

The logo features a teal plus sign to the left of the word "DRIHEALTHCARE" in a bold, dark blue, sans-serif font.

# DRIHEALTHCARE

The background is a light blue gradient with a pattern of hexagons and circles. Several circular icons are overlaid, including a plus sign, a test tube, a caduceus, and a pill.

# ADVANCING SCIENCE

in the Fast-Growing Pharmaceutical and Biotechnology Sector

March 2023

# Disclaimer

This presentation has been prepared by DRI Healthcare Trust (the “Trust”). The Trust is an unincorporated open-ended fund trust governed by the laws of the Province of Ontario, Canada and is externally managed by DRI Capital Inc. (“DRI Capital” or the “Manager” and together with the Trust, “DRI Healthcare”). The Trust completed an initial public offering (the “IPO”) on February 11, 2021 in which it acquired an initial portfolio of royalty assets from DRI Capital. The predecessor of the Manager was founded in 1989. Any references to employees or historical figures prior to the IPO refer to those of the Manager.

Certain statements made in this presentation, including responses to questions, may contain forward-looking statements within the meaning of the safe harbor provisions of Canadian provincial securities laws. Forward-looking statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements.

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This presentation also makes reference to certain non-GAAP financial measures including Total Cash Receipts and certain non-GAAP ratios including Adjusted EBITDA Margin and Adjusted Cash Earnings per Unit. These measures and ratios are not standardized measures under IFRS and are therefore unlikely to be comparable to similar financial measures disclosed by other issuers. Rather, these measures and ratios are provided as additional information to complement those IFRS measures by providing further understanding of DRI Healthcare Trust’s financial performance from management’s perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of financial information reported under IFRS.

All dollar figures in this presentation are stated in US dollars.

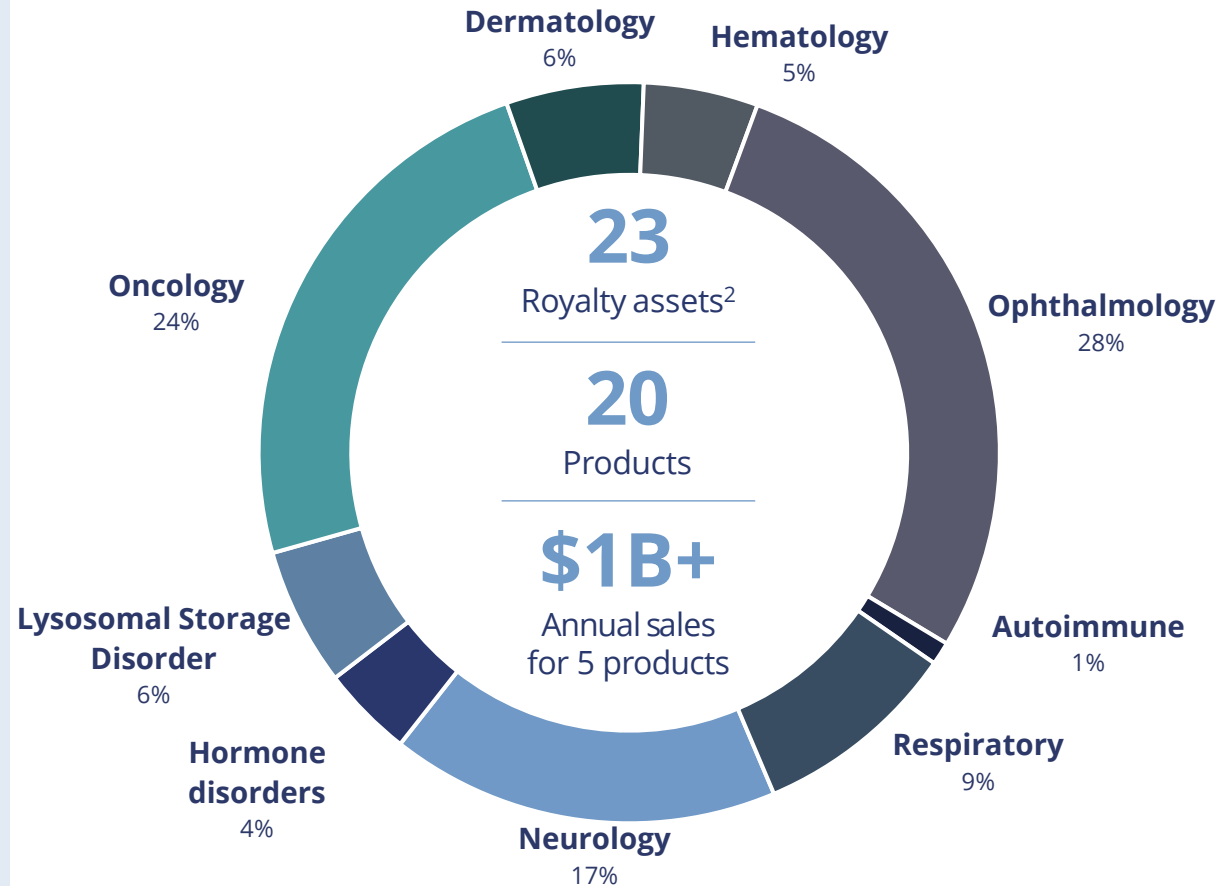
# Low risk exposure to rapid biopharma growth

**34-year<sup>1</sup>**  
History

**\$2.5B+**  
Capital deployed

**70**  
Royalty acquisitions

**6,500+**  
Royalty opportunities in  
proprietary database



For the year ended December 31, 2022

**\$93M**  
Total Income

**\$82M**  
Adjusted EBITDA

**86%**  
Adjusted EBITDA Margin

**\$481.5M<sup>3</sup>**  
Capital deployed  
since IPO

Diverse portfolio with large pharmaceutical company characteristics

# Our competitive advantages

## 1 Seasoned team

of specialized investment professionals with life science backgrounds and advanced business and scientific degrees

## 2 Disciplined capital allocation

based on robust investment criteria that has resulted in 18% net IRRs over 16 years<sup>1</sup>

## 3 Proactive sourcing





proprietary database tracking royalties on more than 2,000 drugs worldwide combined with deep industry relationships developed over our 30-year history

## 3 Exceptional execution

fundamental ground-up diligence on opportunities to execute high quality transactions

1. Based on results of funds managed by DRI Healthcare Trust's manager

# Track record of delivering growth and value

Drug Royalty I 2006 – 2008	Drug Royalty II 2009 – 2013	Drug Royalty III 2013 – 2018	DHT 2021 - present
<p>19 New Royalties valued at <b>\$645M</b></p>	<p>27 New Royalties valued at <b>\$730M<sup>1</sup></b></p>	<p>15 New Royalties valued at <b>\$586M</b></p>	<p>9 New Royalties &amp; 1 Loan valued at up to <b>\$658M<sup>2</sup></b></p>
<p>IRR <b>19%</b></p>	<p>IRR <b>18%</b></p>	<p>IRR <b>20%</b></p>	<p>Current Yield<sup>3</sup> <b>&gt;5%</b></p>
			

