



DRI HEALTHCARE TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2024

BASIS OF PRESENTATION

The following interim 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 unaudited interim condensed consolidated financial statements of the Trust for the three and nine months ended September 30, 2024 (the "**consolidated financial statements**"), including the accompanying notes to such financial statements, as well as the restated audited annual consolidated financial statements of the Trust for the years ended December 31, 2023 and 2022 (the "**2023 amended and restated annual consolidated financial statements**"). The consolidated financial statements of the Trust have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and its interpretations adopted by the International Accounting Standards Board.

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 unless otherwise noted.

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

This MD&A is dated as of November 6, 2024.

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. In particular, statements pertaining to the investigation being conducted by the Audit Committee of the board of trustees of the Trust and the Trust's remediation plan relating to the material weaknesses in respect of its internal control over financial reporting are 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 licence 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 (“non-GAAP measures”). These financial measures and ratios do not have a standardized meaning as prescribed by IFRS and therefore are unlikely to be comparable to similar measures presented by other companies. We believe that providing these measures, in addition to our IFRS results, gives investors additional information for understanding the critical components of our financial performance. Accordingly, these non-generally accepted accounting principles (“non-GAAP”) measures should not be considered in isolation or as a substitute for analysis of our financial information reported under IFRS. 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 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, if available, for each of the measures, are presented under “Financial Review: Non-GAAP Financial Measures” on page 17 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.

In December 2022, our manager, DRI Capital Inc., changed its brand name to DRI Healthcare in order to be better aligned with the Trust. Our manager’s legal entity name was not changed. 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, and also provides the services of certain employees of DRI Healthcare who act as executive officers of DRI Healthcare Trust, 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 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 from the Top”) and the overriding of existing controls by management, as described on page 32 of this MD&A.

The Trust has restated its consolidated statements of financial position as at December 31, 2023 and January 1, 2023 and its consolidated statements of net earnings and comprehensive earnings, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended December 31, 2023, and the interim periods therein. Further information regarding the restatement is contained in note 2 to the 2023 annual amended and restated consolidated financial statements. The Trust has restated certain items previously reported in its unaudited interim condensed consolidated financial statements, and such restated items have been included in the Trust's consolidated financial statements for the three and six months ended June 30, 2024 and are presented as comparatives in the consolidated financial statements of the Trust where appropriate. Accordingly, this MD&A should be read in conjunction with the Trust's filings that have been filed on August 6, 2024.

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, DRI Healthcare, the manager of the Trust, reimbursed the Trust for \$5.5 million which was recorded to other equity reserves on the date it was received. On August 6, 2024, the investigation concluded and identified a total of \$6.5 million 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 \$1.0 million from DRI Healthcare related to the additional expenses identified from the investigation, \$0.7 million of which was recorded in other equity reserves on the date received and \$0.3 million of which reduced the related party receivable from DRI Healthcare, the manager of the Trust.

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 September 30, 2024, our portfolio consisted of 26 royalty streams on 19 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 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**"), and Swedish Orphan Biovitrum AB ("**Sobi**").

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 September 30, 2024, we have deployed \$894 million in 13 royalty transactions relating to 11 products and entered into the loan receivable. In connection with these transactions, there is potential further deployment of up to \$138 million in 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 and Sobi.

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 September 30, 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)}
Empaveli/Syfovre ^{(iii), (iv)}	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 ^(v)	Immunology	Novartis	June 2009	Q1 2025
Natpara	Endocrinology	Takeda	January 2015	Q3 2025
Omidria ^(vi)	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
Simponi ^(v)	Immunology	Johnson & Johnson, Merck, Mitsubishi Tanabe	April 2009	Q1 2025
Spinraza	Neurology	Biogen	December 2016	Q3 2031
Stelara ^(v)	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 ^(viii)	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 ^(vii)	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) 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.
- (iv) 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 7 of this MD&A. The expected royalty expiry is consistent with the Empaveli/Syfovre royalty stream bought in Q3 2022.
- (v) Stelara, Simponi and Ilaris include two royalty streams on each product, for a total of six royalty streams held directly and indirectly.
- (vi) 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.
- (vii) Represents the European Commission approval date.
- (viii) Xenpozyme includes two royalty streams as result of the additional Xenpozyme stream acquired in Q2 2024.

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 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. We expect a decision on the appeal sometime within the coming quarters.

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 Oracea royalty asset has been reassessed for impairment quarterly since March 31, 2024 to calculate the recoverable amount. Future cash flows remain unadjusted as the full impact of the Lupin product launch and the outcome of the appeal are yet to be determined. Based on the Trust's analysis, as the net book value of Oracea was higher than the recoverable amount, the Trust recognized an impairment of the Oracea royalty asset of \$0.9 million and \$6.1 million, during the three and nine months ended September 30, 2024, respectively. As a result of recognizing the impairment, the net book value of the Oracea royalty asset as at September 30, 2024 was \$15.4 million, which represents the recoverable amount.

Given the recent launch of Lupin's product "at-risk" and its potential impact on sales of Oracea, and with the decisions on the appeal filed by Galderma yet to be determined, it is reasonably possible, on the basis of existing knowledge, that additional information in upcoming quarters will result in updates or revisions to the assumptions used as at September 30, 2024 and could require a further adjustment to the carrying value of the Oracea royalty asset. It is our intent to perform a quantitative assessment in the fourth quarter of 2024 to further determine the recoverable value of the Oracea asset.

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 September 30, 2024, the case is proceeding as expected in the New York State Supreme Court and is currently in the discovery phase.

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. The Orserdu I and Orserdu II royalty assets are defined and discussed in further detail on page 7 of this MD&A.

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 nine months ended September 30, 2024, we acquired and cancelled 406,346 Units at an average price of \$9.64, totaling \$3.9 million. As at September 30, 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 28 of this MD&A.

Credit Facility

On November 1, 2024, the Trust increased the total credit available under its 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 amended 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 which is discussed in further detail on page 24 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 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 25 of this MD&A.

Distributions

On January 19, 2024, we paid \$19.2 million of cash distributions declared in 2023. On February 28, 2024, our board of trustees of the Trust declared a quarterly cash distribution of \$0.085 per Unit totaling \$4.8 million, to Unitholders of record as at March 31, 2024, which was paid on April 19, 2024. On May 6, 2024, our board of trustees of the Trust declared a quarterly distribution of \$0.085 per Unit totaling \$4.8 million, to Unitholders on record as at June 30, 2024, which was paid on July 19, 2024. On August 6, 2024, the board of trustees declared a quarterly cash distribution of \$0.085 totaling \$4.8 million to Unitholders on record as at September 30, 2024, which was paid on October 18, 2024.

We pay quarterly distributions in accordance with our distribution policy. Distributions are discussed in further detail in note 9 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 for \$115 million by amending the existing Omidria royalty agreement entered into in 2022. As a result of the amendment, we are now entitled 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.

Summary of Transactions Completed in 2024

The following is a summary of the transactions completed during the nine months ended September 30, 2024:

	Omidria Royalty Amendment	Additional Xenpozyme Transaction	Total for the nine months ended September 30, 2024
Assets			
Royalties receivable	\$ 3,560	\$ —	\$ 3,560
Royalty assets	111,440	13,250	124,690
Net acquired assets	\$ 115,000	\$ 13,250	\$ 128,250

Casgevy Transaction

Subsequent to September 30, 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 is expected to be received in January 2025 and the term of the payment streams run until 2034.

Casgevy is the first treatment approved by the FDA to utilize CRISPR technology. 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

Subsequent to September 30, 2024, we acquired a royalty interest in the worldwide net sales of all formulations of the pre-approved sebetralstat from KalVista Pharmaceuticals ("KalVista") for an aggregate purchase price of up to \$179 million, composed of \$100 million upfront payment, up to \$57 million in 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.

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 Prescription Drug User Fee Act date of June 17, 2025.

In addition to the royalty entitlement, the Trust also purchased an equity component through a private investment in public equity arrangement, purchasing 0.5 million shares in KalVista common stock at a price of \$10 per share for total proceeds of \$5 million.

Transactions Completed in 2023

Tzield Transactions

On March 8, 2023, we bought royalties on the sales of Tzield (teplizumab-mzwv) 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 29 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 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. Upon the occurrence of pre-specified events, we are obligated to pay a \$10 million milestone to the royalty seller.

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
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 royalty asset was \$99.2 million at the time of the sale, as described on page 23 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 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 three and nine months ended September 30, 2024, the Trust generated total income of \$41,555 and \$125,226, respectively (2023 – \$34,143 and \$90,437, respectively), incurred total expenses of \$43,247 and \$136,192, respectively (2023 – \$37,830 and \$129,200, respectively), recorded no gain on sale of royalty assets (2023 – \$150 and \$110,122, respectively) and recorded a gain on debt refinancing of nil and \$2,176, respectively (2023 – nil and nil, respectively). The Trust also incurred an other loss of nil and \$1,575, respectively, during the three and nine months ended September 30, 2024 (2023 – \$791 and \$1,786, respectively) related to irregular expenses charged to the Trust by its manager, as discussed on page 2 of this MD&A.

