DRI HEALTHCARE TRUST

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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Deloitte.

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Independent Auditor's Report

To the Unitholders and the Board of Trustees of
DRI Healthcare Trust

Opinion

We have audited the consolidated financial statements of DRI Healthcare Trust (the "Trust"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of net earnings (loss) and comprehensive earnings (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Investigation – Refer to note 2 of the financial statements

Key Audit Matter Description

In the second quarter of 2024, the Trust engaged an independent third-party to perform an investigation into irregularities in expenses charged to the Trust ("investigation") and it was determined that the Trust should not have been charged certain consulting and other expenses from January 1, 2021 to June 30, 2024, totaling US$6.5 million, of which US$1.9 million related to costs incurred in 2024. In July and August 2024, DRI Healthcare, the Manager of the Trust, reimbursed the Trust for the US$6.5 million that had been incorrectly charged to the Trust.

Auditing of the financial statement impact of the irregular charges is a key audit matter due to the significant audit effort which included the involvement of our forensic specialists.

How the Key Audit Matter Was Addressed in the Audit

With the assistance of our forensic specialists, our audit procedures related to the irregular charges included the following, among others:

- Evaluated the Trust's process around the investigation;
- Evaluated the Trust's independent third-party and the related findings by:
  - Assessing the competence, capability, and objectivity by evaluating their relevant professional qualifications and experience;
  - Assessing the nature, scope, and objectives of the investigation; and
  - Examining reports and assessing their work and findings by reviewing key supporting documents, including interview transcripts, document/data captures, invoices, as applicable and confirming agreements with marketers on a sample basis;
- Performed extended journal entry testing with refined parameters and key word searches considering findings from the investigation;
- Evaluated the disclosures against facts and circumstances and relevant accounting standards.

Royalty Income – Refer to notes 3(l) and 4 of the financial statements

Key Audit Matter Description

The Trust earns royalty income based on a percentage of sales revenue generated by third parties marketing the pharmaceutical products underlying the royalty agreements. The third parties report and pay actual royalties owed for sales in a given quarter after the conclusion of the quarter based on the terms of the underlying royalty agreements. For some agreements, royalties are reported quarterly and payments are made on a semi-annual or annual basis. At the end of each quarter, the Trust estimates and records in royalty income and royalties receivable, which has been earned for the quarter, but which has not yet been reported by the third parties as of year-end ("royalty income accrual"). This estimated royalty income accrual is based on the royalty rates in the underlying contracts applied to the estimated sales of the underlying products by each third party.

Estimating the royalty income accrual required management to make significant judgments in respect to the estimated sales of the underlying products by each third party. As a result of the level of estimation uncertainty, auditing the royalty income accrual required a high degree of auditor judgment and an increased extent of audit effort including the involvement of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the estimated sales of the underlying products by each third party used in the royalty income accrual determination included the following, among others:

- Evaluated management's ability to accurately forecast by comparing actual results to management's historical forecasts;
- With the assistance of fair value specialists, evaluated the reasonableness of the forecasted estimated sales of the underlying products by each third party by comparing to historical results, internal communications to management and the board of trustees, and analyst and industry reports and payments received after December 31, 2024, as applicable; and
- On a sample basis, confirmed with the third parties, income earned by the Trust during the year and the year-end royalty income accrual.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 3, 2025

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of U.S. dollars)		As at December 31, 2024	As at December 31, 2023
Assets			
Cash and cash equivalents		$ 36,502	$ 62,835
Royalties receivable		62,362	64,082
Other current assets		303	372
Current assets		99,167	127,289
Intangible royalty assets, net of accumulated amortization	note 7	823,936	704,976
Financial royalty assets	note 15	57,527	—
Investment in marketable securities	note 15	4,235	—
Other non-current assets		2	894
Non-current assets		885,700	705,870
Total assets		$ 984,867	$ 833,159
Liabilities			
Accounts payable and accrued liabilities	note 20	$ 4,821	$ 5,043
Distributions payable to Unitholders	note 10	4,786	19,230
Performance fees payable	note 20	1,665	5,918
Current portion of credit facility	note 9	56,888	48,750
Current portion of unit-based compensation liability	note 12	2,093	1,499
Other current liabilities	note 6	11,616	1,241
Current liabilities		81,869	81,681
Credit facility	note 9	263,865	96,728
Preferred securities	note 9	110,937	93,250
Derivative instruments	note 15	425	1,089
Unit-based compensation liability	note 12	240	712
Total liabilities		457,336	273,460
Equity			
Unitholders' capital	note 10	562,583	561,503
Other equity reserves	note 10	(7,910)	2,150
Accumulated other comprehensive earnings (loss)	note 15	(425)	(1,089)
Accumulated retained earnings (deficit)		(26,717)	(2,865)
Total equity		527,531	559,699
Total liabilities and equity		$ 984,867	$ 833,159

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF NET EARNINGS (LOSS) AND COMPREHENSIVE EARNINGS (LOSS)

(in thousands of U.S. dollars except per unit data)		Year ended December 31, 2024	Year ended December 31, 2023
Income			
Royalty income	note 7	$ 184,712	$ 158,912
Change in fair value of financial royalty assets	note 15	527	—
Interest and other income on loan receivable	note 8	—	6,506
Other interest income		2,273	861
Total income		**187,512**	**166,279**
Expenses			
Amortization of intangible royalty assets	note 7	102,869	86,984
Impairment of intangible royalty assets	note 7	15,787	9,216
Management fees	note 20	11,397	22,335
Performance fees	note 20	1,896	24,534
Interest expense	note 9	34,905	26,503
Deal investigation and research expenses	note 13	6,674	2,767
Unit-based compensation	note 12	7,679	5,079
Other operating expenses	note 14	9,505	4,916
Unrealized loss on marketable securities	note 15	765	—
Total expenses		**191,477**	**182,334**
Net gain on sale of royalty assets	note 6	**—**	**110,122**
Net gain on debt refinancing	note 9	**2,176**	**—**
Other loss	note 2	**(1,575)**	**(2,571)**
Net earnings (loss)		**(3,364)**	**91,496**
Other comprehensive earnings (loss)			
Net unrealized gain (loss) on derivative instruments	note 15	664	**(1,089)**
Comprehensive earnings (loss)		**$ (2,700)**	**$ 90,407**
Net earnings (loss) per Unit			
Basic	note 11	$ (0.06)	$ 2.06
Diluted	note 11	$ (0.06)	$ 2.05

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands of U.S. dollars)		Unitholders' Capital	Other Equity Reserves	Accumulated Other Comprehensive Earnings (Loss)	Accumulated Retained Earnings (Deficit)	Total Equity
Balance – December 31, 2022		**$ 373,577**	**$ —**	**$ —**	**$ (2,226)**	**$ 371,351**
Issuance of Units:						
Follow-on public offerings		151,456	—	—	—	151,456
Settlement of vested Restricted Units	note 12	2,105	—	—	—	2,105
Unit issuance costs		(6,924)	—	—	—	(6,924)
Issuance of 2023 Warrants	note 10	—	2,229	—	—	2,229
Warrant issuance costs	note 10	—	(79)	—	—	(79)
Repurchase and cancellation of Units	note 10	(1,769)	—	—	—	(1,769)
Cash distributions to Unitholders	note 10	—	—	—	(49,077)	(49,077)
Unit distributions to Unitholders	note 10	43,058	—	—	(43,058)	—
Other comprehensive earnings (loss)	note 15	—	—	(1,089)	—	(1,089)
Net earnings (loss)		—	—	—	91,496	91,496
Balance – December 31, 2023		**$ 561,503**	**$ 2,150**	**$ (1,089)**	**$ (2,865)**	**$ 559,699**
Issuance of Units:						
Settlement of vested Restricted Units	note 12	**3,663**	**—**	**—**	**—**	**3,663**
Issuance of 2024 Warrants	note 10	**—**	**4,322**	**—**	**—**	**4,322**
Redemption of 2023 Warrants	note 8	**—**	**(2,229)**	**—**	**—**	**(2,229)**
Warrant issuance costs	note 10	**—**	**(137)**	**—**	**—**	**(137)**
Preferred securities and warrants refinancing	note 10	**—**	**(18,212)**	**—**	**—**	**(18,212)**
Repurchase and cancellation of Units	note 10	**(3,917)**	**—**	**—**	**—**	**(3,917)**
Cash distributions to Unitholders	note 10	**—**	**—**	**—**	**(19,154)**	**(19,154)**
Unit distributions to Unitholders	note 10	**1,334**	**—**	**—**	**(1,334)**	**—**
Reimbursement from Manager	note 2	**—**	**6,196**	**—**	**—**	**6,196**
Other comprehensive earnings (loss)	note 15	**—**	**—**	**664**	**—**	**664**
Net earnings (loss)		**—**	**—**	**—**	**(3,364)**	**(3,364)**
Balance – December 31, 2024		**$ 562,583**	**$ (7,910)**	**$ (425)**	**$ (26,717)**	**$ 527,531**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of U.S. dollars)		Year ended December 31, 2024	Year ended December 31, 2023
Operating Activities			
Net earnings (loss)		$ (3,364)	$ 91,496
Adjustment for non-cash items:			
Interest and other income on loan receivable	note 8	—	(6,506)
Interest expense	note 9	34,905	26,503
Amortization of intangible royalty assets	note 7	102,869	86,984
Impairment of intangible royalty assets	note 7	15,787	9,216
Change in fair value of financial royalty assets	note 15	(527)	—
Unit-based compensation expense	note 12	7,679	5,079
Net gain on sale of royalty assets	note 6	—	(110,122)
Net gain on debt refinancing	note 9	(2,176)	—
Unrealized loss (gain) on marketable securities	note 15	765	—
		155,938	**102,650**
Changes in non-cash working capital:			
Royalties receivable		5,279	(30,991)
Other current assets		69	97
Other non-current assets		1,563	(622)
Accounts payable and accrued liabilities		(3,559)	(1,475)
Performance fees payable	note 20	(4,253)	5,918
Other current liabilities		375	806
		(526)	(26,267)
Cash provided by operating activities		$ 155,412	**$ 76,383**
Financing Activities			
Follow-on public offerings	note 10	$ —	$ 151,456
Unit issuance costs	note 10	—	(6,924)
Repurchase and cancellation of Units	note 10	(3,917)	(1,769)
Distributions to Unitholders paid in cash	note 10	(33,598)	(32,681)
Drawings from credit facility	note 9	242,000	233,715
Repayment of credit facility	note 9	(66,159)	(332,331)
Cash interest paid, net	note 9	(30,922)	(22,589)
Debt issuance costs paid	note 9	(1,628)	(2,056)
Issuance of preferred securities and warrants	notes 9, 10	20,441	95,000
Redemption of 2023 Warrants	notes 9, 10	(20,441)	—
Preferred securities and warrants issuance costs paid	notes 9, 10	(411)	(3,250)
Reimbursement from Manager	note 2	6,196	—
Cash provided by financing activities		$ 111,561	**$ 78,571**
Investing Activities			
Purchase of royalty assets and other net assets, net of cash	note 6	$ (285,250)	$ (391,186)
Purchase of marketable securities	note 6	(5,000)	—
Cash transaction costs paid	note 6	(3,056)	(4,023)
Proceeds from sale of royalty assets	note 6	—	210,000
Repayment of loan receivable, gross of fees	note 8	—	53,140
Cash interest received	note 8	—	3,264
Cash used in investing activities		$ (293,306)	**$ (128,805)**
Increase (decrease) in cash and cash equivalents		$ (26,333)	$ 26,149
Cash and cash equivalents, beginning of year		62,835	36,686
Cash and cash equivalents, end of year		$ 36,502	**$ 62,835**

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of U.S. dollars except per unit data)

DRI Healthcare Trust was established as an unincorporated open-ended trust under the laws of the Province of Ontario pursuant to a declaration of trust on October 21, 2020, as amended and restated on February 19, 2021. DRI Healthcare Trust is a "mutual fund trust" as defined in the Income Tax Act (Canada) but not a "mutual fund" within the meaning of applicable Canadian securities legislation.

DRI Healthcare Trust was formed to provide Unitholders with differential exposure to the pharmaceutical and biotechnology industries through ownership and acquisitions of pharmaceutical royalties. DRI Capital Inc. ("**DRI Healthcare**", "**our manager**" or the "**manager**") acts as the manager for the Trust pursuant to the terms of a management agreement. In December 2022, DRI Capital Inc. changed its brand name to DRI Healthcare in order to be better aligned with the Trust; its legal name remains unchanged. All references in these consolidated financial statements to DRI Healthcare are to DRI Capital Inc.

DRI Healthcare Trust's Units are listed on the Toronto Stock Exchange ("**TSX**") in Canadian dollars under the symbol "**DHT.UN**" and in U.S. dollars under the symbol "**DHT.U**".

The registered address for DRI Healthcare Trust is 100 King Street West, Suite 7250, Toronto, Ontario, M5X 1B1, Canada.

Throughout these statements, "**Trust**", "**we**", "**us**" and "**our**" refer to DRI Healthcare Trust and its consolidated subsidiaries.

These annual consolidated financial statements (the "**consolidated financial statements**") were authorized for issuance by the board of trustees on March 3, 2025.

NOTE 1 | BASIS OF PREPARATION

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("**IASB**").

(b) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis, adjusted for the revaluation of certain financial assets and liabilities recorded at fair value through net earnings (loss) as explained in note 3(e).

(c) Basis of Consolidation

These consolidated financial statements represent the accounts of DRI Healthcare Trust and its directly or indirectly owned subsidiaries. Control is achieved when the Trust has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The results of operations of subsidiaries are included in the consolidated financial statements from the date on which the Trust obtains control. All intercompany balances and transactions have been eliminated.

These consolidated financial statements include the accounts of DRI Healthcare Trust and its subsidiaries, as presented below:

Entity	Date of Control	Jurisdiction of Organization	Economic Interest[i]
DRI Healthcare ICAV	February 19, 2021	Ireland	100%
DRI Healthcare LP	February 19, 2021	Delaware, United States	100%
DRI Healthcare Acquisitions LP	February 19, 2021	Delaware, United States	100%
DRI Healthcare Acquisitions LP 1	February 19, 2021	Delaware, United States	100%
DRI Healthcare LP 2	February 22, 2021	Delaware, United States	100%
Drug Royalty LP 1	February 22, 2021	Delaware, United States	100%
Drug Royalty LP 3	February 22, 2021	Cayman Islands	100%
DRC Management III LLC 1	February 19, 2021	Delaware, United States	100%
DRC Management III LLC 2	February 19, 2021	Delaware, United States	100%
DRC Management LLC 2	February 22, 2021	Delaware, United States	100%
DRI Healthcare GP, LLC	February 19, 2021	Delaware, United States	100%
TCD Royalty Sub, LP	September 30, 2021	Delaware, United States	100%

(i) Economic interest can be held directly or indirectly through wholly-owned subsidiaries.

