



DRI HEALTHCARE TRUST

ANNUAL INFORMATION FORM
FOR THE YEAR ENDED December 31, 2023

February 28, 2024

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FORWARD-LOOKING INFORMATION

This AIF (as defined below) 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 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. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management’s expectations, estimates and projections regarding future events or circumstances.

The forward-looking information in this AIF includes, among other things, statements relating to:

- our royalty entitlements on the royalty assets (as defined below) and their expected expiries;
- anticipated royalty income and cash flows generated from our royalty portfolio;
- anticipated interest income and recoverability of future loans receivable, if any;
- anticipated cash distributions made to unitholders;
- the tax treatment of the Trust (as defined below) and our subsidiaries and of any distributions made to unitholders;
- expected cash flows over the remaining life of the royalty assets;
- the commercial potential of products in our portfolio;
- our objective to acquire additional royalties for the five years ending in 2025 and to grow our cash royalty receipts;
- our investment strategy and criteria;
- future royalty acquisition opportunities, the expansion opportunities for such royalties and our objectives relating thereto;
- our manager’s ability to identify, source, underwrite and maintain royalty streams and our ability to access proprietary opportunities with limited competition;
- our strategies to acquire additional royalties and create new royalty streams;
- our views regarding the royalty streams as revenue sources for the marketers of our royalty assets;
- the funding of royalty transactions, including our ability to access the debt markets;
- our business plans and strategies;
- the availability of sufficient liquidity for planned growth;
- expectations regarding industry trends, overall market growth rates and our growth rates and growth strategies;
- effects of macroeconomic trends and market volatility on our portfolios and pharmaceutical royalties;
- growth in global prescription pharmaceutical sales;
- increases in research and development (“R&D”) investment and outsourcing of R&D expenditures by drug manufacturers;
- opportunities in therapeutic areas or specific products;
- our use of short-term investments to fund operations;
- uncertainty and volatility relating to market prices of products from which we are entitled to receive royalty interests;
- the impact of increasing competition within the biotechnology and pharmaceutical industry; and
- the market price for our units.

This forward-looking information and other forward-looking information are based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct. Certain assumptions underlying the forward-looking information in this AIF include: our assumptions regarding demand and growth in pharmaceutical sales, R&D and opportunities for royalty investing; the competitive environment in which we operate; our manager’s performance; our ability to implement our growth strategies; our ability to obtain financing and maintain our existing financing on

acceptable terms; our ability to maintain good business relationships with our marketers and other industry partners; timely receipt of cash royalty receipts; expectations regarding the duration of our royalties; our ability to keep pace with changing consumer preferences; the absence of material adverse changes in our industry or the global economy; currency exchange and interest rates; the impact of competition; the changes and trends in our industry or the global economy; and stability in laws, rules, regulations and global standards in the pharmaceutical industry.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that we considered appropriate and reasonable as of the date such statements are made, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the following risk factors described in greater detail under the heading entitled "Risk Factors":

- biotechnology and pharmaceutical products are subject to sales risks;
- the royalty market growth rate and growth in our royalty portfolio;
- our reliance on a limited number of products;
- Our existing royalty entitlements may decline as royalty entitlements in certain jurisdictions expire;
- we make assumptions regarding the royalty duration for terms that are not contractually fixed;
- our future income is dependent upon numerous royalty-specific assumptions;
- our ability to raise capital in the future to achieve our growth objectives;
- information about the products underlying the royalties we buy may be limited;
- competition;
- marketers of products underlying our royalties are outside of our control;
- we may rely on leverage to fund some or all of our royalty transactions;
- interest rate and foreign exchange risk;
- royalties on products whose success is dependent on further development are subject to a number of uncertainties;
- investments in debt instruments are subject to credit risk;
- future investments in securities of royalty counterparties are subject to various risks;
- the insolvency of a marketer;
- unsuccessful attempts to acquire new royalties could result in significant costs;
- underlying products are subject to uncertainty;
- the pharmaceutical industry may be negatively affected by U.S. federal government deficit reduction policies;
- regulatory approvals and actions in the United States and foreign jurisdictions;
- interruption in manufacturing and distribution;
- product liability claims or recalls;
- we are typically not involved in maintaining, enforcing, and defending patent rights;
- third-party patents may result in additional costs for the marketer and reduce the amount of royalties paid;
- license agreements have contractual limitations that could impact our royalties and may not cover us for all royalty-related risks;
- royalty agreement terms may require us to make additional payments;
- disclosure of trade secrets could negatively affect the competitive position of the products;
- the internal computer systems of our partners may fail or suffer security breaches;
- cyber-attacks or other failures in telecommunications or information technology systems;
- operational risks;
- classification of royalties as financial assets or intangible assets;
- changes in the application of accounting standards;
- if we were determined to be an investment company under the U.S. Investment Company Act of 1940, applicable restrictions could make it impractical for us to continue our business;

- the royalties that we acquire may fall outside the pharmaceutical industry;
- an outbreak of highly infectious or contagious diseases similar to COVID-19;
- legal claims and proceedings could adversely impact our business;
- we are subject to the anti-corruption laws, as well as export control laws, import and customs laws, trade and economic sanctions laws and other laws governing our operations;
- the EU directive on alternative investment fund managers may significantly increase our compliance costs;
- we have no employees and are entirely dependent upon DRI Healthcare (as defined below) for all the services we require and the success of our business depends upon our manager;
- the policies and procedures we have established to mitigate conflicts of interest may not be effective;
- our manager may be the subject of a change of control;
- our manager's liability is limited;
- we are a holding entity with no operations;
- returns on investment and cash distributions are not guaranteed;
- our ability to pay periodic distributions to our unitholders may be limited;
- there may not be an active trading market for our units;
- the market price of our units may decline due to the large number of units eligible for future sale by us;
- the impact of securities or industry analysts on the trading price and trading volume of our units;
- we have broad discretion in the use of our cash and cash equivalents;
- the market price of our units may be volatile;
- future offerings of debt or equity securities may affect the market price of our units;
- unitholders will be subject to restrictions on their ability to redeem units;
- units do not represent a direct interest in royalties or our other assets;
- units are structurally subordinated to indebtedness;
- unitholders will have limited control over the Trust;
- unitholders could be found to be liable for the obligations of the Trust;
- the requirements of being a public company;
- failure to establish and maintain effective internal control over financial reporting;
- our structure involves complex provisions of tax law and is subject to regulatory changes;
- the Trust is classified as a PFIC (as defined below) for U.S. federal income tax purposes, which could subject U.S. Holders (as defined below) to adverse U.S. federal income tax consequences;
- distributions that we pay to individual and other non-corporate U.S. Holders will not be eligible for taxation at reduced rates;
- our eligibility for certain income tax treaty benefits;
- if our subsidiaries are considered to be engaged in a U.S. trade or business;
- withholding taxes on royalties could reduce the amount of cash available to us;
- an investment in our units is subject to certain Canadian tax considerations;
- tax considerations relating to foreign accrual property income ("**FAPI**"); and
- tax laws or other laws or government incentive programs, or regulations may change.

If any of these risks or uncertainties materialize, or if the opinions, estimates, or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to above and described in greater detail in "Risk Factors" should be considered carefully by readers.

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in 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 made. The forward-looking information contained in this AIF represents our expectations as of the date of this AIF (or as the date they are otherwise stated to be made) and are subject to change after such date. However, we disclaim any intention or 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.

All of the forward-looking information contained in this AIF is expressly qualified by the foregoing cautionary statements.

GENERAL

DRI Healthcare Trust (together with its consolidated subsidiaries, the **"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 (as may be further amended from time to time, the **"declaration of trust"**). The Trust is a "mutual fund trust" as defined in the Tax Act (as defined below), but not a "mutual fund" within the meaning of applicable Canadian securities legislation. Our head and registered office is located at First Canadian Place, Suite 7250, 100 King Street West, Toronto, Ontario, M5X 1B1.

We purchase royalty entitlements on products that address significant unmet needs, providing our unitholders with top-line exposure to a portfolio of attractive therapeutics. We target an underserved niche that leverages the competitive advantages that our manager has developed over the last 34 years to become a leader in the royalty monetization industry. These include the specialized skills of its team members, its access to data and information through its proprietary tools and know-how, and its leadership and reputation in the industry. As at December 31, 2023, our portfolio consisted of 26 royalty streams on 20 products that treat conditions in a number of therapeutic areas, including oncology, neurology, ophthalmology, endocrinology, hematology, dermatology, as well as lysosomal storage disorders, immunology and influenza.

All references in this Annual Information Form (**"AIF"**) to **"DRI Healthcare"**, **"our manager"** or the **"manager"** are to our manager, 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 the Trust, pursuant to the terms of a management agreement.

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

All references in this AIF to the **"Trust"**, **"we"**, **"us"** and **"our"** are to DRI Healthcare Trust, together with its consolidated subsidiaries. When we refer to **"our initial public offering"** and **"concurrent private placement"** we are referring to the initial public offering and concurrent private placement, respectively, of DRI Healthcare Trust, both of which were completed on February 19, 2021.

Furthermore, as used in this AIF, unless the context indicates or requires otherwise, the following terms have the respective meanings set out below:

"CBCA" means the Canada Business Corporations Act, as amended from time to time.

"CRA" means the Canada Revenue Agency.

"DRI Capital Funds" means all predecessor funds managed by DRI Healthcare, including Drug Royalty I, Drug Royalty II, Drug Royalty II CIF and Drug Royalty III. The full name of Drug Royalty II CIF is "RMF 2 Co-Investment Fund".

"EMA" means the European Medicines Agency.

"EU" means the European Union.

"FDA" means the United States Food and Drug Administration.

"IFRS" means International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the Canadian Professional Accountants of Canada in Part I of The Canadian Professional Accountants of Canada Handbook – Accounting, as amended from time to time.

"LIBOR" means the London Interbank Offered Rate.

"Plans" means, collectively, trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit-sharing plans, registered disability savings plans, tax-free savings accounts and registered education savings plans under the Tax Act.

"SEDAR+" means the System for Electronic Documents Analysis and Retrieval.

"SIFT Rules" mean the special taxation regime provided by the Tax Act applicable to a trust or a partnership that is a "specified investment flow-through" trust as defined in the Tax Act (**"SIFT"**) and their investors.

"SOFR" means the Secured Overnight Financing Rate.

"Tax Act" means the *Income Tax Act* (Canada), as amended from time to time, and the Income Tax Regulations (Canada), as amended from time to time, as applicable.

"TSX" means the Toronto Stock Exchange.

"U.S." means the United States of America.

In this AIF, the terms **"royalties"**, **"royalty assets"**, **"royalty entitlements"**, **"royalty agreements"**, and **"royalty streams"** are used interchangeably to refer to either: (i) contractual arrangements that grant a party the right to

receive royalties derived from the sale of pharmaceutical, biotechnology and other life science products pursuant to license agreements or other contractual arrangements (we refer to these as **“traditional”** royalty streams), or (ii) contractual arrangements that grant a party 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 favor. 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 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.

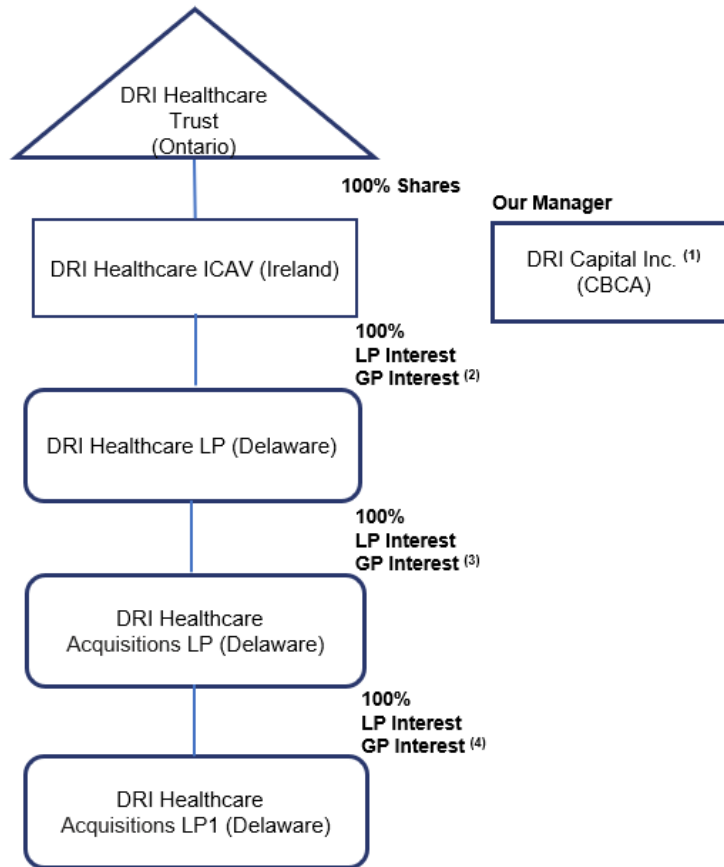
When we refer to our acquisition of royalties or royalty transactions, this includes various structures, including, but not limited to, traditional royalties, synthetic royalties and similar payment streams, such as earn-outs, that are tied to sales of pharmaceutical, biotechnology or other life science products. Acquisitions of royalties are accounted for under IFRS as financial assets or intangible assets based on the nature of each investment. We may also acquire royalties through an equity investment.

Royalty income is recorded on an accrual basis when earned in accordance with underlying contractual rights, rather than when actual cash payments in respect of royalties are received. The lag between when royalty income is recorded and when corresponding cash payments are received is typically three months but may in some cases be several financial quarters. Given the importance of cash flows to our business, we use “cash royalty receipts” as a key measure of the operating performance of our royalty assets. We refer to cash royalty receipts on a product-by-product basis, such as the cash royalty receipts for Spinraza, as an example. Cash royalty receipts for Spinraza for a particular period represent the cash received during that period pursuant to our royalty entitlement on Spinraza, which is reflected in our consolidated financial statements. In addition, we refer to “cash interest receipts” on a loan receivable transaction as a key measure of the operating performance of the loan receivable transaction. We also report certain non-IFRS financial measures including Total Cash Receipts, Total Cash Royalty Receipts, and Normalized Total Cash Receipts which are useful measures when evaluating the operating performance of our total portfolio of assets. Total Cash Royalty Receipts refers to aggregate cash royalty receipts from our portfolio of royalty assets. Total Cash Receipts refers to Total Cash Royalty Receipts plus cash royalty receipts from all products (including cash receipts from interest and principal payments related to the loan receivable transaction). 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 transaction.

In this AIF, 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. Unless otherwise specified, all information in this AIF is presented as at the date of this AIF.

OUR STRUCTURE

The diagram below is a simplified illustration of our organizational structure as at the date of this AIF.



Notes:

- (1) DRI Healthcare provides services to DRI Healthcare Trust and its subsidiaries pursuant to the management agreement described in "Agreements with our Manager".
- (2) The general partner of DRI Healthcare LP is a 100% owned subsidiary of DRI Healthcare ICAV.
- (3) The general partner of DRI Healthcare Acquisitions LP is a 100% owned subsidiary of DRI Healthcare LP.
- (4) The general partner of DRI Healthcare Acquisitions LP1 is a 100% owned subsidiary of DRI Healthcare LP.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Equity and Debt Transactions

Completion of Initial Public Offering, Concurrent Private Placement, and Closing Transactions

DRI Healthcare Trust was established on October 21, 2020 in connection with our initial public offering.

On February 19, 2021, we completed our initial public offering of 36,527,000 units at a price of \$10.00 per unit. Concurrently with our initial public offering, DRI Healthcare, certain of its personnel, certain current and former investors in private funds managed by DRI Healthcare, and certain other investors purchased an aggregate of 3,580,407 units of the Trust by way of private placement at a price of \$9.70 per unit. The combined gross proceeds from our initial public offering and the concurrent private placement were \$400 million, and the total number of units issued was 40,107,407.

Following the closing of the initial public offering and concurrent private placement, we acquired an initial portfolio of royalty assets and certain other net assets held by certain private funds managed by DRI Healthcare, for approximately \$293 million ("**Closing Transactions**"). The royalty assets acquired in the Closing Transactions consisted primarily of a portfolio of 18 royalties derived from the sale of 14 pharmaceutical products focused on eight therapeutic areas. As part of the Closing Transactions, the Trust assumed the outstanding securitization indebtedness associated with certain royalty assets.

Normal Course Issuer Bid

On September 30, 2021, DRI Healthcare Trust was granted approval by the TSX to acquire, from time to time, if considered advisable, up to 1,500,000 of its units for cancellation between October 5, 2021 and October 4, 2022, pursuant to a normal course issuer bid ("**September 2021 NCIB**"). As at December 31, 2021, DRI Healthcare Trust had acquired and cancelled 1,043,070 units at an average price of \$5.25 per unit pursuant to our September 2021 NCIB.

On March 8, 2022, DRI Healthcare Trust received approval from the TSX to increase the total number of its units that could be repurchased under the September 2021 NCIB to 2,500,000 units, representing approximately 7.6% of DRI Healthcare Trust's public float as at September 30, 2021. The effective date of the amendment was March 10, 2022. Between January 1, 2022 and October 4, 2022, DRI Healthcare Trust acquired and cancelled 477,980 units at an average price of \$5.25 per unit pursuant to the September 2021 NCIB. The September 2021 NCIB expired on October 4, 2022.

On November 7, 2022, DRI Healthcare Trust was granted approval by the TSX to acquire, from time to time, if considered advisable, up to 2,493,280 of its units for cancellation between November 14, 2022, and November 13, 2023 ("**November 2022 NCIB**"). Between November 14, 2022 and November 13, 2023, DRI Healthcare Trust acquired and cancelled 1,236,113 units at an average price of \$5.28 per unit pursuant to the November 2022 NCIB.

On November 13, 2023, DRI Healthcare Trust was granted approval by the TSX to acquire, from time to time, if considered advisable, up to 3,280,195 of its units for cancellation between November 20, 2023 and November 19, 2024 ("**November 2023 NCIB**"). As at December 31, 2023, DRI Healthcare Trust has not acquired any units pursuant to the November 2023 NCIB. From September 30, 2021 to December 31, 2023, in aggregate, DRI Healthcare Trust had acquired and cancelled 2,757,163 units at an average price per unit of \$5.26 pursuant to its NCIB plans.

Credit Facility

On October 22, 2021, the Trust entered into a credit agreement ("**credit agreement**") providing for credit facilities comprising (i) a \$175 million senior secured revolving acquisition credit facility ("**acquisition credit facility**") with an initial amount drawn used to repay the balance of its previously outstanding secured notes and the remaining capacity to be used for financing future transactions; and (ii) a \$25 million senior secured revolving working capital facility ("**working capital credit facility**"), the proceeds from which were to be used for general business purposes or to finance future acquisitions. The unused portion of the credit facilities was subject to standby fees of 0.4% to 0.5% based on the Trust's leverage ratio.

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

On March 30, 2023, the Trust entered into an amendment to the amended credit agreement that revised the total credit available to \$225 million under the acquisition credit facility and \$88.8 million under the term credit facility, and certain financial covenants were adjusted to provide greater flexibility (the "**amended credit facility**"). The interest rate was also revised 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 was revised to 0.40% to 0.55% based on our leverage ratio.

On October 31, 2023, the Trust further amended its amended credit agreement to increase the total credit available under its amended credit facility to \$500 million, comprised of (i) a \$375 million acquisition credit facility; (ii) a \$25 million working capital credit facility; and (iii) a \$100 million term credit facility. The maturity date of the amended credit facility was extended from March 30, 2026 to October 31, 2026. The maturity date of the amended credit facility may be extended by one-year increments subject to obtaining approval from the lenders. All other material terms of the amended credit agreement remain unchanged.

Private Placement of Preferred Securities and Warrants

On February 8, 2023, DRI Healthcare Trust completed a private placement of preferred securities and warrants (the "**Private Placement**") to a group of investors. The Private Placement provided gross proceeds to the Trust of \$95 million through the sale of \$95 million principal amount of Series A Preferred Securities and \$19.8 million principal amount of Series B Preferred Securities (collectively, the "**Preferred Securities**"), which are unsecured, subordinated debt securities of DRI Healthcare Trust. The Preferred Securities will initially pay cash interest at a rate of 7.04% per annum on the principal amount of the Preferred Securities, payable semi-annually on June 30 and December 31 of each year. The interest rate on the Series A Preferred Securities will increase to 10% per annum if any of the Series A Preferred Securities are outstanding on January 1, 2028 and will be subject to an annual increase of 1.5% per annum if any of the Series A Preferred Securities remain outstanding on each one year anniversary of such date, up to a specified cap.

The Series A Preferred Securities will mature on February 8, 2023 and the Series B Preferred Securities will mature on December 27, 2027. The Series A Preferred Securities can be redeemed at par, at the option of DRI Healthcare Trust, at any time from and after December 27, 2027. The Preferred Securities will not be redeemable by DRI Healthcare Trust prior to December 27, 2027, except in the event of a change of control of DRI Healthcare Trust, in which case the Preferred Securities will be subject to a mandatory redemption. Other than in the event of a change of control of DRI Healthcare Trust, the Series B Preferred Securities are not redeemable by DRI Healthcare Trust.

In connection with the Private Placement, DRI Healthcare Trust also issued 6,369,180 warrants (the "**Warrants**") to the Private Placement investors. Each whole Warrant entitles the holder thereof to acquire one unit of DRI Healthcare Trust for an exercise price of \$11.62 at any time until the expiry of the Warrant on February 8, 2028. The warrant exercise price represents a 106% premium to the volume weighted average price of DRI Healthcare Trust's units for the 20 trading days ending February 7, 2023. The Warrants are not listed on any stock exchange, although the underlying units of DRI Healthcare Trust issuable pursuant to the Warrants are listed on the TSX.

Follow-on Offerings of Units

On July 19, 2023, DRI Healthcare Trust completed a follow-on public offering of 9,223,000 units at \$8.03 (C\$10.60) per unit, for gross proceeds of \$74.1 million (C\$97.8 million).

On September 20, 2023, DRI Healthcare Trust completed an additional follow-on public offering of 9,430,000 units at \$8.20 (C\$11.00) per unit, for gross proceeds of \$77.4 million (C\$103.7 million). The Trust used the proceeds of the follow-on offerings to fund its royalty transactions and pay down outstanding amounts on its amended credit facility.

Royalty Transactions

CTI Loan Receivable and Vonjo Transactions

On August 25, 2021, the Trust entered into an agreement with CTI BioPharma Corp. ("**CTI**") to provide \$50 million in secured debt to fund the commercialization of pacritinib for the treatment of myelofibrosis patients with severe thrombocytopenia (the "loan receivable"). The loan receivable bore interest at LIBOR plus 8.25%, subject to a LIBOR floor of 1.75% and its maturity date was on August 25, 2026. The Trust was also entitled to receive an exit fee of 2.00% on the principal balance repaid. Interest payments were due on the last business day of the quarter. The entire principal amount of the loan was due on maturity.

On August 25, 2021, concurrent with the secured loan agreement with CTI for the loan receivable, the Trust entered into an agreement with CTI under which the Trust would acquire a tiered royalty on sales of pacritinib for \$60 million upon FDA approval, ("**Vonjo I**").

On February 28, 2022, the FDA approved pacritinib, under the brand name Vonjo, for the treatment of adult myelofibrosis patients with platelets below 50 x 10⁹/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. The FDA approval triggered the funding of the tiered royalty on Vonjo for \$60 million, which occurred on March 7, 2022. In accordance with the terms of the royalty agreement, CTI was also entitled to additional consideration of \$6.5 million in the event that Vonjo sales exceeded certain thresholds on or before March 31, 2023 ("**Net Sales Threshold I**") and an additional \$18.5 million in the event that Vonjo sales exceeded certain thresholds on or before September 30, 2023 ("**Net Sales Threshold II**"). In January 2023, CTI confirmed that Vonjo sales exceeded Net Sales Threshold I. Accordingly, we recognized a royalty asset of \$6.5 million and funded the milestone payment on January 25, 2023. The conditions for Net Sales Threshold II were not met as at September 30, 2023, and no additional milestone payment was made.

In accordance with the terms of the royalty agreement, the Trust is entitled to receive royalties equal to 9.60% on the first \$125 million of annual net sales in the United States, 4.50% on annual net sales in the United States between \$125 million and \$175 million, 0.50% on annual net sales in the United States between \$175 million and \$400 million and will have no entitlement to royalties on annual net sales in the United States exceeding \$400 million. Royalties are collected on a one-quarter lag.

On June 26, 2023, Swedish Orphan Biovitrum AB ("**Sobi**") announced that it had acquired CTI, resulting in Sobi becoming the primary marketer of Vonjo. As a result of Sobi's acquisition, CTI was required to prepay the \$50 million loan receivable in full. CTI prepaid all amounts outstanding under the loan agreement, resulting in a prepayment of \$54.8 million, which included \$50 million for the principal balance outstanding, \$1 million for exit fees, \$1.6 million for accrued interest and \$2.2 million for prepayment premiums. As a result of the prepayment, the loan agreement evidencing the loan receivable was terminated. We maintain our royalty investment in Vonjo I pursuant to the purchase and sale agreement described above.

On July 7, 2023, we bought an additional royalty stream on Vonjo for \$66 million ("**Vonjo II**"). 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.

Oracea Transaction

On September 30, 2021, the Trust bought royalties on the sales of Oracea for \$50.5 million. As part of the transaction, the Trust acquired interests in two additional royalty assets which are not expected to make a material contribution to the Trust's royalty income.

Oracea (doxycycline) is a prescription therapy indicated for the treatment of inflammatory lesions (papules and pustules) of rosacea in adult patients. Marketed by Galderma Laboratories, Inc., a subsidiary of Galderma S.A. ("**Galderma**"), sales of Oracea commenced in 2006 upon its approval by the FDA. The royalty entitlement associated with Oracea is on the worldwide sales of Oracea and is expected to expire in the first quarter of 2028. Royalties related to Oracea are collected on a one-quarter lag.

Empaveli/Syfovre Transactions

On July 20, 2022, we bought royalties on the sales of Empaveli (pegcetacoplan) for \$24.5 million. The transaction entitles us to a less than 1% royalty on the worldwide net sales of Empaveli, subject to a cap at net sales of \$500 million in each calendar year. We will not be entitled to any royalty above the cap. As part of the transaction, we had an option to increase the annual sales cap to \$1.1 billion in return for a one-time payment of \$21 million. We did not exercise this option prior to its expiry in June 2023. We are entitled to receive quarterly royalty payments in respect of net sales of all formulations of pegcetacoplan commencing January 1, 2022 to be paid on a three-quarter lag. We received our first payment in the fourth quarter of 2022. The Trust's royalty entitlement will step down on the expiry of the relevant patents in each jurisdiction.

Empaveli is the active molecule in 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. It is marketed in the United States by Apellis Pharmaceuticals Inc. ("**Apellis**") and outside the United States, including the European Union, by Sobi, where it is marketed under the brand name Aspaveli.

On February 17, 2023, the FDA approved Syfovre (pegcetacoplan injection) as the first and only treatment of geographic atrophy. Pegcetacoplan is also in development for additional pipeline indications including cold agglutinin disease and C3 glomerulopathy.

On April 3, 2023, we bought an additional royalty stream on Empaveli/Syfovre (pegcetacoplan) for \$3.7 million. 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. Our royalty entitlement will step down upon the expiry of the relevant patents in each jurisdiction. In accordance with the royalty agreement, an additional payment of \$4 million may be paid if worldwide net sales exceed certain thresholds.

Zejula Transaction

On September 9, 2022, we bought royalties on the sales of Zejula (niraparib) for \$35 million. The transaction entitles the Trust to a net 0.5% royalty on worldwide net sales of Zejula by GSK plc ("**GSK**"). The transaction entitles us to receive quarterly royalty payments on a one-quarter lag based on sales beginning July 1, 2022, and we received our first payment in the fourth quarter of 2022.

In accordance with the terms of the royalty agreement, the Trust is required to make a milestone payment of \$10 million if Zejula is approved by the FDA for the treatment of endometrial cancer on or before December 31, 2025.

Zejula is approved by both the FDA and the EMA as a treatment for both first-line and recurrent ovarian cancer. Additional indications in development include endometrial cancer, non-small cell lung cancer, as well as metastatic castrate-sensitive prostate cancer. In February 2023, Zejula was approved by the EMA in combination with Zytiga (abiraterone-acetate), in the form of a dual action tablet, plus prednisolone, for the treatment of metastatic castration-resistant prostate cancer and breast cancer gene mutations (germline and/or somatic) in whom chemotherapy is not clinically indicated.

Omidria Transactions

On September 30, 2022, the Trust bought royalties on the sales of Omidria for \$125 million. In accordance with the terms of the royalty agreement, the Trust is entitled to receive royalties subject to annual caps. Royalties are collected on a monthly basis. The details of the annual royalty caps are presented below:

	Annual Royalty Cap (\$000's)
September 1, 2022 to December 31, 2022	\$1,670
2023	\$13,000
2024	\$20,000
2025	\$25,000
2026	\$25,000
2027	\$25,000
2028	\$25,000
2029	\$26,250
2030	\$27,500

Omidria was approved by the FDA in May 2014 and the 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 by Rayner Surgical Inc. ("**Rayner Surgical**").

On February 1, 2024, we amended our existing royalty agreement on Omidria to expand our royalty interest on the sales of Omidria for \$115 million. As a result of the amendment, we are now entitled to receive a 30% royalty on U.S. 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 on sales of Omidria. In accordance with the terms of the amended royalty agreement, the royalty seller may also be entitled to additional considerations of up to \$55 million if Omidria sales exceed certain thresholds within a predefined period of time.

Xenpozyme Transaction

On November 25, 2022, we bought royalties on the sales of Xenpozyme (olipudase alfa) for \$30 million. The transaction entitles us to royalties equal to approximately 1% of worldwide net sales of Xenpozyme. We are entitled to receive semi-annual royalty payments in respect of net sales of Xenpozyme commencing on the transaction date on a two-quarter lag from the respective half-year period. For sales made in the first and second quarters of a year, the Trust expects to receive its royalty payment in the fourth quarter of that year. For sales made in the third and fourth quarters of the year, the Trust expects to receive its royalty payment in the second quarter of the following year. We received the first royalty payment in the third quarter of 2023 related to sales for the second half of 2021 and all of 2022. The royalty payment related to sales for the first half of 2023 was received in the fourth quarter of 2023.

In accordance with the terms of the royalty agreement, the royalty seller may also be entitled to additional consideration of up to \$26.5 million in the event that cumulative royalties received by the Trust on Xenpozyme sales exceed certain thresholds within a predefined period of time.

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, in pediatric and adult patients. ASMD is an extremely rare, progressive genetic disease with significant morbidity and mortality, especially among infants and children. Current management of the disease includes palliative and supportive care to manage the symptoms. 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 S.A. ("**Sanofi**").

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 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.

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 all of our obligations to Sanofi, including our obligation to pay up to \$100 million in milestone payments to the extent the pre-specified events and thresholds are met.

Orserdu Transactions

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.

In accordance with the terms of the royalty agreement, we are also entitled to receive up to \$55 million in 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. Orserdu is patent protected up to January 2038. Orserdu was discovered by Eisai Co., Ltd ("Eisai") and is marketed by Menarini Group ("**Menarini**").

On August 14, 2023, we bought an additional royalty stream on Orserdu for \$130 million ("**Orserdu II**"). 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.

In accordance with the royalty agreement, we are also entitled to receive up to \$40 million in milestone royalty payments on the achievement of sales performance thresholds. Upon the occurrence of pre-specified events, we are obligated to pay a \$10 million milestone to the royalty seller.

Current Discussions Regarding Potential Transactions

Consistent with our past practices and in the normal course of business, we are regularly engaged in discussions with respect to possible royalty transactions. There can be no assurance that any of these discussions will result in a definitive agreement and, if they do, what the terms or timing of any transaction would be. We expect to continue current discussions and actively pursue other transaction opportunities.

DESCRIPTION OF THE 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 30-year 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 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.

Since 2016, the Trust or its predecessor funds have purchased 74 royalty streams on 48 products for \$3.0 billion.

We have a portfolio that currently consists of 26 royalty streams on 20 products that treat conditions in a number of therapeutic areas, including oncology, neurology, ophthalmology, hematology, dermatology, lysosomal storage disorders, immunology and influenza. Our products are marketed by leading global pharmaceutical and biotechnology companies, including Apellis, AstraZeneca PLC ("**AstraZeneca**"), Biogen Inc. ("**Biogen**"), GSK, Galderma, Johnson & Johnson Services, Inc ("**Johnson & Johnson**"), Menarini, Novartis AG ("**Novartis**"), Rayner Surgical, Regeneron Pharmaceuticals Inc. ("**Regeneron**"), Hoffman-La Roche AG ("**Roche**"), Sanofi and Sobi. In addition to our royalties, we also provided a secured loan to CTI as part of the transaction to acquire a royalty on Vonjo. 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. In 2022, five of the products underlying our royalty stream portfolio generated global sales of more than \$1 billion each, with one of those therapies generating more than \$5 billion in global sales.

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 over the last 34 years. These include the specialized expertise of its team members, its access to data and information through its proprietary tools and know-how, and its leadership and reputation in the industry

As one of the most experienced players in our industry, we believe we have a number of advantages that are hard to replicate. One of these advantages is our manager's proprietary database that we use to source transactions. This database tracks over 7,500 royalties on over 2,500 drugs worldwide. Another advantage is the deep relationships we have developed in our industry. Since the Trust's initial public offering through to February 28, 2024, the Trust has deployed \$881 million in 12 transactions to acquire royalties on 11 products and entered into the loan receivable. In connection with these transactions, there is potential further deployment of up to \$106 million in milestone obligations.

