

DRI Healthcare Trust Reports Second Quarter 2023 Results

- Continued strong portfolio performance with 16% royalty income growth over prior year period –
- Deployment of US\$284 million since April 1 showcases Trust's ability to execute –
- Capital inflows of US\$339 million from royalty sale, debt repayment and follow-on equity offering combined with attractive credit facilities provide significant cash for deployment –

Toronto, Ontario – August 14, 2023 – DRI Healthcare Trust (TSX: DHT.UN/DHT.U) ("DRI" or the "Trust") is pleased to announce its financial results for the quarter ended June 30, 2023. The Trust's second quarter 2023 financial statements and Management's Discussion & Analysis ("MD&A") have been filed on SEDAR+ (www.sedarplus.ca). All dollar amounts are expressed in U.S. dollars unless otherwise indicated.

"Our team has executed exceptionally well which has translated into strong performance for the Trust. Having purchased four additional royalties, sold the Tzield royalty for an exceptional gain for unitholders, and completed our first follow-on-offering, we are well positioned to continue to deliver on our strategy for our unit holders." said Behzad Khosrowshahi, Chief Executive Officer of DRI Healthcare Trust. "

Second Quarter Highlights

- Deployed US\$88.7 million to acquire a royalty on Orserdu from Eisai and an additional royalty stream on Empaveli/Syfovre;
- Sold Tzield royalty asset and milestone payment obligations for proceeds of US\$210.0 million;
- Receipt of US\$54.8 million from the prepayment of the loan to CTI;
- Total Income of US\$28.1 million;
- Normalized Total Cash Receipts of US\$28.7 million¹;
- Adjusted EBITDA of US\$25.1 million¹, representing 87% of Total Cash Receipts;
- Net Earnings and Other Comprehensive Earnings of US\$75.0 million;
- Adjusted Cash Earnings per Unit (basic and diluted) of US\$0.40^{1,2};
- Net Earnings per Unit (basic and diluted) of US\$2.00²;
- Paid a special cash distribution of US\$0.5334 per unit and a regular quarterly cash distribution of US\$0.075 per unit to unitholders on July 20, 2023.
- Recorded performance fees of US\$18.6 million payable to the manager, as a result of meeting all performance fee conditions following the sale of the Tzield royalty asset

Subsequent to Quarter End

- Declared a quarterly cash distribution of US\$0.075 per unit for the third quarter of 2023, payable on October 20, 2023 to unitholders of record on September 30, 2023;
- Acquired an additional royalty stream on Vonjo for US\$66.0 million and an additional royalty stream on Orserdu for US\$130.0 million;
- Completed a public offering of 9,223,000 units at US\$8.03 per unit for gross proceeds of US\$74.1 million;

¹Normalized 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.

²The weighted average number of basic and diluted units for the three months ended June 30, 2023 were 37,487,973 units and 37,680,076 units, respectively.

Financial Highlights

<i>(thousands of US dollars, except per unit amounts)</i>	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Total income	28,058	21,296	56,294	43,921
Management fees	15,560	1,718	17,236	3,155
Performance fees	18,616	—	18,616	—
Amortization expenses	19,600	13,421	38,768	26,196
Other expenses	8,855	3,060	17,370	5,779
Net gain from sale of royalty asset	109,606	—	109,606	—
Net earnings and other comprehensive earnings	75,033	3,097	73,910	8,791
Net earnings per unit – basic	2.00	0.08	1.96	0.23
Earnings per unit – diluted	2.00	0.08	1.96	0.23
Normalized Total Cash Receipts ¹	28,688	25,286	53,679	46,238
Adjusted EBITDA ¹	25,071	21,443	46,505	39,254
Adjusted EBITDA Margin ¹	87 %	85 %	87 %	85 %
Adjusted Cash Earnings per Unit – Basic ¹	0.40	0.43	0.89	0.91
Adjusted Cash Earnings per Unit – Diluted ¹	0.40	0.43	0.88	0.91
Weighted average number of Units – Basic	37,487,973	38,654,707	37,623,590	38,698,930
Weighted average number of Units – Diluted	37,680,076	38,666,241	37,798,310	38,704,877

Asset Performance

As at June 30, 2023, the Trust's portfolio included 24 royalty streams on 20 products that address a variety of therapeutic areas, such as oncology, hemato-oncology ("heme-onc"), neurology, ophthalmology, endocrinology, hematology, dermatology, as well as lysosomal storage disorders, autoimmune diseases and influenza. On June 30, 2023, the royalty asset portfolio had a book value, net of accumulated amortization, of US\$568.2 million, which generated Total Cash Royalty Receipts¹ of US\$27.1 million and US\$50.4 million during the three and six months ended June 30, 2023, respectively, and royalty income of US\$23.2 million and US\$49.5 million during the three and six months ended June 30, 2023, respectively.

