

DRI HEALTHCARE

DRI HEALTHCARE TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

BASIS OF PRESENTATION

The following Management's Discussion and Analysis ("**MD&A**") is intended to help the reader understand the results of operations and financial condition of DRI Healthcare Trust (together with its consolidated subsidiaries, the "**Trust**"). This MD&A is provided as a supplement to, and should be read in conjunction with, the audited consolidated financial statements of the Trust for the year ended December 31, 2024 (the "**consolidated financial statements**"), including the accompanying notes to such financial statements. The consolidated financial statements of the Trust have been prepared in accordance with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board ("**IASB**").

We present our financial statements in United States dollars ("**U.S. dollars**"). In this MD&A, 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. Certain totals, subtotals and percentages throughout this MD&A may not reconcile due to rounding. Dollar amounts in the tables and elsewhere in this MD&A are presented in thousands of U.S. dollars except per unit data or unless otherwise noted.

The board of trustees of DRI Healthcare Trust has approved this disclosure.

This MD&A is dated as of March 3, 2025.

ADDITIONAL INFORMATION

Additional information relating to the Trust, including the Trust's annual and interim quarterly consolidated financial statements and management's discussion and analyses, annual information form and management information circular, are available on SEDAR+ at www.sedarplus.ca. Solely for convenience, the products underlying our royalty assets may appear without the ® or ™ symbol, but such references are not intended to indicate, in any way, that the owners of such trademarks will not assert their rights to such trademarks.

FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking information within the meaning of applicable securities laws in Canada. Forward-looking information may relate to our future financial outlook and anticipated events or results, and may include information regarding our financial position, business operations, business strategy, growth strategies, budgets, operations, financial results, taxes, distribution policy, plans and objectives.

In certain cases, forward-looking information includes statements that are predictive in nature, depend upon or refer to future events or conditions, and/or can be identified by the use of words such as "expect", "continue", "anticipate", "intend", "aim", "plan", "believe", "budget", "estimate", "forecast", "foresee", "close to", "target" or negative versions thereof and similar expressions, and/or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, although not all forward-looking information contains these terms and phrases. Any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. . Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Forward-looking information involves known and unknown risks and uncertainties, many of which are beyond our control, that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. For instance, 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. These risks and uncertainties also include, but are not limited to, those described in greater detail under "Risk Factors" in the Trust's most recent annual information form, available under our profile on SEDAR+ at www.sedarplus.ca, as well as the risks described under "Risk Factors" in this MD&A.

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in the forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information, which speaks only as of the date stated. The forward-looking information contained in this MD&A represents our expectations as of the date of this MD&A, or as of the date they are otherwise stated, and are subject to change after such date. However, we disclaim any intention, obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws in Canada.

REFERENCES AND DEFINED TERMS

All references in this MD&A to the “Trust”, “we”, “us” and “our” are to DRI Healthcare Trust, together with its consolidated subsidiaries.

In this MD&A, the terms “royalties”, “royalty assets”, “royalty entitlements”, “royalty agreements” and “royalty streams” are used interchangeably to refer to either: (i) contractual arrangements that grant the buyer the right to receive royalties derived from the sale of pharmaceutical, biotechnology and other life science products pursuant to license agreements or other contractual arrangements (we refer to these as “**traditional**” royalty streams); or (ii) contractual arrangements that grant the buyer the right to receive a percentage of the top-line sales of pharmaceutical, biotechnology and other life science products directly from the marketer of the product (we refer to these as “**synthetic**” royalty streams). When we refer to having “**bought royalties**” on the sales of a particular product, or where we use similar expressions, we are generally referring to us having entered into the contractual arrangement that creates the traditional royalty or synthetic royalty stream in our favour. Unless the context otherwise requires, when we refer to terms such as “**our royalties**”, “**our portfolio**”, “**our royalty portfolio**”, “**our interests in products**” and similar terms, we are referring to our contractual interests in royalties and royalty streams that are held by our subsidiaries. When we refer to “**products**” and “**therapeutics**”, we are referring to the pharmaceutical, biotechnology or other life science products relating to our royalties. When we refer to the “**pharmaceutical industry**”, we are referring generally to the pharmaceutical, biotechnology and other life science products industry.

USE OF NON-GAAP MEASURES

This MD&A contains a number of financial performance measures and ratios that have been calculated using methodologies which are not in accordance with IFRS Accounting Standards (“**non-GAAP measures**”). These non-GAAP measures do not have a standardized meaning as prescribed by IFRS Accounting Standards and therefore are unlikely to be comparable to similar measures presented by other companies. We believe that providing these non-GAAP measures, in addition to our results under IFRS Accounting Standards, gives investors additional information for understanding the critical components of our financial performance. Accordingly, these non-GAAP measures should not be considered in isolation or as a substitute for analysis of our financial information reported under IFRS Accounting Standards. These non-GAAP measures are used to provide investors with a supplemental measure of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS Accounting Standards measures. We also believe that securities analysts, investors and other interested parties frequently use non-GAAP measures in the evaluation of issuers. We rely on these measures in the day-to-day management of our business, assessment of investment opportunities and assessment of our liquidity and borrowing needs.

Our uses, definition and calculation methodology, and the reconciliations of these non-GAAP measures to the most directly comparable measures calculated and presented in accordance with IFRS Accounting Standards, if available, for each of the measures, are presented under “Financial Review: Non-GAAP Financial Measures” on page 19 of this MD&A. The Trust has presented the following non-GAAP measures in this MD&A:

- Total Cash Receipts;
- Normalized Total Cash Receipts;
- Total Cash Royalty Receipts;
- Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (“**Adjusted EBITDA**”);
- Adjusted EBITDA Margin; and
- Adjusted Cash Earnings per Unit.

OVERVIEW OF THE TRUST

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’s head and registered office is located at First Canadian Place, Suite 7250, 100 King Street West, Toronto, Ontario, M5X 1B1.

All references in this MD&A to “**DRI Healthcare**”, “**our manager**” or the “**manager**” are to DRI Capital Inc. DRI Healthcare provides management and other services to us, pursuant to the terms of a management agreement.

DRI Healthcare Trust’s Units (each a “**Unit**”, and collectively “**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**”.

EXPLANATORY NOTE REGARDING THE RESTATEMENT OF PREVIOUSLY ISSUED CONSOLIDATED FINANCIAL STATEMENTS

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 periods from and including fiscal 2021 through June 30, 2024 and totaled \$6.5 million. The charging of these irregular expenses were due to control weaknesses, notably weaknesses in the control environment (the “Tone at the Top”) and the overriding of existing controls by management, as described on page 35 of this MD&A.

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

There has been no change to the amount of cash royalties received from any of the assets in any previous term nor has there been any change to the forecast of future royalty receipts as a result of these findings.

On July 9, 2024 and August 6, 2024, DRI Healthcare, the manager of the Trust, reimbursed the Trust a total amount of \$6.5 million, of which \$6.2 million was recorded to other equity and \$0.3 million reduced a related party receivable from DRI Healthcare.

BUSINESS AND STRATEGY OVERVIEW

Business Overview

We excel at sourcing, evaluating and completing transactions to purchase royalties paid on the sales of leading therapeutics. We do this by leveraging our manager's track record of disciplined capital deployment, the skills and competencies of our highly skilled team, and our proprietary sourcing and diligence systems. We accelerate therapeutic innovation by providing capital to leading inventors working at top universities and research institutions, academic institutions, biotechnology companies and large pharmaceutical companies. We provide our holders of Units ("**Unitholders**") with exposure to a broadly diversified portfolio of therapeutics that we expect will grow significantly in the medium and long term. We target royalties on products with the following characteristics:

- Medically necessary products that effectively treat chronic and critical illnesses;
- Products that benefit from strong intellectual property and/or regulatory protection; and
- Products that are marketed by leading biopharmaceutical companies.

As at December 31, 2024, our portfolio consisted of 28 royalty streams on 21 products that treat conditions in a number of therapeutic areas, including oncology, neurology, ophthalmology, endocrinology, hematology, dermatology, as well as lysosomal storage disorders ("**LSD**") and immunology. Many of the royalty streams in our portfolio provide us with entitlements on products that we believe represent focus areas and important revenue sources for their respective marketers. The approved products underlying our royalty entitlements are marketed by leading global pharmaceutical and biotechnology companies, including Apellis Pharmaceuticals Inc. ("**Apellis**"), Biogen Inc. ("**Biogen**"), GSK plc ("**GSK**"), Galderma S.A. ("**Galderma**"), Johnson & Johnson Services, Inc ("**Johnson & Johnson**"), Menarini Group ("**Menarini**"), Novartis AG ("**Novartis**"), Rayner Surgical Inc. ("**Rayner Surgical**"), Regeneron Pharmaceuticals Inc. ("**Regeneron**"), Hoffman-La Roche AG ("**Roche**"), Sanofi S.A. ("**Sanofi**"), Swedish Orphan Biovitrum AB ("**Sobi**"), and Vertex Pharmaceuticals Inc ("**Vertex**").

Selected Annual Information

The following information highlights selected key financial data for the three most recently completed financial years:

	Year ended December 31, 2024	Year ended December 31, 2023	Year ended December 31, 2022
Total income	\$ 187,512	\$ 166,279	\$ 93,034
Net earnings (loss) attributable to Unitholders	(3,364)	91,496	10,953
Net earnings (loss) per Unit – Basic	\$ (0.06)	\$ 2.06	\$ 0.31
Net earnings (loss) per Unit – Diluted	\$ (0.06)	\$ 2.05	\$ 0.31
Total assets	984,867	833,159	632,429
Total non-current financial liabilities	374,802	189,978	210,417
Distributions per Unit			
Cash distributions declared	\$ 0.3400	\$ 1.0996	\$ 0.3000
Unit distributions declared	\$ 0.0237	\$ 0.7640	\$ 0.1655

Unique Growth Strategy

We are focused on providing our Unitholders with top-line exposure to a portfolio of attractive therapeutics by purchasing royalties on growing products that meet our investment criteria. We target an underserved niche that leverages the competitive advantages that DRI Healthcare has developed, including the specialized expertise of its team members and its access to data and information through its proprietary tools and know-how.

We believe our manager has a number of advantages that are hard to replicate. One of these advantages is our manager's proprietary database that is used to source transactions. This database tracks over 7,500 royalties on over 2,500 drugs worldwide. Another advantage is the deep relationships our manager has developed in our industry. Our target is to complete over \$1.25 billion in transactions from the time of our initial public offering in February 2021 to the end of 2025, which we believe will allow us to generate sustainable annual growth in cash receipts. We expect to fund our royalty transactions predominantly using our cash on-hand, and through the prudent use of leverage. Since our initial public offering through to December 31, 2024, we have deployed \$1,056 million in 15 royalty transactions relating to 13 products and made additional investments by way of loan and private investment in public equity. In connection with these transactions, there is the potential for further deployment of up to \$217 million pursuant to milestone obligations.

Our Assets

The Trust's assets currently comprise royalties on products that address a variety of therapeutic areas, such as oncology, neurology, ophthalmology, endocrinology, hematology, dermatology, LSD and immunology. These products are marketed by leading global pharmaceutical and biotechnology companies, including Apellis, Biogen, GSK, Galderma, Johnson & Johnson, Menarini, Novartis, Rayner Surgical, Regeneron, Roche, Sanofi, Sobi and Vertex. In addition, the Trust holds a royalty that it acquired from the Casgevy transaction and an equity investment in KalVista Pharmaceuticals, Inc. ("**KalVista**") that the Trust acquired in connection with the Sebetralstat transaction. The Casgevy royalty is classified as a financial royalty asset for accounting purposes. Our other royalties are classified as intangible royalty assets for accounting purposes.

We receive royalty payments based on the sales of pharmaceutical products in particular geographies. In general, when sales of these products increase, the payments we receive through our royalties also increase. The sales of products in turn can be affected by a number of factors, including regulatory approvals in new markets, the competitive landscape for the product and the approval of a product for new uses. We may also receive milestone royalty income payments based on the achievement of regulatory 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.

The table below provides an overview of our royalty assets as at December 31, 2024, and outlines expected royalty expirations based on our estimates of patent expiry dates in key geographies 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 elements. See "Risk Factors" in our most recent annual information form.