During the three and nine months ended September 30, 2024, the Trust also recorded a net unrealized fair value gain (loss) in other comprehensive earnings (loss) of \$(1,632) and \$(207), respectively, related to its derivative instruments (2023 – \$652 and \$652, respectively), resulting in total comprehensive earnings (loss) of \$(3,324) and \$(10,572), respectively (2023 – \$(3,676) and \$70,225, respectively).

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.

	Three months ended		Nine months ended	
	September 30, 2024	September 30, 2023 As restated	September 30, 2024	September 30, 2023 As restated
Income				
Royalty income	\$ 40,959	\$ 33,964	\$ 123,331	\$ 83,463
Interest and other income on loan receivable	—	—	—	6,506
Other interest income	596	179	1,895	468
Total income	41,555	34,143	125,226	90,437
Expenses				
Amortization of royalty assets ⁽ⁱ⁾	26,098	23,564	76,823	62,295
Impairment of royalty assets	901	—	6,101	—
Management fees	1,470	1,673	8,459	18,909
Performance fees	—	—	231	18,616
Interest expense	8,377	7,717	25,416	20,167
Deal investigation and research expenses ⁽ⁱ⁾	1,056	684	3,923	1,885
Unit-based compensation	347	2,843	7,589	3,700
Other operating expenses	4,998	1,349	7,650	3,628
Total expenses	43,247	37,830	136,192	129,200
Net gain on sale of royalty assets ⁽ⁱ⁾	—	150	—	110,122
Net gain on debt refinancing	—	—	2,176	—
Other loss ⁽ⁱ⁾	—	(791)	(1,575)	(1,786)
Net earnings (loss)⁽ⁱ⁾	(1,692)	(4,328)	(10,365)	69,573
Other comprehensive earnings (loss)				
Net unrealized gain (loss) on derivative instruments	(1,632)	652	(207)	652
Comprehensive earnings (loss)⁽ⁱ⁾	\$ (3,324)	\$ (3,676)	\$ (10,572)	\$ 70,225

(i) Certain items have been restated as described on page 2 of this MD&A and note 2 to the consolidated financial statements.

Royalty income

Royalty income is composed of income from our royalty assets, which represents the contractual right to receive, directly or indirectly, a royalty payment, milestone royalty payment, licence 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 royalty asset for the three and nine months ended September 30, 2024 and 2023:

	Three months ended September 30, 2024	Three months ended September 30, 2023	% Change	Nine months ended September 30, 2024	Nine months ended September 30, 2023	% Change
Royalty Assets						
Empaveli/Syfovre ⁽ⁱ⁾	(103)	815	(113)%	5,233	2,492	110 %
Eylea I	1,455	1,325	10 %	4,068	3,988	2 %
Eylea II	315	288	9 %	879	882	— %
FluMist ⁽ⁱⁱ⁾	—	948	(100)%	—	979	(100)%
Natpara	370	569	(35)%	1,474	1,815	(19)%
Omidria	8,841	3,250	172 %	28,440	9,750	192 %
Oracea	1,450	2,753	(47)%	5,880	6,938	(15)%
Orserdu I	7,419	6,330	17 %	18,163	6,355	186 %
Orserdu II	5,838	1,320	342 %	13,181	1,320	899 %
Rydapt	263	1,698	(85)%	2,892	6,326	(54)%
Spinraza	4,018	4,287	(6)%	10,721	12,048	(11)%
Stelara, Simponi and Ilaris ⁽ⁱⁱⁱ⁾	179	436	(59)%	503	1,043	(52)%
Vonjo I	2,601	3,079	(16)%	9,916	8,110	22 %
Vonjo II	688	481	43 %	2,226	481	363 %
Xenpozyme ^(iv)	1,234	102	1110 %	2,219	472	370 %
Xolair	3,213	2,644	22 %	9,120	8,359	9 %
Zejula	1,052	770	37 %	3,058	2,329	31 %
Zytiga	1,851	2,436	(24)%	4,545	8,264	(45)%
Other Products ^(v)	275	433	(36)%	813	1,512	(46)%
Total Royalty Income	\$ 40,959	\$ 33,964	21 %	\$ 123,331	\$ 83,463	48 %

(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 royalty assets which are not individually material, as well as royalty assets which are fully amortized or, where applicable, the entitlements to which have substantially expired.

The Trust records royalty income from 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 royalty assets is entered into. Royalty income for the three months ended September 30, 2024 was \$40,959 (2023 – \$33,964). The increase in royalty income was primarily due to (i) full quarter of royalty entitlements for Vonjo II and Orserdu II in the current year compared to partial entitlement in the prior period; (ii) the inclusion of a second royalty stream for Xenpozyme; and (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.

The increase in royalty income was partially offset by (i) a current period adjustment of an accrual recorded in a prior period for Empaveli; (ii) the impact of generic entrants for Oracea; (iii) the expiration of royalty entitlements in certain geographies as expected for Rydapt; and (iv) the expected decrease in royalty entitlements for Zytiga in certain non-U.S. geographies due to the entry of generic equivalents in these geographies.

Royalty assets and royalty streams added to the portfolio subsequent to September 30, 2023 contributed \$5,335 in royalty income for the three months ended September 30, 2024.

Royalty income for the nine months ended September 30, 2024 was \$123,331 (2023 – \$83,463). The increase in royalty income was primarily due to (i) full nine months of royalty entitlements for Orserdu I, Vonjo II and Orserdu II in the current year compared to partial entitlements in the prior year; (ii) the inclusion of a second royalty stream for Empaveli/Syfovre and Xenpozyme, as described on page 6 of this MD&A; (iii) increased sales from Zejula due to popularity of a new formulation; and (iv) 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.

The increase in royalty income was partially offset by (i) the expected expiration of royalty entitlements on FluMist; (ii) the expected decline of royalty entitlements in certain geographies for Rydapt; and (iii) the expected decrease in royalty entitlements for Zytiga in certain non-U.S. geographies due to the entry of generic equivalents in these geographies.

Royalty assets and royalty streams added to the portfolio subsequent to September 30, 2023 contributed \$14,935 in royalty income for the nine months ended September 30, 2024.

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 nine months ended September 30, 2024 as the loan was fully repaid in 2023 (2023 – \$6,506). Interest and other income for the three and nine months ended September 30, 2024 and 2023 are presented below.

	Three months ended September 30, 2024		Three months ended September 30, 2023		Nine months ended September 30, 2024		Nine months ended September 30, 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 royalty assets

Royalty assets are amortized over the estimated useful life of the assets, as described in note 3(c) to the Trust's 2023 amended and restated annual consolidated financial statements. The Trust amortizes its 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 royalty assets is entered into. During the three and nine months ended September 30, 2024, the Trust recorded amortization of royalty assets of \$26,098 and \$76,823, respectively (2023 – \$23,564 and \$62,295, respectively).

The increase in amortization expense during the three and nine months ended September 30, 2024 compared to the same periods in 2023 was primarily due to the additional amortization recorded on assets acquired subsequent to September 30, 2023, as described on page 6 of this MD&A.

Impairment of royalty assets

During the three and nine months ended September 30, 2024, the Trust recognized an impairment loss of \$901 and \$6,101, respectively (2023 – nil and nil, respectively), 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 \$15,376 as at September 30, 2024. The carrying value of the asset prior to recognizing the impairment exceeded the recoverable amount and the difference of \$901 was recorded as an impairment loss during the three months ended September 30, 2024. 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 30 of this MD&A. The Trust recorded management fees of \$1,470 and \$8,459, respectively, during the three and nine months ended September 30, 2024 (2023 – \$1,673 and \$18,909, respectively).

The decrease in management fees for the three months ended September 30, 2024 compared to the same period in 2023 is primarily due to a partial one-time waiver of \$1,092 (C\$1,500) in management fees by the manager to cover a portion of 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 decrease was partially offset by higher cash royalty receipts from our royalty portfolio compared to the same period in 2023, as described on page 17 of this MD&A.

The decrease in management fees for the nine months ended September 30, 2024 compared to the same period in 2023 is primarily due to \$13,650 in management fees earned by our manager in 2023 on the \$210,000 received from the sale of the Trust's royalty interest in Tzield, as described on page 7 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 17 of this MD&A.

Performance fees

The Trust pays performance fees to the manager when certain conditions are met, as described on page 30 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 7 of this MD&A, and performance fees of \$5,918 were recognized. The Trust recorded performance fees of nil and \$231, respectively, during the three and nine months ended September 30, 2024 (2023 – nil and \$18,616, respectively) as the calculation for the performance fees accrued in the fourth quarter of 2023 was finalized in the first quarter of 2024. During the nine months ended September 30, 2024, performance fees of \$6,149 were paid (2023 – \$18,616). 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.