On May 10, 2023, CTI BioPharma Corp. ("CTI") announced that it entered into an agreement with Swedish Orphan Biovitrum AB ("Sobi") to acquire all the outstanding common shares of CTI. As a result of the transaction, CTI was required to prepay its outstanding secured loan from the Trust in full, subject to terms of the loan agreement. On June 26, 2023, the Trust received a total of US\$54.8 million from CTI, which includes the principal amount of US\$50.0 million, exit fees of US\$1.0 million, accrued interest of US\$1.6 million and prepayment premiums of US\$2.2 million. As a result of the prepayment, the Trust's outstanding loan receivable balance is nil as at June 30, 2023. In addition, interest and other income generated from the loan receivable was US\$4.8 million and US\$6.5 million, respectively, during the three and six months ended June 30, 2023.

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

Portfolio

(thousands of US dollars)

Product	Therapeutic Area	Marketer(s)	Cash Receipts			
			Three months ended		Six months ended	
			June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Empaveli/Syfovre	Heme-Onc/Ophthalmology	Apellis, Sobi	251	—	438	—
Eylea I	Ophthalmology	Regeneron, Bayer, Santen	1,350	1,373	2,724	2,791
Eylea II	Ophthalmology	Regeneron, Bayer, Santen	292	1,502	1,416	3,030
FluMist	Influenza	AstraZeneca	30	—	1,475	2,218
Natpara	Endocrinology	Takeda	610	649	1,221	1,322
Omidria	Ophthalmology	Rayner Surgical	3,250	—	6,500	—
Oracea	Dermatology	Galderma	1,261	1,959	3,282	3,708
Orserdu ²	Oncology	Menarini	—	—	—	—
Rydapt	Oncology	Novartis	2,047	2,335	4,850	5,298
Spinraza	Neurology	Biogen	3,933	4,573	8,039	8,851
Stelara, Simponi and Ilaris ³	Autoimmune Diseases	Johnson & Johnson, Merck, Novartis	349	576	800	2,386
Vonjo	Heme-Onc	Sobi	2,315	220	4,339	220
Xenpozyme ⁴	Lysosomal Storage Disorder	Sanofi	—	—	—	—
Xolair	Respiratory	Roche, Novartis	1,538	1,458	4,076	4,099
Zejula	Oncology	GSK	740	—	1,482	—
Zytiga	Oncology	Johnson & Johnson	8,543	8,958	8,543	8,958
Other Products ⁵	Various	Various	548	419	1,230	843
Total Cash Royalty Receipts¹			27,057	24,022	50,415	43,724
Interest receipts from loan receivable ⁶			1,631	1,264	3,264	2,514
Principal repayment of loan receivable ⁶			50,000	—	50,000	—
Exit fee received for loan receivable ⁶			1,000	—	1,000	—
Premiums for prepayment ⁶			2,140	—	2,140	—
Proceeds from sale of royalty assets ⁷			210,000	—	210,000	—
Total Cash Receipts¹			291,828	25,286	316,819	46,238
Principal repayment of loan receivable ⁶			(50,000)	—	(50,000)	—
Exit fee received for loan receivable ⁶			(1,000)	—	(1,000)	—
Premiums for prepayment ⁶			(2,140)	—	(2,140)	—
Proceeds from sale of royalty assets ⁷			(210,000)	—	(210,000)	—
Normalized Total Cash Receipts¹			28,688	25,286	53,679	46,238

¹Total Cash Receipts, Total Cash Royalty Receipts and Normalized Total Cash 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.

²The Trust completed a transaction in respect of Orserdu during the second quarter of 2023. In accordance with the terms of the royalty agreements, cash royalty receipts are collected on a one-quarter lag.

³Stelara, Simponi and Ilaris were previously referred to as the Autoimmune Portfolio. The royalty assets include two royalty streams on each product, for a total of six royalty streams.

⁴The Trust completed a transaction in respect of Xenpozyme during the fourth quarter of 2022. In accordance with the terms of the royalty agreements, cash royalty receipts are collected on a two-quarter lag from the respective half-year period.

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.

⁶Interest receipts from loan receivable relates to the CTI loan, which was repaid in full on June 26, 2023. The interest receipt for the three months ended June 30, 2023 is related to the accrued interest from April 1, 2023 to June 26, 2023. In accordance with the loan agreement, the Trust was also entitled to receive an exit fee and prepayment premiums upon prepayment of the loan, which were received in the second quarter of 2023.