Royalty Asset	Therapeutic Area	Primary Marketer(s)	FDA Approval Date	Expected Royalty Expiry ^{(i), (ii)}
Casgevy ⁽ⁱⁱⁱ⁾	Hematology	Vertex Pharmaceuticals	December 2023	Q1 2034
Empaveli/Syfovre ^{(iv), (v)}	Hematology/Ophthalmology	Apellis, Sobi	May 2021	Q4 2033
Eylea I	Ophthalmology	Regeneron, Bayer, Santen	November 2011	Q1 2027
Eylea II	Ophthalmology	Regeneron, Bayer, Santen	November 2011	Q1 2027
Ilaris ^(vi)	Immunology	Novartis	June 2009	Q1 2025
Natpara	Endocrinology	Takeda	January 2015	Q3 2025
Omidria ^(vii)	Ophthalmology	Rayner Surgical	May 2014	Q4 2031
Oracea	Dermatology	Galderma	May 2006	Q1 2028
Orserdu I	Oncology	Menarini	January 2023	Q1 2035
Orserdu II	Oncology	Menarini	January 2023	Q1 2035
Rydapt	Oncology	Novartis	April 2017	Q1 2028
Sebetralstat	Immunology	KalVista	Pending ^(viii)	Q1 2042
Simponi ^(vi)	Immunology	Johnson & Johnson, Merck, Mitsubishi Tanabe	April 2009	Q1 2025
Spinraza	Neurology	Biogen	December 2016	Q3 2031
Stelara ^(vi)	Immunology	Johnson & Johnson, Mitsubishi Tanabe	September 2009	Q2 2024
Vonjo I	Hematology	Sobi	February 2022	Q2 2034
Vonjo II	Hematology	Sobi	February 2022	Q2 2034
Xenpozyme ^(ix)	Lysosomal Storage Disorder	Sanofi	August 2022	Q4 2036
Xolair	Immunology	Roche, Novartis	June 2003	Q2 2032
Zejula	Oncology	GSK	April 2022	Q2 2033
Zytiga	Oncology	Johnson & Johnson	September 2011 ^(x)	Q2 2028

- (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 due to the nature of the contractual cash flows from the transaction, as described on page 11 of this MD&A.
- (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 on page 8 of this MD&A. The expected royalty expiry is consistent with the Empaveli/Syfovre royalty stream bought in Q3 2022.
- (vi) Stelara, Simponi and Ilaris include two royalty streams on each product, for a total of six royalty streams held directly and indirectly.
- (vii) In Q1 2024 the Trust amended the existing Omidria agreement. As a result of the amendment the expected royalty expiry was adjusted from Q4 2030 to Q4 2031.
- (viii) The FDA has set a Prescription Drug User Fee Act ("**PDUFA**") date of June 17, 2025 for sebetralstat.
- (ix) Xenpozyme includes two royalty streams as result of the additional Xenpozyme stream acquired in Q2 2024.
- (x) Represents the European Commission approval date.

Key Developments Related to our Assets

Oracea

A subsidiary of Galderma, the marketer of Oracea, and TCD Royalty Sub LP, a subsidiary of the Trust (together, the "**Plaintiffs**"), 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 ("**ANDA**") with the U.S. Food and Drug Administration ("**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, the Plaintiffs have filed an appeal of the District Court's decision with the United States Court of Appeals for the Federal Circuit ("**CAFC**"). 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 May 9, 2024, the CAFC denied Galderma's motion for injunction pending appeal and granted the motion to expedite. In addition, since the time of Lupin's "at-risk" launch, and under the terms of their settlement agreements with the Plaintiffs, certain companies have received final ANDA approval for their generic versions of Oracea, and at least one of these companies has launched its product "at-risk". 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. As such, we are required to determine the recoverable amount of Oracea to assess if the asset is impaired. We calculated the recoverable amount for Oracea at March 31, 2024 using a discounted cash flow model based on the unadjusted forecasted royalties on remaining 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 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 of other generics. Based on our analysis, the net book value of Oracea was higher than the recoverable amount and the Trust recorded impairment of \$15.8 million 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 \$4.5 million, which represents the recoverable amount.

Orserdu

During the year ended December 31, 2023, Orserdu sales exceeded certain sales performance thresholds that triggered milestone royalty income for Orserdu I and Orserdu II of \$3.4 million and \$30.3 million, respectively, \$12.7 million of which was received in the fourth quarter of 2023 with the remaining payment of \$21.0 million received in the first quarter of 2024. An additional regulatory milestone of \$2.75 million related to Orserdu I was already earned and received during the year ended December 31, 2023. The Orserdu I and Orserdu II royalty assets are defined and discussed in further detail on page 8 of this MD&A.

On December 26, 2024, as part of the Orserdu II transaction as described on page 8 of this MD&A, the Trust received notice that certain pre-specified events outlined in the purchase agreement had occurred, and the milestone payment 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 million, which was funded on January 24, 2025.

As a result of pre-specified events being met, certain gross-to-net deductions have been exempted leading to the recognition of an additional \$18.2 million in royalty revenue for the year ended December 31, 2024. This includes \$15.7 million related to the reclaiming of previous royalties and milestones earned since acquisition. The additional royalty revenue reclaimed is composed of (i) \$5.5 million in milestones and \$9.6 million in royalties for Orserdu II and (ii) \$0.6 million in milestones for Orserdu I. The exemption from certain deductions will apply at a similar rate to future royalties and milestones received.

Natpara

In September 2019, as a result of manufacturing and delivery-related difficulties related to rubber particulates originating from the rubber septum of the Natpara cartridge that led to its recall in the United States, Takeda Pharmaceutical Company Ltd. ("**Takeda**"), the marketer of Natpara, ceased product sales in the United States.

On March 22, 2022, Takeda announced that a Complete Response Letter was received from the FDA, in response to the company's Prior Approval Supplement submission to address the issue that led to the recall in the United States, stating that the product cannot be approved in its present form.

On October 4, 2022, 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, we 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 require us to determine the recoverable amount of Natpara to assess if the asset is impaired. We 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 we continue to earn royalty income on European and rest of the world sales and expect 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 our analysis, as the net book value of Natpara was higher than the recoverable amount, we recognized an impairment of the Natpara royalty asset of \$9.2 million as at December 31, 2023. The net book value of Natpara as at December 31, 2023 was \$2.4 million, which represented the recoverable amount.

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.

Other Key Events

Normal Course Issuer Bid ("NCIB")

On November 13, 2023, we were 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, we 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.

During the year ended December 31, 2024, we acquired and cancelled 406,346 Units at an average price of \$9.64, totaling \$3.9 million. As at December 31, 2024, in aggregate, we acquired and cancelled 3,163,509 Units at an average price per Unit of \$5.82, totaling \$18.4 million under all current and previous normal course issuer bid plans ("**NCIB Plans**"). Our NCIB Plans are discussed further on page 30 of this MD&A.

Credit Facility

On November 1, 2024, we increased the total credit available under our credit facility to \$631.6 million, composed of (i) a \$525 million acquisition credit facility; (ii) a \$81.6 million term credit facility; and (iii) a \$25 million working capital credit facility. The Trust also extended the maturity date of the amended credit agreement from October 31, 2026 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 also revised to the Secured Overnight Financing Rate ("**SOFR**") plus a margin which may vary from 1.75% to 2.50% based on the Trust's leverage ratio. All other material terms of the amended credit agreement remained unchanged. Our credit facility is discussed in further detail on page 26 of this MD&A.

Preferred Securities and Warrants

On February 8, 2023, we 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 our credit facility. The 2023 Private Placement provided gross proceeds of \$95 million to the Trust through the sale of \$95 million principal amount of Series A Preferred Securities, \$19.8 million 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 Preferred Securities were unsecured, subordinated debt securities. The 2023 Preferred Securities paid cash interest at a rate of 7.04% per annum on the principal amount of the 2023 Preferred Securities, payable semi-annually on June 30 and December 31 of each year.

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 \$135.2 million 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 preferred securities and warrants are discussed in further detail on page 27 of this MD&A.

Distributions

During the year ended December 31, 2024, the board of trustees of the Trust declared total distributions of \$20.5 million, composed of cash distributions of \$19.2 million and Unit distributions of \$1.3 million.

We pay quarterly distributions in accordance with our distribution policy. Distributions are discussed in further detail in note 10 to the consolidated financial statements.

Transactions Completed in 2024

Omidria Royalty Amendment

On February 1, 2024, we expanded our interest in royalties on the United States net sales of Omidria by amending our existing Omidria royalty agreement entered into in 2022. For a purchase price of \$115 million, the amendment now entitles us 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, we are 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 million in potential sales-based milestone payments.

We recognized acquired royalties receivable of \$3.6 million related to our royalty entitlement accrued from November 1, 2023 to February 1, 2024, the date of the amendment. Transaction costs of \$0.8 million were capitalized as part of the royalty asset amendment.

Omidria was approved by the FDA in May 2014 and the European Medicines Agency ("**EMA**") in July 2015 for intracameral use during cataract surgery or intraocular lens replacement to maintain pupil dilation and reduce postoperative pain. Omidria is marketed worldwide by Rayner Surgical.

Additional Xenpozyme Royalty Stream

On June 28, 2024, we bought an additional royalty stream on Xenpozyme for \$13.3 million. This royalty is in addition to our existing Xenpozyme royalty purchased in 2022. The transaction entitles us to an additional royalty of approximately 1.0% on worldwide net sales of Xenpozyme. We are entitled to receive semi-annual royalty payments in respect of the net sales of Xenpozyme commencing on July 1, 2024 on a two quarter lag from the respective half-year period. Transaction costs of \$0.3 million were capitalized as part of the royalty transaction.

In accordance with the royalty agreement, additional milestone payments totaling up to \$32.5 million may be paid upon achievement of certain performance-based thresholds.

Xenpozyme is the only product developed and approved for the treatment of non-central nervous system manifestations of acid sphingomyelinase deficiency (“**ASMD**”), also known as Niemann-Pick disease types A, A/B and B, in pediatric and adult patients. ASMD is an extremely rare, progressive genetic disease with significant morbidity and mortality, especially among infants and children. Xenpozyme was approved in Japan in March 2022, by the European Commission in June 2022 and by the FDA in August 2022. Xenpozyme is marketed worldwide by Sanofi.

Casgevy Transaction

On October 3, 2024, we acquired a share of payment rights on a Cas9 gene-editing technology for Casgevy for a purchase price of \$57 million. The transaction entitles us to a share of the annual license fees, which range from \$5 million to \$40 million, and include certain sales-based annual license fee increases. We are also entitled to receive a mid-double-digit percentage of a \$50 million contingent payment eligible under the license agreement. The first payment was received in January 2025 and the term of the payment streams is expected to run until 2034. Transaction costs of \$1.9 million were incurred and expensed as deal investigation and research costs in relation to the transaction.

Casgevy is the first treatment approved by the FDA to utilize CRISPR (clustered regularly interspaced short palindromic repeats) technology, a technology used to selectively modify the DNA of living organisms. Casgevy was approved by the FDA in December 2023 for the treatment of sickle cell disease (“**SCD**”) and in January 2024 for the treatment of transfusion-dependent beta thalassemia (“**TDT**”), and by the EMA for the treatment of both SCD and TDT in February 2024. Casgevy is the only approved gene-edited cell therapy for SCD and TDT. Casgevy is marketed worldwide by Vertex Pharmaceuticals Inc.

Sebetralstat Transaction

On November 4, 2024, we acquired a royalty interest in the worldwide net sales of all formulations of the not-yet-approved sebetralstat from KalVista for an aggregate purchase price of up to \$179 million, composed of a \$100 million upfront payment, up to \$57 million in a sales-based milestone payment and a one-time \$22 million optional payment. The transaction entitles us to a tiered royalty of 5.0% on net sales up to and including \$500 million, 1.1% on net sales above \$500 million and up to and including \$750 million, and 0.25% on net sales above \$750 million. Royalty payments are expected to be received quarterly commencing in the first quarter after approval. Transaction costs of \$1.8 million were capitalized as part of the royalty transaction.

If approved, sebetralstat would be the first and only oral on-demand therapy for treating attacks associated with hereditary angioedema (“**HAE**”). HAE is a rare genetic disorder characterized by recurring episodes of severe swelling in various parts of the body, including the face, extremities, gastrointestinal tract and airways. The FDA has accepted KalVista’s New Drug Application submission for sebetralstat and the agency set a PDUFA date of June 17, 2025.

In addition to the royalty entitlement, we also purchased in a private transaction 0.5 million shares of KalVista common stock at a price of \$10 per share for a total cost of \$5 million.

Summary of Transactions Completed in 2024

The following is a summary of the 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 asset	\$ —	\$ —	\$ 57,000	\$ —	\$ 57,000
Royalties receivable	3,560	—	—	—	3,560
Intangible royalty asset	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

Tzield Transactions

On March 8, 2023, we bought royalties on the sales of Tzield (teplizumab-mzvw) for \$100 million. The transaction was funded on March 14, 2023 and entitled us to a single-digit royalty on the 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 FDA in November 2022. Tzield is currently the only approved preventative treatment indicated for stage 2 type 1 diabetes patients and is marketed by Sanofi.

We were entitled to receive quarterly royalty payments on a one-quarter lag based on Tzield sales beginning January 1, 2023. Tzield is protected by patent and regulatory exclusivities for 12 years from its first commercial sale. We recognized acquired royalties receivable of \$0.1 million related to our royalty entitlement from January 1, 2023 to March 8, 2023, the date of the royalty transaction. Transaction costs of \$0.4 million were capitalized as part of the royalty transaction.

On April 27, 2023, we sold our royalty interest in the worldwide sales of Tzield to a subsidiary of Sanofi for \$210 million. Pursuant to the terms of the agreement, we assigned to Sanofi our obligation to pay up to \$100 million in milestone payments to the extent the pre-specified events and thresholds are met. We used \$20 million of the proceeds from this transaction to pay a special cash distribution to Unitholders of record as of June 30, 2023, which was paid on July 20, 2023, as described on page 31 of this MD&A. An additional portion of the sale proceeds was used to pay down the entire balance outstanding under our acquisition credit facility on May 2, 2023. This transaction resulted in management and performance fees payable to our manager.

