

DRI Healthcare Trust Reports Second Quarter 2022 Results

- Continued strong financial results and cash generation from existing assets -
- Addition of pegcetacoplan to royalty portfolio subsequent to quarter end -

Toronto, Ontario – August 3, 2022 – DRI Healthcare Trust (TSX: DHT.UN/DHT.U) (“DRI” or “the Trust”) today announced its financial results for the quarter ended June 30, 2022. The Trust’s second quarter 2022 financial statements and Management’s Discussion & Analysis (“MD&A”) have been filed on SEDAR (www.sedar.com). All dollar amounts are expressed in US dollars unless otherwise indicated.

“The Trust had another successful quarter, with continued strong performance of our assets” said Behzad Khosrowshahi, Chief Executive Officer of DRI Healthcare Trust. “We are excited with the addition of pegcetacoplan to the portfolio, another high-quality asset with a long-term horizon and attractive growth prospects including through a number of pipeline indications. Our financial flexibility and robust pipeline put us in excellent position to continue sourcing and executing on attractive opportunities and deliver on the value proposition for our unitholders.”

Second Quarter Highlights

- Total Income of US\$21.3 million;
- Total Cash Receipts of US\$25.3 million¹;
- Adjusted EBITDA of US\$21.4 million¹;
- Net Earnings and Comprehensive Earnings of US\$3.1 million;
- Adjusted Cash Earnings per Unit (basic and diluted) of US\$0.43^{1,2};
- Net Earnings per Unit (basic and diluted) of US\$0.08²;
- Paid a quarterly cash distribution of US\$0.075 per unit on July 20, 2022; and
- Entered into an amended and restated credit agreement increasing total credit facilities to US\$350 million to fund transactions.

Subsequent to Quarter End

- On July 21, 2022, the Trust completed a transaction for a royalty interest in pegcetacoplan for US\$24.5 million; and
- Today, the board of trustees declared a quarterly cash distribution of US\$0.075 per unit for the third quarter of 2022, which is payable on October 20, 2022 to unitholders of record on September 30, 2022.

¹ Total Cash Receipts and Adjusted EBITDA are non-GAAP financial measures. Adjusted Cash Earnings per Unit is a non-GAAP ratio. These measures are not standardized measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. The reconciliation of these measures can be found later in this press release and in the Trust’s MD&A.

² The weighted average number of basic and diluted units for the three months ended June 30, 2022 were 38,654,707 units and 38,666,241 units, respectively.

Financial Highlights

(thousands of US dollars, except per unit amounts)	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021 ¹
Total income	21,296	23,451	43,921	36,142
Management fees	1,718	2,167	3,155	3,050
Amortization expenses	13,421	11,005	26,196	17,798
Other expenses	3,060	2,904	5,779	4,728
Net earnings and other comprehensive earnings	3,097	7,375	8,791	10,566
Earnings per unit – basic ²	0.08	0.18	0.23	0.36
Earnings per unit – diluted ²	0.08	0.18	0.23	0.36
Total Cash Receipts/ Pro Forma Total Cash Receipts ^{3,4}	25,286	33,329	46,238	63,919
Adj. EBITDA/ Pro Forma Adj. EBITDA ^{3,4}	21,443	28,829	39,254	56,792
Adj. EBITDA Margin/ Pro Forma Adj. EBITDA Margin ^{3,4}	85 %	86 %	85 %	89 %
Adj. Cash Earnings per Unit – Basic ^{2,3}	0.43	0.46	0.91	0.97
Adj. Cash Earnings per Unit – Diluted ^{2,3}	0.43	0.46	0.91	0.97

Asset Performance

As at June 30, 2022, the Trust's portfolio included 18 royalty streams on 14 products that address medically necessary therapeutic areas, such as oncology, rare diseases, ophthalmology, endocrinology, dermatology, autoimmune diseases and vaccines. On June 30, 2022, the royalty asset portfolio had a book value, net of accumulated amortization, of US\$327.8 million, which generated Total Cash Royalty Receipts³ of US\$24.0 million and US\$43.7 million during the three and six months ended June 30, 2022, respectively, and royalty income of US\$20.0 million and US\$41.3 million during the three and six months ended June 30, 2022, respectively. In addition, the Trust held a loan receivable with a gross principal outstanding balance of US\$50.0 million as at June 30, 2022, which generated cash interest receipts of US\$1.3 million and US\$2.5 million during the three and six months ended June 30, 2022, respectively, and interest income of US\$1.3 million and US\$2.7 million during the three and six months ended June 30, 2022, respectively.

