance fee of $938 (2020 – nil) was recorded within the consolidated statements of earnings (loss) and comprehensive income (loss).

Management Services Agreement

On December 8, 2020, 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 for $1,700 in the first year and $2,125 in the second year, adjusted for discontinued services, paid quarterly in arrears. In 2021, the services provided by Fairfax under the Management Services Agreement include providing and paying for the compensation of a Chief Financial Officer (to June 13, 2021), Vice President (from June 14, 2021 to November 30, 2021), and Corporate Secretary to the company.

The management services fees recorded within the consolidated statements of earnings (loss) and comprehensive income (loss) in December 31, 2021 was $1,832 (2020 – $107).

Helios Transaction Expenses

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.

TopCo LP Capital Call

TopCo LP capital call of $4,718 at December 31, 2021 (December 31, 2020 – nil) was comprised of a capital call payable to TopCo LP with respect to Management Team Commitment. Refer to note 6 for the company's commitments and capital contributions to TopCo LP.

Other

Other payable of $1,036 at December 31, 2021 (December 31, 2020 – $48) was primarily comprised of amounts due to Fairfax for expenses incurred by Fairfax and HWIC on behalf of the company.

Subsequent to December 31, 2021

On January 7, 2022, the company paid a contribution of $4,718 relating to the Management Team Commitment, which was settled on a net basis with $7,733 receivable from TopCo LP discussed below.

Receivable from Related Parties

Receivable from related parties of $11,002 at December 31, 2021 (December 31, 2020 – nil) was primarily comprised of a distribution receivable from TopCo LP Class A Limited Partnership Interest of $7,733. Receivable from related parties also included a $2,410 distribution receivable from TopCo LP Class B Limited Partnership Interest in connection with Excess Management Fees earned during the year. Refer to the Private Portfolio Investments section in note 6.

Subsequent to December 31, 2021

On January 7, 2022, the company received $7,733 in full settlement of the distribution receivable from TopCo LP. On January 24, 2022, the company received a distribution of $1,440 Excess Management Fees earned during the first six months of 2021 as the sole TopCo LP Class B Limited Partnership Interest holder.

Fairfax's Voting Rights and Equity Interest

At December 31, 2021, Fairfax, through its subsidiaries, owned 30,000,000 multiple voting shares and 5,302,912 subordinate voting shares of HFP (December 31, 2020 – 30,000,000 and 5,279,489 respectively), as well as 3,000,000 HFP Warrants exercisable for one subordinate voting share each, none of which have been exercised.

At December 31, 2021, Fairfax's holdings of multiple and subordinate voting shares represented 53.3% of the voting rights and 32.6% of the equity interest in HFP (December 31, 2020 – 53.3% and 32.3%).

Helios' Voting Rights and Equity Interest

At December 31, 2021, Principal Holdco 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 December 31, 2021, Helios' holdings of multiple and subordinate voting shares represented 45.9% of the voting rights and 46.3% of the equity interest in HFP (December 31, 2020 – 45.9% and 45.9%).

Key Management Personnel Compensation

Management Compensation

In 2021, the company incurred $1,226 (2020 – $63) in compensation expense for key management personnel, which was recorded in general and administration expenses within the consolidated statements of earnings (loss) and comprehensive income (loss). In 2020, all other key management personnel compensation was incurred and paid by Fairfax as part of the Former Investment Advisory Agreement with HWIC.

Director Compensation

Compensation for the company's Board of Directors for the years ended December 31 was recognized in general and administration expenses in the consolidated statements of earnings (loss) and comprehensive income (loss) as follows:

	2021	**2020**
Retainers and fees	**312**	235
Share-based payments	**124**	67
	436	302

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 10).

Related Party Investment Transactions

Helios Fund IV

On March 31, 2021, the company committed to invest $50,000 in Helios Fund IV. Helios Fund IV is related to HFP by virtue of common key management personnel. The exchange amount of the transaction represented fair value on initial recognition (see notes 6 and 7).

Indirect equity interest in Trone Holdings

On December 14, 2021, the company invested $15,528 for a 22% equity interest in Trone Holdings. Helios Fund IV, who controls SPV Rayon and the operating businesses of Trone and is a related party of HFP by virtue of common key management personnel, holds the remaining 78.0% equity interest in Trone Holdings. Trone Holdings is a related party of HFP by virtue of common key management personnel and is an associate of the company. The exchange amount of the transaction represented fair value on initial recognition (see notes 6 and 7).

TopCo LP Management Team Commitment

On December 14, 2021, TopCo LP's limited partnership agreement was amended to commit HFP to contributing to the Management Team Commitment. TopCo LP is a related party of HFP by virtue of common key management personnel and is an associate of the company. On December 14, 2021, TopCo LP issued a capital call for $4,718 to HFP as the TopCo LP Class A Limited Partnership Interest holder to fund 50.0% of the Management Team Commitment and HFP recognized a $4,718 increase in the investment in TopCo LP Class A Limited Partnership Interest and a corresponding increase in payable to related parties. The exchange amount of the transaction represented fair value on initial recognition (see notes 6 and 7).