Additional Empaveli/Syfovre Royalty Stream

On April 3, 2023, we bought an additional royalty stream on Empaveli/Syfovre (pegcetacoplan) for \$3.7 million. This royalty is in addition to our existing Empaveli/Syfovre royalty purchased in 2022. The transaction entitles us to an additional fractional percentage of worldwide net sales of pegcetacoplan. We are 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. We recognized acquired royalties receivable of \$0.1 million related to our royalty entitlement accrued from October 1, 2022 to April 3, 2023, the date of the royalty transaction. Transaction costs of \$0.2 million were capitalized as part of the royalty transaction.

Our royalty entitlement will step down upon the expiry of the relevant patents in each jurisdiction. In accordance with the royalty agreement, an additional milestone payment of \$4 million may be paid if worldwide net sales exceed certain thresholds.

Empaveli is the first targeted C3 therapy for use in adults with paroxysmal nocturnal hemoglobinuria and was approved for that indication by the FDA and the EMA in 2021. On February 17, 2023, the FDA approved Syfovre (pegcetacoplan) as the first and only treatment for geographic atrophy secondary to age-related macular degeneration. In accordance with the terms of the Empaveli royalty agreement, we are entitled to royalties on the net sales of all formulations of pegcetacoplan. Accordingly, our royalty entitlement on Syfovre is consistent with that of Empaveli. Pegcetacoplan is also in development for additional pipeline indications including cold agglutinin disease and C3 glomerulopathy. It is marketed in the United States by Apellis and outside the United States, including the European Union, by Sobi, where it is marketed under the brand name Aspaveli.

Orserdu Transaction

On June 29, 2023, we bought royalties on the sales of Orserdu (elacestrant) for \$85 million ("**Orserdu I**"). The transaction entitles us to a mid-single digit tiered royalty on the worldwide net sales of Orserdu. We are entitled to receive quarterly royalty payments on a one-quarter lag based on sales beginning April 1, 2023. We received our first payment in the third quarter of 2023. We recognized acquired royalties receivable of \$3.4 million related to our 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 \$0.9 million were capitalized as part of the royalty asset acquired.

In accordance with the terms of the royalty agreement, we are also entitled to receive additional milestone royalty payments based on the achievement of regulatory approvals and sales performance thresholds. Orserdu is an oral, selective estrogen receptor degrader. It is the first and only approved targeted therapy used in the treatment of postmenopausal women or adult men with advanced or metastatic breast cancer, who have experienced disease progression despite prior endocrine therapy. It was approved by the FDA in January 2023 and by the EMA in September 2023. The EMA approval of Orserdu triggered milestone royalty income of \$2.75 million, which was recognized as royalty income in the third quarter of 2023 and received in the fourth quarter of 2023. During the year ended December 31, 2023, Orserdu sales exceeded certain sales performance thresholds that triggered milestone royalty income of \$3.4 million, which was recognized in royalty income in the fourth quarter of 2023, \$1.3 million of which was received in the fourth quarter of 2023 and \$2.1 million of which was received in the first quarter of 2024. Orserdu is patent protected up to January 2038. Orserdu was discovered by Eisai Co., Ltd. and is marketed by Menarini.

Additional Vonjo Royalty Stream

On July 7, 2023, we bought an additional royalty stream on Vonjo for \$66 million ("**Vonjo II**"). This royalty is in addition to our existing Vonjo I royalty stream. The transaction was funded on July 25, 2023 and entitles us to a tiered royalty on worldwide net sales of Vonjo. We are entitled to receive quarterly royalty payments on a one-quarter lag based on sales beginning April 1, 2023. We received our first payment in the third quarter of 2023. Vonjo is patent protected until at least January 2034. We are also entitled to receive up to \$107.5 million in milestone royalty payments. During the year ended December 31, 2023, Vonjo sales exceeded certain sales performance thresholds that triggered milestone royalty income of \$5.0 million, which was recognized as royalty income in the fourth quarter of 2023 and received in the first quarter of 2024.

We recognized acquired royalties receivable of \$0.6 million related to our royalty entitlement accrued from April 1, 2023 to July 25, 2023, the date of the royalty transaction. Transaction costs of \$0.8 million were capitalized as part of the royalty asset acquired.

Vonjo was approved by the FDA in February 2022 for the treatment of adult myelofibrosis patients with platelets below $50 \times 10^9/L$. Myelofibrosis is a bone marrow cancer that results in the formation of fibrous scar tissue and can lead to thrombocytopenia and anemia, weakness, fatigue and enlarged spleen and liver.

Additional Orserdu Royalty Stream

On August 14, 2023, we bought an additional royalty stream on Orserdu for \$130 million ("**Orserdu II**"). This royalty is in addition to our existing Orserdu I royalty stream, as described in the Orserdu Transaction section above. The transaction entitles us to a net low to high single digit tiered royalty on the worldwide net sales of Orserdu. We are entitled to receive quarterly royalty payments on a one-quarter lag based on sales beginning July 1, 2023. We received our first payment in the fourth quarter of 2023. We recognized acquired royalties receivable of \$1.3 million related to our royalty entitlement accrued from July 1, 2023 to August 14, 2023, the date of the royalty transaction. Transaction costs of \$1.2 million were capitalized as part of the royalty asset acquired.

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

In accordance with the royalty agreement, we are also entitled to receive additional milestone royalty payments on the achievement of sales performance thresholds. During the year ended December 31, 2023, Orserdu sales exceeded certain sales performance thresholds that triggered milestone royalty income of \$30.3 million, which was recognized in royalty income in the fourth quarter of 2023, \$11.4 million of which was received in the fourth quarter of 2023 and \$18.9 million 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 during 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 \$99.2 million at the time of the sale, as described on page 25 of this MD&A. Acquired royalties receivable of \$0.1 million were reversed as the entitlement to the royalty income was sold.
- (ii) During the third quarter of 2023, the acquired royalties receivable and the 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.

FINANCIAL REVIEW: RESULTS OF OPERATIONS

During the year ended December 31, 2024, the Trust generated total income of \$187,512 (2023 – \$166,279), incurred total expenses of \$191,477 (2023 – \$182,334), recorded no gain on sale of royalty assets (2023 – \$110,122) and recorded a gain on debt refinancing of \$2,176 (2023 – nil). The Trust also incurred an other loss of \$1,575 during the year ended December 31, 2024 (2023 – \$2,571) related to irregular expenses charged to the Trust by its manager, as discussed on page 2 of this MD&A.

During the year ended December 31, 2024, the Trust also recorded a net unrealized fair value gain in other comprehensive earnings (loss) of \$664 related to its derivative instruments (2023 – (1,089)), resulting in total comprehensive earnings (loss) of \$(2,700) (2023 – \$90,407).

The following table presents the components of net earnings and comprehensive earnings and is followed by a discussion on the nature of significant sources of income and categories of expenses.

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

Royalty income

Royalty income is composed of income from our intangible royalty assets, which represents the contractual right to receive, directly or indirectly, a royalty payment, milestone royalty payment, license fee or any other form of compensation or benefit arising from or contingent upon the use of any patent, trade secret or any other form of intellectual property or other right relating to pharmaceutical drugs, devices and/or delivery technologies. The Trust typically does not own the licensed intellectual property; rather, it earns income based on rights to a royalty stream generally tied to the related underlying patent, calculated as a percentage of sales revenue generated by a third party at the time the sales occur. Royalty income is recorded on an accrual basis when earned in accordance with our contractual rights. Management is required to make estimates of royalty income earned for which a report or actual cash royalty receipts have not been received from our counterparty. Actual royalty receipts are reported and paid by our counterparties typically one or more quarters after they are earned. Actual milestone royalty receipts are received after the milestone condition has been met and they are paid in accordance with the terms of the agreement with the counterparty.

The following table presents the Trust's royalty income by intangible royalty asset for the years ended December 31, 2024 and 2023:

	Year ended December 31, 2024	Year ended December 31, 2023	% Change
Intangible Royalty Assets			
Empaveli/Syfovre ⁽ⁱ⁾	5,860	3,201	83 %
Eylea I	5,675	5,455	4 %
Eylea II	1,229	1,201	2 %
FluMist ⁽ⁱⁱ⁾	—	979	(100)%
Natpara	1,722	2,478	(31)%
Omidria	37,774	14,167	167 %
Oracea	6,271	9,199	(32)%
Orserdu I	28,374	16,690	70 %
Orserdu II	37,065	36,760	1 %
Rydapt	3,208	8,891	(64)%
Spinraza	14,712	16,880	(13)%
Stelara, Simponi and Ilaris ⁽ⁱⁱⁱ⁾	869	1,185	(27)%
Vonjo I	12,398	11,012	13 %
Vonjo II	2,768	6,086	(55)%
Xenpozyme ^(iv)	3,183	837	280 %
Xolair	11,317	9,875	15 %
Zejula	4,011	3,196	26 %
Zytiga	7,207	8,835	(18)%
Other Products ^(v)	1,069	1,985	(46)%
Total Royalty Income	\$ 184,712	\$ 158,912	16 %

(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 includes 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 on page 6 of this MD&A.

(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.

The Trust records royalty income from intangible royalty assets from the date on which the Trust obtains control of those assets, which is typically the date on which the agreement creating the intangible royalty assets is entered into. Royalty income for the year ended December 31, 2024 was \$184,712 (2023 – \$158,912). The increase in royalty income was primarily due to (i) full year of royalty entitlements for Orserdu I, Vonjo II and Orserdu II in the current year compared to partial entitlements, dependent on the date of acquisition, in the prior year; (ii) the inclusion of a second royalty stream for Xenpozyme, as described on page 6 of this MD&A; (iii) the elimination of annual royalty caps on Omidria due to the amendment to the royalty agreement, as described on page 6 of this MD&A; and (iv) an additional \$18,226 recognized for Orserdu I and Orserdu II in the year ended December 31, 2024 for additional royalties and milestones due to certain gross-to-net deductions becoming exempt, as described on page 4 of this MD&A.

The increase in royalty income was partially offset by (i) the expected step down of royalty entitlements in certain geographies for Rydapt; (ii) the decrease in sales for Oracea due to the launch of generic products; (iii) the absence of milestone royalty income of \$2,750 from Orserdu I due to the drug receiving EMA approval in the prior year; and (iv) the absence of milestone royalty income of \$3,367 from Orserdu I, \$30,303 Orserdu II and \$5,000 from Vonjo II, due to annual sales exceeding certain sales performance thresholds in the prior year.

Intangible royalty assets added to the portfolio subsequent to December 31, 2023 contributed \$17,887 in royalty income for the year ended December 31, 2024.

Change in fair value of financial royalty assets

On October 3, 2024, the Trust acquired a financial royalty asset through the Casgevy transaction, as described on page 7 of this MD&A. As a result of the nature of the contractual cash flows from the transaction, which primarily consist of fixed and determinable amounts not dependent on the underlying pharmaceutical product, the Trust's entitlement to the royalty license payment streams is classified as a financial royalty asset and changes in fair value are recognized in net earnings. During the year ended December 31, 2024 the Trust earned \$527 (2023 – nil) as a result of changes in fair value of financial royalty assets.

Interest and other income on loan receivable

On August 25, 2021, the Trust provided CTI \$50,000 in secured debt. On June 26, 2023, CTI prepaid all amounts outstanding under the loan agreement. The interest and other income is primarily composed of interest earned and the premiums for prepayment on the loan receivable. The Trust did not earn interest and other income on the loan receivable for the year ended December 31, 2024 as the loan was fully repaid in 2023 (2023 – \$6,506). Interest and other income for the years ended December 31, 2024 and 2023 are presented below.

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

Amortization of intangible royalty assets

Intangible royalty assets are amortized over the estimated useful life of the assets, as described in note 3(c) to the Trust's consolidated financial statements. The Trust amortizes its intangible royalty assets from the date on which the Trust obtains control of those assets, which is typically the date on which the agreement creating the intangible royalty assets is entered into. During the year ended December 31, 2024, the Trust recorded amortization of intangible royalty assets of \$102,869 (2023 – \$86,984).

The increase in amortization expense during the year ended December 31, 2024 compared to the same periods in 2023 was primarily due to the additional amortization recorded on assets acquired subsequent to December 31, 2023, as described on page 7 of this MD&A.

Impairment of intangible royalty assets

During the year ended December 31, 2024, the Trust recognized an impairment loss of \$15,787 related to the Oracea royalty asset, as described on page 4 of this MD&A. The Trust determined the net recoverable amount for Oracea using a discounted cash flow model based on forecasted royalties and a discount rate of 12%. The recoverable amount is \$4,498 as at December 31, 2024. The carrying value of the asset prior to recognizing the impairment exceeded the recoverable amount and the difference of \$15,787 was recorded as an impairment loss during the year ended December 31, 2024.

During the year ended December 31, 2023, the Trust recognized total impairment loss of \$9,216 related to the Natpara royalty asset, as described on page 4 of this MD&A.

The impairment loss is recognized in the consolidated statements of net earnings and comprehensive earnings.

Management fees

The Trust pays management fees on a quarterly basis to the manager, as described on page 32 of this MD&A. The Trust recorded management fees of \$11,397 during the year ended December 31, 2024 (2023 – \$22,335).

The decrease in management fees for the year ended December 31, 2024 compared to the same period in 2023 is primarily due to \$13,650 in management fees from the sale of the Trust's royalty interest in Tzield for \$210,000 in 2023, as described on page 7 of this MD&A. In addition, the Trust received a partial one-time waiver of \$1,092 (C\$1,500) in management fees by the manager during the year ended December 31, 2024 to cover a portion of the investigation expenses incurred by the Trust as a result of the investigation into irregular expenses, as described on page 2 of this MD&A. This is partially offset by higher cash royalty receipts from our royalty portfolio compared to the same period in 2023, as described on page 19 of this MD&A.