¹ The Trust completed its initial public offering ("IPO") on February 19, 2021. The Trust had no active operations prior to February 19, 2021.

² The weighted average number of basic and diluted units for the three months ended June 30, 2022 were 38,654,707 units and 38,666,241 units, respectively. The weighted average number of basic and diluted units for the three months ended June 30, 2021 were 40,107,407 units. The weighted average number of basic and diluted units for the six months ended June 30, 2022 were 38,698,930 units and 38,704,877 units, respectively. The weighted average number of basic and diluted units for the six months ended June 30, 2021 were 29,249,601 units.

³ Total Cash Receipts (including Pro Forma Total Cash Receipts) and Adjusted EBITDA (including Pro Forma Adjusted EBITDA) are non-GAAP financial measures. Adjusted EBITDA Margin (including Pro Forma Adjusted EBITDA Margin) and Adjusted Cash Earnings per Unit are non-GAAP ratios. These measures and ratios are not standardized measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. The reconciliation of these measures can be found later in this press release and in the Trust's MD&A.

⁴ Total Cash Receipts for the six months ended June 30, 2021 include cash that was received by the Trust's current subsidiaries prior to the completion of the Trust's acquisition of those subsidiaries and therefore, along with the Adjusted EBITDA and Adjusted EBITDA Margin are presented on a pro forma basis and are referred to as Pro Forma Total Cash Receipts, Pro Forma Adjusted EBITDA and Pro Forma Adjusted EBITDA Margin.

Portfolio (for the three and six months ended)

(thousands of US dollars)

Product	Therapeutic Area	Marketer(s)	Total Cash Receipts ¹			
			Three months ended		Six months ended	
			June 30, 2022	June 30, 2021	June 30, 2022	Pro Forma June 30, 2021 ²
Core Products						
Eylea I	Ophthalmology	Regeneron, Bayer, Santen	1,373	3,013	2,791	6,040
Eylea II	Ophthalmology	Regeneron, Bayer, Santen	1,502	1,339	3,030	2,684
FluMist	Vaccine	AstraZeneca	—	23	2,218	2,262
Natpara	Endocrinology	Takeda	649	513	1,322	1,023
Oracea	Dermatology	Galderma	1,959	—	3,708	—
Rydapt	Oncology	Novartis	2,335	3,856	5,298	6,457
Spinraza	Rare Diseases	Biogen	4,573	5,615	8,851	10,923
Vonjo	Oncology	CTI Biopharma	220	—	220	—
Xolair	Respiratory	Roche, Novartis	1,458	1,417	4,099	3,683
Zytiga	Oncology	Johnson & Johnson	8,958	9,498	8,958	9,498
Total Core Products			23,027	25,274	40,495	42,570
Mature Products						
Autoimmune Portfolio ³	Autoimmune	Johnson & Johnson, Merck, Novartis		1,747	2,386	6,108
Rilpivirine Portfolio ⁴	HIV	Johnson & Johnson, Gilead, ViiV	—	5,901	—	14,368
Total Mature Products			576	7,648	2,386	20,476
Other Products ⁵	Various	Various	419	407	843	873
Total Cash Royalty Receipts^{1,2}			24,022	33,329	43,724	63,919
Interest Receipts on Loan Receivable			1,264	—	2,514	—
Total Cash Receipts^{1,2}			25,286	33,329	46,238	63,919

¹Total Cash Receipts and Total Cash Royalty Receipts are non-GAAP financial measures. These measures are not standardized measures under IFRS and might not be comparable to similar financial measures disclosed by other issuers. The reconciliation of these measures can be found later in this press release and in the Trust's MD&A.

²Total Cash Receipts and Total Cash Royalty Receipts for the six months ended June 30, 2021 include cash that was received by the Trust's current subsidiaries prior to the completion of the Trust's acquisition of those subsidiaries and are presented on a pro forma basis.

³The Autoimmune Portfolio consists of an agreement to receive royalties on sales of Stelara, Simponi and Ilaris. The royalty assets include two royalty streams on each product, for a total of six royalty streams.

⁴The Rilpivirine Portfolio consists of an agreement to receive royalties on sales of Complera, Edurant, Odefsey and Juluca. The Trust's entitlement to royalties ended during the second quarter of 2021 in accordance with the terms of the royalty agreement.

⁵Other Products includes royalty income from certain other royalty assets as well as royalty assets which are fully amortized and, where applicable, the entitlements to which have generally expired.

Liquidity and Capital

On April 20, 2022, the Trust entered into an amended and restated credit agreement with a syndicate of banks regarding US\$350 million of credit facilities, increasing the capacity of the credit facilities announced on October 22, 2021 by US\$150 million.

