HELIOS FAIRFAX PARTNERS

INTERIM REPORT

For the nine months ended September 30, 2022

Index to Management's Discussion and Analysis

Management's Discussion and Analysis
(as of November 10, 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 three and nine months ended September 30, 2022 and should be read in conjunction with the interim consolidated financial statements thereof and the audited annual consolidated financial statements and notes thereto for the year ended December 31, 2021 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 interim consolidated financial statements of the company prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard 34 *Interim Financial Reporting*, and is presented in U.S. dollars which is also the functional currency of the company and its consolidated subsidiaries.
(3) Throughout this MD&A, the term "Portfolio Investments" refers to deployed capital invested in public and private portfolio investments as disclosed in note 5 (Portfolio Investments and Related Party Derivatives and Guarantees) to the interim consolidated financial statements for the three and nine months ended September 30, 2022.

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: the conflict in Ukraine; 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; concentration risk in Portfolio Investments, including with respect to Class A and Class B limited partnership interests in the Portfolio Advisor and Helios Fund IV; 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 are 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, where applicable, 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 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 September 30, 2022, the company determined that it was in compliance with the Investment Concentration Restriction.

Operating Environment

Conflict in Ukraine

The conflict in Ukraine is ongoing, with countries around the world, largely led by western nations, continuing to impose economic sanctions against Russia, including bans on the import of Russian oil and natural gas by certain countries including Canada and the United States. Russia has attempted to use its gas supply as leverage to deter European support for Ukraine by refusing to supply countries that will not pay in Rubles and reducing supply to less than 20% of its 2021 levels. As a result of these measures, the price of energy, including gas and diesel, has increased around the world and remained volatile even as governments work to find alternate sources of power.

According to the World Economic Outlook (October 2022) published by the International Monetary Fund ("IMF"), the conflict in Ukraine continues to destabilize the global economy, slowing growth and increasing inflation. Global GDP growth was estimated at 3.2% in 2022, consistent with the IMF’s July 2022 forecast, and 2.7% in 2023, revised downward by 0.2% from the IMF’s July 2022 forecast. The 2023 decline largely reflects the continuing impacts of the conflict in Ukraine, with the supply-demand imbalance for Russia and Ukraine’s key exports of oil, gas, metals, wheat and corn resulting in rising global inflation driven by the increase in food and fuel prices. The ongoing conflict is also compounding the supply chain disruptions created by and not fully recovered from the COVID-19 pandemic.

One of the biggest consequences of the conflict in Ukraine is the exacerbation of inflation, which has soared globally to levels not seen for several decades. Year-over-year inflation remained stubbornly high in the US, Europe, the UK and Canada as at the end of September, with rates of 8.2%, 9.9%, 10.1% and 6.9% respectively. This global high inflationary economic environment is especially challenging for many emerging market and developing economies as the sharp appreciation of the US dollar tightens financial conditions and increases the cost of imported goods.

Overview of African Operating Environment

The IMF expects the African economy to grow by 3.6% in 2022 and 3.7% in 2023, a decrease of 0.2% and 0.3% from its previous estimate. Both estimates are lower than the actual 2021 growth of 4.5%. The continent is far from being isolated from the impacts of rising inflation and the Russia-Ukraine conflict, and is facing several headwinds, including higher food and energy prices, supply chain constraints, rising external financing costs, and capital outflows.

Egypt is one of the most affected economies on the continent, being the world's largest importer of wheat, 80% of which comes from Russia and Ukraine; it also imports 98% of its cooking oil from the war zone. Its tourism industry has also been adversely affected by the conflict as tourists from Russia and Ukraine prior to COVID-19 accounted for one-third of Egypt's total annual visitors. The dire situation has triggered billions of outflows, forcing the country to seek IMF assistance and prompting the Egyptian government to privatize some government- and military-owned assets in an effort to raise money to reduce the country's deficit.

Morocco continues to be impacted by drought conditions which are significantly impacting the crop yield, with precipitation rates in July 2022 approximately 35% lower than July 2021. Imports of grain are estimated to increase by 35% in 2022 and 2023 to meet local consumption needs.

Volatile oil and gas prices have differing impacts on the African continent depending on whether a country is an importer or exporter. Although Africa accounted for 40% of the world's total new gas discoveries over the past decade, exporters like Nigeria and Angola may not fully benefit from the high demand as they both struggle to meet OPEC's production quotas, following years of underinvestment in the sector. Importers may be forced to look for alternatives in the medium-term should prices keep rising. North Africa in particular accounts for 75% of the continent's natural gas consumption and imports most of that supply.

In the African equity markets Ghana and South Africa were among the worst performers in Q3, down 25.3% and 12.3% respectively (in US Dollar terms) compared to Q2 2022. The Moroccan market was down 11.2% and the Nigeria market was down 9.8%, while the Egypt and Kenyan markets were flat on the quarter.

African currencies were down against the US dollar during the third quarter of 2022 as a result of the uncertain macroeconomic outlook and rising US interest rates. Of the currencies to which HFP has exposure through investments, the worst performer was the Ghanaian cedi, which was down 22.7%. The South African rand was down 8.8% and the Moroccan dirham was down 8.0%. The Nigerian naira, Egyptian pound, and Kenyan shilling currencies had less significant changes, being down 4.7%, 3.8% and 2.4%, respectively.

The Ghanaian government has sought IMF support in order to retain fiscal flexibility to support its economy following protests in its capital over economic conditions. The country's level of debt increased significantly during the pandemic and interest payments are expected to take as much as 50% of the government's revenue in the near future. In February, Moody's downgraded Ghana from B3 to Caa1 with a stable outlook, which raised concerns over the country's ability to retain access to international capital markets.

Inflation

Egypt's 12-month inflation rate reached 15.0% in September, which is well above the central bank's 5.0% to 9.0% target. This was driven by food inflation which increased by 21.7% over the same month in the previous year. Food inflation did cool slightly from a rate of 22.4% at June 30, 2022, as hot weather had a positive impact on harvests in the quarter, increasing the yield of agricultural products.

In Ghana, yearly inflation has been at its highest since July 2001, reaching 37.2% in September, driven by housing and utilities (up 68.8%), transport (up 46.8%), and food products (up 36.8%).

Nigeria's annual inflation increased by 20.8% in September, the highest level in the past 17 years. The increase was driven by prices for food products (up 23.3%) like bread and cereals, potatoes, yams, and other tubers, oil, and fats.

South Africa's annual inflation rate reached 7.5% in September, above the central bank's target range of 3.0% to 6.0%. The increase was primarily caused by prices for transportation (up 17.9%) and food & non-alcoholic beverages (up 11.9%). Transportation price increases were driven by fuel inflation of 34.1%, and food & non-alcoholic beverages prices were driven by increases in the prices of oils & fats (29%) and bread & cereals (19.3%).

In Kenya, inflation rose for a seventh consecutive month to 9.2% and remained in breach of the central bank's 7.5% upper band target. The rise in inflation was driven by commodity prices on food (up 15.5%), transportation (up 10.2%) and housing and utilities (up 7.3%).

In Morocco, annual inflation rose to a record high of 8.3% in September, mainly due to the rising prices of food and non-alcoholic beverages (up 15.1%) and transportation costs (up 12.9%).

Interest Rates

Central banks in major economies are faced with the need to tackle inflation while supporting economic recovery. As such, challenging economic conditions, faster interest rate increases and tighter public spending are expected. As at the end of September, the US Federal Reserve had hiked rates, bringing its interest rate range to 3% to 3.25% from 1.5% to 1.75% as at the end of June and in the UK, the Bank of England increased its rate to 1.75% from 1.25% as at the end of June. Interest rate increases in developed markets usually trigger capital outflows from emerging markets, as investors flee to safety. The situation often leads to currency depreciation and widening of credit spreads, putting additional pressure on fiscal deficits.

The central banks of several African countries have continued to aggressively hike interest rates in response to ongoing inflationary pressures, currency depreciation, and the decrease of foreign investment in emerging markets. During the third quarter of 2022, the Ghanaian Monetary Policy Committee ("MPC") hiked rates by 300 basis point ("bps") to 22%, while the Nigerian and South African MPCs hiked rates by 250 bps and 150 bps to 15.5% and 6.25%, respectively. The Kenyan MPC hike was more moderate at 75 bps to 8.25%, while the Moroccan MPC increased rates by 50 bps to 2.0% for the first rate change since May 2020. Egypt was the only country to hold rates steady at 11.25%.

Rising interest rates have the potential to impact discount rates used in the company's valuations of Private Portfolio Investments and could also impact foreign exchange risk as currencies appreciate or depreciate depending on local monetary policy responses. Such further developments in the aforementioned factors affecting the African operating environment could have a material adverse effect on the company's business, financial condition, results of operations, and cash flows.

Business Developments

Capital Transactions

On March 3, 2022, the company closed a $70,000 secured, revolving demand 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 and was undrawn at September 30, 2022. Refer to note 7 (Borrowings) to the interim consolidated financial statements for the three and nine months ended September 30, 2022 for additional details.

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 7 (Borrowings) to the interim consolidated financial statements for the three and nine months ended September 30, 2022 for additional details.

During the first nine months of 2022, under the terms of its normal course issuer bid, the company purchased for cancellation 88,776 subordinate voting shares for a net cost of $305 and $417 which was recorded as a benefit in retained earnings. On July 7, 2022, the company's normal course issuer bid expired.

On May 2, 2022, the automatic share purchase plan pursuant to which shares can be purchased under the normal course issuer bid during times when the company normally would not be active in the market was terminated by the company and designated broker.

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 Holdings Proprietary Limited ("AFGRI Holdings"), the parent company of 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 AFGRI Holdings collectively, "Significant Portfolio Investments"). 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 can perform with respect to the financial statements of AFGRI Holdings.

The company's investments in TopCo LP and AFGRI Holdings 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 Portfolio Investments and Related Party Derivatives and Guarantees

The table below provides a summary of the company's Portfolio Investments and related party derivatives and guarantees:

	Initial Year of Acquisition	September 30, 2022 Cost (1)	September 30, 2022 Fair value	September 30, 2022 Net change	December 31, 2021 Cost (1)	December 31, 2021 Fair value	December 31, 2021 Net change
Portfolio Investments (excluding Portfolio Investments with related party derivatives and guarantees)(2):							
Public Investments:							
Common Shares	2020	**7,008**	**14,505**	**7,497**	12,818	29,292	16,474
Total Public Investments		**7,008**	**14,505**	**7,497**	12,818	29,292	16,474
Private Investments:							
Limited partnership investments:							
TopCo LP Class A Limited Partnership Interest	2020	**86,720**	**74,034**	**(12,686)**	87,371	90,223	2,852
TopCo LP Class B Limited Partnership Interest	2020	**182,901**	**140,299**	**(42,602)**	184,424	159,959	(24,465)
Helios Fund IV Limited Partnership Interest	2021	**22,147**	**28,414**	**6,267**	31,967	38,866	6,899
		291,768	**242,747**	**(49,021)**	303,762	289,048	(14,714)
Common Stocks:							
NBA Africa	2021	**30,000**	**35,412**	**5,412**	30,000	33,416	3,416
Trone	2021	**15,528**	**16,310**	**782**	15,528	15,528	—
Indirect equity interest in Access Bank SA	2018	**19,403**	**954**	**(18,449)**	19,403	1,288	(18,115)
Indirect equity interest in Nova Pioneer	2021	**38,811**	**24,933**	**(13,878)**	38,811	38,811	—
		103,742	**77,609**	**(26,133)**	103,742	89,043	(14,699)
Loans:							
CIG Loan	2018	**23,270**	**16,692**	**(6,578)**	23,270	18,797	(4,473)
AFGRI International Facility	2021	**9,600**	**11,412**	**1,812**	9,600	9,726	126
Event Horizon Loan	2022	**9,418**	**8,372**	**(1,046)**	—	—	—
Digital Ventures $40M Facility	2022	**14,527**	**14,663**	**136**	—	—	—
Digital Ventures $1M Facility	2022	**363**	**365**	**2**	—	—	—
		57,178	**51,504**	**(5,674)**	32,870	28,523	(4,347)
Bonds:							
Atlas Mara 11.0% Convertible Bonds	2018	**15,040**	**—**	**(15,040)**	15,040	28	(15,012)
Atlas Mara 7.5% Bonds	2018	**—**	**—**	**—**	16,476	20,000	3,524
		15,040	**—**	**(15,040)**	31,516	20,028	(11,488)
Total Private Investments		**467,728**	**371,860**	**(95,868)**	471,890	426,642	(45,248)
Total Portfolio Investments (excluding Portfolio Investments with related party derivatives and guarantees)		**474,736**	**386,365**	**(88,371)**	484,708	455,934	(28,774)
Portfolio Investments with related party derivatives and guarantees(2):							
Reference Investments & HFP Redemption Derivative:							
Indirect equity interest in AGH	2017	**97,073**	**38,431**	**(58,642)**	97,073	60,416	(36,657)
Philafrica common shares	2018	**23,254**	**2,302**	**(20,952)**	23,254	9,155	(14,099)
Philafrica Facility	2020	**5,622**	**6,911**	**1,289**	5,622	7,219	1,597
HFP Redemption Derivative	2021	**—**	**42,903**	**42,903**	—	15,906	15,906
		125,949	**90,547**	**(35,402)**	125,949	92,696	(33,253)
Atlas Mara Facility & Guarantee							
Atlas Mara Facility	2020	**—**	**—**	**—**	28,182	6,822	(21,360)
Atlas Mara Facility Guarantee	2020	**—**	**—**	**—**	—	32,046	32,046
		—	**—**	**—**	28,182	38,868	10,686
Total Portfolio Investments with related party derivatives and guarantees		**125,949**	**90,547**	**(35,402)**	154,131	131,564	(22,567)
Total Portfolio Investments and related party derivatives and guarantees		**600,685**	**476,912**	**(123,773)**	638,839	587,498	(51,341)

(1) Comprised of net cash consideration invested since the initial investment, with the exception of TopCo LP Class A and Class B Limited Partnership Interests and indirect equity interest in Nova Pioneer.

(2) In connection with the HFP 3.0% Debentures, the company has entered into related party guarantees with Fairfax (see notes 7 and 13 to the interim consolidated financial statements for the nine months ended September 30, 2022).

Public Portfolio Investments

The company's Public Portfolio Investments are as follows:

Common Shares

At September 30, 2022 and December 31, 2021, the company held less than 5.0% of the common shares of public companies in various sectors, listed on the Johannesburg Stock Exchange and the London Stock Exchange ("Other Common Shares").

On July 25, 2022, the company sold one of its investments in Other Common Shares under a recommended cash offer, resulting in net proceeds of $10,264 received by the company on August 5, 2022 and a net realized gain of $5,197 and a net foreign exchange loss of $745.

At September 30, 2022, the fair value of the company's investment in Other Common Shares was $14,505 (December 31, 2021 - $29,292), determined using the bid prices of those investments (without adjustments or discounts) at the balance sheet date.

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 during the third quarter of 2022, the development of unobservable inputs included added uncertainty related to the economic disruption caused by the conflict in Ukraine and the lingering impacts of the COVID-19 pandemic, as well as increased market volatility due to the rising inflation, elevated oil and commodity prices, and interest rate hikes.

Limited Partnership Investments

TopCo LP

Business Overview

TopCo LP, an affiliate of Helios Holdings Limited ("HHL", together with one or more of its affiliates, as the context requires, the "Helios Holdings Group"), is 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 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 it 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 September 30, 2022 and December 31, 2021, 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 September 30, 2022 and 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 interest 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. In June 2022, Helios Holdings Group's management team commitment for Helios Fund IV increased following the final close of Helios Fund IV. HFP's total commitments to TopCo LP in respect of Management Team Commitments decreased from 50% to 25% of the Helios Holdings Group's management team commitment.

On February 21, 2022, Helios Fund IV received additional limited partnership commitments, resulting in the receipt of an equalization adjustment of $652 by the company on April 28, 2022. On May 27, 2022, HIP Equity IV received a return of capital of $695 from Fund IV. At September 30, 2022, the company's remaining capital commitment to TopCo LP with respect to the Management Team Commitment was $4,051.

On January 7, 2022, the company received cash of $3,015 representing the settlement of a payable to related parties of $4,718 related to the Management Team Commitment offset by the receipt of a distribution of $7,733.

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. On January 24, 2022, the company received a distribution of $1,440 of Excess Management Fees earned during the first six months of 2021. On July 13, 2022, the company received a distribution of $970 of Excess Management Fees earned during the second half of 2021.

At September 30, 2022, the company recognized a distribution receivable from its TopCo LP Class B Limited Partnership Interest of $1,523, which reflected Excess Management Fees earned during the first nine months of 2022. Accordingly, the company recorded a reduction in the valuation of TopCo LP Class B Limited Partnership Interest and a receivable from related parties of $1,523.

Valuation and Interim Consolidated Financial Statement Impact

TopCo LP Class A Limited Partnership Interest

At September 30, 2022 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 27.9% to 33.9% (December 31, 2021 - 22.8% to 28.8%), target exit multiples of invested capital averaging 2.3x to 3.3x across Helios Funds II, III, and IV (December 31, 2021 - 2.5x to 3.0x), and forecasted exit dates ranging from 2022 to 2025 for Helios Funds II and III, and from 2022 to 2027 for Helios Fund IV (December 31, 2021 - 2022 to 2024 and 2022 to 2027). At September 30, 2022 free cash flow forecasts were based on estimates of Carried Interest Proceeds derived for each fund in accordance with waterfall provisions, prepared by Helios' management;

(ii) Fair value of Carried Interest Proceeds from a co-investment vehicle which was based on the cash proceeds from sale of the investment; 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.

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 September 30, 2022:

			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")(1)	2009	908,500	2022-2024	2.4x	27.9%	25.0 %	22,941
Helios Investors III, L.P. ("Helios Fund III")(2)	2014	1,117,000	2022-2025	2.3x	31.4%	25.0 %	37,604
Helios Investors IV, L.P. ("Helios Fund IV")(3)	2020	355,000	2022-2027	3.3x	33.9%	50.0 %	4,806
Carried interest on co-investment	2011	47,500	2022	N/A	N/A	25.0 %	3,607
Fair value of Carried Interest Proceeds							68,958
Fair value of direct interest in Helios Fund IV through Management Team Commitment							5,076
Fair value of TopCo LP Class A Limited Partnership Interest							74,034

(1) Helios Fund II is a private equity fund domiciled in the Cayman Islands that was formed in 2009 with the purpose of investing in companies that operate primarily in Africa. At September 30, 2022 the underlying portfolio investments in Helios Fund II were primarily comprised of investments in: (i) a public company operating in the fuel distribution sector across Africa; (ii) a private company offering electronic payment processing services in Nigeria; (iii) a public company operating in the telecommunication infrastructure sector across Africa; and (iv) a private company operating in the financial services sector across Africa.