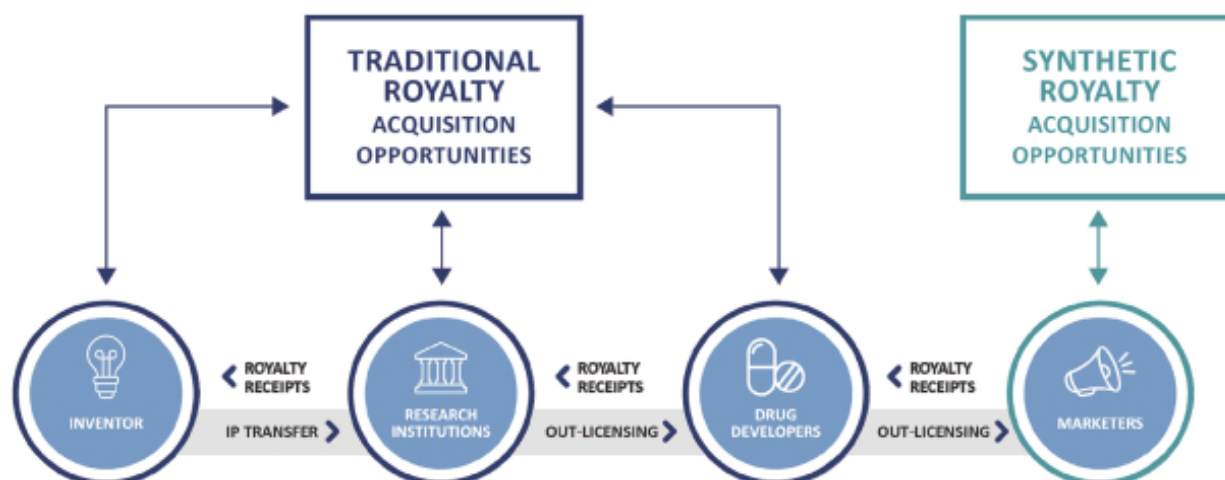
The global pharmaceutical industry has a number of compelling growth drivers. Population growth, an aging population and new therapeutic treatments have fueled global prescription pharmaceutical sales. A key catalyst to growth is the acceleration in medical research, which has advanced treatments across a range of therapeutic areas from oncology to rare diseases. Worldwide pharmaceutical R&D expenditures are growing, and we believe this is a result of the pace of innovation and increasing treatment complexity. We believe the combination of the growth in R&D expenditures, a fragmented development chain and increased R&D outsourcing by large drug manufacturers will continue to create royalty acquisition opportunities in the future.

We believe our manager's experience and deep industry relationships position us to capitalize on the rapid growth and increasing innovation in the pharmaceutical industry.

Pharmaceutical Royalty Investing

Rising costs and increasing complexity of scientific advancement and drug development have resulted in a broader range of participants being involved in the creation of new drugs. Inventors, academic and other research institutions conduct basic research and license technologies or product candidates to other industry participants for further development. Biotechnology companies typically in-license these new technologies or product candidates, add value through further research and clinical development and then either out-license the resulting product candidates to larger biopharmaceutical companies for later-stage clinical development and commercialization or advance clinical development and commercialization themselves. Pharmaceutical royalties, which we also refer to as royalty streams, can be created at various stages in the product development process, resulting in various acquisition opportunities for royalty investors. We believe the continued pace of biopharmaceutical innovation coupled with the increasing cost of drug development provides a sustainable tailwind for our business.

Illustrative Pharmaceutical Royalty Value Chain



There are two main types of pharmaceutical royalty transactions: “traditional” royalties and “synthetic” royalties.

A typical licensing transaction involves granting rights to use intellectual property or know how created by an inventor, academic institution, or drug developer to develop and commercialize a product in exchange for upfront cash payments, royalties or other economic consideration. The amount of royalties payable under such a license agreement is typically a percentage of the top-line sales of the relevant product. Traditional royalty investing involves a purchaser paying an initial purchase price to the licensor of intellectual property or know-how in return for the purchaser being entitled to receive some or all of the royalties to which the licensor is entitled under the license agreement.

Synthetic royalty transactions involve the creation of a new royalty stream in which the purchaser contracts directly with the marketer to receive a portion of top-line product sales in exchange for providing funding. As biotechnology companies continue to conduct their own R&D to bring internally developed technologies to market, synthetic royalties have become an increasingly important tool for these companies to finance ongoing capital requirements through non-dilutive means.

Royalties are typically finite life assets that expire based on either patent expiry dates (including patent extensions) or on structural elements, such as caps that limit the amount of royalties that can be collected after product sales or cash royalty receipts reach a pre-determined level. Royalty acquisition structures can be tailored to the requirements of the royalty vendor and to provide the purchaser various protections. These structures can include payments to vendors at specified product sales thresholds or upon certain product events, such as the approval of the product for a new indication or other key attribute or launch of the product in a new geography. Acquisition structures can also include other bespoke elements unique to the specific expectations of the product.

Our Manager

DRI Healthcare benefits from a highly experienced, skilled team of professionals whose work is complemented by the input of external advisors. DRI Healthcare seeks to attract professionals and advisors who have tenure in and exposure to the pharmaceutical and biotechnology industries. Individuals on the team have developed expertise in the clinical, commercial, financial and legal aspects of the global pharmaceutical and biotechnology industries. In addition, DRI Healthcare benefits from an experienced team of accounting, human resources, information technology, investor relations, and legal professionals.

DRI Healthcare’s management team includes individuals with extensive history in the financial, legal and pharmaceutical and biotechnology industries. DRI Healthcare’s key senior management team members are Behzad Khosrowshahi, Chris Anastasopoulos, Ali Hedayat, Navin Jacob, Babak Farahmand and David Plow. See “Trustees and Executive Officers”.

DRI Healthcare employees currently devote substantially all of their time working for the benefit of the Trust as our manager.

Investment Highlights

Growth strategy supported by strong pipeline and DRI Healthcare’s origination capabilities

We focus on leveraging DRI Healthcare’s experience, expertise and well-established industry relationships to support the replenishment and growth of our portfolio of pharmaceutical royalties. DRI Healthcare has demonstrated a consistent ability to identify and acquire royalty streams, having overseen the deployment of \$3.0 billion of capital in 74 royalty streams on 48 products since 2006. Managed by DRI Healthcare, our disciplined investment strategy is

predicated on active sourcing of royalties on medically necessary products that effectively treat chronic and critical illnesses, that benefit from strong intellectual property and/or regulatory protection, and are marketed by leading biopharmaceutical companies.

Our target is to complete \$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, through the prudent use of leverage and offerings of our units. We seek to acquire traditional royalties on existing products and technologies and to create and acquire synthetic royalties through direct collaboration with industry participants. We also selectively deploy capital through lending arrangements and other instruments backed by pharmaceutical products and companies.

Our growth strategy is supported by a network of relationships with a variety of royalty sellers, including corporations, academic institutions and individual innovators. This network allows DRI Healthcare to source proprietary royalty acquisition opportunities that are not broadly marketed. DRI Healthcare has a team dedicated to reviewing royalty acquisition opportunities.

A trusted partner in the global pharmaceutical royalty sector focused on small to medium-sized growth transactions

Since the founding of its predecessor business in 1989, DRI Healthcare has become a global leader in pharmaceutical royalty acquisitions. DRI Healthcare has decades of experience and is led by a seasoned management team with subject matter expertise and deep industry relationships that span geographies, indications and therapeutic areas, to identify, evaluate and acquire royalties.

Our manager's professionals, many of whom have scientific research or pharmaceutical backgrounds, have the expertise to perform diligence across many therapeutic areas and the transaction experience and reputation to negotiate mutually beneficial royalty structures. DRI Healthcare's industry tenure has also enabled it to identify owners of existing royalties and build an active sourcing model that combines deep global networks of inventors, corporations, academics and research institutions with a proprietary database of more than 7,500 known or potential royalties on over 2,500 individual drugs. The royalties that we have acquired have been sourced from relationships that span the universe of royalty holders.

Direct exposure to the fast-growing global pharmaceutical industry

We believe that global prescription pharmaceutical sales will continue to grow. Multiple drivers are believed to be fueling this growth, including population growth, an aging population, increasing life expectancy, new therapeutic treatment modalities and continued investment in medical research.

Royalties play an important role in the pharmaceutical industry and are often created through the development of pharmaceutical treatments and breakthrough therapies. Worldwide investment in pharmaceutical R&D is increasing. We believe this is being driven by the pace of innovation, increasing treatment complexity and the increasing cost of drug development.

We believe that increases in R&D investment, combined with increased outsourcing of R&D expenditures by large drug manufacturers and the contributions of smaller organizations such as academic institutions, non-profit organizations and smaller biotechnology companies, will expand pharmaceutical royalty investment opportunities across a broad range of innovators as they continue to advance the science of pharmaceuticals.

Attractive business model with less susceptibility to traditional pharmaceutical and macroeconomic risks

Pharmaceutical spending in the United States has consistently grown over the past two decades and has demonstrated less susceptibility to some of the macroeconomic trends that have impacted more traditional asset classes, such as the broader equity market.

Pharmaceutical royalties represent direct investments in pharmaceutical sales with less exposure to many of the traditional risks associated with the pharmaceutical industry, including clinical development, a focus on core therapeutic areas due to R&D and salesforce limitations, product commercialization risks, including limitations on product and geographical diversity and being subject to intense regulatory processes and development timelines, expenses relating to R&D, manufacturing, sales and marketing and potential liability risks. Pharmaceutical royalties entitle us to a portion of the top line sales of underlying products. Royalty investing also provides very limited exposure to product liability. Medically necessary products are generally demand inelastic, meaning that they are less sensitive to price changes than other products.

Our royalty assets consist of royalties on established, medically necessary products with intellectual property and/or regulatory protection that are backed by leading marketers and require no investments from our manager or us in R&D, manufacturing or marketing. We intend to build and diversify this portfolio and intend to optimize it to address our investment criteria and growth plans. We believe that royalty investing provides us with an opportunity to generate compounding cash flows by allowing us to reinvest royalty income into new royalties, which can be enhanced through financial leverage. Unlike the pharmaceutical industry, royalty investing provides us with the ability to be adaptive and without the burden of significant long-term capital obligations.

The Trust's business model has demonstrated resilience and neither its business nor its operations were materially impacted by the COVID-19 pandemic. Similarly, we believe that the COVID-19 pandemic did not materially impact the performance of our royalty assets.

Our business model operates with low overhead and requires limited ongoing capital expenditures, selling, general and administrative expenses, and modest infrastructure to support growth.

Robust cash flows from high-quality, long-duration diversified pharmaceutical royalty portfolio

Our objective is to provide unitholders with attractive growth and sustainability in cash receipts from royalty assets over the long term.

Our royalty assets generate significant cash flow on a diversified basis. As we continue to build our portfolio of royalty assets through acquisition, we expect to continue this diversification.

As at December 31, 2023, our royalty portfolio has a weighted average duration of more than 10 years. This long-duration characteristic provides stability and longevity to our cash flow profile, and our target is to increase this duration through the acquisition of additional royalty assets with the goal of providing for continued sustainability of our cash flows.

Competitive Strengths

Operating within an attractive market niche

We believe the Trust is one of a few acquirers that focuses on and has the depth of experience to successfully complete small to medium-sized growth-oriented royalty monetization transactions. Our focused strategy does not compete directly with the large-cap public investors, institutional asset managers or public pension plans who typically require larger investment sizes and for whom smaller investments may be out of scope.

We believe there are high barriers to entry for new competitors in the segment of the pharmaceutical royalty market in which our manager carries on business, given the capabilities, expertise and experience necessary to successfully assess and negotiate a royalty opportunity as well as the limited available public documentation on royalty ownership. We believe that our competitive positioning along with our manager's broad relationships and track record allows for repeatable transaction sourcing and execution that is not easily replicated by competitors.

Ability to offer flexible transaction structures and certainty of closing to meet the needs of royalty sellers

Royalty sellers often have a number of defined objectives with respect to transaction structure, timing and certainty of close. We seek to drive mutually beneficial outcomes through creative structures that may include royalties within specific geographies, performance thresholds, milestone payments and other bespoke payment arrangements. Our ability to offer bespoke payment arrangements has been characterized by the use of the accelerated royalty transaction structure that was used to acquire Ilaris, Simponi and Stelara. This structure allowed the royalty vendor to receive payments over a time period that matched their capital requirements. We have flexibility to structure transactions through a variety of means including traditional royalties, synthetic royalties, debt collateralized by royalties or other instruments that are based on the achievement of financial or development targets across both human and animal life sciences. We take an agnostic approach to therapeutic areas, treatment modalities and technologies, which offers us access to broad opportunities that will be evaluated against our investment criteria. When opportunities meet our investment criteria, our manager's nimble investment team and access to capital enable us to close on transactions efficiently. In the Vonjo I transaction, provided our counterparty immediate capital to prepare for the launch of Vonjo in anticipation of FDA approval, in a manner that provided a measure of downside protection from the Trust's perspective, while also securing an attractive royalty.

Differentiated sourcing model resulting in the identification of attractive opportunities on high-quality assets with a compelling value proposition

Our manager has developed a systematic and repeatable approach to transaction sourcing that is built on a foundation of deep industry knowledge and relationships. Royalty holdings and corresponding transactions are frequently undisclosed and are often connected through a private network of buyers and sellers. This makes it difficult to track potential opportunities and requires a history of investigative work to identify and source potential transactions. Our manager has built a proprietary database through monitoring of innovators, treatments and development processes that is used to source transactions. This database tracks over 7,500 royalties on over 2,500 drugs worldwide. This database allows for an early approach and cultivation of relationships with royalty holders in advance of a potential monetization event, while remaining agnostic to therapeutic area. As a result, we have access to a strong funnel of opportunities in non-competitive or low competition processes which often allows our manager to seek out best-in-class assets, avoid broker-led auctions and drive acquisitions of attractive royalty streams to replenish and grow our portfolio.

Longstanding buyer in pharmaceutical royalties with a well-established network of partners

We believe our manager's reputation enables us to maintain a key advantage in sourcing and executing royalty acquisitions to replenish and grow our portfolio. Our manager has a long and proven track record of identifying, structuring and negotiating royalty acquisitions that provide mutually beneficial outcomes to the royalty vendor and royalty buyer. DRI Healthcare has arranged for the purchase of multiple royalty streams that have resulted in positive outcomes for vendors, enabling those vendors to achieve asset diversification, fund their philanthropic goals or

complete large capital projects. In addition, DRI Healthcare’s track record and reputation provide vendors with a high degree of transaction certainty.

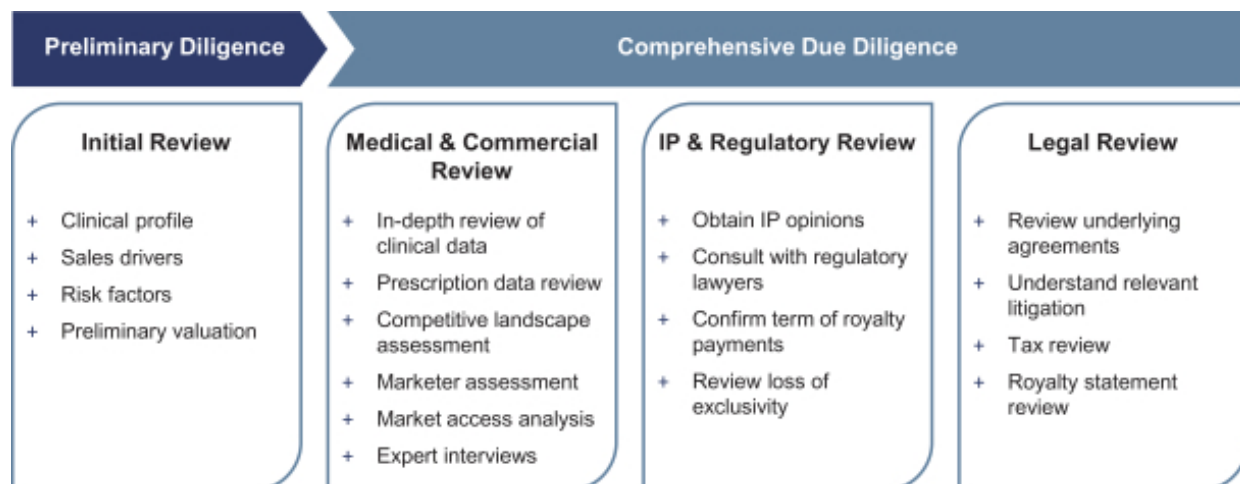
DRI Healthcare has strong credibility within the pharmaceutical royalty industry, stemming from its deep, specialized expertise and capabilities that span indications, therapeutic areas and geographies. This has enabled our manager to complete multiple repeat transactions with a single or related counterparty. For example, DRI Healthcare completed two transactions with a single academic institution over a three-year period, three transactions with a single inventor over a 10-year period and multiple transactions with a single corporate seller covering a range of products. Our manager’s strong relationships and demonstrated history of positive experience with counterparties has enabled DRI Healthcare to broaden its relationship network and complete subsequent transactions with other connected parties.

Capabilities to quickly identify, evaluate and execute prospective transactions

Our manager possesses significant transaction execution experience as well as deep industry knowledge. Through the evaluation of hundreds of potential royalty transactions, DRI Healthcare has established and refined its internal processes to allow for a rapid and well-informed evaluation of the merits and considerations of a potential transaction, supporting an expedited path to close. Transactions are evaluated through a rigorous process comprised of a comprehensive review of scientific, financial, intellectual property, regulatory and legal considerations. DRI Healthcare’s due diligence process leverages extensive internal experience, proprietary data sources, historical analyses and external support when necessary, with a focus on generating stable growth in cash flows. We believe our manager’s depth of expertise and comprehensive review process will allow us to identify opportunities with upside or potential risks that others may not uncover.

As a result of our manager’s experience, we benefit from significant product and therapeutic area expertise, including an understanding of patient and physician preferences, treatment regimens, competitive environments, pricing and reimbursement and other matters that impact the commercial success of a drug. In the past, DRI Healthcare has applied this knowledge to either complete multiple acquisitions within similar indications or to enter into multiple transactions for a single product. For example, DRI Healthcare acquired multiple royalties on blockbuster products that are used for the treatment of autoimmune diseases such as rheumatoid arthritis, psoriasis and psoriatic arthritis including Remicade, Enbrel, Simponi and Stelara. Our manager has also leveraged product expertise to acquire multiple royalty streams on a single product, including the acquisition of two separate royalty entitlements on Eylea, Vonjo and Orserdu. We expect to continue to apply our manager’s experience to seek out opportunities in therapeutic areas and specific products where we possess a deep understanding that puts us in an advantageous position to replenish and grow our portfolio.

DUE DILIGENCE PROCESS



Growth Strategy

We intend to grow our business by focusing on the acquisition of medically necessary products with long term patent and/or regulatory protection and growth potential. Based on our manager's track record and strong acquisition pipeline, we see significant opportunities to acquire traditional pharmaceutical royalties and to create new, synthetic royalty streams. Overall, 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, through the prudent use of leverage and offerings of our Units. Since our initial public offering in 2021, we have deployed \$881 million in 12 royalty transactions relating to 11 products and entered into a loan receivable transaction. In connection with these transactions, there is potential further deployment of up to \$106 million in milestone obligations. The key elements of our strategy are outlined below.

Acquire additional royalties in target segments

The pharmaceutical industry is experiencing strong growth driven by a rapid pace of innovation, as evidenced by accelerating FDA drug approvals, new technology and increasing treatment complexity. As a result of these trends, combined with the increasing cost of development, we expect an increasing number of royalty acquisition opportunities. Our strategy is focused on the acquisition of royalty streams, based on the sales of drugs, therapeutics, devices, diagnostics and other life sciences technologies that are:

- 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.

Through our manager's deep market relationships and unique sourcing ability, we seek to acquire royalties on products that generate stable and predictable sales with growth potential, such as products with the potential for approvals for new indications and/or new geographies. This strategy includes acquiring traditional royalties on existing products and technologies as well as direct collaboration with marketers to create and acquire synthetic royalties on their existing products and technologies.

Selectively pursue pre-approval product transactions

We may supplement our portfolio of royalties on approved and commercialized products with the acquisition of royalties on selected products that have not yet been granted regulatory approval in any major markets. We employ a highly selective approach in therapeutic areas where our manager has the depth of knowledge required to minimize risk. We focus on products that are in the late-stages and demonstrating promising results in clinical development, are connected to established marketers and offer the potential to generate attractive risk-adjusted returns. We may structure these transactions in a number of forms, including monetization of an existing traditional royalty or providing capital in exchange for a synthetic royalty on future product sales. In 2021, we completed the Vonjo I transaction, which included a pre-approval loan financing with the agreement to purchase a royalty on Vonjo upon its approval by the FDA.

Broad access to capital enhances our ability to execute our growth strategy

We believe we are well capitalized to execute on our growth strategy and expect to have access to a number of capital sources including: (i) internally generated cash flow; (ii) debt and other financing; (iii) the issuance of Trust units to royalty sellers; and (iv) follow-on public offerings.

The acquisition of pharmaceutical royalties can be financed through a variety of forms of debt, including bank debt, term loans, corporate bonds, single asset securitizations and pooled securitizations.

OUR PORTFOLIO

Royalty Assets

As at December 31, 2023, our portfolio of royalty assets consisted of 26 royalty streams on 20 products that treat conditions in a number of therapeutic areas, such as oncology, neurology, ophthalmology, endocrinology, hematology, dermatology, lysosomal storage disorders, immunology and influenza.

The table below provides an overview of our royalty assets as at December 31, 2023, 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.

Royalty Asset	Therapeutic Area	Primary Marketer(s)	FDA Approval Date	Expected Royalty Expiry ⁽ⁱ⁾
Empaveli/Syfovre ^{(ii),(iii)}	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
FluMist	Influenza	AstraZeneca	June 2003	Q4 2023
Ilaris ^(iv)	Immunology	Novartis	June 2009	Q1 2025
Natpara	Endocrinology	Takeda	January 2015	Q3 2025
Omidria	Ophthalmology	Rayner Surgical	May 2014	Q4 2030
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 ^(iv)	Immunology	Johnson & Johnson, Merck, Mitsubishi Tanabe	April 2009	Q1 2025
Spinraza	Neurology	Biogen	December 2016	Q3 2031
Stelara ^(iv)	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
Xenpозyme	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 2021 ^(v)	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) 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.
- (iii) Empaveli/Syfovre include two royalty streams on each product held directly.
- (iv) Stelara, Simponi and Ilaris include two royalty streams on each product, for a total of six royalty streams held directly and indirectly.
- (v) Represents the European Commission approval date.

Products

Our royalty assets at the date of this AIF include the following royalty assets:

Empaveli/Syfovre

Empaveli (pegcetacoplan) is the active molecule in 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. 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.

On July 20, 2022, we bought royalties on the sales of Empaveli which entitles us to a less than 1% royalty on worldwide net sales, subject to a cap at net sales of \$500 million in each calendar year. We will not be entitled to any royalty above the cap. As part of the transaction, we had an option to increase the annual sales cap to \$1.1 billion in return for a one-time payment of \$21 million. We did not exercise this option prior to its expiry in June 2023.

On February 17, 2023, the FDA approved Syfovre (pegcetacoplan injection) as the first and only treatment of geographic atrophy. Pegcetacoplan is also in development for additional pipeline indications including cold agglutinin disease and C3 glomerulopathy. Royalties are collected on a three-quarter lag basis and are expected to expire in the first quarter of 2033 in the United States and in the fourth quarter of 2031 in the European Union.

On April 3, 2023, we bought an additional royalty stream on Empaveli/Syfovre which entitles us to an additional fractional percentage of worldwide net sales of pegcetacoplan from July 1, 2022. We are entitled to receive quarterly royalty payments in respect of net sales of all formulations of pegcetacoplan, to be paid on a three-quarter lag. Our royalty entitlement will step down upon the expiry of the relevant patents in each jurisdiction.

Eylea

Eylea (afibercept) is a vascular endothelial growth factor inhibitor initially indicated for the treatment of neovascular wet age-related macular degeneration. Eylea was approved in 2011 and we hold two separate royalties on its worldwide sales, which we refer to as Eylea I and Eylea II. Subsequent to the acquisition of Eylea I, Eylea was approved for the treatment of macular edema following retinal vein occlusion and diabetic macular edema in 2014. Eylea was also approved for the treatment of diabetic retinopathy in 2015, subsequent to our acquisition of Eylea II. Eylea is marketed by Regeneron in the United States, Bayer AG ("**Bayer**") outside of the United States and co-promoted by Santen Pharmaceutical Co., Ltd. ("**Santen**") in Japan.

Our royalty entitlements on each of Eylea I and Eylea II were initially below one-quarter percent on worldwide sales. For Eylea I, the royalty rate effectively stepped down by 60% in the first quarter of 2022. For Eylea II, the royalty rate effectively stepped down by 80% in the first quarter of 2023. Royalties are collected on a one-quarter lag basis and are expected to expire in the first quarter of 2027.

FluMist

FluMist is a live attenuated influenza virus vaccine that is indicated for active immunization for the prevention of influenza disease caused by influenza A subtype viruses and type B viruses. FluMist was approved in 2003 and certain of the DRI Capital Funds acquired a royalty on its worldwide sales in 2007. FluMist is marketed worldwide by AstraZeneca.

Our royalty entitlement represents a low-single digit percentage payable on worldwide sales of FluMist. Royalties are collected on a one-quarter lag basis and expired in the fourth quarter of 2023 worldwide.

Ilaris

Ilaris (canakinumab) is an interleukin-1 β blocker that was initially indicated for Cryopyrin-Associated Periodic Syndromes treatment in 2009. Subsequent to our acquisition of the royalties in 2012, Ilaris was approved for new indications including Systemic Juvenile Idiopathic Arthritis in 2013, Tumor Necrosis Factor Receptor Associated Periodic Syndrome, Hyperimmunoglobulin D Syndrome / Mevalonate Kinase Deficiency and Familial Mediterranean Fever in 2016 and active Still's disease in 2020. Ilaris is marketed globally by Novartis.

The royalties on the sales for Ilaris were purchased in 2012 and are collected on a one-quarter lag basis. Royalties on Ilaris expired in the principal geographies in 2019.

Natpara

Natpara (parathyroid hormone) is indicated as an adjunct to calcium and vitamin D to control hypocalcemia in patients with hypoparathyroidism. Certain of the DRI Capital Funds originally acquired a royalty on the European sales of Preatact (parathyroid hormone) in 2007. Preatact was voluntarily withdrawn from the market in 2014 and the compound was redeveloped and commercialized for its current indication under the Natpara brand in 2015. Natpara is globally marketed by a subsidiary of Takeda Pharmaceutical Company Limited ("**Takeda**").

Under the terms of the Natpara agreement, royalties are payable on the worldwide sales of the product; however, we believe the U.S. market represents the majority of product sales.

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 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 Natpara globally at the end of 2024 due to unresolved manufacturing issues related to protein particle formation that is unique to Natpara. 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. Takeda will provide updates before the manufacturing end date and ahead of any potential supply interruptions.

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

We continue to earn royalty income on European and rest of the world sales on Natpara and we expect that this will continue past Takeda's planned end of manufacturing at the end of 2024 to account for residual inventory depletion.

Omidria

Omidria was approved by the FDA in May 2014 and the 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. We bought royalties on the sales of Omidria in September 2022 for \$125 million, where we were entitled to receive royalties until the fourth quarter of 2030, subject to annual caps, collected on a monthly basis. The annual royalty caps are presented below:

	Annual Royalty Cap (\$000's)
September 1, 2022 to December 31, 2022	\$1,670
2023	\$13,000
2024	\$20,000
2025	\$25,000
2026	\$25,000
2027	\$25,000
2028	\$25,000
2029	\$26,250
2030	\$27,500

On February 1, 2024, we expanded our royalty interest for \$115 million by amending our existing Omidria royalty agreement. As a result of the amendment, we are now entitled to receive a 30% royalty on U.S. net sales of Omidria until December 31, 2031, and all the previously agreed-upon annual royalty caps, as detailed above, have been eliminated. As part of the amendment, we are no longer entitled to ex-U.S. royalties on the sales of Omidria

Oracea

On September 30, 2021, we bought royalties on the sales of Oracea (doxycycline) which is a prescription therapy indicated for the treatment of inflammatory lesions (papules and pustules) of rosacea in adult patients. Marketed by Galderma, sales of Oracea commenced in 2006 upon its approval by the FDA. The royalty entitlement associated with Oracea is on the worldwide sales of Oracea and is expected to expire in the first quarter of 2028. Royalties related to Oracea are collected on a one quarter lag. In accordance with the terms of the transaction, we are entitled to the royalties earned from April 1, 2021 and beyond.

Orserdu

Orserdu (elacestrant) 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. Orserdu is patent protected up to January 2038. Orserdu was discovered by Eisai, and is marketed by Menarini. We hold two separate royalties on its worldwide sales, which we refer to as Orserdu I and Orserdu II.

On June 29, 2023, we bought royalties on the sales of Orserdu ("**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.

On August 14, 2023, we bought an additional royalty stream on Orserdu (“**Orserdu II**”). 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.

Rydapt

Rydapt (midostaurin) is a kinase inhibitor indicated for the treatment of patients with newly diagnosed advanced myeloid leukemia under certain mutations, aggressive systemic mastocytosis, systemic mastocytosis with associated hematological neoplasm or mast cell leukemia. Rydapt was approved in 2017 and certain of the DRI Capital Funds acquired royalties on its worldwide sales in 2018. Rydapt is marketed worldwide by Novartis.

Our royalty entitlement represents a low-single digit percentage payable on worldwide sales of Rydapt. In 2022, a royalty-bearing patent relating to Rydapt was selected for supplementary protection certificate across Germany, Great Britain, Spain and France. This patent adds an additional five years to the royalty term within these geographies. Royalties are expected to expire on sales in the United States in the first quarter of 2025 and outside the United States in the first quarter of 2028. Royalties are collected on a one-quarter lag basis.

Simponi

Simponi (golimumab) is a tumor necrosis factor blocker that was initially indicated for the treatment of adult patients with moderate to severe active rheumatoid arthritis, psoriatic arthritis and ankylosing spondylitis in 2009. Subsequent to our acquisition of the royalties in 2012, Simponi was approved for ulcerative colitis in 2013. Simponi is marketed in the United States by Johnson & Johnson, marketed in Europe by Merck & Co., Inc. (“**Merck**”) and is co-promoted in Japan by Mitsubishi Tanabe Pharma Corporation (“**Mitsubishi Tanabe**”).

The royalty for Simponi was purchased in 2012 and are collected on a one-quarter lag basis. Royalties on Simponi expired in the principal geographies in 2019.

Spinraza

Spinraza (nusinersen) is a survival motor neuron-2-directed antisense oligonucleotide treatment for spinal muscular atrophy. Spinraza was approved in 2016 and certain of the DRI Capital Funds acquired a royalty on its worldwide sales in 2018. Spinraza is marketed worldwide by Biogen.

Our royalty entitlement represents a low-single digit percentage payable on the worldwide sales of Spinraza. Our entitlement is subject to step-downs if royalties exceed a specified annual threshold which has not been exceeded to date. We currently expect our entitlement to expire in the third quarter of 2030 in the United States and in the third quarter of 2031 outside of the United States. Royalties are collected on a one-quarter lag basis.

Stelara

Stelara (ustekinumab) is a human interleukin-12 and -23 antagonist that was initially indicated for the treatment of adult patients with moderate to severe plaque psoriasis in 2009. Subsequent to certain of the DRI Capital Funds’ acquisition of the royalties in 2012, Stelara has received approvals for several new indications including psoriatic arthritis in 2013, moderately to severely active Crohn’s disease in 2016, moderately to severely active ulcerative colitis in 2019 and for pediatric patients with moderate to severe plaque psoriasis in 2020. Stelara is marketed worldwide by Johnson & Johnson and is co-promoted in Japan by Mitsubishi Tanabe.

The royalty for Stelara was purchased in 2012 and are collected on a one-quarter lag basis. Royalties on Stelara expired in the principal geographies in 2019.

Vonjo

On August 25, 2021, concurrent with the agreement to provide a secured loan to CTI, we entered into an agreement with CTI for a tiered royalty on sales of pacritinib, upon approval of the product by the FDA. In February 2022, pacritinib was approved by the FDA under the brand name Vonjo for the treatment of adults with intermediate or high-risk primary or secondary (post-polycythemia vera or post-essential thrombocythemia) myelofibrosis with platelets below $50 \times 10^9/L$. Myelofibrosis is a bone marrow cancer that results in formation of fibrous scar tissue and can lead to thrombocytopenia and anemia, weakness, fatigue and enlarged spleen and liver. This approval triggered the funding of the tiered royalty transaction on Vonjo, which was completed on March 7, 2022.

We are entitled to receive royalties equal to 9.60% on the first \$125 million of annual net sales in the United States, 4.50% on annual net sales in the United States between \$125 million and \$175 million, 0.50% on annual net sales in the United States between \$175 million and \$400 million and will have no entitlement to royalties on annual net sales in the United States exceeding \$400 million. Royalties are collected on a one-quarter lag basis and we currently expect our entitlement to expire in the second quarter of 2034.

On July 7, 2023, we bought an additional royalty on Vonjo, Vonjo II. The transaction was funded on July 25, 2023 and entitles us to a tiered royalty on worldwide net sales of Vonjo. Pursuant to the Vonjo II transaction, we are entitled to receive quarterly royalty payments on a one-quarter lag based on sales beginning April 1, 2023.

Xenpozyme

On November 25, 2022, the Trust bought royalties on the sales of Xenpozyme (olipudase alfa). Xenpozyme is the only product developed and approved for the treatment of non-central nervous system manifestations of ASMD, also known as Niemann-Pick disease, in pediatric and adult patients. Xenpozyme was approved in Japan in March 2022, by the European Commission in June 2022, and by the FDA in August 2022. There are no other products currently known to be in development for the treatment of ASMD. Xenpozyme is marketed worldwide by Sanofi. ASMD is an extremely rare, progressive genetic disease with significant morbidity and mortality, especially among infants and children.

Our royalty entitlement represents approximately 1% of worldwide net sales of Xenpozyme. Royalties are collected on a two-quarter lag from the respective half-year period. We currently expect our entitlement to expire outside the United States in the second quarter of 2035 and in the United States in the fourth quarter of 2036.

Xolair

Xolair (omalizumab) is an anti-IgE antibody initially indicated for the treatment of patients with moderate to severe persistent asthma. Xolair was approved in 2003 and certain of the DRI Capital Funds acquired a royalty on its worldwide sales in 2005. Subsequent to the acquisition, Xolair was approved for the treatment of chronic idiopathic urticaria in 2014 and nasal polyps in 2020.