On June 30, 2022, the Trust had cash and cash equivalents of US\$43.0 million. The Trust's credit facility had an outstanding principal balance of US\$67.0 million on June 30, 2022.

The Trust had 38,654,751 units issued and outstanding on June 30, 2022.

Distributions

On May 10, 2022, the board of trustees approved a quarterly cash distribution of US\$0.075 per unit, which was paid to unitholders on July 20, 2022. The Trust also announced today that its board of trustees has declared a quarterly cash distribution in the amount of US\$0.075 per unit for the third quarter of 2022, payable on October 20, 2022, to unitholders of record on September 30, 2022.

Pegcetacoplan Transaction

On July 21, 2022 the Trust completed a transaction for a royalty interest in pegcetacoplan for a purchase price of US\$24.5 million. The transaction entitles the Trust to a <1% royalty on the worldwide net sales of pegcetacoplan, subject to a cap at net sales of US\$500 million in each calendar year, above which the Trust will not be entitled to any royalty. As part of the transaction, the Trust has an option to increase the annual sales cap to US\$1.1 billion in return for a one-time payment by DRI of US\$21.0 million. The Trust is entitled to receive quarterly royalty payments in respect of net sales of all formulations of pegcetacoplan commencing January 1, 2022 and will be paid on a three-quarter lag. DRI's royalty entitlement will step down upon the expiry of the relevant patents in each jurisdiction. The royalty term is expected to expire in the US in the fourth quarter of 2031 and in the EU in the second quarter of 2032.

Second Quarter 2022 Conference Call & Webcast

As previously announced, management will hold a conference call on Thursday, August 4, 2022, at 8:30 a.m. (ET) to review the Trust's 2022 second quarter results. You can join the call by dialing 1-888-664-6392 or 416-764-8659 approximately 15 minutes prior to the call to secure a line.

A live webcast of the conference call, including a slide presentation, will be available at [DRI Healthcare Trust Q2 2022 Earnings Call - webinar.net](https://www.drihealthcaretrust.com/earnings-call-webinar-net). Please connect at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be required to join the webcast. The webcast will be archived on the Trust's website following the call date.

Non-GAAP Financial Measures

The reconciliations of our non-GAAP financial measures and non-GAAP ratios for three and six months ended June 30, 2022 and 2021 to the most directly comparable measures calculated in accordance with IFRS are presented below.

Total Cash Royalty Receipts and Total Cash Receipts

Total Cash Royalty Receipts refers to all cash royalty receipts from the Trust's entire portfolio of royalty assets and Total Cash Receipts refers to Total Cash Royalty Receipts plus cash receipts for interest and principal payments collected from its loan receivable. Because of the lag between when we record royalty income and receive the corresponding cash payments on our royalties, we believe Total Cash Receipts and Total Cash Royalty Receipts are useful measures when evaluating our operations, as they represent actual cash generated in respect of all royalty assets held during a period.

<i>(thousands of US dollars, except per unit amounts)</i>	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	Pro Forma June 30, 2021
Total income	21,296	23,451	43,921	36,142
[-] Other interest income	(5)	(3)	(5)	(3)
[+] Royalties receivable, beginning of period	31,590	39,560	30,148	39,560
[-] Royalties receivable, end of period	(27,498)	(29,679)	(27,498)	(69,239)
[+] Acquired royalties receivable ²	—	—	—	55,190
[+] Acquired cash royalties received ²	—	—	—	2,269
[-] Non-cash royalty income ³	(22)	—	(179)	—
[-] Non-cash interest income on loan receivable ⁴	(75)	—	(149)	—
Total Cash Receipts	25,286	33,329	46,238	63,919
[-] Interest income on loan receivable	(1,339)	—	(2,663)	—
[+] Non-cash interest income on loan receivable ⁴	75	—	149	—
Total Cash Royalty Receipts	24,022	33,329	43,724	63,919

¹ Cash receipts for the six months ended June 30, 2021 are presented on a pro forma basis and represent the cash that was received by the Trust's current subsidiaries prior to completion of the Trust's acquisition of those subsidiaries. The Trust was the beneficiary of royalty cash receipts from the assets acquired in the Closing Transactions from January 1, 2021 to February 18, 2021 and has recorded the increase of \$2,269 in acquired cash and cash equivalents related to the royalty cash receipts within that period, as described under the Transactions Completed section of the MD&A.

² Acquired royalties receivable and acquired cash royalties received were used to reduce the net purchase paid for the assets acquired by the Trust, as described under the Transactions Completed section of the MD&A.