(2) Helios Fund III is a private equity fund domiciled in the Cayman Islands that was formed in 2014 with the purpose of investing in companies that operate primarily in Africa. At September 30, 2022 the underlying portfolio investments in Helios Fund III were primarily comprised of investments in: (i) a private company operating in the financial services sector across Africa; (ii) a public company providing electronic payment processing services in Egypt; (iii) a private company operating in the gas distribution sector in Nigeria; (iv) a private company importing and distributing agricultural inputs across Africa; (v) a private company operating a liquefied natural gas terminal in Ghana; (vi) a private company operating in the agricultural sector in Egypt; and (viii) a private company providing electronic payment processing services in Egypt.

(3) Helios Fund IV is a private equity fund domiciled in the Cayman Islands that was formed in 2020 with the purpose of investing in companies that operate primarily in Africa. At September 30, 2022 the underlying portfolio investments in Helios Fund IV were primarily comprised of investments in: (i) a private company operating in the discount grocery retail space in Morocco; (ii) a private company providing electronic payment processing services globally (including Africa); (iii) a private insurance company established in 2020 and expected to operate across Africa; and (iv) a private company operating in medical devices, in vitro diagnostics and pharmaceuticals in Morocco.

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 revised exit forecasts through 2022 to 2025 with Carried Interest Proceeds expected to be realized beginning in 2023. The company has assessed the impacts related to the conflict in Ukraine, the lingering impacts of the COVID-19 pandemic, and increased market volatility in the estimates of the exit forecasts. These market conditions may contribute to greater uncertainty, which may lead to changes in the amount and timing in exit, which may impact the valuation.

At September 30, 2022, the company's internal valuation model indicated that the fair value of its TopCo LP Class A Limited Partnership Interest was $74,034 (December 31, 2021 - $90,223). The decrease in fair value from December 31, 2021 was primarily due to revised exit forecasts and increase in the discount rate driven by rising interest rates.

TopCo LP Class B Limited Partnership Interest

At September 30, 2022, 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 15.7%, growth in assets under management of 23.0%, probability weightings of 25.0% to 75.0% on future fundraising initiatives implying an average reduction in unweighted future cash flows of 20%, a long term pre-tax profit margin of 41.4% and a long term growth rate of 4.5% (December 31, 2021 - multi-year conditional free-cash flow forecasts with an assumed discount rate of 14.1%, growth in assets under management of 23.1%, a long term pre-tax profit margin of 42.2% and a long term growth rate of 4.5%). At September 30, 2022, free cash flow forecasts were based on Excess Management Fee forecasts prepared by Helios' management.

Free Cash Flow Forecast Inputs

The primary drivers of the free cash flow estimates are the forecasted growth in assets under management over eight years through the creation of new Helios private equity 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 $1.4 billion in fee-bearing committed capital in place at September 30, 2022 and growth over eight years to $6.8 billion in projected assets under management, the forecasted growth in assets under management implies a compound annual growth rate in committed capital of 23.0% 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 41.4% at September 30, 2022 (December 31, 2021 - 42.2%) 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.

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 increased to 15.7% at September 30, 2022 from 14.1% at December 31, 2021. At September 30, 2022, the discount rate of 15.7% 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 September 30, 2022 (December 31, 2021 - 4.5%) were based on the expected long term sustainable growth rate of the economic environments and sectors in which the investment operates.

At September 30, 2022, the company's internal valuation model indicated that the fair value of its TopCo LP Class B Limited Partnership Interest was $140,299 (December 31, 2021 - $159,959). The decrease in fair value from December 31, 2021 was primarily due to increase in the discount rate driven by rising interest rate.

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").

As of September 30, 2022, Helios Fund IV made investments in: (i) TTMFS Singapore, a private company that provides electronic payment processing services globally (including Africa); (ii) Africa Specialty Risks, a private re-insurance company established in 2020 and expected to operate across Africa; (iii) BIM Stores Morocco, a private company operating in the discount grocery retail space in Morocco; and (iv) Trone, a private company operating in medical devices, in vitro diagnostics and pharmaceuticals in Morocco.

On March 31, 2021, the company committed to invest $50,000 in Helios Fund IV. 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.

In 2021, the company 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. On February 21, 2022, Helios Fund IV received additional limited partnership commitments, resulting in an equalization adjustment of $4,614 paid to the company on March 9, 2022 and reducing the company's interest based on committed capital to 14.9%. On June 13, 2022, the company received a distribution of $4,602 comprised of an equalization adjustment of $184 and a return of capital of $4,418, reducing the company's interest based on committed capital to 14.1%. On September 29, 2022, the company received a distribution of $844, comprised of an equalization adjustment of $981 net of capital contribution of $137.

At September 30, 2022, the company had funded aggregate capital calls of $21,631, plus equalization interest of $276, for total funding of $21,907, representing 14.1% (December 31, 2021 - $31,967 and 16.9%) of the limited partnership interest in Helios Fund IV based on committed capital.

At September 30, 2022, the company's remaining capital commitment to Helios Fund IV was $28,369 (December 31, 2021 - $18,549), which may be called at any time by Helios Fund IV GP in accordance with the Helios Fund IV LPA.

At September 30, 2022, the company estimated the fair value of its investment in Helios Fund IV Limited Partnership Interest to be $28,414 (December 31, 2021 - $38,866). The decrease in fair value from December 31, 2021 was primarily due to the equalization adjustments noted above and change in fair value of the underlying investment in medical equipment sector of Helios Fund IV.

Common Shares

NBA Africa

HFP US Investments, Inc. ("U.S. Holdco") is a wholly-owned holding company, formed for the sole purpose of investing in NBA Africa, LLC ("NBA Africa"), an 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 September 30, 2022 and December 31, 2021, the company, through its U.S. Holdco, had invested $30,000 in exchange for an equity interest in NBA Africa.

At September 30, 2022, the company estimated the fair value of its investment in NBA Africa to be $35,412 (December 31, 2021 - $33,416). The increase in fair value from December 31, 2021 was driven by successful execution of the NBA Africa's strategy across the continent, including a successful second season of the Basketball Africa League with positive momentum in expected revenue growth from sponsorships and media partnerships.

Trone Holdings

Trone Investment Holdings (UK) ("Trone Holdings") is 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.

At September 30, 2022 and December 31, 2021, the company had invested $15,528 for a 22.0% equity interest in Trone Holdings. Helios Fund IV holds the remaining 78.0% equity interest in Trone Holdings. Trone Holdings, together with the founding partner and management of Trone, holds the entire equity interest in SPV Rayon Holdings ("SPV Rayon"), a Moroccan holding company which owns 100.0% of Trone's operating businesses.

At September 30, 2022, the company estimated the fair value of its 22.0% equity interest in Trone Holdings to be $16,310 (December 31, 2021 - $15,528). The increase in fair value from December 31, 2021 was driven by an increase in the 2022 forecasted normalized EBITDA as a result of the performance of Trone offset by the impact of the deterioration in the exchange rate between Moroccan dirham and U.S. dollar.

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

At September 30, 2022 and December 31, 2021, the company had invested $98,876 in Joseph Investment Holdings ("Joseph Holdings") (comprised of $88,744 for 74.6% interest in common shares and 73.7% interest 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, 2021 - 46.8%) in AGH.

At September 30, 2022, the company estimated the fair value of its 46.8% indirect equity interest in AGH to be $38,431 (December 31, 2021 - $60,416). Estimates for the valuation are inherently uncertain, involve significant judgment and are continually evaluated. In the second quarter of 2022, the company reassessed certain inputs to the valuation model using additional information derived from the most recent financial statements of the investee entity. This new information together with other business activities, resulted in a decrease in fair value of the company's indirect interest in AGH, which is recognized as part of unrealized gains (losses) on investments within the consolidated statement of loss and comprehensive loss.

On March 31, 2021, as part of the $100,000 HFP 3.0% Debenture transaction (refer to note 7 (Borrowings) to the interim consolidated financial statements for the nine months ended September 30, 2022), Fairfax guaranteed a floor valuation of the company's investments in AGH (indirect via Joseph Holdings), Philafrica common shares, the Philafrica Facility (see discussion under the headers "Indirect equity interest in AGH", "Philafrica Foods Proprietary Ltd." and "Philafrica Facility"), and the PGR2 Loan (collectively, the "Reference Investments"), giving rise to the HFP Redemption Derivative described later in this note.

AFGRI Holdings' Summarized Financial Information

To avoid the distortion caused by foreign currency translation, the tables below present AFGRI Holdings' financial and operating results in both U.S. dollars and South African rand (AFGRI Holdings' 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 AFGRI Holdings' fiscal year ends on March 31. Summarized below are the consolidated balance sheets for AFGRI Holdings at June 30, 2022 and March 31, 2022.

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

	South African rand		US$	
	June 30, 2022	**March 31, 2022**	**June 30, 2022[(1)]**	**March 31, 2022[(1)]**
Current assets	9,498,121	8,076,662	579,861	552,817
Non-current assets	2,909,479	2,799,158	177,624	191,592
Current liabilities	9,382,733	7,830,433	572,817	535,964
Non-current liabilities	1,374,168	1,338,216	83,893	91,596
Shareholders' equity	1,650,699	1,707,171	100,775	116,849

(1) The net assets of AFGRI Holdings were translated at June 30, 2022 at $1 U.S. dollar = 16.38 South African rand and at March 31, 2022 at $1 U.S. dollar = 14.61 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 and trade receivables, driven mostly by the seasonality of the business and the higher commodity price environment. Non-current assets remained relatively constant. Current liabilities increased primarily reflecting an increase in trade payables and borrowings from banks to finance trade receivables, originating mostly at the grain management business and relating to grain commodities bought on behalf of clients as well as at the equipment businesses in both SA and Australia due to the increase in floor plan finance driven by the increase in John Deere inventories. Non-current liabilities and shareholders' equity remained relatively stable during the period.

Summarized below are AFGRI Holdings' consolidated statements of earnings for the three months ended June 30, 2022 and 2021.

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

	South African rand		US$	
	Three months ended June 30, 2022	**Three months ended June 30, 2021**	**Three months ended June 30, 2022[(1)]**	**Three months ended June 30, 2021[(1)]**
Revenue from continuing operations	5,303,483	4,060,652	340,039	287,582
Income before taxes	68,176	33,213	4,371	2,352
Net income (loss)	6,841	(19,501)	439	(1,381)

(1) Amounts for the three months ended June 30, 2022 and 2021 were translated into US$ using the average exchange rates of $1 U.S. dollar = 15.60 South African rand and $1 U.S. dollar = 14.12 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 increased retail revenue on the back of higher volume direct sales, higher animal feeds sold in store and higher fuel prices impacting the sales value of fuel sales, partially offset by decreased sales volume in Philafrica's businesses due to competitive pressures and volume pressure reported at AFGRI's financial services business due to the delay with the implementation of an alternative funding platform to replace the Land Bank debtor funding. Revenues also include the impact of the acquisition of Agri Implements ("AIM") in Australia effective July 17, 2021. Income before taxes and net income increased primarily due to the revenue drivers discussed above partially offset by some foreign currency losses reported on U.S. dollar denominated loans due to the stronger U.S. dollar.

Philafrica Foods Proprietary Ltd.

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

At September 30, 2022 and December 31, 2021, 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 60.0% equity interest.

At September 30, 2022, the company estimated the fair value of its investment in Philafrica common shares to be $2,302 (December 31, 2021 - $9,155).

On March 31, 2021, as part of the $100,000 HFP 3.0% Debenture transaction (refer to note 7 (Borrowings) to the interim consolidated financial statements for the nine months ended September 30, 2022), Fairfax guaranteed a floor valuation of the company's investments in AGH (indirect via Joseph Holdings), Philafrica common shares, the Philafrica Facility (see discussion under the headers "Indirect equity interest in AGH", "Philafrica Foods Proprietary Ltd." and "Philafrica Facility"), and the PGR2 Loan (collectively, the "Reference Investments"), giving rise to the HFP Redemption Derivative described later in this note.

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 5,380 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.

At September 30, 2022 and December 31, 2021, the company had invested an aggregate of $38,811 for a 56.3% equity interest in Ascendant ("Indirect equity interest in Nova Pioneer"). At September 30, 2022, the company estimated the fair value of its indirect equity interest in Nova Pioneer to be $24,933 (December 31, 2021 - $38,811). The decrease in fair value from December 31, 2021 was primarily due to a deterioration in the exchange rate between Nova Pioneer's functional currencies Kenyan shilling and South African rand and its reporting currency U.S. Dollar as well as the increased cost of capital.

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"). On August 26, 2021 the company advanced $9,600, net of $400 in raising fees, under the AFGRI International Facility, bearing interest at a rate of 12.75% per annum, accrued and capitalized quarterly, and maturing on August 26, 2022, one year from initial funding date.

On August 24, 2022, the secured lending arrangement was amended. The maturity date was extended to August 25, 2023 and the interest rate was increased to 13.25% per annum, increasing by 50 bps every 3-month interest period. Interest will continue to be accrued and capitalized quarterly. The AFGRI International Facility continues to be primarily secured by AFGRI International's pledge of its equity interests in its wholly-owned Australian equipment business, AFGRI Australia Proprietary Limited.

At September 30, 2022, the company estimated the fair value of the AFGRI International Facility to be $11,412 (December 31, 2021 – $9,726), including capitalized interest of $987 (December 31, 2021 - $nil).

In the third quarter and first nine months of 2022, the company recorded interest income of $366 and $1,225 (2021 – $257 and $257) within the consolidated statements of loss and comprehensive loss related to the AFGRI International Facility.

Philafrica Facility

At September 30, 2022 and December 31, 2021, 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 September 30, 2022, the company estimated the fair value of the Philafrica Facility to be $6,911 (December 31, 2021 - $7,219).

In the third quarter and first nine months of 2022, the company recorded interest income of $197 and $555 (2021 - $164 and $516) within the consolidated statements of loss and comprehensive loss related to the Philafrica Facility.

On March 31, 2021, as part of the $100,000 HFP 3.0% Debenture transaction (refer to note 7 (Borrowings) to the interim consolidated financial statements for the nine months ended September 30, 2022), Fairfax guaranteed a floor valuation of the company's investments in AGH (indirect via Joseph Holdings), Philafrica common shares, the Philafrica Facility (see discussion under the headers "Indirect equity interest in AGH", "Philafrica Foods Proprietary Ltd." and "Philafrica Facility"), and the PGR2 Loan (collectively, the "Reference Investments"), giving rise to the HFP Redemption Derivative described later in this note.

CIG Loan

At September 30, 2022 and December 31, 2021, 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 within the consolidated statements of loss and comprehensive loss. At September 30, 2022, the interest receivable related to the CIG Loan was $nil.

On September 30, 2022, CIG signed a purchase and sale agreement (the "CIG PSA") whereby CIG would sell its shares in Conlog for proceeds, subject to related regulatory approval. The expected recovery rate used in the company's valuation of the CIG Loan reflects expected recovery from the sale of Conlog.

At September 30, 2022, the company estimated the fair value of the CIG Loan to be $16,692 (December 31, 2021 - $18,797).

Atlas Mara Facility

At August 28, 2022 and December 31, 2021, 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. Fairfax 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.

On October 14, 2021, the company received partial repayment for the Atlas Mara Facility of $11,325. On June 17, 2022, the company received further repayment on the Atlas Mara Facility of $4,365. The company recorded net realized losses of $16,388 and $5,215 in 2021 and in the second quarter of 2022, respectively.

On August 28, 2022, the company and Fairfax entered into an Assignment Agreement, whereby the company assigned its legal and beneficial rights, title and interests in the Atlas Mara Facility to Fairfax and cancelled the Atlas Mara Facility Guarantee effective August 29, 2022 in exchange for $33,424, which was received in full on August 30, 2022. There were no further proceeds received from Atlas Mara prior to the assignment of the Atlas Mara Facility to Fairfax. The company recorded (i) a realized loss of $5,148 on the Atlas Mara Facility; and (ii) a realized gain of $33,424 on the Atlas Mara Facility Guarantee in net change in realized gains (losses) on investments within the consolidated statements of loss and comprehensive loss.

Event Horizon Loan

On June 1, 2022, the company entered into a loan agreement for $9,418 (7,500 pounds sterling) with Event Horizon Entertainment Limited, a company based in the United Kingdom (the "Event Horizon Loan"). Event Horizon is a leading live entertainment and content company, creating and producing global events and travel experiences, with a focus on events that promote African culture. The Event Horizon loan bears interest at a rate of 10% per annum, accrued and capitalized semi-annually, is unsecured and matures on January 31, 2023.

At September 30, 2022, the company estimated the fair value of the Event Horizon loan to be $8,372 (December 31, 2021 – $nil).

In the third quarter and first nine months of 2022, the company recorded interest income of $204 and $267 (2021 - $nil and $nil) within the consolidated statements of loss and comprehensive loss related to the Event Horizon Loan.

Digital Ventures Facilities

On May 30, 2022, the company entered into a loan facility agreement for $40,000 with Helios Digital Ventures LP ("HDV"), a limited partnership domiciled in Guernsey (the "Digital Ventures $40M Facility"). HDV is a venture capital fund with a focus on investing in digital infrastructure across Africa. The Digital Ventures $40M Facility is available to fund approved investments consistent with the strategy of HDV. Concurrently, the company entered into a loan facility for $1,000 with Obashe Trust ("Obashe"), a company domiciled in the United States (the "Digital Ventures $1M Facility"). Obashe is the sole limited partner of HDV. The Digital Ventures $1M Facility is available to fund Obashe's limited partnership commitment to HDV pro rata with the investments made with funds drawn on the Digital Ventures $40M Facility. The aforementioned facilities provide the company with the opportunity to include early-growth round investments in its Portfolio Investments. Both facilities allow for multiple drawdowns. The first drawdown on the Digital Ventures $40M Facility of $6,788 and the first drawdown on the Digital Ventures $1M Facility of $170 were funded on June 7, 2022. The second drawdown on the Digital Ventures $40M Facility of $7,739 was funded on August 23, 2022 and the second drawdown on the Digital Ventures $1M Facility of $193 was funded on August 24, 2022.

The Digital Ventures $40M Facility bears interest at a rate of 8% per annum, accrued and capitalized quarterly, is unsecured and matures on May 30, 2023. The Digital Ventures $1M Facility bears interest at a rate of 6% per annum, accrued and capitalized quarterly, is unsecured and matures on June 7, 2037. Upon maturity of the Digital Ventures $40M Facility, the company expects to become a limited partner of HDV.

At September 30, 2022, the company estimated the fair values of the amounts drawn on the Digital Ventures $40M Facility and the Digital Ventures $1M Facility to be $14,663 and $365 (December 31, 2021 – $nil and $nil), respectively, including capitalized interest of $136 and $2, (December 31, 2021 - $nil and $nil) respectively.

In the third quarter and first nine months of 2022, the company recorded interest income of $202 and $238 (2021 - $nil and $nil) within the consolidated statements of loss and comprehensive loss related to the Digital Ventures $40M Facility.

In the third quarter and first nine months of 2022, the company recorded interest income of $3 and $4 (2021 - $nil and $nil) within the consolidated statements of loss and comprehensive loss related to the Digital Ventures $1M Facility.

Bonds

Atlas Mara Bonds

At September 30, 2022 and December 31, 2021, 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 June 16, 2022 and December 31, 2021, 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 were secured by Atlas Mara's shares in UBN and the Atlas Mara 11.0% Convertible Bonds are unsecured.