(d) Functional and Presentation Currency

The functional and presentation currency of the Trust is the United States dollar ("**U.S. dollar**"). We present our consolidated financial statements in U.S. dollars. All dollar amounts are expressed in U.S. dollars unless otherwise indicated. Accordingly, all references to "**US$**", "**$**" or "**dollars**" are to U.S. dollars, and all references to "**C$**" are to Canadian dollars. Dollar amounts in the tables and elsewhere in these consolidated financial statements are presented in thousands of U.S. dollars unless otherwise noted.

NOTE 2 | INVESTIGATION

In the second quarter of 2024, the Audit Committee of the board of trustees of the Trust, assisted by independent legal counsel and forensic accountants, commenced an internal investigation into irregularities related to certain alleged consulting and other expenses charged to the Trust, either directly or indirectly by DRI Healthcare, the manager of the Trust, as directed by the former Chief Executive Officer. As a consequence of the investigation, it was determined that the Trust should not have been charged certain consulting and other expenses. These charges were made during the periods from and including fiscal 2021 through June 30, 2024 and totaled $6,510.

As a result, on August 6, 2024, the Trust restated its previously issued financial statements as at December 31, 2023 and the year then ended.

The irregular charges relating to the year ended December 31, 2024 is $1,889 of which $1,575 (2023 – $2,571) is included in "other loss" on the consolidated statements of net earnings (loss) and comprehensive earnings (loss) and $314 (2023 – nil) was included as a related party receivable from DRI Healthcare.

Recovery of other losses

On July 9, 2024 and August 6, 2024, DRI Healthcare, the manager of the Trust, reimbursed the Trust a total amount of $6,510 for the losses associated with the irregular charges, of which $6,196 was recorded to other equity and $314 reduced a related party receivable from DRI Healthcare.

NOTE 3 | MATERIAL ACCOUNTING POLICIES

(a) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within other liabilities in the consolidated statements of financial position.

(b) Royalties Receivable

Royalties receivable is recognized if an amount of unconditional consideration is due from a counterparty. Royalties receivable is recognized initially at fair value and subsequently measured at amortized cost, less loss allowances. The Trust applies the simplified approach for measuring the loss allowance by applying a lifetime expected loss allowance for all royalties receivable. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganization and default in payments are all considered indicators that a loss allowance might be required. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit-impaired.

A credit loss is recorded in net earnings with an offsetting amount recorded as an allowance against royalties receivable on the statement of financial position. When a receivable is deemed permanently uncollectible, the receivable is written off against the allowance account.

(c) Royalty Assets

Royalty assets represent the contractual right to receive, directly or indirectly, a royalty payment, license fee or any other form of compensation or benefit arising from or contingent upon the use of any patent, copyright or any other form of intellectual property or other right relating to pharmaceutical drugs, devices or delivery technologies.

In accordance with IFRS Accounting Standards as issued by the IASB, royalty assets are assessed based on the terms of each royalty arrangement to determine whether they meet the definition of financial or intangible assets. Acquired royalty assets are measured initially at the fair value of the consideration paid. Intangible royalty assets are subsequently amortized over the useful life of the asset and are presented net of any impairment. Financial royalty assets are measured in accordance with the accounting policy in note 3(e). Intangible royalty assets and financial royalty assets are collectively referred to as royalty assets.

A royalty asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of a royalty asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in net earnings when the asset is derecognized.

Amortization of intangible royalty assets

Intangible royalty assets with finite lives are amortized over the economic useful life of the asset on a straight-line basis. The expected economic useful life of the asset takes into consideration the contractual terms of the royalty entitlement and reflects the expected pattern of consumption of future economic benefits embodied in the asset. Expected useful life is separately considered for each royalty asset and reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits are considered to modify the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Impairment of intangible royalty assets

The Trust assesses, at the end of each reporting period, whether there are indications that its intangible royalty assets may be impaired. If any such indications exist, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows for the duration of royalty entitlement are discounted to their present value using appropriate discount rates that reflect current market assessments of the time value of money and the risks specific to the asset, for which the estimates of future cash flows have not been adjusted.

If the estimated recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in net earnings.

The Trust assesses, at the end of each reporting period, whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such an indication exists, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount or exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Impairment reversal is recognized in net earnings.

(d) Recognition and Derecognition of Financial Instruments

Purchases and sales of financial assets are recognized on the trade date, being the date on which the Trust commits to purchase or sell the asset.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or the contractual rights to the cash flows are transferred. Financial liabilities are derecognized when the liability is extinguished through the discharge, cancellation or expiration of the contract.

(e) Financial Instruments

Financial assets are classified and measured based on the business model in which they are held and the characteristics of their cash flows. At initial recognition, all financial assets classified as amortized cost, fair value through profit or loss (“**FVTPL**”) and fair value through other comprehensive income (“**FVOCI**”) are measured at fair value. The Trust classifies its financial assets in the following categories:

- Financial assets at amortized cost: A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL – it is held in a business model whose objective is to hold the asset to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets within this category are subsequently measured at amortized cost using the effective interest rate method. A credit loss is recorded in net earnings with an offsetting amount recorded as an allowance against assets recorded at amortized cost on the statement of financial position. When a receivable is deemed permanently uncollectible, the receivable is written off against the allowance account.
- Financial assets at FVTPL: Financial assets not classified as amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Trust may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI at FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. These assets are subsequently measured at fair value, with net gains or losses, including any interest or dividend income, recognized through profit or loss. Transaction costs are expensed immediately in net earnings for financial assets recognized at fair value through profit or loss.

Financial liabilities are classified as measured at amortized cost or FVTPL. Once the classification of a financial liability has been determined, reclassification is not permitted.

- Financial liabilities at amortized cost: A financial liability is measured at amortized cost using the effective interest rate method if it is not designated as FVTPL. Interest expense and foreign exchange gains and losses are recognized in profit or loss.
- Financial liabilities at FVTPL: A financial liability is classified as FVTPL if it is a derivative or designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value, and net gains and losses, including any interest expense, are recognized in profit or loss. For financial liabilities classified as FVTPL, changes in credit risk will be recognized in other comprehensive income, with the remainder of changes recognized in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, the entire change in fair value will be recognized in profit or loss.

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Trust:

- has a current, legally enforceable right to set off the recognized amounts; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Derivative instruments and hedge accounting

The Trust uses derivative instruments such as interest rate swaps to manage its exposure to interest rate risks arising from operational, financing and investment activities. Derivative financial instruments are used only for economic and hedge accounting purposes and not as speculative instruments.

The Trust designates certain derivatives as cash flow hedges. When hedge accounting is applied, the Trust documents at the inception of the hedging transaction, the relationship between the hedging instrument and hedged item as well as its risk management objective and strategy for undertaking various hedge transactions. The Trust also documents its assessment both at hedge inception and on an ongoing basis, of whether the derivatives that are used for hedging transactions have been and will continue to be highly effective in offsetting changes in fair values and cash flows of hedged items. All gains and losses related to the effective portion of hedges are recorded in other comprehensive earnings, ineffectiveness is recognized immediately in net earnings. Hedge accounting is discontinued prospectively when the derivative no longer qualifies as a hedge or the hedging relationship is terminated. Once discontinued, the cumulative change in fair value of a derivative that was previously recorded in other comprehensive earnings by the application of hedge accounting is recognized in net earnings over the remaining term of the original hedging relationship when the hedged future cash flows are still expected to occur. If the hedged future cash flows are no longer expected to occur, the amount is immediately reclassified in net earnings.

Derivatives are classified as current when the remaining maturity of the contract is less than 12 months.

Financial royalty assets

Royalty assets that meet the classification requirements of a financial asset are classified by the Trust as financial royalty assets. Financial royalty assets are held at FVTPL, as defined above. Financial royalty assets are valued at fair value calculated using a discounted future cash flow model whereby forecasted cash flows are based on internal models and discounted at market interest rates, risk-adjusted for deal specific factors. Changes in the fair value of financial royalty assets are recorded in net earnings.

Investment in marketable securities

Marketable securities relate to the Trust's investments in private investment public equities. Investments in marketable securities are marked-to-market quarterly based on quoted market prices in active markets with changes in the fair value of the marketable securities recognized in net earnings. The Trust assesses each investment individually in determining whether the Trust intends to hold the marketable security for a period of 12 months or greater. If the Trust intends to hold a marketable security for 12 months or greater the fair value of that marketable security will be recorded as non-current.

(f) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

IFRS 13, *Fair value measurement,* establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Trust. Unobservable inputs are inputs that reflect the Trust’s assumptions as to what market participants would use in pricing the asset or liability, based on the best information available in the circumstances. The hierarchy is broken down into three levels, based on the observability of inputs, as follows:

- Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities that the Trust has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these instruments does not entail a significant degree of judgment.
- Level 2: Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

In certain cases, the inputs used to measure fair value may fall into different levels in the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

(g) Provisions

Provisions for legal claims are recognized when the Trust has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The expense relating to a provision is included in net earnings net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(h) Income Taxes

The Trust is treated as a “mutual fund trust”, as defined in the Income Tax Act (Canada). The Trust is not subject to income taxes due to the nature of its organization, given that all the Trust’s income is distributed to Unitholders in cash or by way of additional Units each year. Income distributed by the Trust is included in the tax returns of the Unitholders.

(i) Unitholders’ Capital

The Trust has classified its Units as equity pursuant to the provisions of IAS 32, *Financial instruments: Presentation*, on the basis that the Units meet all of the criteria in IAS 32 for such classification. As at December 31, 2024, the Trust did not have any issued or outstanding Preferred Units.

Incremental costs directly attributable to the issuance of new Units or Preferred Units are shown in equity as a reduction from the proceeds of issuance of such Units.

(j) Warrants

The Trust has classified its Warrants as other equity pursuant to the provisions of IAS 32, *Financial instruments: Presentation*, on the basis that the Warrants meet all of the criteria in IAS 32 for such classification. The Warrants are recognized at fair value, with no subsequent remeasurements recorded.

Closing and transaction costs attributable to the issuance of the Warrants are shown in other equity as a reduction from the fair value of such Warrants.

(k) Distributions to Unitholders

Distributions to Unitholders of DRI Healthcare Trust authorized by the board of trustees on or before the end of the reporting period but not distributed at the end of the reporting period are recognized as a liability in the period in which the distributions are authorized.

(l) Royalty Income

The Trust earns royalty income on its intangible royalty assets based on a percentage of sales revenue generated by third parties marketing the pharmaceutical products underlying the royalty agreements. The third parties report and pay actual royalties owed for sales in a given quarter after the conclusion of the quarter based on the terms of the underlying royalty agreements. For some agreements, royalties are reported quarterly and payments are made on a semi-annual or annual basis.

The Trust estimates royalty income earned for which a report has not been received from third parties by applying the royalty rates and other conditions in the underlying contracts to the estimated sales of the underlying products. Estimating the sales of the underlying products requires management to make significant judgments. When a reasonable estimate of royalty income earned cannot be made, the Trust records royalty income once information to make a reasonable estimate becomes available, which is typically upon receipt of royalties reported by such third parties.

The Trust's royalty income is a contractual right to revenue streams which are subject to the related underlying patent or exclusivity protection of the pharmaceutical products upon which the royalty agreement is based.

The Trust may also earn milestone royalty income based on the achievement of regulatory approvals and/or sales performance thresholds in accordance with the terms of the underlying royalty agreements. Milestone royalty income is recognized in royalty income once the milestone event is achieved.

(m) Interest Income on Loan Receivable

The Trust records interest income related to its loan receivable using the effective interest rate method.

(n) Management Fees

DRI Healthcare acts as the manager of the Trust pursuant to a management agreement. Under the management agreement, the Trust is required to pay quarterly management fees to the manager or its affiliates equal to 6.50% of total cash royalty receipts for such quarter and 0.25% of the fair value of security investments and related derivative financial instruments, as of the end of such quarter. Security investments consist of (i) the securities (including controlling and non-controlling interests, equity, debt and hybrid securities) of entities in the pharmaceutical, biopharmaceutical, medical or healthcare industry or operating assets thereof (other than royalties); (ii) any securities, investments or contracts that may provide a hedge for the investments referred to in clause (i); and (iii) other assets and investments determined by the manager to be related to the investments referred to in (i) and (ii).

The manager is entitled to receive management fees regardless of whether the Trust realizes gains on the eventual sale or realization of royalty assets. Management fees are intended to fund the operating and personnel expenses of the manager.

Management fees are payable quarterly in advance as of the first business day of each fiscal quarter based on the estimated projected cash receipts from royalty assets and estimated projected security investment values as of such date. Management fees are recalculated based on the actual cash receipts from royalty assets and actual security investment values. The excess or shortfall in management fees paid in advance is received from or repaid to the manager on or prior to the next date the management fees are due.

(o) Performance Fees

DRI Healthcare is entitled to performance fees determined on a portfolio-by-portfolio basis pursuant to the terms of a management agreement. Performance fees are structured on a portfolio-by-portfolio basis, with portfolios based on a group of investments made during each consecutive two-year period, to mitigate the risk that performance fees are paid on a profitable investment even though, in the aggregate, the investments made over a two-year period are not profitable, and further to reduce the risk that performance fees are payable at a time when the Trust's portfolio of investments is not performing well overall.

Performance fees are determined at the end of each fiscal period for each portfolio equal to 20% of the net economic profit for such portfolio for the applicable period. Net economic profit is defined as the aggregate cash receipts for all new portfolio investments in such portfolio less total expenses. Total expenses are defined as interest expense, operating expense and recovery of acquisition cost in respect of such portfolio.

The manager may, subject to obtaining any applicable regulatory approval, elect to receive payment for the performance fees in the form of new Units issued by the Trust instead of in cash.

The payment of any performance fees to the manager will be subject to the following three conditions:

(i) Condition One: Cumulative net economic profit, defined as the difference between the aggregate cash receipts for all new portfolio investments in such portfolio from the date of acquisition less total expenses from the date of acquisition, for such portfolio for all periods prior to the relevant quarterly determination date is positive. Cumulative net economic profit is positive if the aggregate cash receipts for all investments in a portfolio for all prior periods are greater than the total expenses allocated to such portfolio for all prior periods.

(ii) Condition Two: The aggregate projected cash receipts, calculated based on analyst consensus, for all investments in such portfolio, for all periods commencing after such quarterly determination date are equal to or greater than 135% of the projected total expenses for all investments in such portfolio through the expected termination dates of all investments in such portfolio.

(iii) Condition Three: The aggregate projected cash receipts, calculated based on analyst consensus, for all investments in all portfolios, for all periods commencing after such quarterly determination date are equal to or greater than 135% of the projected total expenses for all such portfolios through the termination or disposition dates of all investments in all such portfolios.