Interest expense

The Trust's interest expense relates to interest paid on the Trust's credit facility, as described on page 24 of this MD&A and interest on the Preferred Securities, as described on page 25 of this MD&A. Interest expense for the three and nine months ended September 30, 2024 and 2023 is presented below. The increase in interest expense during the three and nine months ended September 30, 2024 compared to the same periods in 2023 was primarily due to (i) increased face value and interest rate on the preferred securities due to the preferred security refinancing as discussed on page 25; (ii) higher interest rates incurred on the Trust's credit facility; and (iii) higher balance drawn on the Trust's credit facility. The Trust's long-term debt is discussed further on page 24 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 25 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 three and nine months ended September 30, 2024, the Trust received settlement of \$178 and \$531, respectively, on the interest rate swap (2023 – nil and nil, respectively).

	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Interest on credit facility net borrowings	\$ 4,451	\$ 4,080	\$ 14,009	\$ 10,749
Standby fees	294	154	848	534
Amortization of deferred transaction costs	203	423	946	1,124
Interest earned on interest rate swap	(178)	—	(531)	—
Total interest expense on credit facility	\$ 4,770	\$ 4,657	\$ 15,272	\$ 12,407
Interest on Preferred Securities	\$ 2,556	\$ 2,037	\$ 6,975	\$ 5,202
Accretion of par value	914	884	2,741	2,205
Amortization of deferred transaction costs	137	139	428	353
Total interest expense on Preferred Securities	\$ 3,607	\$ 3,060	\$ 10,144	\$ 7,760
Total interest expense	\$ 8,377	\$ 7,717	\$ 25,416	\$ 20,167

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 three and nine months ended September 30, 2024, the Trust recorded deal investigation and research expenses of \$1,056 and \$3,923, respectively (2023 – \$684 and \$1,885, respectively). The increase in deal investigation and research expenses for the three and nine months ended September 30, 2024 when compared with the same periods in 2023 was primarily driven by 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, additional research related services and consultants due to the growth of the Trust's asset acquisition initiatives, deal costs related to a binding bid process which was unsuccessful as the counterparty terminated the process and 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.

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 2023 annual amended and restated consolidated financial statements.

For the three and nine months ended September 30, 2024, the unit-based compensation expense was \$347 and \$7,589, respectively (2023 – \$2,843 and \$3,700, respectively), and was composed of Restricted Unit ("RU") grants. As at September 30, 2024, the unit-based compensation liability was \$2,985 (December 31, 2023 – \$2,211), composed of a current portion of \$2,759 (December 31, 2023 – \$1,499) and a long-term portion of \$226 (December 31, 2023 – \$712) related to the outstanding awards.

The following table provides the details of RU grants up to September 30, 2024:

	Restricted Units
Balance – January 1, 2023	392,594 Units
Restricted Units granted:	
Granted on August 17, 2023 ⁽ⁱⁱ⁾	235,278 Units
Granted on August 17, 2023 ⁽ⁱⁱⁱ⁾	16,000 Units
Distribution equivalent Units granted ⁽ⁱ⁾	33,830 Units
Vesting of Restricted Units	(350,316) Units
Forfeiture of Restricted Units	(30,433) Units
Balance – September 30, 2023	296,953 Units
Restricted Units granted:	
Granted on October 25, 2023 ^(iv)	85,816 Units
Granted on December 21, 2023 ^(v)	15,000 Units
Distribution equivalent Units granted ⁽ⁱ⁾	12,078 Units
Vesting of Restricted Units	(61,489) Units
Balance – December 31, 2023	348,358 Units
Restricted Units granted:	
Granted on January 10, 2024 ^(vi)	370,128 Units
Granted on January 10, 2024 ^(vii)	21,232 Units
Granted on May 1, 2024 ^(v)	19,500 Units
Granted on May 31, 2024 ^(viii)	117,245 Units
Granted on May 31, 2024 ^(ix)	233,333 Units
Granted on August 13, 2024 ^(x)	110,752 Units
Distribution equivalent Units granted ⁽ⁱ⁾	14,601 Units
Vesting of Restricted Units	(634,127) Units
Forfeiture of Restricted Units	(30,420) Units
Balance – September 30, 2024	570,602 Units

- (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) Vested immediately on August 17, 2023.
- (iii) Vested equally on September 10, 2023, September 10, 2024 and September 10, 2025.
- (iv) Vested immediately on October 25, 2023 and settling equally on June 15, 2024 and June 15, 2025.
- (v) Vested equally on September 10, 2024, September 10, 2025 and September 10, 2026.
- (vi) Vested equally on June 15, 2024 and June 15, 2025.
- (vii) Vested on April 1, 2024.
- (viii) Vested equally on May 31, 2024, May 31, 2025 and May 31, 2026.
- (ix) Vested immediately on May 31, 2024.
- (x) Vesting equally on a quarterly basis beginning November 13, 2024 until August 13, 2026.

No Options or Performance Units ("PUs") were granted as at September 30, 2024 and December 31, 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 three and nine months ended September 30, 2024, the Trust recorded total operating expenses of \$4,998 and \$7,650, respectively (2023 – \$1,349 and \$3,628, respectively).

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

	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Board of trustees fees	\$ 125	\$ 321	\$ 800	\$ 790
Professional fees ⁽ⁱ⁾	4,033	468	4,881	1,481
Executive compensation	119	—	119	—
Amortization of other current assets	—	—	—	240
Other expenses	721	560	1,850	1,117
Total other operating expenses	\$ 4,998	\$ 1,349	\$ 7,650	\$ 3,628

- (i) Certain items have been restated as described on page 2 of this MD&A and note 2 to the consolidated financial statements.

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 2023 annual amended and restated consolidated financial statements.

During the three and nine months ended September 30, 2024, the Trust granted 14,602 and 41,855 DUs, respectively (2023 – 11,867 and 41,841, respectively), in lieu of cash compensation to trustees and 1,400 and 3,382 distribution equivalent Units, respectively (2023 – 963 and 8,623, respectively), in relation to the quarterly distributions. Board compensation expense (recovery) for the three and nine months ended September 30, 2024 included \$(88) and \$465, respectively (2023 – \$136 and \$513, respectively), related to the issuance of DUs and the related distribution equivalents. The fair value of the DUs vested but not settled was \$1,570 (December 31, 2023 – \$1,105) and was included in other current liabilities.

The decrease in board compensation expense for the three months ended September 30, 2024 compared to the same period in 2023 was primarily due to a 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.

The increase in board compensation expense for the nine months ended September 30, 2024 compared to the same period in 2023 was primarily due to (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. Partially offsetting the increase was the absence of a one-time payment of \$141 made to the board of trustees in the third quarter of 2023.

Professional fees

For the three and nine months ended September 30, 2024, the Trust recorded total professional fees of \$4,033 and \$4,881, respectively (2023 – \$468 and \$1,481, respectively), related to professional services including audit, legal, tax, valuation and consulting. The increase in professional fees for the three and nine months ended September 30, 2024 compared to the same periods in 2023 was primarily due to higher legal and forensic accounting fees, and costs associated with restating our financials, 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 three and nine months ended September 30, 2024, the Trust recorded total compensation expense of \$119 and \$119, respectively (2023 – nil and nil, respectively) related to compensation paid to officers of the Trust. Prior to 2024, the Trust did not retain independent officers, as described on page 31 of this MD&A.

Other expenses

Other expenses for the three and nine months ended September 30, 2024 were \$721 and \$1,850, respectively (2023 – \$560 and \$1,117, respectively), and included \$258 and \$779, respectively (2023 – \$250 and \$250, respectively), in donations, primarily related to the pledge agreement with Mayo Clinic, as described on page 30 of this MD&A.

Net gain on sale of royalty assets

For the three and nine months ended September 30, 2024, the Trust did not sell any royalty assets and did not record any gain on the sale of royalty assets (2023 – \$150 and \$110,122, respectively).

Net gain on debt refinancing

In connection with the refinancing of the 2023 Preferred Securities and 2023 Warrants on April 23, 2024, as described on page 25 of this MD&A, the Trust recognized an accounting gain on debt refinancing. For the three and nine months ended September 30, 2024, the net gain on debt refinancing was nil and \$2,176, respectively (2023 – nil and nil, respectively).

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 determined that corrections to its previously reported comparative figures were required and restated the Trust's previously reported balances for operating expenses, amortization of royalty assets and the net book value of royalty assets, with the impact of the corrections reflected in other loss. The Trust recorded a loss in other loss for the three and nine months ended September 30, 2024 of nil and \$1,575, respectively (2023 – \$791 and \$1,786, respectively). The nature of these costs are discussed in more detail on page 2 of this MD&A.

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 25 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 September 30, 2024	Fair Value as at December 31, 2023
Interest rate swap	March 31, 2026	\$ 100,000	(1,296) \$	(1,089)

The Trust applies hedge accounting, as described in note 3(e) to the Trust's 2023 annual amended and restated consolidated financial statements. During the three and nine months ended September 30, 2024, the Trust recognized a net unrealized fair value loss in other comprehensive earnings (loss) of \$1,632 and \$207, respectively (2023 – net unrealized fair value gain of \$652 and \$652, respectively), as a result of the interest rate swap derivative instrument.