Our royalty entitlement represents a sub-single digit percentage. Royalties are payable on worldwide sales of Xolair; however, royalties collected on sales outside of the United States became less material in 2018 and substantially all of the royalties for Xolair are payable on U.S. sales on a go-forward basis. Royalties are collected on a two-quarter lag basis and are expected to expire in the second quarter of 2032 in the United States.

Zejula

On September 9, 2022, we bought royalties on the worldwide net sales of Zejula (niraparib) by GSK. Zejula is an oral small molecule inhibiting poly-ADP ribose polymerase (“PARP”) 1 and PARP2. It is approved in the United States, European Union, Japan and China for the treatment of ovarian cancer in several settings including first-line maintenance treatment. The PARP family of proteins detects and repairs single strand DNA breaks by the base-excision repair pathway. Additional indications in development include endometrial cancer, non-small cell lung cancer and metastatic castrate-sensitive prostate cancer. In February 2023, Zejula was approved by the EMA in combination with Zytiga (abiraterone-acetate), in the form of a dual action tablet, plus prednisolone, for the treatment of metastatic castration-resistant prostate cancer and breast cancer gene mutations (germline and/or somatic) in whom chemotherapy is not clinically indicated.

Zejula is marketed by GSK worldwide excluding certain Asian territories, for all indications except for prostate cancer, which is marketed by Johnson & Johnson. Takeda markets Zejula in Japan for all indications, as well as Taiwan and South Korea for all ex-prostate cancer indications. Zai Lab Ltd. markets Zejula in China.

Our royalty entitlement represents 0.5% on worldwide net sales of Zejula by GSK and on royalties received by GSK sublicensees. Royalties are collected on a one-quarter lag basis and are expected to expire in the United States in the second quarter of 2031, in the European Union in the first quarter of 2033 and in Japan in the second quarter of 2033.

Zytiga

Zytiga (abiraterone acetate) is a CYP17 inhibitor initially indicated for the treatment of adult men with metastatic castration-resistant prostate cancer. Zytiga was approved in 2011 and certain of the DRI Capital Funds acquired a royalty on its worldwide sales (excluding the United States) in 2016. In 2017, Zytiga was approved to treat newly diagnosed high risk metastatic hormone sensitive prostate cancer. Zytiga is marketed globally by Johnson & Johnson and is co-promoted by AstraZeneca in Japan.

Our royalty entitlement represents a sub-single digit percentage payable on sales of Zytiga outside of the United States. The royalty rate steps down by 50% based on the entry of a generic equivalent on a country-by-country basis. Entry of a generic equivalent occurred on sales in the rest of the world beginning in 2021, in the European Union in the third quarter of 2022 and in Japan in the fourth quarter of 2023. We expect our entitlement to expire in the European Union and the rest of the world (other than Japan) in the second quarter of 2026 and in Japan in the second quarter of 2028. Royalties are paid semi-annually. For sales made in the second and third quarters of a year, royalties are paid in the second quarter of the following year. For sales made in the fourth quarter and first quarter of the following year, are paid in the fourth quarter of that following year.

Competition

The pharmaceutical royalty investing industry is comprised of a limited number of competitors that focus on a range of investment strategies. These competitors can be divided based on whether they employ a fixed income or growth equity focus and based on transaction size targets. Fixed income-oriented investors tend to pursue debt and debt-like transactions with limited growth potential. Growth equity investors tend to pursue royalty transactions with growth potential. Several large-cap public investors, including institutional asset managers and public pension plans, compete for sizeable transactions (generally over \$500 million) either by way of a fixed income or growth equity strategy. In addition, several fixed income oriented institutional investors and public pension plans compete for small and medium sized transactions (generally \$25 million to \$500 million).

We face competition from other entities that acquire pharmaceutical royalties, including competitors that acquire royalties on products that meet our investment criteria and are of the typical size of transaction we pursue. There are a limited number of suitable and attractive acquisition opportunities available in the market. Therefore, competition to acquire such assets can be intense. We are subject to competition from other potential royalty buyers, including from the companies that market the products on which royalties are paid, financial institutions and other entities. These potential royalty buyers may be larger and better capitalized than us. We may not be able to identify and obtain a sufficient number of asset acquisition opportunities to invest the full amount of capital that may be available to us. There can be no assurance that we will continue to acquire royalties on biopharmaceutical products and companies that hold biopharmaceutical royalties on terms that are acceptable to us. Technological advances in data analytics and artificial intelligence are enabling new factors of competition for our traditional competitors, and may reduce barriers of entry for new competitors.

Employees

Our trustees and executive officers oversee our operations and activities. However, we do not have any employees or any officers other than our executive officers. Pursuant to the management agreement, our manager provides services to us. See "Agreements with our Manager".

As of December 31, 2023, our manager and its affiliates had 37 full-time employees. None of these employees are represented by labour unions or covered by any collective bargaining agreement. We believe that our manager's relations with its employees are satisfactory.

DESCRIPTION OF EQUITY CAPITAL

The following describes material terms of our equity capital and declaration of trust. The following description may not be complete and is subject to, and qualified in its entirety by reference to, the terms and provisions of our declaration of trust. DRI Healthcare Trust was established as an unincorporated open-ended trust on October 21, 2020 under the laws of the Province of Ontario. The Trust is a “mutual fund trust” as defined in the Tax Act, but not a “mutual fund” within the meaning of applicable Canadian securities legislation.

Authorized Equity Capital

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

The units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of such act or any other legislation. The units are not shares in DRI Healthcare Trust and, although the protections, rights and remedies set out in the declaration of trust are similar to those provided under the CBCA, unitholders do not have statutory rights of shareholders of a corporation including, for example, “dissent rights” in respect of certain corporate transactions and fundamental changes, the right to apply to a court to order the liquidation or dissolution of DRI Healthcare Trust, or the right to bring “oppression” or “derivative” actions. Furthermore, we are not a trust company and, accordingly, we are not registered under any trust and loan company legislation as we do not carry on nor intend to carry on the business of a trust company.

Preferred Units

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

In the event of the liquidation, dissolution or winding up of DRI Healthcare Trust, whether voluntary or involuntary, the holders of preferred units will be entitled to preference with respect to distribution of our property or assets over our units and any other of our units ranking junior to the preferred units with respect to the repayment of capital paid up on and the payment of unpaid distributions accrued on the preferred units.

Warrants

In connection with the February 2023 Private Placement, DRI issued 6,369,180 Warrants to the Private Placement investors. Each whole Warrant entitles the holder thereof to acquire one unit of DRI Healthcare Trust for an exercise price of \$11.62 at any time until the expiry of the Warrant on February 8, 2028. The warrant exercise price represents a 106% premium to the volume weighted average price of DRI Healthcare Trust’s units for the 20 trading days ending February 7, 2023. The Warrants are not listed on any stock exchange, although the underlying units of DRI Healthcare Trust issuable pursuant to the Warrants are listed on the Toronto Stock Exchange.

Unit Redemption Right

Units are redeemable at any time on demand by the holders thereof by sending a notice to DRI Healthcare Trust at our head office in a form approved by our board of trustees and completed and executed in a manner satisfactory to our board of trustees, who may require supporting documentation as to identity, capacity or authority. A unitholder not

otherwise holding a fully registered unit certificate who wishes to exercise the redemption right will be required to obtain a redemption notice from their investment dealer or other intermediary who will be required to deliver the completed redemption form to DRI Healthcare Trust. Upon receipt by us of a written redemption notice and other documents that may be required, all in a manner satisfactory to our board of trustees, a unitholder shall cease to have any rights with respect to the tendered units, including any right to receive any distributions thereon which are declared payable after receipt of the redemption notice by us, and the holder thereof shall be entitled to receive a price per unit (the “**Redemption Price**”) equal to the lesser of:

- (a) 90% of the “market price” of the units on the principal exchange or market on which the units are quoted for trading on the trading day prior to the day on which the units were surrendered to DRI Healthcare Trust for redemption (the “**Redemption Date**”); and
- (b) 100% of the “closing market price” of the units on the principal exchange or market on which the units are quoted for trading on the Redemption Date.

For the purposes of this calculation, the “market price” in respect of units as at a specified date shall be an amount equal to the weighted average closing price of the units on the principal exchange or market on which the units are listed or quoted for trading during the period of 10 consecutive trading days ending on such date; provided that if the applicable exchange or market does not provide a closing price, but only provides the highest and lowest prices of the units traded on a particular day, the “market price” as at a specified date will be an amount equal to the weighted average of the highest and lowest prices of the units on the principal exchange or market on which the units are listed or quoted for trading during the period of 10 consecutive trading days ending on such date; and provided further that if there was trading on the applicable exchange or market for fewer than five of the 10 trading days, the “market price” as at a specified date shall be an amount equal to the weighted average of the following prices established for each of the 10 trading days: (a) the weighted average of the last bid and last asking prices of the units for each day on which there was no trading; (b) the closing price of the units for each day on which there was trading if the exchange or market provides a closing price; and (c) the weighted average of the highest and lowest prices of units for each day that there was trading if the exchange or market does not provide a closing price but provides only the highest and lowest prices of units traded on a particular day.

The “closing market price” in respect of the units as at a specified date will be: (a) an amount equal to the closing price of units if there was a trade on the date and the exchange or market provides a closing price; (b) an amount equal to the weighted average of the highest and lowest prices of units if there was trading and the exchange or other market does not provide a closing price but provides only the highest and lowest trading prices of units traded on a particular day; or (c) the weighted average of the last bid and last asking price of units if there was no trading on the date.

The aggregate Redemption Price payable by us in respect of any units tendered for redemption during any calendar month will be satisfied by way of a cheque drawn on a Canadian chartered bank or a trust company in Canadian funds, payable no later than the last day of the calendar month following the month in which the units were tendered for redemption, provided that the entitlement of unitholders to receive cash upon the redemption of their units is subject to the limitations that:

- (a) the total amount payable by us in respect of such units and all other units tendered for redemption in the same calendar month shall not exceed \$50,000, provided that our board of trustees may, in their sole discretion, waive such limitation in respect of all units tendered for redemption in any particular calendar month;
- (b) at the time such units are tendered for redemption, the outstanding units shall be listed for trading or quoted on a stock exchange or market which our board of trustees consider, in their sole discretion, provides representative fair market value prices for the units; and
- (c) the normal trading of outstanding units is not suspended or halted on any stock exchange on which the units of such series are listed (or, if not listed on a stock exchange, on any market on which the units of such series are quoted for trading) on the Redemption Date for the units of such series or for more than five trading days during the 10 day trading period commencing immediately after the Redemption Date for the units of such series.

If a unitholder is not entitled to receive cash upon the redemption of units as a result of the foregoing limitations in paragraphs (b) and (c) above, then each unit tendered for redemption shall, subject to obtaining all applicable regulatory approvals, be redeemed by way of an issuance of debt obligations of DRI Healthcare Trust or a subsidiary to the redeeming unitholder with an aggregate principal amount equal to the product of the Redemption Price per unit payable by us and the number of units tendered (“**Redemption Notes**”).

If a unitholder is not entitled to receive cash upon the redemption of units as a result of the limitation in paragraph (a) above, the holder will receive a combination of cash and, subject to obtaining all applicable regulatory approvals, Redemption Notes, determined in accordance with our declaration of trust.

It is anticipated that the redemption right described above will not be the primary mechanism for unitholders to dispose of their units. Redemption Notes which may be issued to unitholders *in specie* in connection with a

redemption will not be listed on any stock exchange, no market is expected to develop, and such securities may be subject to an indefinite “hold period” or other resale restrictions under applicable securities laws.

Issuance of Units

We may allot and issue new units from time to time as our board of trustees determines, including for cash, through public offerings, through rights offerings to existing unitholders (i.e. in which unitholders receive rights to subscribe for new units in proportion to their existing holdings of units, which rights may be exercised or sold to other investors) or through private placements (i.e. offerings to specific investors which are not made generally available to the public or existing unitholders). In certain instances, we may issue new units as consideration for, or in connection with, the acquisition of new assets. The price or the value of the consideration for which new units may be issued will be determined by our board of trustees in their sole discretion. Units are generally issued in consultation with investment dealers or brokers who may act as underwriters or agents in connection with offerings of units.

It is expected that the cash distributed by DRI Healthcare Trust in each year will be less than its net income for the purposes of the Tax Act for the year. In order to have DRI Healthcare Trust’s income allocated to the unitholders for the purposes of the Tax Act, DRI Healthcare Trust will make distributions in the form of additional units to the unitholders, which may be immediately consolidated as described below. The aggregate amount of these distributions each year will be equal to the difference between DRI Healthcare Trust’s aggregate net income and net realized capital gains, if any, for the purposes of the Tax Act over the amount of cash distributed by DRI Healthcare Trust during the year.

The declaration of trust also provides that immediately after any pro rata distribution of units to all unitholders in satisfaction of any non-cash distribution, the number of outstanding units may be consolidated so that each unitholder holds, after the consolidation, the same number of units as the unitholder held before the non-cash distribution. In this case, each certificate representing a number of units prior to the non-cash distribution is deemed to represent the same number of units after the non-cash distribution and the consolidation. If amounts distributed represent income, non-resident unitholders may be subject to withholding tax and the consolidation may not result in such non-resident unitholders holding the same number of units. Such non-resident unitholders may be required to surrender the certificates (if any) representing their original units in exchange for a certificate representing post-consolidation units.

Purchase of Units

We may, from time to time, purchase for cancellation units at a price per unit and on a basis determined by our board of trustees in accordance with applicable securities legislation and the rules and policies of any applicable stock exchange.

See “General Development of the Business – Three Year History – Normal Course Issuer Bid” for a summary of our NCIB.

Meetings of Unitholders

Our declaration of trust provides that meetings of unitholders must be called and held for the election or removal of trustees, the appointment or removal of our auditors, the approval of amendments to the declaration of trust (except as described below under “Amendments to the Declaration of Trust and Other Documents”), the sale of our assets as an entirety or substantially as an entirety (other than as part of an internal reorganization of our assets as approved by our board of trustees), the termination of DRI Healthcare Trust and for the transaction of any other business as the trustees may determine or as may be properly brought before the meeting. Meetings of unitholders will be called and held annually within 180 days after the end of the fiscal year for the election of the trustees and appointment of our auditors. All meetings of unitholders must be held in Canada.

The board of trustees has the power at any time to call special meetings of unitholders at any time and for any purpose. Unitholders holding in the aggregate not less than 5% of the outstanding units entitled to vote at such meeting may requisition the board of trustees in writing to call a special meeting of the unitholders and the board of trustees shall, subject to certain limitations, call a meeting of unitholders. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. Unitholders have the right to obtain a list of unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the CBCA.

Unitholders may attend and vote at meetings of unitholders either in person or by proxy and a proxyholder need not be a unitholder. Two persons present in person or represented by proxy and representing in the aggregate at least 25% of the outstanding units shall constitute a quorum for the transaction of business at all such meetings. If no quorum is present at any meeting of unitholders within one-half hour after the time fixed for the holding of such meeting, if convened upon the request of the unitholders, will be terminated, but in any other case, the meeting will stand adjourned to a day not less than 14 days later and to a place and time as chosen by the chair of the meeting, and if at such adjourned meeting a quorum is not present, the unitholders present either in person or by proxy will be deemed to constitute a quorum.

The declaration of trust contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of unitholders.

Pursuant to the declaration of trust, a resolution in writing executed by unitholders holding a proportion of the outstanding units equal to the proportion required to vote in favor thereof at a meeting of unitholders to approve that resolution is valid as if it had been passed at a meeting of unitholders.

Rights of Unitholders

The rights of the unitholders and the attributes of the units are established and governed by the declaration of trust. Although the declaration of trust confers upon a unitholder many of the same protections, rights and remedies as an investor would have as a shareholder of a corporation governed by the CBCA, significant differences exist, some of which are described below.

Many of the provisions of the CBCA respecting the governance and management of a corporation are incorporated in the declaration of trust. For example, unitholders are entitled to exercise voting rights in respect of their holdings of units in a manner comparable to shareholders of a CBCA corporation and to elect trustees and the auditors of DRI Healthcare Trust. The declaration of trust also includes provisions modeled after comparable provisions of the CBCA dealing with the calling and holding of meetings of unitholders and trustees, the procedures at such meetings and the right of the unitholders to participate in the decision-making process where certain fundamental actions are proposed to be undertaken. The matters in respect of which approval by the unitholders is required under the declaration of trust are generally less extensive than the rights conferred on the shareholders of a CBCA corporation, but effectively extend to certain fundamental actions that may be undertaken by the subsidiaries of DRI Healthcare Trust. These approval rights are supplemented by provisions of applicable securities laws that are generally applicable to issuers (whether corporations, trusts or other entities) that are “reporting issuers” or the equivalent or are listed on the TSX.

Unitholders do not have recourse to a dissent right under which shareholders of a CBCA corporation are entitled to receive the fair value of their shares where certain fundamental changes affecting the corporation are undertaken (such as an amalgamation, a continuance under the laws of another jurisdiction, the sale of all or substantially all of its property, a going private transaction or the addition, change or removal of provisions restricting: (a) the business or businesses that the corporation can carry on; or (b) the issue, transfer or ownership of shares). Unitholders similarly do not have recourse to the statutory oppression remedy that is available to shareholders of a CBCA corporation where the corporation undertakes actions that are oppressive, unfairly prejudicial or which disregard the interests of securityholders and certain other parties. Shareholders of a CBCA corporation may also apply to a court for the appointment of an inspector to investigate the manner in which the business of the corporation and its affiliates is being carried on where there is reason to believe that fraudulent, dishonest or oppressive conduct has occurred. The declaration of trust does not include a comparable right. The CBCA also permits shareholders to bring or intervene in derivative actions in the name of a corporation or any of its subsidiaries, with the leave of a court. The declaration of trust does not include a comparable right. Also, unlike shareholders of a corporation incorporated under the CBCA, unitholders do not have the right to make proposals in advance of a unitholder meeting about matters to be voted on at the unitholder meeting.

Take-Over Bids

The declaration of trust contains provisions to the effect that if a take-over bid, as defined under the *Securities Act* (Ontario), is made for the units and not less than 90% of the units (including units issuable upon the surrender or exchange of any securities for units but not including any units held at the date of the take-over bid by or on behalf of the offeror or affiliates and associates of the offeror) have been or are legally required to be taken up and paid for by the offeror, the offeror will be entitled to acquire the units held by the remaining unitholders who did not accept the take-over bid by requiring such unitholders to elect (a) to transfer their units to the offeror on the terms on which the offeror acquired the units of the offerees who accepted the take-over bid, or (b) to demand payment of the fair value of the units.

Information and Reports

We will furnish to unitholders, in accordance with and subject to applicable securities legislation, our consolidated financial statements (including quarterly and annual consolidated financial statements) and other reports as are from time to time required by applicable law, including forms needed for the completion of unitholders’ tax returns under the Tax Act and equivalent provincial legislation.

Prior to each annual or any special meeting of unitholders, the trustees will provide unitholders (along with notice of such meeting) all such information as is required by applicable law and the declaration of trust to be provided to such holders.

Advance Notice Provisions

Our declaration of trust includes certain advance notice provisions with respect to the election of our trustees (the “**Advance Notice Provisions**”). The Advance Notice Provisions are intended to: (i) facilitate orderly and efficient annual general meetings or, where the need arises, special meetings; (ii) ensure that all our unitholders receive adequate notice of board nominations and sufficient information with respect to all nominees; and (iii) allow our unitholders to register an informed vote.

Except as otherwise provided in the declaration of trust, only persons who are nominated by unitholders in accordance with the Advance Notice Provision shall be eligible for election as trustees. Nominations of persons for election to the board of trustees may be made for any annual meeting of unitholders, or for any special meeting of unitholders if one of the purposes for which the special meeting was called was the election of trustees: (i) by or at the direction of the board of trustees, including pursuant to a notice of meeting; (ii) by or at the direction or request of one or more unitholders pursuant to a requisition of the unitholders made in accordance with the declaration of trust; or (iii) by any person (a **"Nominating Unitholder"**): (a) who, at the close of business on the date of the giving of the notice provided for below and on the record date for notice of such meeting, is entered in DRI Healthcare Trust's register as a holder of one or more units carrying the right to vote at such meeting or who beneficially owns units that are entitled to be voted at such meeting; and (b) who complies with the notice procedures set forth in the Advance Notice Provisions.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Unitholder, the Nominating Unitholder must have given timely notice thereof in proper written form to the trustees.

To be timely, a Nominating Unitholder's notice to the trustees must be made: (i) in the case of an annual meeting of unitholders, not less than 30 days prior to the date of the annual meeting of unitholders; provided, however, that in the event that the annual meeting of unitholders is to be held on a date that is less than 50 days after the date that is the earlier of the date that a notice of meeting is filed for such meeting or the date on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Unitholder may be made not later than the close of business on the tenth day following the date on which the first public announcement of the date of the annual meeting of unitholders was made; and (ii) in the case of a special meeting (which is not also an annual meeting) of unitholders called for the purpose of electing trustees (whether or not called for other purposes), not later than the close of business on the 15th day following the date on which the first public announcement of the date of the special meeting of unitholders was made.

To be in proper written form, a Nominating Unitholder's notice to the trustees must set forth: (i) as to each person whom the Nominating Unitholder proposes to nominate for election as a trustee: (a) the name, age, business address and residential address of the person; (b) the principal occupation or employment of the person; (c) the number of units which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of unitholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (d) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of trustees pursuant to applicable securities laws; and (ii) as to the Nominating Unitholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Unitholder has a right to vote any units and any other information relating to such Nominating Unitholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of trustees pursuant to applicable securities laws.

The chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

Notwithstanding the foregoing, the board of trustees may, in its sole discretion, waive any requirement in the Advance Notice Provisions.

Forum Selection

We have included a forum selection provision in our declaration of trust that provides that, unless we consent in writing to the selection of an alternative forum, the Ontario Superior Court of Justice and the appellate courts therefrom, will be the sole and exclusive forum for: (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our trustees, officers, or other employees to us; (iii) any action or proceeding asserting a claim arising pursuant to any provision of our declaration of trust; or (iv) any action or proceeding asserting a claim otherwise related to the relationships among us, our affiliates and their respective unitholders, trustees, directors and/or officers, but excluding claims related to our business or such affiliates. The forum selection provision also provides that our unitholders are deemed to have consented to personal jurisdiction in the Province of Ontario and to service of process on their counsel in any foreign action initiated in violation of the foregoing provisions.

Amendments to the Declaration of Trust and Other Documents

Our declaration of trust may be amended or altered from time to time. Certain amendments (including the termination of DRI Healthcare Trust) require approval by at least 66 2/3% of the votes cast at a meeting of unitholders called for that purpose. Other amendments to the declaration of trust require approval by a majority of the votes cast at a meeting of unitholders called for that purpose.

The following amendments require the approval of at least 66 2/3% of the votes cast by unitholders at a meeting called for that purpose:

1. the sale of the property or assets of DRI Healthcare Trust as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of DRI Healthcare Trust, including by way of

- the transfer of property or assets of DRI Healthcare Trust or a subsidiary, as approved by the trustees and not prejudicial to unitholders);
2. the termination of DRI Healthcare Trust by the unitholders;
 3. an exchange, reclassification or cancellation of all or part of the units;
 4. the addition, change or removal of the rights, privileges, restrictions or conditions attached to the units, including, without limiting the generality of the foregoing:
 - (a) the removal or change of rights to distributions attached to the units; or
 - (b) the addition or removal of or change to conversion privileges, redemption privileges, voting, transfer or pre-emptive rights attached to the units;
 5. the addition, change or removal of the rights, privileges restrictions or conditions attaching to the units;
 6. any constraints on the issue, transfer or ownership of the units or the change or removal of such constraint; and
 7. the combination, amalgamation, or arrangement of any of DRI Healthcare Trust or any of its subsidiaries with any other entity (other than as part of an internal reorganization of the assets of DRI Healthcare Trust, including by way of the transfer of property or assets of DRI Healthcare Trust or a subsidiary, as approved by the trustees and not prejudicial to unitholders).

Notwithstanding the foregoing, a majority of the trustees may, without the approval of the unitholders, make certain amendments to the declaration of trust, including amendments:

1. aimed at ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over: (a) the trustees or DRI Healthcare Trust; (b) the continuing status of DRI Healthcare Trust as a "mutual fund trust"; or (c) the distribution of units;
2. which, in the opinion of the trustees, provide additional protection for the unitholders;
3. to remove any conflicts or inconsistencies in the declaration of trust or to make minor corrections which are, in the opinion of the trustees, necessary or desirable and not prejudicial to the unitholders;
4. which, in the opinion of the trustees, are necessary or desirable to remove conflicts or inconsistencies between the disclosure in this AIF and the declaration of trust;
5. of a minor or clerical nature or to correct typographical mistakes, ambiguities or manifest omissions or errors, which amendments, in the opinion of the trustees, are necessary or desirable and not prejudicial to the unitholders;
6. which, in the opinion of the trustees, are necessary or desirable: (a) to ensure continuing compliance with IFRS; or (b) to ensure the units are classified as equity for purposes of IFRS;
7. which, in the opinion of the trustees, are necessary or desirable to enable DRI Healthcare Trust to implement a unit option or purchase plan or issue units for which the purchase price is payable in installments;
8. which, in the opinion of the trustees, are necessary or desirable for DRI Healthcare Trust to qualify for a particular status under, or as a result of changes in, taxation or other laws, or the interpretation of such laws, or to otherwise prevent DRI Healthcare Trust or any of its subsidiaries from becoming subject to tax under the SIFT Rules;
9. to create and issue one or more classes of preferred units (each of which may be comprised of unlimited series) that rank in priority to the units (in payment of distributions and in connection with any termination or winding-up of DRI Healthcare Trust);
10. to create one or more additional classes of units solely to provide voting rights to holders of shares, units or other securities that are exchangeable, redeemable, exercisable or convertible for units entitling the holder thereof to a number of votes not exceeding the number of units into which the exchangeable shares, units or other securities are exchangeable, redeemable, exercisable or convertible but that do not otherwise entitle the holder thereof to any rights with respect to DRI Healthcare Trust's property or income other than a return of capital; and
11. for any purpose (except one in respect of which a unitholder vote is specifically otherwise required) which, in the opinion of the trustees, is not prejudicial to unitholders and is necessary or desirable.

Effect of Termination

DRI Healthcare Trust will continue in full force and effect until such time as it is terminated by either the trustees or unitholders. DRI Healthcare Trust may be terminated by the vote of at least at least 66 2/3% of the votes cast at a meeting of the unitholders called for that purpose. The unitholders shall participate pro rata in any remaining distributions by DRI Healthcare Trust.

DISTRIBUTION POLICY

You should read the following discussion of our distribution policy in conjunction with the factors and assumptions included in this section. In addition, please read “Forward-Looking Information” and “Risk Factors” for information regarding statements that do not relate strictly to historical or current facts and certain risks inherent in our business.

General

We intend to pay cash distributions equal to approximately 20% to 30% of our available cash generated on an annual basis, which we generally define as cash generated from operating activities, less interest paid, debt repayment obligations on our indebtedness and debt issuance costs. We currently intend to pay such cash distributions in the form of four quarterly cash distributions and if needed, one additional special cash distribution. In addition, we may pay additional special cash distributions from time to time as determined by the board of trustees in its sole discretion.

Distributions in respect of a quarter will be paid on or about each distribution date to unitholders of record as at the close of business on the corresponding distribution record date. We generally expect the distribution for any quarter to be paid to unitholders of record at the close of business on the last day of the quarter, with such distribution to be paid on or about the 20th day of the following month. Any additional annual special cash distribution, if determined necessary, is anticipated to be paid on or about January 20 to unitholders of record at the close of business on December 31 in each year. If the distribution date does not fall on a business day, we will pay the distribution on the business day immediately following the indicated distribution date.

We are not required to pay any cash distributions, and the payment of any distribution is within the sole discretion of our board of trustees. It is expected that all of DRI Healthcare Trust's income will effectively be allocated to its unitholders, which will only generally be taxable in the hands of Canadian-resident unitholders that are taxable under the Tax Act. We intend to distribute a sufficient portion of our cash flow from operations to our unitholders such that cash distributions received by our Canadian-resident taxable unitholders (in the form of four quarterly cash distributions and, if needed, at least one additional special cash distribution) from us are generally sufficient to cover their respective Canadian income tax liability under the Tax Act, but there can be no assurance in this regard.

Our ability to pay distributions at the expected quarterly distribution rate or any other rate will be subject to the factors described below under “Restrictions and Limitations on Distributions and Our Ability to Change Our Distribution Policy” and the risks described under “Risk Factors.”

In accordance with the requirement for DRI Healthcare Trust to distribute all of its taxable income for the year, we may also declare a special unit distribution. Immediately after issuance of such units in satisfaction of the special unit distribution, the number of outstanding units of DRI Healthcare Trust are consolidated such that the total number of units outstanding does not change, with the result that each unitholder holds the same number of units following such distribution as were held immediately prior. Each unitholder of record on the record date of the special unit distribution is entitled to add the amount of the special unit distribution to their adjusted cost base of units of the Trust. Any special unit distribution is anticipated to be issued on December 31 to unitholders of record at the close of business on December 31 in each year.

The distributions declared and paid per unit since the date of our formation are set out below:

	Declaration Date	Payment Date	Cash Distribution	Unit Distribution
2021				
Q1 2021 – Quarterly	March 31, 2021	April 20, 2021	\$0.0167	n/a
Q2 2021 – Quarterly	May 10, 2021	July 20, 2021	\$0.0375	n/a
Q3 2021 – Quarterly	August 5, 2021	October 20, 2021	\$0.0375	n/a
Q4 2021 – Quarterly	November 8, 2021	January 20, 2022	\$0.0750	n/a
Q4 2021 – Special	December 22, 2021	January 20, 2022 ¹	\$0.2200	\$0.0360
2022				
Q1 2022 – Quarterly	March 7, 2022	April 20, 2022	\$0.0750	n/a
Q2 2022 – Quarterly	May 10, 2022	July 20, 2022	\$0.0750	n/a
Q3 2022 – Quarterly	August 3, 2022	October 20, 2022	\$0.0750	n/a
Q4 2022 – Quarterly	November 7, 2022	January 20, 2023	\$0.0750	n/a
Q4 2022 – Special	December 21, 2022	n/a	n/a	\$0.1655
2023				
Q1 2023 – Quarterly	March 1, 2023	April 20, 2023	\$0.0750	n/a
Q2 2023 – Quarterly	May 11, 2023	July 20, 2023	\$0.0750	n/a
Q2 2023 - Special	April 27, 2023	July 20, 2023	\$0.5334	n/a
Q3 2023 – Quarterly	August 14, 2023	October 20, 2023	\$0.0750	n/a
Q4 2023 – Quarterly	November 13, 2023	January 19, 2024	\$0.0750	n/a
Q4 2023 – Special	December 20, 2023	January 19, 2024 ¹	\$0.2662	\$0.7640

1. Payment date is for the cash distribution.

We did not declare any distributions from the date of our formation on October 21, 2020 to December 31, 2020.

Restrictions and Limitations on Distributions and Our Ability to Change Our Distribution Policy

Notwithstanding the foregoing, the approval and payment of any distributions is at the sole discretion of our board of trustees, which may change our distribution policy at any time. Our board of trustees takes into account:

- general economic and business conditions;
- our financial condition and operating results, including our cash position, our net income and our realizations on assets;
- our strategic plans and prospects;
- our business and asset acquisition opportunities;
- working capital requirements and anticipated cash needs;
- contractual restrictions and obligations;
- legal, tax and regulatory restrictions and considerations;
- other constraints on the payment of distributions by us to our unitholders; and
- such other factors as our board of trustees may deem relevant.

There is no guarantee that our unitholders will receive quarterly or other distributions from us. We do not have a legal obligation to pay the expected quarterly cash distributions or other cash distributions at any rate or at all. Our distribution policy is subject to certain restrictions and may be changed at any time, including:

- Our ability to pay distributions may be subject to restrictions on dividends under our current debt agreements and any debt agreements that we may enter into in the future. Should we be unable to

satisfy these restrictions, we would be prohibited from declaring distributions to our unitholders. See “Description of Indebtedness”.

- Our board of trustees has the authority, in its sole discretion, to establish reserves for the prudent conduct of our business and for future distributions to our unitholders, and the establishment of or increase in those reserves could result in a reduction in distributions to our unitholders from levels we currently anticipate under our stated distribution policy.
- Prior to determining the amount of cash available for distribution, we will pay our manager the Management Fees and the Performance Fees and reimburse our manager and its affiliates for any expenses as described under “Agreements with our Manager – Management Agreement.” The reimbursement of expenses and payment of fees, if any, to our manager and its affiliates will reduce the amount of cash available to pay distributions to our unitholders.
- The amount of distributions we pay under our distribution policy and the decision to approve any distribution is determined by our board of trustees, taking into consideration the terms of our existing contractual obligations, any other agreements we may enter into in the future and the factors set forth above.
- We may lack sufficient cash to pay distributions to our unitholders due to a number of factors, including increases in our general and administrative expenses, principal and interest payments on our outstanding debt, tax expenses, working capital requirements and anticipated cash needs. For a discussion of additional factors that may affect our ability to pay distributions, please read “Risk Factors.”
- If and to the extent our cash available to pay distributions materially declines, we may reduce our quarterly distribution in order to service or repay our debt or fund growth capital requirements.
- Our ability to pay distributions to our unitholders depends on the performance of the assets held by our subsidiaries and their ability to distribute cash to us. The ability of our subsidiaries to pay dividends to us may be restricted by, among other things, the provisions of existing and future indebtedness, applicable corporate, partnership and trust laws and other laws and regulations.

In addition, on December 31 of each year, having regard to the present intention of our board of trustees, we intend to make payable to such unitholders, a distribution of sufficient net realized capital gains, if any, and net income for the taxation year ended on that date, net of any capital losses or non-capital losses recognized on or before the end of such year such that we will not be liable for ordinary income taxes for such year, net of tax refunds. The payment of such amounts shall be made on or about the following January 20 and a portion of this payment, above the cash distributions paid in the year, are expected to be paid in units.