³ Non-cash royalty income is related to excess royalty payments received in prior periods in which the Trust has an obligation to the royalty payers. Royalty income for the three and six months ended June 30, 2022 of \$177 and \$334, respectively, was used to reduce the obligation for excess royalty payment received in connection with the Autoimmune Portfolio (2021 – nil and nil). In addition, the Trust recorded other current liabilities and a corresponding deduction to royalty income of \$155 in the current quarter to reflect an additional obligation for excess royalty payments received related to other royalty assets.

⁴ For the three and six months ended June 30, 2022, non-cash interest income on loan receivable represents the amortization of commitment fee of \$25 and \$50, respectively, (2021 – nil and nil) and the accretion of exit fee receivable of \$50 and \$99, respectively (2021 – nil and nil).

Adjusted EBITDA and Adjusted EBITDA Margin

We believe Adjusted EBITDA provides meaningful information about our operating cash flows as it eliminates the effects of accruals and non-cash expenses recorded on the statement of income and comprehensive income. We refer to EBITDA when reconciling our net earnings and other comprehensive earnings to Adjusted EBITDA, but we do not use EBITDA as a measure of our performance. We believe that Adjusted EBITDA Margin is a useful supplemental measure to demonstrate the operating efficiency of our business on a cash basis.

(thousands of US dollars, except per unit amounts)	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	Pro Forma June 30, 2021
Net earnings and other comprehensive earnings	3,097	7,375	8,791	10,566
[+] Amortization or royalty assets	13,421	11,005	26,196	17,798
[-] Other interest income	(5)	—	(5)	—
[+] Interest expense	848	476	1,266	728
EBITDA	17,361	18,856	36,248	29,092
[+] Royalties receivable, beginning of period	31,590	39,560	30,148	—
[-] Royalties receivable, end of period	(27,498)	(29,679)	(27,498)	(29,679)
[+] Acquired royalties receivable ¹	—	—	—	55,190
[+] Acquired cash royalties received ¹	—	—	—	2,269
[+] Unit-based compensation	24	—	551	—
[+] Board of trustees unit-based compensation ²	63	—	133	—
[+] Net gain on interest rate derivatives	—	1	—	(3)
[-] Net loss (gain) on foreign exchange derivatives	—	91	—	(77)
[-] Non-cash royalty income ³	(22)	—	(179)	—
[-] Non-cash interest income on loan receivable ⁴	(75)	—	(149)	—
Adjusted EBITDA	21,443	28,829	39,254	56,792
[÷] Total Cash Receipts	25,286	33,329	46,238	63,919
Adjusted EBITDA Margin	85 %	86 %	85 %	89 %

¹ Acquired royalties receivable and acquired cash royalties received were used to reduce the net purchase paid for the assets acquired by the Trust, as described under the Transactions Completed section of the MD&A.

² During 2022, certain members of the board of trustees elected to be compensated fully or partially in DUs under the Trust's Incentive Plan.

³ Non-cash royalty income is related to excess royalty payments received in prior periods in which the Trust has an obligation to the royalty payers. Royalty income for the three and six months ended June 30, 2022 of \$177 and \$334, respectively, was used to reduce the obligation for excess royalty payment received in connection with the Autoimmune Portfolio (2021 – nil and nil). In addition, the Trust recorded other current liabilities and a corresponding deduction to royalty income of \$155 in the current quarter to reflect an additional obligation for excess royalty payments received related to other royalty assets.

⁴ For the three and six months ended June 30, 2022, non-cash interest income on loan receivable represents the amortization of commitment fee of \$25 and \$50, respectively, (2021 – nil and nil) and the accretion of exit fee receivable of \$50 and \$99, respectively (2021 – nil and nil).

Adjusted Cash Earnings per Unit

We believe that Adjusted Cash Earnings per Unit provides meaningful information about our performance as it provides a measure of the cash generated by our assets on a per unit basis.

<i>(thousands of US dollars, except per unit amounts)</i>	Three months ended		Six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	Pro Forma June 30, 2021
Net earnings and other comprehensive earnings	3,097	7,375	8,791	10,566
[+] Amortization or royalty assets	13,421	11,005	26,196	17,798
[+] Unit-based compensation	24	—	551	—
[+] Board of trustees unit-based compensation ¹	63	—	133	—
[+] Net gain on interest rate derivatives	—	1	—	(3)
[-] Net loss (gain) on foreign exchange derivatives	—	91	—	(77)
[-] Non-cash royalty income ²	(22)	—	(179)	—
[-] Non-cash interest income on loan receivable ³	(75)	—	(149)	—
Adjusted Cash Earnings	16,508	18,472	35,343	28,284
Adjusted Cash Earnings per Basic Unit⁴	0.43	0.46	0.91	0.97
Adjusted Cash Earnings per Fully Diluted Unit⁴	0.43	0.46	0.91	0.97

¹ During 2022, certain members of the board of trustees elected to be compensated fully or partially in DUs under the Trust's Incentive Plan.