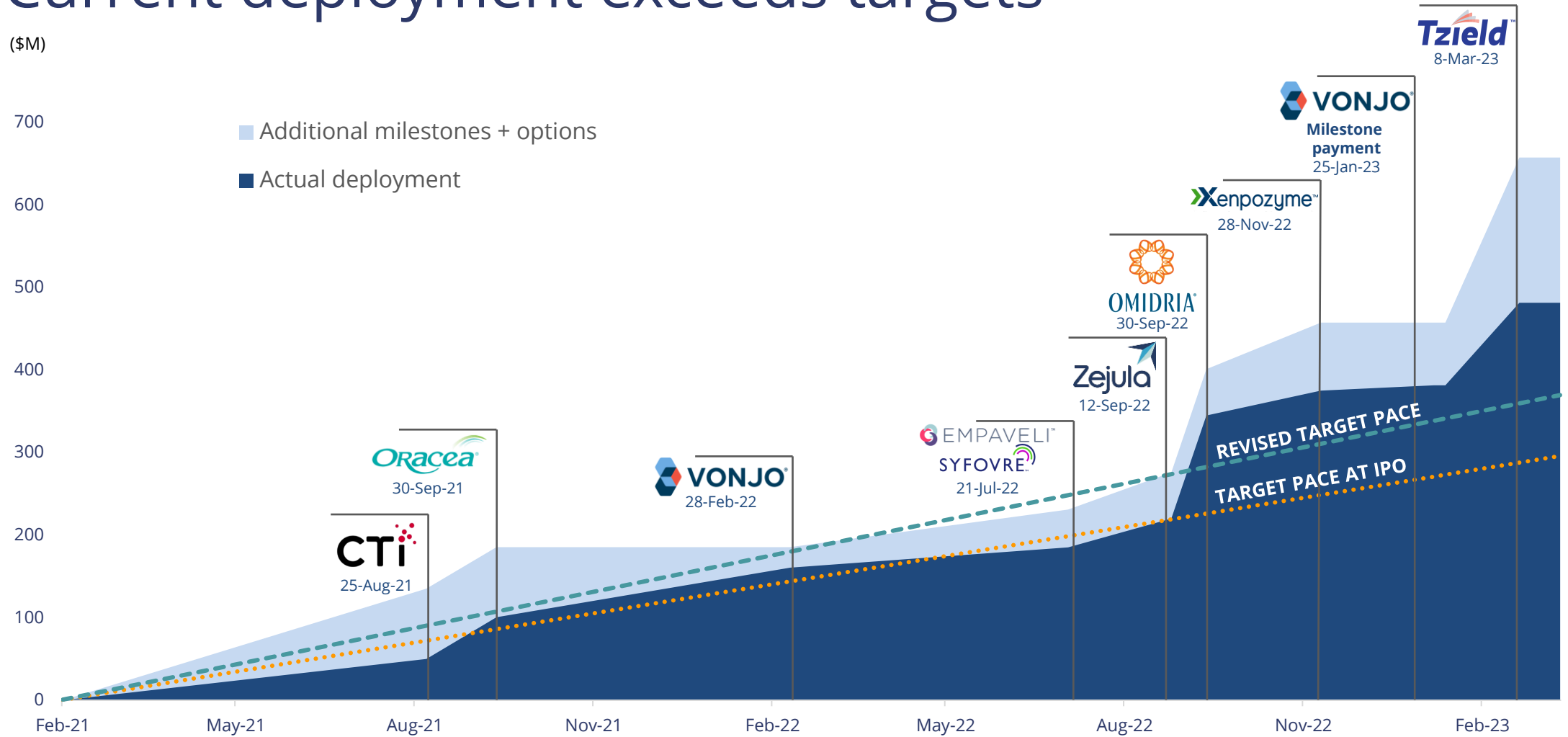
Consistent track record of efficient capital deployment at high returns

# Delivering on our long-term strategy

	At IPO	Today	2025 target
Capital deployment	\$650 – 750 million over 5 years	\$481.5 million deployed to date + \$176 million in milestones and options	Revised deployment target of \$850 – 900 million
Sustainable cash generation	Declining cash curve due to expected asset expiries	Flat to slightly growing cash receipts through 2030 without any new deals	7% - 9% annual royalty receipt growth
Portfolio duration	8 years	>10 years	>10 years
Capital resources	IPO proceeds and debt capacity	Attractive credit facilities with compounding effect of cash flows	Expanded credit facilities with compounding effect of cash flows

Focus on building long-term and sustainable strategic growth

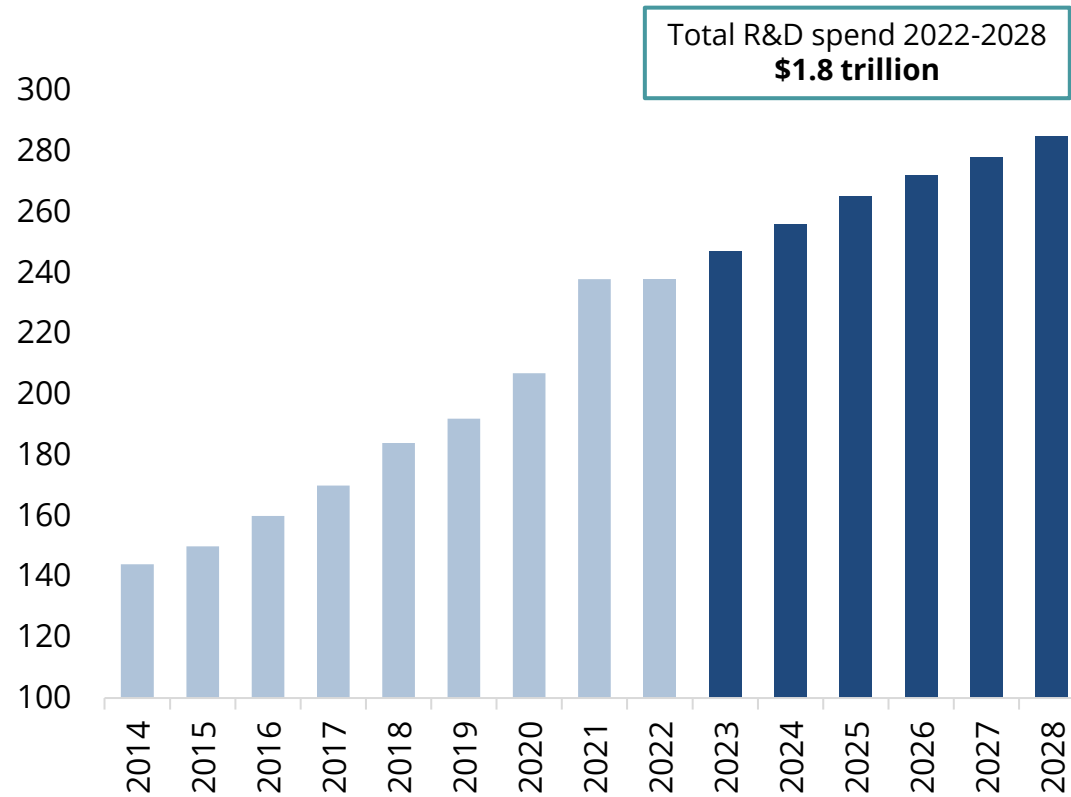
# Current deployment exceeds targets



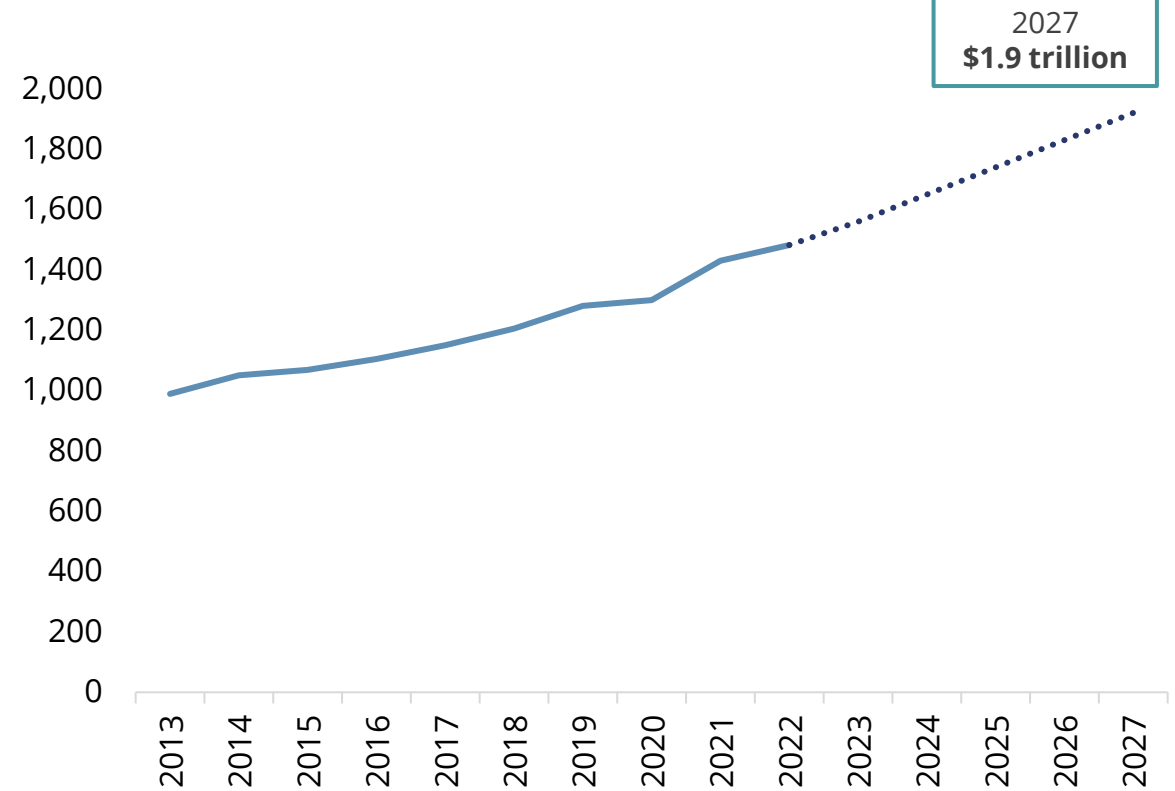
Deployment pace and need for capital by counterparties → 5 year deployment target increased to \$850 – 900 million

