HELIOS FAIRFAX PARTNERS

INTERIM REPORT

For the nine months ended September 30, 2023

Index to Management's Discussion and Analysis

Management's Discussion and Analysis
(as of November 8, 2023)
(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, 2023 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, 2022 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 Loan, Derivatives and Guarantees) to the interim consolidated financial statements for the three and nine months ended September 30, 2023.

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: geopolitical risks; 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 geographic concentration and with respect to Class A and Class B limited partnership interests in the Portfolio Advisor; 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; climate change, natural disaster, and weather risks; 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, 2023 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.

The company makes 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").

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. TopCo LP is also the investment vehicle through which HFP receives cash flows from its entitlement to certain Helios fee streams, including excess management fees and carried interest.

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, 2023, the company determined that it was in compliance with the Investment Concentration Restriction.

Overview of African Operating Environment

The company believes long-term demographic and economic shifts in Africa will offer attractive and unique investment opportunities on which HFP intends to capitalize. The demographic and technology tailwinds that make Africa an attractive investment locale remain intact. The continent benefits from a young and growing population. According to the UN, the median age in Africa is 19 years old, compared to 38 in North America and 42 in Europe. In addition, over the next 30 years, almost 70% of the growth in the total global workforce is expected to come from Africa. With populations in the developed and much of the developing world aging rapidly, the youthfulness and growth of Africa's population makes the continent critical to sustaining the global labour force.

A critical mass of young, urban and digitally-savvy Africans are catalyzing a powerful innovation ecosystem. In 2021, 83% of the population in Sub-Saharan Africa had access to broadband coverage, up from 50% in 2014, and the number of innovation and technology hubs in Africa grew from 70 in 2012 to 1,031 in 2021. This young, digitally connected workforce is increasingly urbanized. It is projected that urban populations in Africa will increase 174% from 2020 to 2050 compared to 27% in North America and 8% in Europe.

Looking at the macroeconomic environment, African economies remain resilient despite deteriorating global economic conditions. According to the IMF, Sub-Saharan African economies are projected to grow at an attractive pace in 2023 and 2024 in both absolute terms and relative to Europe and the US. Notably, those economies are expected to experience a much greater slowdown in GDP than what is forecast for the African region.

Current levels of inflation are high in Africa and the developed world. However, the comparatively higher increase in inflation in the developed world is causing more severe disruption to their economies. African economies are used to operating in a higher inflationary environment, and the increase in Sub-Saharan CPI is substantially less than what is being experienced in Europe and the US.

In response to rising inflation, central banks across the globe have raised interest rates. In the US and Europe, businesses and consumers are learning to adjust to significantly elevated rates not seen in decades, whereas in Africa interest rates remain close to historic averages.

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, 2023. Refer to note 7 (Borrowings) to the interim consolidated financial statements for the three and nine months ended September 30, 2023 for additional details.

On May 11, 2023, the company's shareholders approved at the company's annual general meeting a reduction of the stated capital of the company's multiple voting shares by $179,550 and subordinate voting shares by $179,550, effective May 31, 2023. The reduction of stated capital reduced common stock by $359,100, increased contributed surplus by $359,100 and did not result in any change to total equity.

During the first nine months of 2023, under the terms of its normal course issuer bid, the company purchased for cancellation 72,276 subordinate voting shares (2022 - 88,776 subordinate voting shares) for a net cost of $211 (2022 - $305) and $375 (2022 - $417) was recorded as a benefit in retained earnings.

Subsequent to September 30, 2023

Subsequent to September 30, 2023, under the terms of the automatic share purchase plan in place for the normal course issuer bid, 38,173 subordinate voting shares were purchased on behalf of the company for a net cost of $106.

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.* TopCo LP prepares its financial statements in accordance with IFRS as issued by the IASB. 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’s investment in TopCo LP (“Significant Portfolio Investment”) has a fiscal year which ends on December 31. Summarized financial information of the company’s Significant Portfolio Investment 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 Investment’s summarized financial information contained herein requires material modifications. However, readers are cautioned that the Significant Portfolio Investment’s 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	December 31, 2022	Capital Deployed	Realization, Distribution and Return of Capital	Change in Fair Value	September 30, 2023
Investment in Alternative Asset Management						
TopCo LP Class A Limited Partnership Interest	2020	76,823	1,295	(363)	14,139	91,894
TopCo LP Class B Limited Partnership Interest	2020	148,575	—	(122)	(1,478)	146,975
Total		225,398	1,295	(485)	12,661	238,869
Helios Managed Investments						
Helios Fund IV Limited Partnership Interest	2021	33,785	8,632	—	3,664	46,081
Trone Common Shares	2021	17,506	—	—	8	17,514
NBA Africa Common Shares	2021	39,219	—	—	(2,272)	36,947
Event Horizon Loan	2022	9,473	9,444	—	1,311	20,228
Digital Ventures $40M Facility	2022	14,956	700	—	445	16,101
Digital Ventures $1M Facility	2022	371	—	—	17	388
Helios Seven Rivers Fund	2023	—	30,000	—	983	30,983
Helios Sports and Entertainment Group	2023	—	6,000	—	124	6,124
Total		115,310	54,776	—	4,280	174,366
Insured and Guaranteed Legacy Non-Core Investments						
Indirect Equity Interest in AGH	2017	17,456	—	(14,295)	(761)	2,400
Philafrica Common Shares	2018	4,408	—	—	(8)	4,400
Philafrica Facility	2020	7,346	—	—	219	7,565
HFP Redemption Derivative	2021	62,136	—	—	6,504	68,640
Total		91,346	—	(14,295)	5,954	83,005
Other Legacy Non-Core Investments						
Indirect Equity Interest in Access Bank SA	2018	672	—	—	(454)	218
Indirect Equity Interest in Nova Pioneer	2021	25,468	—	—	(7,468)	18,000
AFGRI International Facility	2021	11,669	—	(11,824)	155	—
CIG Loan	2018	17,632	—	(16,391)	(1,241)	—
Atlas Mara 11% Convertible Bonds	2018	—	—	—	—	—
Total		55,441	—	(28,215)	(9,008)	18,218
Public Investments						
Common Shares	2020	16,595	—	(15,856)	(739)	—
Total		16,595	—	(15,856)	(739)	—
Total Portfolio Investments and Related Party Derivatives and Guarantees		504,090	56,071	(58,851)	13,148	514,458

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 (with the exception of HSRF being a level 2 investment, valued with reference to market input), 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.

Investment in Alternative Asset Management

TopCo LP

TopCo LP, an affiliate of 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.

The investment in TopCo is HFP's long-term value driver and has generated $485 in distributions reflecting excess management fees and carried interest in 2023.