² Non-cash royalty income is related to excess royalty payments received in prior periods in which the Trust has an obligation to the royalty payers. Royalty income for the three and six months ended June 30, 2022 of \$177 and \$334, respectively, was used to reduce the obligation for excess royalty payment received in connection with the Autoimmune Portfolio (2021 – nil and nil). In addition, the Trust recorded other current liabilities and a corresponding deduction to royalty income of \$155 in the current quarter to reflect an additional obligation for excess royalty payments received related to other royalty assets.

³ For the three and six months ended June 30, 2022, non-cash interest income on loan receivable represents the amortization of commitment fee of \$25 and \$50, respectively, (2021 – nil and nil) and the accretion of exit fee receivable of \$50 and \$99, respectively (2021 – nil and nil).

⁴ The weighted average number of basic and diluted units for the three months ended June 30, 2022 were 38,654,707 units and 38,666,241 units, respectively. The weighted average number of basic and diluted units for the three months ended June 30, 2021 were 40,107,407 units. The weighted average number of basic and diluted units for the six months ended June 30, 2022 were 38,698,930 units and 38,704,877 units, respectively. The weighted average number of basic and diluted units for the six months ended June 30, 2021 were 29,249,601 units.

About DRI Healthcare Trust

DRI Healthcare Trust provides unitholders with differentiated exposure to the anticipated growth in the global pharmaceuticals and biotechnology markets. Our business model is focused on managing and growing a diversified portfolio of pharmaceutical royalties with the aim to deliver attractive growth in cash royalty receipts over the long-term. DRI Healthcare Trust is an unincorporated open-ended trust governed by the laws of the Province of Ontario, externally managed by its manager, DRI Capital Inc., a pioneer in global pharmaceutical royalty monetization. Throughout its history, DRI Capital has provided capital to biopharma innovators, including inventors, institutions, and biopharma companies, building a diversified portfolio of interests in medicines that have a demonstrable positive impact on the world, acquiring dependable, patent-protected cash flow streams derived from the sales of those important drugs. Active across a broad range of therapeutic areas, DRI Capital has deployed more than \$2 billion, acquiring more than 60 royalties on 40-plus drugs, including Eylea, Spinraza, Zytiga, Remicade, Keytruda and Stelara. DRI Healthcare Trust's units are listed and trade on the Toronto Stock Exchange in Canadian dollars under the symbol "DHT.UN" and in U.S. dollars under the symbol "DHT.U". To learn more visit drihealthcaretrust.com.

Caution concerning forward-looking statements

This news release may contain forward-looking information within the meaning of applicable securities legislation. Forward-looking information generally can be identified by the use of forward-looking words such as "expect", "continue", "anticipate", "intend", "aim", "plan", "believe", "budget", "estimate", "forecast", "foresee", "close to", "target" or negative versions thereof and similar expressions. Some of the specific forward-looking information in this news release may include, among other things, statements regarding our belief that our strong balance sheet, combined with the recent increase in our credit facility, will support further growth, that we continue to see a robust market producing a strong pipeline of attractive opportunities and are looking forward to continued growth in 2022 that will create meaningful value for our unitholders. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Trust's control that could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, those that are disclosed in the Trust's most recent annual information form. Certain assumptions underlying the forward-looking information in this news release include: the Trust's assumptions regarding demand and growth in pharmaceutical sales, R&D and opportunities for royalty investing; the competitive environment in which the Trust operates; the performance of the Trust's manager; the Trust's ability to implement its growth strategies; the Trust's ability to obtain financing and maintain its existing financing on acceptable terms; the Trust's ability to maintain good business relationships with marketers and other industry partners; timely receipt of cash royalty receipts; expectations regarding the duration of royalties; the Trust's ability to keep pace with changing consumer preferences; the absence of material adverse changes in the Trust's industry or the global economy; currency exchange and interest rates; the impact of competition; the changes and trends in the Trust's industry or the global economy; and stability in laws, rules, regulations and global standards in the pharmaceutical industry. All forward-looking information in this news release speaks as of the date of this news release. The Trust does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise except as required by law. Additional information about these assumptions and risks and uncertainties is contained in the Trust's filings with securities regulators, including its latest annual information form and Management's Discussion and Analysis. These filings are also available at the Trust's website at dricapital.com.

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