# Industry R&D spending is propelling innovation

Worldwide Total Pharmaceutical R&D Spend (\$B)<sup>1</sup>



Worldwide Medicine Spending (\$B)<sup>2</sup>

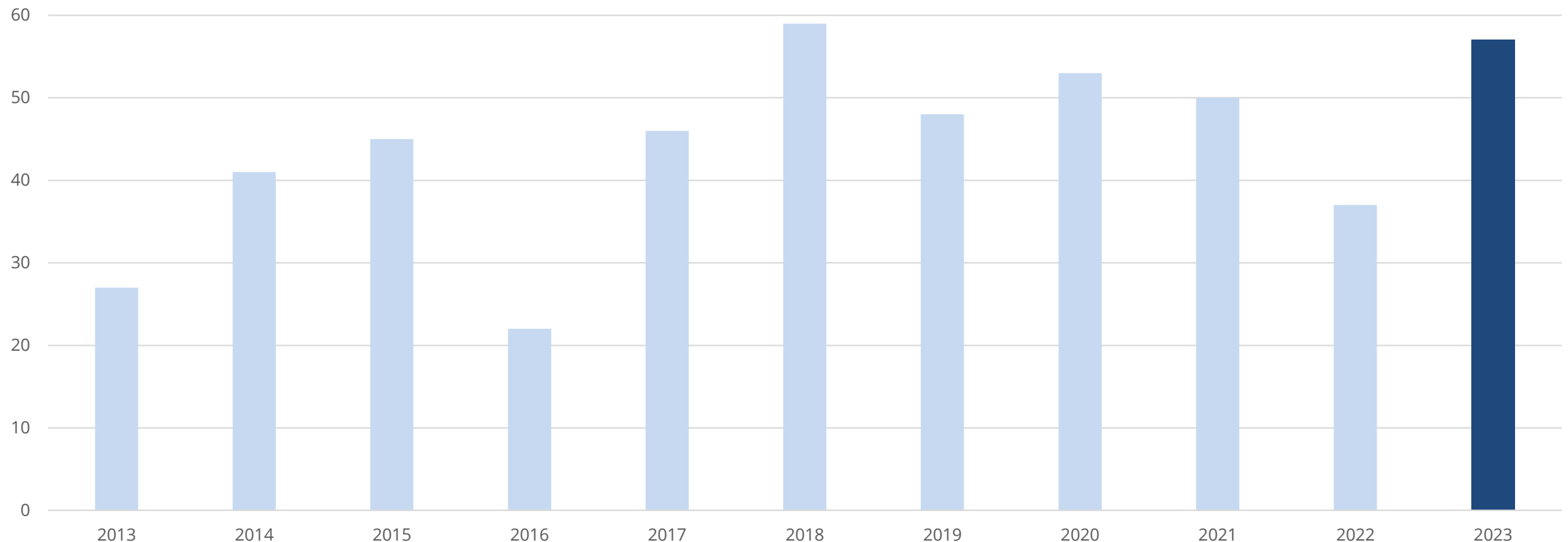


Growing R&D increases our future opportunity set, while current cash needs bolster our pipeline



# R&D spending has resulted in many innovative products

Novel Drug Approvals by the FDA<sup>1</sup>

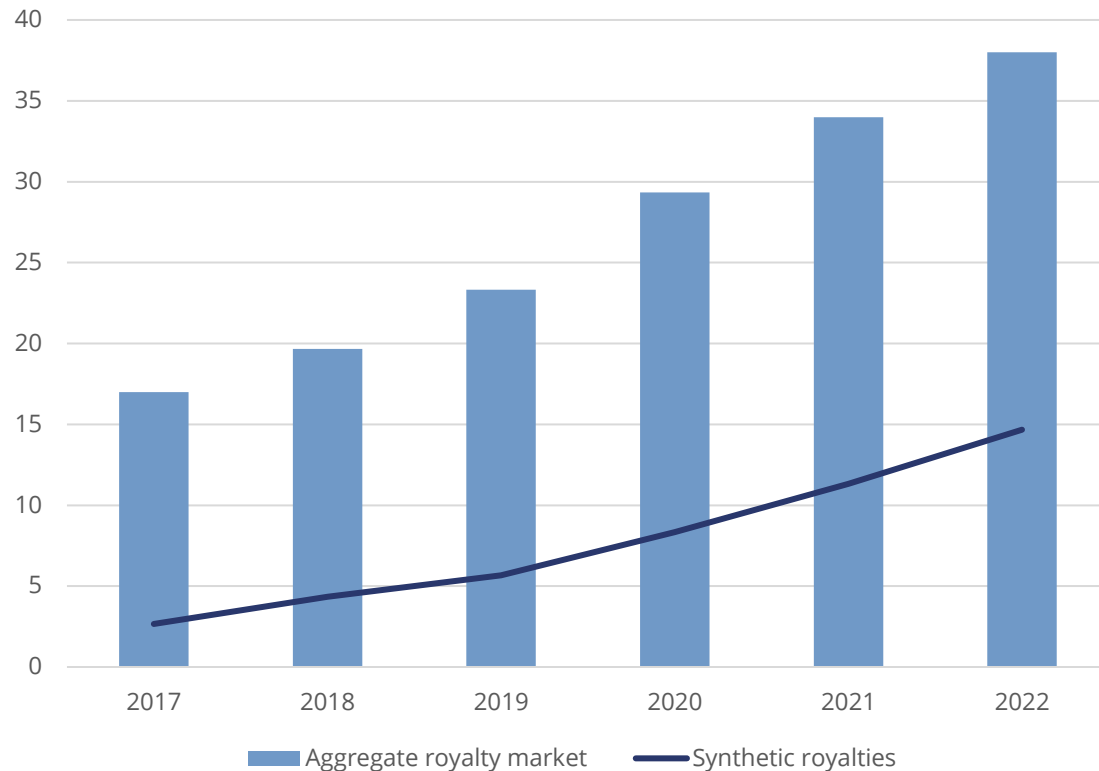


FDA approval of novel drugs opens the door to abundant royalty acquisition opportunities

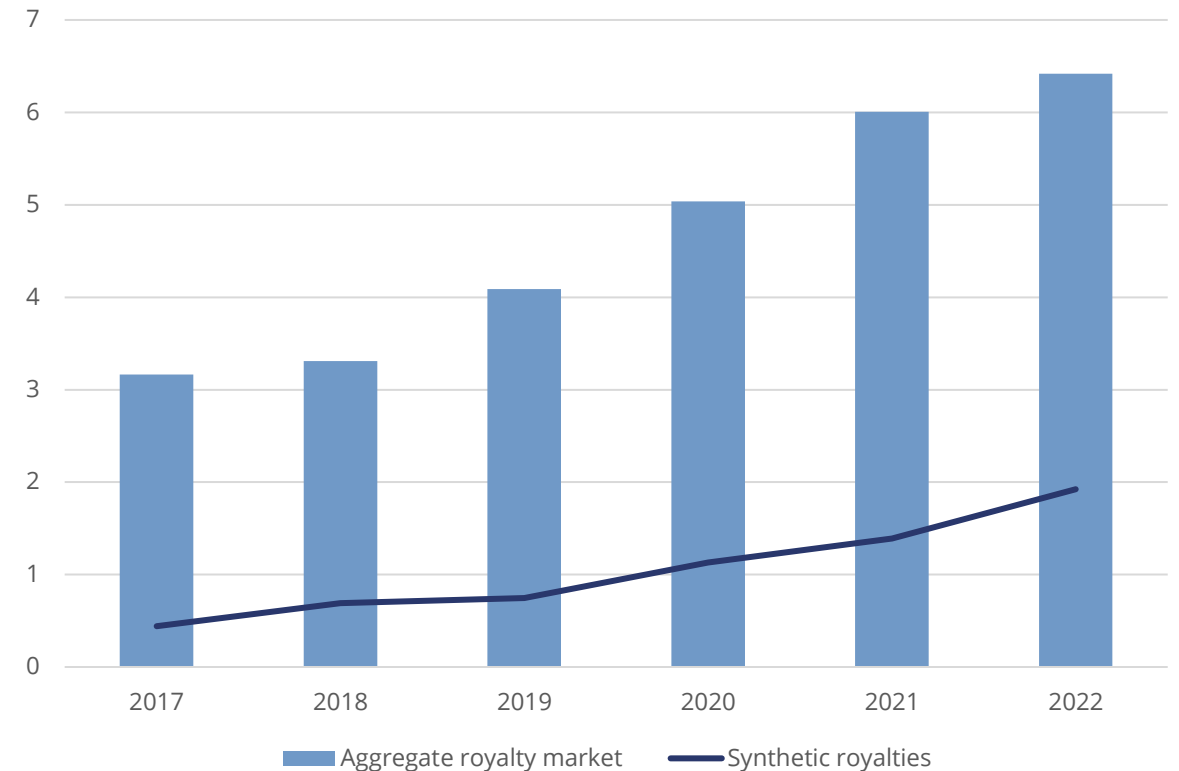
1. Source: Historic: FDA.gov, 2023 Forecast: Evaluate Vantage 2023 Preview, December 2022