Performance fees

The Trust pays performance fees to the manager when certain conditions are met, as described on page 32 of this MD&A. 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 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 on page 4 of this MD&A.

During the second quarter of 2023, conditions for performance fee payments were met as a result of the sale on the Trust's royalty interest in Tzield, as described on page 7 of this MD&A. 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 on page 8 of this MD&A. During the year ended December 31, 2024, performance fees of \$6,149 were paid (2023 – \$18,616).

Interest expense

The Trust's interest expense relates to interest paid on the Trust's credit facility and interest on the 2024 Preferred Securities. Interest expense for the years ended December 31, 2024 and 2023 is presented below. The increase in interest expense during the year ended December 31, 2024 compared to the same period in 2023 was primarily due to (i) increased face value and interest rate on the 2024 Preferred Securities due to the preferred security refinancing transaction, as described on page 27 of this MD&A; and (ii) higher balance drawn on the Trust's credit facility. The Trust's long-term debt is discussed further on page 26 of this MD&A.

Partially offsetting the interest expense on the credit facility is interest earned on the Trust's 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 Trust's credit facility, as described on page 27 of this MD&A. The Trust uses the interest rate swap as a derivative financial instrument designated as a cash flow hedge to manage interest rate risk related to its credit facility.

During the year ended December 31, 2024, the Trust received settlement of \$535 on the interest rate swap (2023 – \$192).

	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

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.

For the year ended December 31, 2024, the Trust recorded deal investigation and research expenses of \$6,674 (2023 – \$2,767). The increase in deal investigation and research expenses for the year ended December 31, 2024 when compared to 2023 was primarily driven by (i) legal costs incurred to support the Trust's involvement with litigation related to Oracea and Natpara, as described on page 4 of this MD&A; (ii) the inclusion of \$1,940 related to the completion of the Casgevy transaction, which was expensed in accordance with IFRS Accounting Standards as issued by the IASB; (iii) additional research related services and consultants due to the growth of the Trust's asset acquisition initiatives; (iii) deal costs related to a binding bid process which was unsuccessful as the counterparty terminated the process; and (iv) other expenses related to broken deals.

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

Unit-based compensation

The Trust provides unit-based compensation under its Omnibus Equity Incentive Plan, as described in note 3(p) of the Trust's consolidated financial statements.

For the year ended December 31, 2024, the unit-based compensation expense was \$7,679 (2023 – \$5,079) and was composed of Restricted Unit ("RU") grants, net of RU forfeitures during the year. As at December 31, 2024, the unit-based compensation liability was \$2,333 (2023 – \$2,211), composed of a current portion of \$2,093 (2023 – \$1,499) and a long-term portion of \$240 (2023 – \$712) related to the outstanding awards.

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.

No Options or Performance Units ("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 Deferred Units ("DUs"), as described in other operating expenses below.

Other operating expenses

Other operating expenses include fees paid to the board of trustees of the Trust and compensation paid to officers of the Trust, as well as other ongoing operating expenses, including consulting, legal and audit fees required to operate our business and incurred in connection with the investigation into irregular expenses, as described on page 2 of this MD&A. During the year ended December 31, 2024, the Trust recorded total operating expenses of \$9,505 (2023 – \$4,916).

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) to the Trust's consolidated financial statements.

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 as at December 31, 2024 was \$1,480 (2023 – \$1,105) and was included in other current liabilities.

The decrease in board compensation expense for the year ended December 31, 2024 compared to the same period in 2023 was primarily due to the decrease in the Unit price of the Trust and the absence of a one-time payment of \$141 made to the board of trustees in the third quarter of 2023. The decrease was partially offset by (i) the inclusion of additional committee fees of \$175 paid to certain members of the board of trustees in the third quarter of 2024; (ii) an increase in the quarterly compensation of \$13 per trustee to be awarded in the form of DUs; and (iii) an increase in the annual retainer paid to the Chair of the Governance, Compensation and Nominating Committee.

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. The increase in professional fees for the year ended December 31, 2024 compared to 2023 was primarily due to higher legal and forensic accounting fees, and costs associated with restating our financial statements, incurred in 2024 as a result of the investigation into irregular expenses charged to the Trust, as described on page 2 of this MD&A.

Executive compensation

For the year ended December 31, 2024, the Trust recorded total compensation expense of \$523 (2023 – nil) related to compensation paid to officers of the Trust. Prior to 2024, the Trust did not retain independent officers.

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 on page 32 of this MD&A.

Unrealized loss on marketable securities

As part of the Sebetralstat transaction, as described on page 7 of this MD&A, the Trust purchased 500,000 shares of KalVista common stock in a private transaction for \$10 per share for a total purchase price of \$5,000. Changes in the fair value of marketable securities are recognized in net earnings (loss). The unrealized loss on these marketable securities for the year ended December 31, 2024 is \$765 (2023 – nil).

Net gain on sale of royalty assets

For the year ended December 31, 2024, the Trust did not sell any royalty assets and did not record any gain on the sale of royalty assets (2023 – \$110,122).

Net gain on debt refinancing

For the year ended December 31, 2024, the Trust recognized a net gain on debt refinancing of \$2,176 (2023 – nil). The gain is a result of the required accounting treatment applied to the refinancing of the 2023 Preferred Securities and 2023 Warrants on April 23, 2024, as described on page 27 of this MD&A.

Other loss

As described on page 2 of this MD&A, the Trust was charged certain alleged consulting and other expenses that should not have been charged to the Trust. The Trust has conducted an investigation and identified certain adjustments were required to operating expenses, amortization of intangible royalty assets and the net book value of intangible royalty assets, with the impact of the corrections reflected in other loss. The Trust recorded a loss in other loss for the year ended December 31, 2024 of \$1,575 (2023 – \$2,571).

Net unrealized gain (loss) on 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 on page 27 of this MD&A. The Trust does not hold or use any derivative financial instruments for speculative trading purposes. 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. 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) to the Trust's consolidated financial statements. During the year ended December 31, 2024, the Trust recognized a net unrealized fair value gain in other comprehensive earnings (loss) of \$664 (2023 – net unrealized fair value loss of \$1,089), as a result of the interest rate swap derivative instrument.

Weighted average number of Units

For the year ended December 31, 2024, the Trust generated basic net earnings (loss) per Unit of \$(0.06) (2023 – \$2.06) and fully diluted net earnings (loss) per Unit of \$(0.06) (2023 – \$2.05). 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

Fourth Quarter Results

Comprehensive earnings for the fourth quarter of 2024 were \$7,872 (2023 – \$20,182). The summary of the results of operations during the fourth quarters of 2024 and 2023 are presented below:

	Three months ended December 31, 2024	Three months ended December 31, 2023
Income		
Royalty income	\$ 61,381	\$ 75,449
Change in fair value of financial royalty asset	527	—
Other interest income	378	393
Total income	62,286	75,842
Expenses		
Amortization of intangible royalty assets	26,046	24,689
Impairment of intangible royalty assets	9,686	9,216
Management fees	2,938	3,426
Performance fees	1,665	5,918
Interest expense	9,489	6,336
Deal investigation and research expenses	2,751	882
Unit-based compensation	90	1,379
Other operating expenses	1,855	1,288
Unrealized loss on marketable securities	765	—
Total expenses	55,285	53,134
Other loss	—	(785)
Net earnings (loss)	7,001	21,923
Other comprehensive earnings (loss)		
Net unrealized gain (loss) on derivative instruments	871	(1,741)
Comprehensive earnings (loss)	\$ 7,872	\$ 20,182

During the fourth quarter of 2024, the Trust generated total income of \$62,286 (2023 – \$75,842). This consisted primarily of royalty income of \$61,381 (2023 – \$75,449). Royalty income for the three months ended December 31, 2024 included \$18,226 related to additional royalties for Orserdu I and Orserdu II due to certain gross-to-net deductions becoming exempt. Royalty income for the three months ended December 31, 2023 included milestone royalty income of \$38,670 related to Orserdu I, Orserdu II and Vonjo II.

During the fourth quarter of 2024, the Trust's expenses were \$55,285 (2023 – \$53,134), including \$26,046 related to amortization of intangible royalty assets over their expected useful lives (2023 – \$24,689); \$9,686 related to the impairment loss on intangible royalty assets (2023 – \$9,216) as described on 4 of this MD&A; \$2,938 related to management fees (2023 – \$3,426); \$1,665 related to performance fee (2023 – \$5,918); \$9,489 related to interest expense for the credit facility and preferred securities (2023 – \$6,336), as described on page 6 of this MD&A; deal investigation and research expenses of \$2,751 (2023 – \$882), which include the ongoing costs associated with the Trust's research and due diligence activities for potential asset acquisitions; Unit-based compensation of \$90 (2023 – \$1,379); other operating expenses of \$1,855 (2023 – \$1,288) which include general costs of operating our business including board, consulting, legal and audit fees; and a net unrealized loss on marketable securities of \$765 (2023 – nil). During the fourth quarter of 2024, the Trust did not incur an other loss (2023 – \$785).

The Trust also recorded an other comprehensive gain (loss) of \$871 related to its cash flow hedge (2023 – (\$1,741)) during the three months ended December 31, 2024.

The following table presents the Trust's royalty income by intangible royalty asset for the three months ended December 31, 2024 and 2023:

		Three months ended December 31, 2024	Three months ended December 31, 2023	% Change
Intangible Royalty Assets				
Empaveli/Syfovre ⁽ⁱ⁾	\$	627	\$ 709	(12)%
Eylea I		1,607	1,467	10 %
Eylea II		350	319	10 %
Natpara		248	663	(63)%
Omidria		9,334	4,417	111 %
Oracea		391	2,261	(83)%
Orserdu I ⁽ⁱⁱ⁾		10,211	10,335	(1)%
Orserdu II ⁽ⁱⁱⁱ⁾		23,884	35,440	(33)%
Rydapt		316	2,565	(88)%
Spinraza		3,991	4,832	(17)%
Stelara, Simponi and Ilaris ^(iv)		366	142	158 %
Vonjo I		2,482	2,902	(14)%
Vonjo II ^(v)		542	5,605	(90)%
Xenpozyme		964	365	164 %
Xolair		2,197	1,516	45 %
Zejula		953	867	10 %
Zytiga		2,662	571	366 %
Other Products ^(vi)		256	473	(46)%
Total Royalty Income	\$	61,381	\$ 75,449	(19)%

(i) Empaveli/Syfovre include two royalty streams on each product held directly.

(ii) Royalty income for Orserdu I for the three months ended December 31, 2023 includes \$3,367 in milestone royalty income.

(iii) Royalty income for Orserdu II for the three months ended December 31, 2023 includes \$30,303 in milestone royalty income.

(iv) Stelara, Simponi and Ilaris include two royalty streams on each product, for a total of six royalty streams held directly and indirectly.

(v) Royalty income for Vonjo II for the three months ended December 31, 2023 includes \$5,000 in milestone royalty income.

(vi) 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 for the three months ended December 31, 2024 was \$61,381 (2023 – \$75,449). The decrease in royalty income was primarily due to the inclusion of milestone royalty income of \$3,367 from Orserdu I, \$30,303 from Orserdu II and \$5,000 from Vonjo II for the three months ended December 31, 2023, as described on page 8 of this MD&A. The decrease was partially offset by (i) the removal of royalty caps in 2024 on the Omidria royalty asset, as described on page 6 of this MD&A; and (ii) the inclusion of \$18,226 related to additional royalties for Orserdu I and Orserdu II due to certain gross-to-net deductions becoming exempt.

Summary of quarterly results

The following table provides a summary of the Trust's quarterly results, the distributions per Unit and the weighted average number of Units outstanding for the eight most recently completed quarters:

As at	2024				2023			
	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
Total assets	\$ 984,867	\$ 884,079	\$ 874,067	\$ 901,270	\$ 833,159	\$ 809,976	\$ 719,344	\$ 691,191
Credit facility and preferred securities ⁽ⁱ⁾	374,802	281,605	275,716	275,051	189,978	204,287	236,341	290,576
Three months ended	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
Total income	\$ 62,286	\$ 41,555	\$ 41,604	\$ 42,067	\$ 75,842	\$ 34,143	\$ 28,058	\$ 28,236
Total expenses ⁽ⁱⁱ⁾	(55,285)	(43,247)	(45,149)	(47,796)	(53,134)	(37,830)	(62,445)	(28,925)
Net gain on sale of royalty assets	—	—	—	—	—	150	109,972	—
Gain on debt refinancing ⁽ⁱⁱⁱ⁾	—	—	2,176	—	—	—	—	—
Other loss	—	—	(764)	(811)	(785)	(791)	(411)	(584)
Net earnings (loss)	\$ 7,001	\$ (1,692)	\$ (2,133)	\$ (6,540)	\$ 21,923	\$ (4,328)	\$ 75,174	\$ (1,273)
Net unrealized gain (loss) on derivative instruments	871	(1,632)	228	1,197	(1,741)	652	—	—
Comprehensive earnings (loss)	\$ 7,872	\$ (3,324)	\$ (1,905)	\$ (5,343)	\$ 20,182	\$ (3,676)	\$ 75,174	\$ (1,273)
Net earnings (loss) per Unit								
Basic	\$ 0.12	\$ (0.03)	\$ (0.04)	\$ (0.12)	\$ 0.39	\$ (0.09)	\$ 2.01	\$ (0.03)
Diluted	\$ 0.12	\$ (0.03)	\$ (0.04)	\$ (0.12)	\$ 0.39	\$ (0.09)	\$ 2.00	\$ (0.03)
Distributions per Unit^(iv)								
Cash	\$ 0.0850	\$ 0.0850	\$ 0.0850	\$ 0.0850	\$ 0.3412	\$ 0.0750	\$ 0.6084	\$ 0.0750
Unit ^(v)	\$ 0.0237	n/a	n/a	n/a	\$ 0.7640	n/a	n/a	n/a
Weighted average number of Units								
Basic	56,282,403	56,293,275	56,426,259	56,358,240	56,332,607	46,115,848	37,487,973	37,753,194
Diluted	56,678,956	56,293,275	56,426,259	56,358,240	56,464,102	46,205,568	37,680,076	37,821,801

(i) Credit facility and preferred securities summary figures include only the non-current portion of the liabilities.