It is expected that the cash distributed by the Trust in each year will be less than its net income for the purposes of the Tax Act for the year. In order to have the Trust’s income allocated to the unitholders for the purposes of the Tax Act, the Trust will make distributions in the form of additional units to the unitholders, which may be immediately consolidated as described below. The aggregate amount of these distributions each year will be equal to the difference between the Trust’s aggregate net income and net realized capital gains, if any, over the amount of cash distributed by the Trust during the year.

Unless our board of trustees determine otherwise, immediately after any pro rata distribution of additional units to unitholders, the number of outstanding units will automatically be consolidated such that each of such holders will hold after the consolidation the same number of units as such holder held before the distribution of additional units. Each unit certificate representing the number of units prior to the distribution of additional units will be deemed to represent the same number of units after the non-cash distribution of additional units and the consolidation. Each unitholder of record on the date of the special unit distribution is entitled to add the amount of the special unit distribution to their adjusted cost of units of DRI Healthcare Trust.

Notwithstanding the foregoing, where tax is required to be withheld from a unitholder’s share of a distribution paid by way of additional units, the consolidation will result in such unitholder holding that number of units equal to: (i) the number of units held by such unitholder prior to the distribution plus the number of units received by such unitholder in connection with the distribution (net of the number of whole and part units withheld on account of withholding taxes) multiplied by (ii) the fraction obtained by dividing the aggregate number of units outstanding prior to the distribution by the aggregate number of units that would be outstanding following the distribution and before the consolidation if no withholding tax were required in respect of any part of the distribution payable to any unitholder. Such unitholder will be required to surrender the unit certificates, if any, representing such unitholder’s original units, in exchange for a unit certificate representing such unitholder’s post-consolidation units.

AGREEMENTS WITH OUR MANAGER

Management Agreement

We have no employees of our own. Under the management agreement, our manager provides certain services to us.

Executive Officers

Our manager provides us with the services of executive officers of DRI Healthcare Trust where required or desirable for the purposes of compliance with applicable securities laws and the services of officers or directors of any of our subsidiaries. For information about our trustees and executive officers, see “Trustees and Executive Officers.”

None of our manager’s management professionals receive any direct compensation from us, except to the extent that we decide to provide grants under our omnibus equity incentive plan. Rather, we pay the Management Fees, Performance Fees and expenses as described below.

Management Fees

Under the management agreement, we pay a quarterly management fee (collectively, “**Management Fees**”) to our manager or its affiliates equal to 6.5% of the cash royalty receipts for such quarter and 0.25% of the IFRS mark-to-market value of security investments, including equity securities and related derivative financial instruments, as of the end of such quarter, which our manager is entitled to receive regardless of whether we realize any gains on the security investments when sold.

Under the management agreement, Management Fees are payable quarterly in advance as of the first business day of each fiscal quarter based on the estimated projected cash receipts from royalty investments and the estimated projected security investment values as of such date. Our manager will recalculate the Management Fees based on the actual cash receipts from royalty investments and the actual security investment values. If it is determined based on such recalculation that: (i) the finalized Management Fees exceeded prior payments of the Management Fees, we will pay to the manager any shortfall on or prior to the next date the Management Fees is due, or (ii) prior payments of the Management Fee exceeded the finalized Management Fees, such excess will be repaid by the manager to us on or prior to the next date the Management Fees are due.

The Management Fees are intended to fund the operating and personnel expenses of our manager. However, the Management Fees payable to our manager are based on a fixed percentage of cash receipts from royalty investments and security investment values and will not be subject to subsequent adjustment based on the actual operating and personnel expenses of our manager and its affiliates.

Performance Fees

We pay our manager performance fees (“**Performance Fees**”) determined on a portfolio-by-portfolio basis. Investments made during each two-year period are grouped together as separate portfolios (each, a “**Portfolio**”). Performance Fees will not be payable in respect of the assets acquired as part of the Closing Transactions. The first Portfolio commenced upon the completion of the Oracea transaction in 2021. The second portfolio commenced upon the completion of the Tzield transaction in 2023.

Subject to the three conditions listed below, at the end of each fiscal quarter, our manager will be entitled to Performance Fees, which shall be determined for each Portfolio equal to 20% of the Net Economic Profit (defined as the aggregate cash receipts for all new portfolio investments in such Portfolio less Total Expenses (defined as interest expense, operating expense and recovery of acquisition cost in respect of such Portfolio)) for such Portfolio for the applicable measuring period.

The payment of any Performance Fees to our manager will be subject to each of the following three conditions:

- (i) **Condition One:** Cumulative Net Economic Profit (defined as the difference between the aggregate cash receipts for all new portfolio investments in such Portfolio from the date of acquisition less Total Expenses from the date of acquisition) for such Portfolio for all periods prior to the relevant quarterly determination date is positive. Cumulative Net Economic Profit is positive if the aggregate cash receipts for all investments in a Portfolio for all prior periods is greater than the Total Expenses allocated to such for all prior periods.
- (ii) **Condition Two:** The aggregate projected cash receipts for all investments in such Portfolio for all periods commencing after such quarterly determination date are equal to or greater than 135% of the projected Total Expenses for all investments in such Portfolio through the expected termination dates of all investments in such Portfolio.
- (iii) **Condition Three:** The aggregate projected cash receipts for all investments in all Portfolios, for all periods commencing after such quarterly determination date are equal to or greater than 135% of the projected Total Expenses for all of the Portfolios through the termination or disposition dates of all investments in all of the Portfolios.

Performance Fees are structured on a portfolio-by-portfolio basis, with portfolios based on two-year periods (except for the first Portfolio), to mitigate the risk that Performance Fees are paid on a profitable investment even though, in the aggregate, the investments made over a two-year period are not profitable. The three conditions above are also intended to reduce the risk that Performance Fees are payable at a time when our portfolio of investments is not performing well overall.

Pursuant to the management agreement, our manager may, subject to obtaining any applicable regulatory approval, elect to have us pay Performance Fees by issuing new units instead of paying cash. In such case, our units will be issued at the market price, which will be the volume-weighted average trading price of the units for the five trading days prior to the third to last business day of the fiscal quarter preceding the payment date for the Performance Fees. Our manager may make such election in respect of any payment date for Performance Fees. If our manager does not make such election prior to the 10th day of the last month in the fiscal quarter preceding the payment date for the Performance Fees, our manager will be deemed to have elected to have us pay Performance Fees in cash for that payment date.

We will not issue any units to our manager in payment of Performance Fees pursuant to the terms of the management agreement, other than pursuant to our omnibus equity incentive plan, unless we obtain disinterested unitholder approval at a meeting of unitholders as required by the TSX. We would seek disinterested unitholder approval in the future should we determine to satisfy the payment of any Performance Fees in units outside of our omnibus equity incentive plan. We currently expect that our omnibus equity incentive plan would be used to grant equity entitlements to eligible individual participants, rather than to our manager in payment of performance fees.

Expenses

We bear and are charged with the reasonable costs and expenses of our operations (and will promptly reimburse our manager or its affiliates to the extent that any of such costs and expenses are paid by our manager or its affiliates), including broken deal expenses, to the extent not: (i) reimbursed by an entity in which we have invested or propose to invest or other third parties, and (ii) directly attributable to preliminary deal-sourcing and identification activities of our manager.

Conflicts of Interest and Other Restrictions

Without the consent of a majority of our independent trustees (“**Independent Trustee Consent**”), our manager will not be permitted to manage other funds, investment vehicles or accounts that invest in or acquire royalties in respect of late stage or approved products, other than us and our manager’s legacy investment funds that are no longer in their investment periods, including Drug Royalty Investment Trust; provided, however, that our manager will be permitted to manage a fund, investment vehicle or account that: (i) invests in or acquires an investment opportunity that is presented to and rejected by a majority of our independent trustees, or (ii) co-invests in any royalties alongside us.

Apart from transactions the terms of which are contemplated or expressly permitted by our management agreement or our declaration of trust, our manager and its affiliates will not engage in any transaction with us unless the terms of the transaction are on an arm’s-length basis and on terms which are no less favourable to us than would be obtained in a transaction with an unaffiliated party. The terms of any transaction approved by a majority of our independent trustees will be deemed to be on an arm’s-length basis.

Without Independent Trustee Consent, our manager and its affiliates will not acquire investments from, nor sell investments to, us if our manager or an affiliate holds a “material investment” (described below) in or is in a position of control over such investments. For this purpose, a “material investment” in a person means the ownership (other than through blind pools or publicly traded securities) of over \$5 million of the debt and/or equity securities of such entity, determined prior to giving effect to the contemplated transaction. Notwithstanding the foregoing, with Independent Trustee Consent, we may buy and sell investments, directly or indirectly, from and to, as the case may be, any investment vehicle managed by our manager or its affiliates, provided that we have obtained an opinion from an independent, nationally-recognized investment bank or valuation firm that, subject to the factors and assumptions set forth therein, the price to be paid by or to us for such investment is fair, from a financial point of view, to us.

For the purposes of the foregoing, each of the following will be deemed an affiliate of our manager: (i) any affiliate of our manager, (ii) any principal, officer, director or non-administrative employee of our manager for so long as such person holds such status, (iii) any direct or indirect recipient of the Performance Fee for so long as such recipient remains a principal, officer, director or non-administrative employee of our manager, and (iv) any shareholder of our manager (in each case excluding a holder of a purely passive economic interest representing the entitlement to 10% or less of such person’s profits).

Standard of Care

The management agreement requires our manager to perform its obligations under the management agreement with such skill and care as would be reasonably expected of a professional investment manager managing in good faith an entity of comparable size and complexity to us and having a materially similar investment objective. In addition, our manager is required to ensure that its obligations under the management agreement are performed by a team of appropriately qualified, trained and experienced professionals and that the executives of our manager devote such of their business time to the management of our business as shall be necessary to ensure that DRI Healthcare is able to perform its obligations under the management agreement.

Sub-Advisory Services

DRI Healthcare currently has a subsidiary in the United States, DRI Capital (US), Inc. (“**DRI US**”), and may in the future have other subsidiaries. DRI Healthcare, and indirectly the Trust, benefits from the expertise and capacities of personnel of DRI US. In particular, subject to compliance with applicable regulatory requirements, DRI US serves as sub-adviser to our manager in respect of the services provided by our manager to us. DRI US is paid a sub-advisory fee by our manager for the services it provides.

Duration and Termination

The management agreement has been approved by our board of trustees. The management agreement has an initial term of 10 years ending on December 31, 2030 and has successive automatic renewal terms of one year thereafter until the dissolution of DRI Healthcare Trust, unless terminated by our manager or us on at least 180 days' prior written notice to the other party prior to the expiration of the initial term or any renewal term in the circumstances described in the two following paragraphs. We and our manager will meet to discuss renewal at least one year prior to the expiration of the initial term and at least 180 days prior to the expiration of any renewal term.

During the initial term and each renewal term, the management agreement may only be terminated by us for Cause (as defined below). We will have the right to terminate our manager following: (i) a determination of Cause by a court or governmental body of competent jurisdiction in a final judgement, or (ii) an admission of Cause by our manager.

At any time, our manager will have the right, upon 180 days' prior written notice, to resign as manager and terminate the management agreement for any reason; provided, however, that our manager will not terminate the management agreement during the initial term.

On the termination of the management agreement: (i) our manager will be entitled to receive all fees, including Management Fees, Performance Fees, and other moneys accrued and due up to the date of such termination but will not be entitled to compensation in respect of such termination, (ii) except in the case of termination of the management agreement by us for Cause, our manager will be entitled to receive Performance Fees in respect of investments held, directly or indirectly, by us as of the date of such termination, and (iii) our manager will forthwith deliver to us all correspondence and records of all and every description relating to our affairs which are in our manager's possession or under our manager's control.

“**Cause**” will exist where: (i) our manager defaults in the performance or observance of any material term, condition or covenant contained in the management agreement that results in a material harm to us and such default continues for a period of 60 days after written notice thereof by us to our manager specifying such default and requesting that the same be remedied in such 60-day period, (ii) our manager engages in any act of fraud, misappropriation of funds or embezzlement against us and such act results in material harm to us, (iii) our manager is grossly negligent in the performance of its duties under the management agreement and such gross negligence results in material harm to us, or (iv) our manager makes a general assignment for the benefit of its creditors, institutes proceedings to be adjudicated voluntarily bankrupt, consents to the filing of a petition of bankruptcy against it, is adjudicated by a court of competent jurisdiction as being bankrupt or insolvent, seeks reorganization under any bankruptcy or insolvency law or consents to the filing of a petition seeking such reorganization or has a decree entered against it by a court of competent jurisdiction appointing a receiver, liquidator, trustee or assignee in bankruptcy or insolvency.

Indemnification

The management agreement provides that, to the fullest extent permitted by law, we will indemnify and hold harmless our manager and its members, officers, directors, employees, stockholders, shareholders, partners, consultants or advisors (collectively, the “**Indemnified Parties**”) from and against any and all damages, losses and expenses that are incurred by any Indemnified Party and arise out of or in connection with our affairs, including acting as a director or the equivalent of DRI Healthcare Trust or any of our subsidiaries or entity in which an investment is made, or the performance by such Indemnified Party of any of the services or other functions arising out of or in connection with the management agreement, or otherwise in connection with the matters contemplated in the management agreement other than as a result of: (i) losses arising from such Indemnified Party's act or omission of our manager to the extent our manager's performance thereof was grossly negligent or constituted willful misconduct, (ii) economic losses incurred by any Indemnified Party as a result of the ownership of an interest in DRI Healthcare Trust or investments, (iii) the expenses that the members of our manager are obligated or elect to pay, (iv) our expenses that an Indemnified Party has agreed to pay without a right to reimbursement, or (v) disputes exclusively between and among the Indemnified Parties, or (vi) a violation of any applicable laws and regulations by any Indemnified Party. Expenses reasonably incurred by any Indemnified Party in defending an action, suit or proceeding will be paid by us in advance of the final disposition of such action, suit or proceeding, provided that the Indemnified Party undertakes to repay such amount if it is ultimately determined that such person was not entitled to be indemnified. The satisfaction of any indemnification and any holding harmless will be from and limited to DRI Healthcare Trust assets, and none of our trustees or unitholders will have any personal liability on account thereof.

DESCRIPTION OF INDEBTEDNESS

Secured Credit Facility

On October 22, 2021, we entered into a credit agreement for credit facilities comprised of (i) a \$175 million acquisition credit facility and (ii) a \$25 million working capital credit facility.

On April 20, 2022, the Trust entered into an amended and restated credit agreement, which added a new tranche to the credit facility consisting of a \$150 million delayed draw term loan.

On March 30, 2023, the Trust further amended its amended and restated credit agreement to revise the total credit available to \$225 million under the acquisition credit facility and \$88.8 million under the term credit facility, and to adjust certain financial covenants to provide greater flexibility. The interest rate on the amended credit facility was also revised to SOFR plus (i) a margin which may vary from 2.00% to 2.75% based on the Trust's leverage ratio; and (ii) a margin of 0.10% to 0.25% based on the term of the borrowing. The range of standby fees was revised to 0.40% to 0.55% based on the Trust's leverage ratio, and the maturity date was extended to March 30, 2026.

On October 31, 2023, the Trust further amended its amended and restated credit agreement to increase the total credit available to \$500 million, comprised of (i) a \$375 million acquisition credit facility; (ii) a \$25 million working capital credit facility; and (iii) a \$100 million term credit facility. The maturity date was extended from March 30, 2026 to October 31, 2026, and may be extended by one-year increments subject to lender approval. All other material terms of the amended credit agreement remain unchanged.

Interest payments are due on a quarterly basis and principal repayments totaling 3.75% of a predetermined reference amount are due on a quarterly basis for the acquisition credit facility and term credit facility. Principal repayments on the working capital credit facility are due on maturity. Principal repayments do not result in a corresponding decrease in the borrowing capacity under the acquisition credit facility and working capital credit facility.

We are subject to certain financial as well as customary non-financial covenants under the amended credit facility. Substantially all of our assets are pledged as collateral under the amended credit facility. As at December 31, 2023, we were in compliance with all covenant requirements under the amended credit facility.

During the years ended December 31, 2023 and 2022, the Trust drew on its amended credit facility to fund royalty transactions. The details of the draws and repayments are presented below:

	Draw Date	Facility	Amount
Balance outstanding – December 31, 2021			\$ 45.5 million
Draws:			
Vonjo	March 7, 2022	Acquisition credit facility	\$ 60.0 million
Zejula	September 9, 2022	Term credit facility	\$ 35.0 million
Omidria	September 28, 2022	Term credit facility	\$ 115.0 million
Omidria	September 28, 2022	Acquisition credit facility	\$ 10.0 million
Xenpozyme	November 25, 2022	Acquisition credit facility	\$ 30.0 million
Repayments:			
Regular repayments			\$ (18.1) million
Voluntary repayments			\$ (30.5) million
Balance outstanding – December 31, 2022			\$ 246.9 million
Draws:			
Tzield	March 6, 2023	Acquisition credit facility	\$ 70.0 million
Empaveli/Syfovre	April 3, 2023	Acquisition credit facility	\$ 3.7 million
Orserdu I	June 28, 2023	Acquisition credit facility	\$ 85.0 million
Orserdu II	August 10, 2023	Acquisition credit facility	\$ 75.0 million
Repayments:			
Regular repayments			\$ (37.9) million
Voluntary repayments			\$ (294.4) million
Balance outstanding – December 31, 2023			\$ 148.3 million

Preferred Securities

On February 8, 2023, DRI Healthcare Trust completed the Private Placement and issued 95,000 Series A Preferred Securities and 19,760 Series B Preferred Securities, with each Preferred Security having a principal amount of \$1,000 at maturity, and being accompanied by 55.5 Warrants, for a total of 6,369,180 Warrants issued and outstanding. The purchase price for the Preferred Securities and Warrants was \$827.8146 per Preferred Security and accompanying Warrants. Following the completion of the Private Placement, an aggregate principal amount of \$95 million of Series A Preferred Securities and \$19.8 million of Series B Preferred Securities are issued and outstanding on the date hereof.

The Preferred Securities are not listed on any stock exchange.

Maturity and Redemption

The Series A Preferred Securities will mature on February 8, 2073, and the Series B Preferred Securities will mature on December 27, 2027. The Series A Preferred Securities can be redeemed at par plus accrued but unpaid interest, at the option of DRI Healthcare Trust, at any time from and after December 27, 2027. The Preferred Securities will not be redeemable by DRI Healthcare Trust prior to December 27, 2027, except in the event of a change of control of DRI Healthcare Trust, in which case the Preferred Securities will be subject to a mandatory redemption. Other than in the event of a change of control of DRI Healthcare Trust, the Series B Preferred Securities are not redeemable by DRI Healthcare Trust.

Pursuant to the trust indenture for the Preferred Securities (the “**Trust Indenture**”), a “change of control” will be deemed to occur upon the acquisition by any person or group of persons acting jointly or in concert of ownership of, or voting control or direction over, more than 66 2/3% of the outstanding voting securities of DRI Healthcare Trust, but a “change of control” will not include a sale, merger, reorganization, amalgamation, arrangement, combination or other similar transaction if the holders of voting securities of DRI Healthcare Trust immediately prior to such transaction also hold, directly or indirectly, securities representing at least 66 2/3% of the voting control or direction over DRI Healthcare Trust or the successor entity upon completion of the transaction.

The Preferred Securities are not redeemable at the option of the holder. The Preferred Securities are not convertible into units of DRI Healthcare Trust, nor can DRI Healthcare Trust satisfy its obligation to repay or redeem the Preferred Securities by issuing units of DRI Healthcare Trust.

Interest

The Preferred Securities bear interest from and including their date of issue on February 8, 2023 at the annual rate of 7.04% per annum (subject to adjustment as set out below), payable semi-annually in arrears on June 30 and December 31 in each year and for the periods from and including June 30 in each year to but excluding December 31 in such year and from and including December 31 in each year to but excluding June 30 in the following year, payable after as well as before maturity and after as well as before default, with interest on amounts in default at the same rate, and such default interest compounded semi-annually; all interest on the Preferred Securities will be computed on the basis of the actual number of days elapsed in such interest period divided by 365. Notwithstanding the foregoing, the first interest payment on the Preferred Securities will be due on June 30, 2023 and will include interest accrued from and including the closing date of February 8, 2023 to but excluding June 30, 2023, in the amount of \$27.3885 for each \$1,000 principal amount of Preferred Securities outstanding.

The interest rate on the Series A Preferred Securities will increase to 10% per annum if any of the Series A Preferred Securities are outstanding on January 1, 2028, and will be subject to an annual increase of 1.5% per annum if any of the Series A Preferred Securities remain outstanding on each one year anniversary of such date, up to a specified cap equal to CORRA (the Canadian Overnight Repo Rate Average) plus 17.25%.

The interest rate on the Series A Preferred Securities will also increase by 1.5% if DRI Healthcare Trust’s payout ratio (being the ratio of cash distributions paid to unitholders of DRI Healthcare Trust to DRI Healthcare Trust’s cash available for distribution) exceeds 50%, measured during the 12 month periods ended June 30 and December 31 in each year. Any such increase resulting from DRI Healthcare Trust’s payout ratio exceeding 50% will be subject to a decrease of 1.5% if DRI Healthcare Trust’s payout ratio is reduced to 50% or less in a subsequent 12 month period ended June 30 or December 31. For this purpose, DRI Healthcare Trust’s cash available for distribution will be calculated as: Total Cash Receipts (as calculated based on amounts reported in the Trust’s public filings), less: (i) cash operating costs (defined in the Trust Indenture), (ii) cash interest expense on senior indebtedness, and (iii) cash interest expense on preferred securities, including the Preferred Securities.

There will be no adjustment to the annual rate of interest payable on the Series B Preferred Securities. DRI Healthcare Trust will be required to repay the Series B Preferred Securities on the maturity date of December 27, 2027 at a price of \$1,000 per Series B Preferred Security, plus accrued but unpaid interest.

Covenants

The Trust Indenture contains covenants of DRI Healthcare Trust to, among other things: (a) pay principal and interest; (b) pay the indenture trustee’s remuneration; (c) notify the indenture trustee in writing of any event of default under the Trust Indenture; (d) maintain DRI Healthcare Trust’s legal existence and mutual fund trust status for tax purposes; (e) keep proper books of record and account; (f) maintain DRI Healthcare Trust’s reporting issuer status; and (g) deliver to the indenture trustee, within 120 days of each calendar year, an officer’s certificate as to DRI Healthcare Trust’s compliance with all covenants, conditions or other requirements in the Trust Indenture. The Trust Indenture also provides that, if at any time while any of the Preferred Securities are outstanding, 100% of the initial lenders of all of the Trust’s senior indebtedness outstanding (based on total credit exposures and unused and uncanceled commitments as determined pursuant to the terms of such senior indebtedness) are non-bank lenders, the following covenants will become effective in the Trust Indenture:

1. The Trust will maintain a Net Total Adjusted Indebtedness / EBITDA ratio of not more than 5.0 to 1.0.
2. The permitted use of proceeds by DRI Healthcare Trust or its subsidiaries from any asset securitization will be limited to: (a) the repayment of existing indebtedness, and (b) investment in additional royalty assets.

For purposes of this covenant:

- “**EBITDA**” will give pro forma effect to royalty investments, as well as royalty dispositions, as if they were made at the start of the 12 month measurement period used for determining the Net Total Adjusted Indebtedness / EBITDA ratio;
- “**Net Total Adjusted Indebtedness**” means Net Total Indebtedness (as defined in the Trust Indenture) plus the aggregate amount of preferred securities of DRI Healthcare Trust issued and outstanding (including the Preferred Securities) to the extent such preferred securities are not included in Net Total Indebtedness; and
- “**non-bank lender**” means a lender that is not a “Canadian financial institution” or a “Schedule III bank” (each as defined in National Instrument 45-106 – Prospectus Exemptions) or an entity organized in the United States or other foreign jurisdiction that is analogous to a Canadian financial institution or a Schedule III bank in form and function.

Events of Default

The Trust Indenture provides that an event of default in respect of the Preferred Securities will occur in the case of certain events described in the Trust Indenture, including the following: (i) failure for 15 days to pay interest on the Preferred Securities when due; (ii) failure to pay principal or premium, if any, on the Preferred Securities when due whether at maturity, upon redemption, by declaration or otherwise; (iii) certain events of bankruptcy and insolvency of DRI Healthcare Trust; (iv) certain events relating to the seizure of any property of DRI Healthcare Trust having a fair market value in excess of \$10 million (or the enforcement of liens on such property or the occurrence of similar events as set out in the Trust Indenture), (v) if a resolution is passed for the winding-up or liquidation of DRI Healthcare Trust, (vi) if, after the date of the Trust Indenture, any proceedings with respect to DRI Healthcare Trust are taken with respect to a compromise or arrangement, with respect to creditors of DRI Healthcare Trust generally, under the applicable legislation of any jurisdiction, and (vii) default in the observance or performance of any other material covenant of the Trust Indenture by DRI Healthcare Trust for a period of 30 days after notice in writing has been given by the indenture trustee to DRI Healthcare Trust specifying such default and requiring DRI Healthcare Trust to remedy such default. If an event of default has occurred and is continuing, the indenture trustee may, in its discretion, and shall, upon the request of holders of not less than 25% in principal amount of the then outstanding Preferred Securities, declare the principal of (and premium, if any) and interest on all outstanding Preferred Securities to be immediately due and payable.

TRUSTEES AND EXECUTIVE OFFICERS

The following table sets forth certain information regarding our trustees and executive officers. Our trustees are elected by unitholders at each annual meeting of unitholders for a term expiring at the close of the next annual meeting and are eligible for re-election.

Name, Province or State and Country of Residence	Position/Title	Independent Trustee ⁽³⁾	Principal Occupation
Gary M. Collins ⁽¹⁾⁽²⁾ <i>British Columbia, Canada</i>	Trustee (Chair) (Appointed on January 22, 2021)	Yes	Corporate Director
Ali Hedayat <i>Ontario, Canada</i>	Trustee (Appointed on January 22, 2021)	No	Managing Director of Maryana Capital
Behzad Khosrowshahi <i>Ontario, Canada</i>	Chief Executive Officer and Trustee (Appointed as a trustee on October 21, 2020)	No	Chief Executive Officer of our Manager
Kevin Layden <i>British Columbia, Canada</i>	Trustee (Appointed on January 22, 2021)	No	President and Chief Executive Officer of Wesbild Holdings Ltd.
Paul Mussenden ⁽²⁾ <i>United Kingdom</i>	Trustee (Appointed on January 22, 2021)	Yes	Chief Executive Officer of Cydar Medical Ltd
Poonam Puri ⁽²⁾ <i>Ontario, Canada</i>	Trustee (Appointed November 7, 2022)	Yes	Professor of Law at Osgoode Hall Law School and Corporate Lawyer at Davies, Ward, Phillips & Vineberg, LLP
Sandra Stuart ⁽¹⁾ <i>British Columbia, Canada</i>	Trustee (Appointed on January 22, 2021)	Yes	Corporate Director
Tamara Vrooman ⁽¹⁾⁽²⁾ <i>British Columbia, Canada</i>	Trustee (Appointed on January 22, 2021)	Yes	President and Chief Executive Officer of Vancouver Airport Authority
Chris Anastasopoulos <i>Ontario, Canada</i>	Chief Financial Officer	-	Chief Financial Officer of our Manager

Notes:

- (1) Member of our Audit Committee.
- (2) Member of our Governance, Compensation and Nominating Committee.
- (3) Independent trustee for the purposes of National Instrument 58-101 – Disclosure of Corporate Governance Practices (“NI 58-101”) of the Canadian Securities Administrators. See “Corporate Governance – Trustee Independence”.

Biographical Information Regarding Our Trustees and Executive Officers

Gary Collins, *Independent Trustee and Chairman*

Gary Collins is a seasoned corporate director with a diversified professional background including leadership roles within multiple industry sectors and senior government positions. He has served as a corporate director for 19 years. Mr. Collins was a Senior Adviser at Lazard Canada Inc., a premier independent financial advisory and asset management firm from 2016 to May 2023. Prior to that, he was the President of Coastal Contacts Inc., the world’s leading online direct-to-customer retailer of replacement contact lenses and eyeglasses, until it was purchased by Essilor International in 2014. He has also held executive leadership roles with Belcorp Industries Inc., and as President and CEO of Harmony Airways. From October 1991 to December 2004, Mr. Collins was a member of the British Columbia Legislative Assembly and held the portfolio of Minister of Finance from June 2001 to December 2004. He has also served as a volunteer director on several not-for-profit organizations.

He currently serves on the boards of Fiera Capital Corporation where he is Chair of the Audit and Risk Committee and also serves as a member of the board of Rogers Sugar Inc. where he is Chair of the Human Resources and Compensation Committee. His governance experience also includes board of director roles with Chorus Aviation Inc., Stuart Olson Construction Services, Liquor Stores of North America, D-Box Technologies Inc., and Catalyst Paper Corporation where Mr. Collins has held the positions of Chair of a number of board committees including Audit, Human Resource, Compensation, and Governance. He has also served on a number of strategic and special committees.

Ali Hedayat, Trustee

Ali Hedayat founded Maryana Capital, a financial firm in Toronto, Ontario in March 2015 and serves as its Managing Director. He is also an officer and a member of the board of directors of DRI Healthcare. He previously cofounded Edoma Capital in London, where he worked from 2010 until December 2012, and was a partner at Indus Capital, an investment fund in London, from May 2013 until March 2015. Mr. Hedayat held progressively more senior roles at the Goldman Sachs Group from 1997 to 2010, including from 2005 to 2007 as Managing Director of the European Principal Strategies group and from 2007 to 2010 as Managing Director and Co-head of the Americas Principal Strategies group. Mr. Hedayat served on the board of RMM Management, a music royalty company, from August 2020 until its IPO in August of 2021. Mr. Hedayat previously served on the board and audit committee of U.S. Geothermal Inc., a renewable energy company, from February 2017 until April 2018 and, from May 2018 through July 2019, served on the board and governance and nomination committee of Crius Energy, an independent energy retailer in the United States. Mr. Hedayat is the lead independent director and chairs the audit committee at Restaurant Brands International.

Mr. Hedayat is an advisory board member of McGill University's Desautels Faculty of Management.

Behzad Khosrowshahi, CPA, Trustee and Chief Executive Officer

Behzad Khosrowshahi is a leading healthcare professional with over 23 years of experience. In addition to being the Chief Executive Officer of the Trust, he is the Chief Executive Officer of our manager, a role he has held since transforming the company following the acquisition of our manager in 2002. Since that time, Mr. Khosrowshahi presided over the transformation of DRI Healthcare to a successful private equity fund manager and, most recently, to the manager of the Trust. In addition, over those years, he assembled a team of specialized healthcare investment professionals, built and grew DRI Healthcare's database of opportunities, and oversaw the development of our manager's investment processes. These efforts, along with the efforts of the DRI Healthcare team, has resulted in the deployment of over \$3.0 billion, purchasing 74 royalties on 48 different leading global pharmaceutical products.

Prior to joining DRI Capital, Mr. Khosrowshahi held increasingly senior positions at Future Shop Ltd., including heading the national chain's merchandising, marketing, e-commerce and supply chain functions as Executive Vice President. He was with Future Shop from 1995 until it was sold to Best Buy for \$580 million in 2001. Mr. Khosrowshahi began his career at Deloitte & Touche LLP in 1991.

Kevin Layden, Trustee

Kevin Layden is an accomplished leader with over 40 years of strategic planning, operations management and governance experience in the real estate development and retail sectors. Since 2008, he has been the President and Chief Executive Officer of Wesbild Holdings Ltd. ("Wesbild"), a privately held residential, commercial and industrial real estate developer. Prior to Wesbild, he was the President of Future Shop when it was owned by Persis Holdings (Wesbild's parent company) and subsequently sold to Best Buy in 2001. He stayed on as President and Chief Operating Officer after the closing and was responsible for the integration with Best Buy. He led the team responsible for building out the Best Buy banner across Canada using the standalone infrastructure of Future Shop. Mr. Layden went on to become the Chief Operating Officer of Best Buy International with responsibility of expanding Best Buy in Canada, Mexico, England, Turkey and China before leaving to join Wesbild.

Mr. Layden currently serves on the board of the Urban Development Institute, Pacific Region, a non-profit real estate development association in the Lower Mainland region of British Columbia and the Board Business Council of British Columbia. He was previously the Chairman of the Retail Council of Canada, was the Co-Chair for the Lower Mainland's 2010 United Way Campaign Cabinet and was on the 2008 United Way Campaign Cabinet for the Retail and Services Group.

Paul Mussenden, Independent Trustee and Chair of the Governance, Compensation and Nominations Committee

Paul Mussenden is a seasoned healthcare executive. He is currently Chief Executive Officer of Cydar Medical Ltd, a global medical device business that uses artificial intelligence software and cloud computing to integrate medical data to provide digital surgical planning and guidance solutions. Dr. Mussenden joined Cydar as a non-executive director in December 2019 and became Chief Executive Officer in October 2020. He was previously a director (from June 2014 to December 2021) and Deputy Chairman of the Board of LifeArc Limited, a healthcare charity in the United Kingdom that develops pharmaceutical and biotechnology products and which, during Dr. Mussenden's tenure, undertook royalty monetization transactions exceeding \$1.4 billion. Through his career Dr. Mussenden has advised healthcare companies at all stages of development, from research and development to commercialization, including private and mature, publicly traded businesses. He has led the establishment of corporate governance and risk management frameworks and has extensive experience in corporate finance, including fundraising and investment, and mergers and acquisitions.

Dr. Mussenden was previously General Counsel & Head of Strategic Affairs at BTG plc, a UK FTSE250 healthcare company, playing a key role in building the company from 2000 until its sale to Boston Scientific for \$4.2 billion in 2019. Dr. Mussenden held that role until August 2019. At BTG, he was responsible for board and public company governance and risk management, while also being managing director of the intellectual property licensing and royalty business, as well as for a small medical device business unit. He also had management responsibility for the legal, intellectual property, regulatory, market access and reimbursement, compliance and medical affairs functions. Prior to BTG, he was an equity markets advisor with the London Stock Exchange, where he focused on healthcare

company transactions. Dr. Mussenden began his career as a corporate lawyer at Norton Rose Fulbright, having converted to law following completion of a doctorate and post-doctoral studies in biotechnology.