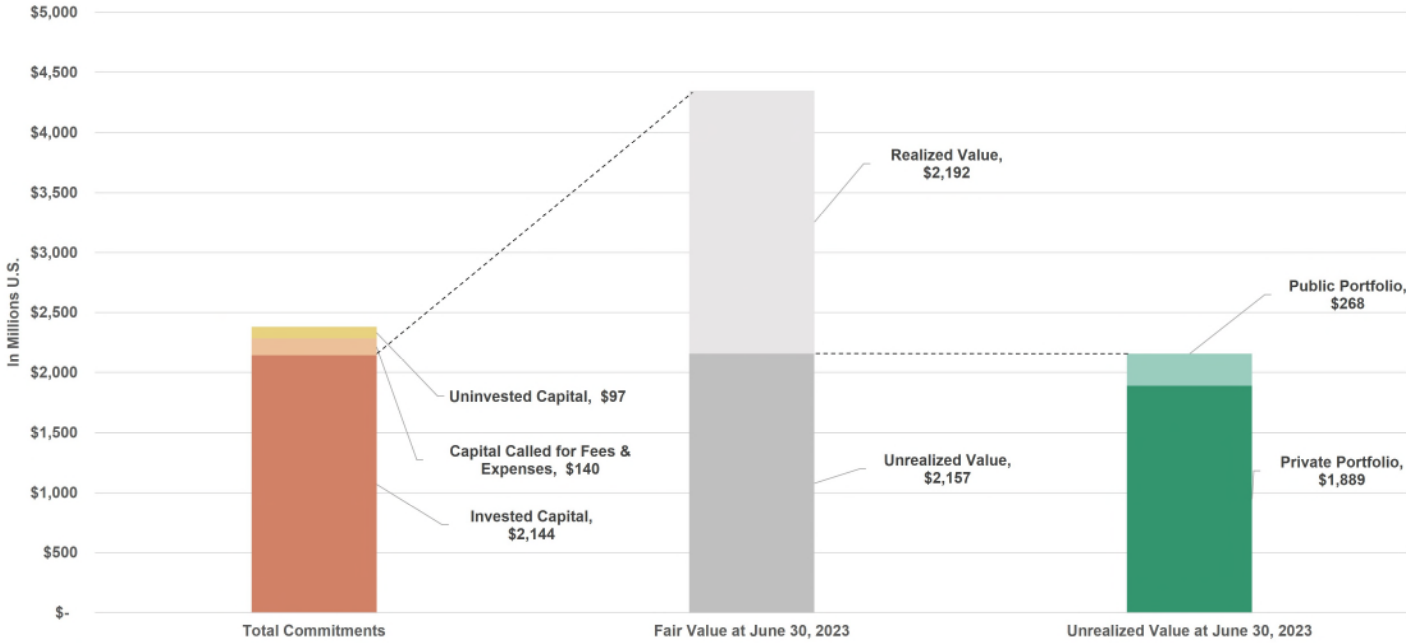
Business Overview

TopCo LP is the investment vehicle through which HFP receives cash flows from its entitlement to certain Helios fee streams, including excess management fees and carried interest. 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, for which it receives investment advisory fees.

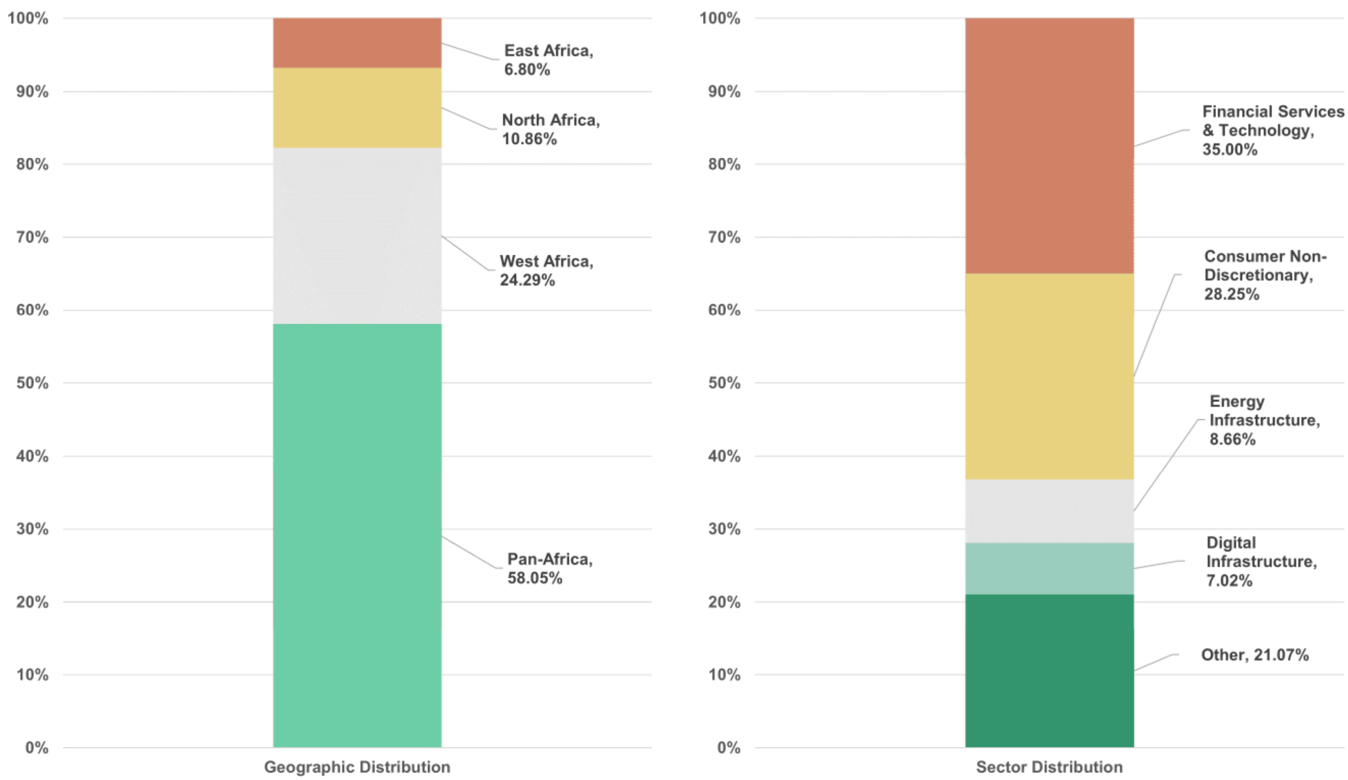
The Helios fee streams to which TopCo LP is entitled are currently derived principally from three private equity funds managed by Helios. Each fund was formed with the purpose of investing in African businesses or other businesses with customers, suppliers or business primarily conducted in, or dependent on, Africa. In each, the general partner receives a 20% carried interest above an 8% hurdle and a management fee which varies with time and other factors.

Helios Fund II, in which TopCo LP is entitled to a 25% share of the general partner's carried interest, is a private equity fund domiciled in the Cayman Islands that was formed in 2009 with $908,500 in committed capital; Helios Fund III (25% carried interest entitlement) is a private equity fund domiciled in the Cayman Islands that was formed in 2014 with $1,117,000 in committed capital; and Helios Fund IV (50% carried interest entitlement) is a private equity fund domiciled in the Cayman Islands that was formed in 2020 with $355,000 in committed capital.

As at June 30, 2023, the status and composition of the Funds was as follows:



As at June 30, 2023, the composition of the Funds' unrealized portfolio was as follows:



For the 12 months ended September 30, 2023, the companies in which the Funds have invested experienced growth in revenue of 19.0%, growth in profits of 18.3% and a decrease in fair value of 12.7%. The decline in fair value of the investee companies was driven primarily by investment exits, higher discount rates, declining market comparable metrics and currency fluctuations.

As at June 30, 2023, the five largest investments in the Helios Funds by unrealized value, were: (i) a private company providing cross border payment and foreign exchange services across Africa; (ii) a private company operating in the gas distribution sector principally in Nigeria; (iii) a private company engaged in midstream LNG operations in Ghana; (iv) a private upstream oil and gas company operating across Pan Africa; and (v) a private company offering electronic payment processing services in Nigeria.

Summarized below is selected information from the Helios Funds as at June 30, 2023 and December 31, 2022. Unrealized carried interest represents the amount of carried interest that would have been realized if all the portfolio investments in the respective Helios Funds were to be exited at their reporting date fair values.