(ii) Total expenses for the second quarter of 2023 include management fees of \$13,650 and performance fees of \$18,616 related to the sale of the Tzield royalty interest, as described on page 7 of this MD&A. Total expenses for the fourth quarter of 2023 include performance fees of \$5,918 related to the milestone royalty income earned on Orserdu I, Orserdu II and Vonjo II, as described on page 12 of this MD&A.

(iii) During the second quarter of 2024, the Trust refinanced its 2023 Preferred Securities and 2023 Warrants, as a result of the refinancing an accounting gain was recorded, as described on page 27 of this MD&A.

(iv) Represents distributions declared during the period.

(v) 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 distribution, 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.

FINANCIAL REVIEW: NON-GAAP FINANCIAL MEASURES

The Trust reports certain non-GAAP financial measures, including Total Cash Receipts, Normalized Total Cash Receipts, Total Cash Royalty Receipts and Adjusted EBITDA. The Trust also reports certain non-GAAP ratios, including Adjusted EBITDA Margin and Adjusted Cash Earnings per Unit. These measures and ratios are not standardized financial measures under IFRS Accounting Standards as issued by the IASB and might not be comparable to similar financial measures disclosed by other issuers.

Total Cash Receipts, Normalized Total Cash Receipts and Total Cash Royalty Receipts

Total Cash Receipts refer to Total Cash Royalty Receipts plus cash receipts from all products. Total Cash Receipts include cash receipts from interest as well as non-recurring cash receipts such as the principal payments related to the loan receivable, fees and premiums related thereto and proceeds from the sale of royalty assets which consist of the proceeds from the sale of our Tzield royalty interest.

Total Cash Royalty Receipts refers to aggregate cash royalty receipts and milestone royalty receipts from our portfolio of royalty assets and forms part of Total Cash Receipts. Because of the lag between when we record royalty income and receive the corresponding cash payments on our royalties and milestones, we believe Total Cash Receipts and Total Cash Royalty Receipts are useful measures when evaluating our operations, as they represent actual cash generated in respect of all royalty assets held during a period. We also present Normalized Total Cash Receipts, which refers to Total Cash Receipts adjusted to remove cash receipts that are not expected to recur in the normal course of our operations. We believe that Normalized Total Cash Receipts will assist readers in evaluating the period over period performance of our royalty portfolio since Normalized Total Cash Receipts only includes cash receipts generated by royalties and other amounts payable pursuant to the terms of our intangible royalty assets, interest on the loan receivable and receipts from our financial royalty assets.

	Cash Receipts			% Change	Cash Receipts		
	Three months ended December 31, 2024	Three months ended December 31, 2023			Year ended December 31, 2024	Year ended December 31, 2023	% Change
Royalty Assets							
Empaveli/Syfovre	\$ 1,977	\$ 1,438	37 %	\$ 6,268	\$ 1,876	234 %	
Eylea I	1,425	1,456	(2)%	5,595	5,511	2 %	
Eylea II	309	317	(3)%	1,211	2,022	(40)%	
FluMist	—	944	(100)%	—	2,423	(100)%	
Natpara	390	635	(39)%	2,092	2,441	(14)%	
Omidria	8,327	3,250	156 %	37,728	13,000	190 %	
Oracea	1,608	2,267	(29)%	7,407	8,319	(11)%	
Orserdu I ⁽ⁱ⁾	8,088	8,633	(6)%	27,885	12,086	131 %	
Orserdu II ⁽ⁱ⁾	5,771	14,521	(60)%	37,684	14,521	160 %	
Rydapt ⁽ⁱⁱ⁾	679	1,698	(60)%	5,458	8,242	(34)%	
Spinraza	3,679	4,426	(17)%	14,748	16,784	(12)%	
Stelara, Simponi and Ilaris ⁽ⁱⁱⁱ⁾	189	278	(32)%	798	1,300	(39)%	
Vonjo I	3,362	3,079	9 %	12,204	10,134	20 %	
Vonjo II ⁽ⁱ⁾	728	642	13 %	7,598	1,038	632 %	
Xenpozyme	812	427	90 %	1,474	674	119 %	
Xolair	3,535	3,198	11 %	10,658	9,945	7 %	
Zejula	953	867	10 %	3,900	3,126	25 %	
Zytiga	2,503	3,691	(32)%	6,049	12,234	(51)%	
Other Products ^(iv)	264	486	(46)%	1,235	2,241	(45)%	
Total Cash Royalty Receipts^(v)	\$ 44,599	\$ 52,253	(15)%	\$ 189,992	\$ 127,917	49 %	
Interest receipts from loan receivable ^(vi)	\$ —	\$ —	n/a	\$ —	\$ 3,264	(100)%	
Principal repayment of loan receivable ^{(vi),(vii)}	—	—	n/a	—	50,000	(100)%	
Exit fee received for loan receivable ^{(vi),(vii)}	—	—	n/a	—	1,000	(100)%	
Premiums for prepayment of loan receivable ^{(vi),(vii)}	—	—	n/a	—	2,140	(100)%	
Proceeds from sale of royalty assets ^{(vii),(viii)}	—	—	n/a	—	210,000	(100)%	
Total Cash Receipts^(vi)	\$ 44,599	\$ 52,253	(15)%	\$ 189,992	\$ 394,321	(52)%	
Principal repayment of loan receivable ^{(vi),(vii)}	\$ —	\$ —	n/a	\$ —	\$ (50,000)	(100)%	
Exit fee received for loan receivable ^{(vi),(vii)}	—	—	n/a	—	(1,000)	(100)%	
Premiums for prepayment of loan receivable ^{(vi),(vii)}	—	—	n/a	—	(2,140)	(100)%	
Proceeds from sale of royalty assets ^{(vii),(viii)}	—	—	n/a	—	(210,000)	(100)%	
Normalized Total Cash Receipts^(v)	\$ 44,599	\$ 52,253	(15)%	\$ 189,992	\$ 131,181	45 %	

- (i) Cash receipts for the year ended December 31, 2024 includes milestone royalty receipts of \$2,104 from Orserdu I, \$18,939 from Orserdu II and \$5,000 from Vonjo II received in Q1 2024. Cash receipts for the three months ended and year ended December 31, 2023 includes milestone royalty receipts of \$4,013 from Orserdu I and \$11,364 from Orserdu II received in Q4 2023.
- (ii) Cash receipts for the year ended December 31, 2024 includes \$1,000 in additional cash receipts related to a one-time payment received in Q1 2024.
- (iii) Stelara, Simponi and Ilaris includes two royalty streams on each product, for a total of six royalty streams held directly and indirectly.
- (iv) Other Products includes royalty income from certain other intangible royalty assets as well as intangible royalty assets which are fully amortized and, where applicable, the entitlements to which have generally expired.
- (v) Total Cash Receipts, Normalized Total Cash Receipts and Total Cash Royalty Receipts are non-GAAP financial measures.
- (vi) Interest receipts from loan receivable relates to the loan receivable, which was repaid in full on June 26, 2023. In accordance with the loan agreement, the Trust was also entitled to receive an exit fee and prepayment premiums upon prepayment of the loan, which were received in the second quarter of 2023.
- (vii) These items represents cash received by the Trust that is not expected to recur in the normal course of our operations. As such, these items are not included in Normalized Total Cash Receipts.
- (viii) On April 27, 2023, the Trust sold the Tzielid royalty asset, as described on page 7 of this MD&A

Fourth Quarter Total Cash Receipts, Normalized Total Cash Receipts and Total Cash Royalty Receipts

Total Cash Receipts, Normalized Total Cash Receipts and Total Cash Royalty Receipts during the three months ended December 31, 2024 decreased by \$7,654 or 15% compared to the same period in 2023. The decrease was primarily driven by (i) the milestone royalty receipts received during the three months ended December 31, 2023 of \$15,377, related to Orserdu I and Orserdu II; (ii) increased competition and generic entrance in to the market impacting the sales of Oracea; (iii) the expected step-down in royalty entitlement for Rydapt, based on a cumulative sales threshold condition being met; (iv) the expiration of the FluMist royalty entitlement with the final royalty cash receipt for FluMist received in the fourth quarter of 2023; (v) the expected impact of increased competition on the sales of Spinraza; and (vi) the expected impact of increased competition on the sales of Zytiga due to generic entrance in the European market. The decrease in cash royalty receipts was partially offset by (i) the amendment to the Omidria royalty entitlement removing the previously imposed caps on royalty receipts; (ii) the increase in Orserdu non-milestone receipts due to the drug's approval and entrance into Europe and rest of world markets subsequent to December 31, 2023; and (iii) the increase in sales of Empaveli and Syfovre as a result of continued growth since entering the market.

Year-to-Date Total Cash Receipts, Normalized Total Cash Receipts and Total Cash Royalty Receipts

Normalized Total Cash Receipts during the year ended December 31, 2024 were \$189,992, representing an increase of \$58,811 or 45% compared to the same period in 2023. Total Cash Royalty Receipts during the year ended December 31, 2024 increased by \$62,075 or 49% compared to the same period in 2023. The increase in Normalized Total Cash Receipts and Total Cash Royalty Receipts was primarily driven by (i) the inclusion of cash receipts for the entire year ended December 31, 2024 from Orserdu I, Orserdu II and Vonjo II, which were acquired during the year ended December 31, 2023; (ii) the amendment to the Omidria royalty entitlement removing the previously imposed caps on royalty receipts; (iii) the growth in sales of Empaveli and Syfovre since entering the market; (iv) the receipt of milestones payments related to the Orserdu I, Orserdu II and Vonjo II royalty agreements during the year ended December 31, 2024; and (v) the increase in royalties for Zejula due to sales growth as a result of the launch of a tablet formulation. The increase in cash royalty receipts was partially offset by (i) a decrease in royalty entitlement rates for Eylea II, as the royalty stream reached a contractual step-down in royalty rates as expected in the first quarter of 2023; (ii) the expected step-down in royalty entitlement for Rydapt, based on a cumulative sales threshold condition being met; (iii) the continued contractual expirations of royalty entitlements in certain geographies as expected for Stelara, Simponi and Ilaris; (iv) the expected impact on Zytiga due to generic entrance in the European market; and (vi) the expiration of the FluMist royalty entitlement, with the final royalty cash receipt for FluMist received in the fourth quarter of 2023.

There were no cash interest receipts from the loan receivable for the year ended December 31, 2024 as the loan receivable was prepaid in full by CTI on June 26, 2023, as described on page 12 of this MD&A.

Cash Receipt Reconciliation

The reconciliation of Total Cash Receipts, Normalized Total Cash Receipts and Total Cash Royalty Receipts to the most directly comparable measures calculated in accordance with IFRS Accounting Standards as issued by the IASB is presented below. The Trust reconciles Total Cash Receipts, Normalized Total Cash Receipts and Total Cash Royalty Receipts to total income. Total income represents the sum of royalty income, interest and other income on the loan receivable, change in fair value of financial royalty assets and other interest income. Reconciling total income to Total Cash Receipts results in the subtraction of other interest income, net change in royalties receivable, net change in financial royalty asset, non-cash royalty income and non-cash interest and other income on the loan receivable and the addition of acquired royalties receivable, the cash received for the principal repayment of the loan receivable, the cash exit fee received on the repayment of the loan receivable and cash proceeds from the sale of the Trust's royalty assets.

When reconciling to Normalized Total Cash Receipts, we further subtract cash receipts not expected to recur, such as proceeds related to the repayment of the loan receivable and proceeds from the sale of royalty assets.

When reconciling to Total Cash Royalty Receipts, there is a corresponding subtraction to interest and other income on the loan receivable and an addition of non-cash interest and other income on the loan receivable and premiums for prepayment of loan receivable, since Total Cash Royalty Receipts is a measure of the Trust's cash royalty receipts from all products, excluding income from the Trust's debt instruments and cash receipts not expected to recur. For purposes of complying with equal prominence requirements of applicable securities laws relating to non-GAAP financial measures, the Trust refers to total income when referring to Total Cash Receipts, Normalized Total Cash Receipts and Total Cash Royalty Receipts.