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. In December 2021, Atlas Mara and certain other shareholders in the Union Bank of Nigeria ("UBN") entered into an agreement to sell their interest in UBN to a Nigerian bank holding company ("UBN Sale").

During the second quarter of 2022, the conditions of the UBN Sale were met. On June 17, 2022, pursuant to the Atlas Mara SOA, the company received full repayment of the principal of $20,000 and unpaid interest of $6,202 on the Atlas Mara 7.5% Bonds from the proceeds of the UBN Sale.

At September 30, 2022, interest receivable of $nil (December 31, 2021 - $2,832) related to the Atlas Mara 7.5% Bonds. Interest receivable relating to the Atlas Mara 11.0% Convertible Bond has been accrued and capitalized up to December 28, 2020. The company no longer accrues interest on the Atlas Mara 11% Convertible Bonds effective December 28, 2020.

At September 30, 2022, the company estimated the fair value of the Atlas Mara 11.0% Convertible Bonds to be $nil (December 31, 2021 - $28).

In the third quarter and first nine months of 2022, the company recorded interest income of $nil and $3,370 (2021 - $nil and $nil) relating to the Atlas Mara 7.5% Bonds within the consolidated statements of loss and comprehensive loss related to the Atlas Mara Bonds.

Related Party Derivatives and Guarantees

Atlas Mara Facility Guarantee

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

On August 28, 2022, the company and Fairfax entered into an Assignment Agreement, whereby the company assigned its legal and beneficial rights, title and interests in the Atlas Mara Facility to Fairfax and cancelled the Atlas Mara Facility Guarantee effective August 29, 2022 in exchange for $33,424, which was received in full on August 30, 2022. There were no further proceeds received from Atlas Mara prior to the assignment of the Atlas Mara Facility to Fairfax. The company recorded (i) a realized loss of $5,148 on the Atlas Mara Facility; and (ii) a realized gain of $33,424 on the Atlas Mara Facility Guarantee in net change in realized gains (losses) on investments within the consolidated statements of loss and comprehensive loss.

HFP Redemption Derivative

On March 31, 2021, as part of the $100,000 HFP 3.0% Debenture transaction (refer to note 7 (Borrowings) to the interim consolidated financial statements for the nine months ended September 30, 2022), the company entered into 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 (see discussion under the headers “Indirect equity interest in AGH”, “Philafrica Foods Proprietary Ltd.” and “Philafrica Facility” earlier in this note), and the PGR2 Loan (collectively, the “Reference Investments”) is lower than $102,600.

At September 30, 2022, the fair value of the company’s HFP Redemption Derivative was $42,903 (December 31, 2021 - $15,906). The increase in fair value from December 31, 2021 was primarily due to the decrease in the fair value of the Reference Investments.

Results of Operations

HFP's consolidated statements of loss and comprehensive loss for the three and nine months ended September 30 are shown in the following table:

	Third quarter		First nine months	
Income	**2022**	2021	**2022**	2021
Interest	**1,727**	741	**6,843**	1,482
Dividends	**160**	178	**950**	345
Net realized gains (losses) on investments	**33,951**	(5,962)	**28,736**	(5,962)
Net change in unrealized gains (losses) on investments	**(45,653)**	4,421	**(72,239)**	2,586
Net foreign exchange losses	**(11,736)**	(8,166)	**(14,583)**	(3,936)
	(21,551)	(8,788)	**(50,293)**	(5,485)
Expenses				
Investment and advisory fees	**836**	832	**2,843**	2,437
Performance fee (recovery)	**—**	(1,978)	**(938)**	927
General and administration expenses	**2,631**	1,981	**9,110**	7,596
Helios Transaction expenses	**—**	—		—
Loss on uncollectible accounts receivable	**—**	618	**—**	6,079
Interest expense	**906**	900	**2,688**	1,799
	4,373	2,353	**13,703**	18,838
Loss before income taxes	**(25,924)**	(11,141)	**(63,996)**	(24,323)
Provision for income taxes	**3,047**	2,441	**4,325**	353
Net loss and comprehensive loss	**(28,971)**	(13,582)	**(68,321)**	(24,676)
Net loss per share	**$ (0.27)**	$ (0.12)	**$ (0.63)**	$ (0.23)

Total loss of $21,551 in the third quarter of 2022 increased compared to total loss of $8,788 in the third quarter of 2021, primarily reflecting net change in unrealized losses on investments compared to net change in unrealized gains on investments, and increased net foreign exchange losses, partially offset by net realized gains on investments compared to net loss on investments and increased interest and dividend income.

Total loss of $50,293 in the first nine months of 2022 increased compared to total loss of $5,485 in the first nine months of 2021, primarily reflecting net change in unrealized losses on investments compared to net change in unrealized gains on investments, and increased net foreign exchange losses, partially offset by net realized gains on investments compared to net loss on investments and increased interest and dividend income.

Net gains (losses) on investments for the third quarter of 2022 and 2021 were comprised as follows:

	Third quarter					
	2022			2021		
	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:						
Limited partnership investments	**—**	**(5,550)**	**(5,550)**	—	(9,382)	(9,382)
Common shares	**5,197**	**(12,438)**	**(7,241)**	3,579	2,742	6,321
Loans	**(4,670)**	**3,948**	**(722)**	—	(14,071)	(14,071)
Bonds	**—**	**—**	**—**	(9,541)	6,115	(3,426)
Related party derivatives and guarantees	**33,424**	**(31,613)**	**1,811**	—	19,017	19,017
	33,951	**(45,653)**	**(11,702)**	(5,962)	4,421	(1,541)

Net realized gains on investments of $33,951 in the third quarter of 2022 were comprised of realized gains on the cancellation of the Atlas Mara Facility Guarantee ($33,424) and disposal of Other Common Shares ($5,197), offset by a realized loss on the assignment of the Atlas Mara Facility (5,148).

Net realized losses on investments of $5,962 in the third quarter of 2021 were comprised of realized losses on the Nova Pioneer Bonds ($9,541), partially offset by realized gains on Other Common Shares ($3,579).

Net change in unrealized losses on investments of $45,653 in the third quarter of 2022 was principally comprised of unrealized losses on Nova Pioneer Common Shares ($5,503) TopCo LP Class A Limited Partnership Interest ($3,700), TopCo LP Class B Limited Partnership Interest ($2,249), NBA Africa ($2,154), and Trone ($1,991), and the reversal of previously recognized unrealized gains on the Atlas Mara Facility Guarantee ($36,768) and Other Common shares ($5,051), partially offset by unrealized gains on HFP Redemption Derivative ($5,155), and Indirect equity interest in AGH ($1,494), and the reversal of previously recognized unrealized losses on the Atlas Mara Facility ($3,972).

Net change in unrealized gains on investments of $4,421 in the third quarter of 2021 was principally comprised of unrealized gains on the Atlas Mara Facility Guarantee ($18,746), Other Common Shares ($3,765), TopCo LP Class A Limited Partnership Interest ($3,266), and reversal of prior period unrealized losses on the Nova Pioneer Bonds ($9,541), partially offset by unrealized losses on the Atlas Mara Facility ($14,050), TopCo LP Class B Limited Partnership Interest ($13,364), the Atlas Mara Bonds ($3,426), and indirect equity interest in AGH ($1,039), and reversal of prior period unrealized gains on Other Common Shares ($1,878).

Net gains (losses) on investments for the first nine months of 2022 and 2021 were comprised as follows:

	First nine months					
	2022			2021		
	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:						
Limited partnership investments	**—**	**(34,306)**	**(34,306)**	—	(10,055)	(10,055)
Common shares	**5,197**	**(40,738)**	**(35,541)**	3,579	3,448	7,027
Loans	**(9,885)**	**7,882**	**(2,003)**	—	(11,860)	(11,860)
Bonds	**—**	**(28)**	**(28)**	(9,541)	5,317	(4,224)
Related party derivatives and guarantees	**33,424**	**(5,049)**	**28,375**	—	15,736	15,736
	28,736	**(72,239)**	**(43,503)**	(5,962)	2,586	(3,376)

Net realized gains on investments of $28,736 in the first nine months of 2022 were comprised of realized gains on the cancellation of the Atlas Mara Facility Guarantee ($33,424) and disposal of Other Common Shares ($5,197), offset by a realized loss on the assignment of the Atlas Mara Facility ($10,363).

Net realized losses on investments of $5,962 in the first nine months of 2021 were comprised of realized losses on the Nova Pioneer Bonds ($9,541), partially offset by realized gains on Other Common Shares ($3,579).

Net change in unrealized losses on investments of $72,239 in the first nine months of 2022 was principally comprised of unrealized losses on Indirect equity interest in AGH ($18,546), TopCo LP Class B Limited Partnership Interest ($18,137), TopCo Class A Limited Partnership Interest ($15,537), Nova Pioneer Common Shares ($13,878), Philafrica common shares ($4,574), Other Common Shares ($4,101), and the reversal of previously recognized unrealized gains on the Atlas Mara Facility Guarantee ($32,046) and Other Common Shares ($4,531), partially offset by unrealized gains on HFP Redemption Derivative ($26,997) and NBA Africa ($1,996), and the reversal of previously recognized unrealized losses on the Atlas Mara Facility ($7,905).

Net change in unrealized gains on investments of $2,586 in the first nine months of 2021 was principally comprised of unrealized gains on the company's investments in the Atlas Mara Facility Guarantee ($19,901), Other Common Shares ($11,207), TopCo LP Class A Limited Partnership Interest ($6,736), Helios Fund IV Limited Partnership Interest ($4,269), and the CIG Loan ($1,163), and reversal of prior period unrealized losses on the Nova Pioneer Bonds ($7,831), partially offset by unrealized losses on the company's investments in the TopCo LP Class B Limited Partnership Interest ($21,060), the Atlas Mara Facility ($12,995), indirect equity interest in AGH ($7,280), HFP Redemption Derivative ($4,165), and the Atlas Mara Bonds ($2,514).

Net foreign exchange gains (losses) for the third quarter of 2022 and 2021 were comprised as follows:

	Third quarter					
	2022			2021		
	Net realized losses	**Net change in unrealized losses**	**Net losses**	Net realized gains (losses)	Net change in unrealized losses	Net losses
Net foreign exchange gains (losses) on:						
Cash and cash equivalents	**(968)**	**—**	**(968)**	(812)	—	(812)
Common shares	**(745)**	**(7,018)**	**(7,763)**	808	(6,663)	(5,855)
Loans	**—**	**(2,995)**	**(2,995)**	—	(1,449)	(1,449)
Other	**—**	**(10)**	**(10)**	—	(50)	(50)
	(1,713)	**(10,023)**	**(11,736)**	(4)	(8,162)	(8,166)

Net foreign exchange losses of $11,736 in the third quarter of 2022 were principally a result of the weakening of the South African rand and pound sterling relative to the U.S. dollar during the period.

Net foreign exchange losses of $8,166 in the third quarter of 2021 were principally a result of the weakening of the South African rand relative to the U.S. dollar during the period.

Net foreign exchange gains (losses) for the first nine months of 2022 and 2021 were comprised as follows:

	First nine months					
	2022			2021		
	Net realized losses	**Net change in unrealized losses**	**Net losses**	Net realized gains (losses)	Net change in unrealized losses	Net losses
Net foreign exchange gains (losses) on:						
Cash and cash equivalents	**(1,116)**	**—**	**(1,116)**	(483)	—	(483)
Common shares	**(745)**	**(8,547)**	**(9,292)**	808	(3,451)	(2,643)
Loans	**—**	**(3,989)**	**(3,989)**	—	(655)	(655)
Other		**(186)**	**(186)**	—	(155)	(155)
	(1,861)	**(12,722)**	**(14,583)**	325	(4,261)	(3,936)

Net foreign exchange losses of $14,583 in the first nine months of 2022 were principally a result of the weakening of the South African rand and pound sterling relative to the U.S. dollar during the period.

Net foreign exchange losses of $3,936 in the first nine months of 2021 were principally a result of the weakening of the South African rand relative to the U.S. dollar during the period.

Total expenses of $4,373 in the third quarter of 2022 increased compared to total expenses of $2,353 in the third quarter of 2021, primarily as a result of no performance fee recovery and increased general and administrative expenses, partially offset by no non-recurring loss on uncollectible accounts being recorded as compared to the third quarter of 2021.

Total expenses of $13,703 in the first nine months of 2022 decreased compared to total expenses of $18,838 in the first nine months of 2021, primarily as a result of no non-recurring loss on uncollectible accounts as was recorded in the first nine months of 2021 and the performance fee recovery of $938, offset by increased investment and advisory fees, increased general and administrative expenses, and interest expense related to the HFP 3.0% Debenture.

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 the third quarter and first nine months of 2022, investment and advisory fees recorded within the consolidated statements of loss and comprehensive loss were $836 and $2,843 (2021 - $832 and $2,437).

At September 30, 2022 the company determined that a performance fee of $nil should be accrued to TopCo LP (December 31, 2021 - $938) as the Adjusted Book Value per Share of $2.85 (before factoring in the impact of the performance fee) at September 30, 2022 was less than the hurdle per share at that date of $3.23. In the third quarter and first nine months of 2022, a performance fee of $nil and a performance fee recovery of $938 (2021 - performance fee of $1,978 and $927) was recorded within the consolidated statements of loss and comprehensive loss.

Loss on uncollectible accounts receivable of $6,079 in the first nine months of 2021 occurred as a result of losses on the TLG Facility Guarantee and uncollectible sales tax refundable. There was no loss on uncollectible accounts receivable in the first nine months of 2022.

In the third quarter and first nine months of 2022, interest expense of $906 and $2,688 (2021 - $900 and $1,799) related to the HFP 3.0% Debentures.

The provision for income taxes of $3,047 in the third quarter of 2022 differed from the recovery of income taxes determined by applying the company's Canadian statutory income tax rate of 26.5% to the company's losses before income taxes primarily as a result of the tax rate differential on earnings outside of Canada, foreign exchange effects, and the non-taxable portion of unrealized gains and losses on investments, partially offset by change in unrecorded tax benefit of losses and temporary differences.

The recovery of income taxes of $2,441 in the third quarter of 2021 differed from the recovery of income taxes determined by applying the company’s Canadian statutory income tax rate of 26.5% to the company’s losses before income taxes primarily as a result of tax rate differential on losses incurred outside of Canada and the impact of foreign exchange fluctuations, partially offset by changes in unrecorded deferred tax assets.

The provision for income taxes of $4,325 in the first nine months of 2022 differed from the recovery of income taxes determined by applying the company's Canadian statutory income tax rate of 26.5% to the company's losses before income taxes primarily as a result of the tax rate differential on earnings outside of Canada, foreign exchange effects, and the non-taxable portion of unrealized gains and losses on investments, partially offset by change in unrecorded tax benefit of losses and temporary differences.

The provision of income taxes of $353 in the first nine months of 2021 differed from the recovery of income taxes determined by applying the company's Canadian statutory income tax rate of 26.5% to the company's losses before income taxes primarily as a result of changes in unrecorded deferred tax assets, tax rate differential on losses incurred outside of Canada and the impact of foreign exchange fluctuations, partially offset by provision to return adjustments.

The company reported a net loss of $28,971 (a net loss of $0.27 per basic and diluted share) in the third quarter of 2022 compared to a net loss of $13,582 (a net loss of $0.12 per basic and diluted share) in the third quarter of 2021. The increase in net loss primarily reflected net change in unrealized losses on investments compared to net change in unrealized gains on investments, increased net foreign exchange losses, no performance fee recovery, and increased general and administrative expenses, partially offset by net realized gains on investments compared to net loss on investments, increased interest and dividend income, and no non-recurring loss on uncollectible accounts receivable as was recorded in the third quarter of 2021.

The company reported a net loss of $68,321 (a net loss of $0.63 per basic and diluted share) in the first nine months of 2022 compared to a net loss of $24,676 (a net loss of $0.23 per basic and diluted share) in the first nine months of 2021. The increase in net loss primarily reflected net change in unrealized losses on investments compared to net change in unrealized gains on investments, increased net foreign exchange losses, increased general and administrative expenses, and increased interest expense, partially offset by net realized gains on investments compared to net loss on investments, increased interest and dividend income, a performance fee recovery, and no non-recurring loss on uncollectible accounts receivable as was recorded in the first nine months of 2021.

Consolidated Balance Sheet Summary

The assets and liabilities reflected on the company's consolidated balance sheet at September 30, 2022 were primarily impacted by changes to the Portfolio Investments, including the cancellation of the Atlas Mara Facility Guarantee, assignment of the Atlas Mara Facility, the sale of Other Common Shares, equalization adjustments and a return of capital from Helios Fund IV, returns of capital from TopCo LP, investments in the Event Horizon Loan and Digital Ventures Facilities, and settlement of related party receivables and payables.

	September 30, 2022	December 31, 2021
Assets		
Cash and cash equivalents	**128,154**	76,284
Related party loan	**19,758**	19,608
Related party derivatives and guarantees	**42,903**	47,952
Portfolio Investments	**434,009**	539,546
Total cash and investments	**624,824**	683,390
Interest receivable	**580**	2,978
Income tax refundable	**744**	5,632
Receivable from related parties	**1,564**	11,002
Other assets	**928**	1,390
Total assets	**628,640**	704,392
Liabilities		
Accounts payable and accrued liabilities	**798**	136
Automatic share purchase plan liability	**—**	500
Payable to related parties	**840**	8,803
Deferred income taxes	**3,562**	4,419
Borrowings	**99,076**	98,632
Total liabilities	**104,276**	112,490
Equity		
Common shareholders' equity	**524,364**	591,902
	628,640	704,392

Total Assets

Total assets at September 30, 2022 of $628,640 decreased compared to total assets of $704,392 at December 31, 2021. The decrease was principally comprised of the following:

Total cash and investments decreased to $624,824 at September 30, 2022 from $683,390 at December 31, 2021.

Cash and cash equivalents increased to $128,154 at September 30, 2022 from $76,284 at December 31, 2021, primarily as a result of the receipt of full and partial repayment, respectively, of the Atlas Mara 7.5% Bonds and the Atlas Mara Facility, cancellation of the Atlas Mara Facility Guarantee, an equalization payment and returns of capital from Helios Fund IV, receipt of Excess Management Fees, and the sale of Other Common Shares, partially offset by the funding of the Event Horizon Loan, the Digital Ventures $40M Facility, and the Digital Ventures $1M Facility.

Portfolio Investments – The company is actively seeking investment opportunities in Africa and will continue to redirect capital from its cash and cash equivalents 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.

Interest receivable decreased to $580 at September 30, 2022 from $2,978 at December 31, 2021, primarily reflecting the receipt of accrued interest from the Atlas Mara 7.5% Bonds.

Receivable from related parties decreased to $1,564 at September 30, 2022 from $11,002 at December 31, 2021, primarily reflecting the settlement of a $7,733 distribution receivable from TopCo LP Class A Limited Partnership Interest and the settlement of a $2,410 distribution receivable from TopCo LP Class B Limited Partnership Interest, partially offset by an additional $1,523 distribution receivable from TopCo LP Class B Limited Partnership Interest. Refer to the Related Party Transactions section later in this MD&A for details.