Poonam Puri, *Independent Trustee*

Poonam Puri is a tenured Professor of Law at Osgoode Hall Law School in Toronto and a corporate lawyer and Affiliated Scholar at Davies, Ward, Phillips & Vineberg, LLP, a leading Canadian law firm.

Ms. Puri holds a Bachelor of Laws from the University of Toronto, a Master of Laws from Harvard University and has earned the Institute of Corporate Directors, Institute-Certified Director Designation (ICD.D). She has extensive experience as an expert in governance and as a director of organizations in the engineering, transportation, infrastructure and healthcare sectors, including as a past director of CAPREIT, Arizona Mining, Cole Engineering and the Greater Toronto Airports Authority. She previously served as a commissioner of the Ontario Securities Commission.

Ms. Puri presently serves on several public company boards including Colliers International and Propel Holdings. She is also chair of the board of directors of Holland Bloorview Kids Rehabilitation Hospital in Toronto. She has been recognized as one of the top 25 most influential lawyers in Canada by Canadian Lawyer Magazine in 2017 and 2015 and is a former recipient of Canada's Top 40 under 40 award and Canada's Most Powerful Women: Top 100 Award. In 2021, Ms. Puri was awarded the Royal Society of Canada's Yvan Allaire Medal for exemplary contributions to the governance of public and private institutions in Canada, in addition to the Law Society Medal and the David Walter Mundell Medal. In 2022, Ms. Puri was awarded the Peter Day Governance Achievement Award from the Governance Professionals of Canada.

Sandra Stuart, *Independent Trustee and Chair of the Audit Committee*

Sandra Stuart was elected to the board of trustees and appointed as chair of the Audit Committee on January 22, 2021. She currently also serves as a director on the boards of Telus International, Canfor Corporation, Canfor Pulp Products, the Bank of Nova Scotia and Belcorp Industries.

Ms. Stuart is an accomplished international banking executive with extensive C-Suite and corporate governance experience. She has been recognized by the Association of Women in Finance for Excellence in the Private Sector, was acknowledged as one of British Columbia's Most Influential Women in Business by BC Business Magazine, was named one of the Women's Executive Network Top 100 Most Powerful Women in Canada in 2014, and a Catalist Canada Honors Champion in 2019. Ms. Stuart retired as President and Chief Executive Officer of HSBC Bank Canada in 2020, after serving for five years in such role (2015 to 2020) and five years as Chief Operating Officer (2010 to 2015), and over her career at the company held progressively senior roles including in the United States and Brazil. Ms. Stuart holds a Bachelor of Business and Economics degree from Simon Fraser University and has completed executive management courses through Harvard Business School and IMD International Business School.

Tamara Vrooman, *Independent Trustee*

Tamara Vrooman is a seasoned business executive having held senior leadership roles in the finance, transportation, infrastructure and health sectors. Currently, she is President and Chief Executive Officer of Vancouver Airport Authority, which operates Vancouver International Airport (YVR) and a member of its Board of Directors serving on its Audit, Governance, Human Resources and Investment committees. Over the span of her extensive career, Ms. Vrooman has served as the Chair of the Board of Directors of Citizens Bank of Canada and Chair of Board of Vancity Community Investment Bank – where she led all aspects of financial risk, disclosure and strategic growth governance. Ms. Vrooman previously served as the President and Chief Executive Officer of Vancity Credit Union, a full-service financial institution based in Western Canada managing over \$25 billion in assets. A recognized leader in risk management and ESG, Ms. Vrooman has served as an independent advisor to the Taskforce on Climate-related Financial Disclosures (TCFD) and served as the Vice-Chair of the Global Alliance for Banking on Values – a global leadership group of sustainable finance banks. In addition to her corporate sector roles, Ms. Vrooman has held senior roles in the public sector serving as the Deputy Minister of Finance and Deputy Minister of Health where she had accountability for the Province of British Columbia's comprehensive drug insurance program.

In addition to her board role at DRI Healthcare Trust, she serves on the private board of the MacArthur Glen Designer Outlet Centre Partnership, and as a member of the Executive Committee of the Business Council of British Columbia. As an active member of the community, Ms. Vrooman serves as the board chair of the Rick Hansen Foundation and is the Chancellor of Simon Fraser University. She is a recipient of the Order of British Columbia in recognition of her community and business leadership.

Chris Anastasopoulos, *CPA, Chief Financial Officer*

Chris Anastasopoulos is a strategic financial executive with 30 years of experience in the financial services industry. He has led high performance finance and operations teams at a global asset manager, a major Canadian pension plan and a leading Canadian chartered bank.

Mr. Anastasopoulos joined DRI Healthcare in 2015 and has ultimate responsibility for DRI Healthcare's finance function. Before joining DRI Healthcare, he was with the Ontario Municipal Employees Retirement System ("OMERS"), an Ontario-based pension plan, for over ten years. During this time, he held progressively senior finance and operations roles, including Vice President, Finance, Operations and Business Development with OMERS Investment Management, which raised domestic capital for OMERS; Vice President, Finance for OMERS Strategic

Investments, which managed a portfolio of private markets assets and raised international capital for OMERS; and Director, Corporate Financial Reporting for OMERS Corporate office. Prior to OMERS, Mr. Anastasopoulos held senior finance roles in TD Bank after beginning his career at KPMG LLP, where he progressed to the position of Audit Manager.

DRI Healthcare Team

In addition to our executive officers, we benefit from the services of senior management and other personnel of DRI Healthcare who provide services to the Trust, including Ali Hedayat, Navin Jacob, Babak Farahmand, and David Plow. These personnel are employees of DRI Healthcare and are not executive officers of the Trust. Ali Hedayat is an officer and a member of the board of directors of DRI Healthcare and serves as a trustee of DRI Healthcare Trust.

In addition to the members of management noted above, DRI Healthcare has a robust team of professionals who provide us services in a variety of areas including 10 professionals with finance, scientific research, and healthcare-related investing experience. DRI Healthcare also employs 22 staff members in a variety of support functions, including accounting, information technology, investor relations, human resources and legal.

Ownership Interest

As at February 28, 2024, our trustees and executive officers, as a group, beneficially own, or control or direct, directly or indirectly, 0.1% of our issued and outstanding units on a non-diluted basis. However, we are managed by DRI Healthcare and, as such, we have no employees and we have only two executive officers who are also executive officers of DRI Healthcare. Certain of our trustees and executive officers, as well as DRI Healthcare and certain of its directors and executive officers, may also own units of the Trust or restricted units issued under our omnibus equity incentive plan. In December 2021, our board of trustees adopted equity ownership guidelines to align the interest of the Trust's non-executive trustees with the interests of unitholders. The equity ownership guidelines for non-executive trustees are set as three times (3x) the annual cash retainer paid to such trustees for serving on the board of trustees. We do not have equity ownership guidelines for executive officers. Individuals subject to our equity ownership guidelines are required to achieve the applicable ownership requirement within five years after first becoming subject to the requirement, being the later of January 1, 2022 and January 1 of the year following the year in which the individual was first appointed or elected as a trustee. On a diluted basis, taking into account all of our outstanding restricted units, our trustees and executive officers, together with DRI Healthcare and its directors and executive officers, as a group, beneficially own, or control or direct, directly or indirectly, 4.2% of our issued and outstanding units and restricted units as at February 28, 2024.

Penalties or Sanctions

Other than as set out below, none of our trustees or executive officers, and to the best of our knowledge, no unitholder holding a sufficient number of securities to affect materially the control of the Trust, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Ali Hedayat was a director of US Geothermal, Inc. ("**US Geothermal**"), between February 2017 and April 2018. On April 24, 2018, US Geothermal was acquired by Ormat Technologies, Inc. Subsequently, a securities class action was filed against the transaction alleging, among other things, inadequate disclosure by US Geothermal relating to the transaction and the process undertaken by the board of directors. The case was settled on September 16, 2020 in a settlement approved by the Court of Chancery of the State of Delaware, resulting in a \$6.5 million payment to investors.

Individual Bankruptcies

None of our trustees or executive officers, and to the best of our knowledge, no unitholder holding a sufficient number of securities to affect materially the control of the Trust, has, within the 10 years prior to the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

Corporate Cease Trade Orders and Bankruptcies

None of our trustees or executive officers, and to the best of our knowledge, no unitholder holding a sufficient number of securities to affect materially the control of the Trust is, as at the date of this AIF, or has been within the 10 years before the date of this AIF: (a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while the trustee or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; (b) was subject to an order that was issued after the trustee or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. For the purposes of this paragraph,

“order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

Composition of our Board and Board Committees

Under our declaration of trust, our board of trustees is to consist of a minimum of three and a maximum of 12 trustees, a majority of whom must be Canadian residents, as determined from time to time by the trustees. Our board currently consists of eight trustees, a majority of whom are Canadian residents. Under our declaration of trust, a trustee may be removed with or without cause by a resolution passed by an ordinary majority of the votes cast by unitholders present in person or by proxy at a meeting and who are entitled to vote. Under our declaration of trust, between annual general meetings of unitholders, the trustees may appoint one or more additional trustees, but the number of additional trustees may not at any time exceed one-third of the number of current trustees who were elected or appointed other than as additional trustees.

A quorum for the transaction of business at a meeting of trustees (and any committees) shall consist of a majority of the trustees then holding office (or such committee, as applicable), provided a majority of the trustees comprising such quorum are residents of Canada.

The nominees for election as trustees will be determined by our Governance, Compensation and Nominating Committee (“**GCN Committee**”). See also “Committees of our Board – Governance, Compensation and Nominating Committee”.

Trustee Independence

Under NI 58-101, a trustee is considered to be independent if they are independent within the meaning of section 1.4 of National Instrument 52-110 – Audit Committees (“**NI 52-110**”). Pursuant to NI 52-110, an independent trustee is a trustee who is free from any direct or indirect relationship which could, in the view of our board of trustees, be reasonably expected to interfere with a trustee’s independent judgment. Based on information provided by each trustee concerning their background, employment and affiliations, our board has determined that, of the eight trustees on our board, Behzad Khosrowshahi is not independent because he is our Chief Executive Officer and the Chief Executive Officer of our manager, Ali Hedayat is not independent because he is the Executive Vice President, Finance and Strategy at our manager and because of his relationships with DRI Healthcare’s affiliates, and Kevin Layden is not independent because of his relationships with DRI Healthcare’s affiliates. Certain members of our board are also members of the board of trustees of other public companies. Our board has not adopted a trustee interlock policy but stays informed of other public directorships held by its members. Upon initial appointment and then annually thereafter, all trustees complete a conflict of interest questionnaire which includes a survey on independence.

Standard of Care

The standard of care and duties of the trustees provided in the declaration of trust are similar to those imposed on directors of a corporation governed by the CBCA. Accordingly, each trustee is required to exercise the powers and discharge the duties of their office honestly, in good faith and in the best interests of the Trust and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The declaration of trust provides that each trustee is entitled to indemnification from us and against liability and costs in respect of any action or suit against them in respect of the exercise of the trustee’s powers and the discharge of the trustee’s duties, provided that the trustee acted honestly and in good faith with a view to the best interests of the Trust and in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the trustee had reasonable grounds for believing that their conduct was lawful.

Committees of our Board

Our board of trustees has established two standing committees: the Audit Committee and the Governance, Compensation and Nominating Committee.

Audit Committee

Our Audit Committee consists of three trustees, each of whom is a person determined by our board of trustees to be independent trustees and financially literate, in each case, within the meaning of NI 52-110. A majority of the trustees serving on the Audit Committee are residents of Canada. Our Audit Committee is currently comprised of Sandra Stuart, who acts as chair of this committee, Gary Collins and Tamara Vrooman, all of whom are resident Canadians. Each of our Audit Committee members has an understanding of the accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting. Our board of trustees has adopted a written charter in the form set forth in Schedule A, setting forth the purpose, composition, authority and responsibility of our Audit Committee, consistent with NI 52-110.

Our Audit Committee assists our board in fulfilling its oversight of: (i) our financial statements and financial reporting processes; (ii) our systems of internal accounting and financial controls; (iii) the qualifications and independence of our external auditors; (iv) the work of our financial management, internal auditors and external auditors; (v) legal and regulatory compliance; (vi) financial reporting risk; (vii) investments, acquisitions and divestitures that may have a material effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves, or significant components of revenues or expenses; (viii) matters pertaining to our material policies and practices respecting cash management and material financing strategies or policies or proposed financing arrangements and objectives; and (ix) public disclosure items such as earnings press releases, financial information and guidance and other public reporting requirements.

It is the responsibility of our Audit Committee to maintain free and open channels of communication between the Audit Committee, our external auditors and our management. Our Audit Committee is given full access to our management and records and external auditors as necessary to carry out these responsibilities. We will provide appropriate funding, as determined by our Audit Committee, for the payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by our Audit Committee.

External Auditor Service Fee

The following table sets forth the aggregate fees incurred by the Trust for services performed by the Trust's auditor, Deloitte LLP during the years ended December 31, 2023 and 2022.

	2023	2022
Audit Fees ^{(1),(2)}	\$697,350	\$657,739
Tax Fees ^{(1),(3)}	137,314	239,896
Total	\$834,664	\$897,635

(1) Presented on an accrual basis.

(2) Fees for audit and review services, including audit services in connection with the Trust's follow-on public offerings in 2023.

(3) Fees for tax compliance, tax advice and tax planning.

Governance, Compensation and Nominating Committee

Our GCN Committee consists of four trustees, each of whom is a person determined by our board of trustees to be an independent trustee and a majority of whom are residents of Canada. Our GCN Committee is charged with reviewing, overseeing and evaluating our corporate governance, compensation and nominating policies. Our GCN Committee is currently comprised of Paul Mussenden, who acts as the chair of this committee, Gary Collins, Tamara Vrooman, and Poonam Puri, a majority of whom are resident Canadians. No member of our GCN Committee is or will be one of our officers, and as such, our board believes that our GCN Committee will be able to conduct its activities in an objective manner.

Our board has adopted a written charter setting forth the purpose, composition, authority and responsibility of our GCN Committee. Our GCN Committee's purpose is to assist our board in: (i) assessing the compensation of our trustees and making recommendations to our board of trustees; (ii) developing our corporate governance guidelines and principles and providing governance leadership; (iii) identifying individuals qualified to be nominated as members of our board; (iv) overseeing trustee orientation and continuing education; (v) administering our equity-based incentive plans; (vi) monitoring compliance with our Code of Conduct; (vii) reviewing the structure, composition and mandate of our board committees; and (viii) evaluating the performance and effectiveness of our board and of our board committees.

Disclosure Policy and Insider Trading Policy

Our board of trustees has adopted a Disclosure Policy to deal with the timely dissemination of all material information. The Disclosure Policy, which is reviewed annually, establishes guidance for determining what information is material and how it is to be disclosed to avoid selective disclosure and to ensure wide dissemination. Our board, directly and through its committees, reviews and approves the contents of major disclosure documents, including annual and interim consolidated financial statements, prospectuses, our annual information form, management's discussion and analysis and our management information circular. We seek to communicate with our unitholders through these documents as well as by means of news releases, our website and investor relations calls and meetings. Our board of trustees has also adopted an Insider Trading Policy to impose customary restrictions and blackout periods to prevent trading during certain periods and when personnel are or may be in possession of material non-public information.

Directors' and Officers' Liability Insurance

Our and our subsidiaries' trustees, directors and officers are covered under our directors' and officers' liability insurance. Under this insurance coverage, we and our subsidiaries are entitled to reimbursement for insured claims where payments have been made under indemnity provisions on behalf of our and our subsidiaries' trustees, directors and officers, subject to a deductible for each loss, which will be paid by us. Our and our subsidiaries'

individual trustees, directors and officers are also entitled to reimbursement for insured claims arising during the performance of their duties for which they are not indemnified by us or our subsidiaries. Excluded from insurance coverage are illegal acts, acts which result in personal profit and certain other acts.

RISK FACTORS

An investment in our units is subject to a variety of significant and diverse risks and special considerations, many of which are beyond our control. Other risks and uncertainties that we do not presently consider to be material, or of which we are not presently aware, may also become important factors that affect our future business, financial condition and results of operations. If any of the following risks actually occurs, our business, prospects, operating results and financial condition could suffer materially, the trading price of our units could decline and investors could lose all or part of their investment. Please also see "Forward-Looking Information".

Risks Relating to Our Business

Biotechnology and pharmaceutical products are subject to sales risks

Biotechnology and pharmaceutical product sales may be lower than expected due to a number of reasons, including, product competition, pricing pressures, insufficient demand, failure of clinical trials, failure to obtain marketing approval in one or more jurisdictions or approval for new product indications, product manufacturing or commercialization problems, lack of market acceptance, obsolescence, loss of patent protection, regulatory changes, the ongoing impact of the COVID-19 global pandemic, deteriorating economic, market and other business conditions or other factors. In addition, development-stage product candidates may fail to reach the market at all if safety or efficacy concerns are raised during trials. Once on the market, unexpected side effects or safety or efficacy concerns can arise with the product, leading to product recalls, withdrawals, diminishing prescribing by physicians and declining sales. As a result, payments of our royalties may be reduced, cease or be less than expected, which could negatively impact our results of operations. In addition, these payments may be delayed, causing our near-term financial performance to be weaker than expected.

The royalty market may not grow at the same rate as it has in the past, or at all, and we may not be able to acquire sufficient royalties to replace our maturing royalties or to continue growing our business

In order to deploy capital to effectively grow our portfolio of royalties, we are reliant on a robust royalty market with demand for the monetization of intellectual property. Changes in the royalty market, including its structure and participants, or a reduction in the growth of the biotechnology and pharmaceutical industry, could lead to diminished opportunities for us to acquire royalties, fewer royalties (or fewer royalties within our target deal size) being available, or increased competition for royalties. If the royalty market is not sustained or does not grow in a manner consistent with historical experience or our expectations, we may not be able to identify and acquire a sufficient number of royalties, or royalties of sufficient scale, to invest the full amount of capital that may be available to us in the future, which could prevent us from executing our growth strategy and negatively impact our results of operations.

Our reliance on a limited number of products may have a material adverse effect on our financial condition and results of operations

Our royalty asset portfolio includes 26 royalty streams on 20 products. We may be exposed to the performance of a particular product and the bankruptcy of a relevant counterparty by making investments in a small number of assets that in each case relate to any one product. For instance, the product Orserdu and our resulting exposure to the creditworthiness or solvency of the payer of that royalty, Menarini, constituted approximately 34% of our royalty income for the year ended December 31, 2023. Our royalty income from our top five counterparties represented 71% of total royalty income for the year ended December 31, 2023. If our portfolio is not comprised of a widely diversified range of assets, in the event that a product does not perform as expected, or a relevant counterparty declares bankruptcy, this will have a material adverse effect on our financial condition, results of operations and prospects. In addition, any significant deterioration in the royalty income and cash flows from the top products in our portfolio could have a material adverse effect on our business, financial condition and results of operations.

In addition, our asset portfolio may not be fully diversified by geographic region or other criteria. We may invest in assets in respect of which the related product sales predominantly come from a certain number of key jurisdictions. Having a portfolio which is concentrated in a smaller number of countries is generally considered to be a higher risk investment strategy than investing more widely, as it results in the asset having proportionally greater exposure to any particular risks that may occur in that jurisdiction. Any adverse effect on the relevant markets where product sales are concentrated could have a material adverse effect on our financial condition, results of operations and prospects.

Our existing royalty entitlements may decline as royalty entitlements in certain jurisdictions expire

Our royalty entitlements on Flumist expired in the fourth quarter of 2023 and several additional royalties will be expiring entirely in 2024 and 2025. Royalty entitlements on the royalty assets with expiry dates prior to 2028 represented approximately 9% of our royalty income for the year ended December 31, 2023, excluding contribution from Other Products. Our future performance, including sustaining and growing our royalty income, is entirely dependent on our ability to acquire new royalties. If we are unable to acquire additional royalties to replace these maturing royalties or other maturing royalties in the future in a manner consistent with our plans, our royalty income could decline or may not grow in a manner consistent with our expectations. If that occurs, we could encounter a significant deterioration in our cash flows, which could have a material adverse effect on our financial condition,

results of operations and prospects. Even if we are able to successfully acquire additional royalties, they may not generate a meaningful return for a period of several years, if at all, due to the price we pay for such royalties or other factors relating to the underlying products. We may not be able to acquire sufficient royalties to replace our maturing royalties or to begin to grow as we have in the past, or at all. Any inability to execute on our growth plan could have a material adverse effect on our business, financial condition, and results of operations.

We make assumptions regarding the royalty duration for terms that are not contractually fixed, and a shortened royalty term could result in a decline in income from royalties, significant reductions in royalty payments compared to expectations, or a permanent impairment of a royalty

In accordance with IFRS, royalty investments must be assessed to determine whether they are to be recognized as financial assets or intangible assets. When royalty investments are determined to be intangible assets under IFRS they are initially measured at the fair value of the consideration paid and subsequently amortized over their useful life. A critical component of such amortization is our assumptions regarding duration of the royalty to determine its useful life.

The royalty duration is important for purposes of accurately measuring royalty income over the life of a royalty. In making assumptions around the royalty duration for terms that are not contractually fixed, we consider, among other things, the strength of existing patent protection, expected entry of generic or biosimilar products or other competitive products, geographical exclusivity periods and potential patent term extensions tied to the underlying product. We generally acquire royalty streams with a remaining life of four to 12 years, but the life of an acquired royalty stream may be different depending on when that royalty stream is acquired relative to the point in time when the right to receive royalties under the license agreement terminates.

The duration of a royalty usually varies on a country-by-country basis and can be based on a number of factors, such as patent expiration dates, regulatory exclusivity, years from first commercial sale of the patent-protected product, the entry of competing generic, biosimilar and other products, or other terms set out in the contracts governing the royalty. It is common for royalty durations to expire earlier or later than anticipated due to unforeseen positive or negative developments over time, including with respect to the granting of patents and patent term extensions, the invalidation of patents, litigation between the party controlling the patents and third party challengers of the patents, the ability of third parties to design around or circumvent valid patents, the granting of regulatory exclusivity periods or extensions, timing for the arrival of generic or biosimilar competitor products, differences in interpretation of contracts governing royalties, changes to legal or regulatory regimes affecting intellectual property rights or the regulation of pharmaceutical products, product life cycles, and industry consolidations.

If an unexpected shortening of a royalty term were to occur, it could result in a decline in royalty income, a significant reduction in royalty payments compared to expectations, or a permanent impairment, which could negatively impact our results.

Our future income is dependent upon numerous royalty-specific assumptions and, if these assumptions prove not to be accurate, we may not achieve our expected rates of returns

Our business model is based on multiple-year internal and external forecasts regarding product sales and numerous product-specific assumptions in connection with each royalty transaction, including where we have limited information regarding the product. There can be no assurance that the assumptions underlying our financial models, including those regarding product sales or competition, patent expirations or license terminations for the products underlying our portfolio, are accurate. These assumptions involve a significant element of subjective judgment and may be and in the past have been adversely affected by post-acquisition changes in market conditions and other factors affecting the underlying product. Our assumptions regarding the financial stability or operational or marketing capabilities of the marketer obligated to pay us royalties may also prove, and in the past have proven to be, incorrect. Others may have different assessments of the projections, forecasts and estimates relating to our royalty assets, or any other assets we may seek to purchase in the future. Due to these and other factors, the assets in our current portfolio or future assets may not generate expected returns or returns in line with our historical financial performance or in the time periods we expect. This could negatively impact our results of operation for a given period.

The execution of our strategy could depend on our ability to raise capital in the future, and our inability to do so could prevent us from achieving our growth objectives

We may in the future be required to raise capital through public or private financing or other arrangements in order to pursue our growth strategy or operate our businesses. Such financing may not be available on acceptable terms, or at all, and a failure to raise capital when needed could harm our business or our ability to execute our strategy. Further, debt financing may involve restrictive covenants and could reduce our profitability. If we cannot raise funds on acceptable terms, or at all, we may not be able to grow our business or respond to competitive pressures.

Information about the biotechnology and pharmaceutical products underlying the royalties we buy may be limited and therefore our ability to analyze each product and its potential future cash flow may be similarly limited

We may have limited information concerning the products generating the royalties we are evaluating. Often, the information we have regarding products following our royalty transactions may be limited to the information that is available in the public domain. Therefore, there may be material information that relates to such products that we would like to know but do not have and may not be able to obtain. For example, we do not always know the results of studies conducted by developers or marketers of the products or others or the nature or amount of any complaints

from doctors or users of such products. In addition, the market data that we obtain independently may also prove to be incomplete or incorrect.

When conducting due diligence and making an assessment regarding an investment in a royalty or other asset, we must rely on resources available to us, including information provided by the royalty owner or borrower, information filed with various government regulators, publicly available information and information that is made directly available to our manager by third parties. Further, a product may not have a history of cash flows to allow our manager to conduct comprehensive due diligence and assess its potential risks and liabilities. As such, our manager may not be in a position to confirm the completeness, genuineness or accuracy of such information and data.

We cannot guarantee that our manager's due diligence investigation will reveal or highlight all relevant facts that may be necessary or helpful in evaluating any investment opportunity. Due to these and other factors, the actual cash flow from a royalty may be significantly lower than our estimates. Any failure by our manager to identify relevant facts through the due diligence process may cause it to make inappropriate investment decisions, which may have a material adverse effect on our financial condition, results of operations and prospects.

Biotechnology and pharmaceutical products are subject to substantial competition

The biotechnology and pharmaceutical industry is a highly competitive and rapidly evolving industry. The length of any product's commercial life cannot be predicted with certainty. There can be no assurance that one or more products on which we are entitled to a royalty will not be rendered obsolete or non-competitive by new products or improvements on which we are not entitled to a royalty made to existing products, either by the current marketer of such products or by another marketer. Current marketers of products may undertake these development efforts in order to improve their products or to avoid paying our royalty. Competition, obsolescence, governmental and regulatory action, or healthcare policy changes could significantly affect the revenues, including royalty-related revenues, of the products underlying our royalties.

The products underlying our royalties include pharmaceuticals, medical devices and diagnostics, animal health products and drug delivery technologies, which are subject to intense competition with other similar products in the rapidly evolving biotechnology and pharmaceutical industry. The length of any product's commercial life cannot be predicted. Each product is subject to competition from alternative products, procedures, potential cures, or new categories of therapies that are available on the market or may in the future be developed or become available as the biotechnology and pharmaceutical industry is rapidly evolving. Competition may reduce the number of products sold or reduce the price at which the marketer decides to sell a product. This may ultimately lead to the product being rendered non-competitive, ineffective or obsolete.

The alternative products may adversely affect sales of a product, especially if these alternatives are more effective, safer, cheaper, more convenient, or otherwise superior. Sales of the products and the marketers' ability to maintain their competitive positions are partly dependent on the success of marketers' respective marketing efforts. These efforts often rely, in part, on the strength and reputation of a product's brand name and underlying trademarks, trade names and related intellectual property. A marketer's activities in both marketing the products and protecting its intellectual property are outside our control. A marketer's failure either to market the products actively and effectively or to diligently protect its intellectual property rights could reduce its competitive position.

Competitive factors affecting the market position and success of each product include, but are not limited to:

- therapeutic effectiveness of the product, including effectiveness as compared to alternative treatments;
- safety risks or concerns and side effect profile;
- doctors' or patients' preference or confidence in the product;
- price, including third-party insurance reimbursement policies;
- timing and introduction of the product;
- the therapeutic class of the product;
- laws and regulations impacting the product;
- effectiveness of marketing strategy and execution;
- governmental regulation and policy;
- availability of lower-cost generics and/or biosimilars or other alternative treatments;
- intellectual property and regulatory protection;
- treatment innovations that eliminate or minimize the need for a product;
- product liability claims; or
- other new information uncovered or discovered about the product.

The biotechnology and pharmaceutical products underlying our royalties may be rendered obsolete or non-competitive by new products, including generics and/or biosimilar versions of the products, improvements on existing products, new treatment innovations, non-drug treatment interventions or governmental or regulatory action. Although

products may hold patent or statutory marketing protection that confers exclusive rights, a regulatory authority in the United States, European Union or elsewhere may authorize a third party to market a generic substitute or biosimilar version of a product, or a third party may otherwise circumvent any exclusive rights. In these cases, the product would become subject to competition from generic or biosimilar products, which may be sold at significantly lower prices than the product. Pressure from the government or third-party payors, such as health maintenance organizations and health insurers, or any other pressure to reduce healthcare and related costs could result in physicians or pharmacies increasingly prescribing, substituting or dispensing generic or biosimilar products competing with a product which may adversely affect the assets linked to that product. All of these competition risks in relation to a product may adversely affect the assets related to that product. The resulting non-performance or underperformance of such asset may have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, as biotechnology and pharmaceutical companies increasingly devote significant resources to innovate next-generation products and therapies using gene editing and new curative modalities, such as cell and gene therapy, products on which we have a royalty may become obsolete. These developments could have a material adverse effect on the sales of the biotechnology and pharmaceutical products underlying our royalties, and consequently could materially adversely affect our business, financial condition and results of operations.

We face competition in acquiring assets and locating suitable assets to acquire

There are a limited number of suitable and attractive opportunities to acquire high-quality royalties available in the market. Therefore, competition to acquire such royalties is intense and may increase. We compete with other potential acquirers for these opportunities, including companies that market the products on which royalties are paid, financial institutions and others. These competitors may be able to access lower cost capital, may be larger than us, may have relationships that provide them access to opportunities before us, or may be willing to acquire royalties for lower projected returns than we are. These competitors may invest in potential investments before we are able to do so or their offers may drive up the prices of potential investments, thereby potentially lowering returns and, in some cases, rendering them unsuitable for investment by us.

An inability to source investments would have an adverse effect on our financial condition, results of operations and prospects.

Marketers of the products underlying our royalties are outside of our control

Generally, the holders of royalties on products have granted exclusive regulatory approval, commercialization, manufacturing and marketing rights to the marketers of such products. The marketers have full control over those efforts and sole discretion to determine the extent and priority of the resources they will commit to their program for a product. Accordingly, the successful commercialization of a product depends on the marketer's efforts and is beyond our control. We receive royalty streams which may consist of royalties and other forms of revenue which are paid directly or indirectly by marketers or, in the case of debt assets, of interest payments and other forms of payment which are paid by borrowers or royalty owners relying on corresponding payments by marketers. These marketers may have interests that are different from our interests. For example, these marketers may be motivated to maximize income by allocating resources to other products and, in the future, may decide to focus less attention on the products generating our royalties or by allocating resources to develop products that do not generate royalties to us. If a marketer does not devote adequate resources to the ongoing regulatory approval, commercialization and manufacture of a product, or if a marketer engages in illegal or otherwise unauthorized practices, the product's sales may not generate sufficient royalties, or the product's sales may be suspended, and consequently, could adversely affect our business. There can be no assurance that any marketer or person with whom the marketer has a working relationship has adequate resources and motivation to continue to produce, market and sell the products generating our royalties. Aside from any limited audit rights relating to the activities of the marketers that we may have in certain circumstances pursuant to the terms of our arrangements with the licensor, we do not have oversight rights with respect to the marketers' operations and do not have rights allowing us to direct their operations or strategy nor do our agreements contain performance standards for their operations. We also have limited information on the marketers' operations.

In these circumstances, while we may be able to receive certain information relating to sales of products through the exercise of audit rights and review of royalty reports we receive from the licensor, we may not have the right to review or receive certain information relating to products that the marketers may have, including the results of any studies conducted by the marketers or others, or complaints from doctors or users of products. The market performance of the products generating our royalties may therefore be diminished by any number of factors relating to the marketers that are outside of our control.

It is also possible that the counterparties to our royalty agreements may inadvertently pay us amounts that are greater or less than the amounts required to be paid to us pursuant to the terms of our royalty agreements. These overpayments or underpayments may not be immediately identified, which may have an unexpected impact on our results of operations.

We may rely on leverage to fund some or all of our royalty acquisition strategy

Our use of leverage creates an opportunity for an increased return but also increases the risk of loss if our assets do not generate sufficient income to us. If we are unable to access the debt markets to obtain financing to fund our planned indebtedness on terms acceptable to us, or at all, we may not be able to complete the acquisition of

additional royalties in the manner we currently expect to, which may adversely impact our ability to replace maturing royalties, the growth of our royalty portfolio, royalty income and cash flows, our financial performance and our distributions to unitholders.

In addition, interest expense and other costs incurred in connection with such borrowings may not be covered by the income from our assets. Agreements governing borrowings may impose operating and financial restrictions on us which could affect the number and size of the royalties that we may pursue and our ability to make distributions. Therefore, no assurance can be given that we will be able to take advantage of favorable conditions or opportunities as a result of any restrictive covenants under our indebtedness. There can also be no assurance that additional debt financing, either to replace or increase existing debt financing, will be available when needed or, if available, will be obtainable on terms that are commercially reasonable.

Our royalties may be used as collateral for our borrowings and in the event of a default under any of our secured borrowings, one or more of our creditors or their assignees could obtain control of our royalties and, in the event of a distressed sale, these creditors could dispose of these royalties for significantly less value than we could realize for them. In addition, because our credit facility uses SOFR as a factor in determining the applicable interest rate changes to SOFR may lead to higher borrowing costs and have an adverse effect on our results of operations and cash flows.

Our business is subject to interest rate and foreign exchange risk

We are exposed to interest rate fluctuations as the interest rate for our long-term debt is not fixed, but rather varies from time to time in relation to overall market interest rates, and we may be exposed under other borrowings in the future, as well as in respect to our investments in money market accounts and marketable securities, the majority of which bear a variable interest rate. In addition, we may be exposed to interest rate fluctuations with respect to loan receivables from counterparties in the future, since the interest rate for these loan receivables may not be fixed. To the extent that interest rates generally increase, our borrowing costs will increase and our leverage strategy will become more costly, leading to diminished net profits. To the extent interest rates fall, our interest income from loan receivables will decrease, leading to diminished net profits.

Interest rate risk refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt asset indirectly (especially in the case of fixed rate debt assets) and directly (especially in the case of debt assets whose rates are adjustable) or may impact our borrowing costs. In general, rising interest rates will negatively impact the price of a fixed rate debt asset and falling interest rates will have a positive effect on price. Adjustable-rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. In addition, interest rate increases generally will increase the interest carrying costs to us (or any entity through which we invest) of leveraged investments.