	Three months ended December 31, 2024	Three months ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2023
Total income	\$ 62,286	\$ 75,842	\$ 187,512	\$ 166,279
[-] Other interest income	(378)	(393)	(2,273)	(861)
[+] Royalties receivable, beginning of period	45,580	40,886	64,082	27,748
[-] Royalties receivable, end of period	(62,362)	(64,082)	(62,362)	(64,082)
[+] Financial royalty assets, beginning of period	—	—	—	—
[+] Financial royalty assets, acquired during period ⁽ⁱ⁾	57,000	—	57,000	—
[-] Financial royalty assets, end of period	(57,527)	—	(57,527)	—
[+] Acquired royalties receivable ⁽ⁱⁱ⁾	—	—	3,560	5,343
[-] Non-cash royalty income ⁽ⁱⁱⁱ⁾	—	—	—	(4)
[-] Non-cash interest and other income on loan receivable ^(iv)	—	—	—	(1,102)
[+] Principal repayment of loan receivable	—	—	—	50,000
[+] Exit fee received for loan receivable ^(v)	—	—	—	1,000
[+] Proceeds from sale of royalty assets ^(v)	—	—	—	210,000
[=] Total Cash Receipts	\$ 44,599	\$ 52,253	\$ 189,992	\$ 394,321
[-] Principal repayment of loan receivable ^(v)	—	—	—	(50,000)
[-] Exit fee received for loan receivable ^(v)	—	—	—	(1,000)
[-] Premiums for prepayment of loan receivable ^(v)	—	—	—	(2,140)
[-] Proceeds from sale of royalty assets ^(v)	—	—	—	(210,000)
[=] Normalized Total Cash Receipts	\$ 44,599	\$ 52,253	\$ 189,992	\$ 131,181
[-] Interest and other income on loan receivable	—	—	—	(6,506)
[+] Non-cash interest and other income on loan receivable ^(iv)	—	—	—	1,102
[+] Premiums for prepayment of loan receivable ^(v)	—	—	—	2,140
[=] Total Cash Royalty Receipts	\$ 44,599	\$ 52,253	\$ 189,992	\$ 127,917

(i) Financial royalty assets acquired during the period relates to the Casgevy Transaction as described on page 7 of this MD&A.

(ii) Acquired royalties receivable represent the Trust's royalty entitlements prior to the completion of the royalty transactions they relate to, as described on page 7 of this MD&A.

(iii) Non-cash royalty income is related to excess royalty payments received in prior periods in which the Trust has an obligation to the royalty payers. Royalty income of nil and nil, respectively, was used to reduce the obligation during the three months and year ended December 31, 2024 (2023 – nil and \$4, respectively). Royalty income earned in future periods related to other intangible royalty assets will be used to repay the remaining obligation of \$136.

(iv) As the loan receivable was fully prepaid on June 26, 2023, as described on page 12 of this MD&A, there was no non-cash interest and other income for the three months and year ended December 31, 2024. For the three months and year ended December 31, 2023, non-cash interest and other income on loan receivable represents the amortization of commitment fees of nil and \$368, respectively, and the accretion of exit fees receivable of nil and \$734, respectively.

(v) This item represents cash received by the Trust that is not expected to recur in the normal course of our operations. As such, this item is not included in Normalized Total Cash Receipts.

Adjusted EBITDA

We believe Adjusted EBITDA provides meaningful information about our operating cash flows as it eliminates the effects of other non-cash expenses and accruals and income and expenses that are not expected to recur, that have been recorded on the statement of net earnings (loss) and comprehensive earnings (loss). We refer to EBITDA when reconciling our net earnings (loss) and comprehensive earnings (loss) to Adjusted EBITDA, but we do not use EBITDA as a measure of our performance.

The reconciliation of Adjusted EBITDA to its most directly comparable measures calculated in accordance with IFRS Accounting Standards as issued by the IASB is presented below.

	Three months ended December 31, 2024	Three months ended December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2023
Comprehensive earnings (loss)	\$ 7,872	\$ 20,182	\$ (2,700)	\$ 90,407
[+] Amortization of intangible royalty assets	26,046	24,689	102,869	86,984
[+] Impairment of intangible royalty assets	9,686	9,216	15,787	9,216
[+] Amortization of other current assets ⁽ⁱ⁾	—	—	—	240
[-] Other interest income	(378)	(393)	(2,273)	(861)
[+] Interest expense	9,489	6,336	34,905	26,503
EBITDA	52,715	60,030	148,588	212,489
[+] Royalties receivable, beginning of period	45,580	40,886	64,082	27,748
[-] Royalties receivable, end of period	(62,362)	(64,082)	(62,362)	(64,082)
[-] Performance fees payable, beginning of period	—	—	(5,918)	—
[+] Performance fees payable, end of period	1,665	5,918	1,665	5,918
[+] Financial royalty assets, beginning of period	—	—	—	—
[+] Financial royalty assets, acquired during period ⁽ⁱⁱ⁾	57,000	—	57,000	—
[-] Financial royalty assets, end of period	(57,527)	—	(57,527)	—
[+] Unrealized loss on marketable securities	765	—	765	—
[+] Acquired royalties receivable ⁽ⁱⁱⁱ⁾	—	—	3,560	5,343
[+] Unit-based compensation ^(iv)	90	1,379	7,679	3,731
[+] Board of trustees' unit-based compensation ^(v)	(90)	296	375	809
[-] Non-cash royalty income ^(vi)	—	—	—	(4)
[-] Non-cash interest and other income on loan receivable ^(vii)	—	—	—	(1,102)
[-] Premiums for prepayment of loan receivable ^(viii)	—	—	—	(2,140)
[-] Net gain on sale of royalty assets ^(ix)	—	—	—	(110,122)
[+] Management fee on sale of royalty asset ^(x)	—	—	—	13,650
[+] Performance fee on sale of royalty asset ^(x)	—	—	—	18,616
[-] Net gain on debt refinancing ^(xi)	—	—	(2,176)	—
[+] Other loss	—	785	1,575	2,571
[+] Net unrealized loss (gain) on derivative instruments	(871)	1,741	(664)	1,089
[=] Adjusted EBITDA	\$ 36,965	\$ 46,953	\$ 156,642	\$ 114,514

- (i) In connection with the Empaveli/Syfovre Transaction completed in 2022, the Trust acquired other current assets. The related amortization expense is recorded in other operating expenses.
- (ii) Financial royalty assets acquired during the period relate to the Casgevy Transaction as described on page 7 of this MD&A.
- (iii) Acquired royalties receivable represent the Trust's royalty entitlements prior to the completion of the royalty transactions they relate to, as described on page 6 of this MD&A. Acquired royalties receivable of \$96 previously recognized for the Tzield Transaction in the first quarter of 2023 was reversed during the second quarter of 2023 as the Trust's royalty interest in Tzield was sold, as described on page 7 of this MD&A.
- (iv) For the three months and year ended December 31, 2024, unit-based compensation expense was \$90 and \$7,679, respectively (2023 – \$1,379 and \$5,079, respectively, which includes \$1,348, paid in cash to the third quarter of 2023).
- (v) Certain members of the board of trustees of the Trust elected to be compensated fully or partially in DUs under the Trust's Omnibus Equity Incentive Plan, as described on page 14 of this MD&A.
- (vi) Non-cash royalty income is related to excess royalty payments received in prior periods in which the Trust has an obligation to the royalty payers. Royalty income of nil and nil, respectively, was used to reduce the obligation during the three months and year ended December 31, 2024 (2023 – nil and \$4, respectively). Royalty income earned in future periods related to other royalty assets will be used to repay the remaining obligation of \$136.
- (vii) As the loan receivable was fully prepaid on June 26, 2023, as described on page 12 of this MD&A, there was no non-cash interest and other income for the three months and year ended December 31, 2024. For the year ended December 31, 2023, non-cash interest and other income on loan receivable represents the amortization of commitment fees of nil and \$368, respectively, and the accretion of exit fees receivable of nil and \$734, respectively.
- (viii) The Trust received a prepayment premium for prepayment of the loan receivable, as described on page 12 of this MD&A.
- (ix) During the second quarter of 2023, the Trust sold its royalty interest in Tzield, as described on page 7 of this MD&A.
- (x) The Trust paid management fees of \$13,650 and recorded performance fees payable of \$18,616 related to the sale of the Tzield royalty asset, pursuant to the management agreement, as described in note 3(n) and 3(o) to the Trust's consolidated financial statements.
- (xi) During the second quarter of 2024, the Trust refinanced its 2023 Preferred Securities and 2023 Warrants, as result of the refinancing an accounting gain was recorded, as described on page 27 of this MD&A.

Adjusted EBITDA during the three months ended December 31, 2024 was \$36,965 representing a decrease of \$9,988 or 21% compared to the same period in 2023. The decrease in adjusted EBITDA for the three months ended December 31, 2024 can be attributed to the increased royalty income earned in the fourth quarter of 2023 as a result of the Orserdu I, Orserdu II and Vonjo II milestone income of \$38,670, partially offset by the net change in royalties receivable.

Adjusted EBITDA for the year ended December 31, 2024 was \$156,642 representing an increase of \$42,128 or 37%. The increase in Adjusted EBITDA for the year ended December 31, 2024 can be attributed to (i) the increase in royalty income, which increased by \$25,800 as described on page 10 of this MD&A; and (ii) the net change in royalty receivable. The increase was partially offset by the net change in performance fees payable.

Adjusted EBITDA Margin

We believe that Adjusted EBITDA Margin is a useful supplemental measure to demonstrate the operating efficiency of our business on a cash basis. Since the second quarter of 2023, Adjusted EBITDA Margin has been calculated using Normalized Total Cash Receipts which eliminates the impact of cash receipts not expected to recur in the normal course of our operations. In prior periods, Total Cash Receipts had been used for our calculation of Adjusted EBITDA Margin; however, in order for Adjusted EBITDA Margin to be presented on a comparable basis with respect to prior periods, Normalized Total Cash Receipts has been used.

The calculation of Adjusted EBITDA Margin is presented below.

	Three months ended December 31, 2024		Three months ended December 31, 2023		Year ended December 31, 2024		Year ended December 31, 2023	
Adjusted EBITDA	\$	36,965	\$	46,953	\$	156,642	\$	114,514
[+] Normalized Total Cash Receipts	\$	44,599	\$	52,253	\$	189,992	\$	131,181
[=] Adjusted EBITDA Margin		83%		90%		82%		87%

Adjusted Cash Earnings per Unit

We believe that Adjusted Cash Earnings per Unit provides meaningful information about our performance as it provides a measure of the cash generated by our assets on a per Unit basis, excluding cash earnings that are not expected to recur.

The calculation of Adjusted Cash Earnings per Unit is presented below.

	Three months ended December 31, 2024		Three months ended December 31, 2023		Year ended December 31, 2024		Year ended December 31, 2023	
Comprehensive earnings (loss)	\$	7,872	\$	20,182	\$	(2,700)	\$	90,407
[+] Amortization of intangible royalty assets		26,046		24,689		102,869		86,984
[+] Impairment of intangible royalty assets		9,686		9,216		15,787		9,216
[+] Amortization of other current assets ⁽ⁱ⁾		—		—		—		240
[+] Unrealized loss on marketable securities		765		—		765		—
[+] Unit-based compensation ⁽ⁱⁱ⁾		90		1,379		7,679		3,731
[+] Board of trustees' unit-based compensation ⁽ⁱⁱⁱ⁾		(90)		296		375		809
[-] Change in fair value of financial royalty assets		(527)		—		(527)		—
[-] Non-cash royalty income ^(iv)		—		—		—		(4)
[-] Non-cash interest and other income on loan receivable ^(v)		—		—		—		(1,102)
[-] Premiums for prepayment of loan receivable ^(vi)		—		—		—		(2,140)
[-] Net gain on sale of royalty assets ^(vii)		—		—		—		(110,122)
[+] Management fee on sale of royalty asset ^(viii)		—		—		—		13,650
[+] Performance fee on sale of royalty asset ^(viii)		—		—		—		18,616
[-] Net gain on debt refinancing ^(ix)		—		—		(2,176)		—
[+] Other loss		—		785		1,575		2,571
[+] Net unrealized loss (gain) on derivative instruments		(871)		1,741		(664)		1,089
Adjusted Cash Earnings	\$	42,971	\$	58,288	\$	122,983	\$	113,945
[+] Weighted average number of Units – basic		56,282,403		56,332,607		56,339,759		44,479,802
[=] Adjusted Cash Earnings per Unit – basic	\$	0.76	\$	1.03	\$	2.18	\$	2.56
[+] Weighted average number of Units – diluted		56,678,956		56,464,102		56,339,759		44,622,811
[=] Adjusted Cash Earnings per Unit – diluted	\$	0.76	\$	1.03	\$	2.18	\$	2.55

- (i) In connection with the Empaveli/Syfovre Transaction completed in 2022, the Trust acquired other current assets. The related amortization expense is recorded in other operating expenses.
- (ii) For the three months and year ended December 31, 2024, unit-based compensation expense was \$90 and \$7,679, respectively (2023 – \$1,379 and \$5,079, respectively, which includes \$1,348 paid in cash to the third quarter of 2023).
- (iii) Certain members of the board of trustees of the Trust elected to be compensated fully or partially in DUs under the Trust's Omnibus Equity Incentive Plan, as described on page 14 of this MD&A.
- (iv) Non-cash royalty income is related to excess royalty payments received in prior periods in which the Trust has an obligation to the royalty payers. Royalty income of nil was used to reduce the obligation during the year ended December 31, 2024 (2023 – nil and \$4, respectively). Royalty income earned in future periods related to other intangible royalty assets will be used to repay the remaining obligation of \$136.
- (v) As the loan receivable was fully prepaid on June 26, 2023, as described on page 19 of this MD&A, there was no non-cash interest and other income for the year ended December 31, 2024. For the three months and year ended December 31, 2023, non-cash interest and other income on loan receivable represents the amortization of commitment fees of nil and \$368, respectively and the accretion of exit fees receivable of nil and \$734, respectively.
- (vi) The Trust received a prepayment premium for prepayment of the loan receivable, as described on page 12 of this MD&A.
- (vii) During the second quarter of 2023 the Trust sold its royalty interest in Tzield, as described on page 7 of this MD&A.
- (viii) The Trust paid management fees of \$13,650 and recorded performance fees payable of \$18,616 related to the sale of the Tzield royalty asset, pursuant to the management agreement, as described in note 3(n) and 3(o) to the Trust's consolidated financial statements.
- (ix) During the second quarter of 2024, the Trust refinanced its 2023 Preferred Securities and 2023 Warrants, as result of the refinancing, an accounting gain was recorded, as described on page 27 of this MD&A.