# Royalty transaction activity is expanding with strong industry tailwinds

Trailing three-year average number of transactions<sup>1</sup>



Trailing three-year average value of transactions (\$B)<sup>1</sup>

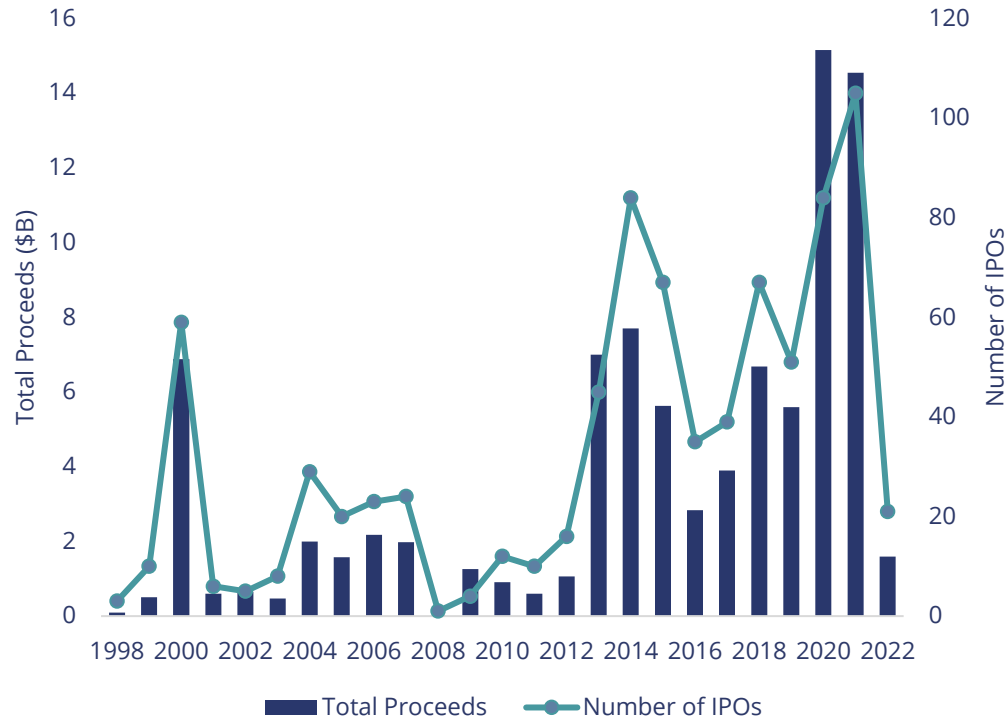


Royalty financing's unique appeal has propelled it to mainstream adoption

Source: Internal database. Includes royalty related monetization transactions across the ecosystem (inventor, academic/non-profit, biotech and pharma)

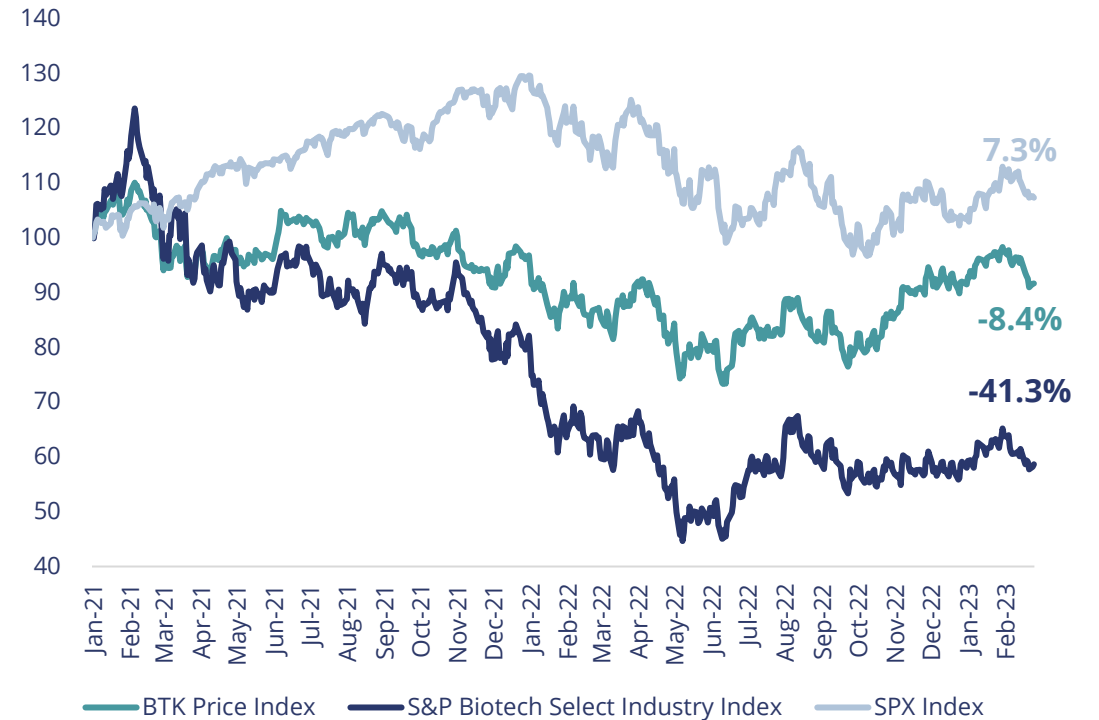
# State of the biotech market

## Biotech IPOs<sup>1</sup>



**Rapid expansion of biotech market with >500 IPOs in last 10 years**

## Biotech Equities Performance<sup>2</sup>



**Struggling equity capital markets for biotechs**








Creates an environment where a large amount of capital is required, making DRI's royalty financing very attractive

# Creating win-win deals for multiple counterparties



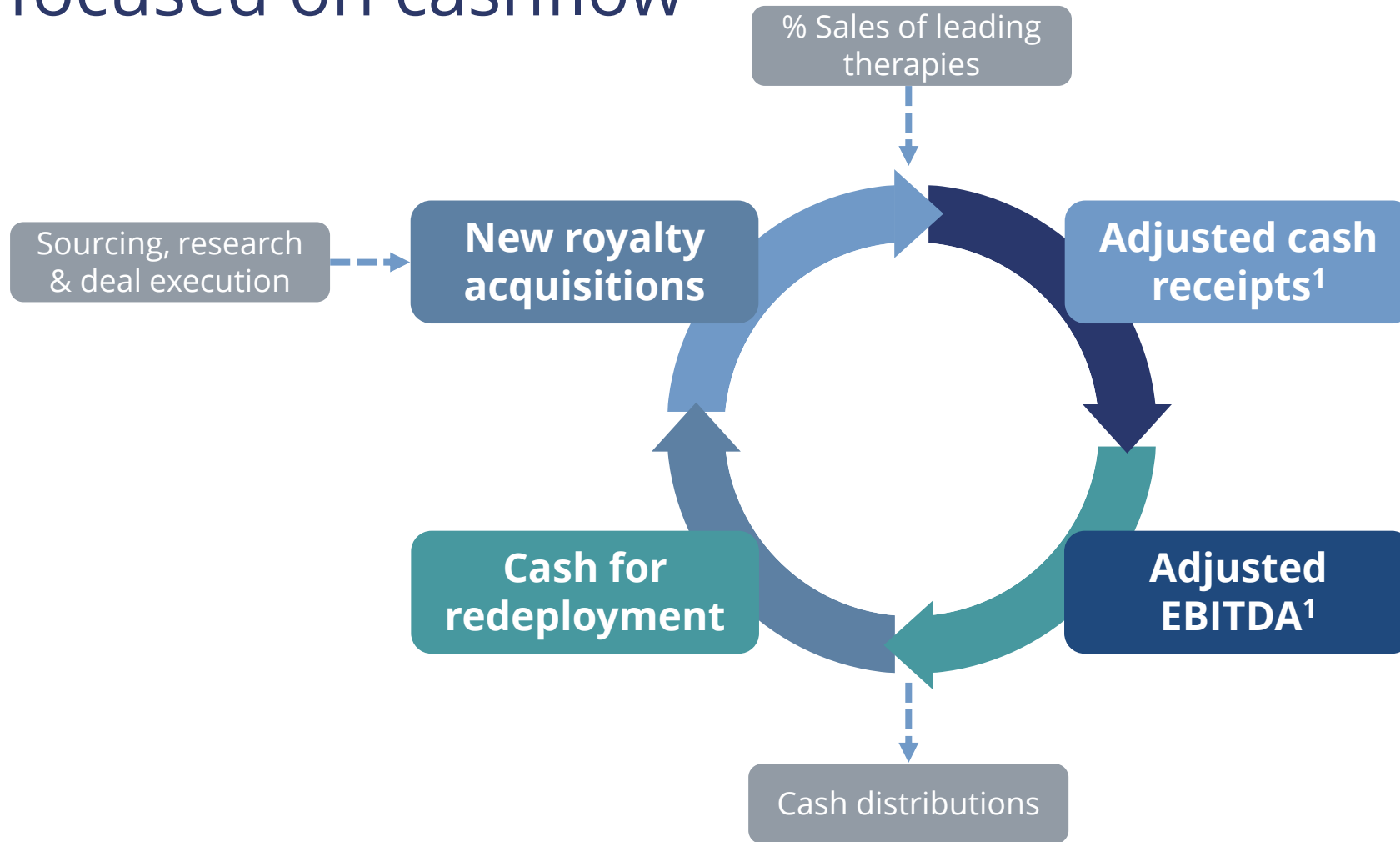
A proven and repeatable asset identification, selection and execution process