⁷The Trust completed a transaction in respect of Tzielid during the first quarter of 2023. On April 27, 2023, the Trust sold the Tzielid royalty for gross proceeds of US\$210.0 million.

⁸This item represent cash received by the Trust in the quarter that is not expected to recur in the normal course of its operations. As such, this item is not included in Normalized Total Cash Receipts.



Liquidity and Capital

On June 30, 2023, the Trust had cash and cash equivalents of US\$121.3 million. The Trust's credit facility had an outstanding principal balance of US\$163.1 million on June 30, 2023.

The Trust had 37,494,980 units issued and outstanding on June 30, 2023.

On July 19, 2023, the Trust issued 9,223,000 units pursuant to a follow-on equity offering, for gross proceeds of US\$74.1 million. The 9,223,000 units included units issued pursuant to the exercise by the underwriters of their over-allotment option. The Trust intends to use the net proceeds to fund royalty transactions or to repay indebtedness drawn on its credit facility.

Distributions

On April 27, 2023, in connection with the sale of Tzield to an affiliate of Sanofi S.A. ("Sanofi"), the Trust announced a special cash distribution of US\$20.0 million, or US\$0.5334 per unit, paid on July 20, 2023 to unitholders of record as of June 30, 2023. On May 11, 2023, the board of trustees approved a quarterly cash distribution of US\$0.075 per unit to unitholders of record as of June 30, 2023, which was also 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 2023, payable on October 20, 2023, to unitholders of record on September 30, 2023.

Tzield Sale

On April 27, 2023, the Trust sold its interest and milestone obligations in the worldwide sales of Tzield to a subsidiary of Sanofi for US\$210.0 million. The proceeds were partially used to fund the special cash distribution to unitholders of record as of June 30, 2023, and partially used to pay down the entire amount outstanding under the Trust's revolving acquisition credit facility and pay management fees to the Trust's manager. This transaction resulted in performance fees payable by the Trust to its manager which will be paid in the third quarter of 2023. The remaining proceeds are available to the Trust to invest in its pipeline of innovative opportunities.

Performance Fee

Our manager is entitled to performance fees determined on a portfolio-by-portfolio basis pursuant to the terms of a management agreement, as described in note 2(n) to the Trust's 2022 annual consolidated financial statements. As a result of the Trust selling its royalty interest in Tzield for US\$210.0 million, the conditions for performance fee payments to the manager have been met. The Trust recorded performance fees payable of US\$18,616 during the three and six months ended June 30, 2023. Payment of the performance fee will occur in the third quarter of 2023.



Orserdu Transactions

On June 29, 2023, the Trust purchased royalties on the sales of Orserdu for US\$85.0 million from Eisai Co., Ltd. (“Eisai”). The transaction entitles the Trust to a mid-single digit tiered royalty on the worldwide net sales of Orserdu. The Trust is entitled to receive quarterly royalty payments on a one-quarter lag based on sales beginning April 1, 2023, with the first payment expected to be received in Q3 2023. In addition to the running royalties, the Trust is also entitled to receive milestones based on the achievement of regulatory approvals and sales performance thresholds.

On August 14, 2023, the Trust purchased an additional royalty interest on the sales of Orserdu for US\$130.0 million from Radius Pharmaceuticals, Inc., a wholly owned subsidiary of Radius Health, Inc. The acquisition entitles the Trust to a net low to high single digit tiered royalty on the worldwide net sales of the Orserdu. The Trust is entitled to receive quarterly royalty payments on a one-quarter lag based on sales beginning July 1, 2023, with its first payment expected in Q4 2023. In addition to the running royalties, DRI Healthcare is also entitled to receive milestone payments on the achievement of sales performance thresholds. Upon the occurrence of pre-specified events, DRI Healthcare is obligated to pay a \$10 million milestone to Radius.

Orserdu is an oral, selective estrogen receptor degrader and it is patent protected up to January 2038. 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 U.S. Food and Drug Administration (“FDA”) in January 2023 and is under review by the European Medicines Agency for potential approval. Orserdu was discovered by Eisai and is marketed by the Menarini Group.

Additional Vonjo Royalty Stream

On July 7, 2023, the Trust bought an additional royalty interest in the worldwide sales of Vonjo for US\$66.0 million from S*Bio Ptd Ltd. This royalty is in addition to the existing Vonjo royalty which was announced in August 2021.

Vonjo is an oral, small-molecule JAK2 inhibitor currently marketed by Sobi, used for the treatment myelofibrosis patients with severe thrombocytopenia. It was approved by the FDA in February 2022 and is the only approved treatment for the indication.