Unrealized carried interest
(unaudited - US$ thousands)

	June 30, 2023	**December 31, 2022**
Helios Investors, LP	**309**	558
Helios Investors II, L.P.	**—**	2,939
Helios Investors III, L.P.	**185,391**	161,484
Helios Investors IV, L.P.	**10,865**	9,035
Peak Co-investment LP	**11**	51
Unrealized carried interest	**196,576**	174,067

Unrealized carried interest increased by $22,509 from $174,067 at December 31, 2022 to $196,576 at June 30, 2023. TopCo LP's share of unrealized carried interest of the Helios Funds noted above is 25% for Helios Funds I-III and Peak Co-investment LP, and 50% of Helios Fund IV. TopCo LP’s share of unrealized carried interest at June 30, 2023 of $51,861 represented a increase of $6,084 (13.3%) from $45,777 at December 31, 2022. In 2022, Peak Co-investment LP distributed carried interest to its partners and the company received $3,608 as part of the distribution from TopCo. In the first nine months of 2023, the company received total distributions of $363 representing carried interest from TopCo LP.

While there can be no assurance that any new strategies will be successfully launched or generate carried interest or incentive fees, the Helios fee streams to which TopCo LP is entitled will include 50% of any carried interest or similar incentive fee that may arise from such new strategies.

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.

TopCo LP Class A Limited Partnership Interest

HFP is entitled to receive carried interest proceeds received by TopCo LP, through its 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. At September 30, 2023 and December 31, 2022, the company was not subject to any clawback obligations with respect to its TopCo LP Class A Limited Partnership Interest.

TopCo LP is a limited partner of HIP Equity IV, L.P. ("HIP Equity IV"), which is the general partner of Helios Fund IV. HFP is committed to contribute 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. This commitment is funded from capital contributed via HFP’s TopCo LP Class A Limited Partnership Interest. In 2022, HFP’s total commitments to TopCo LP in respect of Management Team Commitments for Helios Fund IV decreased from 50% to 25% following the final close of Helios Fund IV.

In the first nine months of 2023, the company received total distributions of $363 representing carried interest from TopCo LP. In the first nine months of 2023, the company funded capital calls of $1,295 from TopCo for its share of HIP Equity IV Management Team Commitment in Helios Fund IV. At September 30, 2023, the company’s net capital contribution to TopCo LP in respect of Management Team Commitments was $5,017 and the remaining capital commitment was $2,483.

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, 2023 and December 31, 2022, HFP held all of the issued and outstanding Class A and Class B Limited Partnership Interests of TopCo LP.

Valuation and Interim Consolidated Financial Statement Impact

TopCo LP Class A Limited Partnership Interest

At September 30, 2023, 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 from 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 30.0% to 34.0% (December 31, 2022 - 25.8% to 31.8%), target exit multiples of invested capital averaging 2.2x to 3.2x across Helios Funds II, III, and IV (December 31, 2022 - 2.4x to 3.0x), and forecasted exit dates ranging from 2023 to 2026 for Helios Funds II and III, and from 2025 to 2028 for Helios Fund IV (December 31, 2022 - 2023 to 2025 and 2023 to 2028). At September 30, 2023 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; and

(ii) 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) be 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 from future Helios Funds have been excluded from free cash flow estimates. In the event that target exit amount and 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, 2023:

Components of value	Vintage Year	Committed Capital	Model inputs: 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	2023-2025	2.2x	30.0%	25.0%	5,739
Helios Investors III, L.P. ("Helios Fund III")(2)	2014	1,117,000	2023-2026	2.9x	32.0%	25.0%	63,322
Helios Investors IV, L.P. ("Helios Fund IV")(3)	2020	355,000	2025-2028	3.2x	34.0%	50.0%	13,249
Fair value of Carried Interest Proceeds							82,310
Fair value of direct interest in Helios Fund IV through Management Team Commitment							9,584
Fair value of TopCo LP Class A Limited Partnership Interest							91,894

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, 2023 the underlying portfolio investments in Helios Fund II were primarily comprised of investments in: (i) a private company offering electronic payment processing services in Nigeria; (ii) a public company operating in the telecommunication infrastructure sector across Africa; and (iii) 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, 2023 the underlying portfolio investments in Helios Fund III were primarily comprised of investments in: (i) a public company providing cross border payment and foreign exchange services across Africa; (ii) a public company providing electronic payment processing services in Egypt; (iii) a private company operating in the gas distribution sector principally in Nigeria; (iv) a private company distributing agricultural inputs across Africa; (v) a private company operating a liquefied natural gas terminal in Ghana; and (vi) a private company operating in the agricultural sector 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, 2023 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 cross-border electronic payment processing services globally (including Africa); (iii) a private reinsurance company operating across Africa; (iv) a private company distributing and maintaining medical devices in Morocco; and (v) a private company developing and operating hyperscale-ready data centers in Kenya.*

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 in active stages of marketing their portfolio investments with a goal of meeting their revised exit forecasts through 2023 to 2026 with carried interest proceeds expected to be realized beginning in 2024.

At September 30, 2023, the company's internal valuation model indicated that the fair value of its TopCo LP Class A Limited Partnership Interest was $91,894 (December 31, 2022 - $76,823). Fair value at September 30, 2023 reflected an increase in valuation of $14,139 and a capital contribution of $1,295, offset by a distribution of carried interest of $363. The increase in valuation was driven mainly by the increase in fair value of certain of the underlying investments, primarily in the financial services sector of Helios Fund III.

TopCo LP Class B Limited Partnership Interest

At September 30, 2023, 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 16.9%, growth in assets under management of 25.1%, probability weightings of 25.0% to 75.0% on future fundraising initiatives, a long term pre-tax profit margin of 43.0% and a long term growth rate of 4.5% (December 31, 2022 - multi-year probability-weighted free-cash flow forecasts with an assumed discount rate of 15.8%, growth in assets under management of 24.6%, a long term pre-tax profit margin of 42.2% and a long term growth rate of 4.5%). At September 30, 2023, 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 Helios Digital Ventures, Helios Sports and Entertainment Group, Helios Seven Rivers Fund, Helios CLEAR and Helios Energy Transition Infrastructure. The $1.1 billion in fee-earning committed capital in place at September 30, 2023 is expected to grow to $8.2 billion over the eight year forecasting period, implying a compound annual growth rate of 25.1%. Growth in profit margins is expected to be driven by growth in assets under management, combined with expected operating leverage. 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

Probability weightings were assigned to management fees for each future initiative. Lower probability weightings were assigned to earnings arising from fee earning capital in the following decreasing order of probability: (i) follow-on funds of current strategies; (ii) funds and permanent capital vehicles for newly launched strategies; and (iii) follow-on funds of these new strategies.

Long term pre-tax profit margins of 43.0% at September 30, 2023 (December 31, 2022 - 42.2%) were estimated by Helios' management based on probability-weighted management fee income and expected operating leverage, resulting in expected long term pre-tax profit margins that were comparable to publicly listed global private equity asset managers.

The discount rate increased to 16.9% at September 30, 2023 from 15.8% at December 31, 2022. At September 30, 2023, the discount rate of 16.9% continued to include certain risk premiums commensurate with the risks inherent in the probability-weighted expected future cash flows.

The long term growth rate of 4.5% at September 30, 2023 (December 31, 2022 - 4.5%) was based on the expected long term sustainable growth rate of the economic environments and sectors in which the investment operates.

At September 30, 2023, the company's internal valuation model indicated that the fair value of its TopCo LP Class B Limited Partnership Interest was $146,975 (December 31, 2022 - $148,575). The decrease in fair value from December 31, 2022 was due primarily to the increase in discount rate driven by rising interest rates in response to high inflation.

TopCo LP's Summarized Financial Information

Summarized below is TopCo LP's balance sheet at June 30, 2023.

Balance Sheet
(unaudited - US$ thousands)

	June 30, 2023
Assets	
Cash	**174**
Equity interest in limited partnerships	**90,292**
Future net fee related earnings	**153,672**
Due from affiliates	**2,376**
Total Assets	**246,514**
Liabilities	
Due to affiliates	**1,218**
Amounts due to Class A interest holder	**90,292**
Distributions payable to Class A interest holder	**—**
Amounts due to Class B interest holder	**153,672**
Distributions payable to Class B interest holder	**1,332**
Total Liabilities	**246,514**

Summarized below is selected information from TopCo LP for the six months ended June 30, 2023.