(p) Unit-based Compensation

Unit-based compensation benefits under the Trust's Omnibus Equity Incentive Plan ("**Incentive Plan**") are provided to employees of the Trust or its designated affiliates, consultants or board members of the Trust. The Incentive Plan consists of Options, Restricted Units ("**RUs**"), Performance Units ("**PUs**") and Deferred Units ("**DUs**"). These unit-based compensation plans are accounted for as cash-settled awards as the Trust is an open-ended trust making its Units redeemable, and thus requiring outstanding awards to be recognized as liabilities carried at fair value. The Trust has discretion to settle the Units either in cash or by issuing Units. These unit-based compensation plans are measured at fair value at the grant date and a unit-based compensation expense is recognized consistent with the vesting features of each plan. The liability is adjusted for changes in fair value with a corresponding adjustment to unit-based compensation expense in the period in which they occur. As awards are settled for Trust Units, the liability is reduced and a corresponding increase in equity is recorded.

RUs, PUs and DUs are credited with distribution equivalents in the form of additional RUs, PUs and DUs, respectively, on each distribution payment date in respect of which normal distributions are paid on the Trust's units. Such distribution equivalents are subject to the same vesting conditions as the instruments to which they relate. Distributions on RUs, PUs and DUs are treated as an increase in unit-based compensation expense with a corresponding increase in unit-based compensation liability and an increase in the number of awards outstanding, respectively.

The board of trustees may, from time to time, subject to the provisions of the Incentive Plan and such other terms and conditions as the board may prescribe, grant DUs to eligible participants of the Incentive Plan. The board has complete discretion over the terms and conditions of each award. The board may permit trustees, and the trustees may elect at the board's approval, to receive all or a portion of their annual retainer fees in the form of DUs.

(q) Net earnings per unit

Basic net earnings per unit is calculated by dividing the profit attributable to equity holders by the weighted average number of units outstanding during the period, excluding treasury units, if any.

Diluted net earnings per unit reflects the dilution effect from certain instruments including Options, Warrants, RUs and DUs using the treasury share method. Depending on the average Unit price during a reporting period, some instruments may be anti-dilutive. This does not affect the potential for these instruments to become dilutive in the future. PUs are included in the calculation of diluted earnings per unit only if the associated performance conditions are satisfied at the end of the reporting period as if it were the end of the performance period.

(r) Foreign Currency Translation

Foreign currency transactions are translated at the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into United States dollars at the exchange rate prevailing at the period-end date. Gains and losses resulting from translation are included in the Trust's earnings in the year in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

(s) Acquisitions

At the time of acquisition of a royalty asset or a portfolio of royalty assets, the Trust evaluates whether the acquisition is a business combination or asset acquisition. IFRS 3, *Business combinations,* is only applicable if it is considered that a business has been acquired. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities.

When determining whether the acquisition of a royalty asset or a portfolio of royalty assets is a business combination or an asset acquisition, the Trust exercises judgment as to whether the integrated set of activities and assets consists of inputs, and processes applied to those inputs, that have the ability to contribute to the creation of outputs. The Trust also considers the optional concentration test under IFRS 3 that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

If the acquisition is determined to be a business, it is accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values on the date of the exchange. The Trust recognizes non-controlling interest in acquired entities either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net assets. Acquisition-related costs are expensed as incurred. Goodwill is recognized as the excess of consideration transferred and the net identifiable assets acquired in the business combination.

When an acquisition does not represent a business, the Trust classifies the portfolio of royalty assets as an asset acquisition. Identifiable assets acquired and liabilities assumed in an asset acquisition are measured initially at an allocated amount of transaction consideration, including acquisition-related transaction costs, on a relative fair value basis at the date of purchase. Acquisition-related transaction costs are capitalized to the royalty assets.

NOTE 4 | USE OF JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and equity, and the related note disclosures. As accounting estimates are monetary amounts that are subject to measurement uncertainty, actual results could differ from those estimates and such differences could be material to the consolidated financial statements. The estimates and underlying assumptions are reviewed by management on an ongoing basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Financial statement areas which require critical judgments, assumptions and estimates that could have a material impact on the consolidated financial statements include, but are not limited to:

Royalty income

In determining royalty income earned, judgments are made with respect to the performance of the underlying products and commercial factors based on historical and expected performance, knowledge of each intangible royalty asset and regular correspondence with royalty payers. Estimated royalty income is recognized on the basis of amounts receivable for each intangible royalty asset based on the Trust's contractual entitlement, which incorporates an element of uncertainty.

The estimated income recognized may differ from actual cash received in respect of each accounting period and adjustments may therefore be required throughout the financial period when the actual income received becomes known.

Change in fair value of financial royalty assets

The fair value of financial royalty assets are remeasured quarterly and changes are recognized in net earnings. The changes in fair value reflect the passage of time of the discounted cash flow, movements in the discount rate and any changes in estimated future cash flows. Fair value of financial royalty assets is calculated using estimated future cash flows discounted over the expected life of the financial asset. Significant judgment is applied in determining the cash flows and discount rate due to uncertainty in the timing and amounts of future cash flows.

Classification of royalty assets

The classification and recognition of royalty assets as intangible royalty assets are based on the judgment that the Trust's contractual rights derived from the assets are subject to successful production and sale of the underlying products by third parties. This judgment is based on the assessment that the Trust does not have contractual rights to force the development and sale of the underlying products, that the Trust does not have the right to royalty payments if the third party fails to sell the underlying products and that there is no certainty as to how much, if or when such sales will occur. As a result, the Trust is exposed to similar rights and risks as it would if it were the holder of the legal rights to the underlying products.

The classification and recognition of royalty assets as financial royalty assets are based on the judgment that the Trust's contractual rights from the assets meet the definition of a monetary asset. Royalty assets are considered financial royalty assets when the Trust is entitled to receive contractual cash flows that are largely in fixed or determinable amounts.

Useful life of intangible royalty assets

Royalty revenue recognized and amortization charges related to intangible royalty assets are based on the estimated economic useful lives of those intangible royalty assets. In estimating a royalty's useful life for terms that are not contractually fixed, the Trust considers a number of factors, including the strength of existing patent protection, expected entry of generic or biosimilar products or other competitive products, geographical exclusivity periods and potential patent term extensions tied to the underlying product.

The estimated useful life of the intangible royalty assets may differ from the actual useful life of the intangible royalty assets, which may have an impact on the carrying value of intangible royalty assets recognized in the consolidated financial position and the amortization expense recognized in net earnings.

Impairment of intangible royalty assets

The Trust reviews intangible royalty assets for impairment at each reporting date to determine if there is any indication that an asset may be impaired. If an indication of impairment exists, the recoverable amount of the potentially impaired asset is determined as the value in use of the asset. This requires the Trust to use a valuation technique to determine the extent of the impairment, if any. The Trust applies a discounted cash flow model based on forecasted royalties that gives consideration to a range of factors, including but not limited to, the nature of the investment, market conditions, current and projected royalty cash flows and similar transactions subsequent to the acquisition of the investment. As a result, the forecasted cash flows used in the valuation of the intangible royalty assets could differ from actual results.

Acquisitions

In business combinations and asset acquisitions, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at their respective fair values on the date of acquisition. Financial instruments that are not publicly traded instruments are valued by an independent valuation expert using appropriate valuation techniques, which are generally based on discounting future expected cash flows using appropriate discount rates.

NOTE 5 | RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Presentation and Disclosure of Financial Statements – IFRS 18

On April 9, 2024, the IASB issued IFRS 18: Presentation and Disclosure in the Financial Statements, replacing IAS 1. The standard will change how the Trust presents results on the face of the income statement and discloses information in the notes of the financial statements, including disclosures of certain non-GAAP measures, which are management-defined performance measures. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively, with early adoption permitted. The Trust is currently assessing the impact of the standard.

NOTE 6 | ASSET TRANSACTIONS

Transactions Completed in 2024

(a) Omidria Royalty Amendment

On February 1, 2024, the Trust expanded its interest in royalties on the United States net sales of Omidria by amending the existing Omidria royalty agreement entered into in 2022. For a purchase price of $115,000 the amendment now entitles the Trust to receive a 30% royalty on United States net sales of Omidria until December 31, 2031, and all previously agreed-upon annual royalty caps have been eliminated. As part of the amendment, the Trust is no longer entitled to ex-U.S. royalties. In accordance with the terms of the amended royalty agreement, the royalty seller may be entitled to receive up to $55,000 in potential sales-based milestone payments.

The Trust recognized acquired royalties receivable of $3,560 related to the Trust's royalty entitlement accrued from November 1, 2023 to February 1, 2024, the date of the amendment. Transaction costs of $777 were capitalized as part of the royalty asset amendment.

(b) Additional Xenpozyme Royalty Stream

On June 28, 2024, the Trust purchased an additional royalty stream on Xenpozyme for $13,250. This royalty is in addition to the Trust's existing Xenpozyme royalty purchased in 2022. The transaction entitles the Trust to an additional royalty of approximately 1.0% on worldwide net sales of Xenpozyme. The Trust is entitled to receive semi-annual royalty payments in respect of net sales of Xenpozyme commencing from July 1, 2024 on a two-quarter lag from the respective half-year period. Transaction costs of $315 were capitalized as part of the royalty transaction.

In accordance with the royalty agreement, additional milestone payments totaling up to $32,500 may be paid upon achievement of certain performance thresholds.

(c) Casgevy Transaction

On October 3, 2024, the Trust acquired a share of payment rights on a Cas9 gene-editing technology for Casgevy for a purchase price of $57,000. Casgevy is approved for the treatment of sickle cell disease and for the treatment of transfusion-dependent beta thalassemia and is marketed by Vertex Pharmaceuticals Inc.

The transaction entitles the Trust to a share of the annual license fees, which range from $5,000 to $40,000, and includes certain sales-based annual license fee increases. The Trust is also entitled to receive a mid-double-digit percentage of a $50,000 contingent payment eligible under the license agreement. The first annual license fee payment was received in January 2025 and the payment streams are expected until 2034.

The Trust's entitlement to a share of the payment rights is classified as a financial asset, as described in note 3(e). Transaction costs of $1,940 were incurred and expensed to deal investigation and research costs in relation to the transaction.

(d) Sebetralstat Transaction

On November 4, 2024, the Trust acquired a royalty interest in the worldwide net sales of all formulations of the not-yet-approved sebetralstat from KalVista Pharmaceuticals, Inc. ("**KalVista**") for an aggregate purchase price of up to $179,000, composed of a $100,000 upfront payment, up to $57,000 in a sales-based milestone payment and a one-time $22,000 optional payment. The transaction entitles the Trust to a tiered royalty of 5.0% on net sales up to and including $500,000, 1.1% on net sales above $500,000 and up to and including $750,000, and 0.25% on net sales above $750,000. Royalty payments are expected to be received quarterly commencing in the first quarter after approval. Transaction costs of $1,834 were capitalized as part of the royalty transaction.

In addition to the royalty entitlement, the Trust also purchased in a private transaction 500,000 shares of KalVista common stock at a price of $10 per share for a total cost of $5,000.

Summary of Transactions Completed in 2024

The following is a summary of the asset transactions completed during the year ended December 31, 2024:

	Omidria Royalty Amendment	Additional Xenpozyme Transaction	Casgevy Transaction	Sebetralstat Transaction	Total for the year ended December 31, 2024
Assets					
Financial royalty assets	$ —	$ —	$ 57,000	$ —	$ 57,000
Royalties receivable	3,560	—	—	—	3,560
Intangible royalty assets	111,440	13,250	—	100,000	224,690
Investment in marketable securities	—	—	—	5,000	5,000
Net acquired assets	$ 115,000	$ 13,250	$ 57,000	$ 105,000	$ 290,250

Transactions Completed in 2023

(a) Tzield Transactions

On March 8, 2023, the Trust bought royalties on the sales of Tzield (teplizumab-mzwv) for $100,000. The transaction was funded on March 14, 2023 and entitled the Trust to a single-digit royalty on worldwide net sales of Tzield. Tzield is a biologic drug indicated to delay the onset of stage 3 type 1 diabetes in adults and pediatric patients aged 8 years and older who have stage 2 (at-risk) type 1 diabetes. It was approved by the U.S. Food and Drug Administration ("**FDA**") in November 2022. Tzield is marketed by Sanofi S.A. ("**Sanofi**").

The Trust was entitled to receive quarterly royalty payments on a one-quarter lag based on Tzield sales beginning January 1, 2023. The Trust recognized acquired royalties receivable of $96 related to the Trust's royalty entitlement accrued from January 1, 2023 to March 8, 2023, the date of the royalty transaction. Transaction costs of $413 were capitalized as part of the royalty transaction.

On April 27, 2023, the Trust sold its royalty interest in the worldwide net sales of Tzield to a subsidiary of Sanofi for $210,000. Pursuant to the terms of the agreement, the Trust assigned to Sanofi its obligation to pay up to $100,000 in milestone payments to the extent the pre-specified events and thresholds are met. The Trust declared a special cash distribution of $20,000 using the proceeds from this transaction to Unitholders of record as of June 30, 2023, as described in note 10. In addition, the Trust used a portion of the sale proceeds to pay down the balance outstanding under the Trust's revolving acquisition credit facility on May 2, 2023.

(b) Additional Empaveli/Syfovre Royalty Stream

On April 3, 2023, the Trust bought an additional royalty stream on Empaveli/Syfovre (pegcetacoplan) for $3,700. This royalty is in addition to our existing Empaveli/Syfovre royalty purchased in 2022. The transaction entitles the Trust to an additional fractional percentage of worldwide net sales of pegcetacoplan. The Trust is entitled to receive quarterly royalty payments in respect of net sales of all formulations of pegcetacoplan, commencing July 1, 2022 to be paid on a three-quarter lag. The cash royalty receipts generated from July 1, 2022 to September 30, 2022 totaled $14 and were applied as a reduction in the total cash consideration transferred in the transaction. The Trust recognized acquired royalties receivable of $72 related to the Trust's royalty entitlement accrued from October 1, 2022 to April 3, 2023, the date of the royalty transaction. Transaction costs of $249 were capitalized as part of the royalty transaction.

The Trust's royalty entitlement will step down upon the expiry of the relevant patents in each jurisdiction. In accordance with the terms of the royalty agreement, the royalty seller may also be entitled to an additional payment of $4,000 if worldwide net sales exceed certain thresholds within a predefined period of time.

(c) Orserdu Transaction

On June 29, 2023, the Trust bought royalties on the sales of Orserdu for $85,000 ("**Orserdu I**"). The transaction entitles the Trust to a mid-single digit tiered royalty on the worldwide net sales of Orserdu. The Trust is entitled to receive quarterly royalty payments on a one-quarter lag based on sales beginning April 1, 2023. The Trust received its first payment in the third quarter of 2023. The Trust recognized acquired royalties receivable of $3,415 related to the Trust's royalty entitlement accrued from April 1, 2023 to June 29, 2023, the date of the royalty transaction. The acquired royalties receivable and the value of the royalty asset were adjusted in the third quarter of 2023 to reflect the actual royalties received for the period from April 1, 2023 to June 29, 2023. Transaction costs of $938 were capitalized as part of the royalty asset acquired.