HFP 3.0% Debentures

On March 31, 2021, Fairfax, through its affiliates, invested $100,000 in HFP 3.0% Debentures and HFP Warrants (see note 8).

Related party derivatives and guarantees

Fairfax has issued the Atlas Mara Facility Guarantee and the HFP Redemption Derivative (see note 6). These related party derivatives and guarantees are recorded in Portfolio Investments within the consolidated balance sheet.

Fairfax Loan

The company issued a $20,000 in the interest-free Fairfax Loan due from Fairfax no later than three years from closing of the Transaction (see notes 2 and 6).

Atlas Mara Zambia Term Deposit

In 2019 and 2020, the company had deposited $12,392 in aggregate in a deposit account with Atlas Mara Zambia, which was collateralized by Zambia Eurobonds and cash collateral of $991 deposited for the benefit of the company. In connection with the Transaction, Fairfax has guaranteed that the Atlas Mara Zambia Term Deposit of $12,392 plus accrued interest may be withdrawn at any time on or after December 8, 2021.

On December 8, 2021, the company called upon the guarantee from Fairfax. The company received $13,495 from Fairfax in settlement of the Atlas Mara Zambia Term Deposit Guarantee (comprised of $12,392 on the Atlas Mara Zambia Term Deposit and $1,103 in accrued interest) and transferred the Atlas Mara Zambia Term Deposit and accrued interest in conjunction with the Zambia Eurobonds and cash collateral of $991 to Fairfax. In 2021, the company recorded (i) a realized loss of $12,392 on the Atlas Mara Zambia Term Deposit; (ii) interest receivable write-off $1,103; and (iii) a realized gain of $13,495 on the Atlas Mara Zambia Term Deposit Guarantee in net change in realized gains (losses) on investments within the consolidated statements of earnings (loss) and comprehensive income (loss).

15. Other Assets

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

	December 31, 2021			December 31, 2020		
	Gross	**Loss**	**Net**	**Gross**	**Loss**	**Net**
Receivable from Atlas Mara	**2,068**	**880**	**1,188**	–	–	–
Sales tax refundable	**2,497**	**2,446**	**51**	1,928	–	1,928
Other	**151**	**–**	**151**	18	–	18
	4,716	**3,326**	**1,390**	1,946	–	1,946

Loss on uncollectible accounts receivable in 2021 and 2020 were comprised as follows:

	December 31, 2021			December 31, 2020		
	Unrealized loss on uncollectible accounts receivable	Realized loss on uncollectible accounts receivable	Total loss on uncollectible accounts receivable	Unrealized loss on uncollectible accounts receivable	Realized loss on uncollectible accounts receivable	Total loss on uncollectible accounts receivable
Receivable from Atlas Mara	**880**	**2,747**	**3,627**	–	–	–
Sales tax refundable	**2,446**	**–**	**2,446**	–	–	–
Other	**–**	**–**	**–**	–	–	–
	3,326	**2,747**	**6,073**	–	–	–

Receivable from Atlas Mara

At December 31, 2021 the receivable from Atlas Mara relates to the guarantee provided by the company to TLG Credit Opportunities Fund ("TLG Capital") on Atlas Mara's facility with TLG Capital (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 the security, 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 October 2021, Atlas Mara completed the sale of its equity interest in Atlas Mara Botswana to Access Bank. A portion of the Atlas Mara Botswana shares were pledged as security for the TLG Facility Guarantee and were subsequently released by the company in connection with the aforementioned sale. The proceeds from the sale are to be paid in three tranches: (i) an upfront portion due on closing; (ii) a portion due no later than April 2022; and (iii) deferred consideration due two years from the date of closing. On October 14, 2021, upon Atlas Mara receiving the upfront portion of proceeds from the sale, the company received partial repayment on the TLG Facility Guarantee of $3,660. Pursuant to the Atlas Mara SOA, the company expects further repayments on the TLG Facility Guarantee as Atlas Mara receives the remaining two tranches of proceeds from the sale.

At December 31, 2021, the company estimated the recoverable amount on its receivable from Atlas Mara to be $1,188 based on deferred proceeds and expected to be received from the sale of Atlas Mara Botswana to Access Bank, pursuant to the terms of the Atlas Mara SOA.

In 2021, the company recorded a loss of $3,627 in loss on uncollectible accounts receivable within the consolidated statements of earnings (loss) and comprehensive income (loss) (2020 – nil) related to the receivable from Atlas Mara, of which $2,747 was realized upon the company receiving partial repayment on the TLG Facility Guarantee.