The transaction was funded on July 25, 2023 and entitles the Trust to a tiered royalty on worldwide net sales of Vonjo. The Trust is entitled to receive quarterly royalty payments on a one-quarter lag based on sales beginning April 1, 2023, with the first payment expected to be received in Q3 2023. Vonjo is patent protected until at least January 2034. The Trust is also entitled to receive up to US\$107.5 million in milestone payments.

Second Quarter 2023 Conference Call & Webcast

As previously announced, management will hold a conference call on Tuesday, August 15, 2023, at 8:00 a.m. (ET) to review the Trust’s 2023 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 <https://bit.ly/3Dj2RNK>. 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 non-GAAP financial measures for the three and six months ended June 30, 2023 and 2022 to the most directly comparable measures calculated in accordance with IFRS are presented below, along with the calculation of non-GAAP ratios.

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

Total Cash Receipts refers to Total Cash Royalty Receipts plus cash receipts from all products. Total Cash Receipts includes cash receipts from interest as well as non-recurring cash receipts such as the principal payments related to the Trust's loan receivable, fees and premiums related thereto and proceeds from the sale of royalty assets which consist of the proceeds from the sale of the Tzield royalty. Total Cash Royalty Receipts refers to aggregate cash royalty receipts from the Trust's portfolio of royalty assets and forms part of Total Cash Receipts. Because of the lag between when the Trust record royalty income and receive the corresponding cash payments on its royalties, management believes Total Cash Receipts and Total Cash Royalty Receipts are useful measures when evaluating the Trust's operations, as they represent actual cash generated in respect of all royalty assets held during a period. Commencing with this quarter, the Trust is also presenting 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 its operations. Management believes that Normalized Total Cash Receipts will assist readers in evaluating the period over period performance of the Trust's royalty portfolio since Normalized Total Cash Receipts only includes cash receipts generated by royalties and other amounts payable pursuant to the terms of the Trust's royalty assets and interest on the Trust's loan receivable.

(thousands of US dollars)	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Total income	28,058	21,296	56,294	43,921
[-] Other interest income	(52)	(5)	(289)	(5)
[+] Royalties receivable, beginning of period	30,774	31,590	27,748	30,148
[-] Royalties receivable, end of period	(29,110)	(27,498)	(29,110)	(27,498)
[+] Acquired royalties receivable ¹	2,186	—	2,282	—
[-] Non-cash royalty income ²	—	(22)	(4)	(179)
[-] Non-cash interest and other income on loan receivable ³	(1,028)	(75)	(1,102)	(149)
[+] Principal repayment of loan receivable	50,000	—	50,000	—
[+] Exit fee received for loan receivable ³	1,000	—	1,000	—
[+] Proceeds from sale of royalty assets	210,000	—	210,000	—
Total Cash Receipts	291,828	25,286	316,819	46,238
[-] Principal repayment of loan receivable ⁴	(50,000)	—	(50,000)	—
[-] Exit fee received for loan receivable ^{3,4}	(1,000)	—	(1,000)	—
[-] Premiums for prepayment of loan receivable ⁴	2,140	—	2,140	—
[-] Proceeds from sale of royalty assets	(210,000)	—	(210,000)	—
Normalized Total Cash Receipts⁴	32,968	25,286	53,679	46,328
[-] Interest and other income on loan receivable	(4,799)	(1,339)	(6,506)	(2,663)
[+] Non-cash interest and other income on loan receivable ³	1,028	75	1,102	149
[+] Premiums for prepayment of loan receivable ⁴	2,140	—	2,140	—
Total Cash Royalty Receipts	64,305	24,022	54,695	43,724

¹Acquired royalties receivable represent the Trust's royalty entitlements prior to the completion of the royalty transactions they relate to, as described under the Transactions Completed section of the MD&A. Acquired royalties receivable of US\$96 previously recognized for the Tzield transaction were reversed during the three months ended June 30, 2023 as the royalty asset and its associated royalty interest was sold.

²Non-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 US\$177 and US\$334, respectively, was used to reduce the obligation for excess royalty payments received in connection with Ilaris. There is no remaining obligation as at June 30, 2023 (December 31, 2022 – nil) related to Ilaris. In the second quarter of 2022, the Trust recorded other current liabilities and a corresponding deduction to royalty income of US\$155 to reflect an additional obligation for excess royalty payments received related to other royalty assets. Royalty income of nil and US\$4, respectively, were used to reduce the obligation during the three and six months ended June 30, 2023 (2022 – nil). Royalty income earned in future periods related to other royalty assets will be used to repay the remaining obligation of US\$136.