Weighted average number of Units

For the three and nine months ended September 30, 2024, the Trust generated basic net earnings (loss) per Unit of \$(0.03) and \$(0.18), respectively, (2023 – \$(0.09) and \$1.72, respectively) and fully diluted net earnings (loss) per Unit of \$(0.03) and \$(0.18), respectively, (2023 – \$(0.09) and \$1.71, respectively). The weighted average number of Units outstanding for the purpose of calculating net earnings (loss) per Unit were as follows:

	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Basic	56,293,275 Units	46,115,848 Units	56,359,017 Units	40,485,450 Units
Diluted	56,293,275 Units	46,205,568 Units	56,359,017 Units	40,664,366 Units

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				2022
	September 30	June 30	March 31	December 31	September 30	June 30	March 31	December 31
Total assets – restated ⁽ⁱ⁾	\$ 884,079	\$ 874,067	\$ 901,270	\$ 833,159	\$ 809,976	\$ 719,344	\$ 691,191	\$ 632,429
Credit facility and Preferred Securities	281,605	275,716	275,051	189,978	204,287	236,341	290,576	212,358
Three months ended	September 30	June 30	March 31	December 31	September 30	June 30	March 31	December 31
Total income	\$ 41,555	\$ 41,604	\$ 42,067	\$ 75,842	\$ 34,143	\$ 28,058	\$ 28,236	\$ 22,642
Total expenses – restated ^{(i),(iii)}	(43,247)	(45,149)	(47,796)	(53,134)	(37,830)	(62,445)	(28,925)	(27,090)
Net gain on sale of royalty assets – restated ⁽ⁱ⁾	—	—	—	—	150	109,972	—	—
Gain on debt refinancing ^(iv)	—	2,176	—	—	—	—	—	—
Other loss – restated ⁽ⁱ⁾	—	(764)	(811)	(785)	(791)	(411)	(584)	(433)
Net earnings (loss) – restated ⁽ⁱ⁾	\$ (1,692)	\$ (2,133)	\$ (6,540)	\$ 21,923	\$ (4,328)	\$ 75,174	\$ (1,273)	\$ (4,881)
Net unrealized gain (loss) on derivative instruments	(1,632)	228	1,197	(1,741)	652	—	—	—
Comprehensive earnings (loss) – restated ⁽ⁱ⁾	\$ (3,324)	\$ (1,905)	\$ (5,343)	\$ 20,182	\$ (3,676)	\$ 75,174	\$ (1,273)	\$ (4,448)
Net earnings (loss) per Unit								
Basic – restated ⁽ⁱ⁾	\$ (0.03)	\$ (0.04)	\$ (0.12)	\$ 0.39	\$ (0.09)	\$ 2.01	\$ (0.03)	\$ (0.13)
Diluted – restated ⁽ⁱ⁾	\$ (0.03)	\$ (0.04)	\$ (0.12)	\$ 0.39	\$ (0.09)	\$ 2.00	\$ (0.03)	\$ (0.13)
Distributions per Unit⁽ⁱⁱⁱ⁾								
Cash	\$ 0.0850	\$ 0.0850	\$ 0.0850	\$ 0.3412	\$ 0.0750	\$ 0.6084	\$ 0.0750	\$ 0.0750
Unit ⁽ⁱⁱⁱ⁾	n/a	n/a	n/a	\$ 0.7640	n/a	n/a	n/a	\$ 0.1655
Weighted average number of Units								
Basic	56,293,275	56,426,259	56,358,240	56,332,607	46,115,848	37,487,973	37,753,194	38,231,059
Diluted	56,293,275	56,426,259	56,358,240	56,464,102	46,205,568	37,680,076	37,821,801	38,270,508

(i) Certain items have been restated as described on page 2 of this MD&A and note 2 to the consolidated financial statements.

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

(iii) 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 Tziend 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 11 of this MD&A.

(iv) 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 25 of this MD&A.

(v) Represents distributions declared during the period.

(vi) 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. On December 21, 2022, the board of trustees of the Trust declared a special Unit distribution of \$0.1655 per Unit, totaling \$6,254 to Unitholders of record as at December 31, 2022, which was issued on December 31, 2022. 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.

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 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 refers to Total Cash Royalty Receipts plus cash receipts from all products. Total Cash Receipts includes 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 royalty assets and interest on the loan receivable.

	Cash Receipts			% Change	Cash Receipts			% Change
	Three months ended September 30, 2024	Three months ended September 30, 2023			Nine months ended September 30, 2024	Nine months ended September 30, 2023		
Royalty Assets								
Empaveli/Syfovre	\$ 1,716	\$ —	n/a		\$ 4,291	\$ 438	880 %	
Eylea I	1,442	1,331	8 %		4,170	4,055	3 %	
Eylea II	312	289	8 %		902	1,705	(47)%	
FluMist	—	4	(100)%		—	1,479	(100)%	
Natpara	439	585	(25)%		1,702	1,806	(6)%	
Omidria	9,580	3,250	195 %		29,401	9,750	202 %	
Oracea	1,463	2,770	(47)%		5,799	6,052	(4)%	
Orserdu I ⁽ⁱ⁾	6,462	3,453	87 %		19,797	3,453	473 %	
Orserdu II ⁽ⁱ⁾	4,742	—	n/a		31,913	—	n/a	
Rydapt ⁽ⁱⁱ⁾	603	1,694	(64)%		4,779	6,544	(27)%	
Spinraza	3,954	4,319	(8)%		11,069	12,358	(10)%	
Stelara, Simponi and Ilaris ⁽ⁱⁱⁱ⁾	179	222	(19)%		609	1,022	(40)%	
Vonjo I	3,053	2,716	12 %		8,842	7,055	25 %	
Vonjo II ⁽ⁱ⁾	650	396	64 %		6,870	396	1635 %	
Xenpozyme ^(iv)	—	247	(100)%		662	247	168 %	
Xolair	3,011	2,671	13 %		7,123	6,747	6 %	
Zejula	1,053	777	36 %		2,947	2,259	30 %	
Zytiga ^(iv)	—	—	n/a		3,546	8,543	(58)%	
Other Products ^(iv)	262	525	(50)%		971	1,755	(45)%	
Total Cash Royalty Receipts^(v)	\$ 38,921	\$ 25,249	54 %		\$ 145,393	\$ 75,664	92 %	
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^(v)	\$ 38,921	\$ 25,249	54 %		\$ 145,393	\$ 342,068	(57)%	
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)	\$ 38,921	\$ 25,249	54 %		\$ 145,393	\$ 78,928	84 %	

- (i) Cash receipts for the nine months ended September 30, 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.
- (ii) Cash receipts for the nine months ended September 30, 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) Cash receipts from Xenpozyme and Zytiga are received on a semi-annual basis during the second and fourth quarters of each year. Cash receipts from Xenpozyme were also received during Q3 2023 as it was the first quarter the Trust was entitled to royalties from the product.
- (v) Other Products includes royalty income from certain other royalty assets as well as royalty assets which are fully amortized and, where applicable, the entitlements to which have generally expired.
- (vi) Total Cash Receipts, Normalized Total Cash Receipts and Total Cash Royalty Receipts are non-GAAP financial measures.
- (vii) 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.
- (viii) This item 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.
- (ix) On April 27, 2023, the Trust sold the Tzield royalty asset, as described on page 7 of this MD&A

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

Normalized Total Cash Receipts during the three months ended September 30, 2024 were \$38,921, representing an increase of \$13,672 or 54% compared to the same period in 2023. The Trust recorded royalty income and interest and other income on the loan receivable of \$40,959 during the three months ended September 30, 2024 (2023 – \$33,964).

Total Cash Royalty Receipts during the three months ended September 30, 2024 increased by \$13,672 or 54% compared to the same period in 2023. The increase in Total Cash Royalty Receipts was primarily driven by (i) the inclusion of cash receipts from Orserdu II which produced their first cash royalty receipt subsequent to September 30, 2023 and contributed \$4,742 during the current quarter; (ii) the amendment to the Omidria royalty entitlement removing the previously imposed caps on royalty receipts; (iii) the increase in cash royalty receipts of Empaveli and Syfovre as cash royalty receipts returned to a two quarter lag, compared to a three quarter lag in the prior period; and (iv) the increase in Orserdu I due to the drugs approval and entrance into Europe and rest of world markets subsequent to September 30, 2023. The increase in cash royalty receipts was partially offset by (i) increased competition and generic entrance in to the market impacting the sales of Oracea; (ii) the expected step-down in royalty entitlement for Rydapt, based on a cumulative sales threshold condition being met; and (iii) the expected impact of increased competition on the sales of Spinraza.

There were no cash interest receipts from the loan receivable for the three months ended September 30, 2024 as the loan receivable was prepaid in full by CTI on June 26, 2023, as described on page 11 of this MD&A.

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

Normalized Total Cash Receipts during the nine months ended September 30, 2024 were \$145,393, representing an increase of \$91,714 or 171% compared to the same period in 2023. The Trust recorded royalty income and interest and other income on the loan receivable of \$123,331 during the nine months ended September 30, 2024 (2023 – \$89,969).