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

	Six months ended June 30, 2023
Gross management fees	**12,708**
Gross expenses	**12,708**
Realized gain from future net fee related earnings (Excess Management Fees to HFP)	**—**

Helios Managed Investments

As at September 30, 2023, the company has deployed $149,426 into Helios Managed Investments representing $48,974 in direct or co-investments and $100,452 to accelerate investments into new strategies. Since the company's initial investments, the fair value has increased by $24,940 (16.7%) to $174,366 as a result of the strong performance of the underlying investee companies.

Co-Investments

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 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 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.

As of September 30, 2023, Helios Fund IV is managing over $355 million of committed capital and has made investments in: (i) TTMFS Singapore, a private company that provides electronic payment processing services globally (including Africa); (ii) Africa Specialty Risks, a private reinsurance company established in 2020 and is expected to operate across Africa; (iii) BIM Stores Morocco, a private company operating in the discount grocery retail space in Morocco; (iv) Trone, a private company operating in medical devices, in vitro diagnostics and pharmaceuticals in Morocco; and (v) IXAfrica, a private company developing and operating hyperscale-ready data centers in Kenya.

In the first nine months of 2023, the company funded capital calls of $8,632. At September 30, 2023, the company had funded aggregate capital calls of $33,447, representing 14.1% (December 31, 2022 - $24,815 and 14.1%) of the limited partnership interest in Helios Fund IV based on committed capital.

At September 30, 2023, the company's remaining capital commitment to Helios Fund IV was $16,553 (December 31, 2022 - $25,185), which may be called at any time by Helios Fund IV GP in accordance with the Helios Fund IV LPA.

At September 30, 2023, the company estimated the fair value of its investment in Helios Fund IV Limited Partnership Interest to be $46,081 (December 31, 2022 - $33,785). The increase in fair value from December 31, 2022 reflected a net capital contribution of $8,632 and an increase in fair value of the underlying investments, primarily in the technology and insurance sectors of Helios Fund IV.

Since the company's initial investment, the fair value of Helios Fund IV has increased by $12,635 (37.8%) as a result of the strong performance of the underlying investee companies.

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 distributes and maintains medical imaging and diagnostic equipment and produces and distributes contrast pharmaceuticals for imaging.

At September 30, 2023 and December 31, 2022, 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, 2023, the company estimated the fair value of its 22.0% equity interest in Trone Holdings to be $17,514 (December 31, 2022 - $17,506).

Seeding Investments

The investment in NBA Africa and the loan to Event Horizon are seeding investments for Helios' sports and entertainment strategy.

NBA Africa

NBA Africa, LLC ("NBA Africa"), is 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. HFP's investment in NBA Africa is the company's first investment into the sports and entertainment sector, a strategy that was launched in 2021.

At September 30, 2023 and December 31, 2022, the company had invested $30,000 in exchange for an equity interest in NBA Africa.

At September 30, 2023, the company estimated the fair value of its investment in NBA Africa to be $36,947 (December 31, 2022 - $39,219). At September 30, 2023, the fair value of the company's investment in NBA Africa decreased from December 31, 2022 due primarily to an increase in the discount rate driven by rising interest rates in response to high inflation.

Event Horizon Loan

Event Horizon Entertainment Limited, a company based in the United Kingdom, 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 company's investment is structured as a loan and represents a logical next step into the sports and entertainment sector.

On June 1, 2022, the company entered into a loan agreement for $9,418 (7,500 pounds sterling) (the "Event Horizon Loan"). The Event Horizon loan bears interest at a rate of 10% per annum, accrued and capitalized semi-annually, is unsecured and matured on January 31, 2023.

Effective February 1, 2023, the Event Horizon Loan agreement was amended. The maturity date was extended to November 30, 2023 and the interest rate was increased to reflect the 3-month SOFR reference rate plus a margin of 9.38%, with a floor rate of 12% and a ceiling rate of 16%. Interest will continue to be accrued and capitalized on a semi-annual basis. In addition, the loan was converted from pounds sterling to U.S. dollars and the loan facility was increased to $14,214. The additional loan facility of $4,944 was funded on April 6, 2023.

On September 1, 2023, the Event Horizon Loan agreement was amended to increase the loan facility to $18,714. All other terms of the loan facility remained the same. The additional loan facility of $4,500 was funded on September 5, 2023.

At September 30, 2023, the company estimated the fair value of the Event Horizon loan to be $20,228 (December 31, 2022 - $9,473).

In the third quarter and first nine months of 2023, the company recorded interest income of $619 and $1,470 (2022 - $204 and $267) within the consolidated statements of earnings (loss) and comprehensive earnings (loss) related to the Event Horizon Loan.

Helios Sports and Entertainment Group

Helios Sports and Entertainment Group Ltd. ("HSEG") was incorporated under the laws of Guernsey and is a wholly owned subsidiary of the company. HSEG is an investment holding company, which invests in companies, businesses and opportunities in the sports and entertainment sector in Africa. On April 14, 2023, Helios Sports and Entertainment Holdings Ltd. ("HSEH") was incorporated under the laws of Guernsey and is a wholly owned subsidiary of HSEG. On June 23, 2023, the company seeded this new strategy by investing cash of $6,000 in exchange for shares in HSEG, which provided a non-interest bearing loan of $4,000 to HSEH, repayable on demand.

On June 8, 2023, the company, through HSEG and HSEH, subscribed for a 25% equity interest in Zaria Group Limited ("Zaria", formerly Cooper Limited) for no consideration and made a maximum financial commitment of $12,000 to Zaria. Zaria was incorporated in Guernsey on April 17, 2023 for the purposes of acquiring, owning, developing, investing in, and operating development sites for mixed-use sports, recreation and entertainment properties in the major urban centers in Africa. On June 23, 2023, HSEH subscribed to a $4,000 loan note instrument issued by Zaria (the "Zaria Loan", formerly the "Cooper Loan"), representing fulfillment of part of the financial commitment. The Zaria Loan bears interest at a rate of the 3-month SOFR reference rate plus a margin of 5% per annum, accrued and capitalized quarterly, is unsecured and matures on June 8, 2033.

At September 30, 2023, the company had invested $6,000 and has a 100% equity interest in HSEG. At September 30, 2023, the fair value of the company's investment in HSEG was $6,124.

Digital Ventures Facilities

Helios Digital Ventures LP ("HDV"), a limited partnership domiciled in Guernsey, is a venture capital fund with a focus on investing in early-stage technology businesses active in areas such as Technology and Technology-enabled Investments in Financial Services, Food Security, Healthcare, Human Capital and Sustainability across Africa. The company's investment is structured as a loan.

On May 30, 2022, the company entered into a loan facility agreement for $40,000 with HDV (the "Digital Ventures $40M Facility"). 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 facilities provide the company with the opportunity to include early-stage growth investments in its Portfolio Investments. In 2022, drawdowns of $14,527 were funded for the Digital Ventures $40M Facility and drawdowns of $363 were funded for the Digital Ventures $1M Facility.

The funds were used by HDV to invest in Paymob, a merchant acquirer offering a diversified product suite of payment solutions in Egypt, and Nomba, a provider of financial services including cash in/cash out, funds transfers and bill payments through digital and physical channels designed to make fintech services accessible and affordable for all Africans.

The Digital Ventures $40M Facility bears interest at a rate of 8% per annum, accrued and capitalized quarterly, is unsecured and matured on May 30, 2023. Effective June 1, 2023, the Digital Ventures $40M Facility was amended to extend the maturity date to June 1, 2024. All other terms of the facility remain unchanged.

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.