Adjusted Cash Earnings and Basic Adjusted Cash Earnings per Unit for the three months ended December 31, 2024 was \$42,971 and \$0.76, respectively compared to \$58,288 and \$1.03, respectively for the same period in 2023. The decrease of \$15,317 or \$0.27 per Unit is primarily due to higher income during the same period in 2023, as a result of the Orserdu I, Orserdu II and Vonjo II milestones.

Adjusted Cash Earnings for the year ended December 31, 2024 was, \$122,983 compared to \$113,945 for the same period in 2023 with the increase of \$9,038 primarily attributed to increased royalty income year-over-year. Basic Adjusted Cash Earnings per Unit for the year ended December 31, 2024 was \$2.18 compared to \$2.56 for the same period in 2023. The decrease of \$0.38 per Unit is attributed to the increase in the weighted average number of Units outstanding in 2024 due to the follow-on public offerings completed by the Trust in 2023, as described on page 29 of this MD&A.

FINANCIAL REVIEW: FINANCIAL POSITION

As at December 31, 2024, the Trust had consolidated total assets of \$984,867 (December 31, 2023 – \$833,159) and consolidated total liabilities of \$457,336 (December 31, 2023 – \$273,460). The following table presents the components of consolidated total assets and total liabilities as at December 31, 2024 and December 31, 2023, followed by a discussion of significant categories of assets and liabilities.

		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		823,936		704,976
Financial royalty assets		57,527		—
Investment in marketable securities		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	\$	4,821	\$	5,043
Distributions payable to Unitholders		4,786		19,230
Performance fees payable		1,665		5,918
Current portion of credit facility		56,888		48,750
Current portion of unit-based compensation liability		2,093		1,499
Other current liabilities		11,616		1,241
Current liabilities		81,869		81,681
Credit facility		263,865		96,728
Preferred securities		110,937		93,250
Derivative instruments		425		1,089
Unit-based compensation liability		240		712
Total liabilities	\$	457,336	\$	273,460

Intangible royalty assets

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 royalty transactions, as described on page 6 of this MD&A, and the Orserdu II milestone payment, as described on page 8 of this MD&A. The Trust also wrote off the cost and related accumulated amortization of \$1,475 and \$1,475, respectively, related to the fully amortized Stelara royalty asset as the royalty arrangement had expired during the year ended December 31, 2024. During the year ended December 31, 2023, the Trust wrote off the cost and related accumulated amortization of \$7,318 and \$7,318, respectively, related to the fully amortized FluMist royalty asset as the royalty arrangement had expired. There was no change to the net book value of the intangible royalty assets as a result of these write offs. In addition, during 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 on page 7 of this MD&A.

During year ended December 31, 2024, the Trust recognized an impairment loss of \$15,787 (2023 – \$9,216) related to the Oracea royalty asset, as described on page 4 of this MD&A. The impairment loss is recognized in the consolidated statements of net earnings and comprehensive earnings. 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 carrying value of Oracea prior to the recognition of the impairment loss exceeded the recoverable amount, and as a result the difference of \$15,787 was recorded as an impairment loss.

During the year ended December 31, 2023, the Trust recognized an impairment loss of \$9,216 related to the Natpara royalty asset, as described on page 4 of this MD&A. The impairment loss is recognized in the consolidated statements of net earnings and comprehensive earnings. The recoverable amount of Natpara was \$2,419 as at December 31, 2023 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 8%. The carrying value of Natpara prior to the recognition of the impairment loss exceeded the recoverable amount, and as a result the difference of \$9,216 was recorded as an impairment loss.

Distributions payable to Unitholders

As at December 31, 2024, the Trust had distributions payable of \$4,786, representing a quarterly cash distribution declared on November 6, 2024 to Unitholders of record as at December 31, 2024, which was paid on January 20, 2025.

As at December 31, 2023, the Trust had distributions payable of \$19,230, representing a quarterly cash distribution declared on November 13, 2023 and a special cash distribution declared on December 20, 2023 to Unitholders of record as at December 31, 2023, which were paid on January 19, 2024.

The Trust pays a quarterly distribution in accordance with its distribution policy, as described in note 10 to the consolidated financial statements.

Credit facility and preferred securities

Credit facility

Our amended and restated credit agreement, dated as of April 20, 2022, as further amended from time to time, is 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 (collectively, the "credit facility"). The interest rate under the amended and restated credit agreement is equal to SOFR plus (i) a margin which may vary from 2.00% to 2.75% based on our leverage ratio; and (ii) a margin of 0.10% to 0.25% based on the term of the borrowing. The range of standby fees is 0.40% to 0.55% based on our leverage ratio, and the maturity date is October 31, 2026, which may be extended by one-year increments subject to obtaining approval from the lenders.

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 (December 31, 2023 – nil).

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 from October 31, 2026 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 amended credit facility was also 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.

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 increase in the carrying amount of the credit facility is attributed to drawings made to fund the royalty transactions, as described on page 6 of this MD&A. On January 3, 2024, the Trust drew \$115,000 from the acquisition credit facility to fund the amendment to the Omidria royalty agreement. On September 27, 2024, the Trust drew \$22,000 from the acquisition credit facility to fund the Casgevy Transaction. The remaining amount of the transaction was funded by the Trust's existing cash and cash flows. On October 25, 2024, the Trust drew \$105,000 from the acquisition credit facility to fund the Sebetralstat Transaction.

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

	Total
Remainder of: 2024	56,888
Full year: 2025	56,888
Full year: 2026	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. The interest rate swap helps the Trust achieve a more predictable interest expense providing greater flexibility to comply with debt covenants. The swap also helps manage the risk of interest rate fluctuations for a portion of the amended credit facility. Under the agreement the Trust pays a fixed rate of 4.63% and in exchange receives SOFR, 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 the 2023 Private Placement that 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 and the issuance of the 2023 Warrants. The proceeds were used to finance transactions and repay amounts owing under the Trust's amended credit agreement. The 2023 Warrants are further described on page 30 of this MD&A. The 2023 Preferred Securities were unsecured, subordinated debt securities of the Trust. The 2023 Preferred Securities initially paid cash interest at a rate of 7.04% per annum on the principal amount of the 2023 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, 2023 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 2024 Preferred Securities and 1,749,996 new 2024 Warrants, with holders entitled to receive accrued and unpaid interest on the 2023 Preferred Securities up to the refinancing 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 transaction. Additional deferred transaction costs of \$501 were recognized related to the preferred securities 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 2024 Preferred Securities assist the Trust in optimizing its capital structure and lowering our cost of capital. The redemption of the in-the-money 2023 Warrants also addressed potential dilution concerns of existing Unitholders.

The carrying amount of the Preferred Securities is presented below.

	December 31, 2024	As at December 31, 2024	December 31, 2023	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

FINANCIAL REVIEW: CASH FLOWS

The Trust generated the following cash flows during the years ended December 31, 2024 and 2023.

	December 31, 2024	Year ended December 31, 2024	December 31, 2023	Year ended December 31, 2023
Cash and cash equivalents – beginning of period	\$	62,835	\$	36,686
Cash provided by operating activities		155,412		76,383
Cash provided by financing activities		111,561		78,571
Cash used in investing activities		(293,306)		(128,805)
Change in cash and cash equivalents		(26,333)		26,149
Cash and cash equivalents – end of period	\$	36,502	\$	62,835

During the year ended December 31, 2024, the Trust generated cash flows provided by operating activities of \$155,412 (2023 – \$76,383) primarily related to cash royalties received.

For the year ended December 31, 2024, the Trust generated cash flows of \$111,561 from financing activities. The Trust borrowed \$242,000 from its credit facility to fund royalty and other asset transactions, as described on page 6 of this MD&A. As part of the refinancing of the 2023 Preferred Securities and 2023 Warrants, the Trust received \$20,441 as part of the exchange of the 2023 Preferred Securities for 2024 Preferred Securities, the Trust used \$20,441 to redeem the 2023 Warrants in whole, and the Trust used \$411 to pay issuance costs. The Trust also used cash flows of \$66,159 to make principal repayments, \$30,922 to make related interest payments and \$1,628 to pay debt issuance costs. During the same period, the Trust also used cash flows of \$3,917 to repurchase Trust Units under its NCIB Plans and \$33,598 to pay cash distribution to Unitholders.

For the year ended December 31, 2023, the Trust generated cash flows of \$78,571 from financing activities. The 2023 Private Placement as described on page 27 of this MDA, provided proceeds to the Trust of \$91,750, net of transaction fees. The Trust also completed two follow-on public offerings of its Units in 2023. The follow-on offerings provided proceeds to the Trust of \$144,532, net of issuance costs. The Trust borrowed \$233,715 from its credit facility to fund royalty asset transactions and used cash flows of \$332,331 to make principal repayments, \$22,589 to make related interest payments and \$2,056 to pay debt issuance costs. During the same period, the Trust also used cash flows of \$1,769 to repurchase Trust Units under its NCIB Plans, and paid cash distributions of \$32,681 to Unitholders.

For the year ended December 31, 2024, the Trust used cash flows of \$293,306 for investing activities. The Trust used cash flows of \$290,250 for the royalty and other asset transactions, as described on page 6 of this MD&A. The Trust also used cash flows of \$3,056 to pay for the royalty asset transaction costs.

For the year ended December 31, 2023, the Trust used cash flows of \$128,805 for investing activities primarily related to the proceeds from the sale of the Tzield royalty asset transaction of \$210,000, as described on page 7 of this MD&A. The Trust used cash of \$391,186 for royalty asset transactions, \$4,023 for transaction costs related to the royalty asset transactions, as described on page 7 of this MD&A, including a Vonjo I milestone payment of \$6,500. The Trust also received repayment of its outstanding loan receivable of \$53,140 and cash interest of \$3,264 related to the loan receivable, as described on page 12 of this MD&A.

EQUITY

Authorized equity

The Trust's authorized equity capital consists of: (i) an unlimited number of Units; and (ii) an unlimited number of Preferred Units, issuable in series. Issued and outstanding Units may be subdivided or consolidated from time to time by the Trust without notice to, or the approval of, the Unitholders.

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 discussed in further detail in note 10 to the consolidated financial statements. As at December 31, 2024, 56,304,425 Units (2023 – 56,358,240 Units) were outstanding at a cost of \$562,583 (2023 – \$561,503).

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 offering of Units

Periodically the Trust may complete public offerings to manage its capital requirements.

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:

Restricted Units Grant Date:	Units Issued on Settlement of Restricted Units	
	Year ended December 31, 2024	Year ended December 31, 2023
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

The increase in the number of Units issued upon the settlement of vested RUs during the year ended December 31, 2024 compared to 2023 is due to the increase in the number of RUs granted in the current year.

Normal course issuer bid

From time to time, the market price of the Units of the Trust may not adequately reflect the value of the underlying assets of the Trust, and management wishes to take advantage of the market trading prices of its Units in those instances.

On November 7, 2022, the Trust was granted approval by the TSX to acquire 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 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 for the November 2023 NCIB by the TSX. 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 the NCIB Plans.

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

Warrants

In February 2023, the Trust issued the 2023 Warrants. 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 2023 Warrant life of five years; (iv) average expected volatility of 30%; 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. As a result of the refinancing, the number of warrants outstanding have reduced, thus reducing the potential impact of Unit dilution that would occur if the 2023 Warrants were exercised. 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%; 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

The Trust pays quarterly distributions in accordance with its distribution policy, which is described in the Trust's most recent annual information form. 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, totaling \$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 \$0.0850 per Unit to Unitholders of record as at March 31, 2025 and payable on April 18, 2025.

LIQUIDITY AND CAPITAL RESOURCES

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, prior to deduction of deferred transaction costs, 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.

The Trust has access to a number of capital sources, including: (i) cash on hand; (ii) internally generated cash flows; (iii) debt and other financing; (iv) the issuance of Trust Units to royalty sellers; and (v) future public equity issuances.

The Trust's primary ongoing source of liquidity is cash provided by operating activities. The Trust generated \$155,412 (2023 – \$76,383) of cash provided by operating activities during the year ended December 31, 2024.

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 issuance of \$135,202 of the 2024 Preferred Securities and the 2024 Warrants. The 2023 Preferred Securities were cancelled and the 2023 Warrants were redeemed upon completion of the refinancing as described on page 27 of this MD&A.