Total Liabilities

Total liabilities at September 30, 2022 of $104,276 decreased compared to $112,490 at December 31, 2021. The decrease was principally comprised of the following:

Payable to related parties decreased to $840 at September 30, 2022 from $8,803 at December 31, 2021, primarily as a result of the settlement of the $4,718 TopCo LP Class A Limited Partnership Interest capital call related to the Management Team Commitment for Helios Fund IV, reversal of the performance fee charged at December 31, 2021, settlement of investment and advisory fees, and settlement of other payables due to expenses incurred by Fairfax and its affiliates on behalf of the company. Refer to the Related Party Transactions section later in this MD&A for details.

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 September 30, 2022 compared to those identified at December 31, 2021 and disclosed in the company's 2021 Annual Report, other than as outlined in note 12 (Financial Risk Management) to the interim consolidated financial statements for the three and nine months ended September 30, 2022.

Capital Resources and Management

For a detailed analysis, refer to note 12 (Financial Risk Management, under the heading Capital Management) to the interim consolidated financial statements for the three and nine months ended September 30, 2022.

Book Value per Share

Common shareholders' equity at September 30, 2022 was $524,364 (December 31, 2021 - $591,902). The company's book value per share at September 30, 2022 was $4.85 compared to $5.47 at December 31, 2021, representing a decrease in 2022 of 11.3%, primarily due to a net loss of $0.63 at September 30, 2022.

	September 30, 2022	December 31, 2021
Common shareholders' equity	**524,364**	591,902
Number of common shares outstanding	**108,193,971**	108,259,645
Book value per share	**$4.85**	$5.47

The company will be entitled, subject to compliance with applicable corporate and securities laws, 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. On July 7, 2022, the company's normal course issuer bid expired.

During the first nine months of 2022, under the terms of its normal course issuer bid, the company purchased for cancellation 88,776 subordinate voting shares (2021 - 10,647) for a net cost of $305 (2021 - $42) and $417 (2021 - $45) which was recorded as a benefit in retained earnings.

Liquidity

Cash and cash equivalents, receivable from related parties, the RMB facility (refer to note 7) and publicly traded investments at September 30, 2022 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 Digital Ventures LP, 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 access to adequate liquidity to support its operations.

At September 30, 2022 the company determined that a performance fee of $nil should be accrued to TopCo LP (December 31, 2021 - $938). Refer to the Contractual Obligations section of this MD&A for details on the settlement of the performance fees, if any, at the end of the first calculation period, December 31, 2023.

The company may be subject to clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest to the extent it 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 September 30, 2022 and 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 the first nine months of 2022 (with comparisons to the first nine months of 2021 except as otherwise noted) of major components of cash flow are presented in the following table:

	First nine months	
	2022	2021
Operating activities		
Cash provided by (used in) operating activities, excluding net disposals (purchases) of investments, receipt of equalization adjustments, receipt of Excess Management Fees, and return of capital	**30,973**	(37,753)
Net disposals (purchases) of investments	**10,320**	(54,580)
Receipt of equalization adjustments	**5,404**	—
Receipt of Excess Management Fees	**2,175**	—
Return of capital	**4,418**	—
Decrease in restricted cash deposits in support of investments	**—**	7,525
Financing activities		
Proceeds from borrowings	**—**	100,000
Purchases of subordinate voting shares for cancellation	**(305)**	(42)
Increase in cash and cash equivalents during the period	**52,985**	15,150

Cash provided by operating activities, excluding net disposals (purchases) of investments, receipt of equalization adjustments, receipt of Excess Management Fees, and return of capital of $30,973 in the first nine months of 2022 increased from cash used in operating activities excluding the impact of changes in restricted cash deposits and net sales (purchases) of investments of $37,753 in the first nine months of 2021 primarily due to receipt of amounts related to the cancellation of the Atlas Mara Facility Guarantee, increased cash interest received, and settlement of related party receivables.

Net disposals (purchases) of investments of $10,320 were comprised of disposals of investments of $34,629 related to the full repayment of the Atlas Mara 7.5% Bonds of $20,000, partial repayment of the Atlas Mara Facility of $4,365, and sale of Other Common Shares, offset by purchases of investments of $24,309 related to the company's investments in the Event Horizon Loan, the Digital Ventures $40M Facility, and the Digital Ventures $1M Facility. Net purchases (sales) of investments of $54,580 in the first nine months of 2021 related to the company's investment in NBA Africa common shares, Helios Fund IV, and the AFGRI International Facility, offset by sales of Other Common Shares.

Receipt of equalization adjustments of $5,404 in the first nine months of 2022 related to receipt of equalization adjustments from Helios Fund IV. There were no equalization adjustments in the first nine months of 2021.

Receipt of Excess Management Fees of $2,175 related to the receipt of Excess Management Fees from TopCo Class A Limited Partnership. There were no Excess Management Fees received in first nine months of 2021.

Return of capital of $4,418 in the first nine months of 2022 was comprised of a return of capital from Helios Fund IV. There were no returns of capital in the first nine months of 2021.

Decrease in restricted cash deposits of $7,525 in the first nine months of 2021 reflected a transfer of amounts in deposit accounts with Access Bank SA from restricted cash deposits to cash and cash equivalents. At September 30, 2022, there were no restricted cash deposits.

There were no proceeds from borrowings in the first nine months of 2022. Proceeds from borrowings of $100,000 in the first nine months of 2021 related to the HFP 3.0% Debentures.

Purchases of subordinate voting shares for cancellation of $305 in the first nine months of 2022 related to the cash paid for the company's purchases for cancellation of 88,776 subordinate voting shares under the terms of the normal course issuer bid that were settled during the period. Purchases of subordinate voting shares of $42 in the first nine months of 2021 related to the cash paid for the company's purchases for cancellation of 10,647 subordinate voting shares under the terms of the normal course issuer bid that were settled in the period. 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 by their contractual maturity date:

	September 30, 2022	
	Total	**Less than 1 year**
HFP 3.0% Debenture - Interest	**1,500**	**1,500**
HFP 3.0% Debenture - Principal repayment [(1)]	**100,000**	**100,000**
Digital Ventures $40M Facility	**25,473**	**25,473**
Digital Ventures $1M Facility	**637**	**637**
Helios Fund IV Commitment	**28,369**	**28,369**
TopCo LP Management Team Commitment	**4,051**	**4,051**
Due to related parties	**840**	**840**
Accounts payable and accrued liabilities	**798**	**798**
	161,668	**161,668**

(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. Fairfax did not exercise its option to redeem the HFP 3.0% Debenture on March 31 2022, the first anniversary. Refer to note 7 (Borrowings) to the interim consolidated financial statements for the three and nine months ended September 30, 2022.

Under the terms of the Investment Advisory Agreement (defined in note 13 (Related Party Transactions) to the interim consolidated financial statements for the three and nine months ended September 30, 2022), the company is contractually obligated to pay TopCo LP an investment and advisory fee and, if applicable, a performance fee. These fees will vary based on the company's common shareholders' equity and book value per share. In the third quarter and first nine months of 2022, investment and advisory fees recorded within the consolidated statements of loss and comprehensive loss were $836 and $2,843 (2021 - $832 and $2,437).

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 September 30, 2022 the company determined that a performance fee of $nil should be accrued to TopCo LP (December 31, 2021 - $938) as the Adjusted Book Value per Share of $2.85 (before factoring in the impact of the performance fee) at September 30, 2022 was less than the hurdle per share at that date of $3.23. Refer to the note 13 (Related Party Transactions) to the interim consolidated financial statements for the three and nine months ended September 30, 2022 for discussion on the performance fee.

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 Portfolio Investments by industry sector is presented in the following table:

	September 30, 2022	December 31, 2021
Asset management[(2)]	**214,333**	250,182
Food and agriculture	**59,056**	86,516
Financial services [(1)(2)]	**24,822**	40,230
Education	**24,933**	38,811
Entertainment	**43,784**	33,416
Infrastructure	**25,030**	42,193
Retail and distribution [(1)(2)]	**36,084**	40,036
Insurance [(1)]	**5,967**	8,162
	434,009	539,546

(1) Helios Fund IV has been allocated to industry sectors based on underlying investment holdings.

(2) A significant portion of the returns of TopCo Class A Limited Partnership Interest, TopCo Class B Limited Partnership Interest, and Helios Fund IV are tied to the performance of Helios.

During the first nine months of 2022, 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 decreased primarily due to unrealized losses on the company's Indirect equity interest in AGH and Philafrica common shares.
- Financial services sector decreased primarily due to repayment of the Atlas Mara 7.5% Bonds, assignment of the Atlas Mara Facility, receipt of an equalization adjustments and return of capital from Helios Fund IV and a net unrealized loss on Helios Fund IV, partially offset by new investments in the Digital Ventures $40M Facility and the Digital Ventures $1M Facility.
- Education sector decreased due to a net unrealized loss on Indirect equity interest in Nova Pioneer.
- Entertainment sector increased due to a net unrealized gain on NBA Africa and the investment in the Event Horizon Loan.
- Retail and distribution sector decreased due to the receipt equalization adjustments and return of capital from Helios Fund IV and a net unrealized loss on Helios Fund IV, partially offset by a net unrealized gain on Trone.
- Insurance sectors decreased due to the receipt of equalization adjustments and return of capital from Helios Fund IV and a net unrealized loss on Helios Fund IV.

Related Party Transactions

The company's related party transactions are disclosed in note 13 (Related Party Transactions) to the interim consolidated financial statements for the three and nine months ended September 30, 2022.

Accounting and Disclosure Matters

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; and (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 changes 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 was required.

Upon identification of the material weakness and under review of the Audit Committee of the company's Board of Directors, the company developed a comprehensive plan to remediate the material weakness. The status of remediation was reviewed with the Audit Committee and the Audit Committee was advised that while significant progress had been made, the material weakness continues to exist as at September 30, 2022. 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.

The company 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. During the third quarter of 2022, the company continued to be actively engaged in the implementation of remediation efforts to address the material weakness identified in the fourth quarter of 2021. The company has implemented the following measures: (i) hiring additional finance personnel with the requisite training, skills and experience appropriate to perform and review the company's valuations, (ii) enhancing the review process and communication between HFP and the Helios teams and (iii) engaging external valuation specialists to assist in the substantiation and review of existing and future valuation models.

At September 30, 2022 the remediation of the material weakness has not yet been achieved. Due to the nature of the remediation process and the need to allow adequate time after implementation to evaluate the design and test the effectiveness of the controls, no assurance can be given as to the timing of remediation.

The material weakness will be fully remediated when, in the opinion of the company's management, the revised control procedures are appropriately designed, and processes have been operating for a sufficient period of time to provide reasonable assurance as to their effectiveness. The remediation and ultimate resolution of the company's material weakness will be reviewed by the Audit Committee of the company's Board of Directors. The company continues to assign the highest priority to remediation efforts and will disclose any further developments in future filings.

Other

Quarterly Data (unaudited)

US$ thousands, except per share amounts	**September 30, 2022**	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
Income (loss)	**(21,551)**	(30,207)	1,465	2,208	(8,788)	2,502	801	(14,341)
Expenses	**4,373**	5,042	4,288	5,581	2,353	5,947	10,538	10,151
Provision for (recovery of) income taxes	**3,047**	1,166	112	(2,127)	2,441	(3,500)	1,412	(2,209)
Net earnings (loss)	**(28,971)**	(36,415)	(2,935)	(1,246)	(13,582)	55	(11,149)	(22,283)
Net earnings (loss) per share (basic and diluted)	**$ (0.27)**	$ (0.34)	$ (0.03)	$ (0.01)	$ (0.12)	$ —	$ (0.10)	$ (0.31)

Income (loss) is primarily comprised of 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 third quarter of 2022 was primarily due to the net change in unrealized losses on investments, net change in unrealized foreign exchange losses, the timing of which are not predictable, investment and advisory fees, general and administration expenses and interest expense, partially offset by net realized gains on investments, the performance fee recovery and interest and dividend income.

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.

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 8 (Common Shareholders' Equity under the heading Common Stock) respectively within the interim consolidated financial statements for the three and nine months ended September 30, 2022.

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 and any undeployed cash received in respect of TopCo LP distributions at the end of the current reporting period as presented in note 5 (Portfolio Investments and Related Party Derivatives and Guarantees) within the interim consolidated financial statements for the three and nine months ended September 30, 2022. 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.

Cash provided by (used in) operating activities, excluding net disposals (purchases) of investments, receipt of equalization adjustments, receipt of Excess Management Fees, and return of capital - This measure provides the cash generated by (used in) the company’s head office operations, primarily comprised of cash inflows (outflows) from interest and dividend income, interest expense, investment and advisory fees, current income taxes, and general and administration expenses, and excludes the impact of purchases and sales of investments, receipt of equalization adjustments, receipt of Excess Management Fees, and return of capital.

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.

Consolidated Balance Sheets
as at September 30, 2022 and December 31, 2021
(unaudited - US$ thousands)

	Notes	**September 30, 2022**	December 31, 2021
Assets			
Cash and cash equivalents	6, 16	**128,154**	76,284
Related party loan	6, 13	**19,758**	19,608
Related party derivatives and guarantees	5, 6, 13	**42,903**	47,952
Portfolio Investments	5, 6, 13	**434,009**	539,546
Total cash and investments		**624,824**	**683,390**
Interest receivable		**580**	2,978
Income taxes refundable	11	**744**	5,632
Receivable from related parties	13	**1,564**	11,002
Other assets	13, 14	**928**	1,390
Total assets		**628,640**	704,392
Liabilities			
Accounts payable and accrued liabilities		**798**	136
Automatic share purchase plan liability	8	**—**	500
Payable to related parties	13	**840**	8,803
Deferred income taxes	11	**3,562**	4,419
Borrowings	7	**99,076**	98,632
Total liabilities		**104,276**	112,490
Equity			
Common shareholders' equity	8	**524,364**	591,902
		628,640	704,392

See accompanying notes.

Consolidated Statements of Loss and Comprehensive Loss
for the three and nine months ended September 30, 2022 and 2021
(unaudited - US$ thousands except per share amounts)

	Notes	Third quarter 2022	Third quarter 2021	First nine months 2022	First nine months 2021
Income					
Interest	6	**1,727**	741	**6,843**	1,482
Dividends	6	**160**	178	**950**	345
Net realized gains (losses) on investments	6	**33,951**	(5,962)	**28,736**	(5,962)
Net change in unrealized gains (losses) on investments	6	**(45,653)**	4,421	**(72,239)**	2,586
Net foreign exchange losses	6	**(11,736)**	(8,166)	**(14,583)**	(3,936)
		(21,551)	(8,788)	**(50,293)**	(5,485)
Expenses					
Investment and advisory fees	13	**836**	832	**2,843**	2,437
Performance fee (recovery)	13	**—**	(1,978)	**(938)**	927
General and administration expenses	13, 15	**2,631**	1,981	**9,110**	7,596
Loss on uncollectible accounts receivable	14	**—**	618	**—**	6,079
Interest expense	7	**906**	900	**2,688**	1,799
		4,373	2,353	**13,703**	18,838
Loss before income taxes		**(25,924)**	(11,141)	**(63,996)**	(24,323)
Provision for income taxes	11	**3,047**	2,441	**4,325**	353
Net loss and comprehensive loss		**(28,971)**	(13,582)	**(68,321)**	(24,676)
Net loss per share	10	**$ (0.27)**	$ (0.12)	**$ (0.63)**	$ (0.23)
Net earnings loss per diluted share	8	**$ (0.27)**	$ (0.12)	**$ (0.63)**	$ (0.23)
Shares outstanding (weighted average)	10	**108,193,971**	109,117,509	**108,193,971**	109,118,002

See accompanying notes.

Consolidated Statements of Changes in Equity
for the nine months ended September 30, 2022 and 2021
(unaudited - US$ thousands)

	Subordinate voting shares	Multiple voting shares	Share-based payments, net	Warrants	Contributed surplus	Retained earnings (deficit)	Common share-holders' equity
Balance as of January 1, 2022	**432,370**	**439,904**	**5,562**	**5,557**	**24,337**	**(315,828)**	**591,902**
Net loss for the period	**—**	**—**	**—**	**—**	**—**	**(68,321)**	**(68,321)**
Issuances (note 8)	**—**	**—**	**72**	**—**	**—**	**—**	**72**
Purchases for cancellation (note 8)	**(722)**	**—**	**—**	**—**	**—**	**417**	**(305)**
Amortization	**—**	**—**	**308**	**—**	**—**	**—**	**308**
Automatic share purchase plan commitment (note 8)	**1,319**	**—**	**—**	**—**	**—**	**(819)**	**500**
Tax expense on equity transactions (note 11)	**(4)**	**—**	**—**	**—**	**212**	**—**	**208**
Balance as of September 30, 2022	**432,963**	**439,904**	**5,942**	**5,557**	**24,549**	**(384,551)**	**524,364**
Balance as of January 1, 2021	440,663	439,904	5,438	—	8,855	(295,125)	599,735
Net loss for the period	—	—	—	—	—	(24,676)	(24,676)
Issuances (note 8)	—	—	—	5,557	—	—	5,557
Automatic share purchase plan commitment (note 8)	(5,122)					2,664	(2,458)
Purchases for cancellation (note 8)	(87)	—	—	—	—	45	(42)
Amortization	—	—	93	—	—	—	93
Capital contributions (note 8)	—	—	—	—	18,107	—	18,107
Tax benefit on equity transactions (note 11)	12	—	—	—	(2,719)	—	(2,707)
Balance as of September 30, 2021	435,466	439,904	5,531	5,557	24,243	(317,092)	593,609

See accompanying notes.