On June 23, 2023 and August 10, 2023, the company funded drawdowns of $200 and $500, respectively, on the Digital Ventures $40M Facility.

At September 30, 2023, the company estimated the fair values of the amounts drawn on the Digital Ventures $40M Facility and the Digital Ventures $1M Facility to be $16,101 and $388 (December 31, 2022 - $14,956 and $371), respectively, including capitalized interest of $1,034 and $24 (December 31, 2022 - $429 and $7), respectively.

In the third quarter and first nine months of 2023, the company recorded interest income of $324 and $932 (2022 - $202 and $238) within the consolidated statements of earnings (loss) and comprehensive earnings (loss) related to the Digital Ventures $40M Facility.

In the third quarter and first nine months of 2023, the company recorded interest income of $6 and $17 (2022 - $3 and $4) within the consolidated statements of earnings (loss) and comprehensive earnings (loss) related to the Digital Ventures $1M Facility.

Helios Seven Rivers Fund

Helios Seven Rivers Fund Ltd. ("Seven Rivers") was incorporated in the Cayman Islands to focus primarily on investing in publicly traded financial instruments, including equities and credit, listed either on local African exchanges or non-African exchanges or traded OTC, in all cases, issued by entities that are domiciled in Africa or are expected to generate a significant share of the revenues or profits from African sources.

In April 2023, the company seeded this new strategy by contributing its investment in Other Common Shares of $15,841 and cash of $14,159, for a total investment of $30,000, in exchange for a 93.7% equity interest in Seven Rivers.

At September 30, 2023, the fair value of the company's investment in Seven Rivers was $30,983.

Insured and Guaranteed Legacy Non-core Investments

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.

At August 28, 2023 and December 31, 2022, 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 was the largest beneficial shareholder of AGH.

On July 28, 2023, the company entered into a Sale and Purchase Agreement whereby it agreed to sell a portion of its investment in Joseph Holdings (comprised of 158,429,106 Ordinary Shares, 26,363,011 Class A Shares of Joseph Holdings, and the shareholder loan) for an aggregate consideration of $14,000 (the "Tranche 1 Sale and Purchase"). On August 29, 2023, the Tranche 1 Sale and Purchase was completed and the company received the payment of sale proceeds of $14,000 in full. For the nine months ended September 30, 2023, the company recognized a net gain on investments of $1,143, comprised of a realized loss of $52,882 offset by a change in unrealized gain of $54,025, and a net foreign exchange loss of $1,944 within the consolidated statements of earnings (loss) and comprehensive income (loss) due to the Tranche 1 Sale and Purchase. Following the Tranche 1 Sale and Purchase, HFP has a 16.3% indirect equity interest (December 31, 2022 - 46.8%) in AGH.

Pursuant to the terms of the Agreement and subject to the completion of the Tranche 1 Sale and Purchase, the company will sell its remaining investment in Joseph Holdings (comprised of its remaining interest in common shares and Class A shares of Joseph Holdings) for an aggregate consideration of $2,400 (the "Tranche 2 Sale and Purchase"). The Tranche 2 Sale and Purchase is subject to certain closing conditions and regulatory approvals and will close on the later of August 29, 2024 and the third Business Day following the date on which the Tranche 2 Sale and Purchase conditions are fulfilled or waived.

The Sale and Purchase Agreement contains an Anti-Embarrassment Clause, which outlines a provision for additional payments to the company in the event of a significant post-transaction value increase within the 24-month period commencing on August 29, 2023, triggered by specific types of share or asset disposal. The Sale and Purchase Agreement also contains a Claw Back Clause which represents a liability of up to $8,000 to the company, the payment of which is conditional upon material agreement terminations within the 24-month period commencing on August 29, 2023. Additionally, the Sale and Purchase Agreement includes an Indemnity clause establishing a liability related to certain ongoing claims, allowing the acquirer to potentially claim amounts under specified conditions within the 24-month period from July 28, 2023, which could result in a maximum liability of $16,400 to the company. The company has not attributed any value to these assets and liabilities, as management has assessed the probability of receipt or payment as a result of these clauses being triggered is remote and therefore the fair value of the asset and liabilities are nominal as at September 30, 2023. The Claw Back Clause and Indemnity Clause are not covered by the HFP Redemption Derivative as discussed later in this note.

At September 30, 2023, the company estimated the fair value of its 16.3% indirect equity interest (December 31, 2022 - 46.8%) in AGH to be $2,400 (December 31, 2022 - $17,456).

On March 31, 2021, as part of the $100,000 HFP 3.0% Debenture transaction (refer to note 7 (Borrowings) to the consolidated financial statements for the nine months ended September 30, 2023), 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.

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.

At September 30, 2023 and December 31, 2022, 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.

On July 28, 2023, the company entered into a Sale and Purchase Agreement (the "Agreement"). Pursuant to the terms of the Agreement, the company is in discussion regarding the selling of its equity interest in Philafrica for an aggregate consideration of not less than $4,400 and expects to receive full repayment of the principal and accrued interest of the Philafrica Facility on or before August 29, 2024 or such later date as may be agreed by the company (the "Liquidity Transactions"). Additionally, the Agreement stipulates that if the Liquidity Transactions are not completed within specified deadlines, the purchaser will acquire the company's equity interest in Philafrica for an aggregate consideration of not less than $4,400 and all rights and obligations under the Philafrica Facility including the principal and accrued interest (see discussion under the header "Indirect equity interest in AGH").

At September 30, 2023, the company estimated the fair value of its investment in Philafrica common shares to be $4,400 (December 31, 2022 - $4,408).

On March 31, 2021, as part of the $100,000 HFP 3.0% Debenture transaction (refer to note 7 (Borrowings) to the consolidated financial statements for the nine months ended September 30, 2023), Fairfax guaranteed a floor valuation of the company's investments in the Reference Investments, giving rise to the HFP Redemption Derivative described later.

Philafrica Facility

At September 30, 2023 and December 31, 2022, 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.

On July 28, 2023, the company entered into a Sale and Purchase Agreement (the "Agreement"). Pursuant to the terms of the Agreement, the company is in discussion regarding the selling of its equity interest in Philafrica for an aggregate consideration of not less than $4,400 and expects to receive full repayment of the principal and accrued interest of the Philafrica Facility on or before August 29, 2024 or such later date as may be agreed by the company (the "Liquidity Transactions"). Additionally, the Agreement stipulates that if the Liquidity Transactions are not completed within specified deadlines, the purchaser will acquire the company's equity interest in Philafrica for an aggregate consideration of not less than $4,400 and all rights and obligations under the Philafrica Facility including the principal and accrued interest (see discussion under the header "Indirect equity interest in AGH").

At September 30, 2023, the company estimated the fair value of the Philafrica Facility to be $7,565 (December 31, 2022 - $7,346).

In the third quarter and first nine months of 2023, the company recorded interest income of $300 and $810 (2022 - $197 and $555) within the consolidated statements of earnings (loss) and comprehensive earnings (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 consolidated financial statements for the nine months ended September 30, 2023), Fairfax guaranteed a floor valuation of the company's investments in the Reference Investments, giving rise to the HFP Redemption Derivative described later.

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 consolidated financial statements for the nine months ended September 30, 2023) the company entered into the HFP Redemption Derivative. At maturity, 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 September 30, 2023, the fair value of the HFP Redemption Derivative was $68,640 (December 31, 2022 - $62,136). The increase in fair value from December 31, 2022 was driven primarily by the passage of time as the HFP Redemption Derivative moved closer to maturity.

Atlas Mara Facility and Atlas Mara Facility Guarantee

In 2022, the company received a repayment of $4,365 from Atlas Mara and entered into an Assignment Agreement with Fairfax, 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. The company realized $49,114 from the Atlas Mara Facility and the Atlas Mara Facility Guarantee, generating liquidity which can be deployed in future strategies.