# Proven track record of closing accretive transactions

	Investment Thesis	Transaction Size
	High-quality oncology product with strong growth potential	<b>\$116.5 million</b> + \$18.5 million potential milestone
	Dermatology product with existing commercial track record	<b>\$50.5 million</b>
	Hematology and ophthalmology product with long-term horizon and attractive growth prospects	<b>\$24.5 million</b> + \$21.0 million option
	High-quality oncology product with multiple pipeline indications	<b>\$35.0 million</b> + \$10.0 million potential milestone
	Structured transaction on established product providing cash accretion	<b>\$125 million</b>
	Only approved product for ASMD with strong IP and long duration	<b>\$30.0 million</b> + \$26.5 million in potential milestones
	Newly approved Diabetes product with long-term cash flows and growth potential	<b>\$100.0 million</b> + \$100 million in potential milestones

Completed seven transactions since IPO totaling up to \$657.5 million, with \$481.5 million deployed to date

# Sustainable and efficient business model focused on cashflow

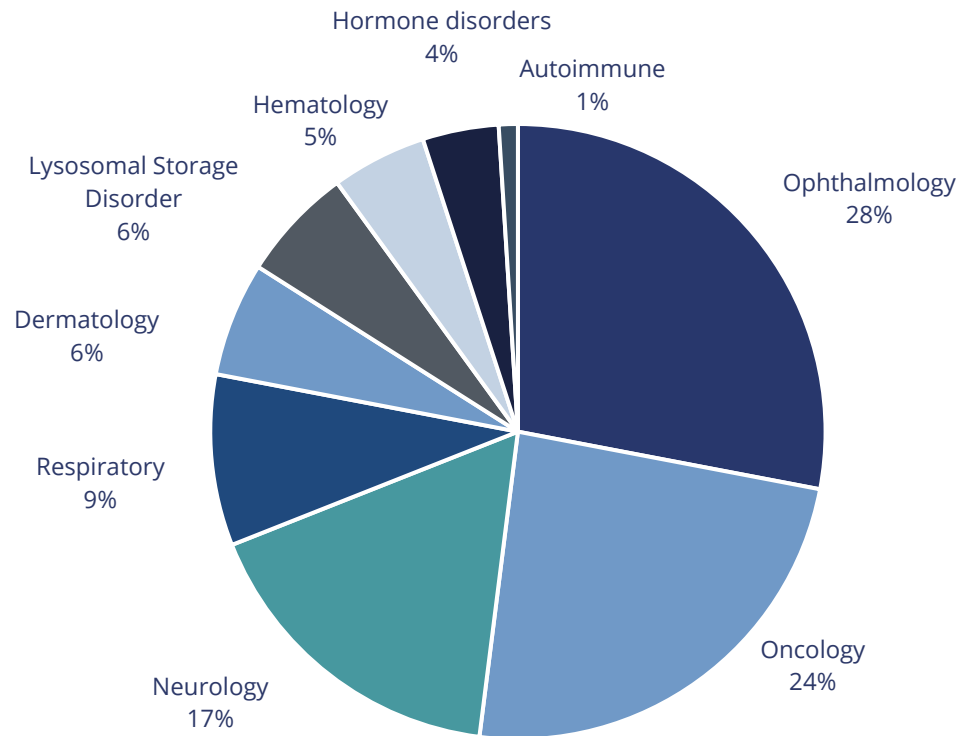


Diversified portfolio generates significant cash to deploy to new royalties and investors

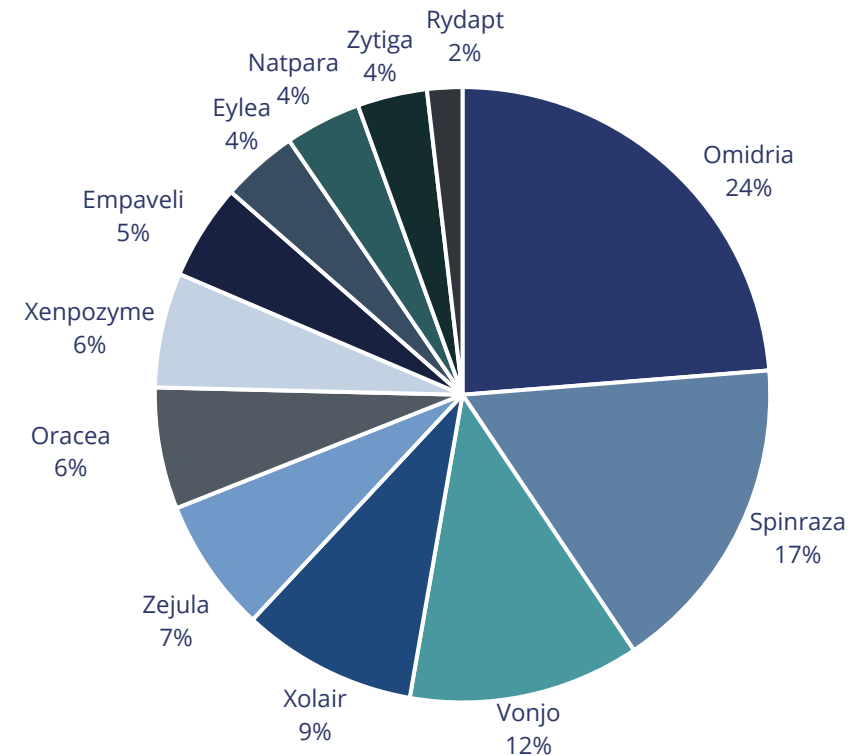
1. Adjusted EBITDA and Adjusted Cash Receipts are non-GAAP measures