Consolidated Statements of Cash Flows
for the three and nine months ended September 30, 2022 and 2021
(unaudited - US$ thousands)

		Third quarter		First nine months	
	Notes	**2022**	2021	**2022**	2021
Operating activities					
Net loss		**(28,971)**	(13,582)	**(68,321)**	(24,676)
Items not affecting cash and cash equivalents:					
Net bond discount accretion		**(70)**	(89)	**(403)**	(208)
Capitalized interest on loans and bonds	5	**(673)**	(171)	**(1,686)**	(535)
Performance fee (recovery)	13	**—**	(1,978)	**(938)**	927
Loss on uncollectible accounts receivable	14	**—**	618	**—**	6,079
Deferred income taxes	11	**(2,256)**	2,516	**(743)**	2,405
Amortization of share-based payment awards		**128**	31	**308**	93
Issuance of share-based payment awards	9	**—**	—	**72**	—
Net realized (gains) losses on investments	6	**(33,951)**	5,962	**(28,736)**	5,962
Net change in unrealized losses (gains) on investments	6	**45,653**	(4,421)	**72,239**	(2,586)
Net foreign exchange losses	6	**11,736**	8,166	**14,583**	3,936
Purchases of investments	5, 16	**(7,933)**	(9,600)	**(24,309)**	(62,013)
Disposals of investments	5, 16	**10,264**	7,433	**34,629**	7,433
Receipt of equalization adjustments	5, 16	**606**	—	**5,404**	—
Returns of capital and Excess Management Fees	5, 16	**508**	—	**6,593**	—
Settlement of guarantee liability	14	**—**	—	**—**	(8,474)
Settlement of guarantee asset	13	**33,424**	—	**33,424**	
Recovery of guaranteed amounts	14	**—**	—	**602**	—
Decrease in restricted cash deposits	13	**—**	7,894	**—**	7,525
Changes in operating assets and liabilities:					
Interest receivable		**(302)**	(204)	**2,398**	(292)
Accounts payable and accrued liabilities		**350**	(260)	**662**	(6,012)
Income taxes refundable		**5,130**	(225)	**4,888**	(4,459)
Receivable from related parties		**420**	—	**9,438**	(7,733)
Payable to related parties		**(119)**	(13)	**(7,025)**	(2,233)
Other		**203**	214	**211**	53
Cash provided by (used in) operating activities		**34,147**	2,291	**53,290**	(84,808)
Financing activities					
Proceeds from borrowings	7	**—**	—	**—**	100,000
Subordinate voting shares - purchases for cancellation	8	**—**	(42)	**(305)**	(42)
Cash provided by (used in) financing activities		**—**	(42)	**(305)**	99,958
Increase in cash and cash equivalents		**34,147**	2,249	**52,985**	15,150
Cash and cash equivalents - beginning of period		**94,973**	79,282	**76,284**	66,052
Foreign currency translation		**(966)**	(812)	**(1,115)**	(483)
Cash and cash equivalents - end of period		**128,154**	80,719	**128,154**	80,719

See accompanying notes.

Index to Notes to Interim Consolidated Financial Statements

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. Basis of Presentation

The company's interim consolidated financial statements for the three and nine months ended September 30, 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard 34 *Interim Financial Reporting*. Accordingly, certain information and disclosures normally included in annual consolidated financial statements prepared in accordance with IFRS as issued by the IASB have been omitted or condensed. These interim consolidated financial statements should be read in conjunction with the company's annual consolidated financial statements for the year ended December 31, 2021, which have been prepared in accordance with IFRS as issued by the IASB.

These interim consolidated financial statements were approved for issue by the company's Board of Directors on November 10, 2022.

3. Summary of Significant Accounting Policies

The principal accounting policies applied to the preparation of these interim consolidated financial statements are as set out in the company's annual consolidated financial statements for the year ended December 31, 2021, prepared in accordance with IFRS as issued by the IASB. Those policies and methods of computation have been consistently applied to all periods presented.

New accounting pronouncements adopted in 2022

On January 1, 2022 the company adopted the following amendment which did not have a significant impact on the company's consolidated financial statements: *Annual Improvements to IFRS Standards 2018–2020*.

New accounting pronouncements issued but not yet effective

The IASB issued the following amendments in 2020 and 2021 which the company does not expect to adopt in advance of their effective date of January 1, 2023: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12), Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* and *Definition of Accounting Estimates (Amendments to IAS 8)*, and effective date of January 1, 2024: *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*. The amendments are not expected to have a significant impact on the company's consolidated financial statements.

4. Critical Accounting Estimates and Judgments

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

Determination of Investment Entity Status, Valuation of Private Portfolio Investments, and Income Taxes

In the preparation of the company's interim consolidated financial statements, management has made a number of critical estimates and judgments in the determination of investment entity status, the valuation of Private Portfolio Investments, and the provision for income taxes in a manner consistent with those as described in the company's annual consolidated financial statements for the year ended December 31, 2021. The effects of the conflict in Ukraine and inflation and rising interest rates on the company are discussed in note 12.

5. Portfolio Investments and Related Party Derivatives and Guarantees

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 for the third quarters of 2022 and 2021 were as follows:

	Third quarter						
	2022						
	Balance as of July 1	Purchases / Contributions[1]	Sales / Distributions / Redemptions/ Conversions	Net realized gains (losses) on investments	Net change in unrealized gains (losses) on investments[2]	Net foreign exchange losses on investments	Balance as of September 30
Portfolio Investments:							
Public Investments:							
Common shares	26,074	—	(10,264)	5,197	(5,768)	(734)	14,505
Total Public Investments	26,074	—	(10,264)	5,197	(5,768)	(734)	14,505
Private Investments:							
Limited partnership investments:							
TopCo LP limited partnership interests	220,790	—	(508)	—	(5,949)	—	214,333
Helios Fund IV limited partnership interest[3]	28,619	240	(844)	—	399	—	28,414
Common shares	132,041	—	—	—	(6,670)	(7,029)	118,342
Loans	53,509	8,624	(1)	(4,670)	3,948	(2,995)	58,415
Bonds	—	—	—	—	—	—	—
Total Private Investments	434,959	8,864	(1,353)	(4,670)	(8,272)	(10,024)	419,504
Total Portfolio Investments	461,033	8,864	(11,617)	527	(14,040)	(10,758)	434,009

(1) Inclusive of capitalized interest of $339 on AFGRI International Facility , $196 on Philafrica Facility, $136 on Digital Ventures $40M Facility and $2 on Digital Ventures $1M Facility. Recorded in interest within the consolidated statement of loss and comprehensive 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.

(3) On September 29, 2022, the company received a distribution of $844, comprised of an equalization adjustment of $981 net of capital contribution of $137.

	Third quarter						
	2021						
	Balance as of July 1	Purchases / Contributions(1)	Sales / Distributions / Redemptions/ Conversions	Net realized gains (losses) on investments	Net change in unrealized gains (losses) on investments(2)	Net foreign exchange losses on investments	Balance as of September 30
Portfolio Investments:							
Public Investments:							
Common shares	29,697	—	(7,433)	3,579	1,887	(679)	27,051
Total Public Investments	29,697	—	(7,433)	3,579	1,887	(679)	27,051
Private Investments:							
Limited partnership investments:							
TopCo LP limited partnership interests	265,261	—	(1,440)	—	(10,098)	—	253,723
Helios Fund IV limited partnership interest	25,966	—	—	—	716	—	26,682
Common shares	99,576	38,811	—	—	855	(5,176)	134,066
Loans	60,123	9,807	—	—	(14,071)	(1,449)	54,410
Bonds	58,031	—	(34,711)	(9,541)	6,115	—	19,894
Total Private Investments	508,957	48,618	(36,151)	(9,541)	(16,483)	(6,625)	488,775
Total Portfolio Investments	538,654	48,618	(43,584)	(5,962)	(14,596)	(7,304)	515,826

(1) *Inclusive of capitalized interest of $171 on Philafrica Facility. Recorded in interest within the consolidated statement of loss and comprehensive 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.*

	First nine months						
	2022						
	Balance as of January 1	Purchases / Contributions(1)	Sales / Distributions / Redemptions/ Conversions	Net realized gains (losses) on investments	Net change in unrealized gains (losses) on investments(2)	Net foreign exchange losses on investments	Balance as of September 30
Portfolio Investments:							
Public Investments:							
Common shares	**29,292**	**—**	**(10,264)**	**5,197**	**(8,189)**	**(1,531)**	**14,505**
Total Public Investments	**29,292**	**—**	**(10,264)**	**5,197**	**(8,189)**	**(1,531)**	**14,505**
Private Investments:							
Limited partnership investments:							
TopCo LP limited partnership interests	**250,182**	**—**	**(2,175)**	**—**	**(33,674)**	**—**	**214,333**
Helios Fund IV limited partnership interest(3)	**38,866**	**240**	**(10,060)**	**—**	**(632)**	**—**	**28,414**
Common shares	**158,614**	**38**	**—**	**—**	**(32,549)**	**(7,761)**	**118,342**
Loans	**42,564**	**26,209**	**(4,366)**	**(9,885)**	**7,882**	**(3,989)**	**58,415**
Bonds	**20,028**	**—**	**(20,000)**	**—**	**(28)**	**—**	**—**
Total Private Investments	**510,254**	**26,487**	**(36,601)**	**(9,885)**	**(59,001)**	**(11,750)**	**419,504**
Total Portfolio Investments	**539,546**	**26,487**	**(46,865)**	**(4,688)**	**(67,190)**	**(13,281)**	**434,009**

(1) *Inclusive of capitalized interest of $987 on AFGRI International Facility , $561 on Philafrica Facility, $136 on Digital Ventures $40M Facility and $2 on Digital Ventures $1M Facility. Recorded in interest within the consolidated statement of loss and comprehensive 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.*
(3) *On February 21, 2022, Helios Fund IV received additional limited partnership commitments thereby reducing the company's interest held and resulting in the receipt of an equalization adjustment of $4,614 to the company on March 9, 2022. On June 13, 2022, the company received a distribution of $4,602 comprised of an equalization adjustment of $184 and a return of capital of $4,418. On September 29, 2022, the company received a distribution of $844, comprised of an equalization adjustment of $981 net of capital contribution of $137.*

	First nine months						
	2021						
	Balance as of January 1	Purchases / Contributions(1)	Sales / Distributions / Redemptions/ Conversions	Net realized gains (losses) on investments	Net change in unrealized gains (losses) on investments(2)	Net foreign exchange losses on investments	Balance as of September 30
Portfolio Investments:							
Public Investments:							
Common shares	14,836	5,812	(7,433)	3,579	10,581	(324)	27,051
Total Public Investments	14,836	5,812	(7,433)	3,579	10,581	(324)	27,051
Private Investments:							
Limited partnership investments:							
TopCo LP limited partnership interests	275,299	—	(7,252)	—	(14,324)	—	253,723
Helios Fund IV limited partnership interest	—	22,413	—	—	4,269	—	26,682
Common shares	74,674	68,844	—	—	(7,133)	(2,319)	134,066
Loans	56,764	10,161	—	—	(11,860)	(655)	54,410
Bonds	58,829	—	(34,711)	(9,541)	5,317	—	19,894
Total Private Investments	465,566	101,418	(41,963)	(9,541)	(23,731)	(2,974)	488,775
Total Portfolio Investments	480,402	107,230	(49,396)	(5,962)	(13,150)	(3,298)	515,826

(1) Inclusive of capitalized interest of $502 on Philafrica Facility. Recorded in interest within the consolidated statement of loss and comprehensive 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.

Public Portfolio Investments

The company's Public Portfolio Investments are as follows:

Common Shares

At September 30, 2022 and December 31, 2021, the company held less than 5.0% of the common shares of public companies in various sectors, listed on the Johannesburg Stock Exchange and the London Stock Exchange ("Other Common Shares").

On July 25, 2022, the company sold one of its investments in Other Common Shares under a recommended cash offer, resulting in net proceeds of $10,264 received by the company on August 5, 2022 and a net realized gain of $5,197 and a net foreign exchange loss of $745.

At September 30, 2022, the fair value of the company's investment in Other Common Shares was $14,505 (December 31, 2021 - $29,292), determined using the bid prices of those investments (without adjustments or discounts) at the balance sheet date.

Private Portfolio Investments

The company's Private Portfolio Investments are as follows:

Limited Partnership Investments

TopCo LP

TopCo LP, an affiliate of Helios Holdings Limited ("HHL", together with one or more of its affiliates, as the context requires, the "Helios Holdings Group"), is 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 it 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 September 30, 2022 and December 31, 2021, 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.

At September 30, 2022 and December 31, 2021, HFP held all of the issued and outstanding Class A and Class B Limited Partnership Interests of 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 interest 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 Financial Holdings Limited (“Fairfax”). In June 2022, Helios Holdings Group’s management team commitment for Helios Fund IV increased following the final close of Helios Fund IV. HFP's total commitments to TopCo LP in respect of Management Team Commitments decreased from 50% to 25% of the Helios Holdings Group’s management team commitment.

On February 21, 2022, Helios Fund IV received additional limited partnership commitments, resulting in the receipt of an equalization adjustment of $652 by the company on April 28, 2022. On May 27, 2022, HIP Equity IV received a return of capital of $695 from Fund IV. At September 30, 2022, the company’s remaining capital commitment to TopCo LP with respect to the Management Team Commitment was $4,051.

On January 7, 2022, the company received cash of $3,015 representing the settlement of a payable to related parties of $4,718 related to the Management Team Commitment offset by the receipt of a distribution 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. On January 24, 2022, the company received a distribution of $1,440 of Excess Management Fees earned during the first six months of 2021. On July 13, 2022, the company received a distribution of $970 of Excess Management Fees earned during the second half of 2021.

At September 30, 2022, the company recognized a distribution receivable from its TopCo LP Class B Limited Partnership Interest of $1,523, which reflected Excess Management Fees earned during the first nine months of 2022. Accordingly, the company recorded a reduction in the valuation of TopCo LP Class B Limited Partnership Interest and a receivable from related parties of $1,523.

At September 30, 2022, the fair value of the company’s investment in TopCo LP Limited Partnership Interests was $214,333 (December 31, 2021 - $250,182).

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. 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.

In 2021, the company 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. On February 21, 2022, Helios Fund IV received additional limited partnership commitments, resulting in an equalization adjustment of $4,614 paid to the company on March 9, 2022 and reducing the company's interest based on committed capital to 14.9%. On June 13, 2022, the company received a distribution of $4,602 comprised of an equalization adjustment of $184 and a return of capital of $4,418, reducing the company's interest based on committed capital to 14.1%. On September 29, 2022, the company received a distribution of $844, comprised of an equalization adjustment of $981 net of capital contribution of $137.

At September 30, 2022, the company had funded aggregate capital calls of $21,631, plus equalization interest of $276, for total funding of $21,907, representing 14.1% (December 31, 2021 - $31,967 and 16.9%) of the limited partnership interest in Helios Fund IV based on committed capital.

At September 30, 2022, the company's remaining capital commitment to Helios Fund IV was $28,369 (December 31, 2021 - $18,549), which may be called at any time by Helios Fund IV GP in accordance with the Helios Fund IV LPA.

At September 30, 2022, the company estimated the fair value of its investment in Helios Fund IV Limited Partnership Interest to be $28,414 (December 31, 2021 - $38,866).

Common Shares

NBA Africa

HFP US Investments, Inc. ("U.S. Holdco") is a wholly-owned holding company, formed for the sole purpose of investing in NBA Africa, LLC ("NBA Africa"), an 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 September 30, 2022 and December 31, 2021, the company, through its U.S. Holdco, had invested $30,000 in exchange for an equity interest in NBA Africa.

At September 30, 2022, the company estimated the fair value of its investment in NBA Africa to be $35,412 (December 31, 2021 - $33,416).

Trone Holdings

Trone Investment Holdings (UK) ("Trone Holdings") is 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.

At September 30, 2022 and December 31, 2021, the company had invested $15,528 for a 22.0% equity interest in Trone Holdings. Helios Fund IV holds the remaining 78.0% equity interest in Trone Holdings. Trone Holdings, together with the founding partner and management of Trone, holds the entire equity interest in SPV Rayon Holdings ("SPV Rayon"), a Moroccan holding company which owns 100.0% of Trone's operating businesses.

At September 30, 2022, the company estimated the fair value of its 22.0% equity interest in Trone Holdings to be $16,310 (December 31, 2021 - $15,528).

Indirect equity interest in AGH

At September 30, 2022 and December 31, 2021, the company had invested $98,876 in Joseph Investment Holdings ("Joseph Holdings") (comprised of $88,744 for 74.6% interest in common shares and 73.7% interest 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, 2021 - 46.8%) in AGH.

At September 30, 2022, the company estimated the fair value of its 46.8% indirect equity interest in AGH to be $38,431 (December 31, 2021 - $60,416). Estimates for the valuation are inherently uncertain, involve significant judgment and are continually evaluated. In the second quarter of 2022, the company reassessed certain inputs to the valuation model using additional information derived from the most recent financial statements of the investee entity. This new information together with other business activities, resulted in a decrease in fair value of the company's indirect interest in AGH, which is recognized as part of unrealized gains (losses) on investments within the consolidated statement of loss and comprehensive loss.

On March 31, 2021, as part of the $100,000 HFP 3.0% Debenture transaction (refer to note 7), Fairfax guaranteed a floor valuation of the company's investments in AGH (indirect via Joseph Holdings), Philafrica common shares, the Philafrica Facility (see discussion under the headers "Indirect equity interest in AGH", "Philafrica Foods Proprietary Ltd." and "Philafrica Facility"), and the PGR2 Loan (collectively, the "Reference Investments"), giving rise to the HFP Redemption Derivative described later in this note.

Philafrica Foods Proprietary Ltd.

At September 30, 2022 and December 31, 2021, the company had invested $23,254 (325.0 million South African rand) into 26,000 common shares or 26.0% equity interest in Philafrica Foods Proprietary Ltd. ("Philafrica"), a South African entity that owns and operates maize and wheat mills and animal feed factories. Philafrica is controlled by AGH through AGH's 60.0% equity interest.

At September 30, 2022, the company estimated the fair value of its investment in Philafrica common shares to be $2,302 (December 31, 2021 - $9,155).

On March 31, 2021, as part of the $100,000 HFP 3.0% Debenture transaction (refer to note 7), Fairfax guaranteed a floor valuation of the company's investments in AGH (indirect via Joseph Holdings), Philafrica common shares, the Philafrica Facility (see discussion under the headers "Indirect equity interest in AGH", "Philafrica Foods Proprietary Ltd." and "Philafrica Facility"), and the PGR2 Loan (collectively, the "Reference Investments"), giving rise to the HFP Redemption Derivative described later in this note.

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 and 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.

At September 30, 2022 and December 31, 2021, the company had invested an aggregate of $38,811 for a 56.3% equity interest in Ascendant ("Indirect equity interest in Nova Pioneer"). At September 30, 2022, the company estimated the fair value of its indirect equity interest in Nova Pioneer to be $24,933 (December 31, 2021 - $38,811).

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"). On August 26, 2021 the company advanced $9,600, net of $400 in raising fees, under the AFGRI International Facility, bearing interest at a rate of 12.75% per annum, accrued and capitalized quarterly, and maturing on August 26, 2022, one year from initial funding date.

On August 24, 2022, the secured lending arrangement was amended. The maturity date was extended to August 25, 2023 and the interest rate was increased to 13.25% per annum, increasing by 50 basis points ("bps") every 3-month interest period. Interest will continue to be accrued and capitalized quarterly. The AFGRI International Facility continues to be primarily secured by AFGRI International's pledge of its equity interests in its wholly-owned Australian equipment business, AFGRI Australia Proprietary Limited.

At September 30, 2022, the company estimated the fair value of the AFGRI International Facility to be $11,412 (December 31, 2021 – $9,726), including capitalized interest of $987 (December 31, 2021 - $nil).

In the third quarter and first nine months of 2022, the company recorded interest income of $366 and $1,225 (2021 – $257 and $257) within the consolidated statements of loss and comprehensive loss related to the AFGRI International Facility.

Philafrica Facility

At September 30, 2022 and December 31, 2021, 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 September 30, 2022, the company estimated the fair value of the Philafrica Facility to be $6,911 (December 31, 2021 - $7,219).

In the third quarter and first nine months of 2022, the company recorded interest income of $197 and $555 (2021 - $164 and $516) within the consolidated statements of loss and comprehensive loss related to the Philafrica Facility.