Other Legacy Non-core Investments

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 2 through 19. Nova Pioneer operates sixteen schools with a combined enrollment of approximately 5,653 students. Nova Pioneer is wholly-owned by Ascendant Learning Limited ("Ascendant"), its Mauritius-based parent entity.

At September 30, 2023 and December 31, 2022, 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, 2023, the company estimated the fair value of its indirect equity interest in Nova Pioneer to be $18,000 (December 31, 2022 – $25,468). The investment was valued using a discounted cash flow analysis at December 31, 2022. At June 30, 2023, the valuation technique was changed from a discounted cash flow analysis to revenue multiples. The decrease in fair value was primarily driven by slower growth, resulting in lower revised revenue projections.

AFGRI International Facility

On August 26, 2021 the company advanced $9,600, net of $400 in raising fees, to AFGRI International Proprietary Limited ("AFGRI International"), a wholly-owned South African subsidiary of AGH, pursuant to a secured lending arrangement (the "AFGRI International Facility").

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.

On March 8, 2023, the company received full repayment of the principal of $10,000 and accrued interest of $1,824 and derecognized the AFGRI International Facility.

In the third quarter and first nine months of 2023, the company recorded interest income of $nil and $201 (2022 – $366 and $1,225) within the consolidated statements of earnings (loss) and comprehensive earnings (loss) related to the AFGRI International Facility.

CIG Loan

At December 31, 2022, 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 September 30, 2022, CIG signed a purchase and sale agreement (the "CIG PSA") whereby CIG would sell its shares in Conlog. The sale was completed in March 2023.

In the first quarter of 2023, the company received full repayment of the principal of $16,391 (300 million South African rand) and derecognized the CIG Loan. In the second quarter of 2023, the company received an interest payment of $1,030, which was recognized as interest income in the consolidated statements of earnings (loss) and comprehensive earnings (loss).

Bonds

At September 30, 2023, 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, 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 the Union Bank of Nigeria ("UBN") and the Atlas Mara 11.0% Convertible Bonds are unsecured.

On June 17, 2022, the company received full repayment of the principal of $20,000 and unpaid interest of $6,202 on 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.

In the third quarter of 2023, the company received an interest payment of $643 on the Atlas Mara 11.0% Convertible Bonds, which was recognized as interest income in the consolidated statements of earnings (loss) and comprehensive earnings (loss).

At September 30, 2023, the company estimated the fair value of the Atlas Mara 11.0% Convertible Bonds to be $nil (December 31, 2022 - $nil).

Public Portfolio Investments

The company's Public Portfolio Investments are as follows:

Common Shares

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

In April 2023, the company transferred its investment in Other Common Shares of $15,841 and cash of $14,159, for a total investment of $30,000, to Helios Seven Rivers Fund Ltd. ("Seven Rivers") in exchange for a 93.7% equity interest in Seven Rivers, described earlier in this note.

Results of Operations

HFP's consolidated statements of earnings (loss) and comprehensive earnings (loss) for the three and nine months ended September 30, 2023 are shown in the following table:

	Third quarter		First nine months	
Income	**2023**	2022	**2023**	2022
Interest	**3,354**	1,727	**9,525**	6,843
Dividends	**—**	160	**208**	950
Net gains (losses) on investments	**(278)**	(11,702)	**15,585**	(43,503)
Net foreign exchange gains (losses)	**71**	(11,736)	**(5,632)**	(14,583)
	3,147	(21,551)	**19,686**	(50,293)
Expenses				
Investment and advisory fees	**856**	836	**2,388**	2,843
Performance fee recovery	**—**	—	**—**	(938)
General and administration expenses	**2,698**	2,631	**8,631**	9,110
Interest expense	**913**	906	**2,704**	2,688
	4,467	4,373	**13,723**	13,703
Earnings (loss) before income taxes	**(1,320)**	(25,924)	**5,963**	(63,996)
Provision for (recovery of) income taxes	**494**	3,047	**(3,249)**	4,325
Net earnings (loss) and comprehensive earnings (loss)	**(1,814)**	(28,971)	**9,212**	(68,321)
Net earnings (loss) per share	**$ (0.02)**	$ (0.27)	**$ 0.09**	$ (0.63)
Net earnings (loss) per diluted share	**$ (0.02)**	$ (0.27)	**$ 0.08**	$ (0.63)

Total income of $3,147 in the third quarter of 2023 compared to total loss of $21,551 in the third quarter of 2022 primarily reflected higher interest income, lower net losses on investments and net foreign exchange gains compared to net foreign exchange losses.

Total income of $19,686 in the first nine months of 2023 compared to total loss of $50,293 in the first nine months of 2022 primarily reflected higher interest income, net gains on investments compared to net losses on investments and lower net foreign exchange losses.

Net gains (losses) on investments for the third quarter of 2023 and 2022 were comprised as follows:

	Third quarter					
	2023			2022		
	Net realized 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	**—**	**(3,124)**	**(3,124)**	—	(5,550)	(5,550)
Common shares	**(52,882)**	**52,265**	**(617)**	5,197	(12,438)	(7,241)
Loans	**—**	**297**	**297**	(4,670)	3,948	(722)
Related party derivatives and guarantees	**—**	**3,166**	**3,166**	33,424	(31,613)	1,811
	(52,882)	**52,604**	**(278)**	33,951	(45,653)	(11,702)

Net realized losses on investments of $52,882 in the third quarter of 2023 were comprised of a realized loss on the partial sale of Indirect equity interest in AGH. Net realized gains 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 change in unrealized gains on investments of $52,604 in the third quarter of 2023 was principally comprised of unrealized gains on the HFP Redemption Derivative ($3,166), Helios Fund IV ($1,971), TopCo LP Class A Limited Partnership Interest ($1,602), and Seven Rivers ($1,289), and the reversal of previously recognized unrealized losses on Indirect equity interest in AGH ($52,173), partially offset by unrealized losses on TopCo LP Class B Limited Partnership Interest ($6,697) and NBA Africa ($1,048).

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 gains (losses) on investments for the first nine months of 2023 and 2022 were comprised as follows:

	First nine months					
	2023			2022		
	Net realized gains (losses)	**Net change in unrealized gains**	**Net gains (losses)**	Net realized gains (losses)	Net change in unrealized gains (losses)	Net gains (losses)
Net gains (losses) on investments:						
Limited partnership investments	**—**	**16,325**	**16,325**	—	(34,306)	(34,306)
Common shares	**(44,623)**	**37,133**	**(7,490)**	5,197	(40,738)	(35,541)
Loans	**29**	**217**	**246**	(9,885)	7,882	(2,003)
Bonds	**—**	**—**	**—**	—	(28)	(28)
Related party derivatives and guarantees	**—**	**6,504**	**6,504**	33,424	(5,049)	28,375
	(44,594)	**60,179**	**15,585**	28,736	(72,239)	(43,503)

Net realized losses on investments of $44,594 in the first nine months of 2023 were principally comprised of a realized loss on the partial sale of Indirect equity interest in AGH ($52,882), partially offset by realized gains on the transfer of Other Common Shares ($8,259).

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 change in unrealized gains on investments of $60,179 in the first nine months of 2023 was principally comprised of unrealized gains on TopCo Class A Limited Partnership Interest ($14,139), the HFP Redemption Derivative ($6,504), and Helios Fund IV ($3,664), and the reversal of previously recognized unrealized losses on Indirect equity interest in AGH ($54,025), partially offset by unrealized losses on Indirect equity interest in Nova Pioneer ($7,468), NBA Africa ($2,272), and TopCo LP Class B Limited Partnership Interest ($1,478), and the reversal of previously recognized unrealized gains on Other Common Shares ($8,324).