# Robust diversified portfolio

By Therapeutic Area<sup>1</sup>



By Product<sup>1</sup>



No individual product accounts for more than 24% of net book value

1. Based on net book value pro forma as at December 31, 2022 excluding Tzielid royalty acquired in Q1 2023

# 2022 financial highlights

**\$96.2 million**

Total Cash Receipts<sup>1</sup>

**\$93.0 million**

Total Income

**\$82.4 million**

Adjusted EBITDA<sup>1</sup>

**86%**

Adjusted EBITDA Margin<sup>1</sup>

**\$1.87**

Adjusted Cash Earnings per  
Unit<sup>1</sup>

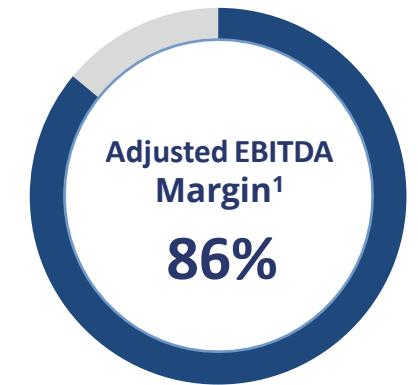
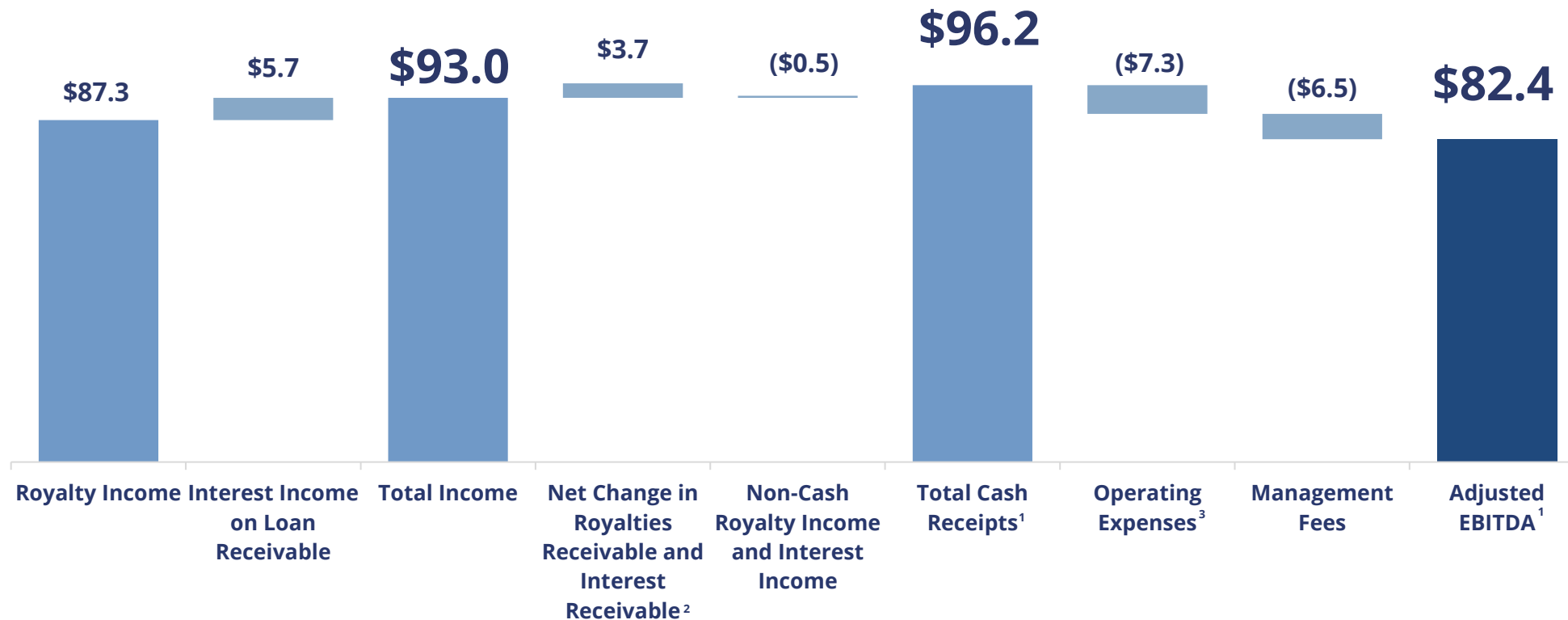
**\$0.30**

Declared Cash Distributions  
per Unit



# Strong cash generation

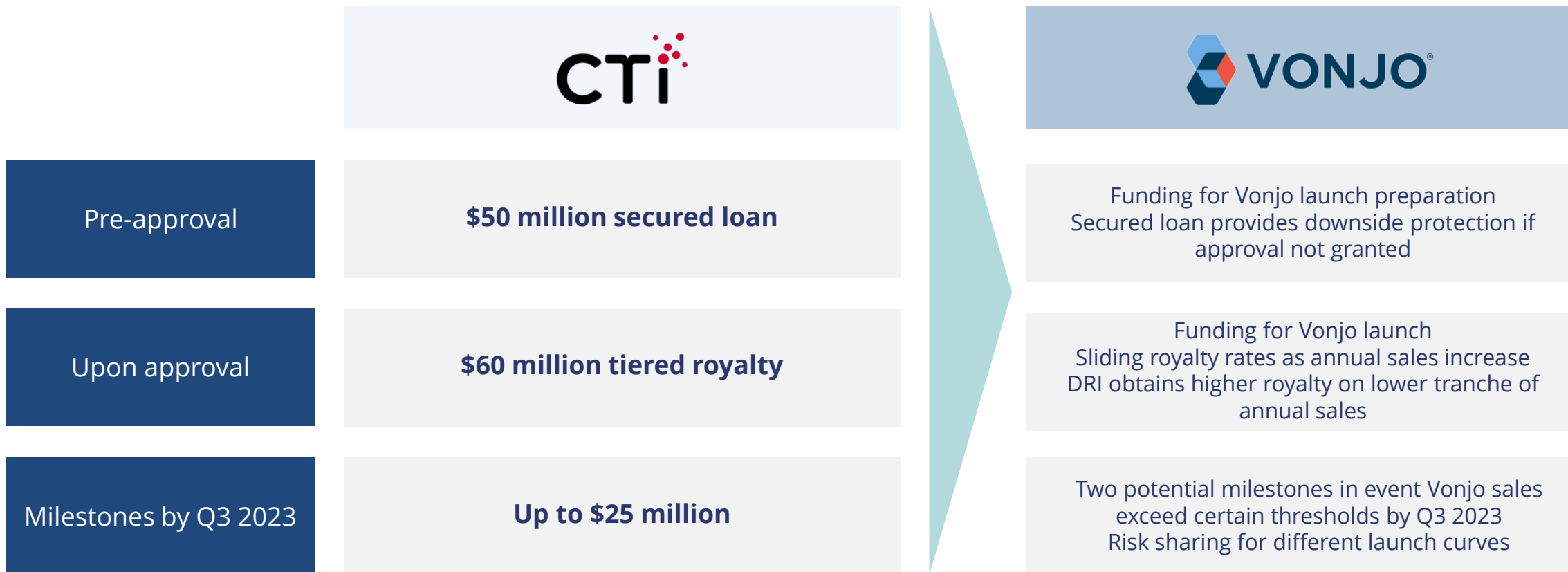
Adjusted EBITDA for the Year Ended December 31, 2022 (\$M)<sup>1</sup>



Cash available to drive portfolio growth and maintain distributions to unitholders

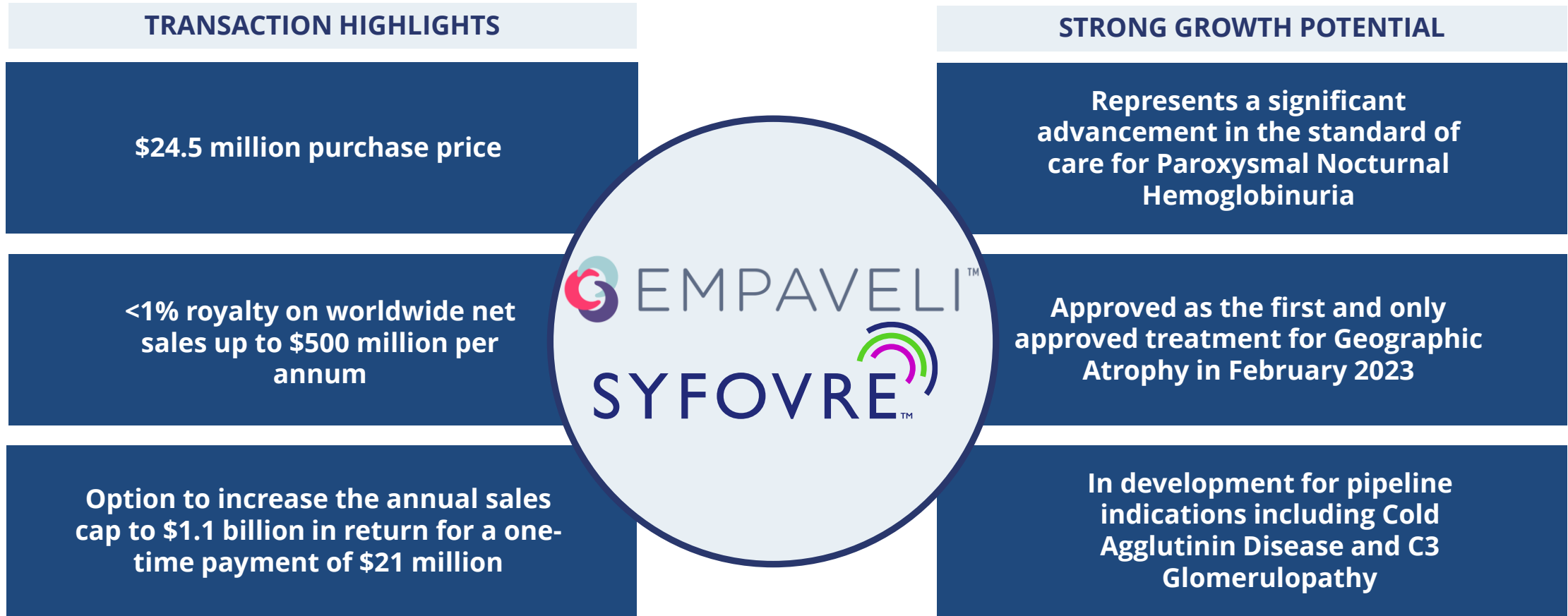
1. Adjusted EBITDA and Total Cash Receipts are non-GAAP financial measures. Adjusted EBITDA Margin is a non-GAAP ratio calculated as Adjusted EBITDA / Total Cash Receipts. See note 1 on page 4 of this presentation.  
 2. The Net Change in Royalties Receivable and Interest Receivable represents royalties and interest receivable at the beginning of period, less royalties and interest receivable at the end of period, plus acquired royalties receivable and acquired cash royalty receipts included in the purchase price of the assets.  
 3. Operating expenses are net of \$0.3 million related to board of trustee unit-based compensation and \$0.3 million related to amortization of other current assets.  
 4. Adjusted Cash Earnings per Unit is a non-GAAP ratio, and is the sum of Adjusted Cash Earnings per Unit in each of the last four quarters, calculated as net earnings and other comprehensive earnings, plus: (i) amortization of royalty assets, (ii) impairment of royalty assets, (iii) amortization of other current assets, (iv) unit-based compensation, and (v) board of trustees unit-based compensation, and less: (i) net gain (loss) on interest rate derivative, (ii) net gain (loss) on foreign exchange derivatives, (iii) non-cash royalty income, and (iv) non-cash interest income on loan receivable, divided by fully-diluted weighted average units outstanding. See note 1 on page 4 of this presentation.