On March 31, 2021, as part of the $100,000 HFP 3.0% Debenture transaction (refer to note 7), Fairfax guaranteed a floor valuation of the company's investments in AGH (indirect via Joseph Holdings), Philafrica common shares, the Philafrica Facility (see discussion under the headers "Indirect equity interest in AGH", "Philafrica Foods Proprietary Ltd." and "Philafrica Facility"), and the PGR2 Loan (collectively, the "Reference Investments"), giving rise to the HFP Redemption Derivative described later in this note.

CIG Loan

At September 30, 2022 and December 31, 2021, 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 within the consolidated statements of loss and comprehensive loss. At September 30, 2022 and December 31, 2021, the interest receivable related to the CIG Loan was $nil.

On September 30, 2022, CIG signed a purchase and sale agreement (the "CIG PSA") whereby CIG would sell its shares in Conlog for proceeds, subject to related regulatory approval. The expected recovery rate used in the company's valuation of the CIG Loan reflects expected recovery from the sale of Conlog.

At September 30, 2022, the company estimated the fair value of the CIG Loan to be $16,692 (December 31, 2021 - $18,797).

Atlas Mara Facility

At August 28, 2022 and December 31, 2021, 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. Fairfax 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.

On October 14, 2021, the company received partial repayment for the Atlas Mara Facility of $11,325. On June 17, 2022, the company received further repayment on the Atlas Mara Facility of $4,365. The company recorded net realized losses of $16,388 and $5,215 in 2021 and in the second quarter of 2022, respectively.

On August 28, 2022, the company and Fairfax entered into an Assignment Agreement, whereby the company assigned its legal and beneficial rights, title and interests in the Atlas Mara Facility to Fairfax and cancelled the Atlas Mara Facility Guarantee effective August 29, 2022 in exchange for $33,424, which was received in full on August 30, 2022. There were no further proceeds received from Atlas Mara prior to the assignment of the Atlas Mara Facility to Fairfax. The company recorded (i) a realized loss of $5,148 on the Atlas Mara Facility; and (ii) a realized gain of $33,424 on the Atlas Mara Facility Guarantee in net change in realized gains (losses) on investments within the consolidated statements of loss and comprehensive loss.

Event Horizon Loan

On June 1, 2022, the company entered into a loan agreement for $9,418 (7,500 pounds sterling) with Event Horizon Entertainment Limited, a company based in the United Kingdom (the “Event Horizon Loan”). Event Horizon is a leading live entertainment and content company, creating and producing global events and travel experiences, with a focus on events that promote African culture. The Event Horizon loan bears interest at a rate of 10% per annum, accrued and capitalized semi-annually, is unsecured and matures on January 31, 2023.

At September 30, 2022, the company estimated the fair value of the Event Horizon loan to be $8,372 (December 31, 2021 – $nil).

In the third quarter and first nine months of 2022, the company recorded interest income of $204 and $267 (2021 - $nil and $nil) within the consolidated statements of loss and comprehensive loss related to the Event Horizon Loan.

Digital Ventures Facilities

On May 30, 2022, the company entered into a loan facility agreement for $40,000 with Helios Digital Ventures LP (“HDV”), a limited partnership domiciled in Guernsey (the “Digital Ventures $40M Facility”). HDV is a venture capital fund with a focus on investing in digital infrastructure across Africa. Concurrently, the company entered into a loan facility for $1,000 with Obashe Trust (“Obashe”), a company domiciled in the United States (the “Digital Ventures $1M Facility”). Obashe is the sole limited partner of HDV. Both facilities allow for multiple drawdowns. The first drawdown on the Digital Ventures $40M Facility of $6,788 and the first drawdown on the Digital Ventures $1M Facility of $170 were funded on June 7, 2022. The second drawdown on the Digital Ventures $40M Facility of $7,739 was funded on August 23, 2022 and the second drawdown on the Digital Ventures $1M Facility of $193 was funded on August 24, 2022.

The Digital Ventures $40M Facility bears interest at a rate of 8% per annum, accrued and capitalized quarterly, is unsecured and matures on May 30, 2023. The Digital Ventures $1M Facility bears interest at a rate of 6% per annum, accrued and capitalized quarterly, is unsecured and matures on June 7, 2037.

At September 30, 2022, the company estimated the fair values of the amounts drawn on the Digital Ventures $40M Facility and the Digital Ventures $1M Facility to be $14,663 and $365 (December 31, 2021 – $nil and $nil), respectively, including capitalized interest of $136 and $2, (December 31, 2021 - $nil and $nil) respectively.

In the third quarter and first nine months of 2022, the company recorded interest income of $202 and $238 (2021 - $nil and $nil) within the consolidated statements of loss and comprehensive loss related to the Digital Ventures $40M Facility.

In the third quarter and first nine months of 2022, the company recorded interest income of $3 and $4 (2021 - $nil and $nil) within the consolidated statements of loss and comprehensive loss related to the Digital Ventures $1M Facility.

Bonds

Atlas Mara Bonds

At September 30, 2022 and December 31, 2021, 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 June 16, 2022 and December 31, 2021, 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 were secured by Atlas Mara’s shares in UBN and the Atlas Mara 11.0% Convertible Bonds are unsecured.

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. In December 2021, Atlas Mara and certain other shareholders in the Union Bank of Nigeria (“UBN”) entered into an agreement to sell their interest in UBN to a Nigerian bank holding company (“UBN Sale”).

During the second quarter of 2022, the conditions of the UBN Sale were met. On June 17, 2022, pursuant to the Atlas Mara SOA, the company received full repayment of the principal of $20,000 and unpaid interest of $6,202 on the Atlas Mara 7.5% Bonds from the proceeds of the UBN Sale.

At September 30, 2022, interest receivable of $nil (December 31, 2021 - $2,832) related to the Atlas Mara 7.5% Bonds. Interest receivable relating to the Atlas Mara 11.0% Convertible Bond has been accrued and capitalized up to December 28, 2020. The company no longer accrues interest on the Atlas Mara 11% Convertible Bonds effective December 28, 2020.

At September 30, 2022, the company estimated the fair value of the Atlas Mara 11.0% Convertible Bonds to be $nil (December 31, 2021 - $28).

In the third quarter and first nine months of 2022, the company recorded interest income of $nil and $3,370 (2021 - $nil and $nil) relating to the Atlas Mara 7.5% Bonds within the consolidated statements of loss and comprehensive loss related to the Atlas Mara Bonds.

Related Party Derivatives and Guarantees

A summary of changes in the fair value of the company’s related party derivatives and guarantees for the third quarter and first nine months of 2022 and 2021 were as follows:

	Third quarter of 2022					
	Balance as of July 1	**Additions**	**Redemptions**	**Net realized gains on investments**	**Net change in unrealized gains (losses) on investments**	**Balance as of September 30**
Related party derivatives and guarantees:						
Atlas Mara Facility Guarantee	**36,768**	**—**	**(33,424)**	**33,424**	**(36,768)**	**—**
HFP Redemption Derivative	**37,748**	**—**	**—**	**—**	**5,155**	**42,903**
Total related party derivatives and guarantees	**74,516**	**—**	**(33,424)**	**33,424**	**(31,613)**	**42,903**

	Third quarter of 2021					
	Balance as of July 1	**Additions**	**Redemptions**	**Net realized gains (losses) on investments**	**Net change in unrealized gains on investments**	**Balance as of September 30**
Related party derivatives and guarantees:						
Atlas Mara Facility Guarantee	14,407	—	—	—	18,746	33,153
HFP Redemption Derivative	17,428	—	—	—	271	17,699
Total related party derivatives and guarantees	31,835	—	—	—	19,017	50,852

	First nine months of 2022					
	Balance as of January 1	**Additions**	**Redemptions**	**Net realized gains on investments**	**Net change in unrealized gains (losses) on investments**	**Balance as of September 30**
Related party derivatives and guarantees:						
Atlas Mara Facility Guarantee	**32,046**	**—**	**(33,424)**	**33,424**	**(32,046)**	**—**
HFP Redemption Derivative	**15,906**	**—**	**—**	**—**	**26,997**	**42,903**
Total related party derivatives and guarantees	**47,952**	**—**	**(33,424)**		**(5,049)**	**42,903**

	First nine months of 2021					
	Balance as of January 1	**Additions**	**Redemptions**	**Net realized gains (losses) on investments**	**Net change in unrealized gains (losses) on investments**	**Balance as of September 30**
Related party derivatives and guarantees:						
Atlas Mara Facility Guarantee	13,252	—	—	—	19,901	33,153
HFP Redemption Derivative	—	21,864	—	—	(4,165)	17,699
Total related party derivatives and guarantees	13,252	21,864	—	—	15,736	50,852

The company's related party derivatives and guarantees are as follows:

Atlas Mara Facility Guarantee

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

On August 28, 2022, the company and Fairfax entered into an Assignment Agreement, whereby the company assigned its legal and beneficial rights, title and interests in the Atlas Mara Facility to Fairfax and cancelled the Atlas Mara Facility Guarantee effective August 29, 2022 in exchange for $33,424, which was received in full on August 30, 2022. There were no further proceeds received from Atlas Mara prior to the assignment of the Atlas Mara Facility to Fairfax. The company recorded (i) a realized loss of $5,148 on the Atlas Mara Facility; and (ii) a realized gain of $33,424 on the Atlas Mara Facility Guarantee in net change in realized gains (losses) on investments within the consolidated statements of loss and comprehensive loss.

HFP Redemption Derivative

On March 31, 2021, as part of the $100,000 HFP 3.0% Debenture transaction (refer to note 7) the company entered into 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 (see discussion under the headers "Indirect equity interest in AGH", "Philafrica Foods Proprietary Ltd." and "Philafrica Facility" earlier in this note), and the PGR2 Loan (collectively, the "Reference Investments") is lower than $102,600. Refer to notes 6 and 7 for the company's valuation inputs and methodology with respect to the HFP 3.0% Redemption Derivative.

At September 30, 2022, the fair value of the company's HFP Redemption Derivative was $42,903 (December 31, 2021 - $15,906).

6. 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:

	September 30, 2022				December 31, 2021			
	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	**128,154**	**—**	**—**	**128,154**	76,284	—	—	76,284
	128,154	**—**	**—**	**128,154**	76,284	—	—	76,284
Portfolio Investments:								
Limited partnership investments	**—**	**—**	**242,747**	**242,747**	—	—	289,048	289,048
Common shares	**14,505**	**—**	**118,342**	**132,847**	29,292	—	158,614	187,906
Loans	**—**	**—**	**58,415**	**58,415**	—	—	42,564	42,564
Bonds	**—**	**—**	**—**	**—**	—	—	20,028	20,028
Total Portfolio Investments	**14,505**	**—**	**419,504**	**434,009**	29,292	—	510,254	539,546
Related party derivatives and guarantees	**—**	**—**	**42,903**	**42,903**	—	—	47,952	47,952
Related party loan	**—**	**—**	**19,758**	**19,758**	—	—	19,608	19,608
Total cash and investments	**142,659**	**—**	**482,165**	**624,824**	105,576	—	577,814	683,390
	22.8%	**—%**	**77.2%**	**100.0%**	15.4%	—%	84.6%	100.0%

The fair values of HFP's Private Portfolio Investments and related party derivatives, guarantees and loans cannot be derived from an active market and accordingly, are determined using industry accepted valuation techniques and models determined quarterly. Market observable inputs are used where possible, with unobservable inputs used where necessary.

Estimates and judgments for Private Portfolio Investments and Related Party Derivatives and Guarantees 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 and related party derivatives, guarantees and loans. 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 Valuation Committee. The Valuation Committee consists of members who are knowledgeable and experienced in the fair value techniques for the Portfolio Investments held by the company. The Valuation Committee provides administration and oversight of the company's valuation policies and procedures and is responsible for reviewing and approving the valuation results every quarter.

Transfers between fair value hierarchy levels are considered effective from the beginning of the reporting period in which the transfer is identified. During the first nine months of 2022 and 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. The changes in fair value of the company's Private Portfolio Investments (classified as Level 3) are disclosed in note 5.

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 September 30, 2022. 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 discount rates reflect increased market volatility due to the rising inflation, elevated oil and commodity prices, and interest rate hikes. The range also reflects the additional uncertainty in determining recoverability, market multiples and the discounted cash flows for assessing the fair values of Private Portfolio Investments and related party derivatives and guarantees.

Investments	Valuation technique	Significant unobservable inputs[(1)]	Inputs at September 30, 2022	Inputs at December 31, 2021	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	27.9% to 33.9%	22.8% to 28.8%	Increases (decreases) in discount rates (decrease) increase fair value
		Target exit dates	2022-2027	2022 to 2027	Increases (decreases) in target exit dates (decrease) increase fair value
		Exit multiple of invested capital	2.3x to 3.3x	2.5x to 3.0x	Increases (decreases) in exit multiples increase (decrease) fair value
TopCo LP Class B Limited Partnership Interest	Discounted cash flow	Discount rate	15.7%	14.1%	Increases (decreases) in discount rates (decrease) increase fair value
		Growth in assets under management	23.0%	23.1%	Increases (decreases) in growth in assets under management increase (decrease) fair value
		Probability weighting on future fundraising initiatives[(3)]	25.0% to 75.0%	25.0% to 75.0%	Increases (decreases) in probability weightings on Excess Management Fees relating to future fundraising initiatives increase (decrease) fair value
		Long term pre-tax profit margin	41.4%	42.2%	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					
Indirect equity interest in AGH	Market multiples	Multiples of EBITDA	0.0x to 7.0x	0.0x to 7.0x	Increases (decreases) in multiples of EBITDA increase (decrease) fair value
Philafrica common shares	Market multiples	Multiples of EBITDA	0.0x to 6.0x	0.0x to 6.4x	Increases (decreases) in multiples of EBITDA increase (decrease) fair value
Trone[(4)]	Market multiples	Multiples of EBITDA	9.0x	N/A	Increases (decreases) in multiples of EBITDA increase (decrease) fair value
NBA Africa[(5)]	Discounted cash flow	After-tax discount rate	15.4%	N/A	Increases (decreases) in discount rates (decrease) increase fair value
		Terminal revenue multiple	6.9x	N/A	Increases (decreases) in terminal revenue multiple increase (decrease) fair value
Indirect equity interest in Nova Pioneer[(6)]	Discounted cash flow	After-tax discount rate	12.1%	N/A	Increases (decreases) in discount rates (decrease) increase fair value
		Long-term growth rate	3.6%	N/A	Increases (decreases) in growth rates increase (decrease) fair value
Derivatives					
Atlas Mara Facility Guarantee	Discounted cash flow	Total fair value of the Atlas Mara Facility	$—	$6,822	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	$47,663	$76,790	Increases (decreases) in the total fair value of the Reference Investments (decrease) increase fair value

(1) Discount rates are subject to a mitigating factor: increases (decreases) in discount rates tend to be accompanied by increases (decreases) in free cash flows that may offset changes in fair value resulting from changes in discount rates. Exit multiples of invested capital and growth in assets under management are subject to a mitigating factor: increases (decreases) in exit multiples of invested capital and growth in assets under management tend to be accompanied by increases (decreases) in discount rates that may offset changes in fair value resulting from changes in exit multiples of invested capital and growth in assets under management.

(2) 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 (refer to note 5). 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 20%, 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) The investment was valued at transaction price at December 31, 2021. In the second quarter of 2022, the company updated the valuation and changed its valuation technique from the initial transaction price to a market approach using EBITDA multiples as it is more representative of what a market participant would consider.

(5) The investment was valued at transaction price at December 31, 2021. In the second quarter of 2022, the company updated the valuation and changed its valuation technique from the transaction price implied by third party investment to a discounted cash flow analysis based on multi-year free cash flow projections with an assumed after-tax discount rate and a terminal revenue multiple as it is more indicative of the fair value of the investment.

(6) The investment was valued at transaction price at December 31, 2021. In the second quarter of 2022, the company updated the valuation and changed its valuation technique from the transaction price implied by third party investment to a discounted cash flow analysis based on multi-year free cash flow projections with an assumed after-tax discount rate and a long-term growth rate as it is more indicative of the fair value of the investment.

	September 30, 2022					
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	$74,034	Discounted cash flow and net asset value	Discount rate	Increase/(decrease) 100 bps	(1,222) / 1,259	(1,060) / 1,093
			Target exit dates	Increase/(decrease) 1 year	(23,664) / 26,952	(20,529) / 23,381
			Exit multiple of invested capital	Increase/(decrease) 5%	9,977 / (9,908)	8,655 / (8,595)
TopCo LP Class B Limited Partnership Interest	$140,299	Discounted cash flow	Discount rate	Increase/(decrease) 100 bps	(14,084) / 16,948	(12,218) / 14,702
			Growth in assets under management	Implied CAGR of committed capital of 22.0% to 23.5%	15,252 / (15,252)	13,231 / (13,231)
			Probability weighting on future fundraising initiatives	Increase/(decrease) 5.0% probability weighting	29,545 / (28,689)	25,630 / (24,888)
			Long term pre-tax profit margin	Increase/(decrease) 100 bps	2,191 / (2,191)	1,900 / (1,900)
			Long term growth rate	Increase/(decrease) 50 bps	4,222 / (3,862)	3,662 / (3,351)
Common shares						
Indirect equity interest in AGH	$38,431	Market multiples	Multiples of EBITDA	Increase/(decrease) 4%	3,436 / (3,491)	2,981 / (3,029)
Philafrica	$2,302	Market multiples	Multiples of EBITDA	Increase/(decrease) 4%	524 / (524)	454 / (454)
Trone	$16,310	Market multiples	Multiples of EBITDA	Increase/(decrease) 5.6%	1,296 / (1,296)	1,125 / (1,125)
NBA Africa	$35,412	Discounted cash flow	After-tax discount rate	(Increase)/decrease 100 bps	(2,696) / 2,947	(2,339) / 2,557
			Terminal revenue multiple	Increase/(decrease) 7.2%	2,482 / (2,482)	2,153 / (2,153)
Indirect equity interest in Nova Pioneer	$24,933	Discounted cash flow	After-tax discount rate	(Increase)/decrease 100 bps	(4,665) / 5,974	(4,047) / 5,183
			Long-term growth rate	Increase/(decrease) 50 bps	1,419 / (1,262)	1,231 / (1,095)
Related party derivatives and guarantees:						
HFP Redemption Derivative	$42,903	Discounted cash flow and option pricing model	Total fair value of the Reference Investments	Increase/(decrease) 10%	(4,766) / 4,766	(4,135) / 4,135

(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 $6.8 billion from $1.4 billion at September 30, 2022, before taking into account probability weightings. Growth in assets under management is expected to be achieved through raising capital for future Africa-focused 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 September 30, 2022. The analysis assumes quarterly variations within a reasonably possible range determined by the company based on analysis of the underlying assets.

	Expected recovery at		Fair value of investment at	Hypothetical $ change effect on fair value measurement(1)	Hypothetical $ change effect on net earnings(1)(2)
Investments	**September 30, 2022**	**December 31, 2021**	**September 30, 2022**	**September 30, 2022**	
Loans:					
CIG Loan	100.0%	100.0%	$16,692	- / (835)	- / (724)
Philafrica Facility	100.0%	100.0%	$6,911	- / (346)	- / (300)
Bonds:					
Atlas Mara 11.0% Convertible Bonds	—%	0.1%	$—	999 / -	867 / -

(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.