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

Net foreign exchange gains (losses) for the third quarter of 2023 and 2022 were comprised as follows:

	Third quarter	
	2023	2022
	Net gains (losses)	Net losses
Net foreign exchange gains (losses) on:		
Cash and cash equivalents	**3**	(968)
Common shares	**59**	(7,763)
Loans	**8**	(2,995)
Other	**1**	(10)
	71	(11,736)

Net foreign exchange gains of $71 in the third quarter of 2023 were principally a result of the strengthening of the South African rand relative to the U.S. dollar during the period.

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 gains (losses) for the first nine months of 2023 and 2022 were comprised as follows:

	First nine months	
	2023	2022
	Net gains (losses)	Net losses
Net foreign exchange gains (losses) on:		
Cash and cash equivalents	**(810)**	(1,116)
Common shares	**(3,137)**	(9,292)
Loans	**(1,745)**	(3,989)
Other	**60**	(186)
	(5,632)	(14,583)

Net foreign exchange losses of $5,632 in the first nine months of 2023 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 $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.

Total expenses of $4,467 in the third quarter of 2023 were consistent with total expenses of $4,373 in the third quarter of 2022.

Total expenses of $13,723 in the first nine months of 2023 were consistent with total expenses of $13,703 in the first nine months of 2022.

General and administrative expenses in the third quarter and first nine months of 2023 include costs attributable to the company's investment activities of $364 and $464 (2022 – $327 and $453). The expenses attributable to investment activities include legal and other professional services required to complete the investment process. As these costs relate directly to the company's investment activities and are not expected to be recurring for an individual investment, they are not considered by management to be general and administrative expenses required for the day-to-day operations of the company.

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 2023, investment and advisory fees recorded within the consolidated statements of earnings (loss) and comprehensive earnings (loss) were $856 and $2,388 (2022 - $836 and $2,843).

At September 30, 2023 the company determined that a performance fee of $nil should be accrued to TopCo LP (December 31, 2022 - $nil) as the Adjusted Book Value per Share of $2.87 (December 31, 2022 - $2.91) (before factoring in the impact of the performance fee) was less than the hurdle per share at the respective date of $3.38. In the third quarter and first nine months of 2023, a performance fee of $nil (2022 - a performance fee of $nil and a performance fee recovery of $938) was recorded within the consolidated statements of earnings (loss) and comprehensive earnings (loss).

In the third quarter and first nine months of 2023, interest expense of $913 and $2,704 (2022 - $906 and $2,688) related to the HFP 3.0% Debentures.

The provision for income taxes of $494 in the third quarter of 2023 differed from the recovery of income taxes that would be determined by applying the company's Canadian statutory income tax rate of 26.5% to the company's earnings before income taxes primarily as a result of the tax rate differential on earnings and losses incurred outside of Canada and foreign exchange effects, partially offset by changes in unrecorded tax benefit of losses and temporary differences.

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 for income taxes of $3,249 in the first nine months of 2023 differed from the provision of income taxes that would be determined by applying the company's Canadian statutory income tax rate of 26.5% to the company's earnings before income taxes primarily as a result of the non-taxable portion of unrealized gains and losses on investments, change in unrecorded tax benefit of losses and temporary differences, and foreign exchange effects, partially offset by the tax rate differential on losses incurred outside of Canada.

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 company reported a net loss of $1,814 (a net loss of $0.02 per basic and diluted share) in the third quarter of 2023 compared to a net loss of $28,971 (a net loss of $0.27 per basic and diluted share) in the third quarter of 2022. The decrease in net loss primarily reflected higher interest income, lower net losses on investments, net foreign exchange gains compared to net foreign exchange losses, and a lower provision for income taxes.

The company reported net earnings of $9,212 (net earnings of $0.09 per basic share and $0.08 per diluted share) in the first nine months of 2023 compared to a net loss of $68,321 (a net loss of $0.63 per basic and diluted share) in the first nine months of 2022. The change from net loss to net earnings primarily reflected higher interest income, net gains on investments compared to net losses on investments, lower net foreign exchange losses, and a recovery of income taxes compared to a provision for income taxes.

Consolidated Balance Sheet Summary

The assets and liabilities reflected on the company's consolidated balance sheet at September 30, 2023 were primarily impacted by changes to the Portfolio Investments, including the repayment of the CIG Loan and the AFGRI International Facility, the partial sale of indirect equity interest in AGH, investments in Seven Rivers, HSEG, and Event Horizon, and capital contributions to Helios Fund IV and TopCo LP.

	September 30, 2023	December 31, 2022
Assets		
Cash and cash equivalents	**116,238**	125,241
Related party loan	**19,775**	19,030
Related party derivatives and guarantees	**68,640**	62,136
Portfolio Investments	**445,818**	441,954
Total cash and investments	**650,471**	648,361
Interest receivable	**815**	405
Income tax refundable	**7,310**	1,695
Receivable from related parties	**1,401**	1,319
Other assets	**2,094**	832
Total assets	**662,091**	652,612
Liabilities		
Accounts payable and accrued liabilities	**462**	218
Payable to related parties	**849**	803
Deferred income taxes	**6,891**	8,058
Other liabilities	**549**	—
Borrowings	**99,686**	99,226
Total liabilities	**108,437**	108,305
Equity		
Common shareholders' equity	**553,654**	544,307
	662,091	652,612

Total Assets

Total assets at September 30, 2023 of $662,091 increased compared to total assets of $652,612 at December 31, 2022. The increase was principally comprised of the following:

Total cash and investments increased to $650,471 at September 30, 2023 from $648,361 at December 31, 2022.

Cash and cash equivalents decreased to $116,238 at September 30, 2023 from $125,241 at December 31, 2022, primarily as a result of investments in Seven Rivers, HSEG, and the Event Horizon Loan, the funding of a capital contribution for Helios Fund IV and TopCo LP Class A, and operating expenses, partially offset by the receipt of full repayment of the CIG Loan and the AFGRI International Facility and the partial sale of Indirect equity interest in AGH.

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.

Total Liabilities

Total liabilities at September 30, 2023 of $108,437 were consistent with total liabilities of $108,305 at December 31, 2022.

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, 2023 compared to those identified at December 31, 2022 and disclosed in the company's 2022 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, 2023.

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, 2023.

Book Value per Share

Common shareholders' equity at September 30, 2023 was $553,654 (December 31, 2022 - $544,307). The company's book value per share at September 30, 2023 was $5.11 compared to $5.03 at December 31, 2022, representing an increase in 2023 of 1.6%, primarily due to net earnings of $0.09 at September 30, 2023.

	September 30, 2023	December 31, 2022
Common shareholders' equity	**553,654**	544,307
Number of common shares outstanding	**108,264,033**	108,193,971
Book value per share	**$5.11**	$5.03

Liquidity

Cash and cash equivalents and the RMB facility (refer to note 7) at September 30, 2023 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, TopCo LP, and the Zaria Loan, interest expense on the HFP 3.0% Debentures, investment and advisory fees, general and administration expenses, corporate income taxes, a portion of the lease liability, and the settlement of the HFP 3.0% Debentures, net of the fair value of the HFP Redemption Derivative.

At September 30, 2023 and December 31, 2022, the company determined that a performance fee of $nil should be accrued to TopCo LP. 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, 2023 and December 31, 2022, 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 clawback and indemnity obligations with respect to the sale of a portion of its indirect equity interest in AGH, should certain clauses in the Sale and Purchase Agreement be triggered. At September 30, 2023, the company was not subject to any clawback or indemnity obligations with respect to its indirect equity interest in AGH.