Total Cash Royalty Receipts during the nine months ended September 30, 2024 increased by \$94,978 or 188% compared to the same period in 2023. The increase in Total Cash Royalty Receipts was primarily driven by (i) the inclusion of cash receipts for the entire nine months ended September 30, 2024 from Orserdu I, Orserdu II and Vonjo II, which were acquired during or after the nine months ended September 30, 2023 compared to only partial cash receipts for the nine months ended September 30, 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 nine months ended September 30, 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) increased competition and unfavourable exchange impact on the sales of Spinraza; (iv) the continued contractual expirations of royalty entitlements in certain geographies as expected for Stelara, Simponi and Ilaris; (v) the expected impact on Zytiga due to generic entrance in the European market; and (vi) the expiration of the FluMist royalty entitlement, the final royalty cash receipts for FluMist were received in the fourth quarter of 2023.

There were no cash interest receipts from the loan receivable for the nine months ended September 30, 2024 as the loan receivable was prepaid in full by CTI on June 26, 2023, as described on page 11 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 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 and other interest income. Reconciling total income to Total Cash Receipts results in the subtraction of other interest income, net change in royalties receivable, 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 September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Total income	\$ 41,555	\$ 34,143	\$ 125,226	\$ 90,437
[-] Other interest income	(596)	(179)	(1,895)	(468)
[+] Royalties receivable, beginning of period	43,542	29,110	64,082	87,632
[-] Royalties receivable, end of period	(45,580)	(40,886)	(45,580)	(100,770)
[+] Acquired royalties receivable ⁽ⁱ⁾	—	3,061	3,560	5,343
[-] Non-cash royalty income ⁽ⁱⁱ⁾	—	—	—	(4)
[-] Non-cash interest and other income on loan receivable ⁽ⁱⁱⁱ⁾	—	—	—	(1,102)
[+] Principal repayment of loan receivable	—	—	—	50,000
[+] Exit fee received for loan receivable ^(iv)	—	—	—	1,000
[+] Proceeds from sale of royalty assets	—	—	—	210,000
[=] Total Cash Receipts	\$ 38,921	\$ 25,249	\$ 145,393	\$ 342,068
[-] Principal repayment of loan receivable ^(iv)	—	—	—	(50,000)
[-] Exit fee received for loan receivable ^(iv)	—	—	—	(1,000)
[-] Premiums for prepayment of loan receivable ^(iv)	—	—	—	(2,140)
[-] Proceeds from sale of royalty assets ^(iv)	—	—	—	(210,000)
[=] Normalized Total Cash Receipts	\$ 38,921	\$ 25,249	\$ 145,393	\$ 78,928
[-] Interest and other income on loan receivable	—	—	—	(6,506)
[+] Non-cash interest and other income on loan receivable ⁽ⁱⁱⁱ⁾	—	—	—	1,102
[+] Premiums for prepayment of loan receivable ^(iv)	—	—	—	2,140
[=] Total Cash Royalty Receipts	\$ 38,921	\$ 25,249	\$ 145,393	\$ 75,664

- (i) 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. Acquired royalties receivable of \$96 previously recognized for the Tzield Transaction in the first quarter of 2023 were 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.
- (ii) 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 and nine months ended September 30, 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.
- (iii) As the loan receivable was fully prepaid on June 26, 2023, as described on page 11 of this MD&A, there was no non-cash interest and other income for the three and nine months ended September 30, 2024. For the three and nine months ended September 30, 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.
- (iv) This item represents cash received by the Trust in the quarter 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 is presented below.

	Three months ended September 30, 2024	Three months ended September 30, 2023 As restated	Nine months ended September 30, 2024	Nine months ended September 30, 2023 As restated
Comprehensive earnings (loss) ⁽ⁱ⁾	\$ (3,324)	\$ (3,676)	\$ (10,572)	\$ 70,225
[+] Amortization of royalty assets ⁽ⁱ⁾	26,098	23,564	76,823	62,295
[+] Impairment of royalty assets	901	—	6,101	—
[+] Amortization of other current assets ⁽ⁱⁱ⁾	—	—	—	240
[-] Other interest income	(596)	(179)	(1,895)	(468)
[+] Interest expense	8,377	7,717	25,416	20,167
EBITDA⁽ⁱ⁾	31,456	27,426	95,873	152,459
[+] Royalties receivable, beginning of period	43,542	29,110	64,082	27,748
[-] Royalties receivable, end of period	(45,580)	(40,886)	(45,580)	(40,886)
[-] Performance fees payable, beginning of period	—	—	(5,918)	—
[+] Performance fees payable, end of period	—	—	—	—
[+] Acquired royalties receivable ⁽ⁱⁱⁱ⁾	—	3,061	3,560	5,343
[+] Unit-based compensation ^(iv)	347	1,637	7,589	2,352
[+] Board of trustees' unit-based compensation ^(v)	(87)	136	465	513
[-] 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 ^{(i),(ix)}	—	(150)	—	(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 ⁽ⁱ⁾	—	791	1,575	1,786
[+] Net unrealized loss (gain) on derivative instruments	1,632	(652)	207	(652)
[=] Adjusted EBITDA⁽ⁱ⁾	\$ 31,310	\$ 20,473	\$ 119,677	\$ 67,561

(i) Certain items have been restated as described on page 2 of this MD&A and note 2 to the consolidated financial statements.

(ii) 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.

(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 and nine months ended September 30, 2024, unit-based compensation expense was \$347 and \$7,589, respectively (2023 – \$2,843 and \$3,700, respectively, of which \$1,206 and \$1,348, respectively, was paid in cash).

(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 13 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 and nine months ended September 30, 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 11 of this MD&A, there was no non-cash interest and other income for the three and nine months ended September 30, 2024. For the three and nine months ended September 30, 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 11 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 2023 annual amended and restated 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 25 of this MD&A.

Adjusted EBITDA during the three months ended September 30, 2024 was \$31,310 representing an increase of \$10,837 or 53% compared to the same period in 2023. Adjusted EBITDA for the nine months ended September 30, 2024 was \$119,677 representing an increase of \$52,116 or 77%. The increase in Adjusted EBITDA for the three and nine months ended September 30, 2024 can be attributed to the increase in royalty income compared to the same periods in 2023, which increased by \$15,136 and \$47,999 for the three and nine months ended September 30, 2024, respectively, as described on page 9 of this MD&A. For the nine months ended September 30, 2024 the increase in Adjusted EBITDA was also due to the change in royalties receivable, partially offset by the change in performance fees payable.

Due to the restatement described on page 2 of this MD&A, the restated EBITDA decreased as a result of corresponding decreases in net earnings. Given the nature of the other loss in which the Trust was reimbursed, other loss is added back to Adjusted EBITDA. This results in a higher Adjusted EBITDA in the prior periods than would have been reported prior to the restatement.

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, with the inclusion of cash receipts that are not expected to recur in Total Cash Receipts, 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 September 30, 2024		Three months ended September 30, 2023		Nine months ended September 30, 2024		Nine months ended September 30, 2023	
Adjusted EBITDA – as restated ⁽ⁱ⁾	\$	31,310	\$	20,473	\$	119,677	\$	67,561
[+] Normalized Total Cash Receipts	\$	38,921	\$	25,249	\$	145,393	\$	78,928
[=] Adjusted EBITDA Margin – as restated ⁽ⁱ⁾		80%		81%		83%		86%

(i) Certain items have been restated as described on page 2 of this MD&A and note 2 to the consolidated financial statements.

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 September 30, 2024		Three months ended September 30, 2023 As restated		Nine months ended September 30, 2024		Nine months ended September 30, 2023 As restated	
Comprehensive earnings (loss) ⁽ⁱ⁾	\$	(3,324)	\$	(3,676)	\$	(10,572)	\$	70,225
[+] Amortization of royalty assets ⁽ⁱ⁾		26,098		23,564		76,823		62,295
[+] Impairment of royalty assets		901		—		6,101		—
[+] Amortization of other current assets ⁽ⁱⁱ⁾		—		—		—		240
[+] Unit-based compensation ⁽ⁱⁱⁱ⁾		347		1,637		7,589		2,352
[+] Board of trustees' unit-based compensation ^(iv)		(87)		136		465		513
[-] Non-cash royalty income ^(v)		—		—		—		(4)
[-] Non-cash interest and other income on loan receivable ^(vi)		—		—		—		(1,102)
[-] Premiums for prepayment of loan receivable ^(vii)		—		—		—		(2,140)
[-] Net gain on sale of royalty assets ^{(i),(viii)}		—		(150)		—		(110,122)
[+] Management fee on sale of royalty asset ^(ix)		—		—		—		13,650
[+] Performance fee on sale of royalty asset ^(ix)		—		—		—		18,616
[-] Net gain on debt refinancing ^(x)		—		—		(2,176)		—
[+] Other loss ⁽ⁱ⁾		—		791		1,575		1,786
[+] Net unrealized loss (gain) on derivative instruments		1,632		(652)		207		(652)
Adjusted Cash Earnings⁽ⁱ⁾	\$	25,567	\$	21,650	\$	80,012	\$	55,657
[+] Weighted average number of Units – basic		56,293,275		46,115,848		56,359,017		40,485,450
[=] Adjusted Cash Earnings per Unit – basic ⁽ⁱ⁾	\$	0.45	\$	0.47	\$	1.42	\$	1.37
[+] Weighted average number of Units – diluted		56,293,275		46,205,568		56,359,017		40,664,366
[=] Adjusted Cash Earnings per Unit – diluted ⁽ⁱ⁾	\$	0.45	\$	0.47	\$	1.42	\$	1.37

(i) Certain items have been restated as described on page 2 of this MD&A and note 2 to the consolidated financial statements.