In accordance with the royalty agreement, the Trust is also entitled to receive additional milestone royalty payments based on the achievement of regulatory approvals and sales performance thresholds. Orserdu was approved for the treatment of postmenopausal women or adult men with advanced or metastatic breast cancer, who have experienced disease progression despite prior endocrine therapy by the FDA in January 2023 and by the European Medicines Agency ("**EMA**") in September 2023. The approval of Orserdu by the EMA triggered milestone royalty income of $2,750, which was recognized in royalty income during the third quarter of 2023 and was received in the fourth quarter of 2023. For the year ended December 31, 2023, Orserdu sales exceeded certain sales performance thresholds that triggered milestone royalty income of $3,367, which was recognized in royalty income in the fourth quarter of 2023, $1,263 of which was received by the Trust in the fourth quarter of 2023 and $2,104 of which was received in the first quarter of 2024. Orserdu was discovered by Eisai Co., Ltd. and is marketed by Menarini Group ("**Menarini**").

(d) Additional Vonjo Royalty Stream

On July 7, 2023, the Trust bought an additional royalty stream on Vonjo for $66,000 (“**Vonjo II**"). This royalty is in addition to our existing Vonjo royalty acquired in 2022 (“**Vonjo I**"). The transaction was funded on July 25, 2023 and entitles the Trust to a tiered royalty on worldwide net sales of Vonjo. The Trust is entitled to receive quarterly royalty payments on a one-quarter lag based on sales beginning April 1, 2023. The Trust received its first payment in the third quarter of 2023. The Trust recognized acquired royalties receivable of $557 related to the Trust’s royalty entitlement accrued from April 1, 2023 to July 25, 2023, the date of the royalty transaction. Transaction costs of $813 were capitalized as part of the royalty asset acquired.

In accordance with the royalty agreement, the Trust is also entitled to receive up to $107,500 in milestone royalty payments. During the year ended December 31, 2023, Vonjo sales exceeded certain sales thresholds that triggered milestone royalty income of $5,000, which was recognized in royalty income in the fourth quarter of 2023 and received in the first quarter of 2024.

(e) Additional Orserdu Royalty Stream

On August 14, 2023, the Trust bought an additional royalty stream on Orserdu for $130,000 (“**Orserdu II**”). This royalty is in addition to our existing Orserdu royalty acquired on June 29, 2023. The transaction entitles the Trust to a net low to high single digit tiered royalty on the worldwide net sales of Orserdu. The Trust is entitled to receive quarterly royalty payments on a one-quarter lag based on sales beginning July 1, 2023, with the first payment received in the fourth quarter of 2023. The Trust recognized acquired royalties receivable of $1,299 related to the Trust’s royalty entitlement accrued from July 1, 2023 to August 14, 2023, the date of the royalty transaction. Transaction costs of $1,224 were capitalized as part of the royalty asset acquired.

In accordance with the royalty agreement, the Trust is obligated to pay a $10,000 milestone to the royalty seller upon the occurrence of pre-specified events. On December 26, 2024, the Trust received notification that the events had occurred, and the milestone conditions had been met. Consequently, the Trust recognized an increase in the cost base of the Orserdu II royalty asset and a related other current liability of $10,000, which was funded subsequent to December 31, 2024.

In accordance with the royalty agreement, the Trust is also entitled to receive additional milestone royalty payments on the achievement of sales performance thresholds. For the year ended December 31, 2023, Orserdu sales exceeded certain sales performance thresholds that triggered milestone royalty income of $30,303, which was recognized in royalty income in the fourth quarter of 2023, $11,364 of which was received by the Trust in the fourth quarter of 2023 and $18,939 of which was received in the first quarter of 2024.

Summary of Transactions Completed in 2023

The following is a summary of the transactions completed for the year ended December 31, 2023:

	Tzield Transaction(i)	Empaveli/Syfovre Transaction	Orserdu I Transaction(ii)	Vonjo II Transaction	Orserdu II Transaction	Total for the year ended December 31, 2023
Assets						
Cash and cash equivalents	$ —	$ 14	$ —	$ —	$ —	$ 14
Royalties receivable	96	72	3,415	557	1,299	5,439
Intangible royalty assets	99,904	3,614	81,585	65,443	128,701	379,247
Net acquired assets	$ 100,000	$ 3,700	$ 85,000	$ 66,000	$ 130,000	$ 384,700

(i) On April 27, 2023, the Trust sold its royalty interest in the worldwide sales of Tzield, as described above. The net book value of the intangible royalty asset was $99,153 at the time of the sale, as described in note 7. Acquired royalties receivable of $96 were reversed as the entitlement to the royalty income was sold.

(ii) During the third quarter of 2023, the acquired royalties receivable and value of the intangible royalty asset were adjusted to reflect the actual royalties received for the period from April 1, 2023 to June 29, 2023.

NOTE 7 | ROYALTY ASSETS

The following table presents a roll of the intangible royalty assets held by the Trust. Intangible royalty assets were acquired by the Trust in the asset transactions, as described in note 6.

	Cost	Accumulated Amortization and Impairment	Net Book Value
As at January 1, 2023	**$ 616,555**	**$ (99,110)**	**$ 517,445**
Additions[(i)]	382,884	—	382,884
Amortization	—	(86,984)	(86,984)
Impairment[(ii)]	—	(9,216)	(9,216)
Dispositions[(iii),(iv)]	(107,636)	8,483	(99,153)
As at December 31, 2023	**891,803**	**(186,827)**	**704,976**
Additions[(v)]	**237,616**	**—**	**237,616**
Amortization	**—**	**(102,869)**	**(102,869)**
Impairment[(vi)]	**—**	**(15,787)**	**(15,787)**
Dispositions[(vii)]	**(1,475)**	**1,475**	**—**
As at December 31, 2024	**$ 1,127,944**	**$ (304,008)**	**$ 823,936**

(i) Includes capitalized transaction costs of $413 related to the Tzield Transaction, $249 related to the additional Empaveli/Syfovre stream, $938 related to the Orserdu I Transaction, $813 related to the Vonjo II Transaction and $1,224, related to the Orserdu II Transaction, as described in note 6.
(ii) During the year ended December 31, 2023, the Trust recognized an impairment loss of $9,216 related to the Natpara royalty asset, as described below.
(iii) The Trust sold its royalty interest in the worldwide sales of Tzield on April 27, 2023, as described in note 6. The net book value of the intangible royalty asset was $99,153 at the time of the sale.
(iv) The Trust wrote off the cost and related accumulated amortization of $7,318 and $7,318, respectively, related to the FluMist royalty asset, which was fully amortized as the royalty arrangement had expired during the year ended December 31, 2023.
(v) Includes capitalized transaction costs of $777, related to the amendment to the Omidria royalty agreement, $315 related to the additional Xenpozyme Transaction and $1,834 related to the Sebetralstat Transaction, as described in note 6.
(vi) During the year ended December 31, 2024, the Trust recognized an impairment loss of $15,787 related to the Oracea royalty asset, as described below.
(vii) The Trust wrote off the cost and related accumulated amortization of $1,475 and $1,475, respectively, related to the Stelara royalty asset, which was fully amortized as the royalty arrangement expired during the year ended December 31, 2024.

As at December 31, 2024, the net book value of our intangible royalty assets was $823,936 (2023 – $704,976), net of accumulated amortization and impairment of $304,008 (2023 – $186,827). During the year ended December 31, 2024, the Trust recorded additions to the cost of its intangible royalty assets totaling $237,616 (2023 – $382,884) related to the intangible royalty transactions and the Orserdu II milestone payment, as described in note 6. During the year ended December 31, 2024, the Trust wrote off the cost and related accumulated amortization of $1,475 related to fully amortized intangible royalty assets as the royalty arrangement had expired (2023 – $7,318). There was no change to the net book value of the intangible royalty assets as a result of this write off. For the year ended December 31, 2023, the Trust recorded a disposition to the cost of its intangible royalty assets of $100,318 and related accumulated amortization of $1,165 related to the Tzield royalty sale, as described in note 6.

Oracea Impairment

A subsidiary of Galderma S.A. ("**Galderma**"), the marketer of Oracea, and TCD Royalty Sub LP, a subsidiary of the Trust, have been engaged in patent infringement litigation with Lupin Inc. and Lupin Limited (together, "**Lupin**") in the U.S. District Court for the District of Delaware (the "**District Court**") since December 2021. Lupin had filed an abbreviated new drug application with the FDA to manufacture a generic version of Oracea prior to the expiration of key patents to which Galderma is the exclusive license holder.

On April 1, 2024, the District Court issued a decision of non-infringement in favour of Lupin. Consequently, Galderma filed an appeal of the District Court's decision with the United States Court of Appeals for the Federal Circuit. On April 9, 2024, Lupin launched its generic version of Oracea "at-risk" in the United States, prior to the appeal decision. On April 16, 2024, Galderma filed a motion for preliminary injunction to require Lupin to cease marketing of its generic product while the appeal is pending and subsequently filed a motion to expedite the appeal. On September 5, 2024, the Federal Circuit heard oral arguments in the Lupin appeal. On December 6, 2024, the Federal Circuit affirmed for non-infringement of Lupin's generic product, allowing Lupin and other generics to stay on the market and additional generics to enter the market.

These events represented indicators of potential impairment of the Trust's Oracea royalty asset that required the Trust to determine the recoverable amount of Oracea to assess if the asset is impaired. The Trust calculated the recoverable amount for Oracea at March 31, 2024 using a discounted cash flow model based on the unadjusted forecasted royalties on remaining future cash flows. The key assumptions and sources of estimation uncertainty were related to the discount rate and future cash flows, including future sales of Oracea, and future sales of generic versions of Oracea. The Oracea royalty asset has been reassessed for impairment quarterly since March 31, 2024 to calculate the recoverable amount. The recoverable amount as of December 31, 2024 was calculated using a discounted cash flow model based on revised cash flows adjusted for the impact of the launch of generic competition by Lupin and launch of other generic versions. Based on the Trust's analysis, the net book value of Oracea was higher than the recoverable amount and the Trust recorded an impairment of $15,787 during the year ended December 31, 2024. As a result of recognizing the impairment, the net book value of the Oracea royalty asset as at December 31, 2024 was $4,498, which represents the recoverable amount.

Orserdu II Milestone

On December 26, 2024, as part of the Orserdu II Transaction as described in note 6, the Trust received notice that certain pre-specified events outlined in the purchase agreement had occurred, and the milestone conditions had been met. Consequently, the Trust recognized an increase in the cost base of the Orserdu II royalty asset and a related other current liability of $10,000, which was funded on January 24, 2025.

As a result of pre-specified events being met, certain royalty deductions have been exempted leading to the recognition of an additional $18,226 in royalty revenue for the year ended December 31, 2024. This includes $15,745 related to the reclaiming of previous royalties and milestones earned since acquisition. The additional royalty revenue reclaimed is composed of (i) $5,523 in milestones and $9,589 in royalties for Orserdu II and (ii) $633 in milestones for Orserdu I. The exemption from certain deductions will apply at a similar rate to future royalties and milestones received.

Natpara Impairment

On October 4, 2022, Takeda Pharmaceutical Company Ltd. ("**Takeda**") announced that it will discontinue manufacturing the pharmaceutical Natpara globally at the end of 2024 due to unresolved manufacturing issues related to protein and rubber particle formation. As a result, Takeda does not intend to re-commercialize Natpara in the United States. Beyond 2024, Takeda intends to supply available doses of Natpara to Europe and other regions around the world until the inventory of Natpara is depleted or expired.

In December 2023, the Trust filed a complaint against Takeda in the State of New York alleging breach of contract and seeking damages.

The announcement from Takeda and the filing of a legal complaint represented indicators of potential impairment that required the Trust to determine the recoverable amount of Natpara to assess if the asset is impaired. The Trust calculated the recoverable amount for Natpara at December 31, 2023 using a discounted cash flow model based on the forecasted royalties on remaining future cash flows, as the Trust continues to earn royalty income on European and rest of the world sales and expects that this will continue past Takeda's planned end of manufacturing at the end of 2024 to account for residual inventory depletion. Key assumptions and sources of estimation uncertainty relate to future cash flows, including future sales of Natpara. Based on the Trust's analysis, the net book value of Natpara was higher than the recoverable amount of $2,419, and the Trust recognized an impairment of the Natpara royalty asset of $9,216 as at December 31, 2023.

As at December 31, 2024, the case is proceeding as expected in the New York State Supreme Court and is currently in the discovery phase.

The following table presents details about the products underlying the Trust's royalty assets as at December 31, 2024:

Royalty Asset	Therapeutic Area	Primary Marketer(s)	Acquisition Quarter	Expected Royalty Expiry(i), (ii)
Casgevy(iii)	Hematology	Vertex Pharmaceuticals	Q4 2024	Q1 2034
Empaveli/Syfovre(iv),(v)	Hematology/Ophthalmology	Apellis, Sobi	Q3 2022	Q4 2033
Eylea I	Ophthalmology	Regeneron, Bayer, Santen	Q1 2021	Q1 2027
Eylea II	Ophthalmology	Regeneron, Bayer, Santen	Q1 2021	Q1 2027
Natpara	Endocrinology	Takeda	Q1 2021	Q3 2025
Omidria(vi)	Ophthalmology	Rayner Surgical	Q3 2022	Q4 2031
Oracea	Dermatology	Galderma	Q3 2021	Q1 2028
Orserdu I	Oncology	Menarini	Q2 2023	Q1 2035
Orserdu II	Oncology	Menarini	Q3 2023	Q1 2035
Rydapt	Oncology	Novartis	Q1 2021	Q1 2028
Sebetralstat	Immunology	KalVista	Q4 2024	Q1 2042
Spinraza	Neurology	Biogen	Q1 2021	Q3 2031
Stelara, Simponi and Ilaris(vii)	Immunology	Johnson & Johnson, Merck, Mitsubishi Tanabe, Novartis	Q1 2021	Q1 2025
Vonjo I	Hematology	Sobi	Q1 2022	Q2 2034
Vonjo II	Hematology	Sobi	Q3 2023	Q2 2034
Xenpozyme(viii)	Lysosomal Storage Disorder	Sanofi	Q4 2022	Q4 2036
Xolair	Immunology	Roche, Novartis	Q1 2021	Q2 2032
Zejula	Oncology	GSK	Q3 2022	Q2 2033
Zytiga	Oncology	Johnson & Johnson	Q1 2021	Q2 2028
Other Products(ix)	Various	Various	Various	n/a

(i) Represents the quarter during which the final royalty payment is expected and is based on our manager's estimates of patent expiry dates in key geographies, loss of exclusivity and the contractual agreements of each royalty stream. These estimates may be impacted by regulatory, commercial or other product developments. Variance from the anticipated performance of royalty-bearing sales may also affect these estimates as a result of caps or other structuring.
(ii) The anticipated royalty terms for products in our portfolio may be shorter than the period of patent protection for the applicable product, depending on many factors, including the entry of generic drugs into the marketplace and competition, all of which are outside our control.
(iii) Casgevy is classified as a financial royalty asset on the consolidated statements of financial position due the nature of the contractual cash flows from the transaction, as described in note 15.
(iv) On February 17, 2023, the FDA approved Syfovre (pegcetacoplan) as a treatment for geographic atrophy. The Trust's royalty entitlement on Syfovre is consistent with that of Empaveli.
(v) Empaveli/Syfovre includes two royalty streams on each product held directly. In Q2 2023, the Trust bought an additional royalty stream on Empaveli/Syfovre, as described in note 6. The expected royalty expiry is consistent with the Empaveli/Syfovre royalty stream bought in Q3 2022.
(vi) In Q1 2024 the Trust amended the existing Omidria agreement, as described in note 6. As a result of the amendment the expected royalty expiry was adjusted from Q4 2030 to Q4 2031.
(vii) Stelara, Simponi and Ilaris include two royalty streams on each product, for a total of six royalty streams held directly and indirectly. The Stelara royalty streams expired in Q2 2024.
(viii) Xenpozyme includes two royalty streams as result of the additional Xenpozyme stream acquired in Q2 2024 as described in note 6.
(ix) Other Products includes intangible royalty assets which are not individually material, as well as intangible royalty assets which are fully amortized or, where applicable, the entitlements to which have substantially expired.