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 the investment in limited partnership and the impact of the sensitivity analysis is not significant for the investment in loans.

	Valuation technique at		Fair value of investment at
Investments	**September 30, 2022**	**December 31, 2021**	**September 30, 2022**
Limited partnership investments:			
Helios Fund IV limited partnership interest	Net asset value reported by Helios Fund IV GP	Net asset value reported by Helios Fund IV GP	$28,414
Loans:			
AFGRI International Facility	Amortized cost	Amortized cost	$11,412
Event Horizon Loan	Amortized cost	N/A	$8,372
Digital Ventures $40M Facility	Amortized cost	N/A	$14,663
Digital Ventures $1M Facility	Initial transaction price	N/A	$365
Fairfax Loan	Amortized cost	Amortized cost	$19,758

Investment Income

An analysis of investment income for the three and nine months ended September 30 is summarized in the table that follows:

	Third quarter		First nine months	
	2022	2021	**2022**	2021
Interest:				
Cash and cash equivalents	**445**	125	**737**	180
Restricted cash deposits	**—**	—	**—**	152
Term deposits	**—**	130	**—**	388
Limited partnership investments	**240**	—	**240**	
Loans	**1,042**	486	**2,496**	964
Bonds	**—**	—	**3,370**	(202)
	1,727	741	**6,843**	1,482
Dividends: Common shares	**160**	178	**950**	345

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

	Third quarter					
	2022			2021		
	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:						
Limited partnership investments	**—**	**(5,550)**	**(5,550)**	—	(9,382)	(9,382)
Common shares	**5,197**	**(12,438)**	**(7,241)**	3,579	2,742	6,321
Loans	**(4,670)**	**3,948**	**(722)**	—	(14,071)	(14,071)
Bonds	**—**	**—**	**—**	(9,541)	6,115	(3,426)
Related party derivatives and guarantees	**33,424**	**(31,613)**	**1,811**	—	19,017	19,017
	33,951	**(45,653)**	**(11,702)**	(5,962)	4,421	(1,541)
Net foreign exchange gains (losses) on:						
Cash and cash equivalents	**(968)**	**—**	**(968)**	(812)	—	(812)
Common shares	**(745)**	**(7,018)**	**(7,763)**	808	(6,663)	(5,855)
Loans	**—**	**(2,995)**	**(2,995)**	—	(1,449)	(1,449)
Other	**—**	**(10)**	**(10)**	—	(50)	(50)
	(1,713)	**(10,023)**	**(11,736)**	(4)	(8,162)	(8,166)
Net gains (losses) on investments	**32,238**	**(55,676)**	**(23,438)**	(5,966)	(3,741)	(9,707)

	First nine months					
	2022			2021		
	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:						
Limited partnership investments	**—**	**(34,306)**	**(34,306)**	—	(10,055)	(10,055)
Common shares	**5,197**	**(40,738)**	**(35,541)**	3,579	3,448	7,027
Loans	**(9,885)**	**7,882**	**(2,003)**	—	(11,860)	(11,860)
Bonds	**—**	**(28)**	**(28)**	(9,541)	5,317	(4,224)
Related party derivatives and guarantees	**33,424**	**(5,049)**	**28,375**	—	15,736	15,736
	28,736	**(72,239)**	**(43,503)**	(5,962)	2,586	(3,376)
Net foreign exchange gains (losses) on:						
Cash and cash equivalents	**(1,116)**	**—**	**(1,116)**	(483)	—	(483)
Common shares	**(745)**	**(8,547)**	**(9,292)**	808	(3,451)	(2,643)
Loans	**—**	**(3,989)**	**(3,989)**	—	(655)	(655)
Other		**(186)**	**(186)**	—	(155)	(155)
	(1,861)	**(12,722)**	**(14,583)**	325	(4,261)	(3,936)
Net gains (losses) on investments	**26,875**	**(84,961)**	**(58,086)**	(5,637)	(1,675)	(7,312)

7. Borrowings

	September 30, 2022			September 30, 2021		
	Principal	**Carrying value**	**Fair value**	Principal	Carrying value	Fair value
HFP 3.0% Debentures (host instrument) due March 31, 2024[1]	**100,000**	**99,076**	**88,899**	100,000	98,487	94,106

(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 anti-dilution 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 Related party derivatives and guarantees within the consolidated balance sheet, separately from the host debt instrument (the “HFP Host Debentures”) recorded in borrowings within the consolidated balance sheets. The company did not elect to irrevocably designate the entire hybrid contract as measured at fair value through profit or loss.

At inception, the company estimated the fair value of the HFP Host Debentures using a discounted cash flow analysis that incorporated HFP's estimated credit spread of 3.3%. The estimated credit spread was based on the credit spreads of a peer group of companies adjusted for credit risk specific to HFP. At 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 Facility

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. In addition, the company will pay a standby fee of 2.41% of the unused portion of the credit facility, payable quarterly,

During the third quarter and first nine months of 2022, the company had incurred $431 and $988 (2021 - $nil and $nil) in standby fees, which were included in general and administrative expenses as an administrative expense.

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.

Under the terms of the RMB Facility, the company is required to maintain an asset cover ratio, being the ratio of total cash and cash equivalents plus the fair value of Portfolio Investments (excluding the fair value of the TopCo Limited Partnership Interests) to total borrowings, an asset cover ratio (listed), being the ratio of total cash and cash equivalents plus the fair value of listed Portfolio Investments to total borrowings, and an adjusted tangible net worth of at least $335,000 for the first 12 months following the closing date and greater than or equal to $350,000 thereafter, being the total equity of the Company less 75% of the fair value of the TopCo Limited Partnership Interests. At September 30, 2022, the RMB Facility was undrawn, and the company was in compliance with the covenants of the RMB Facility.

Interest Expense

During the third quarter and first nine months of 2022, the company recorded interest expense of $906 and $2,688 related to interest on the HFP 3.0% Debentures (2021 - $900 and $1,799).

8. 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, HFP Investments Holdings SARL ("Principal Holdco"), and certain of their respective subsidiaries and affiliates and are not publicly traded; (ii) an unlimited number of subordinate voting shares, which are publicly traded; 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 September 30, 2022 included 55,452,865 (December 31, 2021 – 55,452,865) multiple voting shares and 52,741,106 (December 31, 2021 – 52,806,780) 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 September 30, 2022 and December 31, 2021 there were no preference shares outstanding.

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 the issued and outstanding multiple voting shares, which are not publicly traded.

Common stock

The number of shares outstanding was as follows:

	2022	2021
Subordinate voting shares - January 1	**52,806,780**	53,665,388
Issuance of shares	**23,102**	—
Purchases for cancellation	**(88,776)**	(10,647)
Subordinate voting shares - September 30	**52,741,106**	53,654,741
Multiple voting shares - beginning and end of period	**55,452,865**	55,452,865
Common shares effectively outstanding - September 30	**108,193,971**	109,107,606

Purchase of Shares

The company will be entitled, subject to compliance with applicable corporate and securities laws, 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 the first nine months of 2022, under the terms of its normal course issuer bid, the company purchased for cancellation 88,776 subordinate voting shares (2021 - $10,647) for a net cost of $305 (2021 - $42) and $417 (2021 - $45) which was recorded as a benefit in retained earnings.

On July 7, 2022, the company's normal course issuer bid expired.

Automatic Share Purchase Plan

On March 29, 2022, in connection with the normal course issuer bid, the company gave instructions under its automatic share purchase plan with a designated broker to allow for the purchase of subordinated voting shares 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. On May 2, 2022, the automatic share purchase plan was terminated by the company and designated broker.

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 the first nine months of 2022 and 2021.

Capital Contributions

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.

9. Share-Based Incentive Plans

Special Incentive Plan

Under the Special Incentive Plan ("SIP"), 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 have an exercise price of $3.99 per share and maturity date of December 8, 2030. On March 4, 2021, certain options issued under the SIP were reallocated to additional SIP participants. These reallocated options vested immediately on grant date and have an exercise price of $4.45 per share and a maturity date of March 3, 2031. On September 20, 2022, certain options issued under the SIP were reallocated to an additional SIP recipient. These reallocated options vested immediately on grant date and have an exercise price of $2.63 per share, and a maturity date of September 19, 2032. 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.

The company estimated the fair value of the options granted under the SIP using the option pricing model that incorporated an underlying share price of $4.09 per share, exercise price of $2.63, $3.99, or $4.45 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.

Long-Term Incentive Plan

On April 20, 2022, the company's Long-Term Incentive Plan ("LTIP") was approved at the annual and special meeting of shareholders. The LTIP allows the company's Board of Directors or the Governance, Compensation and Nominating Committee to grant long-term incentives to (i) directors, officers and employees of the company and its affiliates; (ii) certain consultants and service providers, including consultants and other persons that provide services to the company and its affiliates or any partnership or other entity in which the company or any of its affiliates has made an investment; and (iii) employees and members of the Manager or an affiliate thereof that provides services to the Portfolio Advisor or any related entity of the Portfolio Advisor for the benefit of the company. Awards granted under the LTIP may consist of options, restricted shares, stock appreciation rights, restricted share units, deferred share units or performance share units. Each award will be subject to the terms and conditions set forth in the LTIP and to those other terms and conditions specified by the company's Governance, Compensation and Nominating Committee.

In the first nine months of 2022, 484,265 restricted share units (first nine months of 2021 - nil) with a cost per unit of $3.33 were granted to certain directors and officers of the company. The restricted share units vest over a period of three to five years. At September 30, 2022, under the terms of the LTIP, 23,102 restricted share units (December 31, 2021 - nil) had vested and 23,102 subordinate voting shares (December 31, 2021 - nil) were issued out of treasury stock at a cost of $72 (December 31, 2021 - $nil), which was included in general and administrative expenses as a salaries and employee benefit expense.

For the third quarter and first nine months of 2022, the company recorded share-based compensation expense of $97 and $215 (2021 - $nil and $nil) related to the unvested restricted share units within the consolidated statements of loss and comprehensive loss.

10. Net Loss per Share

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

	Third quarter		First nine months	
	2022	2021	**2022**	2021
Net loss - basic and diluted	**(28,971)**	(13,582)	**(68,321)**	(24,676)
Weighted average shares outstanding - basic	**108,193,971**	109,117,509	**108,193,971**	109,118,002
Weighted average shares outstanding - diluted	**108,193,971**	109,117,509	**108,193,971**	109,118,002
Net loss per share - basic and diluted	**$ (0.27)**	$ (0.12)	**$ (0.63)**	$ (0.23)

At September 30, 2022, there were no contingently issuable subordinate voting shares related to the performance fee payable to TopCo LP. At September 30, 2021 there were 239,580 contingently issuable subordinate voting shares related to the performance fee payable to TopCo LP, which were excluded from the calculation of diluted weighted average common shares outstanding for the first nine months of 2021 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 September 30, 2022 there were no potential subordinate voting shares issuable relating to the Special Incentive Plan (refer to note 9) 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 (refer to note 7) because the HFP Warrants were out of the money. At September 30, 2021 there were 290,323 potential subordinate voting shares issuable relating to the Special Incentive Plan, which were excluded from the calculation of diluted weighted average common shares outstanding for the first nine months of 2021 because their effect would have been anti-dilutive, and no potential subordinate voting shares issuable relating to the HFP Warrants because the HFP Warrants were out of the money.

11. Income Taxes

The company's provision for (recovery of) income taxes for the third quarter and first nine months of 2022 is summarized in the following table:

	Third quarter		First nine months	
	2022	2021	**2022**	2021
Current income tax:				
Current year expense (recovery)	**5,240**	(80)	**5,030**	(879)
Adjustment to prior years' income taxes	**(1)**	5	**38**	(1,173)
	5,239	(75)	**5,068**	(2,052)
Deferred income tax:				
Origination and reversal of temporary differences	**(2,192)**	2,516	**(758)**	2,618
Adjustments to prior years' deferred income taxes	**—**	—	**15**	(213)
	(2,192)	2,516	**(743)**	2,405
Provision for (recovery of) income taxes	**3,047**	2,441	**4,325**	353

A significant portion of the company's 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 provision for income taxes calculated at the Canadian statutory income tax rate to the provision for income taxes at the effective tax rate in the consolidated financial statements for the third quarter and first nine months of 2022 are summarized in the following table:

	Third quarter		First nine months	
	2022	2021	**2022**	2021
Canadian statutory income tax rate	**26.5 %**	26.5 %	**26.5 %**	26.5 %
Recovery of income taxes at the Canadian statutory income tax rate	**(6,869)**	(2,952)	**(16,958)**	(6,445)
Non-taxable losses on investments	**1,854**	989	**2,995**	1,381
Tax rate differential on earnings incurred outside of Canada	**4,451**	2,381	**17,586**	1,400
Provision (recovery) relating to prior years	**(23)**	5	**31**	(1,386)
Unused tax losses	**(240)**	—	**(327)**	—
Change in unrecorded tax benefit of losses and temporary differences	**(3,042)**	(677)	**(7,334)**	4,990
Foreign exchange effect	**6,489**	2,832	**7,943**	514
Change in tax rate for deferred income taxes	**—**	—	**—**	
Other, including permanent differences	**427**	(137)	**389**	(101)
Provision for income taxes	**3,047**	2,441	**4,325**	353

Non-taxable losses on investments of $1,854 and $2,995 in the third quarter and the first nine months of 2022 principally reflected the non-taxable portion of unrealized losses on investments in TopCo LP and Helios Fund IV of $2,987 and $7,706, and the non-taxable portion of unrealized gains on other investments of $1,133 and $4,711.

Non-taxable losses on investments of $989 and $1,381 in the third quarter and first nine months of 2021 principally reflected unrealized taxable losses on investments of $1,849 and $1,272, partially offset by unrealized gains on investments in TopCo LP Class A and Class B Limited Partnership Interests of $2,838 and Helios Fund IV Limited Partnership Interest of $2,653.

Tax rate differential on income outside of Canada of $4,451 and $17,586 in the third quarter and first nine months of 2022 principally reflected the current and deferred tax impact of foreign accrual property income and losses, foreign accrual capital losses, and net investment income losses taxed at different rates in jurisdictions outside of Canada.

The tax rate differential on income outside of Canada of $2,381 and $1,400 in the third quarter and first nine months of 2021 principally reflected the current and deferred tax impact of foreign accrual property and capital losses, net investment losses taxed in Mauritius at lower rates, partially offset by losses incurred in South Africa taxed at marginally higher rates.

Provision (recovery) relating to prior years of $(23) and $31 in the third quarter and first nine months of 2022 principally reflected adjustments for taxable income allocations from TopCo LP and Helios Fund IV Limited Partnership, capitalized professional fees, and foreign taxes paid. Provision (recovery) relating to prior years of $5 and $(1,386) in the third quarter and first nine months of 2021 principally reflected adjustments for impaired debts, the tax benefit of foreign accrual property loss carryback, and related foreign exchange adjustments.

Unused tax losses of $240 and $327 in the third quarter and first nine months of 2022 (2021 - nil) reflected the company's net capital loss carryforward arising from an intercompany transaction and settlement of investments.

The change in unrecorded tax benefit of losses and temporary differences of $3,042 and $7,334 in the third quarter and first nine months of 2022 principally reflected the change in deferred tax liabilities in foreign accrual capital losses of $1,252 and $1,808; investment and other temporary timing differences of $1,128 and $988 that were not recorded by the company as the related pre-tax losses did not meet the recognition criteria under IFRS; and deferred tax liabilities in South Africa on investments of $662 and $4,538.

The change in unrecorded tax benefit of losses and temporary differences of $(677) and $4,990 in the third quarter and first nine months of 2021 principally reflected the change in deferred tax assets in foreign accrual capital losses of $11 and $2,596, and investment and other temporary timing differences of $241 and $3,483 that were not recorded by the company as the related pre-tax losses did not meet the recognition criteria under IFRS and deferred tax liabilities in South Africa on investments of $929 and $1,088.

Foreign exchange effect of $6,489 and $7,943 in the third quarter and first nine months of 2022 (2021 - $2,832 and $514) 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 U.S. dollar.

Other, including permanent differences of $427 and $389 in the third quarter and first nine months of 2022 (2021 - $(137) and $(101)) principally reflected non-deductible expenses.

12. Financial Risk Management

Overview

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 September 30, 2022 compared to those identified at December 31, 2021, except as described below.

Conflict in Ukraine

The conflict in Ukraine is ongoing with countries around the world continuing to impose economic sanctions against Russia, including bans on the import of Russian oil and natural gas. Russia has retaliated by reducing supply to less than 20% of 2021 levels. The conflict has also impacted global supply chains already disrupted by and not fully recovered from the COVID-19 pandemic. As a result, prices for oil, food, and other commodities increased sharply and have been volatile since the conflict began. Such further developments and their impacts on the global economy could have a material adverse effect on the company's business, financial condition, results of operations and cash flows.

Inflation and rising interest rates

The global impacts of the conflict in Ukraine discussed above, exacerbated by the lingering effects of the COVID-19 pandemic, have resulted in increasing inflation since the beginning of the conflict, particularly related to food and fuel, causing central banks in major economies to begin to raise interest rates. Rising interest rates have the potential to impact discount rates used in the company's valuations of Private Portfolio Investments and could also impact foreign exchange risk as currencies appreciate or depreciate depending on local monetary policy responses. 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 market 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 of future cash flows of a financial instrument or another asset or liability will fluctuate due to changes in exchange rates and as a result, could produce an adverse effect on net earnings and common shareholders' equity when measured in U.S. dollars, the company's functional currency.

The company has cash and cash equivalents, Portfolio Investments, and receivables in South African rand, and cash and cash equivalents and Portfolio Investments in pound sterling. In addition, the company has cash and cash equivalents in Canadian dollars and Mauritian rupees, of which the impact of fluctuations in either would be insignificant. In the first nine months of 2022, the company's net foreign currency exposure on balances denominated in the South African rand remained relatively constant when compared to the net foreign currency exposure to that currencies at December 31, 2021. In the first nine months of 2022, the company's net foreign currency exposure on balances denominated in pound sterling decreased due to the sale of Other Common Shares denominated in pound sterling. 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- and pound sterling-denominated investments.

At September 30, 2022, 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 $3,285 and $6,569, 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 $3,285 and $6,569, respectively. At September 30, 2022, 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 $319 and $638, 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 $319 and $638, 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 and pound sterling against the U.S. dollar occurred with all other variables held constant.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Typically, as interest rates rise, the fair values of fixed income investments decline and, conversely, as interest rates decline, the fair values of fixed income investments rise. In each case, the longer the maturity of the financial instrument, the greater the consequence of a change in interest rates.

At September 30, 2022 the company held fixed income investments with a fair value of $23,603 (December 31, 2021 - $52,866), representing 30.2% (December 31, 2021 - 64.3%) 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.