(ii) In connection with the Empavelli/Syfovre Transaction completed in 2022, the Trust acquired other current assets. The related amortization expense is recorded in other operating expenses.

(iii) For the three and nine months ended September 30, 2024, unit-based compensation expense was \$347 and \$7,589, respectively (2023 – \$2,843 and \$3,700, respectively, of which \$1,206 and \$1,348, respectively was paid in cash).

(iv) 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 13 of this MD&A.

(v) 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 three and nine months ended September 30, 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.

(vi) 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 three and nine months ended September 30, 2024. For the three and nine months ended September 30, 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.

(vii) The Trust received a prepayment premium for prepayment of the loan receivable, as described on page 11 of this MD&A.

(viii) During the second quarter of 2023 the Trust sold its royalty interest in Tzield, as described on page 7 of this MD&A.

(ix) 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 2023 annual amended and restated consolidated financial statements.

(x) 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 25 of this MD&A.

Adjusted Cash Earnings for the three and nine months ended September 30, 2024 were \$25,567 and \$80,012, respectively, compared to \$21,650 and \$55,657, respectively, for the same periods in 2023, with the increase of \$3,917 and \$24,355, respectively primarily due to increased cash receipts year-over-year. Basic Adjusted Cash Earnings per Unit for the three and nine months ended September 30, 2024 is \$0.45 and \$1.42, respectively, compared to \$0.47 and \$1.37 respectively for the same periods in 2023. The increase of nil and two hundredths and \$0.05 per Unit for the three and nine months ended September 30, 2024 is primarily attributed to the increase in Adjusted Cash Earnings, partially offset by the increase in the weighted average number of Units outstanding due to the follow-on public offerings completed by the Trust in 2023, as described on page 27 of this MD&A.

FINANCIAL REVIEW: FINANCIAL POSITION

As at September 30, 2024, the Trust had consolidated total assets of \$884,079 (2023 – \$833,159) and consolidated total liabilities of \$359,960 (2023 – \$273,460). The following table presents the components of consolidated total assets and total liabilities as at September 30, 2024 and December 31, 2023, followed by a discussion of significant categories of assets and liabilities.

	As at September 30, 2024	As at December 31, 2023 As restated
Assets		
Cash and cash equivalents	\$ 89,406	\$ 62,835
Royalties receivable	45,580	64,082
Other current assets	598	372
Current assets	135,584	127,289
Royalty assets, net of accumulated amortization ⁽ⁱ⁾	747,834	704,976
Derivative instruments	—	—
Other non-current assets ⁽ⁱ⁾	661	894
Non-current assets	748,495	705,870
Total assets	\$ 884,079	\$ 833,159
Liabilities		
Accounts payable and accrued liabilities	\$ 8,035	\$ 5,043
Distributions payable to Unitholders	4,783	19,230
Performance fees payable	—	5,918
Current portion of credit facility	59,550	48,750
Current portion of unit-based compensation liability	2,759	1,499
Other current liabilities	1,706	1,241
Current liabilities	76,833	81,681
Credit facility	171,749	96,728
Preferred Securities	109,856	93,250
Derivative instruments	1,296	1,089
Unit-based compensation liability	226	712
Total liabilities	\$ 359,960	\$ 273,460

(i) Certain items have been restated as described on page 2 of this MD&A and note 2 to the consolidated financial statements.

Royalty assets

As at September 30, 2024, the net book value of our royalty assets was \$747,834 (December 31, 2023 – \$704,976), net of accumulated amortization and impairment of \$268,276 (December 31, 2023 – \$186,827). During the nine months ended September 30, 2024, the Trust recorded additions to the cost of its royalty assets totaling \$125,782 (December 31, 2023 – \$382,884) related to the Omidria royalty amendment and the additional Xenpozyme royalty transaction as described on page 6 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 nine months ended September 30, 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 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 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 three and nine months ended September 30, 2024, the Trust recognized an impairment loss of \$901 and \$6,101, respectively (2023 – nil and nil, respectively) 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 \$15,376 as at September 30, 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 \$6,101 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 5 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 September 30, 2024, the Trust had distributions payable of \$4,783, representing a quarterly cash distribution declared on August 6, 2024 to Unitholders of record as at September 30, 2024, which was paid on October 18, 2024.

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 9 to the consolidated financial statements.

Subsequent to September 30, 2024, the board of trustees of the Trust declared a quarterly distribution of \$0.0850 per Unit to Unitholders of record as at December 31, 2024 and payable on January 20, 2025.

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 September 30, 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 September 30, 2024			As at December 31, 2023	
	Total Available Credit	Remaining Available Credit	Balance Outstanding	Balance Outstanding	
Acquisition credit facility	\$ 375,000	\$ 223,250	\$ 151,750	\$ 70,812	
Term credit facility	81,625	—	81,625	77,500	
Working capital credit facility	25,000	25,000	—	—	
	\$ 481,625	\$ 248,250	\$ 233,375	\$ 148,312	
Deferred transaction costs, net of amortization	n/a	n/a	(2,076)	(2,834)	
Total	\$ 481,625	\$ 248,250	\$ 231,299	\$ 145,478	
Current portion of credit facility			\$ 59,550	\$ 48,750	
Long-term portion of credit facility			171,749	96,728	
Total			\$ 231,299	\$ 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 Casgevvy Transaction. The remaining amount of the transaction was funded by the Trust's existing cash and cash flows.

During the nine months ended September 30, 2024, the Trust made total credit facility repayments of \$51,937 (2023 – \$332,331), which did not include any voluntary repayments (2023 – \$294,422).

Subsequent to September 30, 2024, the Trust drew an additional \$105,000 from the acquisition credit facility to fund the Sebetralstat transaction, as described on page 7 of this MD&A.

The following table presents expected principal repayments to be made until the maturity of the amended credit agreement as at September 30, 2024:

	Total
Remainder of: 2024	14,888
Full year: 2025	59,550
Full year: 2026	158,937
	\$ 233,375

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 September 30, 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 three and nine months ended September 30, 2024, the Trust recorded interest earned on the interest rate swap of \$178 and \$531, respectively (2023 – nil and nil, respectively).

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 24 of this MD&A. The 2023 Preferred Securities were the 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 Series C Preferred Securities and 1,749,996 new warrants, with holders entitled to receive accrued and unpaid interest on the 2023 Preferred Securities up to the refinancing date.

The Series C Preferred Securities are unsecured, subordinated debt securities of the Trust and have a principal amount of \$135,202, maturing on April 23, 2024. The Series C 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 Series C 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 Series C 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 Series C Preferred Securities could be redeemed by the Trust.

The interest rate on the Series C Preferred Securities will increase to 10% per annum if any of the Series C 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 Series C Preferred Securities remain outstanding on each one year anniversary of such date, up to a specified cap.

The Series C 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.

		As at September 30, 2024	As at December 31, 2023
Series A	\$	—	\$ 79,377
Series B		—	16,510
Series C		112,571	—
	\$	112,571	\$ 95,887
Deferred transaction costs, net of amortization		(2,715)	(2,637)
Total	\$	109,856	\$ 93,250

FINANCIAL REVIEW: CASH FLOWS

The Trust generated the following cash flows during the nine months ended September 30, 2024 and 2023.

		Nine months ended September 30, 2024	Nine months ended September 30, 2023 As restated
Cash and cash equivalents – beginning of period	\$	62,835	\$ 36,686
Cash provided by operating activities ⁽ⁱ⁾		117,760	30,905
Cash provided by financing activities		38,141	88,167
Cash used in investing activities ⁽ⁱ⁾		(129,330)	(127,550)
Change in cash and cash equivalents		26,571	(8,478)
Cash and cash equivalents – end of period	\$	89,406	\$ 28,208

(i) Certain items have been restated as described on page 2 of this MD&A and note 2 to the consolidated financial statements.

During the nine months ended September 30, 2024, the Trust generated cash flows provided by operating activities of \$117,760 (2023 – \$30,905) primarily related to cash royalties received.

For the nine months ended September 30, 2024, the Trust generated cash flows of \$38,141 from financing activities. The Trust borrowed \$137,000 from its credit facility to fund the amendment to the Omidria royalty agreement, 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 Series C Preferred Securities, the Trust used \$20,441 to redeem the 2023 Warrants in whole, and the Trust used \$409 to pay issuance costs. The Trust also used cash flows of \$51,937 to make principal repayments, \$19,702 to make related interest payments and \$277 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 \$28,813 to pay cash distribution to Unitholders. For the nine months ended September 30, 2023, the Trust used cash flows of \$88,167 in financing activities. The Trust completed the 2023 Private Placement, as described on page 25 of this MDA. The 2023 Private Placement provided proceeds to the Trust of \$92,003, 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 \$144,474, 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, \$18,554 to make related interest payments and \$914 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 \$28,457 to Unitholders.