# Deal structure case study: CTI Biopharma / Vonjo



Proven ability to provide flexibility in deal structuring while managing risk

# Empaveli royalty transaction



Long-term horizon and attractive growth prospects

# Zejula royalty transaction

## TRANSACTION HIGHLIGHTS

**\$35 Million up front purchase price**

**0.5% net royalty on worldwide net sales by GSK**

**Royalties collected on 1-quarter lag**



## STRONG GROWTH POTENTIAL

**\$10 million milestone payment if Zejula is approved by FDA for the treatment of endometrial cancer by December 21, 2025**

**In development for metastatic castrate sensitive and resistant prostate cancer, endometrial cancer, HER2-breast cancer, and non-small cell lung cancer**

**Royalty term expected to continue for at least another 10 years world wide**

Multiple indications in development represent a pipeline in a product

# Omidria royalty transaction

## TRANSACTION HIGHLIGHTS

**\$125 Million up front purchase price, subject to annual cash receipt caps**

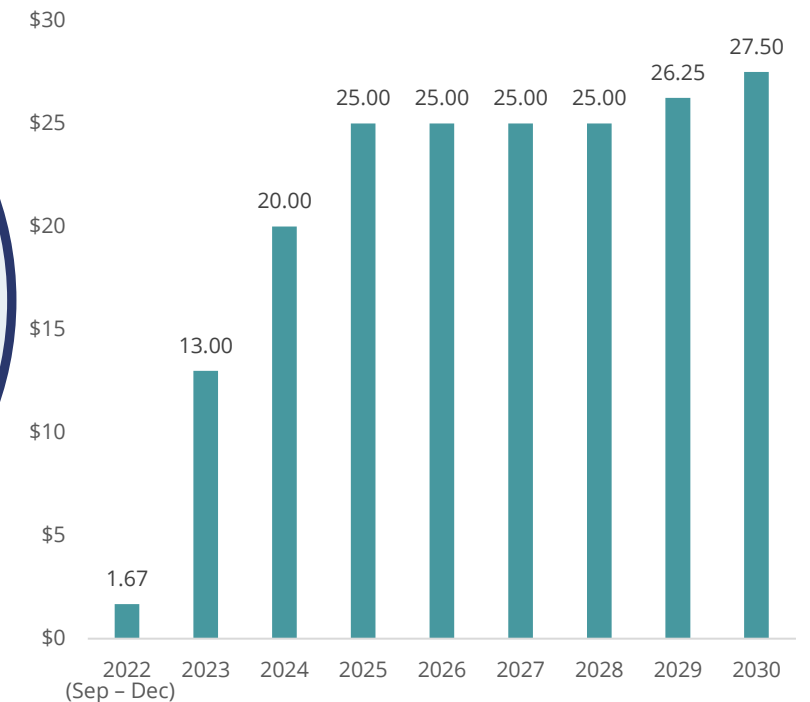
**Approved for intracameral use during cataract surgery or intraocular lens replacement**

**Marketed by Rayner Surgical with royalties collected monthly**



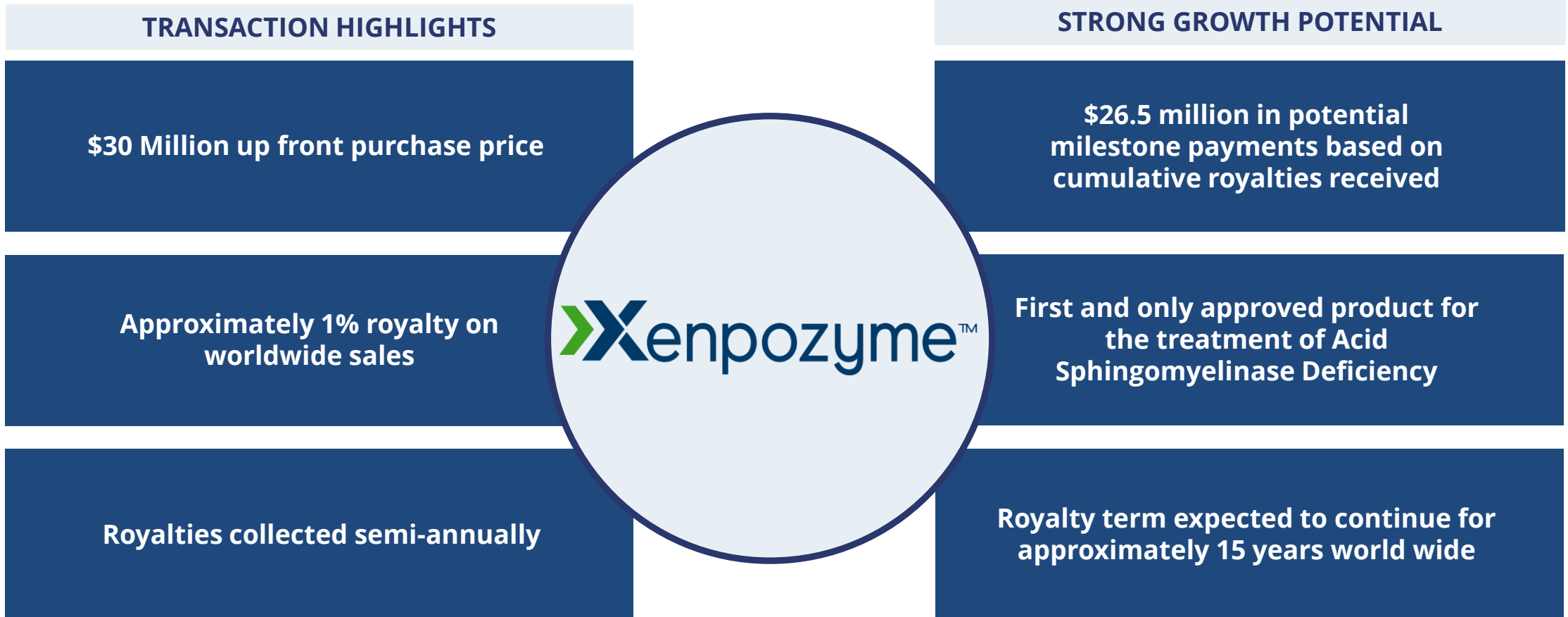
## STRUCTURED GROWTH

Annual Royalty Receipt Caps (\$M)



Substantial near-term cash flows with long-term structural growth

# Xenpozyme royalty transaction



Long duration product with strong IP protection will generate high multiple on invested capital

# Tziield royalty transaction

## TRANSACTION HIGHLIGHTS

**\$100 Million up front purchase price for a single digit royalty on Provention Bio's worldwide net sales**

**Royalties based on sales from January 1, 2023 are collected on 1-quarter lag with first receipt in Q2 2023**

**Protected by patent and regulatory exclusivities for 12 year from first commercial sale**



## STRONG GROWTH POTENTIAL

**Up to a \$50 million potential milestone tied to the successful advancement of treatment of newly diagnosed or recent-onset Type 1 diabetes by 2028**

**Additional \$50 million potential milestone payment based on exceeding certain sales thresholds**

**Transaction enhances our long-term cash flow profile and significantly increases the duration of our portfolio to >10 years**