At September 30, 2022, the company held fixed income investments with a fair value of $34,447 (December 31, 2021 - $9,726), representing 44.1% (December 31, 2021 - 11.8%) of the fixed income portfolio, which were valued at amortized cost using the effective interest rate method. Under this method, fixed income investments fair values reflect the amounts to be received, discounted where appropriate, at the investment's effective interest rate, and as such, these investments have limited exposure to interest rate risk.

Market Price Fluctuations

Market price fluctuation is the risk that the fair value of future cash flows of an equity investment, a limited partnership investment, or a related party derivative will fluctuate due to changes in market prices (other than those arising from foreign currency risk).

The company holds significant equity and limited partnership investments and a related party derivative 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 decreased to $334,861 at September 30, 2022 from $407,383 at December 31, 2021 primarily as a result of the receipt of an equalization adjustment of $4,614 and a return of capital of $4,602 from Helios Fund IV and net unrealized losses on investments in common shares and limited partnership interests, partly offset by unrealized gains on the HFP Redemption Derivative, which limits the company's exposure to market price risk on its investments in indirect equity interest in AGH and Philafrica common shares (refer to note 5). 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 September 30, 2022, with all other variables held constant, would have resulted in a net decrease in net earnings (loss) of $1,066 (December 31, 2021 - $2,153). 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 September 30, 2022, with all other variables held constant, would have resulted in a net increase in net earnings (loss) of $1,066 (December 31, 2021 - $2,153). Refer to note 6 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, receivables, and investments in debt instruments.

Cash and Cash Equivalents

The company monitors risks associated with cash and cash equivalents by regularly reviewing the financial strength and creditworthiness of these financial institutions. From these reviews, the company may transfer balances from financial institutions where it perceives heightened credit risk to others considered to be more stable.

At September 30, 2022 the company's cash and cash equivalents of $128,154 (December 31, 2021 - $76,284) were comprised of $107,888 (December 31, 2021 - $51,609) at the holding company (principally in major Canadian financial institutions) and $20,266 (December 31, 2021 - $24,675) at the company's wholly-owned subsidiaries.

At September 30, 2022, the company held $823 in cash and cash equivalents (December 31, 2021 - $4,677) in deposit accounts with Access Bank SA.

Receivable from Related Parties

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.

At September 30, 2022, the company's receivable from related parties of $1,564 (December 31, 2021 - $11,002) was primarily comprised of $1,523 receivable from TopCo LP. The receivable at December 31, 2021 was primarily comprised of $10,512 receivable from TopCo LP and $490 receivable from other parties (refer to note 13).

Other Assets

At September 30, 2022, the company's other assets of $928 (December 31, 2021 - $1,390) 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 September 30, 2022, the company estimated the recoverable amount on its receivable from Atlas Mara to be $587 (December 31, 2021 - $1,188) based on amounts received and expected to be received from the UBN sale, pursuant to the terms of the Atlas Mara SOA. Refer to note 14 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 September 30, 2022, the company had debt instruments with a fair value of $78,173 (December 31, 2021 - $82,200) that were subject to credit risk, representing 12.5% (December 31, 2020 - 12.0%) of the total cash and investments.

The company's exposure to credit risk from its investments in fixed income securities decreased to $71,262 at September 30, 2022 from $74,981 at December 31, 2021 primarily as a result of full repayment of the Atlas Mara 7.5% Bonds and partial repayment and assignment of the Atlas Mara Facility, offset by new investments in the Event Horizon Loan, the Digital Ventures $40M Facility, and the Digital Ventures $1M Facility. The HFP Redemption Derivative limits the company's exposure to credit risk on its investments in the Philafrica Facility (refer to note 5).

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.

	September 30, 2022		December 31, 2021	
	Cost [1]	Fair value	Cost [1]	Fair value
Loans:				
Due in 1 year or less [2]	**66,317**	**58,050**	54,453	42,564
Due after 1 year through 5 years	**19,758**	**19,758**	19,608	19,608
Due after 5 years	**365**	**365**	—	—
	86,440	**78,173**	74,061	62,172
Bonds:				
Due in 1 year or less [2]	**20,073**	**—**	39,363	20,028
	20,073	**—**	39,363	20,028

(1) Cost is comprised of fair value on initial recognition and capitalized interest.
(2) At September 30, 2022 and December 31, 2021, includes instruments for which the contractual maturity has passed but have not yet been repaid.

At September 30, 2022, loans with fair values of $35,015 and bonds with fair values of $nil (December 31, 2021 - $42,564 and $28) contained call features. At September 30, 2022 and December 31, 2021, 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 and cash equivalents, receivable from related parties, the RMB facility (refer to note 7) and publicly traded investments at September 30, 2022 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 Digital Ventures LP, 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 access to adequate liquidity to support its operations.

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

	September 30, 2022		December 31, 2021		
	Total	Less than 1 year	Total	Less than 1 year	1-2 years
HFP 3.0% Debenture - Principal repayment[1]	**100,000**	**100,000**	100,000	—	100,000
HFP 3.0% Debenture - Interest	**1,500**	**1,500**	6,750	3,000	3,750
Digital Ventures $40M Facility	**25,473**	**25,473**	—	—	—
Digital Ventures $1M Facility	**637**	**637**	—	—	—
Helios Fund IV Commitment	**28,369**	**28,369**	18,549	18,549	—
TopCo LP Management Team Commitment	**4,051**	**4,051**	2,782	2,782	—
Due to related parties	**840**	**840**	8,803	7,865	938
Accounts payable and accrued liabilities	**798**	**798**	136	136	—
Automatic share purchase plan	**—**	**—**	500	500	—
	161,668	**161,668**	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. Fairfax did not exercise its option to redeem the HFP 3.0% Debenture on March 31 2022, the first anniversary. Refer to note 7.

The company may be subject to clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest to the extent it has received Carried Interest Proceeds and a clawback is required (refer to note 5).

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 Portfolio Investments by industry sector is presented in the following table:

	September 30, 2022	December 31, 2021
Asset management[2]	**214,333**	250,182
Food and agriculture	**59,056**	86,516
Financial services [1][2]	**24,822**	40,230
Education	**24,933**	38,811
Entertainment	**43,784**	33,416
Infrastructure	**25,030**	42,193
Retail and distribution [1][2]	**36,084**	40,036
Insurance [1]	**5,967**	8,162
	434,009	539,546

(1) Helios Fund IV has been allocated to industry sectors based on underlying investment holdings.
(2) A significant portion of the returns of TopCo Class A Limited Partnership Interest, TopCo Class B Limited Partnership Interest, and Helios Fund IV are tied to the performance of Helios.

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 $623,440 at September 30, 2022 (December 31, 2021 - $690,534). The decrease primarily reflected a net loss of $68,321.

13. Related Party Transactions

Payable to Related Parties

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

	September 30, 2022			December 31, 2021		
	Helios Holdings Group [(1)]	**Fairfax**	**Total**	Helios Holdings Group [(1)]	Fairfax	Total
Performance fee	**—**	**—**	**—**	938	—	938
Investment and advisory fees	**840**	**—**	**840**	1,711	—	1,711
Management services fees	**—**	**—**	**—**	—	400	400
TopCo LP Capital Call	**—**	**—**	**—**	4,718	—	4,718
Other	**—**	**—**	**—**	—	1,036	1,036
	840	**—**	**840**	7,367	1,436	8,803

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

Investment Advisory Agreement

The company and its subsidiaries are parties to the Investment Advisory Agreement with TopCo LP, pursuant to which TopCo LP became the 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 the third quarter and first nine months of 2022, investment and advisory fees recorded within the consolidated statements of loss and comprehensive loss were $836 and $2,843 (2021 - $832 and $2,437).

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 September 30, 2022 the company determined that a performance fee of $nil should be accrued to TopCo LP (December 31, 2021 - $938) as the Adjusted Book Value per Share of $2.85 (before factoring in the impact of the performance fee) at September 30, 2022 was less than the hurdle per share at that date of $3.23.

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 the third quarter and first nine months of 2022, a performance fee of $nil and a performance fee recovery of $938 (2021 - a performance fee recovery of $1,978 and a performance fee of $927) was recorded within the consolidated statements of loss and comprehensive loss.

Management Services Agreement

The company has entered into a 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 the third quarter and first nine months of 2022, the management services fees recorded within the consolidated statements of loss and comprehensive loss was $142 and $730 (2021 - $484 and $1,376).

TopCo LP Capital Call

The TopCo LP capital call of $4,718 at December 31, 2021 was comprised of a capital call payable to TopCo LP with respect to Management Team Commitment. On January 7, 2022, the capital call was settled on a net basis with $7,733 receivable from TopCo LP discussed below. Refer to note 5 for the company's commitments and capital contributions to TopCo LP.

Other

Other payable of $1,036 at December 31, 2021 was primarily comprised of amounts due to Fairfax for expenses incurred by Fairfax on behalf of the company.

Receivable from Related Parties

Receivable from related parties of $1,564 at September 30, 2022 (December 31, 2021 - $11,002) was primarily comprised of distributions receivable of $1,523 from TopCo LP Class B Limited Partnership Interest in connection with Excess Management Fees earned during the first nine months of 2022. Refer to the Private Portfolio Investments section in note 5. The receivable at December 31, 2021 was primarily comprised of a distribution receivable from TopCo LP Class A Limited Partnership Interest of $7,733 and $2,410 distribution receivable from TopCo LP Class B Limited Partnership Interest in connection with Excess Management Fees earned during 2021.

Fairfax's Voting Rights and Equity Interest

At September 30, 2022, Fairfax, through its subsidiaries, owned 30,000,000 multiple voting shares and 5,302,912 subordinate voting shares of HFP (December 31, 2021 - 30,000,000 and 5,302,912 respectively), as well as 3,000,000 HFP Warrants exercisable for one subordinate voting share each, none of which have been exercised.

At September 30, 2022, 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, 2021 - 53.3% and 32.6%).

Helios' Voting Rights and Equity Interest

At September 30, 2022, Principal Holdco, a Luxembourg holding company, indirectly owned by Tope Lawani and Babatunde Soyoye, owned 25,452,865 multiple voting shares and 24,632,413 subordinate voting shares of HFP (December 31, 2021 - 25,452,865 and 24,632,413). In addition to his ownership through Principal Holdco, Mr. Lawani also directly owns 4,500 subordinate voting shares (December 31, 2021 - 4,500) and indirectly owns 62,000 subordinate voting shares through a holding company (December 31, 2021 - nil).

At September 30, 2022, 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, 2021 - 45.9% and 46.3%).

Key Management Personnel and Director Compensation

Management Compensation

In the third quarter and first nine months of 2022, the company incurred $318 and $1,008 (2021 - $311 and $822) in compensation expense for key management personnel, which was recorded in general and administration expenses within the consolidated statements of loss and comprehensive loss.

Director Compensation

Compensation for the company's Board of Directors for the third quarter and first nine months of 2022 and 2021 was recognized in general and administration expenses in the consolidated statements of loss and comprehensive loss as follows:

	Third quarter		**First nine months**	
	2022	2021	**2022**	2021
Retainers and fees	**100**	87	**301**	228
Share-based payments	**90**	31	**215**	93
	190	118	**516**	321

Special Incentive Plan

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 (refer to note 9).

Long Term Incentive Plan

The company adopted the Long Term Incentive Plan, pursuant to which restricted share units of the company were granted to the LTIP Recipients (refer to note 9).

Related Party Investment Transactions

Helios Fund IV

Helios Fund IV is related to HFP by virtue of common key personnel. On February 21, 2022, Helios Fund IV received additional limited partnership commitments thereby reducing the company's interest held and resulting in the receipt of an equalization adjustment of $4,614 to the company on March 9, 2022. On June 13, 2022, the company received a distribution of $4,602 comprised of an equalization adjustment of $184 and a return of capital of $4,418, reducing the company's interest based on committed capital to 14.1%. On September 29, 2022, the company received a distribution of $844, comprised of an equalization adjustment of $981 net of capital contribution of $137. The exchange amount of the transaction represented fair value (refer to notes 5 and 6).

Trone Holdings

On December 14, 2021, the company invested $15,528 for a 22.0% 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 (refer to notes 5 and 6).

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% 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 (refer to notes 5 and 6). On February 21, 2022, Helios Fund IV received additional limited partnership commitments, resulting in the receipt of an equalization adjustment of $652 by the company on April 28, 2022. The exchange amount of the transaction represented fair value (refer to notes 5 and 6). In June 2022, Helios Holdings Group's Management Team Commitment for Helios Fund IV increased following the final close of Helios Fund IV. HFP's total commitments to TopCo LP in respect of Management Team Commitments decreased from 50% to 25% of the Helios Holdings Group's Management Team Commitment.

Fairfax Loan

The company issued the $20,000 interest-free Fairfax Loan to Fairfax, due no later than December 8, 2023 (refer to note 6).

Digital Ventures Facilities

On May 30, 2022, the company entered into a loan facility agreement for $40,000 with Helios Digital Ventures LP ("HDV"), a limited partnership domiciled in Guernsey (the "Digital Ventures $40M Facility"). HDV is a venture capital fund with a focus on investing in digital infrastructure across Africa. Concurrently, the company entered into a loan facility for $1,000 with Obashe Trust ("Obashe"), a company domiciled in the United States (the "Digital Ventures $1M Facility"). Obashe is the sole limited partner of HDV. Helios Digital Ventures LP is related to HFP by virtue of common key personnel. Obashe Trust is also related to HFP.

14. Other Assets

Other assets at September 30, 2022 and December 31, 2021 were comprised as follows:

	September 30, 2022			December 31, 2021		
	Gross	**Provision**	**Net**	Gross	Provision	Net
Receivable from Atlas Mara	**1,016**	**429**	**587**	2,068	880	1,188
Sales tax refundable	**2,497**	**2,446**	**51**	2,497	2,446	51
Other	**290**	**—**	**290**	151	—	151
	3,803	**2,875**	**928**	4,716	3,326	1,390

Loss on uncollectible accounts receivable for the third quarter and first nine months of 2021 was comprised as follows:

	Third quarter			**First nine months**		
	2021			2021		
	Unrealized gain on uncollectible accounts receivable	Realized gain/loss on uncollectible accounts receivable	Total gain on uncollectible accounts receivable	Unrealized loss on uncollectible accounts receivable	Realized gain/loss on uncollectible accounts receivable	Total loss on uncollectible accounts receivable
Receivable from Atlas Mara	618	—	618	3,633	—	3,633
Sales tax refundable	—	—	—	2,446	—	2,446
	618	—	618	6,079	—	6,079

Receivable from Atlas Mara

At September 30, 2022 the receivable from Atlas Mara relates to the guarantee provided by the company to TLG Capital on the TLG Facility.

On January 8, 2021, Atlas Mara defaulted on the TLG Facility and TLG Capital enforced under the guarantee with the company. On January 19, 2021, the company paid $8,474 in principal, interest, and fees to TLG Capital in settlement of the guarantee. Also on January 19, 2021, the company enforced 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 and the portion of the Atlas Mara Botswana shares which were pledged as security for the Atlas Mara Facility were subsequently released by the company to facilitate the sale. On October 14, 2021, the company received partial repayment for the TLG Facility Guarantee of $3,660.

In December 2021, Atlas Mara and certain other shareholders in UBN entered into an agreement to sell their interest in UBN to a Nigerian bank holding company ("UBN Sale"). During the second quarter of 2022, the conditions of the UBN Sale were met and on June 17, 2022, the company received partial repayment of $601 on the TLG Facility Guarantee upon Atlas Mara receiving proceeds from the UBN sale. Pursuant to the Atlas Mara SOA, the company expects further repayments on the TLG Facility Guarantee as Atlas Mara receives the remaining tranche of proceeds from the sale.

At September 30, 2022, the company estimated the recoverable amount on its receivable from Atlas Mara to be $587 based on amounts received and expected to be received from the UBN sale, pursuant to the terms of the Atlas Mara SOA.

In the third quarter and first nine months of 2022, the company recorded a loss of $nil and $nil (2021 - gain of $618 and loss of $3,633) in loss on uncollectible accounts receivable within the consolidated statements of loss and comprehensive loss related to the receivable from Atlas Mara.

Sales Tax Refundable

There was no change in the gross sales tax refundable or provision for sales tax refundable at September 30, 2022. In the first quarter of 2021 the company determined that sales tax refundable in Canada is uncollectible and in the first nine months of 2021 the company recorded a loss of $2,446 in loss on uncollectible accounts receivable within the consolidated statements of loss and comprehensive loss.

15. General and Administration Expenses

General and administration expenses for the three and nine months ended September 30 were comprised as follows:

	Third quarter		First nine months	
	2022	2021	**2022**	2021
Audit, legal, tax and professional fees	**663**	508	**3,076**	2,941
Administrative expenses	**1,064**	245	**2,331**	465
Management service fees (note 13)	**142**	484	**730**	1,376
Salaries and employee benefit expenses	**753**	733	**2,945**	2,784
Brokerage fees	**9**	11	**28**	30
	2,631	1,981	**9,110**	7,596

16. Supplementary Cash Flow Information

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

	September 30, 2022	December 31, 2021
Cash and balances with banks	**127,440**	35,511
U.S. treasuries	**714**	40,773
	128,154	76,284

Details of certain cash flows included within the consolidated statements of cash flows for the three and nine months ended September 30, 2022 were as follows:

	Third quarter		First nine months	
	2022	2021	**2022**	2021
Purchases of investments				
Limited partnership investments	**—**	—	**—**	(22,413)
Common shares	**—**	—	**—**	(30,000)
Loans	**(7,933)**	(9,600)	**(24,309)**	(9,600)
	(7,933)	(9,600)	**(24,309)**	(62,013)
Disposals of investments				
Loans	**—**	—	**4,365**	—
Bonds	**—**	—	**20,000**	—
Common stocks	**10,264**	7,433	**10,264**	7,433
Related party derivatives and guarantees	**33,424**	—	**33,424**	—
	43,688	**7,433**	**68,053**	**7,433**
Receipt of equalization adjustments				
Limited partnership investments	**606**	—	**5,404**	—
	606	—	**5,404**	—
Returns of capital				
Limited partnership investments	**508**	—	**6,593**	—
	508	—	**6,593**	**—**
Interest received (paid)				
Interest received	**687**	375	**7,577**	432
Interest paid on borrowings	**(756)**	(756)	**(2,244)**	(1,512)
	(69)	(381)	**5,333**	(1,080)
Dividends received	**160**	178	**950**	345
Income taxes paid	**—**	35	**(8)**	(1,845)

17. Reclassification of Comparative Amounts

During the first nine months of 2022, the company changed its accounting policy related to the presentation of certain assets within the consolidated balance sheets. The prior presentation of Portfolio Investments within the consolidated balance sheets was changed to split the aforementioned asset into Portfolio Investments and Related party derivatives and guarantees. The adjustment in presentation was made to better reflect the characteristics of the assets presented in the consolidated balance sheets. As at December 31, 2021, the following assets within the consolidated balance sheets were adjusted as follows:

a. Related party derivatives and guarantees in the amount of $47,952 were reclassified out of Portfolio Investments and into a separate line item within the consolidated balance sheet, for a total amount of $47,952 presented under Related party derivatives and guarantees and a total amount of $539,546 presented under Portfolio Investments.

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