The following table presents the Trust's royalty income and net book value by intangible royalty asset:

	Royalty Income		Net Book Value	
Intangible Royalty Asset	Year ended December 31, 2024	Year ended December 31, 2023	As at December 31, 2024	As at December 31, 2023
Empaveli/Syfovre[(i)]	$ 5,860	$ 3,201	$ 22,082	$ 24,765
Eylea I	5,675	5,455	7,577	11,376
Eylea II	1,229	1,201	3,936	5,909
FluMist[(ii)]	—	979	—	—
Natpara	1,722	2,478	800	2,419
Omidria	37,774	14,167	191,128	105,998
Oracea	6,271	9,199	4,498	25,642
Orserdu I	28,374	16,690	71,697	78,882
Orserdu II	37,065	36,760	124,127	125,580
Rydapt	3,208	8,891	5,337	7,120
Sebetralstat	—	—	101,834	—
Spinraza	14,712	16,880	66,189	76,402
Stelara, Simponi and Ilaris[(iii)]	869	1,185	223	1,920
Vonjo I	12,398	11,012	51,599	57,181
Vonjo II	2,768	6,086	57,342	63,557
Xenpozyme[(iv)]	3,183	837	39,425	28,825
Xolair	11,317	9,875	36,850	42,127
Zejula	4,011	3,196	27,269	30,581
Zytiga	7,207	8,835	10,680	14,578
Other Products[(v)]	1,069	1,985	1,343	2,114
Total	$ 184,712	**$ 158,912**	$ 823,936	**$ 704,976**

(i) Empaveli/Syfovre includes two royalty streams on each product held directly.
(ii) The Trust recorded no royalty income related to FluMist in 2024 as it received its final royalty payment in Q4 2023.
(iii) Stelara, Simponi and Ilaris include two royalty streams on each product, for a total of six royalty streams held directly and indirectly.
(iv) Xenpozyme includes two royalty streams as result of the additional Xenpozyme stream acquired in Q2 2024, as described in note 6.
(v) Other Products includes intangible royalty assets which are not individually material, as well as intangible royalty assets which are fully amortized or, where applicable, the entitlements to which have substantially expired.

Royalty Income

Royalty income for the year ended December 31, 2024 was $184,712 (2023 – $158,912). The Trust records royalty income from intangible royalty assets from the date on which the Trust obtains control of those assets.

Net Book Value

During the year ended December 31, 2024, the Trust recorded additions to the cost of its intangible royalty assets totaling $237,616 (2023 – $382,884) related to the royalty transactions, as described in note 6.

During the year ended December 31, 2024, the Trust recorded amortization expense of $102,869 (2023 – $86,984). The Trust records amortization related to intangible royalty assets from the date on which the Trust obtains control of those assets.

During the year ended December 31, 2024, the Trust recognized an impairment loss of $15,787 related to the Oracea royalty asset (2023 – $9,216, related to the Natpara royalty asset). The impairment loss is recognized in the consolidated statements of net earnings (loss) and comprehensive earnings (loss). The recoverable amount of Oracea was $4,498 as at December 31, 2024 and is based on a value in use calculation. The Trust determined the recoverable amount of the asset using a discounted cash flow model based on forecasted royalties and a discount rate of 12%. The net book value of the asset prior to recognizing an impairment exceeded the recoverable amount and the difference of $15,787 was recognized as an impairment loss.

Refer to note 15 for details on the Trust's financial royalty assets.

NOTE 8 | LOAN RECEIVABLE

On August 25, 2021, concurrent with an agreement regarding the purchase of a tiered royalty on Vonjo I, the Trust provided CTI BioPharma Corp (“**CTI**”) $50,000 in secured debt, the proceeds of which were used by CTI to partially fund the commercialization of Vonjo. The loan receivable bore interest at London Interbank Offered Rate (“**LIBOR**”) plus 8.25%, subject to a LIBOR floor of 1.75% and was set to mature on August 25, 2026. Interest payments were due quarterly and the principal amount of the loan was due on maturity. The Trust was also entitled to receive an exit fee of 2.00% on the principal balance repaid. A commitment fee of $500 was received by the Trust and was recorded as a reduction in the gross principal amount receivable.

On June 26, 2023, CTI prepaid all amounts outstanding under the loan agreement, resulting in a prepayment of $54,771, which included $50,000 for the principal balance outstanding, $1,000 for exit fees, $1,631 for accrued interest and $2,140 for prepayment premiums. The loan prepayment was driven by Swedish Orphan Biovitrum AB (“**Sobi**”)’s acquisition of CTI. As a result of the prepayment, the loan agreement between the Trust and CTI was terminated. The Trust maintains its royalty investment in Vonjo I pursuant to the purchase and sale agreement dated August 25, 2021.

As at December 31, 2024 the carrying amount of the Trust’s loan receivable is nil (2023 – nil). The related interest and other income are presented below.

	Year ended December 31, 2024	Year ended December 31, 2023
Interest on principal loan receivable	$ —	$ 3,264
Amortization of commitment fee	—	368
Accretion of exit fee received	—	734
Premiums for prepayment	—	2,140
Interest and other income on loan receivable	**$ —**	**$ 6,506**

NOTE 9 | CREDIT FACILITY AND PREFERRED SECURITIES

Credit Facility

On October 22, 2021, the Trust entered into a credit agreement (the “**credit agreement**”), for credit facilities composed of (i) a $175,000 senior secured revolving acquisition credit facility (the “**acquisition credit facility**”) and (ii) a $25,000 senior secured revolving working capital credit facility (the “**working capital credit facility**”), the proceeds from which were used for general business purposes and to finance transactions.

On April 20, 2022, the Trust entered into an amended and restated credit agreement (the “**amended credit agreement**”), as amended and restated from time to time, that added a new tranche to the credit facilities consisting of a $150,000 delayed draw term loan (the “**term credit facility**”) which can be drawn against to fund future transactions. As part of the first amendment, the interest rate for new drawings on the credit facility was revised from LIBOR plus a margin which may vary from 2.00% to 2.50% based on the Trust's leverage ratio to the Secured Overnight Financing Rate (“**SOFR**”) plus (i) a margin which may vary from 2.00% to 2.50% based on the Trust's leverage ratio; and (ii) a margin of 0.10% to 0.25% based on the term of the borrowing.

On March 30, 2023, the Trust further amended its amended credit agreement to revise the total credit available to $225,000 under the acquisition credit facility and $88,750 under the term credit facility, and to adjust certain financial covenants to provide greater flexibility (the “**credit facility**”). The interest rate on the amended credit agreement was also revised to SOFR plus (i) a margin which may vary from 2.00% to 2.75% based on the Trust’s leverage ratio; and (ii) a margin of 0.10% to 0.25% based on the term of the borrowing. The range of standby fees was revised to 0.40% to 0.55% based on the Trust’s leverage ratio. The maturity date of the amended credit agreement was also extended to March 30, 2026 from the original maturity date of October 22, 2024.

On October 31, 2023, the Trust increased the total credit available under its credit facility to $500,000, composed of (i) a $375,000 acquisition credit facility; (ii) a $100,000 term credit facility; and (iii) a $25,000 working capital credit facility. The Trust also extended the maturity date of the amended credit agreement from March 30, 2026 to October 31, 2026, which may be extended by one-year increments subject to obtaining approval from the lenders.

On November 1, 2024, the Trust increased the total credit available under its credit facility to $631,625, composed of (i) a $525,000 acquisition credit facility; (ii) a $81,625 term credit facility; and (iii) a $25,000 working capital credit facility. The Trust also extended the maturity date of the amended credit agreement by one year to November 1, 2027, which may be extended by one-year increments subject to obtaining approval from the lenders. As part of the amendment, the interest rate for drawings on the credit facility was revised to SOFR plus a margin which may vary from 1.75% to 2.50% based on the Trust's leverage ratio. The range of standby fees was also revised to 0.35% to 0.50% based on the Trust’s leverage ratio. All other material terms of the amended credit agreement remain unchanged.

Interest payments are due on a quarterly basis and principal repayments totaling 3.75% of a predetermined reference amount are due on a quarterly basis for the acquisition credit facility and term credit facility. Principal repayments on the working capital credit facility are due on maturity. Principal repayments do not result in a corresponding decrease in the borrowing capacity under the acquisition credit facility and working capital credit facility. As principal repayments result in a corresponding cancellation in the borrowing capacity under the term credit facility, there is no remaining available credit under the term credit facility as at December 31, 2024 (2023 – nil).

During the years ended December 31, 2024 and 2023, the Trust drew on its credit facility to fund royalty transactions, as described in note 6. The details of the draws are presented below.

	Draw Date	Facility		Amount
2024				
Omidria	January 3, 2024	Acquisition credit facility	$	**115,000**
Casgevy[(i)]	September 27, 2024	Acquisition credit facility		**22,000**
Sebetralstat	October 25, 2024	Acquisition credit facility		**105,000**
Total			**$**	**242,000**
2023				
Tzield[(i)]	March 6, 2023	Acquisition credit facility	$	70,000
Empaveli/Syfovre	April 3, 2023	Acquisition credit facility		3,715
Orserdu I	June 28, 2023	Acquisition credit facility		85,000
Orserdu II[(i)]	August 10, 2023	Acquisition credit facility		75,000
Total			**$**	**233,715**

(i) The Casgevy, Tzield and Orserdu II Transactions were partially funded by the Trust's existing cash and cash flows.

During the year ended December 31, 2024, the Trust made total credit facility repayments of $66,159 (2023 – $332,331), which did not include any voluntary repayments (2023 – $294,422).

The carrying amount of the Trust's credit facility is presented below.

	As at December 31, 2024						As at December 31, 2023	
		Total Available Credit		Remaining Available Credit		Balance Outstanding		Balance Outstanding
Acquisition credit facility	$	**525,000**	$	**277,878**	$	**247,122**	$	70,812
Term credit facility		**77,031**		**—**		**77,031**		77,500
Working capital credit facility		**25,000**		**25,000**		**—**		—
	$	**627,031**	**$**	**302,878**	**$**	**324,153**	**$**	**148,312**
Deferred transaction costs, net of amortization		**n/a**		**n/a**		**(3,400)**		(2,834)
Total	**$**	**627,031**	**$**	**302,878**	**$**	**320,753**	**$**	**145,478**
Current portion of credit facility					$	**56,888**	$	48,750
Long-term portion of credit facility						**263,865**		96,728
Total					**$**	**320,753**	**$**	**145,478**

The following table presents expected principal repayments to be made until the maturity of the credit facility as at December 31, 2024:

		Total
Full year: 2025		56,888
Full year: 2026		56,888
Full year: 2027		210,377
	$	**324,153**

The Trust is subject to certain financial as well as customary non-financial covenants under the amended credit agreement. Certain compliance requirements have also been revised as part of the amended credit agreement. Substantially all of the assets of the Trust are pledged as collateral under the amended credit agreement. As at December 31, 2024, the Trust was in compliance with all covenant requirements under the amended credit agreement.

Interest Rate Swap

On August 31, 2023, the Trust entered into an interest rate swap agreement to fix the interest rate on a notional amount of $100,000 of the credit facility, as described in note 15. Under the agreement, the Trust pays a fixed rate of 4.63% and in exchange receives a SOFR interest rate, offsetting the floating component on a portion of the credit facility. The interest earned on the interest rate swap partially offsets the interest payable on the credit facility. During the year ended December 31, 2024, the Trust recorded interest earned on the interest rate swap of $535 (2023 – $192).

Preferred Securities

On February 8, 2023, the Trust completed a private placement of securities (the "**2023 Private Placement**") to a group of investors, the proceeds from which were used to repay amounts owing under the Trust's amended credit agreement. The 2023 Private Placement provided gross proceeds of $95,000 to the Trust through the sale of $95,000 principal amount of Series A Preferred Securities, $19,760 principal amount of Series B Preferred Securities (collectively, the "**2023 Preferred Securities**") and the issuance of 6,369,180 warrants (the "**2023 Warrants**"). The 2023 Warrants are further described in note 10. The 2023 Preferred Securities were unsecured, subordinated debt securities of the Trust. The 2023 Preferred Securities paid cash interest at a rate of 7.04% per annum on the principal amount of the Preferred Securities, payable semi-annually on June 30 and December 31 of each year.

The Series A Preferred Securities had a maturity date of February 8, 2073 and the Series B Preferred Securities had a maturity date of December 27, 2027. The Series A Preferred Securities were redeemable at par, at the option of the Trust, at any time from and after December 27, 2027. The 2023 Preferred Securities were not redeemable by the Trust prior to December 27, 2027, except in the event of a change of control of the Trust, in which case the 2023 Preferred Securities were subject to a mandatory redemption.

The Trust initially recognized the 2023 Preferred Securities using a discount rate of 12.77%, which is indicative of the fair market value of the 2023 Preferred Securities at the time of issuance. The carrying amount of the 2023 Preferred Securities was being accreted to its par value up until December 27, 2027, which is the date at which the Series A Preferred Securities could be redeemed by the Trust and the stated maturity date for the Series B Preferred Securities. Deferred transaction costs of $3,171 were initially recognized and were being amortized using the effective interest rate method over the same period as the 2023 Preferred Securities accretion period.

On April 23, 2024, the Trust completed a refinancing of the 2023 Preferred Securities and the 2023 Warrants. As a result of the refinancing, holders of the 2023 Preferred Securities and 2023 Warrants received gross proceeds of $20,441 through the sale of $135,202 principal amount of new Series C Preferred Securities (the "**2024 Preferred Securities**") and 1,749,996 new warrants (the "**2024 Warrants**"), having an exercise price representing a 20% premium to the five-day volume weighted average price of the Trust's units. The 2023 Preferred Securities were cancelled and the 2023 Warrants were redeemed upon completion of the refinancing, with holders entitled to receive accrued and unpaid interest on the 2023 Preferred Securities up to and excluding such date.