Sales Tax Refundable

In 2021 the company determined that sales tax refundable in Canada was uncollectible and recorded a loss of $2,446 in loss on uncollectible accounts receivable within the consolidated statements of earnings (loss) and comprehensive income (loss) (2020 – nil).

16. Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns, that are different from those of segments operating in other economic environments.

The company has concluded that HFP is engaged in a single geographic and business segment, that of investing in Africa and Portfolio Investments.

17. General and Administration Expenses

General and administration expenses for the years ended December 31 were comprised as follows:

	2021	2020
Audit, legal and tax professional fees	**3,307**	1,480
Administrative expenses	**877**	605
Management services fees (note 14)	**1,832**	107
Salaries and employee benefit expenses	**4,506**	1,478
Special Incentive Plan	**–**	5,804
Brokerage fees	**40**	54
	10,562	9,528

18. Supplementary Cash Flow Information

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

	December 31, 2021	December 31, 2020
Cash and balances with banks	**35,511**	43,551
U.S. treasuries	**40,773**	22,501
	76,284	66,052

Details of certain cash flows included within the consolidated statements of cash flows for the years ended December 31 were as follows:

	2021	2020
Purchases of investments		
Limited partnership investments	**(31,967)**	–
Common shares(1)	**(45,528)**	(26,025)
Loans	**(9,600)**	(45,129)
	(87,095)	(71,154)
Disposals of investments		
Loans	**11,325**	–
Common stocks	**7,433**	20,000
	18,758	20,000
Interest received (paid)		
Interest received	**1,988**	2,603
Interest paid on borrowings	**(2,268)**	–
	(280)	2,603
Dividends received	**345**	15
Income taxes paid	**(1,286)**	(1,069)

(1) Purchases of common stocks in 2020 includes an investment of $10,132 in the company's indirect equity interest in AGH invested through a shareholder loan to Joseph Holdings (see note 6).

19. Reclassification of Comparative Amounts

During the year ended December 31, 2021 the company changed its accounting policy related to the presentation of certain assets within the consolidated balance sheets. The prior presentation of loans, bonds, common stocks, derivatives and guarantees, and limited partnership investments within the consolidated balance sheets was changed to group the aforementioned asset into Portfolio Investments and related party loan. The adjustment in presentation was made to simplify the balance sheet and note disclosures and reduce duplicative information. For the comparative year ended December 31, 2020 the following assets within the consolidated balance sheets were adjusted as follows:

a. Loans, bonds, common stocks, derivatives and guarantees, and limited partnership investments in the amounts of $56,764, $58,829, $89,510, $13,252, and $275,299 respectively were reclassified within the consolidated balance sheets, for a total amount of $493,654 presented under Portfolio investments.

b. Loans in the amount of $19,411 were reclassified within the consolidated balance sheets, for a total amount of $19,411 presented under Related party loan.

Directors of the company

Kofi Adjepong-Boateng
Co-Founder and Partner
Pembani Remgro Infrastructure Managers
Senior Operating Partner
Sanlam Africa Real Estate Advisor Pty Ltd.

Ken Costa
Partner and Co-Chairman
Alvarium Investments
Chairman of the company (as of Mar. 2021)

Lieutenant-General (ret.) Roméo Dallaire
Founder
Roméo Dallaire Child Soldiers Initiative

Christopher D. Hodgson
President
Ontario Mining Association

Tope Lawani
Co-Founder and Managing Partner
Helios Investment Partners LLP
Co-Chief Executive Officer of the company

Quinn McLean
Managing Director, Middle East and Africa
Hamblin Watsa Investment Counsel

Sahar Nasr
Professor, School of Business, Department of Economics
American University in Cairo

Babatunde Soyoye
Co-Founder and Managing Partner
Helios Investment Partners LLP
Co-Chief Executive Officer of the company

Masai Ujiri
Vice Chairman and President
Toronto Raptors
Co-Founder
Giants of Africa

Operating Management
HFP South Africa Investments Proprietary Limited
HFP Investments Limited

Dylan Buttrick
Managing Director, South Africa and Mauritius

Officers of the company

Belinda Blades
Chief Financial Officer (as of Jun. 2021)

Ken Costa
Chairman (as of Mar. 2021)

Tope Lawani
Co-Chief Executive Officer

Jennifer Pankratz
General Counsel and Corporate Secretary (as of Jul. 2021)

Babatunde Soyoye
Co-Chief Executive Officer

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Transfer Agent and Registrar
Computershare Trust Company of Canada, Toronto

Share Listing
Toronto Stock Exchange
Stock Symbol: HFPC.U

Annual Meeting
The annual meeting of the shareholders of Helios Fairfax Partners Corporation will be held on
Wednesday April 20, 2022 at 2:30 p.m. (Toronto time)
at the Fairmont Royal York Hotel in Toronto

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