For the nine months ended September 30, 2024, the Trust used cash flows of \$129,330 in investing activities. The Trust used cash flows of \$128,250 for the Omidria royalty amendment and the additional Xenpozyme transaction, both as described on page 6 of this MD&A. The Trust also used cash flows of \$1,080 to pay for the royalty asset transaction costs. For the nine months ended September 30, 2023, the Trust used cash flows of \$127,550, from 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 the royalty asset transactions, \$2,768 for the asset transaction costs, 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 in note 7 to the consolidated financial statements.

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 9 to the consolidated financial statements. As at September 30, 2024, 56,268,820 Units (December 31, 2023 – 56,358,240 Units) were outstanding at a cost of \$560,921 (December 31, 2023 – \$561,503).

The following table outlines the changes in the number of Units outstanding from December 31, 2022 to September 30, 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 offering	18,653,000	\$ 8.12	\$ 151,456
Units issued on the settlement of vested Restricted Units	201,194	\$ 8.76	\$ 1,763
Unit issuance costs	n/a	n/a	\$ (6,982)
Repurchase and cancellation of Units – NCIB	(325,653)	\$ 5.43	\$ (1,769)
Balance – September 30, 2023	56,318,936	n/a	\$ 518,045
Issuance of Units:			
Units issued on the settlement of Restricted Units	39,304	\$ 5.80	\$ 342
Unit issuance costs	n/a	n/a	\$ 58
Unit distributions to Unitholders	4,651,782	\$ 5.71	\$ 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	316,926	\$ 10.52	\$ 3,335
Repurchase and cancellation of Units – NCIB	(406,346)	\$ 9.64	\$ (3,917)
Balance – September 30, 2024	56,268,820	n/a	\$ 560,921

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 year ended December 31, 2023, and nine months ended September 30, 2024:

	Units Issued on Settlement of Restricted Units		
	Nine months ended September 30, 2023	Three months ended December 31, 2023	Nine months ended September 30, 2024
Restricted Units Grant Date:			
September 10, 2021	12,779	—	12,452
October 8, 2021	8,727	—	—
November 30, 2021	—	39,304	—
June 10, 2022	8,805	—	7,309
September 10, 2022	13,424	—	13,965
November 22, 2022	16,573	—	17,038
August 17, 2023	140,886	—	3,613
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
Total	201,194	39,304	316,926

The increase in the number of Units issued upon the settlement of vested RUs during the nine months ended September 30, 2024 compared to the same period in 2023 is due to the increase in the number of RUs granted subsequent to September 30, 2023 and the timing of the vesting dates.

Normal course issuer bid

From time to time, the market price 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, from time to time, if considered advisable, up to 2,493,280 Units of the Trust for cancellation between November 14, 2022 and November 13, 2023 ("**November 2022 NCIB**"). In connection with the November 2022 NCIB, the Trust established an 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 nine months ended September 30, 2024, the Trust acquired and cancelled 406,346 Units at an average price of \$9.64, totaling \$3,917. As at September 30, 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.

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 September 30, 2024, the net value of the 2024 Warrants recognized in other equity reserves was \$4,106 (December 31, 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 nine months ended September 30, 2024 and year ended December 31, 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	\$ 4,793
Q3 2024 – Quarterly cash distribution	September 30, 2024	October 18, 2024	\$ 0.0850	\$ 4,783
Total			\$ 0.2550	\$ 14,366
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 ⁽ⁱ⁾	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 ⁽ⁱⁱ⁾	December 31, 2023	January 19, 2024	\$ 0.2662	\$ 15,003
Q4 2023 – Unit distribution ⁽ⁱⁱⁱ⁾	December 31, 2023	n/a	\$ 0.7640	\$ 43,058
Total			\$ 1.8636	\$ 92,135

- (i) 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.
- (ii) 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.
- (iii) 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 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.

During the three and nine months ended September 30, 2024, the board of trustees of the Trust declared distributions totaling \$4,783 and \$14,366, respectively (2023 – \$4,224 and \$29,847, respectively). During the year ended December 31, 2023, the board of trustees of the Trust declared distributions totaling \$92,135, composed of cash distributions of \$49,077 and a Unit distribution of \$43,058.

On November 6, 2024, the board of trustees of the Trust declared a quarterly cash distribution of \$0.0850 per Unit to Unitholders of record as at December 31, 2024 and payable on January 20, 2025.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2024, the Trust's capital was \$911,189 (December 31, 2023 – \$807,931) and consisted of its Unitholders' capital of \$560,921 (December 31, 2023 – \$561,503), Preferred Securities, prior to deduction of deferred transaction costs net of amortization, of \$112,571 (December 31, 2023 – \$95,887), Warrants, prior to deduction of deferred transaction costs, of \$4,322 (December 31, 2023 – \$2,229) and amended credit facilities, prior to deduction of deferred transaction costs net of amortization, of \$233,375 (December 31, 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 \$117,760 of cash provided by operating activities during the nine months ended September 30, 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 \$135,202 of new Series C Preferred Securities and the 2024 Warrants. The 2023 Preferred Securities have been cancelled and the 2023 Warrants have been redeemed upon completion of the refinancing as described on page 25 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 September 30, 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 7 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 14, 2023, the Trust entered into the Orserdu II transaction, as described on page 8 of this MD&A. In accordance with the royalty agreement, the Trust is obligated to pay a \$10,000 milestone to the royalty seller upon the occurrence of pre-specified events.

On 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 \$1,250.

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.

The Trust did not have any other off-balance sheet obligations or commitments, contingencies or guarantees at September 30, 2024.

Subsequent to September 30, 2024, the Trust bought a royalty entitlement 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.

CONTINGENT LIABILITY

On or about September 19, 2024, DRI Capital Inc. was formally served with a statement of claim. The action, commenced by Andrea Reid, seeks 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 September 30, 2024.

RELATED-PARTY TRANSACTIONS

DRI Healthcare serves as manager for the Trust. 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 2023 annual amended and restated consolidated financial statements. During the three and nine months ended September 30, 2024, the Trust recorded management fees to its manager of \$1,470 and \$8,459, respectively (2023 – \$1,673 and \$18,909, respectively). For the nine months ended September 30, 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 nine months ended September 30, 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 2023 annual amended and restated consolidated financial statements.

The Trust recorded performance fees of nil and \$231 during the three and nine months ended September 30, 2024, respectively (2023 – nil and \$18,616, respectively). 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 7 of this MD&A, resulting in the recognition of performance fees of \$5,918. During the nine months ended September 30, 2024, performance fees of \$6,149 were paid (2023 – \$18,616).

As a result of the consulting and other expenses that had been incorrectly charged to the Trust as directed by the former Chief Executive Officer, as described on page 2 of this MD&A, the performance fees incurred during the nine months ended September 30, 2023 would have been \$83 higher than the reported amount of \$18,616. However, DRI Healthcare, the manager of the Trust, irrevocably waived its right to the additional \$83 in performance fees related to nine months ended September 30, 2023, and \$122 for the three months 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.

Key management compensation

During the three and nine months ended September 30, 2024 and 2023, the Trust issued compensation to members of the board of trustees of the Trust, as described on page 14 of this MD&A, and to certain officers of the Trust, as detailed below.

During the three and nine months ended September 30, 2024, the Trust recorded total cash compensation expense of \$119 and \$119, respectively (2023 – nil and nil, respectively) related to compensation paid to certain officers of the Trust.

During the nine months ended September 30, 2024, the Trust granted 201,379 RUs to certain officers of the Trust and officers of the Manager, 63,811 of which vest equally on June 15, 2024 and June 15, 2025, 26,816 of which vest equally on May 31, 2024, May 31, 2025 and May 31, 2026 and 110,752 of which vest equally on a quarterly basis beginning November 13, 2024 until August 13, 2026. During the nine months ended September 30, 2024, the Trust issued 19,998 Units on the settlement of vested RUs, net of withholding taxes. To date, the Trust has issued 44,962 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 19,998 were issued in 2024. During the three and nine months ended September 30, 2024, the Trust recorded unit-based compensation expense of \$189 and \$806, respectively (2023 – \$340 and \$379, respectively) related to the RU grants and the accretion of the related distribution equivalent Units.

Other current assets

From time to time, the Trust pays for expenses on behalf of DRI Healthcare, in which DRI Healthcare has an obligation to repay the Trust, recorded as other current assets. As at September 30, 2024, the Trust has a balance of \$19 receivable from DRI Healthcare.

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 \$313 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 2023 annual amended and restated consolidated financial statements. There were no changes to the accounting policies in the current period.

CRITICAL ACCOUNTING ESTIMATES

In the preparation of these consolidated financial statements, the Trust has used consistent judgment and estimates as described in note 3 to the Trust's 2023 amended and restated annual consolidated financial statements.