The 2024 Preferred Securities are unsecured, subordinated debt securities of the Trust and have a principal amount of $135,202, maturing on April 23, 2074. The 2024 Preferred Securities initially pay cash interest at a rate of 7.50% per annum on the principal amount, payable semi-annually on April 30 and October 31 of each year. The 2024 Preferred Securities are not redeemable by the Trust prior to April 30, 2029, except in the event of a change in control of the Trust. The Trust determined that the modification of terms under the refinancing transaction is not substantial in nature by comparing the discounted cash flows under the 2024 Preferred Securities and the 2023 Preferred Securities using the original discount rate of 12.77%. A gain on debt refinancing of $2,176 was recorded as a result of this refinancing. Additional deferred transaction costs of $501 were recognized related to the preferred securities refinancing and will be amortized using the effective interest rate method up to April 30, 2029, the date at which the 2024 Preferred Securities could be redeemed by the Trust.

The interest rate on the 2024 Preferred Securities will increase to 10% per annum if any of the 2024 Preferred Securities are outstanding on April 30, 2029, and will be subject to an annual increase of 1.5% per annum if any of the 2024 Preferred Securities remain outstanding on each one year anniversary of such date, up to a specified cap.

The carrying amount of the preferred securities is presented below.

	As at December 31, 2024	As at December 31, 2023
Series A	$ —	$ 79,377
Series B	—	16,510
Series C	**113,515**	—
	$ 113,515	**$ 95,887**
Deferred transaction costs, net of amortization	**(2,578)**	(2,637)
Total	**$ 110,937**	**$ 93,250**

The summary of interest expense for the years ended December 31, 2024 and 2023 is presented below.

	Year ended December 31, 2024	Year ended December 31, 2023
Interest on credit facility net borrowings	**$ 19,501**	$ 13,703
Standby fees	**1,130**	852
Amortization of deferred transaction costs	**1,028**	1,251
Interest earned on interest rate swap	**(535)**	(192)
Total interest expense on credit facility	**$ 21,124**	**$ 15,614**
Interest on preferred securities	**$ 9,531**	$ 7,238
Accretion of par value	**3,685**	3,117
Amortization of deferred transaction costs	**565**	534
Total interest expense on preferred securities	**$ 13,781**	**$ 10,889**
Total interest expense	**$ 34,905**	**$ 26,503**

NOTE 10 | EQUITY

Authorized Equity

The authorized equity capital consists of (i) an unlimited number of Units; and (ii) an unlimited number of Preferred Units, issuable in series.

(i) Units

Each Unit represents a proportionate undivided beneficial ownership interest in the Trust, which entitles the holder to one vote, participation in distributions made by the Trust on a pro rata basis and, in the event of the termination or winding-up of the Trust, in the pro rata share of its net assets remaining after the satisfaction of all its liabilities. Units are fully paid and non-assessable when issued and are transferable. The Units rank among themselves equally and ratably without discrimination, preference or priority. Each Unit entitles the holder thereof to one vote at all meetings of Unitholders. The Units are redeemable by the holder thereof and the Units have no other conversion, retraction, redemption or pre-emptive rights. Fractional Units do not entitle the holders thereof to vote, except to the extent that such fractional Units may represent in the aggregate one or more whole Units.

The following table outlines the changes in the number of Units outstanding from December 31, 2022 to December 31, 2024:

	Units	Weighted Average Cost per Unit	Total Cost
Balance – December 31, 2022	**37,790,395**	**n/a**	**$ 373,577**
Issuance of Units:			
Follow-on public offerings	18,653,000	$ 8.12	$ 151,456
Units issued on the settlement of vested Restricted Units	240,498	$ 8.75	$ 2,105
Unit issuance costs	n/a	n/a	$ (6,924)
Repurchase and cancellation of Units – NCIB	(325,653)	$ 5.43	$ (1,769)
Unit distributions to Unitholders	4,651,782	$ 9.26	$ 43,058
Consolidation of Units	(4,651,782)	n/a	n/a
Balance – December 31, 2023	**56,358,240**	**n/a**	**$ 561,503**
Issuance of Units:			
Units issued on the settlement of vested Restricted Units	**352,531**	**$ 10.39**	**$ 3,663**
Repurchase and cancellation of Units – NCIB	**(406,346)**	**$ 9.64**	**$ (3,917)**
Unit distributions to Unitholders	**160,997**	**$ 8.29**	**$ 1,334**
Consolidation of Units	**(160,997)**	**n/a**	**n/a**
Balance – December 31, 2024	**56,304,425**	**n/a**	**$ 562,583**

Follow-on offerings of Units

On July 19, 2023, the Trust completed a follow-on public offering of its Units whereby the Trust issued 9,223,000 Units at $8.03 (C$10.60) per Unit, for gross proceeds of $74,086 (C$97,764).

On September 20, 2023, the Trust completed an additional follow-on public offering of its Units whereby the Trust issued 9,430,000 Units at $8.20 (C$11.00) per Unit, for gross proceeds of $77,370 (C$103,730).

Settlement of vested Restricted Units

The following table outlines the Units issued upon settlement of vested RUs during the years ended December 31, 2024 and 2023:

	Units Issued on Settlement of Restricted Units	
	Year ended December 31, 2024	Year ended December 31, 2023
Restricted Units Grant Date:		
September 10, 2021	**12,452**	12,779
October 8, 2021	**—**	8,727
November 30, 2021	**29,116**	39,304
June 10, 2022	**7,309**	8,805
September 10, 2022	**13,965**	13,424
November 22, 2022	**17,038**	16,573
August 17, 2023	**3,613**	140,886
October 25, 2023	**28,576**	—
December 21, 2023	**2,442**	—
January 10, 2024	**104,495**	—
May 1, 2024	**3,598**	—
May 31, 2024	**123,438**	—
August 13, 2024	**6,489**	—
Total	**352,531**	**240,498**

Normal course issuer bid ("NCIB")

On November 7, 2022, the Trust was granted approval by the TSX to acquire, from time to time, if considered advisable, up to 2,493,280 Units of the Trust for cancellation between November 14, 2022 and November 13, 2023 ("**November 2022 NCIB**"). In connection with the November 2022 NCIB, the Trust established an automated unit repurchase plan ("**AUPP**") whereby Units of the Trust may be repurchased at the discretion of a dealer to the AUPP using commercially reasonable efforts and subject to trading parameters defined in the AUPP.

On November 13, 2023, the Trust was granted approval by the TSX to acquire, from time to time, if considered advisable, up to 3,280,195 Units of the Trust for cancellation between November 20, 2023 and November 19, 2024 ("**November 2023 NCIB**"). In connection with the November 2023 NCIB, the Trust established an AUPP whereby Units of the Trust may be repurchased at the discretion of a dealer to the AUPP using commercially reasonable efforts and subject to trading parameters defined in the AUPP.

During the year ended December 31, 2024, the Trust acquired and cancelled 406,346 Units at an average price of $9.64, totaling $3,917. As at December 31, 2024, in aggregate, the Trust has acquired and cancelled 3,163,509 Units at an average price per Unit of $5.82, totaling $18,427 under all current and previous normal course issuer bid plans.

As at December 31, 2024, the Trust does not have an active NCIB plan.

(ii) Preferred Units

Preferred Units may at any time and from time to time be issued in one or more series. Subject to the provisions of our declaration of trust, the board of trustees of the Trust may, by resolution, from time to time before the issue of Preferred Units determine the maximum number of Units of each series, create an identifying name for each series, attach special rights or restrictions to the Preferred Units of each series including, without limitation, any right to receive distributions (which may be cumulative or non-cumulative and variable or fixed) or the means of determining such distributions, the dates of payment thereof, any terms or conditions of redemption or purchase, any conversion rights, any retraction rights, any rights on the liquidation, dissolution or winding-up of the Trust, and any sinking fund or other provisions. Except as provided in any special rights or restrictions attaching to any series of Preferred Units issued from time to time, the holders of Preferred Units will not be entitled to receive notice of, attend or vote at any meeting of Unitholders.

Preferred Units rank on a parity with the Preferred Units of every other series and are entitled to preference over our Units, and any other of our Units ranking junior to the Preferred Units, with respect to payment of distributions. In the event of the liquidation, dissolution or winding-up of the Trust, whether voluntary or involuntary, the holders of Preferred Units will be entitled to preference with respect to distribution of our property or assets over our Units, and any other of our Units ranking junior to the Preferred Units, with respect to the repayment of capital paid up and the payment of unpaid distributions accrued on the Preferred Units.

As at December 31, 2024, no Preferred Units had been issued or were outstanding (2023 – nil).

(iii) Warrants

In connection with the 2023 Private Placement, the Trust issued 6,369,180 Warrants to the 2023 Private Placement investors. Each 2023 Warrant entitled the holder thereof to acquire one Unit of the Trust for an exercise price of $11.62 at any time until the expiry of the 2023 Warrant on February 8, 2028. The 2023 Warrant exercise price represented a 106% premium to the volume weighted average price of the Trust's Units for the 20 trading days ending February 7, 2023. The 2023 Warrants were not listed on any stock exchange, although the underlying Units of the Trust are issuable pursuant to the 2023 Warrants are listed on the TSX. The 2023 Warrants were included in other equity reserves. Transaction costs associated with the issuance incurred in 2023 totaled $79, and were recorded as a reduction in other equity reserves.

The fair value of the 2023 Warrants was estimated at $2,229 on issuance date using the Black-Scholes valuation model. The assumptions used to determine the fair value of the 2023 Warrants include: (i) exercise price of $11.62; (ii) average risk-free interest rate of 3.558%; (iii) expected Warrant life of five years; (iv) average expected volatility of 30%, estimated based on market data; and (v) expected distribution yield of 5.579%.

On April 23, 2024, the Trust completed a refinancing of the 2023 Preferred Securities and the 2023 Warrants. As a result of the refinancing, the 2023 Warrants were redeemed for $20,441 and 1,749,996 2024 Warrants were issued. Each 2024 Warrant entitles the holder thereof to acquire one Unit of the Trust for an exercise price of $15.00 at any time until the expiry of the 2024 Warrant on April 23, 2029. The 2024 Warrant exercise price represents a 20% premium to the volume-weighted average price of the Trust's Units for the five trading days ending April 12, 2024. Transaction costs associated with the issuance incurred in 2024 totaled $137 and were recorded as a reduction in other equity reserves.

The fair value of the 2024 Warrants was estimated at $4,322 on issuance date using the Black-Scholes valuation model. The assumptions used to determine the fair value of the 2024 Warrants include: (i) an exercise price of $15.00; (ii) an average risk-free interest rate of 4.38%; (iii) a five-year term; (iv) average expected volatility of 30.5%, estimated based on market data; and (v) expected distribution yield of 3.35%.

As at December 31, 2024, the net value of the 2024 Warrants recognized in other equity reserves was $4,106 (2023 – $2,150).

Distributions

Distributions in respect of a quarter are paid on or about each distribution date to Unitholders of record as at the close of business on the corresponding distribution record date.

The following table presents cash and Unit distributions made by the Trust during the years ended December 31, 2024 and 2023:

	Record Date	Payment Date	Distribution per Unit	Total Distribution
2024				
Q1 2024 – Quarterly cash distribution	March 31, 2024	April 19, 2024	**$ 0.0850**	**$ 4,790**
Q2 2024 – Quarterly cash distribution	June 30, 2024	July 19, 2024	**$ 0.0850**	**$ 4,795**
Q3 2024 – Quarterly cash distribution	September 30, 2024	October 18, 2024	**$ 0.0850**	**$ 4,783**
Q4 2024 - Quarterly cash distribution	December 31, 2024	January 20, 2025	**$ 0.0850**	**$ 4,786**
Q4 2024 - Unit distribution[(i)]	December 31, 2024	n/a	**$ 0.0237**	**$ 1,334**
Total			**$ 0.3637**	**$ 20,488**
2023				
Q1 2023 – Quarterly cash distribution	March 31, 2023	April 20, 2023	$ 0.0750	$ 2,811
Q2 2023 – Quarterly cash distribution	June 30, 2023	July 20, 2023	$ 0.0750	$ 2,812
Q2 2023 – Special cash distribution[(ii)]	June 30, 2023	July 20, 2023	$ 0.5334	$ 20,000
Q3 2023 – Quarterly cash distribution	September 30, 2023	October 20, 2023	$ 0.0750	$ 4,224
Q4 2023 – Quarterly cash distribution	December 31, 2023	January 19, 2024	$ 0.0750	$ 4,227
Q4 2023 – Special cash distribution[(iii)]	December 31, 2023	January 19, 2024	$ 0.2662	$ 15,003
Q4 2023 – Unit distribution[(i)]	December 31, 2023	n/a	$ 0.7640	$ 43,058
Total			$ 1.8636	$ 92,135

(i) On December 20, 2024, the board of trustees of the Trust declared a special Unit distribution of $0.0237 per Unit, totaling $1,334 to Unitholders of record as at December 31, 2024, which was issued on December 31, 2024. On December 20, 2023, the board of trustees of the Trust declared a special Unit distribution of $0.7640 per Unit, totalling $43,058 to Unitholders of record as at December 31, 2023, which was issued on December 31, 2023. Immediately following the special Unit distributions, Units of the Trust were consolidated such that, after each consolidation, each Unitholder held the same number of Units that were held by the Unitholder immediately before the special Unit distribution.

(ii) On April 27, 2023, the board of trustees of the Trust declared a special cash distribution totaling $20,000 to Unitholders of record as at June 30, 2023, which was paid on July 20, 2023.

(iii) On December 20, 2023, the board of trustees of the Trust declared a special cash distribution totaling $15,003 to Unitholders of record as at December 31, 2023, which was paid on January 19, 2024.

During the year ended December 31, 2024, the board of trustees of the Trust declared distributions totaling $20,488 (2023 – $92,135), composed of cash distributions of $19,154 (2023 – $49,077) and a Unit distribution of $1,334 (2023 – $43,058).

On March 3, 2025, the board of trustees of the Trust declared a quarterly cash distribution of $0.10 per Unit to Unitholders of record as at March 31, 2025 and payable on April 18, 2025.

NOTE 11 | NET EARNINGS PER UNIT

The treasury method as described in note 3(q) requires certain adjustments to net earnings (loss) when calculating diluted earnings (loss) per Unit. Diluted earnings for the purposes of calculating diluted net earnings (loss) per Unit were as follows:

Diluted earnings	Year ended December 31, 2024	Year ended December 31, 2023
Net earnings (loss)	**$ (3,364)**	$ 91,496
Adjustment to numerator	**—**	100
Net earnings (loss) for purposes of calculating diluted net earnings (loss) per Unit	**$ (3,364)**	$ 91,596

The weighted average number of Units outstanding for the purpose of calculating net earnings (loss) per Unit were as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Basic	**56,339,759 Units**	44,479,802 Units
Diluted	**56,339,759 Units**	44,622,811 Units

NOTE 12 | UNIT-BASED COMPENSATION

The Trust provides unit-based compensation under its Incentive Plan, as described in note 3(p). The total number of Units authorized to be issued under the Omnibus Equity Incentive Plan is the lower of (i) 4,101,741; and (ii) 10% of the total outstanding Units of the Trust.