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 on page 26 of this MD&A.

The Trust believes its existing capital resources and cash provided by operating activities will continue to allow the Trust to meet its operating and working capital requirements, and to meet externally imposed capital requirements and obligations, including the scheduled repayments of its credit facility for the foreseeable future.

As at December 31, 2024, the Trust was in compliance with all externally imposed capital requirements.

OFF-BALANCE SHEET OBLIGATIONS AND 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 entered into the Empaveli/Syfovre transaction, as described on page 8 of this MD&A. In accordance with the terms of the royalty agreement, the royalty seller may be entitled to additional consideration of up to \$4,000 in the event that Empaveli/Syfovre 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 amended the existing Omidria royalty agreement, as described on page 6 of this MD&A. 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 on page 6 of this MD&A. 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 on page 7 of this MD&A. 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.

The Trust did not have any other off-balance sheet obligations, commitments, or guarantees at December 31, 2024.

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.

RELATED-PARTY TRANSACTIONS

DRI Healthcare serves as manager for the Trust. The following are related party transactions that occurred between the Trust and its manager during the years ended December 31, 2024 and 2023. Management fees and performance fees are payable by the Trust pursuant to the management agreement.

Management fees

Under the management agreement, the Trust is required to pay quarterly management fees to its manager or its affiliates equal to 6.50% of total cash 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, as described in note 3(n) to the Trust's consolidated financial statements. During the year ended December 31, 2024, the Trust recorded management fees to its manager of \$11,397 (2023 – \$22,335). For the year ended December 31, 2024, a partial one-time waiver 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 on page 2 of this MD&A. For the year ended December 31, 2023, the fee includes management fees related to the sale of Tzield of \$13,650.

Performance fees

The Trust's manager is entitled to performance fees determined on a portfolio-by-portfolio basis pursuant to the terms of a management agreement, as described in note 3(o) to the Trust's consolidated financial statements.

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 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 on page 4 of this MD&A.

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 on page 8 of this MD&A, resulting in the recognition of performance fees of \$5,918. During the year ended December 31, 2024, performance fees of \$6,149 were paid (2023 – \$24,534).

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 on page 2 of this MD&A, 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 related to year ended December 31, 2023. As such, the Trust did not restate its performance fee expense or performance fee liability for the year ended December 31, 2023. DRI Healthcare did not waive its entitlement to any future performance fees from the Trust.

Other current assets

From time to time, the Trust will pay for expenses on behalf of its manager, DRI Healthcare, in which DRI Healthcare has an obligation to repay the Trust, this receivable is 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 on page 15 of this MD&A, and to certain officers of the Trust, as detailed below.

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 information obtained in the investigation 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 concluded and identified \$6,510 in 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, as described on page 2 of the MD&A.

CHANGES IN ACCOUNTING POLICIES

The Trust's accounting policies are discussed in detail in note 3 to the Trust's consolidated financial statements. There were no changes to the accounting policies for the year ended December 31, 2024.

CRITICAL ACCOUNTING 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. Judgments, estimates and assumptions are reviewed by management on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates and such differences could be material to the consolidated financial statements.

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.

The following are the accounting policies subject to judgments and key sources of estimation uncertainty that the Trust believes could have the most significant impact on the amounts recognized in the consolidated financial statements.

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 the 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 comprehensive earnings (loss).

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. 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.

RISK FACTORS

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.

The counterparties to the Trust's royalty agreements are composed 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.

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 credit facility and preferred securities.

Foreign exchange risk

Foreign exchange risk 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.

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 facility, as described on page 26 of this MD&A. As the interest rate on the credit facility is dependent on the Trust's leverage ratio, the Trust maintains 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 facility, as described on page 6 of this MD&A. Interest earned on the interest rate swap partially offsets the interest expense on the amended credit facility.

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 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

Investigation and Restatement of Financial Statements

As previously disclosed in press releases dated July 8, 2024 and August 6, 2024, the Audit Committee of the board of trustees of the Trust, assisted by independent legal counsel and forensic accountants, commenced an investigation of irregularities related to certain alleged consulting and other expenses charged to the Trust, either directly or indirectly by DRI Healthcare, as directed by the former Chief Executive Officer.

The investigation is complete but there is a risk that there could be additional findings which may impact the Trust, including as to its governance and related proceedings, our manager and our relationship therewith. In addition, there remains the risk of future regulatory inquiries or proceedings and civil or other proceedings in relation to the investigation. Such proceedings could result in adverse findings against the Trust and/or related entities or persons, including our manager, any of which could have a material adverse effect on our reputation, business, financial condition or results of operations, or those of our manager.

We have incurred significant costs in connection with the investigation, including legal expenses, the expenses of forensic accountants and costs associated with the restatement of our financial statements. We may also incur material costs associated with our indemnification arrangements with our trustees and our current executive officers. We and our manager have devoted significant time and resources with respect to the investigation, the transactions that were the subject of the investigation and the restatement of our financial statements, and are expected to continue to devote significant time, resources and efforts to address the impacts associated with or arising from such matters.

We cannot predict all the potential impacts on us or on our manager in connection with or arising from the investigation, including negative publicity or the impact on our ability to raise additional capital or achieve our growth plans. Any unknown or new risks may have a material adverse impact on our reputation, business, financial condition, cash flows or results of operations, or those of our manager, and could cause our counterparties to lose confidence in us or in our manager.

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.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Evaluation of Disclosure Controls and Procedures

The Trust's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Trust is recorded, processed, summarized and reported within the time periods specified under the relevant securities legislation.

Management, with the participation of the Trust's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Trust's disclosure controls and procedures as defined by National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"). Based on that evaluation, the Trust's Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2024 the disclosure controls and procedures were effective.

Internal control over financial reporting

Management is responsible for establishing and maintaining adequate ICFR in accordance with NI 52-109. A material weakness in the Trust's ICFR exists if a deficiency, or a combination of deficiencies, in the Trust's ICFR is such that there is a reasonable possibility that a material misstatement of the Trust's annual financial statements or interim financial reports will not be prevented or detected on a timely basis.

An internal evaluation was carried out by management, under the supervision of and with the participation of the Trust's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Trust's ICFR as at December 31, 2024. The assessment was based on the criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, the Trust's Chief Executive Officer and the Chief Financial Officer concluded that as at December 31, 2024 the Trust's ICFR was effective.

Identification of Material Weaknesses in ICFR

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 investigation into irregularities related to certain consulting and other expenses charged to the Trust, either directly or indirectly by DRI Healthcare, as directed by the former Chief Executive Officer.

On July 8, 2024, as a result of the investigation the board of trustees of the Trust demanded and received the immediate resignation of Behzad Khosrowshahi from the board of trustees of the Trust and as Chief Executive Officer of the Trust, and Mr. Khosrowshahi also resigned as Chief Executive Officer of DRI Healthcare in connection with the board of trustees' investigation of irregularities related to certain alleged consulting and other expenses presented by Mr. Khosrowshahi.

As a result of the investigation, the Trust considered the resulting financial impact and determined that the following matters required adjustments:

- Certain alleged consulting and other expenses incorrectly included as capitalized transaction costs in royalty assets, net of accumulated amortization;
- Certain alleged consulting and other expenses incorrectly included as capitalized deal costs in other non-current assets; and
- Certain alleged consulting and other expenses incorrectly included as deal investigation and research costs.

Management believes that the irregularities related to certain alleged consulting and other expenses charged to the Trust, either directly or indirectly by DRI Healthcare, were caused by, or involved, the actions of a limited number of personnel, primarily the former Chief Executive Officer of the Trust and DRI Healthcare. Nevertheless, the manager and the Trust have implemented appropriate remedial measures to strengthen corporate governance, compliance and control processes.

Changes in Internal Control Over Financial Reporting

In the Trust's management's discussion and analysis for the three-and six-month periods ended June 30, 2024, the Trust identified four material weaknesses to have existed at June 30, 2024, all of which were originally identified in connection with the previously reported restatement of the Trust's historical financial statements and MD&A for periods prior to June 30, 2024. Management has concluded that remediation of these four material weaknesses was completed by December 31, 2024. Details regarding such remediated material weaknesses and the remediation actions taken are described below. Such remediation actions are considered to be changes in the Trust's ICFR that have materially affected the Trust's ICFR.

Description of Material Weaknesses Remediated

Control environment material weakness – The control environment, which includes the respective Codes of Ethics applicable to the manager and the Trust, is the responsibility of senior management, who set the "Tone at the Top" of the organization, influence the control consciousness of employees and act as a foundation for the other components of ICFR. The former Chief Executive Officer created a culture which negatively impacted the possibility for members of the finance and accounting teams to take actions that could have identified improper practices and to notify them to the appropriate persons. This material weakness in the control environment was a contributing factor to the additional weaknesses described below.

Details of Remediation Actions:

- The former Chief Executive Officer, and a limited number of personnel, who were involved in the adoption and use of the accounting practices and in the misallocation of expenses that led to the restatement, including the failure to enforce a strong control environment, are no longer officers or employed by the manager and the Trust.
- The Trust appointed Gary Collins as Chief Executive Officer and Amit Kapur as Chief Financial Officer of the Trust, both of whom are employees of the Trust and independent of the manager.
- Re-organization of certain accounting and finance functions occurred during the fourth quarter of 2024 which established greater oversight and enhanced review processes.
- Supplementary training for all staff regarding appropriate behavior and awareness of the Trust and manager's whistleblower hotline occurred during the fourth quarter of 2024.

As a result of the above remedial actions, the control environment material weakness was remediated at December 31, 2024. Remediated controls that were implemented in the fourth quarter of 2024 will continue to be monitored for operational effectiveness.

Management override material weakness – Effective controls were not maintained to prevent or detect the circumvention or overriding of controls. The restatement and other adjustments identified in management's review are a result of a senior executive officer overriding the Trust's accounting policies related to invoicing and the classification of certain consulting and other expenses as capitalized expenses rather than ordinary expenses. In addition, there was an absence of entity level controls related to, among other things, fraud risk assessment, anonymous whistleblower reporting channel, procurement policy and delegation of authority limits.

Details of Remediation Actions:

- A more rigorous review process with additional review outside of the functional area was implemented to ensure expenses are capitalized according to the Trust's accounting policies.
- A substantially enhanced vendor approval process and corresponding controls have been established and have been fully implemented.
- Procedures and protocols have been implemented with respect to invoice processing to ensure invoices are only approved after validating the invoice against the appropriate documentary or other support.
- The invoice delegation of authority policy has been revised to incorporate limits and was approved by the board of trustees.
- The Trust has implemented a more robust whistle-blowing process utilizing an independent third-party platform where complaints may be submitted through a confidential submission electronic portal, or through a whistleblower hotline, also hosted by a third party. The new whistle-blowing process also details how complaints will be handled and the considerations the Audit Committee of the Trust will undertake to determine the need for an investigation.

- As noted earlier, supplementary training for all staff regarding appropriate behavior and awareness of the Trust and manager's whistleblower hotline occurred during the fourth quarter of 2024.
- Management is implementing an annual fraud risk assessment process with implementation by the second quarter of 2025.

As a result of the above remedial actions, the management override material weakness was remediated at December 31, 2024. Management will continue to monitor remediated controls for operating effectiveness.

Segregation of duties material weakness – The ability of users of the Trust's accounting systems to establish or modify vendors for the purposes of processing expense payments was not segregated. For instance, users responsible for processing and approving invoices were also able to establish vendors in the Trust's accounting systems.

Details of Remediation Actions:

- Accounting system rights have been modified such that the establishment of vendors has been separated from those who perform invoice processing or approval activities.
- As noted earlier, a substantially enhanced vendor approval process has been established and has been fully implemented.

As a result of the above remedial actions, the segregation of duties material weakness was remediated at December 31, 2024.

Payment authorization and invoice approval processes material weakness – Effective controls were not maintained over processes for the payment of invoices from vendors, in particular to ensure the validity of invoices before invoices were paid. There were no formal policies and procedures to match invoices to forms of supporting documentation, such as contracts or evidence of approval, and no formal process to maintain documentation to support goods and services receipt confirmation. Invoice addresses were not consistently verified against the vendor master file in the Trust's accounting systems. Further, the delegation of authority policy did not include approval limits. In addition, manual checks issued by the manager only required one signature.

Details of Remediation Actions:

- As noted previously, procedures and protocols have been implemented with respect to invoice processing to ensure invoices are only approved after validating the invoice against the appropriate documentary or other support.
- As noted previously, the invoice delegation of authority policy has been revised to incorporate limits and was submitted and approved by the board of trustees.
- The manager has eliminated the use of manual checks.

As a result of the above remedial actions, the payment authorization and invoice approval processes material weakness was remediated at December 31, 2024.

Several of the remediated controls were implemented during the three months ended December 31, 2024, including, but not limited to, controls over vendor management, invoice processing and implementation of a more robust whistle-blower process. Management, has concluded, through testing of the remediated controls, that these controls are operating effectively as at December 31, 2024 and will continue to monitor these remediated controls for operating effectiveness.

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 on page 8 of this MD&A.

2025 first quarter distribution declared

On March 3, 2025, the board of trustees of the Trust declared a quarterly distribution of \$0.0850 per Unit to Unitholders of record as at March 31, 2025 and payable on April 18, 2025.