We may enter into non-speculative interest rate derivatives to manage our interest rate risk and achieve a more predictable interest expense to provide greater flexibility in complying with debt covenants. We currently maintain an interest rate swap to exchange a floating interest rate for a fixed interest rate on our credit facility.

Our royalties are generally paid to us in U.S. dollars, however, in respect of certain royalties, payments may be converted into one or more other currencies prior to conversion back to U.S. dollars before being paid to us. In addition, our results of operations are subject to foreign currency exchange risk through transactional exposure resulting from movements in exchange rates between the time we recognize royalty income and the time at which the transaction settles, or we receive the royalty payment. Because we are entitled to royalties on worldwide sales for various products, there is an underlying exposure to foreign currency as the marketer converts payment amounts from local currencies to U.S. dollars. In this respect, we are subject to foreign currency risk. Our principal currency exposure is to the Euro, the Japanese Yen and the British Pound. Therefore, cash received may differ from the estimated receivable based on fluctuations in currency. As a result, significant changes in foreign exchange rates can impact our results.

Acquisitions of royalties on development-stage biotechnology and/or pharmaceutical product candidates and the acquisition of royalties on approved biotechnology and/or pharmaceutical products whose success is dependent on further development are subject to a number of uncertainties

From time to time, we may acquire royalties on development-stage product candidates that have not yet received marketing approval by any regulatory authority and on approved products whose success is dependent on further clinical development. There can be no assurance that the FDA, the EMA or other regulatory authorities will approve such products or that such products will be brought to market, or that further clinical development will proceed in a timely manner or at all, or that the market will be receptive to such products. If the FDA, the EMA or other regulatory authority approves a development-stage product candidate underlying our royalty, the manufacturing, distribution, pricing, labeling, packaging, market surveillance, adverse reaction reporting, advertising and promotion for the product will be subject to extensive and ongoing regulatory requirements. The subsequent discovery or observance of previously unknown risks associated with the use of the product, including previously unknown contraindications, interactions, side effects or adverse reactions of unanticipated severity or frequency, may result in restrictions on the marketing of the product, and could include withdrawal of the product from the market.

In addition, the developers of these development-stage product candidates may not be able to raise additional capital to continue their discovery, development and commercialization activities, which may cause them to delay, reduce the scope of, or eliminate one or more of their research and development programs or clinical trials. If other product developers introduce and market products that are more effective, safer or less expensive than the relevant products underlying our royalties, or if such developers obtain approval for or introduce their products into the market prior to the competing products underlying our royalties, the royalty generating products may not achieve commercial success, resulting in a loss for us.

Further, the developers of the products underlying our royalties may not have sales, marketing or distribution capabilities in some or all of the jurisdictions where these products are approved. If no sales, marketing or distribution arrangements can be made on acceptable terms or at all, the affected product may not be able to be successfully commercialized, which will result in a loss for us. Losses from such assets could have a material adverse effect on our business, financial condition and results of operations.

There can be no assurance that our assumptions will prove correct, that regulatory authorities will approve such development-stage product candidates, that such development-stage product candidates will be brought to market in a timely manner or at all, or that such products will achieve commercial success.

Investments in debt instruments are subject to credit risk

We may from time to time invest in or acquire indebtedness of various entities, including inventors and biotechnology or pharmaceutical companies, including debentures, promissory notes, credit agreements or other forms of borrowing. Our investment in debt instruments will be subject to credit risks. Credit risks refer to the likelihood that the borrower will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of a borrower are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt asset may affect its credit risk. Credit risk may change over the life of an instrument, and debt obligations, which may be rated by rating agencies, are often reviewed and may be subject to downgrade.

Future investments in securities of royalty counterparties are subject to various risks

We may in the future seek to further expand our market opportunity by acquiring securities issued by biotechnology or pharmaceutical companies or others in the pharmaceutical value chain. Where we acquire equity securities, the value of those securities will fluctuate and may depreciate. In some cases, acquisitions of securities or other business interests or assets may be unlisted and otherwise illiquid and difficult to value. Such illiquidity will limit our ability to vary our portfolio promptly in response to changing economic or investment conditions. We will likely not control the company in which we acquire securities, and as a result, we may have limited ability to determine its management, operational decisions and policies. The valuation of these businesses, securities and assets is subject to a significant amount of subjectivity and discretion. There is no guarantee that we will realize the fair value of these assets on their purchase or sale.

The insolvency of a marketer could adversely affect our receipt of cash flows on the related royalties that we hold

If a marketer were to become insolvent and seek to reorganize under applicable bankruptcy, insolvency or creditor protection legislation, such event could delay or impede the payment of the amounts due under a license agreement, pending a resolution of the insolvency proceeding. In the case of any debt assets that we may acquire or that may participate in the royalty stream payment chain, we will be indirectly exposed through the borrower to the marketer's or such other party's solvency. Any unpaid royalty payments due for the period prior to the filing of the bankruptcy proceeding would be unsecured claims against the marketer, which might not be paid in full or at all. While royalty payments due for periods after the filing may qualify as administrative expenses entitled to a higher priority, the actual payment of such post-filing royalty payments could be delayed for a substantial period of time and might not be in the full amount due under the license agreement. The licensor would be prevented by the automatic stay from taking any action to enforce its rights without the permission of the bankruptcy court. In addition, the marketer could elect to reject the license agreement, which would require the licensor to undertake a new effort to market the applicable product with another distributor. Such proceedings could adversely affect the ability of a payor to make payments with respect to a royalty, or where the asset is a debt asset, indirectly as a result of the impact on a borrower's ability to pay the interest or repay the principal on the debt asset, and could consequently adversely affect our business, financial condition and results of operations.

In addition, the insolvency of a counterparty to one of our royalty agreements could have an adverse effect on our business, financial condition and results of operations.

Unsuccessful attempts to acquire new royalties could result in significant costs and negatively impact subsequent attempts to locate and acquire other assets

The investigation of each specific target royalty and the negotiation, drafting and execution of relevant agreements, disclosure and other documents requires substantial management time and attention and results in substantial costs for consultants, lawyers and others. If a decision is made not to complete a specific acquisition, the costs incurred for the proposed transaction would not be recoverable from a third party and would be payable by us. Furthermore, even if an agreement is reached relating to a specific target asset, we may fail to consummate the acquisition for any number of reasons, including, in the case of an acquisition of a royalty through a business combination with a public company, approval by the target company's public shareholders. Multiple unsuccessful attempts to acquire new royalties could hurt our reputation, result in significant costs and consume our manager's time. The opportunity cost

of diverting management and financial resources could negatively impact our ability to locate and acquire other assets.

Sales of the products underlying our royalties are subject to uncertainty related to healthcare reimbursement policies, managed care considerations and pricing pressures

In both the U.S. and non-U.S. markets, sales of medical, biotechnology and pharmaceutical products, and the success of such products, depends in part on the availability and extent of coverage and reimbursement from third-party payors, including government healthcare programs and private insurance plans.

In the United States, pharmaceutical product pricing is subject to enhanced government regulation, public scrutiny and calls for reforms. Some states have implemented, and other states are considering, pharmaceutical price controls or patient access constraints under their Medicaid program. There have also been recent state legislative efforts that have generally focused on increasing transparency around drug costs or limiting drug prices. On September 13, 2020, the then President of the United States made an executive order entitled, “Executive Order on Lowering Drug Prices by Putting America First”, which contained a substantial list of potential policy changes intended to lower drug costs. Some pharmaceutical companies have in the past responded to executive action by taking voluntary action to reduce drug prices. For example, Pfizer, Merck and Novartis all froze drug prices in 2018. These or similar voluntary actions could have an adverse impact on our performance.

Political pressure may lead to unpredictable responses in the healthcare marketplace, and there can be no guarantee with respect to how healthcare companies and the government will address such pressure. Accordingly, certain political and economic shifts may have deleterious effects on our assets which are beyond our control.

In addition, the growth of large managed care organizations and prescription benefit managers, as well as the prevalence of generic substitution, has hindered price increases for prescription drugs. Continued intense public scrutiny of the price of drugs, together with government and payor dynamics, may limit the ability of producers and marketers to set or adjust the price of products based on their value. There can be no assurance that new or proposed products will be considered cost-effective or that adequate third-party reimbursement will be available to enable the producer or marketer of such product to maintain price levels sufficient to realize an appropriate return. Outside the United States, numerous major markets, including the European Union, Japan and China, have pervasive government involvement in funding healthcare, and, in that regard, fix the pricing and reimbursement of pharmaceutical products. Consequently, in those markets, the products generating our royalties are subject to government decision-making and budgetary actions.

These pricing pressures may have a material adverse effect on our current royalties and the attractiveness of future acquisitions of royalties, which may adversely affect our business, financial condition, and results of operations.

The products underlying our royalties are subject to uncertainty related to the regulation of the healthcare industry

The U.S. healthcare industry is highly regulated and subject to frequent and substantial changes. For example, the U.S. *Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act* (the “ACA”) was enacted by Congress in March 2010 and established a major expansion of healthcare coverage, financed in part by a number of new rebates, discounts, and taxes that had a significant effect on the expenses and profitability on the companies that manufacture the products underlying our royalties. These companies and their products face uncertainty due to federal legislative and administrative efforts to repeal, substantially modify or invalidate some or all of the provisions of the ACA.

The FDA has previously communicated an effort to expand generic pharmaceutical competition and competition in general, which may cause price compression for certain drugs. The FDA is increasing generic competition through proposals such as modifying Risk Evaluation and Mitigation Strategy (REMS) requirements, issuing a public list of brand name drug manufacturers that have impeded generic alternatives, and establishing a working group to consider importation of sole source drugs that have no blocking patents or exclusivity.

Other U.S. federal or state legislative or regulatory action and/or policy efforts could adversely affect the healthcare industry, including, among others, general budget control actions, imposing most-favored nation pricing limitations, changes in patent laws, the importation of prescription drugs from outside the United States at prices that are regulated by governments of various foreign countries, revisions to reimbursement of biotechnology and pharmaceutical products under government programs, restrictions on U.S. direct-to-consumer advertising or limitations on interactions with healthcare professionals. No assurances can be provided that these laws and regulations will not have a material adverse effect on our business, financial condition and results of operations.

In addition, many of the products in our portfolio benefit from regulatory exclusivity. If, in an effort to regulate pricing, regulatory exclusivity is not maintained, our business, financial condition and results of operations may be adversely impacted.

The biotechnology and pharmaceutical industry may be negatively affected by U.S. federal government deficit reduction policies, which could reduce the value of the royalties that we hold

In an effort to contain the U.S. federal deficit, the pharmaceutical industry could be considered a potential source of savings via legislative proposals. Government action to reduce federal spending on entitlement programs, including Medicare, Medicaid or other publicly funded or subsidized health programs, or to lower drug spending, may affect

payment for the products underlying our royalties. These and any other cost controls and/or any significant additional taxes or fees that may be imposed on the biotechnology and pharmaceutical industry as part of deficit reduction efforts could reduce cash flows from our royalties and therefore have a material adverse effect on our business, financial condition and results of operations.

Sales of products underlying our royalties are subject to regulatory approvals and actions in the United States and foreign jurisdictions that could harm our business

The procedures to approve biotechnology and pharmaceutical products for commercialization vary among countries and can involve additional testing and time. Approval by the FDA does not ensure approval by regulatory authorities in other countries, and approval by one foreign regulatory authority does not ensure approval by regulatory authorities in other foreign countries or by the FDA. The foreign regulatory approval process may include all of the risks associated with obtaining FDA approval and many include additional risks, such as pricing approval.

There can be no assurance that any of these regulatory approvals will be granted or not be revoked or restricted in a manner that would have a material adverse effect on the sales of such products and on the ability of payors to make payments with respect to such royalties to us.

The success of certain of our investments may be dependent upon certain products obtaining approvals from regulatory authorities. We may make investments in assets related to products undergoing development or clinical trials that have not yet received marketing approval by any regulatory authority. The research, development, preclinical and clinical trials, manufacturing, labelling, and marketing related to a biotechnology or pharmaceutical company's products are subject to extensive regulatory approval processes by the FDA, EMA, or other regulatory agencies. We will be exposed to products which are at the later stages of development and are yet to receive approval from the relevant regulatory authority although we will also be exposed to products which have been approved and are market-ready. For those products which are still under development, however, the process for obtaining required regulatory approvals is very lengthy, costly, and uncertain. There can be no assurance that the FDA, EMA, or other regulatory authorities will approve such products, or that such products will be brought to market in a timely manner or at all. If a company is unable to obtain necessary regulatory approvals in a timely fashion or at all, or if after approval for marketing a product is later shown to be ineffective or to have unacceptable side effects not discovered during testing, there may be adverse effects on the returns generated from the asset(s) to which such product relates. The resulting non-performance or underperformance of such asset(s) may have a material adverse effect on our business, financial condition, results of operations and prospects.

The manufacture and distribution of a biotechnology and pharmaceutical products may be interrupted by regulatory agencies or supplier deficiencies

The manufacture of products generating our royalties is typically complex and is highly regulated. In particular, biotechnology and pharmaceutical products are manufactured in specialized facilities that require the approval of, and ongoing regulation by, the FDA in the United States and, if manufactured outside of the United States, both the FDA and non-U.S. regulatory agencies, such as the EMA. With respect to a product, to the extent that operational standards set by such agencies are not adhered to, manufacturing facilities may be closed or production interrupted until such time as any deficiencies noted by such agencies are remedied.

Any closure or interruption of a facility may interrupt, for an indefinite period of time, the manufacture and distribution of a product and therefore the cash flows from the related biotechnology or pharmaceutical asset may be significantly less than expected.

In addition, manufacturers of a product may rely on third parties for selected aspects of product development, such as packaging or to supply bulk raw material used in the manufacture of such product. In the United States, the FDA requires that all suppliers of pharmaceutical bulk materials and all manufacturers of pharmaceuticals for sale in or from the United States adhere to the FDA's current "Good Manufacturing Practice" regulations and guidelines and similar requirements that exist in jurisdictions outside the United States. Licensees generally rely on a small number of key, highly specialized suppliers, manufacturers and packagers. Any interruptions, however minimal, in the operation of these manufacturing and packaging facilities could have a material adverse effect on production and product sales and therefore a material adverse effect on our business, financial condition and results of operations.

Product liability claims or recalls may diminish the returns on biotechnology and pharmaceutical products

The developer, manufacturer or marketer of a product could become subject to product liability claims, including claims in a class action proceeding. A product liability claim, regardless of its merits, could adversely affect the sales of the product and the amount of any related royalty payments, and consequently, could materially adversely affect the ability of a payor to make payments with respect to a royalty.

Although we believe that we will not bear responsibility in the event of a product liability claim against the developer, manufacturer, marketer or other seller of the product underlying our royalty, such claims could materially adversely affect our business, financial condition and results of operations due to the lower-than-expected royalty income.

Products underpinning the relevant assets generally require regulatory approval. Once a product receives regulatory approval and enters the market, that product may still be subject to withdrawal from the market at the request or direction of the FDA, the EMA or any other relevant regulatory body due to safety, efficacy, supply, manufacturing quality, or other concerns.

In addition, the person or entity responsible for the development, manufacture, supply, marketing and/or sale of a product may voluntarily withdraw the product from the market for medical, technical, regulatory, commercial or other reasons. There can be no assurance that a product will not be withdrawn by the marketer on its own, or at the request or direction of the FDA, EMA, or any other regulatory body. Such withdrawal of a product may have an adverse effect on the royalty streams from the asset(s) linked to that product. The resulting non-performance or underperformance of such asset(s) may have a material adverse effect on our business, financial condition, results of operations and prospects. For example, Natpara was removed from the market in the United States as Takeda, the parent company of the marketer of Natpara, attempted to correct manufacturing and delivery-related issues associated with the product. Ultimately, on October 4, 2022, Takeda announced that it will discontinue manufacturing Natpara globally at the end of 2024 due to unresolved supply issues related to protein particle formation that is unique to Natpara and as a result, Takeda will not re-commercialize Natpara in the United States. Beyond 2024, Takeda intends to supply available doses 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.

We are typically not involved in maintaining, enforcing and defending patent rights on products underlying our royalties

Our right to receive royalties generally depends on the existence of valid and enforceable claims of registered and/or issued patents in the United States and elsewhere in the world. The products on which we receive payments are dependent on patent protection and on the fact that the manufacturing, marketing and selling of such products do not infringe, misappropriate or otherwise violate intellectual property rights of third parties. Typically, we have no ability to control the prosecution, maintenance, enforcement or defense of patent rights, but must rely on the willingness and ability of our partners or their marketers to do so. While we believe that these third parties are in the best position and have the requisite business and financial motivation to do so, there can be no assurance that these third parties will vigorously prosecute, maintain, enforce or defend such rights. Even if such third parties seek to prosecute, maintain, enforce or defend such rights, they may not be successful.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has, in recent years, been the subject of much litigation in many jurisdictions globally. Furthermore, changes in patent laws or interpretation of patent laws in the United States and in other jurisdictions could increase the uncertainties surrounding the successful prosecution of patent applications and the successful enforcement or defense of issued patents by our partners, all of which could diminish the value of patent protection relating to the biotechnology and pharmaceutical assets. As a result, the issuance, scope, validity, enforceability and commercial value of the patent rights of our partners and their marketers are highly uncertain. In addition, such third parties' pending and future patent applications may not result in patents being issued which protect their products, development-stage product candidates and technologies or which effectively prevent others from commercializing competitive products, development-stage product candidates and technologies. Moreover, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance.

Even if the patent applications our partners and their marketers license or own do issue as patents, they may not issue in a form that will provide them with any meaningful protection, prevent competitors or other third parties from competing with them or otherwise provide them with any competitive advantage. Competitors or other third parties may be able to circumvent patents of our partners and their marketers by developing similar or alternative products in a non-infringing manner. The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and may be challenged in the courts or patent offices in the United States and abroad. Such challenges may, through settlement or court ruling, result in loss of exclusivity or in patent claims being narrowed, invalidated, dedicated or disclaimed (where a patentee chooses to forego all or part of its exclusive rights granted under an issued patent) or held unenforceable, which could limit the ability of our partners and their marketers from stopping others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of their products, development-stage product candidates and technologies.

Any loss or reduction in the scope or duration of patent protection for any product underlying our royalties, or any failure to successfully prosecute, maintain, enforce or defend any patents that protect any such product may result in a decrease in the sales of such product and any associated royalties payable to us. Any such event would have a material adverse effect on the ability of the payor to make payments of royalties to us or may otherwise reduce the value of our royalty interest, and could consequently materially adversely affect our business, financial condition and results of operations. In cases where our contractual arrangements with our partner permit us to do so, we could participate in patent suits brought by third parties but this could result in substantial litigation costs, divert management's attention from our core business and there can be no assurance that such suits would be successful.

The existence of third-party patents in relation to products may result in additional costs for the marketer and reduce the amount of royalties paid to us

The commercial success of a product depends, in part, on avoiding infringement, misappropriation or other violations of the intellectual property rights and proprietary technologies of others. Third-party issued patents or patent applications claiming subject matter necessary to manufacture and market a product could exist or issue in the future. Such third-party patents or patent applications may include claims directed to the mechanism of action of a product. There can be no assurance that a license would be available to marketers for such subject matter if such infringement were to exist or, if offered, would be offered on reasonable and/or commercially feasible terms. Without such a

license, it may be possible for third parties to assert infringement or other intellectual property claims against the marketer of such product based on such patents or other intellectual property rights.

Even if the marketer was able to obtain a license, it could be non-exclusive, thereby giving its competitors and other third parties access to the same technologies. In addition, if a marketer of a product underlying our royalties is required to obtain a license from a third party, the marketer may, in some instances, have the right to offset the licensing and royalty payments to such third party against royalties that would be owed to our counterparty, which may ultimately reduce the value of our royalty interest. An adverse outcome in infringement or other intellectual property-related proceedings could subject a marketer to significant liabilities to third parties, require disputed rights to be licensed from third parties or require the marketer to cease or modify its manufacturing, marketing and distribution of any affected product, any of which could reduce the amount of cash flow generated by the affected products and any associated royalties payable to us and therefore have a material adverse effect on our business, financial condition and results of operations.

License agreements relating to products have contractual limitations that could impact our royalties and may not cover us for all royalty-related risks

License agreements relating to the products generating our royalties may be terminated, which may adversely affect sales of such products and therefore the payments we receive. For example, under certain license agreements, marketers retain the right to unilaterally terminate the agreements with the licensors. When the last patent covering a product expires or is otherwise invalidated in a country, a marketer may be economically motivated to terminate its license agreement, either in whole or with respect to such country, in order to terminate its payment and other obligations. In the event of such a termination, a licensor may no longer receive all of the payments it expected to receive from the licensee and may also be unable to find another company to continue developing and commercializing the product on the same or similar terms as those under the license agreement that has been terminated.

In addition, license agreements may fail to provide significant protection for the licensor in case of the licensee's failure to perform or in the event of disputes. License agreements which relate to the products underlying our royalties are complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what the licensor believes to be the scope of its rights to the relevant intellectual property or technology or decrease the licensee's financial or other obligations under the relevant agreement, any of which could in turn impact the value of our royalties and have a material adverse effect on our business, financial condition, results of operations and prospects. If a marketer were to default on its obligations under a license agreement, the licensor's remedy may be limited either to terminating certain licenses related to certain countries or to generally terminate the license agreement with respect to such country. In such cases, we may not have the right to seek to enforce the rights of the licensor and we may be required to rely on the resources and willingness of the licensor to enforce its rights against the licensees; however, there can be no assurance that similar third-party actions will not occur in the future. In any of these situations, if the expected payments under the license agreements do not materialize, this could result in a significant loss to us and materially adversely affect our business, financial condition and results of operations.

The purchase and license agreements for our royalties include representations, warranties and covenants intended to address certain of the risks associated with royalties generally, such as representations and warranties regarding ownership of the royalty interest and the right and power to sell, grant a security interest in, assign or otherwise transfer such royalty interest free and clear of encumbrances. These agreements may also include representations, warranties and covenants intended to address specific issues or risks with respect to the applicable royalty. Such representations, warranties and covenants do not cover every possible risk or contingency that may occur, and in certain cases we may have expressly agreed to assume certain known risks or contingencies as part of the negotiated transaction, and as a result, such risks or contingencies are not covered by such representations, warranties or covenants in the applicable agreement. In addition, representations and warranties may be limited by the knowledge of the seller or specific individuals employed by the seller or contain other limitations. These agreements may also impose restrictions on us, including regarding confidentiality, which may impact our operations and our ability to share information with lenders.

There can be no assurance that, should any of the risks or contingencies, whether or not expressly covered in the purchase agreements, materialize, we will have a cause of action against the seller under the relevant royalty purchase or license agreement, that such efforts will be successful in obtaining compensation from the seller or, even if successful, that all or any awards will be recoverable (including if the seller does not have sufficient assets to pay the award, in whole or in part). Payment obligations assigned or created in certain agreements may be supported by grants of specified security interests, however, there can be no assurance that these grants of security interests will be effective. Any of the foregoing could result in delays or reductions in the amount of royalty payments we may be entitled to and could have a material adverse effect on our financial condition and results of operations.

Royalty agreement terms may require us to make additional payments to the seller upon the occurrence of certain future events

We have in the past, and may in the future, agree to terms under our royalty purchase or license agreements that obligate us to make one or more contingent payments to our royalty counterparty upon the occurrence of certain future events relating to the level of revenues or royalties generated by the relevant product. Whether such a payment becomes owing will depend on the level of sales of the underlying product and the amount of royalties we receive and could affect our aggregate return. In addition, if we fail to make a contingent payment when due, such failure could

result in an event of default under the applicable royalty agreement, which could materially and adversely affect our royalties and revenues associated with the underlying product(s).

Disclosure of trade secrets of product marketers could negatively affect the competitive position of the products underlying our biotechnology and pharmaceutical assets

The marketers of the products underlying our royalties depend, in part, on trade secrets, know-how and technology, which are not protected by patents, to maintain the products' competitive position. This information is typically protected through confidentiality agreements with parties that have access to such information, such as collaborative partners, licensors, employees and consultants. Any of these parties may breach the agreements and disclose the confidential information or competitors might independently develop or learn of the information in some other way, which could harm the competitive position of the products and therefore reduce the amount of cash flow generated by our royalty interest.

The internal computer systems of our partners may fail or suffer security breaches, which could result in a significant disruption of their ability to operate their business effectively, adversely affect the cash flow generated by the related biotechnology and pharmaceutical products, and adversely affect our business and operating results

The internal computer systems and cloud-based computing services of our partners and those of their current and any future collaborators and other contractors or consultants are vulnerable to damage or interruption from computer viruses, data corruption, cyber-based attacks, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. If such an event were to occur and cause interruptions in their operations, it could result in a disruption of their development and commercialization programs and business operations, whether due to a loss of trade secrets or other proprietary information or other similar disruptions. To the extent that any disruption or security breach were to result in a loss of, or damage to, a partner's data or applications, or inappropriate disclosure of confidential or proprietary information, our partners' operations may be harmed and the development and commercialization of their products, development-stage product candidates and technologies could be delayed. Such an event may reduce the amount of cash flow generated by the related biotechnology and pharmaceutical products and therefore have a material adverse effect on our business, financial condition and results of operations.

Cyber-attacks or other failures in telecommunications or information technology systems could result in information theft, data corruption and significant disruption of our business operations

We use information technology systems and networks to process, transmit and store electronic information in connection with our business activities. As use of digital technologies has increased, cyber incidents, including deliberate attacks and attempts to gain unauthorized access to computer systems and networks, have increased in frequency and sophistication. These threats pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. In addition, the techniques used in cyber-attacks evolve rapidly, including from emerging technologies, such as advanced forms of automation and artificial intelligence. We may be subject to these attacks in the future. There can be no assurance that we will be successful in preventing cyber-attacks or mitigating their effects. Any cyber-attack or destruction or loss of data could have a material adverse effect on our business. In addition, we may suffer reputational harm or face litigation as a result of cyber-attacks or other data security breaches and may incur significant additional expense to implement further data protection measures and incur costs for cyber insurance to mitigate potential future losses.

Operational risks may disrupt our businesses, result in losses or limit our growth

Federal, provincial state and international laws and regulations relating to data privacy and protection, including the Canadian *Personal Information and Protection and Electronic Documents Act* and equivalent provincial statutes, and other international regulations, such as the European Union's General Data Protection Regulation, can expose us to enforcement actions and investigations by regulatory authorities, and potentially result in regulatory penalties and significant legal liability, if our information technology security efforts or data privacy and protection compliance efforts fail. In addition, we operate a business that is highly dependent on information systems and technology. Our information systems and technology and that of our manager may not continue to be able to accommodate our growth, and the cost of maintaining such systems may increase from its current level. Such a failure to accommodate growth, or an increase in costs related to such information systems, could have a material adverse effect on our business, financial condition and results of operations.

A disaster or a disruption in the public infrastructure that supports our business, including a disruption involving electronic communications or other services used by us or third parties with whom we conduct business, could have a material adverse effect on our ability to continue to operate our business without interruption. Our disaster recovery programs and those of our manager may not be sufficient to mitigate the harm that may result from such a disaster or disruption. In addition, insurance and other safeguards might only partially reimburse us for our losses, if at all.

In addition, sustaining our growth may require us or our manager to commit additional management, operational and financial resources to identify new professionals to join the team and to maintain appropriate operational and financial systems to adequately support expansion. Due to the fact that the market for hiring talented professionals is competitive, we may not be able to grow at the pace we desire.

When our royalties are classified as intangible assets they are initially measured at fair value and then amortized over their useful life and they are subject to impairment testing, as a result of which our IFRS results of operations can be volatile and unpredictable which could adversely affect the trading price of our units

When we recognize royalty investments as intangible assets based on an analysis under IFRS, they are measured initially at fair value of the consideration paid. Royalty assets are subsequently amortized over the economic useful life of the asset on a straight-line basis. The expected economic useful life of the asset takes into consideration the contractual terms of the royalty entitlement and reflects the expected pattern of consumption of future economic benefits embodied in the asset. In accordance with IFRS, royalty investments are tested for impairment at each reporting period or when events or changes in circumstances indicate a risk of impairment. When there are indicators of impairment, the impairment test is performed to compare the recoverable amount to the carrying value of the asset. The recoverable amount is determined as the higher of: (i) the value in use; or (ii) the fair value (less costs of disposal), for each individual asset. An impairment loss is recognized for the amount by which the intangible asset's carrying amount exceeds its recoverable amount. As a result, changes in the carrying value of an asset arising from impairment testing can result in an immediate non-cash income statement expense recognition, even though the applicable cash inflows will not be realized for many years into the future. The financial statement impact caused by an impairment could result in a negative perception of our results in a given period, which could cause the price of our units to decline.

Changes in the application of accounting standards issued by the International Accounting Standards Board or other standard-setting bodies may adversely affect our financial statements

Our financial statements are prepared in accordance with IFRS, which is periodically revised, interpreted and/or expanded. From time to time, we are required to adopt new or revised accounting standards issued by recognized authoritative bodies. It is possible that future accounting standards we are required to adopt may require changes to the current accounting treatment that we apply to our consolidated financial statements and may require us to make significant changes to our systems. Such changes could result in a material adverse impact on our financial condition and results of operations.

If we were determined to be an investment company under the U.S. Investment Company Act of 1940, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business, results of operations and financial condition

We intend to conduct our business so as not to become regulated as an investment company under the United States Investment Company Act of 1940, as amended (the "**U.S. Investment Company Act**"). An entity generally will be determined to be an investment company for purposes of the U.S. Investment Company Act if, absent an applicable exemption, (i) it is or holds itself out as being engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting or trading in securities; or (ii) it owns or proposes to acquire investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis, which we refer to as the ICA 40% Test.

We do not hold ourselves out as being engaged primarily, or propose to engage primarily, in the business of investing, reinvesting or trading in securities, and believe that we are not engaged primarily in the business of investing, reinvesting or trading in securities. We believe that, for U.S. Investment Company Act purposes, we are engaged primarily, through one or more of our subsidiaries, in the business of purchasing or otherwise acquiring certain obligations that represent part or all of the sales price of merchandise. Our subsidiaries that are so engaged rely on Section 3(c)(5)(A) of the U.S. Investment Company Act, which, as interpreted by the SEC staff, requires each such subsidiary to invest at least 55% of its assets in "notes, drafts, acceptances, open accounts receivable, and other obligations representing part or all of the sales price of merchandise, insurance, and services," which we refer to as the ICA Exception Qualifying Assets.

In the past, the SEC staff has indicated in a no-action letter that royalty interests that entitle an issuer to collect royalty receivables that are directly based on the sales price of specific biotechnology and pharmaceutical assets that use intellectual property covered by specific license agreements are ICA Exception Qualifying Assets under Section 3(c)(5)(A).

To ensure that we are not obligated to register as an investment company, we must not exceed the thresholds provided by the ICA 40% Test. For purposes of the ICA 40% Test, the term investment securities do not include U.S. government securities or securities issued by majority-owned subsidiaries that are not themselves investment companies and are not relying on Section 3(c)(1) or Section 3(c)(7) of the U.S. Investment Company Act, such as majority-owned subsidiaries that rely on Section 3(c)(5)(A). We also may rely on Section 3(c)(6), which, based on SEC staff interpretations, requires us to invest, either directly or through majority-owned subsidiaries, at least 55% of our assets in, as relevant here, businesses relying on Section 3(c)(5)(A). Therefore, the assets that we and our subsidiaries hold and acquire may be limited by the provisions of the U.S. Investment Company Act and the rules and regulations promulgated thereunder.

If the SEC or its staff in the future adopts a contrary interpretation to that provided in the prior no-action letter or otherwise restricts the conclusions in the SEC staff's no-action letter such that all or certain royalty interests are no longer treated as ICA Exception Qualifying Assets for purposes of Section 3(c)(5)(A) and Section 3(c)(6), or the SEC or its staff in the future determines that the no-action letter does not apply to some or all types of royalty receivables relating to biotechnology and pharmaceutical assets, our business could be materially and adversely affected. In particular, we could be required to convert to a corporation formed under the laws of the United States or a state thereof (which would likely result in our being subject to U.S. federal corporate income taxation) and to register as an

investment company, to change our business to acquire a sufficient amount of ICA Exception Qualifying Assets to satisfy the requirements of Section 3(c)(5)(A) or Section 3(c)(6), to repurchase our securities owned by United States persons who are not qualified purchasers under the U.S. Investment Company Act or to stop all business activities in the United States.

The royalties that we acquire in the future may fall outside the biotechnology and pharmaceutical industry, and any such assets, and the cash flows therefrom, may not resemble the assets in our current portfolio

We have discretion as to the types of healthcare assets that we may acquire in the future. While we expect our manager to acquire assets that primarily fall within the biotechnology and pharmaceutical industry, we are not obligated to do so and may acquire other types of healthcare assets that are peripheral to or outside of the biotechnology and pharmaceutical industry. Consequently, our future asset acquisitions, and the cash flows from such assets, may not resemble those of the assets in our current portfolio. There can be no assurance that assets acquired in the future will have returns similar to the returns expected of the assets in our current portfolio or be profitable at all.

A future outbreak of COVID-19, or the future outbreak of any other highly infectious or contagious diseases, could materially and adversely affect our results of operations, financial condition and cash flows.