For the year ended December 31, 2024, the unit-based compensation expense was $7,679 (2023 – $5,079) and was composed of RU grants, net of RU forfeitures during the year.

The following table provides the details of RU grants for the years ended December 31, 2024 and 2023:

	Total Units January 1, 2023	Units Granted	Distribution Equivalent Units Granted(i)	Vesting of Restricted Units	Forfeited Units	Total Units December 31, 2023
Restricted Units Grant Date:						
September 10, 2021(ii)	54,035	—	6,082	(26,542)	(5,819)	27,756
October 8, 2021(iii)	37,059	—	505	(18,782)	(18,782)	—
November 30, 2021(ii)	111,176	—	14,011	(61,488)	—	63,699
June 10, 2022(ii)	42,652	—	4,320	(14,340)	(212)	32,420
September 10, 2022(ii)	61,551	—	7,778	(20,608)	(5,620)	43,101
November 22, 2022(iv)	63,324	—	6,159	(21,108)	—	48,375
November 22, 2022(v)	22,797	—	2,944	(8,326)	—	17,415
August 17, 2023(vi)	—	235,278	—	(235,278)	—	—
August 17, 2023(v)	—	16,000	488	(5,333)	—	11,155
October 25, 2023(vii)	—	85,816	3,082	—	—	88,898
December 21, 2023(viii)	—	15,000	539	—	—	15,539
Balance	**392,594**	**352,094**	**45,908**	**(411,805)**	**(30,433)**	**348,358**

	Total Units January 1, 2024	Units Granted	Distribution Equivalent Units Granted(i)	Vesting of Restricted Units	Forfeited Units	Total Units December 31, 2024
Restricted Units Grant Date:						
September 10, 2021(ii)	**27,756**	**—**	**410**	**(26,000)**	**(2,166)**	**—**
November 30, 2021(ii)	**63,699**	**—**	**1,506**	**(65,205)**	**—**	**—**
June 10, 2022(ii)	**32,420**	**—**	**636**	**(16,328)**	**(1,862)**	**14,866**
September 10, 2022(ii)	**43,101**	**—**	**1,056**	**(21,869)**	**—**	**22,288**
November 22, 2022(iv)	**48,375**	**—**	**1,184**	**(24,545)**	**—**	**25,014**
November 22, 2022(v)	**17,415**	**—**	**313**	**(2,945)**	**(11,781)**	**3,002**
August 17, 2023(vi)	**11,155**	**—**	**273**	**(5,660)**	**—**	**5,768**
October 25, 2023(vii)	**88,898**	**—**	**1,843**	**(44,772)**	**—**	**45,969**
December 21, 2023(viii)	**15,539**	**—**	**431**	**(5,256)**	**—**	**10,714**
January 10, 2024(ix)	**—**	**370,128**	**7,073**	**(186,408)**	**(46,331)**	**144,462**
January 10, 2024(x)	**—**	**21,232**	**154**	**(21,386)**	**—**	**—**
May 1, 2024(viii)	**—**	**19,500**	**396**	**(6,549)**	**—**	**13,347**
May 31, 2024(xi)	**—**	**117,245**	**1,805**	**(39,076)**	**(26,794)**	**53,180**
May 31, 2024(xii)	**—**	**233,333**	**—**	**(233,333)**	**—**	**—**
August 13, 2024(xiii)		**110,752**	**1,974**	**(13,965)**	**—**	**98,761**
Balance	**348,358**	**872,190**	**19,054**	**(713,297)**	**(88,934)**	**437,371**

(i) All RUs are credited with distribution equivalents in the form of additional RUs on each distribution payment date in respect of which normal distributions are paid on the Trust's Units. Such distribution equivalents are subject to the same vesting conditions as the instruments to which they relate.
(ii) Vesting equally over three years on each anniversary date.
(iii) Two thirds of Units granted vested on April 1, 2022 and April 1, 2023, equally. The remaining units were forfeited during 2023.
(iv) Vesting equally on March 31, 2023, September 10, 2024 and September 10, 2025.
(v) Vesting equally on September 10, 2023, September 10, 2024 and September 10, 2025.
(vi) Vested immediately on August 17, 2023.
(vii) Vested immediately on October 25, 2023 and settling equally on June 15, 2024 and June 15, 2025.
(viii) Vesting equally on September 10, 2024, September 10, 2025 and September 10, 2026.
(ix) Vesting equally on June 15, 2024 and June 15, 2025.
(x) Vested on April 1, 2024.
(xi) Vesting equally on May 31, 2024, May 31, 2025 and May 31, 2026.
(xii) Vested immediately on May 31, 2024.
(xiii) Vesting equally on a quarterly basis beginning November 13, 2024 until August 13, 2026.

The carrying value of the Trust's unit-based compensation liability related to the outstanding awards was as follows:

	As at December 31, 2024	As at December 31, 2023
Current portion of unit-based compensation liability	**$ 2,093**	$ 1,499
Long-term portion of unit-based compensation liability	**240**	712
Total unit-based compensation liability	**$ 2,333**	**$ 2,211**

No Options or PUs were granted as at December 31, 2024 and 2023. Certain members of the board of trustees of the Trust elected to be compensated fully or partially in DUs, as described in note 14.

NOTE 13 | DEAL INVESTIGATION AND RESEARCH EXPENSES

Deal investigation and research expenses include the ongoing costs associated with the Trust's research and due diligence activities and other expenses necessary for the assessment of potential asset acquisition opportunities, including consulting, legal, research data and data subscription expenses.

The Trust recorded total deal investigation and research expenses of $6,674 for the year ended December 31, 2024 (2023 – $2,767).

Directly attributable costs associated with successful acquisitions are capitalized as part of the cost of royalty assets in accordance with IFRS Accounting Standards as issued by the IASB.

NOTE 14 | OTHER OPERATING EXPENSES

A summary of the Trust's other operating expenses by nature is presented below.

	Year ended December 31, 2024	Year ended December 31, 2023
Board of trustees fees	**$ 859**	$ 1,132
Professional fees	**5,695**	1,849
Executive compensation	**523**	—
Amortization of other current assets	**—**	240
Other expenses	**2,428**	1,695
Total other operating expenses	**$ 9,505**	**$ 4,916**

Board of trustees fees

Certain members of the board of trustees of the Trust have elected to be compensated fully or partially in DUs under the Trust's Omnibus Equity Incentive Plan. The DUs granted pursuant to the election vest immediately and are settled in accordance with the established terms of the award agreement, but not earlier than the resignation or termination of the respective trustee from the board of trustees of the Trust. All DUs are credited with distribution equivalents in the form of additional DUs on each distribution payment date in respect of which normal distributions are paid on the Trust's Units. Such distribution equivalents are subject to the same vesting conditions as the instruments to which they relate. DUs are initially recognized at fair value and are subsequently remeasured at fair value on each reporting date, as described in note 3(p).

During the year ended December 31, 2024, the Trust granted 57,669 DUs (2023 – 51,709) in lieu of cash compensation to trustees and 5,207 distribution equivalent Units (2023 – 12,655) in relation to the quarterly distributions. Board compensation expense for the year ended December 31, 2024 included $375 (2023 – $809) related to the issuance of DUs and the related distribution equivalents. The fair value of the DUs vested but not settled was $1,480 as at December 31, 2024 (2023 – $1,105) and was included in other current liabilities.

During the year ended December 31, 2024, the board of trustees' quarterly compensation increased by $13 per trustee to be awarded in the form of DUs. During the year ended December 31, 2023, the Trust made a one-time discretionary payment in the amount of $141 to the board of trustees in addition to their regular compensation. This additional payment was made in cash.

During the year ended December 31, 2024, the Trust paid a special committee fee of $175 to the board of trustees in addition to their regular compensation (2023 – nil). During the year ended December 31, 2024, the annual retainer paid to the Chair of the Governance, Compensation and Nominating Committee was also increased (2023 – nil).

Professional fees

For the year ended December 31, 2024, the Trust recorded total professional fees of $5,695 (2023 – $1,849) related to professional services including audit, legal, tax, valuation and consulting.

Executive compensation

For the year ended December 31, 2024, the Trust recorded total compensation of $523 (2023 – nil) related to the compensation of the officers of the Trust.

Other expenses

Other expenses for the year ended December 31, 2024 were $2,428 (2023 – $1,695) and included $1,047 (2023 – $525) in donations, primarily related to the pledge agreement with Mayo Clinic, as described in note 19.

NOTE 15 | FINANCIAL INSTRUMENTS

The financial assets and liabilities held by the Trust as at December 31, 2024 were as follows:

	Fair value through net earnings - recognized	Fair value through net earnings - designated as hedging instruments	Amortized Cost	Total
Financial Assets				
Cash and cash equivalents	$ 36,502	$ —	$ —	$ 36,502
Royalties receivable	—	—	62,362	62,362
Financial royalty assets	57,527	—	—	57,527
Investment in marketable securities	4,235	—	—	4,235
	$ 98,264	$ —	$ 62,362	$ 160,626
Financial Liabilities				
Accounts payable and accrued liabilities	$ —	$ —	$ 4,821	$ 4,821
Distributions payable to Unitholders	—	—	4,786	4,786
Derivative instruments	—	425	—	425
Performance fees payable	—	—	1,665	1,665
Current portion of credit facility	—	—	56,888	56,888
Other current liabilities	—	—	10,136	10,136
Credit facility	—	—	263,865	263,865
Preferred securities	—	—	110,937	110,937
	$ —	$ 425	$ 453,098	$ 453,523

The financial assets and liabilities held by the Trust as at December 31, 2023 were as follows:

	Fair value through net earnings - recognized	Fair value through net earnings - designated as hedging instruments	Amortized Cost	Total
Financial Assets				
Cash and cash equivalents	$ 62,835	$ —	$ —	$ 62,835
Royalties receivable	—	—	64,082	64,082
	$ 62,835	**$ —**	**$ 64,082**	**$ 126,917**
Financial Liabilities				
Accounts payable and accrued liabilities	$ —	$ —	$ 5,043	$ 5,043
Distributions payable to Unitholders	—	—	19,230	19,230
Derivative instruments	—	1,089	—	1,089
Performance fees payable	—	—	5,918	5,918
Current portion of credit facility	—	—	48,750	48,750
Other current liabilities	—	—	136	136
Credit facility	—	—	96,728	96,728
Preferred securities	—	—	93,250	93,250
	$ —	**$ 1,089**	**$ 269,055**	**$ 270,144**

Investment in marketable securities

As part of the Sebetralstat Transaction, as described in note 6, on November 4, 2024, the Trust purchased 500,000 shares in KalVista common stock through a private investment in the public equity arrangement for $10 per share for a total cost of $5,000.

During the years ended December 31, 2024 and 2023, the Trust recorded the following balances related to the investment in marketable securities:

Marketable securities	Number of shares	Fair value as at December 31, 2024	Change in fair value for the year ended December 31, 2024	Fair value as at December 31, 2023	Change in fair value for the year ended December 31, 2023
KalVista	500,000	$ 4,235	$ (765)	$ —	$ —

Derivative instruments

The Trust uses an interest rate swap as a derivative financial instrument designated as a cash flow hedge to manage interest rate risk related to its credit facility, as described in note 9. The Trust does not hold or use any derivative instruments for speculative trading purposes. On August 31, 2023, the Trust entered into an interest rate swap agreement to fix a portion of the interest rate on a notional amount of $100,000 of the credit facility. The details of the interest rate swap are as follows:

Derivative Instruments	Maturity Date	Notional Value	Fair value as at December 31, 2024	Fair value as at December 31, 2023
Interest rate swap	March 31, 2026	$ 100,000	$ (425)	$ (1,089)

The Trust applies hedge accounting, as described in note 3(e). During the year ended December 31, 2024, the Trust recognized a net unrealized fair value gain in other comprehensive earnings (loss) of $664 (2023 – $(1,089)) as a result of the interest rate swap derivative instrument. During the year ended December 31, 2024 the Trust also recognized $535 (2023 – $192) in interest income on the interest rate swap, which was netted against the interest expense arising from the amended credit agreement, as described in note 9.

NOTE 16 | FAIR VALUE MEASUREMENTS

Financial instruments measured at fair value are allocated within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Transfers between the three levels of the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer.

There were no transfers among the three levels of the fair value hierarchy during the year ended December 31, 2024 (2023 – nil).

As at December 31, 2024, the Trust had cash and cash equivalents and investments in marketable securities measured at fair value and classified as Level 1 financial instruments. Investment in marketable securities are measured using quoted prices in active markets for identical assets. The Trust also had derivative instruments measured at fair value classified as Level 2 financial instruments. The derivative instrument is related to the interest rate swap described in note 15, and the fair value is estimated using a valuation model that predicts future cash flows over the contractual terms of the agreement based on observable market data, such as interest rate curves. Financial royalty assets are classified as Level 3 financial instruments. In computing the fair value of financial royalty assets, a discounted cash flow model is used and is based on unobservable market data including; estimated cash flows based on the Trust's internal model, and a spread adjustment to the discount rate reflecting deal-specific risks and the Trust's required return.

As at December 31, 2023, the Trust had cash and cash equivalents measured at fair value classified as Level 1 financial instruments and derivative instruments measured at fair value classified as Level 2 financial instruments.

The carrying values of financial assets and liabilities held at amortized cost approximate their fair values.

The following table provides a reconciliation to the ending balance of the Trust's Level 3 financial instruments:

Reconciliation of Level 3 Financial Instruments	Financial royalty assets
Ending Balance – December 31, 2023	**$ —**
Additions	**57,000**
Change in fair value due to accretion of cash flows	**1,908**
Change in fair value due to movement in risk free rate	**(1,381)**
Ending Balance – December 31, 2024	**$ 57,527**

NOTE 17 | RISK MANAGEMENT

(a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the Trust by failing to discharge an obligation.

The Trust has determined that it is exposed to credit risk primarily related to the counterparties of its royalty assets, as described in note 7.

The counterparties to the Trust's royalty agreements are comprised primarily of marketers of the underlying products in the pharmaceutical and life science industries. As at December 31, 2024, royalties receivable from the five largest royalties receivable counterparties represented 81% of total royalties receivable (2023 – 80%). The Trust monitors its exposure to counterparties of its royalty assets on a regular basis.

Cash and cash equivalents and royalty assets are subject to credit risk. Cash and cash equivalents are held with reputable financial institutions which have high credit ratings.

(b) Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Trust manages its cash and capital to ensure that it can meet its obligations in the normal course of operations. The Trust generally settles its accounts payable obligations within 90 days. The Trust also maintains enough liquidity to ensure it can meet the mandatory payment requirements of its amended credit agreement and preferred securities, as described in note 9.

(c) Foreign exchange risk

Foreign exchange is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Trust's functional currency is the U.S. dollar; however, the Trust is exposed to changes in foreign exchange on certain underlying revenue streams supporting the royalty income. An appreciation or depreciation of 5% in the currencies to which the Trust has exposure against the U.S. dollar would not have a material impact on the Trust's net earnings as at December 31, 2024.