The company may also 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 2023 (with comparisons to the first nine months of 2022 except as otherwise noted) of major components of cash flow are presented in the following table:

	First nine months	
	2023	2022
Operating activities		
Cash provided by (used in) operating activities, excluding net disposals of investments, receipt of equalization capital adjustments, receipt of returns of capital and Excess Management Fees, and receipt of carried interest	**(10,700)**	30,973
Net disposals of investments	**2,295**	10,320
Receipt of equalization capital adjustments	**—**	5,404
Receipt of returns of capital and Excess Management Fees	**—**	6,593
Receipt of carried interest	**363**	—
Financing activities		
Purchases of subordinate voting shares for cancellation	**(211)**	(305)
Increase (decrease) in cash and cash equivalents during the period	**(8,253)**	52,985

Cash used in operating activities, excluding net disposals of investments and receipt of carried interest of $10,700 in the first nine months of 2023 changed from cash provided by operating activities, excluding net disposals of investments, receipt of equalization capital adjustments, receipt of returns of capital and Excess Management Fees, and receipt of carried interest of $30,973 in the first nine months of 2022 primarily due to the settlement of the Atlas Mara Facility Guarantee in first nine months of 2022.

Net disposals of investments of $2,295 in the first nine months of 2023 were comprised of disposals of investments of $42,525 related to the full repayment of the CIG Loan and the AFGRI International Facility and the partial sale of Indirect equity investment in AGH, offset by purchases of investments of $40,230 related to the company's investments in Seven Rivers, HSEG, Event Horizon, Helios Fund IV, and TopCo LP Class A. Net disposals of investments of $10,320 in the first nine months of 2022 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.

Receipt of equalization capital adjustments of $5,404 in the first nine months of 2022 related to receipt of equalization adjustments from Helios Fund IV. There was no receipt of equalization capital adjustments in the first nine months of 2023.

Receipt of carried interest of $363 in the first nine months of 2023 related to receipt of carried interest from TopCo LP Class A Limited Partnership Interest. There was no receipt of carried interest in the first nine months of 2022.

Receipt of returns of capital and Excess Management Fees of $6,593 in the first nine months of 2022 related to the receipt of a return of capital from Helios Fund IV of $4,418 and Excess Management Fees from TopCo Class A Limited of $2,175. There was no receipt of returns of capital and Excess Management Fees in the first nine months of 2023.

Purchases of subordinate voting shares of $211 in the first nine months of 2023 (2022 - $305) related to the cash paid for the company’s purchases for cancellation of 72,276 subordinate voting shares (2022 - 88,776 subordinate voting shares) under the terms of the normal course issuer bid that were settled in the period.

Contractual Obligations

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

	September 30, 2023					December 31, 2022	
	Total	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**	**Total**	**Less than 1 year**
HFP 3.0% Debenture - Principal repayment[(1)]	**100,000**	**100,000**	**—**	**—**	**—**	100,000	100,000
HFP 3.0% Debenture - Interest	**1,500**	**1,500**	**—**	**—**	**—**	750	750
Digital Ventures $40M Facility	**24,773**	**24,773**	**—**	**—**	**—**	25,473	25,473
Digital Ventures $1M Facility	**637**	**637**	**—**	**—**	**—**	637	637
Helios Fund IV Commitment	**16,553**	**16,553**	**—**	**—**	**—**	25,185	25,185
Zaria Loan Commitment	**8,000**	**8,000**	**—**	**—**	**—**	—	—
TopCo LP Management Team Commitment	**2,483**	**2,483**	**—**	**—**	**—**	3,778	3,778
Due to related parties	**849**	**849**	**—**	**—**	**—**	803	803
Accounts payable and accrued liabilities	**462**	**462**	**—**	**—**	**—**	218	218
Other liabilities	**549**	**88**	**147**	**115**	**199**	—	—
	155,806	**155,345**	**147**	**115**	**199**	156,844	156,844

(1) At maturity, 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 or March 31, 2023, the second anniversary. Refer to note 7 (Borrowings) to the interim consolidated financial statements for the three and nine months ended September 30, 2023.

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, 2023), 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 2023, investment and advisory fees recorded within the consolidated statements of earnings (loss) and comprehensive earnings (loss) were $856 and $2,388 (2022 - $836 and $2,843).

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, 2023 and December 31, 2022, the company determined that a performance fee of $nil should be accrued to TopCo LP as the Adjusted Book Value per Share of $2.87 (December 31, 2022 - $2.91) (before factoring in the impact of the performance fee) at September 30, 2023 was less than the hurdle per share at the respective date of $3.38. Refer to note 13 (Related Party Transactions) to the interim consolidated financial statements for the three and nine months ended September 30, 2023 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, 2023	December 31, 2022
Asset management[2]	**238,869**	225,398
Food and agriculture	**14,365**	40,879
Financial services [1]	**36,624**	26,510
Education	**18,000**	25,468
Entertainment	**61,299**	48,692
Infrastructure	**8,641**	17,632
Retail and distribution [1]	**41,158**	33,685
Insurance [1]	**10,553**	7,095
Other	**16,309**	16,595
	445,818	441,954

(1) Helios Fund IV, Seven Rivers, and HSEG have been allocated to industry sectors based on underlying investment holdings.
(2) The returns of TopCo LP Class A Limited Partnership Interest and TopCo LP Class B Limited Partnership Interest are tied to the performance of Helios Holdings Group.

During the first nine months of 2023, the company's exposure to concentration risk by sector through its Portfolio Investments changed as follows:

- Asset management sector increased primarily due to unrealized gains on and capital contributions to TopCo LP Class A Limited Partnership Interest.
- Education sector decreased primarily due to an unrealized loss on the Indirect equity investment in Nova Pioneer.
- Entertainment sector increased primarily due to investments in HSEG and the Event Horizon Loan.
- Food and agriculture sector decreased primarily due to the repayment of the AFGRI International Facility and partial sale of Indirect equity interest in AGH.
- Financial services sector increased primarily due to an investment in Seven Rivers.
- Infrastructure sector decreased primarily due to the repayment of the CIG Loan, partially offset by an investment in Seven Rivers.
- Insurance sector increased primarily due to a capital contribution to Helios Fund IV.
- Retail and distribution sector increased primarily due to a capital contribution to Helios Fund IV and an investment in Seven Rivers.

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, 2023.

Other

Quarterly Data (unaudited)

US$ thousands, except per share amounts	**September 30, 2023**	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
Income (loss)	**3,147**	5,092	11,447	28,237	(21,551)	(30,207)	1,465	2,208
Expenses	**4,467**	4,261	4,995	7,217	4,373	5,042	4,288	5,581
Provision for (recovery of) income taxes	**494**	(3,157)	(586)	3,476	3,047	1,166	112	(2,127)
Net earnings (loss)	**(1,814)**	3,988	7,038	17,544	(28,971)	(36,415)	(2,935)	(1,246)
Net earnings (loss) per share	**$ (0.02)**	$ 0.04	$ 0.07	$ 0.16	$ (0.27)	$ (0.34)	$ (0.03)	$ (0.01)
Net earnings (loss) per diluted share	**$ (0.02)**	$ 0.04	$ 0.06	$ 0.16	$ (0.27)	$ (0.34)	$ (0.03)	$ (0.01)

Income (loss) is primarily comprised of net gains (losses) on investments, net foreign exchange gains (losses), interest income, and dividend income. Net loss in the third quarter of 2023 was primarily due to net losses on investments, the timing of which are not predictable, investment and advisory fees, general and administration expenses, interest expense, and a provision for income taxes, partially offset by net foreign exchange gains, the timing of which are not predictable, and interest.

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, 2023.

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 Loan, Derivatives and Guarantees) within the interim consolidated financial statements for the three and nine months ended September 30, 2023. 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 of investments, receipt of equalization capital adjustments, receipt of returns of capital and Excess Management Fees, and receipt of carried interest - 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.

Unrealized carried interest – provides a measure of the amount of carried interest that would be allocatable to TopCo LP if all the portfolio investments in the respective Helios Funds were to be exited at their fair values at the reporting date.