Newly approved product with long-term cash flows

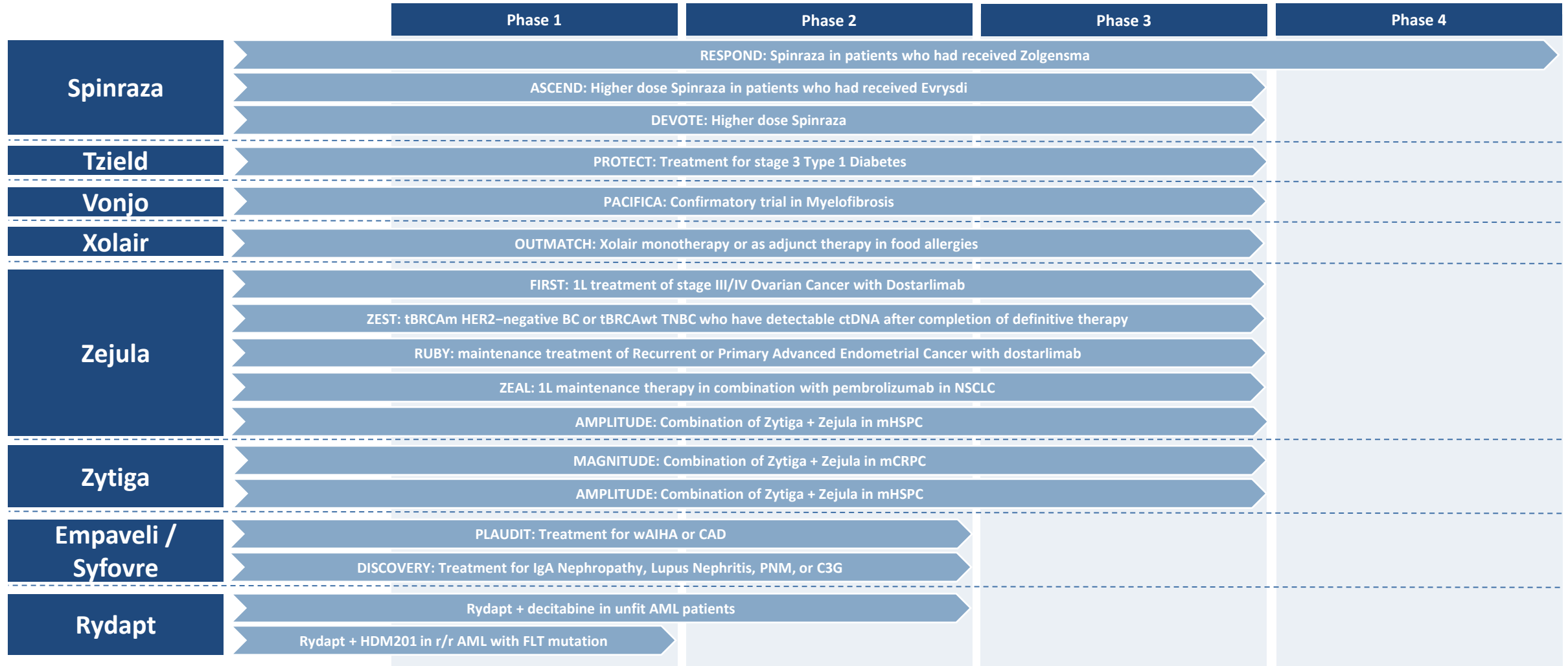
# Portfolio performance

Asset	Primary Marketer(s)	Therapeutic Area	Total Cash Royalty Receipts <sup>1,2</sup> FY 2022	Net Book Value 12/31/22
EMPAVELI <sup>®</sup> SYFOVRE <sup>®</sup>	Apellis  sobi	Hematology / Ophthalmology	269	23,437
EYLEA <sup>®</sup>	REGENERON  Santen  BAYER	Ophthalmology	11,280	23,041
FluMist Quadrivalent	AstraZeneca	Vaccine	2,952	2,096
Natpara <sup>®</sup>	Takeda	Endocrinology	2,625	19,457
OMIDRIA <sup>®</sup>	Rayner	Ophthalmology	1,670	121,782
ORACEA <sup>®</sup>	GALDERMA	Dermatology	7,662	32,144
RYDAPT <sup>®</sup>	NOVARTIS	Oncology	10,102	8,899
SPINRAZA <sup>®</sup>	Biogen	Spinal Muscular Atrophy	16,466	86,587
Stelara <sup>®</sup> Simponi <sup>®</sup> ILARIS <sup>®</sup>	Johnson & Johnson  MERCCK  NOVARTIS  Mitsubishi Tanabe	Autoimmune	3,704	3,871
TzielD <sup>™</sup>	proventionbio	Diabetes	-	100,000 <sup>3</sup>
VONJO <sup>®</sup>	CTi	Oncology	3,155	62,876
Xenpozyme <sup>™</sup>	sanofi	ASMD	-	31,293
Xolair <sup>®</sup>	Roche  NOVARTIS	Respiratory	9,646	47,389
Zejula <sup>®</sup>	gsk	Oncology	692	33,973
Zytiga <sup>®</sup>	Johnson & Johnson  AstraZeneca	Oncology	18,059	18,465
Various			2,563	2,883
<b>Total</b>			<b>90,845</b>	<b>518,193</b>

DHT's assets have continued to show strong performance



# Growth opportunities from existing assets



Additional indications have potential to enhance royalty streams

# Committed to best practices in ESG



## Environmental

Building a platform for sustainability

- Review of sustainability practices of our business partners
- Head office located in a Gold LEED-certified building
- Commitment to waste reduction
- Employee environmental training and awareness
- Intend to take steps to minimize or offset our carbon footprint



## Social

Accountability and integrity as core values

- Highly diverse and inclusive team
- Balanced gender representation
- Employee time off each quarter for charitable volunteering
- Professional development and career advancement
- Corporate giving and donations



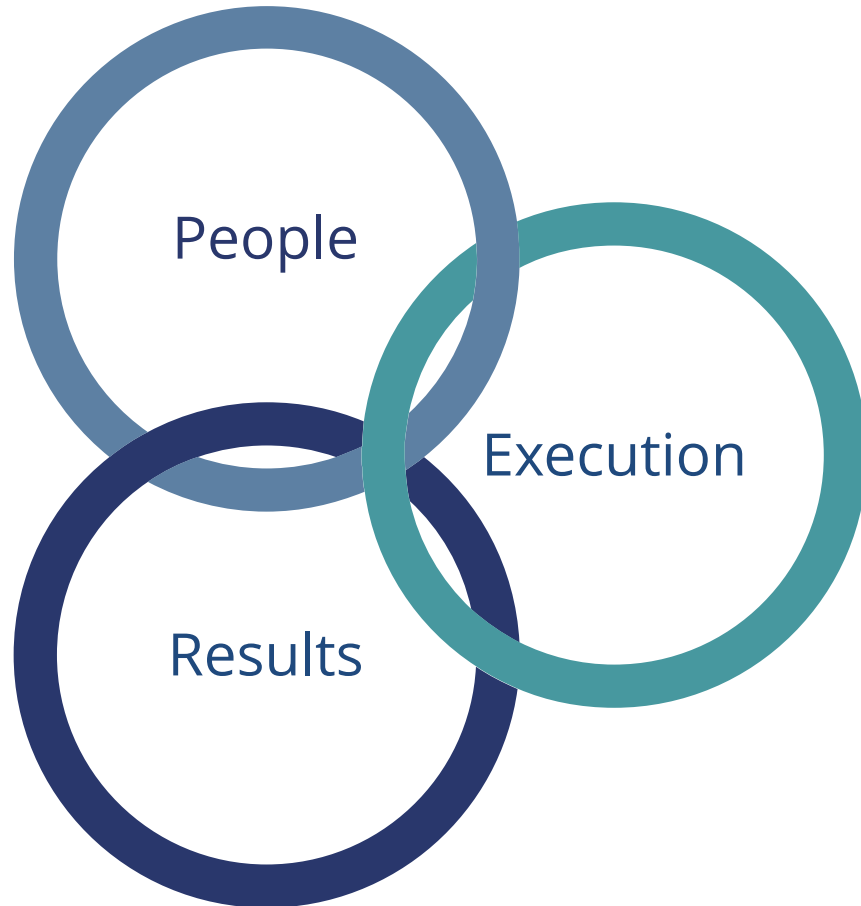
## Governance

Valuing diversity and community support

- Best practice governance policies in place
- Diverse and majority independent Board
- Board oversight of ESG and risk management
- Active unitholder engagement
- Robust cybersecurity
- Whistleblower policy in place

Striving to deliver value to our stakeholders, our community, and society as a whole

# Our key priorities



**Invest in our people and build the industry leading royalty investment team**

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**Execute on strong pipeline and operate at peak performance in all aspects of our business**

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**Focus on long-term, sustainable growth generating strong unitholder returns**

# DRIHEALTHCARE



## Contact Us

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