(d) Interest rate risk

Interest rate risk is the risk that the Trust will encounter financial loss arising from changes in interest rates.

The Trust is exposed to interest rate risk on its amended credit agreement, as described in note 9. As the interest rate on the amended credit agreement is partially dependent on the Trust's leverage ratio, the Trust aims to maintain a stable leverage ratio to mitigate fluctuations in the interest rate charged. The Trust also uses an interest rate swap to exchange a floating interest rate for a fixed interest rate to achieve a more predictable interest expense to assist in providing greater flexibility with complying with debt covenants. The swap also helps manage the risk of interest rate fluctuations for a portion of the amended credit agreement, as described in note 9. Interest earned on the interest rate swap partially offsets the interest expense on the amended credit agreement.

The Trust earns other interest income based on its cash on-hand. Other interest income is also exposed to potential financial loss in the event of decreasing interest rates.

As part of the accounting treatment of the Trust's financial royalty assets, changes in fair value directly impact net earnings. As the fair value is calculated using a discounted cash flow model, with discount rates being partially composed of market interest rates, the fair value of the royalty financial asset is exposed to changes in interest rates.

The Trust continuously monitors its exposure to fluctuating interest rates. A 1% change in interest rates would have the following impact on the Trust's net earnings (loss) as at December 31, 2024.

		Impact on net earnings (loss)
Impact of 1% increase in interest rates on interest income and expense	$	(884)
Impact of 1% decrease in interest rate on interest income and expense		884
Impact of 1% increase in interest rate on changes in fair value of financial royalty assets		(1,799)
Impact of 1% decrease in interest rate on changes in fair value of financial royalty assets		1,908

(e) Additional risks

General global economic conditions, including, without limitation, public health crises, changes to fiscal and monetary policies, fluctuations in the market prices of securities, global supply chain disruptions, national and international political circumstances, natural disasters and other events and circumstances in which the Trust does not have operational or financial control over, could potentially affect the Trust's financial position, financial performance and cash flows. However, the Trust does not anticipate that these events will have a material adverse impact on its long-term operations.

NOTE 18 | CAPITAL MANAGEMENT

As at December 31, 2024, the Trust's capital was $1,004,573 (2023 – $807,931) and consisted of its Unitholders' capital of $562,583 (2023 – $561,503), 2024 Preferred Securities, prior to deduction of deferred transaction costs net of amortization, of $113,515 (2023 – $95,887), 2024 Warrants of $4,322 (2023 – $2,229) and amended credit facilities, prior to deduction of deferred transaction costs net of amortization, of $324,153 (2023 – $148,312).

The Trust's objectives in managing capital are to:

- Build long-term value for its Unitholders;
- Maintain optimal liquidity for pursuing acquisitions, meeting its obligations and making distributions to Unitholders;
- Achieve reasonable return on capital and control the risk and exposure associated with capital investments; and
- Maintain an optimal capital structure and reduce the cost of capital.

On April 23, 2024, the Trust completed a refinancing of the 2023 Preferred Securities and the 2023 Warrants. As a result of the refinancing, holders of the 2023 Preferred Securities and 2023 Warrants received gross proceeds of $20,441 through the sale of $135,202 principal amount of 2024 Preferred Securities and the 2024 Warrants. The 2023 Preferred Securities have been cancelled and the 2023 Warrants have been redeemed upon completion of the refinancing as described in note 9 and note 10.

On November 1, 2024, the Trust increased the total credit available under its credit facility to $631,625 by increasing the amount available under the acquisition credit facility to $525,000, as described in note 9.

There have been no other changes in the composition of the Trust's capital or its capital management policies during the year ended December 31, 2024 compared to prior periods. As at December 31, 2024 and 2023, the Trust was in compliance with all externally imposed capital requirements.

NOTE 19 | COMMITMENTS

On September 9, 2022, the Trust bought royalties on the sales of Zejula. In accordance with the terms of the royalty agreement, the Trust is committed to making a milestone payment of $10,000 should Zejula be approved by the FDA for the treatment of endometrial cancer on or before December 31, 2025.

On November 25, 2022, the Trust bought royalties on the sales of Xenpozyme. In accordance with the terms of the royalty agreement, the royalty seller may be entitled to additional consideration of up to $26,500 in the event that cumulative royalties received by the Trust on Xenpozyme sales exceed certain thresholds within a predefined period of time.

On April 3, 2023, the Trust bought an additional royalty stream on Empaveli/Syfovre, as described in note 6. In accordance with the terms of the royalty agreement, the royalty seller may also be entitled to an additional payment of $4,000 if worldwide net sales exceed certain thresholds within a predefined period of time.

On August 16, 2023, the Trust entered into a pledge agreement with Mayo Clinic. In accordance with the terms of the agreement, the Trust intends to contribute $5,000 in total ($1,000 annually, payable in quarterly installments) to Mayo Clinic to directly support and further the Center for Regenerative Biotherapeutics. To date, the Trust has paid a total of $1,500.

On February 1, 2024, the Trust expanded its interest in royalties on the sales of Omidria, as described in note 6. In accordance with the terms of the amended royalty agreement, the royalty seller may be entitled to receive up to $55,000 in potential sales-based milestone payments.

On June 28, 2024, the Trust bought an additional royalty stream on Xenpozyme, as described in note 6. In accordance with the terms of the royalty agreement, the royalty seller may be entitled to additional consideration of up to $32,500 in potential performance-based milestone payments.

On November 4, 2024, the Trust bought a royalty interest in sebetralstat, as described in note 6. In accordance with the terms of the royalty agreement, the royalty seller may be entitled to receive up to $79,000, composed of up to $57,000 in sales-based milestones and $22,000 in a one-time optional payment. The royalty seller is entitled to a potential one-time sales-based milestone payment of $50,000 if annual worldwide net sales of sebetralstat meet or exceed $550,000 before January 1, 2031, which increases to $57,000 if the optional payment is exercised. If sebetralstat is approved prior to October 1, 2025 the optional payment of $22,000 can be exercised at the discretion of the royalty seller, increasing the royalty rate entitled to the Trust.

NOTE 20 | RELATED-PARTY TRANSACTIONS

Transactions with our manager

DRI Healthcare serves as manager of the Trust. Management fees and performance fees are payable by the Trust pursuant to the management agreement.

The Trust recorded the following transactions and balances with its manager:

	Year ended December 31, 2024	Year ended December 31, 2023
Management fee expense	$ **11,397**	$ 22,335
Performance fee expense	**1,896**	24,534
Total	**$ 13,293**	**$ 46,869**
	As at December 31, 2024	As at December 31, 2023
Other current assets	$ **1**	$ —
Management fees payable	$ **(7)**	(82)
Performance fee payable	**(1,665)**	(5,918)
Total	**$ (1,671)**	**$ (6,000)**

Management fees

The Trust recorded management fees of $11,397 during the year ended December 31, 2024 (2023 – $22,335). Management fees payable as at December 31, 2024 of $7 (2023 – $82) are included in accounts payable and accrued liabilities in the consolidated statements of financial position.

For the year ended December 31, 2024, a partial one-time wavier of $1,092 (C$1,500) in management fees by the manager was made to cover a portion of the investigation expenses incurred by the Trust as a result of the investigation into irregular expenses, as described in note 2.

Performance fees

The Trust recorded performance fees of $1,896 during the year ended December 31, 2024 (2023 – $24,534), $231 of which was related to a true-up to the finalized calculation for performance fees that were estimated and accrued in the fourth quarter of 2023 and finalized in the first quarter of 2024 and $1,665 of which was related to the additional revenue recognized for Orserdu in the fourth quarter of 2024, as described in note 7.

During the fourth quarter of 2023, conditions for performance fee payments were met as a result of the milestone royalty income earned from Orserdu I, Orserdu II and Vonjo II, as described in note 6, and performance fees of $5,918 were recognized. During the year ended December 31, 2024, performance fees of $6,149 were paid (2023 – $18,616).

As a result of the consulting and other expenses that had been incorrectly charged to the Trust as directed by the former Chief Executive Officer, as described in note 2, the performance fees incurred during the year ended December 31, 2023 would have been $205 higher than the reported amount of $24,534. However, DRI Healthcare, the manager of the Trust, irrevocably waived its right to the additional $205 in performance fees. As such, the Trust did not restate its performance fee expense or performance fee liability for the year ended December 31, 2023. DRI Healthcare, the manager of the Trust, did not waive its entitlement to any future performance fees from the Trust.

Other current assets

From time to time, the Trust pays for expenses on behalf of DRI Healthcare, in which DRI Healthcare has an obligation to repay the Trust, recorded as other current assets. As at December 31, 2024, the Trust has a balance of $1 receivable from DRI Healthcare (2023 – nil).

Key management compensation

During the years ended December 31, 2024 and 2023, the Trust issued compensation to members of the board of trustees of the Trust, as described in note 14, and to certain officers of the Trust, as detailed below.

	Year ended December 31, 2024	Year ended December 31, 2023
Cash compensation	$ 523	$ —
Unit-based compensation	921	396
Total	**$ 1,444**	**$ 396**

During the year ended December 31, 2024, the Trust recorded total cash compensation expense of $523 (2023 – nil) related to compensation paid to certain officers of the Trust.

During the year ended December 31, 2024, the Trust granted 201,379 RUs to certain officers of the Trust and officers of the Manager. Of these grants, 54,688 vested during the year, 49,783 were forfeited during the year and 96,908 remain outstanding. During the year ended December 31, 2024, the Trust issued 26,487 Units on the settlement of vested RUs, net of withholding taxes. To date, the Trust has issued a total of 51,451 Units on the settlement of vested RUs, of which 2,584 were issued in 2021, 3,376 were issued in 2022, 19,004 were issued in 2023 and 26,487 were issued in 2024. During the year ended December 31, 2024, the Trust recorded unit-based compensation expense, net of forfeitures of $921 (2023 – $396) related to the RU grants and the accretion of the related distribution equivalent Units.

Reimbursement

On July 9, 2024, based on the initial information at the start of the investigation into irregular expenses, DRI Healthcare, the manager of the Trust, reimbursed the Trust for $5,501 (C$7,500) which was recorded to other equity reserves on the date it was received. On August 6, 2024, the investigation was substantially completed and had identified $6,510 in total consulting and other expenses that had been incorrectly charged to the Trust as directed by the former Chief Executive Officer. On August 6, 2024, the Trust received an additional $1,009 from DRI Healthcare related to the additional expenses identified from the investigation, $696 of which was recorded in other equity reserves on the date received and $314 of which reduced the related party receivable from DRI Healthcare, the manager of the Trust.

NOTE 21 | SEGMENT INFORMATION

The chief operating decision-maker, determined to be the Chief Executive Officer of the Trust, reviews financial information presented on a consolidated basis to allocate resources, evaluate financial performance and make overall operating decisions. As such, the Trust has concluded that it operates as one segment, primarily focused on acquiring royalty assets.

The Trust's segment earnings are composed of royalty income. The Trust attributes its royalty income to individual countries by reference to the countries where the products underlying its royalty agreements are sold. The Trust is not entitled to such country-by-country information for each of its royalty streams; as such, the Trust attributes its income to geographies for which it has reliable information, namely the United States, which represents its largest geographic market, the European Union, Japan and the rest of the world.

The Trust's non-current assets are composed of its royalty assets. Similar to royalty income, the Trust attributes its royalty assets by reference to the countries where the products underlying its royalty agreements are expected to be sold. This allocation is done at the time of the acquisition of the royalty agreement and is not subsequently revised to take into consideration changes in consumption over the life of the asset.

The presentation of geographic information for royalty assets is not feasible, as the net book value of the Trust's royalty assets is not directly correlated to the royalty entitlements from various geographies.
The following table provides the estimated geographical information on the Trust's royalty income for the years ended December 31, 2024 and 2023. In certain circumstances, the Trust does not have access to the underlying geographical information of its royalty income. In such cases, the Trust has allocated its royalty income to geographies using internally forecasted sales of the underlying products by geography.

	Royalty income	
	Year ended December 31, 2024	Year ended December 31, 2023
United States	**$ 149,737**	$ 123,328
European Union	**14,876**	13,566
Japan	**524**	326
Rest of the world	**19,575**	21,692
	$ 184,712	**$ 158,912**

The Trust earns royalty income from individual counterparties. These counterparties are composed primarily of marketers of the underlying products in the pharmaceutical and life science industries. For the year ended December 31, 2024, the Trust earned royalty income of 78% from the top five counterparties in 2024. For the year ended December 31, 2023, the Trust earned royalty income of 71% from the top five counterparties in 2023.

The following table details the Trust's royalty income for the year ended December 31, 2024 for the top five counterparties in 2024:

	Royalty Income	
	Year ended December 31, 2024	
Top Counterparty 1	**$ 65,439**	**35%**
Top Counterparty 2	**37,774**	**20%**
Top Counterparty 3	**15,166**	**8%**
Top Counterparty 4	**14,712**	**8%**
Top Counterparty 5	**11,317**	**7%**
Other	**40,304**	**22%**
Total	**$ 184,712**	**100%**

The following table details the Trust's royalty income for the year ended December 31, 2023 for the top five counterparties in 2023:

	Royalty Income	
	Year ended December 31, 2023	
Top Counterparty 1	$ 53,450	34%
Top Counterparty 2	17,098	11%
Top Counterparty 3	16,880	11%
Top Counterparty 4	14,167	9%
Top Counterparty 5	9,875	6%
Other	47,442	29%
Total	**$ 158,912**	**100%**

NOTE 22 | CONTINGENT LIABILITY

On or about September 19, 2024, a statement of claim was issued on behalf of Andrea Reid, seeking leave to institute a securities class proceeding before the Ontario Superior Court of Justice against DRI Capital Inc., DRI Healthcare Trust, Behzad Khosrowshahi and Chris Anastasopoulos on behalf of a class of investors who acquired units of the Trust between February 11, 2021 to August 6, 2024 (and held such units until August 6, 2024). As the outcome of the claim is currently indeterminable, no amounts have been accrued as of December 31, 2024.

NOTE 23 | SUBSEQUENT EVENTS

Orserdu II milestone payment

On January 24, 2025, the Trust completed the funding of the Orserdu II milestone payment of $10,000, as described in note 6.

2025 first quarter distribution declared

On March 3, 2025, the board of trustees of the Trust declared a quarterly distribution of $0.10 per Unit to Unitholders of record as at March 31, 2025 and payable on April 18, 2025.

INVESTOR INFORMATION

Traded Units
The Trust's Units are traded on the
Toronto Stock Exchange.

Trading Symbols
U.S. dollars: DHT.U
Canadian dollars: DHT.UN

Registrar and Transfer Agent
Computershare
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Toronto, Ontario M5J 2Y1

All questions related to unit certificates or
distribution receipts should be directed to
the Registrar and Transfer Agent.

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Investor requests for copies of
quarterly or annual reports, and
information about the company should
be directed to the Investor Relations team.

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