A future outbreak of a highly infectious or contagious disease (COVID-19 or otherwise) may have the potential to impact global economic activity and cause significant volatility in financial markets. An increase in COVID-19 cases, or the appearance of other new pandemics could have material and adverse effects on us due to, among other factors:

- a general decline in business activity;
- the destabilization of the markets could negatively impact our partners in the biotechnology and pharmaceutical industry and the sales of products;
- difficulty accessing the capital and credit markets on favorable terms, or at all, and a severe disruption and instability in the global financial markets, or deteriorations in credit and financing conditions which could affect our access to capital necessary to fund business operations or address maturing liabilities on a timely basis;
- the potential negative impact on the health of our manager's highly qualified personnel, especially if a significant number of them are impacted;
- a deterioration in our ability to ensure business continuity during a disruption;
- interruptions, shortages, delivery delays and potential discontinuation of supply to our partners, which could (i) delay the clinical trials of the development-stage product candidates underlying indications under development for our assets and result in a loss of our market share for products generating our royalties or development-stage product or indication candidates underlying our assets, if approved, and (ii) hinder our partners' ability to timely distribute products generating our royalties and satisfy customer demand;
- travel restrictions, shelter-in-place policies or restrictions and other disruptions, which could cause or continue to cause delays and other direct impacts at our partners' manufacturing sites, which could impact the ability of our partners to manufacture development-stage product candidates underlying our biotechnology and pharmaceutical assets and products generating our royalties; and
- potential interruptions to our partners' clinical trial programs of development-stage product candidates underlying our biopharmaceutical assets, including: (i) the potential diversion of healthcare resources away from the conduct of clinical trials to focus on pandemic concerns; (ii) changes in hospital or research institution policies or government regulations, which could delay or adversely impact our partners' ability to conduct their clinical trials; and (iii) pauses to or delays of trial procedures (particularly any procedures that may be deemed nonessential), patient dosing, shipment of our partners' development-stage product candidates, distribution of clinical trial materials, study monitoring, site inspections and data analysis due to reasons related to the pandemic, each of which could cause or continue to cause a disruption or delay to the development or the approval of development-stage product candidates underlying our biopharmaceutical assets.

The rapid development and fluidity of a pandemic makes it impossible to predict its ultimate adverse impacts and presents uncertainty which could adversely affect our results of operations, financial condition, and cash flows.

Legal claims and proceedings could adversely impact our business

We may be subject to a wide variety of legal claims and proceedings. Regardless of their merit, these claims can require significant time and expense to investigate and defend. Since litigation is inherently uncertain, there is no guarantee that we will be successful in defending ourselves against such claims or proceedings, or that our assessment of the materiality of these matters, including any reserves taken in connection therewith, will be consistent with the ultimate outcome of such matters. The resolution of, or increase in the reserves taken in connection with, one or more of these matters could have a material adverse effect on our business, results of operations, cash flows and financial condition.

We are subject to the anti-corruption laws, as well as export control laws, import and customs laws, trade and economic sanctions laws and other laws governing our operations

Our operations, including those of our subsidiaries, are subject to a variety of anti-corruption laws, including the Canadian *Corruption of Foreign Public Officials Act* (“**CFPOA**”), U.K. *Bribery Act 2010* (“**Bribery Act**”), the U.S. *Foreign Corrupt Practices Act of 1977*, as amended the (“**FCPA**”), the U.S. domestic bribery statute contained in 18 U.S.C. §201, the U.S. Travel Act, and other anti-corruption laws that apply in countries where we do business. The CFPOA, Bribery Act, FCPA and these other laws generally prohibit us and our employees and intermediaries from authorizing, promising, offering, or providing, directly or indirectly, improper or prohibited payments, or anything else of value, to government officials or other persons to obtain or retain business or gain some other business advantage. Under these requirements, we may also be liable for failing to prevent a person associated with us from committing a bribery offense. We and our commercial partners operate in a number of jurisdictions that pose a risk of potential violations, and we participate in collaborations and relationships with third parties whose corrupt or illegal activities could potentially subject us to liability under anti-corruption laws, even if we do not explicitly authorize or have actual knowledge of such activities. In addition, we cannot predict the nature, scope or effect of future regulatory requirements to which our international operations might be subject or the manner in which existing laws might be administered or interpreted.

We are also subject to other laws and regulations governing our international operations, including regulations administered by the governments of Canada, the United States, the United Kingdom and authorities in the European Union, including applicable export control regulations, economic sanctions and embargoes on certain countries and persons, anti-money laundering laws, import and customs requirements and currency exchange regulations, collectively referred to as the Trade Control laws. In addition, as we grow, we and/or our manager may become subject to additional regulation in various jurisdictions and may be required to seek local registrations in order to comply with applicable local law and regulation. Additional compliance requirements may demand significant time and attention and may be a distraction to us or our manager’s personnel. Such requirements may also create additional compliance costs, any of which could adversely affect our business or financial performance.

There is no assurance that we will be completely effective in ensuring our compliance with all applicable anti-corruption laws, including the CFPOA, Bribery Act, FCPA or other legal requirements, including Trade Control laws. If we are not in compliance with the CFPOA, Bribery Act, FCPA and other anti-corruption laws or Trade Control laws, we may be subject to criminal and civil penalties, disgorgement and other sanctions and remedial measures, and legal expenses, which could have an adverse impact on our business, financial condition, results of operations and liquidity. Likewise, any investigation of any potential violations of the CFPOA, Bribery Act, FCPA, other anti-corruption laws or Trade Control laws by Canada, the United States, the United Kingdom or other authorities could also have an adverse impact on our reputation, our business, results of operations and financial condition.

Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant criminal, civil and administrative sanctions, including monetary penalties, damages, fines, disgorgement, individual imprisonment and exclusion from participation in government-funded healthcare programs, such as Medicare and Medicaid in the United States, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, reputational harm, and we may be required to curtail or restructure our operations, any of which could adversely affect our ability to operate our business and our results of operations.

The risk of our being found in violation of these laws is increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management’s attention from the operation of our business. The shifting compliance environment and the need to build and maintain robust and expandable systems to comply with multiple jurisdictions with different compliance and/or reporting requirements increases the possibility that a healthcare company may run afoul of one or more of the requirements.

The EU directive on alternative investment fund managers (the “AIFM Directive”) may significantly increase our compliance costs

The AIFM Directive has been implemented into the national law of the majority of member states of the European Economic Area and the United Kingdom (each an “**AIFM state**”). The AIFM Directive sets out minimum conditions related to the marketing of interests in alternative investment funds (such as our units) in the AIFM states and may impact our ability to attract investors in the AIFM states and may significantly increase our and our manager’s compliance costs. Such conditions include requirements for us to register with the competent authority in the relevant AIFM in order to market our units to investors, state requirements to file periodic reports with the competent authority in the relevant AIFM state and requirements to comply with disclosure and reporting obligations in respect of investors in the relevant AIFM state. Such reports and disclosures may become publicly available. While such conditions are met in relation to the AIFM states where our units will be marketed, there can be no guarantee that this will continue to be the case. The AIFM Directive does not, however, prohibit an investor in such AIFM state from subscribing for our units at their own initiative in circumstances where such units have not been marketed in such AIFM state and we

may issue our units to such investors, as long as they have provided us and our manager with representations that they have done so at their own initiative.

In each AIFM state, our units may only be offered to investors in accordance with local measures implementing the AIFM Directive. Investors, together with any person making or assisting in the decision to invest in us, who are situated, domiciled or who have a registered office, in an AIFM state where our units are not being offered pursuant to private placement rules implementing the AIFM Directive may invest, or effect an investment in our units, but only in circumstances where they do so at their own initiative. Any investor subscribing for our units at their own initiative in such AIFM state should note that as we have not been registered for marketing in that AIFM state, no reports will be filed with the competent authority in the relevant AIFM state by or in respect of us and no investor shall be entitled to receive any disclosure or report that is mandated in respect of an alternative investment fund being marketed pursuant to the AIFM Directive.

Risks Relating to Our Manager

We have no employees and are entirely dependent upon DRI Healthcare for all the services we require and the success of our business depends on our manager

Because we are externally managed, we will not employ our own personnel, but will instead depend upon our manager, its executive officers and its employees for virtually all of the services we require. DRI Healthcare selects, recommends and manages the acquisition of royalties and similar payment streams that meet our investment criteria and provides all of our other administrative services, and as such, we are reliant upon, and our success is dependent upon, our manager and its personnel, services and resources. Our management agreement has an initial term of 10 years, after which it will automatically be renewed for successive one-year terms, unless either we or our manager provides notice of non-renewal 180 days prior the expiration of the initial term or renewal term. Our manager may not be removed during the initial or any renewal term without cause.

Further, our ability to pursue our strategies successfully will depend on the continued service of key personnel of DRI Healthcare and its ability to recruit individuals of similar experience and calibre. While our manager seeks to ensure that the principal members of its management teams are suitably incentivized, the retention of key members of those teams cannot be guaranteed. There is no guarantee that, following the death, disability or departure from our manager of any key personnel, our manager would be able to recruit a suitable replacement or avoid any delay in doing so. The loss of key personnel and any inability to recruit an appropriate replacement in a timely fashion could have an adverse effect on our financial condition, results of operations and prospects.

There can be no assurance that the policies and procedures we have established to mitigate conflicts of interest will be effective in doing so

The ability of our manager and its officers and employees to engage in other business activities may reduce the amount of time our manager, its officers or other employees spend managing us.

DRI Healthcare currently focuses the majority of its time on the Trust. Nevertheless, in the future, DRI Healthcare may be involved in other financial, investment or professional activities and, consequently, our manager may not, and will not be required to, commit all of its resources to our affairs. Insofar as our manager devotes resources to satisfy its responsibilities to other business interests, its ability to devote resources and attention to our affairs will be correspondingly less.

In particular, DRI Healthcare may provide investment management and related services to other managed entities that may invest in the healthcare space. Our manager has established procedures to address any such potential conflicts of interests. While our manager has such established procedures and will undertake reasonable efforts to identify and manage such conflicts, there can be no assurance that such conflicts will be adequately resolved by the conflicts policy which, in turn, could have an adverse effect our financial condition, results of operations and prospects.

Furthermore, there could be conflicts of interest between us and the senior management of our manager.

In addition, the structure of our manager's compensation arrangements may have unintended consequences for us. We have agreed to pay our manager the Management Fee, a portion of which is based on the mark-to-market value of security investments, including equity securities and derivative financial instruments, at the end of each quarter and is payable to our manager regardless of whether we realize any gain on the security investments when sold. Consequently, our manager may be incentivized to have us make security investments regardless of our expected gain on such investments, which may not align with our or our unitholders' long-term interests.

Further, our manager is entitled to fees based on our performance. The right to these Performance Fees may create an incentive for our manager to make riskier or more speculative asset acquisitions than would be the case absent such performance fees. In addition, our manager may cause us to incur more debt or otherwise use more leverage in connection with asset acquisitions, as generally the use of leverage can increase the rate of return on an investment and therefore our profits. This performance fee structure may encourage our manager to cause us to borrow money to finance additional asset acquisitions or to maintain leverage which poses higher risks for our business when it would otherwise be appropriate to not use such leverage. There is no correlation between our profits and the obligation of our board of trustees to pay distributions to unitholders. Consequently, you may receive limited or no distributions while our manager remains entitled to Performance Fees. In addition, even though Performance Fees

are payable on a portfolio-by-portfolio basis (with portfolios comprised of investments made during sequential two-year periods) in order to reduce the risk that our manager will be paid Performance Fees on individual investments even though our overall portfolio of investments is not performing well, Performance Fees may nevertheless be payable to our manager when our overall portfolio of investments is not performing as well as the individual portfolios that are used as the basis for measuring the Performance Fees.

There may be circumstances in which one of our trustees and/or our manager has, directly or indirectly, a material interest in a transaction that we are considering or a conflict of interest with us. Any of our trustees and/or any person connected with them may, from time to time, act as a director or employee of, or invest in or be otherwise involved with: (i) other investment vehicles that have strategies similar to ours; or (ii) entities or other vehicles that are the subject of transactions with us, subject, in both cases and at all times, to the provisions governing such conflicts of interests in our declaration of trust.

Our manager may be the subject of a change of control resulting in a disruption in our operations that could adversely affect our business, financial condition and results of operations

There could be a change of control of our manager and, in such a case, the new controlling party may have a different philosophy, employ advisory professionals who are less experienced, be unsuccessful in identifying asset acquisition opportunities or have a track record that is not as successful as that of our manager prior to such a change of control. If the foregoing were to occur, we could experience difficulty in making new asset acquisitions, and the value of our existing assets, our business, results of operations and financial condition could materially suffer.

Our manager's liability is limited under the management agreement, and we have agreed to indemnify our manager against certain liabilities. As a result, we could experience unfavorable operating results or incur losses for which our manager would not be liable

Pursuant to the management agreement, our manager will not assume any responsibility other than to render the services called for thereunder. Under the terms of the management agreement, our manager and its members, officers, directors, employees, stockholders, shareholders, partners, consultants and advisors and any other person who is entitled to indemnification (each, an "Indemnitee") will not be liable to us or any unitholder, shareholder, partner or equityholder of ours for acts or omissions performed in accordance with and pursuant to the management agreement, except those resulting from acts constituting gross negligence or willful misconduct.

In addition, to the fullest extent permitted by law, we have agreed to indemnify the Indemnitees from and against all damages, losses and expenses that are incurred by any Indemnitees and arise out of or in connection with our affairs, including acting as a director or the equivalent of ours or any of our subsidiaries or any entity in which we may invest, or the performance by such Indemnitee of any of the services or other functions arising out of or in connection with the management agreement, or otherwise in connection with the matters contemplated in the management agreement other than as a result of: (i) losses arising from such Indemnitee's gross negligence or willful misconduct, (ii) economic losses incurred by any Indemnitee as a result of the ownership of an interest in us or any of our investments, (iii) the expenses that the members of our manager are obligated or elect to pay, (iv) our expenses that an Indemnitee has agreed to pay without a right to reimbursement, or (v) disputes exclusively between and among Indemnitees. As a result, we could experience unfavourable operating results or incur losses for which our manager would not be liable.

Risks Relating to Our Structure and Units

We are a holding entity with no operations and will rely on our subsidiaries to provide us with funds necessary to meet our financial obligations and to pay distributions

We are a holding entity with no material direct operations. Our principal asset is our ownership of DRI Healthcare ICAV, an Irish entity, which holds an interest in subsidiaries that directly or indirectly hold our royalty assets and other assets that we may invest in. As a result, we will be dependent on loans, dividends and other payments from our subsidiaries to generate the funds necessary to meet our financial obligations and to pay distributions on our units. Our subsidiaries are legally distinct from us and may be prohibited or restricted from paying dividends or otherwise making funds available to us under certain conditions. If the cash we receive from our subsidiaries pursuant to dividend payments is insufficient for us to fund our obligations, or if a subsidiary is unable to pay dividends to us, provided that we have sufficient distributable profits, our net assets exceed the total of our called-up equity capital and distributable reserves and any dividend would not reduce our net assets to less than such total, we may be required to raise cash through the incurrence of debt, the issuance of equity or the sale of assets to fund the payment of distributions. However, there is no assurance that we would be able to raise cash by these means. If the ability of any of our subsidiaries to pay dividends or make other distributions or payments to us is materially restricted by regulatory or legal requirements, bankruptcy or insolvency, or our need to maintain our financial strength ratings, or is limited due to operating results or other factors, it could materially adversely affect our ability to pay our operating costs and other expenses and we may be unable to, or our board may exercise its discretion not to, pay distributions.

A return on your investment and our cash distributions are not guaranteed

There can be no assurance regarding the amount of royalty income generated by our royalties. Our ability to make cash distributions, and the actual amount distributed, will be entirely dependent on our operations and assets, and will be subject to various factors, including financial performance, obligations under indebtedness, fluctuations in working capital, the sustainability of royalty income and any capital expenditure requirements. Our units are equity securities and are not traditional fixed income securities. Unlike fixed-income securities, we are not obligated to distribute any

fixed amount to unitholders and there is no promise to return the initial purchase price of a unit on a certain date in the future, and reductions in, or suspensions of, cash distributions may occur at any time that would reduce the yield based on purchase price of units at the time of purchase. The market value of the units will deteriorate if we are unable to meet our distribution targets in the future, and that deterioration may be significant. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors. Whether our annual cash distributions are sufficient to cover a particular Canadian resident unitholder's Canadian income tax liability will be dependent on our distribution policy at any time, which is subject to change as noted above, and the unitholder's particular circumstances, including the marginal tax rate applicable to distributions that it receives. Therefore, the rate of return over a defined period for a unitholder may not be comparable to the rate of return on a fixed income security that provides a "return on capital" over the same period.

Our ability to pay periodic and other distributions to our unitholders may be limited by applicable provisions of Canadian law, our declaration of trust and contractual restrictions and obligations

Subject to the terms of our indebtedness or other contractual obligations, the approval and payment of any distributions will be at the sole discretion of our board of trustees, which may change our distribution policy at any time. There can be no assurance that any distributions, whether quarterly or otherwise, will or can be declared or paid. Our ability to pay distributions to our unitholders will depend on a number of factors, including among other things, general economic and business conditions, our strategic plans and prospects, our business and acquisition opportunities, our financial condition and operating results, working capital requirements and anticipated cash needs, contractual restrictions and obligations, including fulfilling our current and future capital commitments, legal, tax and regulatory restrictions, restrictions and other implications on the payment of distributions by us to our unitholders and such other factors as our board of trustees may deem relevant.

There may not be an active trading market for our units, which may make it difficult to sell the units that you purchase

We cannot predict the extent to which investor interest in us will lead to the development of an active trading market or how liquid that market may become. It is possible that an active trading market for our units will not develop or, if one does develop, it may not be sustained, which would make it difficult for investors to sell units at an attractive price or at all.

The market price of our units may decline due to the large number of units eligible for future sale

The market price of our units could decline as a result of sales of a large number of units in the market or the perception that such sales could occur. These sales, or the possibility that these sales could occur, also may make it more difficult for us to sell units in the future at a time and at a price that we deem appropriate. We may issue and sell additional units in the future.

If securities or industry analysts do not publish research or reports about our business, or if they downgrade their recommendations regarding our units, the trading price and trading volume of our units could decline

The trading market for our units is influenced by the research and reports that industry or securities analysts publish about us or our business. If any of the analysts who cover us downgrades our units or publishes inaccurate or unfavourable research about our business, the market price of our units may decline. If analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the trading price or trading volume of our units to decline and our units to be less liquid.

We have broad discretion in the use of our cash and cash equivalents and may not use them effectively

We have broad discretion in the application of our cash, cash equivalents and investments, and could spend such funds in ways that do not improve our results of operations or enhance the value of our units. The failure by management to apply these funds effectively could result in financial losses that could have a material adverse impact on our business, cause the price of our units to decline, and interfere with our ability to acquire royalty assets. Pending their use, we may invest our cash and cash equivalents in a manner that does not produce income or that loses value.

The market price of our units may be volatile, which could cause the value of your investment to decline

The market price of our units may be highly volatile and could be subject to wide fluctuations. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of units in spite of our operating performance. In addition, our operating results could be below the expectations of public market analysts and investors due to a number of potential factors, including:

- market conditions in the broader stock market in general, in the biotechnology and pharmaceutical industry or in the royalty business in particular;
- variations in our quarterly or annual operating results or dividends to unitholders;
- additions or departures of key management personnel at our manager;
- failure to meet analysts' earnings estimates;
- publication of research reports about our industry;
- third-party healthcare reimbursement policies and practices;

- litigation and government investigations;
- changes or proposed changes in laws or regulations or differing interpretations or enforcement thereof affecting our business;
- no results, or projected results, from marketers of products underlying our royalties;
- results from, and any delays to, the clinical trial programs of development-stage product candidates underlying any future biopharmaceutical assets that we may invest in or other issues relating to such products, including regulatory approval or commercialization;
- adverse market reaction to any indebtedness that we may incur or securities we may issue in the future;
- changes in market valuations of similar companies or speculation in the press or investment community;
- announcements by our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures or capital commitments;
- litigation;
- economic and political conditions or events; and
- adverse publicity about the industries in which we participate or individual scandals.

These and other factors may cause the market price of and demand for our units to fluctuate significantly.

The stock market in general has from time-to-time experienced extreme price and volume fluctuations, including in recent months. In addition, in the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against public companies. This type of litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

Future offerings of debt or equity securities by us may adversely affect the market price of our units

In the future, we may attempt to obtain financing or to further increase our capital resources by issuing additional units or offering debt or other equity securities, including securitizations, commercial paper, medium-term notes, senior or subordinated notes, or debt securities convertible into equity. Future acquisitions or other investments could require substantial additional capital in excess of cash from operations. We would expect to finance the capital required for acquisitions through a combination of additional issuances of equity, corporate indebtedness, asset-backed financing and/or cash from operations.

Issuing additional units or other equity securities or securities convertible into equity may dilute the economic and voting rights of our unitholders at the time of such issuance or reduce the market price of our units or both. Upon liquidation, holders of debt securities and lenders with respect to other borrowings would receive a distribution of our available assets prior to the holders of our units. Debt securities convertible into equity could be subject to adjustments in the conversion ratio pursuant to which certain events may increase the number of equity securities issuable upon conversion. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, which may adversely affect the amount, timing or nature of our future offerings. Thus, holders of our units bear the risk that our future offerings may reduce the market price of our units and dilute their unit holdings in us. See "Description of Equity Capital."

Unitholders will be subject to restrictions on their ability to redeem units

It is anticipated that the redemption right attached to the units will not be the primary mechanism by which unitholders liquidate their investment. The entitlement of unitholders to receive cash upon the redemption of their units is subject to the following limitations: (i) the total amount payable by the Trust in respect of such units and all other units tendered for redemption in the same calendar month must not exceed \$50,000 (provided that such limitation may be waived at the discretion of the trustees); (ii) on the date such units are tendered for redemption, the outstanding units must be listed for trading on the TSX or traded or quoted on any other stock exchange or market which the trustees consider, in their sole discretion, provides representative fair market value prices for the units; (iii) the normal trading of units is not suspended or halted on any stock exchange on which the units are listed (or, if not listed on a stock exchange, in any market where the units are quoted for trading) on the Redemption Date or for more than five trading days during the ten-day trading period commencing immediately before the Redemption Date; and (iv) the redemption of the units must not result in the delisting of the units from the principal stock exchange on which the units are listed.

Units do not represent a direct interest in royalties or our other assets

The units represent a fractional interest in DRI Healthcare Trust and do not represent a direct investment in DRI Healthcare Trust's assets and should not be viewed by investors as direct securities of DRI Healthcare Trust's subsidiaries or royalties. A holder of a unit does not hold a share of a body corporate. As holders of units, the unitholders will not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The rights of unitholders are based primarily on the declaration of trust. There is no statute governing the affairs of DRI Healthcare Trust equivalent to the *Business Corporations Act* (Ontario) or the *CBCA* that sets out the rights and entitlements of shareholders of corporations in various circumstances. As well, DRI Healthcare Trust may not be a recognized entity under certain existing

insolvency legislation such as the *Bankruptcy and Insolvency Act* (Canada) and the *Companies' Creditors Arrangement Act* (Canada), and thus the treatment of unitholders upon an insolvency of DRI Healthcare Trust is uncertain.

Units are structurally subordinated to indebtedness

In the event of bankruptcy, liquidation or reorganization of DRI Healthcare Trust's subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to DRI Healthcare Trust or unitholders. The units are structurally subordinated to the debt and other obligations of DRI Healthcare Trust's subsidiaries. DRI Healthcare Trust's subsidiaries generate all of our cash available for distribution and hold substantially all of our assets.

Unitholders will have limited control over the Trust

Unitholders will have limited control over changes in our policies and operations, which increases the uncertainty and risks of an investment in the Trust. Our board of trustees will determine major policies, including policies regarding financing, growth, debt capitalization, qualification as a "mutual fund trust" and distributions to unitholders. Our board of trustees may amend or revise these and other policies without a vote of unitholders. Pursuant to the declaration of trust, unitholders have a right to vote only on limited matters. The trustees' broad discretion in setting policies and unitholders' inability to exert control over those policies increases the uncertainty and risks of an investment in us.

Unitholders could be found to be liable for the obligations of the Trust

The declaration of trust provides that no unitholder will be subject to any liability whatsoever to any person in connection with the holding of a unit. In addition, legislation has been enacted in the Province of Ontario and certain other provinces that is intended to provide unitholders in those provinces with limited liability. However, there remains a risk, which is considered by the Trust to be remote in the circumstances, that a unitholder could be held personally liable for the obligations of the Trust to the extent that claims are not satisfied out of the assets of the Trust. It is intended that the affairs of the Trust will be conducted to seek to minimize such risk wherever possible.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members

As a public company, we are subject to continuous disclosure requirements under applicable Canadian laws. The requirements of these rules and regulations have increased our legal and financial compliance costs, made some activities more difficult, time-consuming or costly and increased demand on our systems and resources. We are obligated to file with Canadian securities regulators annual and interim period information and other reports that are specified in applicable Canadian laws and therefore need to have the ability to prepare financial statements that are compliant with all such reporting requirements on a timely basis. In addition, we are subject to other reporting and corporate governance requirements, which impose significant compliance obligations upon us. Applicable Canadian laws require, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight is required, and management's attention may be diverted from other business concerns.

Our compliance with the requirements under applicable Canadian laws has increased our legal and financial compliance costs and made some activities more time consuming and costly. We also expect these rules and regulations may make it more difficult and more expensive for us to obtain directors' and officers' liability insurance in the future, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our board of trustees or as executive officers. We currently evaluate these rules, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

Failure to maintain effective internal control over financial reporting in accordance with applicable Canadian laws could have a material adverse effect on our business, reputation and the trading price of our units

As a public company we are required to comply with the requirements of applicable Canadian laws, including the internal controls evaluation and certification requirements of such laws. We have internal control over financial reporting and have established formal policies, processes and practices related to financial reporting and to the identification of key financial reporting risks, assessment of their potential effect and linkage of those risks to specific areas and activities within our organization.

Failure to maintain effective internal controls could cause us to fail to satisfy our reporting obligations or result in material misstatements in our financial statements. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be materially adversely affected which could also cause investors to lose confidence in our reported financial information, which could result in a reduction in the market price of our units.

We do not expect that our internal controls over financial reporting will prevent all error and fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Furthermore, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision-making

can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

Risks Relating to Taxation

Our structure involves complex provisions of tax law for which no clear precedent or authority may be available. Our structure also is subject to potential legislative, judicial or administrative change and differing interpretations, possibly on a retroactive basis

The tax treatment of unitholders and us (including the Irish and U.S. federal income tax treatment) depends in some instances on determinations of fact and interpretations of complex provisions of applicable tax law for which no clear precedent or authority may be available. You should be aware that our tax position is not free from doubt, and that applicable tax rules are generally subject to review by persons involved in the legislative process and the relevant tax authorities, which could result in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations. The present tax treatment of an investment in our units and of our operations may be modified by administrative, legislative or judicial interpretation at any time, and any such action may affect investments and commitments previously made. No ruling will be sought from the any relevant tax authority regarding any of the tax issues discussed herein, and no assurance can be given that the relevant tax authorities will not challenge any of our tax positions and that such challenge would not succeed. If any such position is successfully challenged, our tax liabilities could materially increase, which would have an adverse effect on our profitability, cash flows and the value of your investment in our units.

There have been significant changes both made and proposed to international tax laws that increase the complexity, burden and cost of tax compliance for all multinational groups. The Organization for Economic Co-operation and Development is continuously considering recommendations for changes to existing tax laws. Any such changes could have a material and adverse effect on our profitability, cash flows and the value of your investment in our units. We expect to continue to monitor these and other developments in international tax law.

We are classified as a PFIC for U.S. federal income tax purposes, which could subject U.S. Holders of units to adverse U.S. federal income tax consequences

Special U.S. federal income tax rules apply to U.S. persons owning stock of a passive foreign investment company (“**PFIC**”). In general, a PFIC is any foreign corporation with respect to which either 75% or more of the gross income for a taxable year constitutes passive income for purposes of the PFIC rules or 50% or more of such foreign corporation’s assets in any taxable year (generally based on the quarterly average of the value of its assets) are held for the production of passive income. DRI Healthcare Trust’s income, which consists primarily of passive royalty income and interest income, and DRI Healthcare Trust’s assets, which consists primarily of assets that produce passive royalty income and interest income, satisfy these tests and result in DRI Healthcare Trust being treated as a PFIC. There are no minimum stock ownership requirements for PFICs. Thus, if DRI Healthcare Trust is classified as a PFIC for any year during which a U.S. Holder holds units, the PFIC rules generally will apply to such U.S. Holder for such taxable year and, unless the U.S. Holder makes certain elections, will apply in future years during which the U.S. Holder holds such units even if DRI Healthcare Trust ceases to be classified as a PFIC.

A “**U.S. Holder**” is a beneficial holder of units that is, for U.S. federal income tax purposes: (a) an individual citizen or resident of the United States; (b) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any state thereof or the District of Columbia; (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (d) a trust if (i) the trust is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (ii) the trust has a valid election in effect under applicable Treasury regulations to be treated as a United States person.

If DRI Healthcare Trust is classified as a PFIC for any taxable year during which a U.S. Holder holds units and any subsidiary DRI Healthcare Trust owns is also classified as a PFIC (a “**lower-tier PFIC**”) then, under certain indirect ownership rules, a U.S. Holder would also be subject to the PFIC rules in connection with its indirect investment in such lower-tier PFIC. DRI Healthcare ICAV has filed an IRS ‘check-the-box’ election to be treated as a disregarded entity for U.S. federal income tax purposes and not as a corporation or an association taxable as a corporation whose separate existence is respected for U.S. federal income tax purposes. None of DRI Healthcare Trust’s subsidiaries will be lower-tier PFICs, but there can be no assurances in this regard and this may change in the future. There can also be no assurances that DRI Healthcare Trust will not invest in a lower-tier PFIC in the future. Prospective investors in units should consult their tax advisors regarding the application of the indirect PFIC rules to such holders in their particular circumstances and be willing to assume the risks of investing in a PFIC that has a PFIC subsidiary.

In general, there are three separate taxation regimes under the PFIC rules. If a U.S. Holder does not make a “qualified electing fund” (“**QEF**”) election or a mark-to-market election with respect to units, such holder will be subject to the default “excess distribution regime” under the PFIC rules with respect to (i) any gain realized on a sale or other disposition (including a pledge) of units, and (ii) any “excess distribution” received on units (generally, “excess distributions” are any distribution in excess of 125% of the average of the annual distributions on units during the preceding three years or a U.S. Holder’s holding period, whichever is shorter). Generally, under this excess distribution regime: (a) the gain or excess distribution will be allocated ratably over the period during which a U.S. Holder held its units; (b) the amount allocated to the current taxable year (and to taxable years in the U.S. Holder’s

holding period, if any, prior to the first taxable year in which DRI Healthcare Trust is classified as a PFIC) will be taxed as ordinary income; and (c) the amount allocated to each other taxable year will be taxed as ordinary income in the taxable year during which the gain is realized or distribution is made at the highest tax rate in effect for the U.S. Holder in that other taxable year and will also be subject to an interest charge as if the income tax liabilities had been due with respect to each such prior year. If DRI Healthcare Trust is classified as a PFIC for any taxable year during which a U.S. Holder holds units and any subsidiary of DRI Healthcare Trust is also classified as a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of the PFIC rules. As a result, such U.S. Holder may incur liability for the deferred tax and interest charge described above in respect of a lower-tier PFIC if either (i) DRI Healthcare Trust receives any excess distribution from or disposes of all or part of its interests in, a lower-tier PFIC or (ii) the U.S. Holder disposes of all or part of its units.

As an alternative to the excess distribution regime, a U.S. Holder may, provided certain requirements are met, elect to be subject to the QEF regime or the mark-to-market regime applicable to PFICs. A U.S. Holder that so elects may be required to report taxable income or gain without corresponding receipts of cash distributions from DRI Healthcare Trust. It is possible that a U.S. Holder's U.S. federal income tax liability with respect to such income or gain inclusions for any applicable taxable period may exceed the amount of cash received from DRI Healthcare Trust during such period. If a U.S. Holder does not make election to treat DRI Healthcare Trust as a QEF or a mark-to-market election with respect to units, such U.S. Holder will be subject to the default "excess distribution regime" under the PFIC rules. The Trust intends to make the information that a U.S. Holder making a QEF election with respect to DRI Healthcare Trust is required to obtain for U.S. federal income tax purposes available to U.S. Holders on an annual basis. U.S. Holders are urged to consult their tax advisor regarding the availability and desirability of making any such election having regard to such holder's particular circumstances.

In addition, a U.S. Holder of units will be required to file an annual report on IRS Form 8621 containing such information with respect to its interest in a PFIC as the IRS may require. Failure to file IRS Form 8621 for each applicable taxable year may result in substantial penalties and result in the U.S. Holder's taxable years being open to audit by the IRS until such forms are properly filed.

The application of the PFIC rules to an investment in units is complex and, accordingly, U.S. Holders are urged to consult their own tax advisors regarding the impact that these rules may have on a U.S. Holder having regard to such holder's particular circumstances, including the availability and effect of a QEF election or a mark-to-market election, coordination rules applicable to the excess distribution regime, QEF regime and mark-to-market regime, as well as the potential impact of the indirect PFIC rules.

The application of the PFIC rules to U.S. Holders considering an investment in our units could cause U.S. holders to perceive investment in our units to be relatively less attractive than investment in shares of other corporations, and this perception could adversely affect the value of our units.

Distributions that we pay to individual and other non-corporate U.S. Holders will not be eligible for taxation at reduced rates, which could potentially adversely affect the value of your units

Distributions made to non-corporate U.S. Holders will not be eligible for taxation at reduced tax rates generally applicable to dividends paid by certain U.S. corporations and "qualified foreign corporations" because of our status as a PFIC. The more favourable rates applicable to qualifying corporate dividends could cause individuals to perceive investment in our units to be relatively less attractive than investment in shares of other corporations, and this perception could adversely affect the value of our units.

We could be liable for significant taxes due to changes in our eligibility for certain income tax treaty benefits or challenges to our tax positions with respect to the application of income tax treaties

Our subsidiaries receive revenue from both U.S. and non-U.S. sources. We expect that our subsidiaries generally will be eligible for benefits under the applicable income tax treaty. While we believe that our subsidiaries are currently eligible to claim the benefits of applicable income tax treaties, no assurances can be provided in this regard, and it is possible that a taxing authority could successfully assert that any of our subsidiaries does not qualify for treaty benefits as a result of its failure to satisfy the applicable requirements to be eligible to claim treaty benefits. If a taxing authority were to challenge our position regarding the application of an applicable income tax treaty, we could become subject to increased withholding taxes, and such taxes could be significant.