RISK FACTORS

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.

Material Weakness in Internal Control Over Financial Reporting

As a consequence of the investigation conducted by the Audit Committee of the board of trustees of the Trust, we have identified material weaknesses in our internal control over financial reporting. See "Disclosure Controls and Procedures and Internal Control Over Financial Reporting" below.

Implementing any appropriate changes to our internal control over financial reporting and continuing to update and maintain such internal control may distract our manager, its employees and our trustees, entail costs to implement new processes and modifying our existing processes may take time to complete. If we fail to enhance our internal control over financial reporting, or do not do so in a timely fashion, or if our remediation plan is inadequate, we may be unable to report our financial results accurately, which could increase operating costs and harm our business, including our investors' perception of our business and our Unit price. The actions we plan to take are subject to continued management review supported by confirmation and testing, as well as Audit Committee oversight and assumes cooperation by the manager. Further and continued determinations that there are additional material weaknesses in the effectiveness of our internal control over financial reporting could adversely affect our reputation, business, financial condition or results of operations and Unit price, and limit our ability to access capital markets through equity or debt issuances.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Restatement of previously issued consolidated financial statements

As described in the Explanatory Note on page 2 of this MD&A and in note 2 to the 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 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 Behzad Khosrowshahi.

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 interim Chief Financial Officer, has evaluated the effectiveness of the Trust's disclosure controls and procedures. Based on that evaluation, the Trust's Chief Executive Officer and interim Chief Financial Officer have concluded that, as of December 31, 2023, due to the existence of the material weaknesses in the Trust's internal control over financial reporting ("ICFR") described below, the Trust's disclosure controls and procedures were not effective in accordance with National Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109").

Notwithstanding the material weaknesses outlined below, based upon the work performed during the restatement process, management has concluded that the amended and restated consolidated financial statements are fairly stated in all material respects in accordance with IFRS for each reporting period in 2023 and 2022.

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.

In connection with the preparation of the Trust's financial statements and management's discussion and analysis for the year ended December 31, 2023, as filed on February 28, 2024, an internal evaluation was carried out by management, under the supervision of and with the participation of the Trust's former Chief Executive Officer and former Chief Financial Officer, of the effectiveness of the Trust's ICFR as at December 31, 2023. 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, management at the time concluded that ICFR was effective. As noted above, the Trust announced on July 8, 2024 certain senior executive changes with respect to the Trust and the manager in connection with the Audit Committee's investigation. Based on the information obtained from the investigation it was determined that a restatement of the Trust's previously issued consolidated financial statements was necessary. As a result of the financial statement restatement, management reassessed the effectiveness of ICFR and has concluded that, as a result of the material weaknesses in the Trust's ICFR discussed below, the Trust's ICFR was not effective as at December 31, 2023.

Identification and Description of Material Weaknesses in ICFR

The investigation conducted by the Audit Committee of the board of trustees of the Trust determined that the following accounting practices required adjustments to correct the previously issued financial statements for the years ended December 31, 2023 and 2022:

- 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.

Through management's analysis, management concluded that the accounting practices that resulted in these errors demonstrated the following material weaknesses in the Trust's ICFR:

- **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 from 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 routed them to the appropriate persons. This material weakness in the control environment was a contributing factor to the additional weaknesses described below.
- **Management override material weakness** – Effective controls were not maintained to prevent or detect the circumvention or overriding of controls. The restatement 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.
- **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.
- **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, nor was the invoice approval matrix submitted for approval by the board of trustees of the Trust. In addition, manual checks issued by the manager only required one signature.

Each of these material weaknesses created a reasonable possibility that a material misstatement of the Trust's annual consolidated financial statements or interim consolidated financial reports would not be prevented or detected on a timely basis.

Remediation Plan for Material Weaknesses in ICFR

In connection with the investigation referred to above, the former Chief Executive Officer of the manager and the Trust resigned from those positions effective as of July 7, 2024. 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 manager and the Trust. Nevertheless, the manager and the Trust are implementing appropriate remedial measures to strengthen corporate governance, compliance and control processes.

Management and the Trust have and will continue to take actions to reinforce applicable policies through enhanced formalization of documentation and other procedural requirements, as well as additional training and procedures to strengthen compliance with the Trust's policies, procedures and controls and will continue to emphasize adherence to such policies, procedures and controls on an ongoing basis. Specifically, the Trust has begun and is continuing to improve processes and controls by, among other things:

- Appointing a Chief Executive Officer and Chief Financial Officer of the Trust who will be independent of the manager and who will be responsible for overseeing the Trust's relationship with the manager;
- Conducting ongoing compliance, accounting policy and controls training for accounting and finance staff, increasing awareness and ensuring effectiveness of the Trust's whistleblower procedures, establishing additional avenues for whistleblower complaints to be raised, as well as conducting specific training for the manager's finance team to provide guidance on the identification and response to potential payment related red flags;
- Refreshing ethics training to reinforce Code of Conduct requirements and conduct periodic employee surveys to assess the culture and control environment concerns, and institute action plans to address findings;
- Establishing oversight procedures and policies within the accounting and finance functions;
- Enhancing controls of the Trust, such as implementing fraud risk assessments, enhancing the Trust's existing third-party service provider policy;
- Modifying accounting system access rights with respect to the establishment of vendors such that access cannot be granted to those that perform invoice processing or approval activities; and
- Implementing new procedures and protocols with respect to invoice processing to, among other things, include a matching process that permits invoices to be processed only when they are matched against the appropriate documentary or other support, requiring verification of invoices against a vendor master file and conducting periodic payment data analytics and independent audits of executive expenses to identify potential red flags. The protocol for issuing manual checks by the manager will be changed to require two signatures and also include policies on when it is appropriate to issue manual checks. The delegation of authority policy will also be revised to incorporate limits and will be submitted to the board of trustees of the Trust for approval annually.

Management has discussed the aforementioned material weaknesses with the Audit Committee of the board of trustees of the Trust, and the board of trustees of the Trust will continue to review progress on these remediation activities on a regular and ongoing basis.

The material weaknesses cannot be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

No assurance can be provided at this time that the actions and remediation efforts to be taken or implemented will effectively remediate the material weaknesses described above or prevent the incidence of material weaknesses in the Trust's ICFR in the future. Management, including the Trust's Chief Executive Officer and Chief Financial Officer, does not expect that disclosure controls or ICFR will prevent all errors, even as the remediation measures are implemented and further improved to address the material weaknesses. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving the Trust's stated goals under all potential future conditions. We will continue to progress through our remediation plan.

Changes in Internal Control over Financial Reporting

The material weaknesses in the Trust's ICFR described above were subsequently determined to exist as at December 31, 2023 and continued to exist as at June 30, 2024. The following changes to the Trust's ICFR were made during the three months ending September 30, 2024 as part of the Trust's remediation plan.

- 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.
- The Trust has implemented a more robust whistle-blowing process where complaints may be submitted through a confidential submission electronic mailbox or through a whistleblower hotline or through an external reporting channel. The 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.
- Accounting system rights have been modified such that the establishment of vendors have been separated from those who perform invoice processing or approval activities. A detailed vendor approval process has been established with full implementation expected prior to the end of the fiscal year.
- The delegation of authority policy had been revised to incorporate limits and was approved by the board of trustees.
- The manager has eliminated the use of manual checks.

Remediation continues to progress with full remediation expected by the end of the fiscal year.

SUBSEQUENT EVENTS

Casgevy Transaction

On October 3, 2024, the Trust bought payment rights on Casgevy for \$57,000, as described on 6 of this MD&A. The transaction entitles the Trust to a share of the annual license fees, which can range from \$5,000 to \$40,000, and include certain sales-based annual license fee increases. The Trust is also entitled to receive a mid-double-digit percentage of a \$50,000 contingent payment eligible under the license agreement.

Amendment to the amended credit agreement

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, as described on page 24 of this MD&A. 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 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.

Sebetralstat Transaction

On November 4, 2024, the Trust acquired a royalty interest in the worldwide net sales of all formulations of the pre-approved sebetralstat from KalVista Pharmaceuticals for \$100,000, with additional payments of up to \$57,000 dependent on sales-based milestones and a one-time \$22,000 optional payment, as described on 7 of this MD&A. The transaction entitles the Trust to a tiered royalty of 5.0% on net sales up to and including \$500,000, 1.1% on net sales above \$500,000 and up to and including \$750,000, and 0.25% on net sales above \$750,000. Royalty payments are expected to be received quarterly commencing in the first quarter after approval. The transaction was funded through the Trust's amended credit facility, as described on page 24 of this MD&A.

In addition to the royalty entitlement, the Trust also purchased an equity component through a private investment in public equity arrangement, purchasing 500,000 shares in KalVista common stock at a price of \$10 per share for total proceeds of \$5,000.

2024 fourth quarter distribution declared

On November 6, 2024, the board of trustees of the Trust declared a quarterly distribution of \$0.0850 per Unit to Unitholders of record as at December 31, 2024 and payable on January 20, 2025.