Specifically, with respect to certain U.S.-source income, DRI Healthcare ICAV is eligible for benefits under the United States Tax Convention with Ireland signed January 1, 1998, as amended (the "**U.S.-Ireland Tax Treaty**") and will generally not be subject to any U.S. withholding taxes on such U.S.-source payments. There can be no assurance, however, that the IRS will not challenge the position that DRI Healthcare ICAV is eligible for the benefits of the U.S.-Ireland Tax Treaty. A substantial portion of our revenue is, and is expected to continue to be, derived from U.S.-source royalties. Therefore, if DRI Healthcare ICAV failed to qualify for an exemption from U.S. withholding tax under the U.S.-Ireland Tax Treaty and such royalties were subject to a 30% U.S. withholding tax, our financial position and profitability and the value of your investment in our units could be materially and adversely affected.

Furthermore, in August 2016, the Irish Department of Finance announced that, in the context of the publication by the United States Treasury Department of a revised U.S. Model Income Tax Convention in February 2016, discussions have begun with the United States Treasury on updating certain elements of the U.S.-Ireland Tax Treaty. At this time, it is not clear what elements of the U.S.-Ireland Tax Treaty may be updated, or when any such updates would go into

effect. However, certain elements of the revised U.S. Model Income Tax Convention could, if included in an update to the U.S.-Ireland Tax Treaty, result in DRI Healthcare ICAV being unable to qualify for the benefits of the U.S.-Ireland Tax Treaty or eliminate or reduce the benefits of the U.S.-Ireland Tax Treaty that otherwise would have been available to us. If DRI Healthcare ICAV is unable to qualify for the benefits of the U.S.-Ireland Tax Treaty, or if any benefits of the U.S.-Ireland Tax Treaty that otherwise would have been available to us are eliminated or reduced, then all or a portion of our income may become subject to increased withholding taxes, and such taxes could be very significant.

If we were to become subject to increased withholding taxes, we potentially could reorganize, but no assurance can be provided that any such reorganization transaction could be implemented without triggering any taxable gains to us and/or our unitholders, and such taxable gains could be material.

We could be liable for significant U.S. taxation if our subsidiaries are considered to be engaged in a U.S. trade or business

In general, if a foreign corporation for U.S. federal income tax purposes, such as DRI Healthcare Trust, is considered to be engaged in a U.S. trade or business, such corporation's share of any income that is effectively connected with such U.S. trade or business will be subject to regular U.S. federal income taxation (currently imposed at a maximum rate of 21%) on a net basis. In addition, the Trust would potentially become subject to United States branch profits tax on its earnings and profits that are both "effectively connected" with its trade or business in the United States, with certain adjustments, and deemed repatriated out of the United States. It is also possible that such corporation could be subject to taxation on a net basis by state or local jurisdictions within the United States. We believe that the activities of DRI Healthcare Trust, as conducted through its subsidiaries, and as currently contemplated, should not constitute being engaged in the conduct of a trade or business within the United States, although there can be no assurance the IRS will not successfully assert that DRI Healthcare Trust is engaged in the conduct of a trade or business within the United States. Because we believe that DRI Healthcare Trust should not be engaged in the conduct of a trade or business within the United States, we do not expect DRI Healthcare Trust to be subject to United States federal income tax (or branch profits tax).

The determination as to whether DRI Healthcare Trust is engaged in the conduct of a trade or business within the United States is factual in nature and must be made annually. Neither the Code nor the applicable Treasury regulations provide a general definition of what constitutes being engaged in the conduct of a trade or business within the United States, and the limited case law on the subject does not provide definitive guidance. The case law that exists generally provides that a foreign corporation will be treated as engaged in the conduct of a trade or business within the United States if it regularly and continuously carries out business activities in the United States. In addition, if any lower-tier partnership or other flow-through entity for U.S. federal income tax purposes in which DRI Healthcare Trust holds an interest (such as its subsidiaries) were deemed to be engaged in the conduct of a trade or business within the United States, DRI Healthcare Trust will be considered to be so engaged by way of attribution.

If deemed to be engaged in the conduct of a trade or business within the United States, including due to the activities conducted through its subsidiaries, DRI Healthcare Trust generally would become subject to United States federal income tax on its taxable income treated as "effectively connected" with such trade or business and potentially become subject to United States branch profits tax. In such case, DRI Healthcare Trust may be subject to significant U.S. taxes, plus interest and possible penalties.

Withholding taxes on royalties could reduce the amount of cash available to us

We do not believe that we are subject to any U.S. withholding tax on our royalty income. We may be subject to non-U.S. withholding taxes on a portion of our royalty income but we intend to either use the benefits of the income tax treaties to which we are entitled or available domestic law exemptions to eliminate or reduce such non-U.S. withholding taxes. However, if we are not eligible for the benefits of such income tax treaties (including through adverse changes to the terms of an existing treaty) and no treaty applied to eliminate such withholding tax or such domestic exemptions were no longer available, the amount of cash available to us may be reduced and our financial results may be adversely affected.

An investment in our units is subject to certain Canadian tax considerations

We intend to continue to qualify as a "unit trust" and a "mutual fund trust" for purposes of the Tax Act. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects our unitholders. If we cease to qualify as a "mutual fund trust" under the Tax Act, the income tax considerations applicable to us could be materially and adversely different in certain respects.

The SIFT Rules will apply to a trust that is a SIFT or a partnership that is a SIFT. DRI Healthcare Trust will not be a SIFT for the purposes of these rules because DRI Healthcare Trust and each of our subsidiaries will not invest in any entity other than a "portfolio investment entity" and will not hold any "non-portfolio property" (each as defined in the Tax Act), based on our investment restrictions. If the SIFT Rules were to apply to DRI Healthcare Trust, they would have an adverse impact on us and on the distributions received by our unitholders.

Where our net income (including income that is FAPI) and net realized capital gains in a taxation year exceeds the cash we distribute in the year, such excess net income and net realized capital gains will be distributed to our unitholders in the form of additional units. Unitholders will generally be required to include an amount equal to the fair market value of those units in their taxable income, in circumstances where they do not directly receive a cash

distribution. Although we are of the view that all expenses to be claimed by us and our subsidiaries will be reasonable and deductible and that the cost amount and capital cost allowance claims of entities indirectly owned by us will have been correctly determined, there can be no assurance that the Tax Act, or the interpretation of the Tax Act will not change, or that the CRA will agree. If the CRA successfully challenges the deductibility of such expenses or the allocation of such income, our taxable income, and indirectly the taxable income of our unitholders, will increase or change. The extent to which distributions will be non-taxable in the future will depend in part on the extent to which entities indirectly owned by us are able to deduct depreciation, interest and loan expenses relating to our properties for purposes of the Tax Act. We will endeavour to ensure that our units continue to be qualified investments for Plans; however, there can be no assurance that this will be so. In addition, Redemption Notes received on a redemption in specie of units may not be qualified investments for Plans. The Tax Act imposes penalties for the acquisition or holding of non-qualified investments.

Tax considerations relating to FAPI may affect our financial condition

FAPI of a foreign affiliate and controlled foreign affiliate is generally computed in Canadian currency and in accordance with Part I of the Tax Act as though the affiliate were resident in Canada, subject to the detailed rules contained in the Tax Act. Since DRI Healthcare ICAV and its subsidiaries borrow and make investments in U.S. dollars and FAPI is required to be computed in Canadian dollars, FAPI will include foreign exchange gains that are realized on the repayment of debts and on the disposition of property.

Tax laws or other laws or government incentive programs, or regulations may change

Changes in tax legislation, administrative practice or case law could have adverse tax consequences for us. Despite a general principle prohibiting retroactive changes, amendments to applicable laws, orders and regulations can be issued or altered with retroactive effect. Additionally, divergent interpretations of tax laws by the tax authorities or the tax courts are possible. These interpretations may be changed at any time with adverse effects on our taxation. Furthermore, court decisions are often overruled by the tax authorities by way of issuing non-application decrees. As a result, uncertainties exist with regard to the taxation rules applicable to us and our subsidiaries. Deviating views adopted by the tax authorities or the tax courts might lead to a higher tax burden for us. Additionally, adverse changes in the tax framework applicable to us could occur, and we could be subject to tax audits or reassessments that result in the imposition of taxes. Changes in the tax status of our subsidiaries and potential taxes payable could reduce the amount of cash available to us. Any of the foregoing, taken individually or together, could adversely impact our investments, cash flows, operating results or financial condition, our ability to make distributions on our units and our ability to implement our growth strategy.

MARKET FOR SECURITIES

Trading Price and Volume

Our units are listed on the TSX in Canadian dollars under the symbol “DHT.UN” and in U.S. dollars under the symbol “DHT.U”. The following table sets forth the high and low reported trading prices and the trading volume of the units on the TSX for each month of our most recently completed financial year:

Information for Units Traded Under DHT.UN Symbol (CAD) on the TSX

Period	High (C\$)	Low (C\$)	Volume
January 2023	8.25	7.22	355,540
February 2023	8.10	7.07	582,777
March 2023	7.80	7.16	441,757
April 2023	9.90	7.40	651,210
May 2023	9.85	8.80	1,656,543
June 2023	11.29	9.56	1,051,655
July 2023	12.42	10.44	1,744,753
August 2023	13.02	11.72	1,036,444
September 2023	12.77	10.35	1,431,535
October 2023	11.25	10.21	536,272
November 2023	12.66	10.85	589,722
December 2023	12.94	11.73	522,369

Information for Units Traded Under DHT.U Symbol (USD) on the TSX

Period	High (\$)	Low (\$)	Volume
January 2023	5.97	5.50	8,243
February 2023	6.14	5.30	5,255
March 2023	5.96	5.00	14,554
April 2023	7.05	5.50	27,775
May 2023	7.20	6.51	12,850
June 2023	8.44	7.15	8,010
July 2023	9.17	7.51	1,793
August 2023	9.69	9.13	21,400
September 2023	9.15	7.90	1,701
October 2023	7.91	7.59	7,499
November 2023	8.70	7.75	4,135
December 2023	9.55	8.87	22,070

PROMOTER

DRI Healthcare is our manager and has previously taken the initiative in founding and organizing the Trust and was therefore a promoter of the Trust for the purposes of applicable securities legislation. As at February 28, 2024, DRI Healthcare held 1,663,599 of our units, representing approximately 3.0% of our issued and outstanding units. As our manager, DRI Healthcare receives compensation for such services. See “Agreements with our Manager”.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described elsewhere in this AIF, there are no material interests, direct or indirect, of any of our trustees or executive officers, any unitholder that beneficially owns, or controls or directs (directly or indirectly), more than 10% of any class or series of our outstanding voting securities, or any associate or affiliate of any of the foregoing persons, in any transaction within the three years before the date hereof or during the current financial year that has materially affected or is reasonably expected to materially affect us.

MATERIAL CONTRACTS

Our only material contracts, other than certain agreements entered into in the ordinary course of business, that are in effect are:

- (a) our management agreement referred to in “Agreements with our Manager”;
- (b) the underwriting agreements we entered into in connection with our initial public offering and follow-on offerings;
- (c) the trust indenture providing for the issuance of preferred securities described under “Private Placement of Preferred Securities and Warrants”; and
- (d) the warrant indenture providing for the issuance of warrants described under “Private Placement of Preferred Securities and Warrants”.

Copies of the foregoing documents are available on SEDAR+ at www.sedarplus.ca.

LEGAL PROCEEDINGS

Except as described below, neither we nor our manager is involved in any litigation or proceedings, nor are we aware of any contemplated litigation or proceedings which, if determined adversely to us, would be material to us. In December 2023, we filed a complaint against Takeda in the State of New York alleging breach of contract and seeking damages related to Natpara, as described under Our Portfolio – Natpara. For more information, please see Products--Natpara.

AUDITOR

Deloitte LLP, Chartered Professional Accountants, Licensed Public Accountants, Toronto, Ontario, Canada, is our external auditor and is named as having prepared or certified a report or opinion included in our audited consolidated financial statements for the year ended December 31, 2023. Such firm is independent within the meaning of the rules of professional conduct of the Chartered Professional Accountants of Ontario.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our units is Computershare Investor Services Inc. at its principal office in Toronto, Ontario.

ADDITIONAL INFORMATION

Additional information relating to DRI Healthcare Trust may be found on SEDAR+ at www.sedarplus.ca. Additional information, including with respect to trustees’ and officers’ remuneration and indebtedness, principal holders of DRI Healthcare Trust’s securities and units authorized for issuance under equity compensation plans, will be contained in our information circular for our upcoming annual meeting of unitholders that involves the election of trustees.

Additional financial information is provided in the consolidated financial statements and notes to the consolidated financial statements and management’s discussion and analysis of DRI Healthcare Trust for 2023, which are available on SEDAR+ at www.sedarplus.ca.

SCHEDULE A
AUDIT COMMITTEE CHARTER
(THE “CHARTER”)

Purpose

1. The Audit Committee (the “**Committee**”) is a standing committee appointed by the board of trustees (the “**Board**”) of DRI Healthcare Trust (the “**Trust**”). Any reference to “**management**” herein will include DRI Capital Inc., as manager of the Trust, and any of its officers, employees or other personnel. The Committee is established to fulfill applicable public company obligations respecting audit committees and to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting. This includes the responsibility to oversee, among other things as may be delegated by the Board from time to time:
 - (a) the integrity of the Trust’s financial statements and financial reporting processes, including the audit process and the Trust’s internal control over financial reporting, disclosure controls and procedures, and compliance with other related legal and regulatory requirements;
 - (b) the qualifications and independence of the Trust’s external auditors; the work of the Trust’s financial management, internal audit (if any), internal control function and external auditors;
 - (c) enterprise risk management, privacy and data security, and to monitor such matters; and
 - (d) the auditing, accounting and financial reporting process generally.
2. In addition, the Committee will prepare, if required, an audit committee report for inclusion in the Trust’s management information circular, in accordance with applicable rules and regulations.
3. The function of the Committee is oversight. It is not the duty or responsibility of the Committee or its members to: (a) plan or conduct audits; (b) determine that the Trust’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles; or (c) conduct other types of auditing or accounting reviews or similar procedures or investigations. The members of the Committee are members of the Board. They are appointed to the Committee to provide broad oversight of the financial, risk and control-related activities of the Trust, and are specifically not accountable or responsible for the day-to-day operation or performance of such activities.
4. Management is responsible for the preparation, presentation and integrity of the Trust’s financial statements. Management is also responsible for maintaining appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported and to assure the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with accounting standards and applicable laws and regulations. Management is also responsible for monitoring and reporting on the adequacy and effectiveness of the system of internal controls over financial reporting and disclosure controls and procedures. The external auditors are responsible for planning and carrying out audits of the Trust’s annual financial statements in accordance with generally accepted auditing standards to provide reasonable assurance that, among other things, such financial statements are in accordance with generally accepted accounting principles.

Procedures of the Committee

5. *Number of Members* – The members of the Committee will be appointed by the Board. The Committee will consist of not less than three Board members.
6. *Residency of Members* – The Committee will consist of at least a majority of trustees who are residents of Canada for the purposes of the Income Tax Act (Canada).
7. *Independence* – Except as otherwise permitted by applicable laws, including section 3.2 of National Instrument 52-110 – Audit Committees (“**NI 52-110**”), the Committee will consist at all times of trustees who are “**independent**” within the meaning of NI 52-110. The Board will consider all relevant facts and circumstances in making a determination of independence for each trustee.
8. *Financial Literacy and Other Related Experience* – Each member of the Committee must be able to read and understand financial statements and must otherwise be “financially literate” within the meaning of applicable requirements or guidelines for audit committee service under securities laws, including NI 52-110, or the rules of any applicable stock exchange. At least one member will have past employment experience in finance or accounting, requisite professional certification in accounting, or other comparable experience or background. Further, each member should have reasonably sufficient experience in such other economic, financial, investment or business matters as the Board may deem appropriate.

9. *Appointment and Replacement of Committee Members* – Any member of the Committee may be removed or replaced at any time by the Board and will automatically cease to be a member of the Committee upon ceasing to be a trustee. The Board will fill any vacancy if the membership of the Committee is less than three trustees. Whenever there is a vacancy on the Committee, the remaining members may exercise all of the powers of the Committee as long as a quorum remains in office. Subject to the foregoing, the members of the Committee will be appointed by the Board annually and each member of the Committee will remain on the Committee until the next annual meeting of unitholders after his or her appointment or until his or her successor will be duly appointed and qualified.
10. *Committee Chair* – Unless a Committee Chair is designated by the full Board, the members of the Committee may designate from the members of the Committee a Chair by majority vote of the full Committee. The Committee Chair will be responsible for leadership of the Committee assignments and reporting to the Board. If the Committee Chair is not present at any meeting of the Committee, one of the other members of the Committee who is present will be chosen by the Committee to preside at the meeting. The Committee will report through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.
11. *Conflicts of Interest* – If a Committee member faces potential or actual conflict of interest relating to a matter before the Committee, other than matters relating to the compensation of trustees, that member will be responsible for alerting the Committee Chair. If the Committee Chair faces a potential or actual conflict of interest, the Committee Chair will advise the Chair of the Board. If the Committee Chair, or the Chair of the Board, as the case may be, concurs that a potential or actual conflict of interest exists, the member faced with such conflict will disclose to the Committee the member's interest and will not participate in consideration of the matter and will not vote on the matter.
12. *Meetings* – The Committee will meet regularly and as often as it deems necessary to perform the duties and discharge its responsibilities described herein in a timely manner, but not less than four times a year and any time the Trust proposes to issue a press release with its interim period or annual financial results or any other material financial information of the Trust. The Committee Chair will approve the agenda for such meetings and any member may suggest items for consideration. Briefing materials will be provided to the Committee as far in advance of meetings as practicable. The Committee will maintain written minutes of its meetings, which will be filed with the meeting minutes of the Board.
13. *Separate Executive Meetings* – The Committee will meet periodically, but no less than quarterly, with the Chief Financial Officer and the external auditors in separate sessions to discuss any matters that the Committee or any of these groups believes should be discussed privately and such persons will have access to the Committee to bring forward matters requiring its attention. However, the Committee will also meet periodically without management present.
14. *Reliance* – Absent actual knowledge to the contrary (which will be promptly reported to the Board), each member of the Committee will be entitled to rely on: (a) the integrity of those persons or organizations within and outside the Trust from which it receives information; (b) the accuracy of the financial and other information provided to the Committee by such persons or organizations; and (c) representations made by management and the external auditors as to any permissible non-audit services provided by the external auditors to the Trust and its subsidiaries.
15. *Self-Evaluation* – The Committee will conduct a self-evaluation at least annually to determine whether it and its members are functioning effectively and report its conclusion to the Board.

Selection and Oversight of the External Auditors

16. The external auditors are ultimately accountable to the Committee and the Board as the representatives of the unitholders of the Trust and will report directly to the Committee and the Committee will so instruct the external auditors. The Committee will evaluate the performance of the external auditors and make recommendations to the Board on the reappointment or appointment of the external auditors of the Trust to be proposed in the Trust's management information circular for unitholder approval and will have authority to terminate the external auditors. If a change in external auditors is proposed, the Committee will review the reasons for the change and any other significant issues related to the change, including the response of the incumbent auditors, and enquire on the qualifications of the proposed auditors before making its recommendation to the Board.
17. The Committee will be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including resolution of disagreements between management and the external auditor regarding financial reporting) for the purposes of preparing or issuing an audit report or performing other audit, review or attest services of the Trust, and each such registered public accounting firm must report directly to the Committee.
18. The Committee will approve policies and procedures for the pre-approval of services to be rendered by the external auditors, which policies and procedures will include reasonable detail with respect to the services covered. All permissible non-audit services to be provided to the Trust or any of its affiliates by the external auditors or any of their affiliates that are not covered by pre-approval policies and procedures approved by

the Committee will be subject to pre-approval by the Committee. The Committee will have the sole discretion regarding the prohibition of the external auditor providing certain non-audit services to the Trust and its affiliates. The Committee will also review and approve disclosures with respect to permissible non-audit services.

19. The Committee will review the independence of the external auditors and will make recommendations to the Board on appropriate actions to be taken that the Committee deems necessary to protect and enhance the independence of the external auditors. In connection with such review, the Committee will:
 - (a) actively engage in a dialogue with the external auditors about all relationships or services that may impact the objectivity and independence of the external auditors;
 - (b) require that the external auditors submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between the Trust and its subsidiaries, on the one hand, and the external auditors and their affiliates on the other hand and to the extent there are relationships, monitor and investigate them;
 - (c) ensure the rotation of the lead (and concurring) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by applicable law;
 - (d) consider whether there should be a regular rotation of the external audit firm itself; and
 - (e) consider the auditor independence standards promulgated by applicable auditing regulatory and professional bodies.
20. The Committee will establish and monitor clear policies for the hiring by the Trust of employees or former employees of the external auditors.
21. The Committee will require the external auditors to provide to the Committee, and the Committee will review and discuss with the external auditors, all reports which the external auditors are required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditors, and any other reports which the Committee may require. Such reports will include:
 - (a) a description of the external auditors' internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review, or Canadian Public Accountability Board (CPAB) inspection, of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors and any steps taken to deal with any such issues; and
 - (b) a report describing: (i) the proposed audit scope, approach and independence of all critical accounting policies and practices to be used in the annual audit; (ii) all alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors; and (iii) other material written communication between the external auditors and management, such as any management letter or schedule of unadjusted differences.
22. The Committee will (i) annually review the experience and qualifications of the independent audit team and review the performance of the independent auditors, including assessing their professional skepticism, effectiveness and quality of service, and (ii) every five years perform a comprehensive review of the performance of the independent auditors over multiple years to provide further insight on the audit firm, its independence and application of professional standards.

Oversight and Monitoring of Audits

23. The Committee will review with the external auditors and management the audit function generally, the objectives, staffing, locations, coordination (reduction of redundant efforts) and effective use of audit resources, reliance upon management and internal audit and general audit approach and scope of proposed audits of the financial statements of the Trust and its subsidiaries, the overall audit plans, the responsibilities of management, the external auditors, the audit procedures to be used and the timing and estimated budgets and staffing of the audits.
24. The Committee will meet periodically with any internal auditors to discuss the progress of their activities, any significant findings stemming from internal audits, any changes required in the planned scope of their audit plan and any difficulties or disputes that arise with management in the course of their audits, including any restrictions on the scope of their work or access to required information, and the adequacy of management's responses in correcting audit-related deficiencies.

25. The Committee will review with management the results of external audits.
26. The Committee will provide an open avenue of communication between the external auditors, the Board and management and take such other reasonable steps as it may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies.

Appointment and Oversight of Internal Auditors

27. The appointment, terms of engagement, compensation, replacement or dismissal of any internal auditors will be subject to prior review and approval by the Committee. When the internal audit function is performed by employees of the Company, the Committee may delegate responsibility for approving the employment, term of employment, compensation and termination of employees engaged in such function (other than with respect to the head of the Company's internal audit function).
28. The Committee will obtain from the internal auditors, if any, and will review, summaries of the significant reports to management prepared by the internal auditors, or the actual reports if requested by the Committee, and management's responses to such reports.
29. The Committee will, as it deems necessary or appropriate, communicate with the internal auditors with respect to their reports and recommendations, the extent to which prior recommendations have been implemented and any other matters that the internal auditor, if any, brings to the attention of the Committee. The head of the internal audit function will have unrestricted access to the Committee.
30. The Committee will as frequently as it deems necessary or appropriate, evaluate the internal auditors, if any, including their activities, organizational structure, independence, objectivity, qualifications and effectiveness.

Oversight and Review of Accounting Principles and Practices

31. The Committee will, as it deems necessary or appropriate, oversee, review and discuss with management and the external auditors (together and separately as it deems necessary), among other items and matters:
 - (a) the quality, appropriateness and acceptability of the Trust's accounting principles, practices and policies used in its financial reporting, its consistency from period to period, changes in the Trust's accounting principles or practices and the application of particular accounting principles and disclosure practices by management to new or unusual transactions or events;
 - (b) all significant financial reporting issues, estimations and judgments made in connection with the preparation of the financial statements, including the effects of alternative methods within generally accepted accounting principles on the financial statements and any "second opinions" sought by management from an independent auditor with respect to the accounting treatment of a particular item;
 - (c) any material changes to the Trust's auditing and accounting principles and practices as recommended by management or the external auditors, that may result from proposed changes to applicable generally accepted accounting principles;
 - (d) the extent to which any changes or improvements in accounting or financial practices, as approved by the Committee, have been implemented; and
 - (e) the effect of regulatory and accounting initiatives on the Trust's financial statements and other financial disclosures.
32. The Committee will review and resolve disagreements between management and the external auditors regarding financial reporting or the application of any accounting principles or practices.

Oversight and Monitoring of Internal Control Over Financial Reporting

33. The Committee will, as it deems necessary or appropriate, exercise oversight of, review and discuss with management and the external auditors (together and separately, as it deems necessary):
 - (a) the adequacy and effectiveness of the Trust's internal control over financial reporting and disclosure controls and procedures designed to ensure compliance with applicable laws and regulations;
 - (b) any significant deficiencies or material weaknesses in internal control over financial reporting or disclosure controls and procedures;
 - (c) the risk of management's ability to override the Trust's internal controls;

- (d) any fraud, of any amount or type, that involves management or other trustees who have a significant role in the internal control over financial reporting;
 - (e) the adequacy of the Trust's internal controls and any related significant findings and recommendations of the external auditors together with management's responses thereto
 - (f) any significant change in internal controls over financial reporting that are disclosed, or considered for disclosure, including those in the Trust's periodic regulatory filings; and
 - (g) management's compliance with the Trust's processes, procedures and internal controls.
34. The Committee will establish procedures for: (a) the receipt, retention, and treatment of complaints received by the Trust regarding accounting, internal accounting controls, or auditing matters, and confidential, anonymous submissions of concerns regarding questionable accounting or auditing matters.

Oversight and Monitoring of Financial Reporting and Disclosure

35. The Committee will:

- (a) review with the external auditors and management and recommend to the Board for approval the audited financial statements and the notes and management's discussion and analysis accompanying such financial statements, the Trust's annual report and any financial information of the Trust contained in any prospectus, information circular or any other disclosure document or regulatory filing of the Trust;
- (b) review with the external auditors and management each set of interim period financial statements and the notes and Managements' Discussion and Analysis accompanying such financial statements and any other disclosure documents or regulatory filings of the Trust containing or accompanying financial information of the Trust; and
- (c) review the disclosure regarding the Committee required to be included in any publicly filed or available document by applicable securities laws or regulations or stock exchange rules or requirements.

Such reviews will be conducted prior to the release of any summary of the financial results or the filing of such reports with applicable regulators.

36. Prior to their distribution or public disclosure, the Committee will discuss earnings press releases, as well as financial information and guidance, it being understood that such discussions may, in the discretion of the Committee, be done generally (e.g., by discussing the types of information to be disclosed and the type of presentation to be made) and that the Committee need not discuss in advance each earnings release or each instance in which the Trust gives guidance.
37. The Committee will oversee compliance with the requirements of applicable securities laws or rules for disclosure of auditors' services, engagements and independence of external auditors and audit committee member qualifications and activities.
38. The Committee will receive and review the financial statements and other financial information of material subsidiaries of the Trust and any auditor recommendations concerning such subsidiaries.
39. The Committee will meet with management to review the process and systems in place for ensuring the reliability of public disclosure documents that contain audited and unaudited financial information and their effectiveness.

Oversight of Finance Matters

40. The Committee will:

- (a) review periodically the capital structure of the Trust, and, when necessary, recommend to the Board transactions or alterations to the Trust's capital structure;
- (b) review and make recommendations to the Board concerning the financial structure, condition and strategy of the Trust and its subsidiaries, including with respect to annual budgets, long-term financial plans, corporate borrowings, investments, capital expenditures, long-term commitments and the issuance and/or repurchase of securities;
- (c) review and discuss with DRI Capital Inc., the Trust's manager, the Trust's investment policies and guidelines, as well as the Trust's compliance with any such investment policies and guidelines,

including past and expected future performance, both in the context of financial returns and risk mitigation;

- (d) periodically review matters pertaining to the Trust's material policies and practices respecting cash management and material financing strategies or policies or proposed financing arrangements and objectives of the Trust;
- (e) periodically review the Trust's major financial risk exposures (including foreign exchange and interest rate) and management's initiatives to control such exposures, including the use of financial derivatives and hedging activities;
- (f) review and approve special transactions or expenditures as specifically delegated by the Board to a committee thereof or to one or more trustees or officers;
- (g) review and discuss with management all material off-balance sheet transactions, arrangements, obligations (including contingent obligations), leases and other relationships of the Trust with unconsolidated entities, other persons, or related parties (subject to section 47 below), that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves, or significant components of revenues or expenses;
- (h) review and discuss with management any equity investments, acquisitions and divestitures that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves, or significant components of revenues or expenses;
- (i) review and discuss policies, procedures and practices with respect to risk identification, assessment and management, including appropriate guidelines and policies to govern the process, as well as the Trust's major enterprise risk exposures and the steps management has undertaken to control them;
- (j) review and discuss with management the Trust's effective tax rate, adequacy of tax reserves, tax payments and reporting of any pending tax audits or assessments, and material tax policies and tax planning initiatives; and
- (k) review the Trust's pension or similar retirement arrangements, management, and obligations, as applicable.

Risk Oversight, Privacy and Cybersecurity

41. The Committee will annually (or as more frequently as the Committee deems necessary or appropriate):

- (a) review and discuss with management and as the Committee deems necessary or appropriate, and monitor the adequacy and effectiveness of: (i) management's program, including policies and guidelines, to identify, assess, manage, and monitor major enterprise risks of the Trust, including financial, operational, privacy, security, business continuity, legal and regulatory, and reputational risks, as well as those risks that would threaten the Trust's business, current or potential future licenses, future performance, solvency or liquidity; (ii) management's risk management decisions, practices and activities; (iii) reports from management and others, including without limitation, internal audit, regarding compliance with item (i) above; and (iv) the adequacy and appropriateness of management's response to, including the implementation thereof, the matters and findings, if any, in the reports referenced in item (iii) above; and
- (b) review, discuss with management and assess (including Board recommendations, as necessary) the Trust's privacy and cybersecurity risk exposures, including, but not limited to: (i) the potential impact of those exposures on the Trust's business, operations and reputation; (ii) the steps management has taken to monitor and mitigate such exposures across all functions and Trust connections with third parties and the Trust's cybersecurity insurance coverage; (iii) the Trust's information governance and cybersecurity policies and programs and management's efforts to build a culture of sensitivity to cybersecurity concerns; (iv) security breach incidence reports and incident response protocols, including crisis management and disaster recovery plans; (v) Trust disclosures regarding cybersecurity risks, (vi) the Trust's cybersecurity strategy, including the allocation of Trust resources to management of cybersecurity risks; and (vii) major legislative and regulatory developments that could materially impact the Trust's privacy and cybersecurity risk exposure; and
- (c) review and discuss with management (including Board recommendations, as necessary) the adequacy of the Trust's insurance coverage.

Committee Reporting

42. If required by applicable laws or regulations or stock exchange requirements, the Committee will prepare, review and approve a report to unitholders and others (the "**Report**"). In the Report, the Committee will state, among other things, whether it has:
 - (a) reviewed and discussed the audited financial statements with management and the external auditors;
 - (b) received from the external auditors all reports and disclosures required under legal, listing and regulatory requirements and this Charter and have discussed such reports with the external auditors, including reports with respect to the independence of the external auditors; and
 - (c) based on the reviews and discussions referred to in clauses (a) and (b) above, recommended to the Board that the audited financial statements be included in the Trust's annual report.
43. The Committee will otherwise report regularly to the Board regarding the execution of the Committee's duties, responsibilities, and activities, as well as any issues encountered and related recommendations and recommend to the Board that the audited financial statements be included in the Trust's applicable annual report.
44. The Committee will also report to the Board annually regarding the oversight and receipt of certifications from applicable management confirming compliance with certain applicable laws, regulations or rules and certain Trust policies and practices, in each case as the Committee deems necessary or appropriate.

Additional Authority and Responsibilities

45. The Committee will have the authority to engage independent counsel and other advisers, hire and terminate special legal, accounting, financial or other consultants to advise the Committee at the Trust's expense, in each case, as it determines necessary or appropriate to carry out its duties and without consulting with, or obtaining prior approval from, any officer of the Trust or the Board. The Committee may ask members of management, including, without limitation, the applicable member of management responsible for enterprise risk management, or others, to attend meetings or provide information as necessary. The Committee will also have the authority to ask the Trust's independent auditors to attend meetings or provide information as necessary, and the Trust's independent auditors will have direct access to the Committee at their own initiative.
46. The Committee will provide for appropriate funding for payment: of (a) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Trust; (b) compensation to any advisers engaged or employed by the Committee under subsection 32 above; and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
47. The Committee will review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting and perform such other functions as assigned by law or the Trust's constating documents.
48. The Committee will review and approve in advance any proposed related-party transactions and required disclosures of such in accordance with applicable securities laws and regulations and consistent with any related-party transaction policy of the Trust, to the extent such policy exists, and report to the Board on any approved transactions.
49. The Committee will discharge its responsibilities and will assess the information provided by the Trust's management and the external advisers, in accordance with its business judgment. Members are entitled to rely, absent knowledge to the contrary, on the integrity of the persons and organizations from whom they receive information, and on the accuracy and completeness of the information provided. Nothing in this charter is intended or may be construed as imposing on any member of the Committee or the Board a standard of care or diligence that is in any way more onerous or extensive than the standard to which the trustees are subject under applicable law. This charter is not intended to change or interpret the constating documents of the Trust or applicable law or stock exchange rule to which the Trust is subject, and this charter should be interpreted in a manner consistent with all such applicable laws and rules.
50. The Board may, from time to time, permit departures from the terms of this charter, either prospectively or retrospectively. This charter is not intended to give rise to civil liability on the part of the Trust or its trustees or officers to unitholders, security holders, security holders, customers, suppliers, competitors, or other persons, or to any other liability whatsoever on their part.

Review and Disclosure

The Committee will review and reassess the adequacy of this charter periodically and otherwise as it deems appropriate and amend it accordingly. The performance of the Committee will be evaluated with reference to this charter.

The Committee will ensure that this charter is disclosed on the Trust's website and that this charter or a summary of it which has been approved by the Committee is disclosed in accordance with all applicable securities laws or regulatory requirements.