³For the three and six months ended June 30, 2023, non-cash interest and other income on loan receivable represents the amortization of commitment fees of US\$343 and US\$368, respectively (2022 – US\$25 and US\$50, respectively), and the accretion of exit fees receivable of US\$685 and US\$734, respectively (2022 – US\$50 and US\$99). In accordance with the loan agreement, the Trust received an exit fee of US\$1,000 as the loan was fully repaid in the second quarter of 2023, as described previously in this press release.

⁴This item represents cash received by the Trust in the quarter that is not expected to recur in the normal course of its operations. As such, this item is not included in Normalized Total Cash Receipts.

Adjusted EBITDA and Adjusted EBITDA Margin

Management believes Adjusted EBITDA provides meaningful information about the Trust's operating cash flows as it eliminates the effects of other non-cash expenses and accruals and income and expenses that are not expected to recur, that have been recorded on the statement of net earnings and comprehensive earnings. The Trust refers to EBITDA when reconciling its net earnings and other comprehensive earnings to Adjusted EBITDA but does not use EBITDA as a measure of its performance. Management believes that Adjusted EBITDA Margin is a useful supplemental measure to demonstrate the operating efficiency of the Trust's business on a cash basis.

(thousands of US dollars)	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net earnings and other comprehensive earnings	75,033	3,097	73,910	8,791
[+] Amortization or royalty assets	19,600	13,421	38,768	26,196
[+] Amortization of other current assets ¹	97	—	240	—
[-] Other interest income	(52)	(5)	(289)	(5)
[+] Interest expense	6,284	848	12,450	1,266
EBITDA	100,962	17,361	125,079	36,248
[+] Royalties receivable, beginning of period	30,774	31,590	27,748	30,148
[-] Royalties receivable, end of period	(29,110)	(27,498)	(29,110)	(27,498)
[+] Acquired royalties receivable ²	2,186	—	2,282	—
[+] Unit-based compensation ³	472	24	715	551
[+] Board of trustees unit-based compensation ⁴	295	63	377	133
[-] Non-cash royalty income ⁵	—	(22)	(4)	(179)
[-] Non-cash interest and other income on loan receivable ⁶	(1,028)	(75)	(1,102)	(149)
[-] Premiums for prepayment of loan receivable ⁷	(2,140)	—	(2,140)	—
[-] Net gain on sale of royalty asset ⁸	(109,606)	—	(109,606)	—
[+] Management fees on sale of royalty asset ⁹	13,650	—	13,650	—
[+] Performance fees on sale of royalty asset ⁹	18,616	—	18,616	—
Adjusted EBITDA	25,071	21,443	46,505	39,254
[÷] Normalized Total Cash Receipts	28,688	25,286	53,679	46,238
Adjusted EBITDA Margin	87 %	85 %	87 %	85 %

¹In connection with the Empaveli/Syfovre transaction completed in 2022, the Trust acquired other current assets, as described under the Empaveli Transaction section of the MD&A. The related amortization expense is recorded in other operating expenses.

²Acquired royalties receivable represent the Trust's royalty entitlements prior to the completion of the royalty transactions they relate to, as described under the Transactions Completed section of the MD&A. Acquired royalties receivable of US\$96 previously recognized for the Tzielid transaction were reversed during the three months ended June 30, 2023 as the royalty asset and its associated royalty interest was sold.

³For the three and six months ended June 30, 2023, the unit-based compensation expense was US\$569 and US\$857, respectively, (2022 – US\$24 and US\$551, respectively) of which US\$97 and US\$142, respectively, (2022 – nil) was paid in cash.

⁴Certain members of the board of trustees elected to be compensated fully or partially in deferred units ("DUs") under the Trust's Omnibus Equity Incentive Plan.

⁵Non-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 US\$177 and US\$334, respectively, was used to reduce the obligation for excess royalty payments received in connection with Ilaris. There is no remaining obligation as at June 30, 2023 (December 31, 2022 – nil) related to Ilaris. In the second quarter of 2022, the Trust recorded other current liabilities and a corresponding deduction to royalty income of US\$155 to reflect an additional obligation for excess royalty payments received related to other royalty assets. Royalty income of nil and US\$4, respectively, were used to reduce the obligation during the three and six months ended June 30, 2023 (2022 – nil). Royalty income earned in future periods related to other royalty assets will be used to repay the remaining obligation of US\$136.

⁶For the three and six months ended June 30, 2023, non-cash interest and other income on loan receivable represents the amortization of commitment fees of US\$343 and US\$368, respectively (2022 – US\$25 and US\$50, respectively), and the accretion of exit fees receivable of nil and US\$734, respectively (2022 – US\$50 and US\$99).

⁷The Trust received a prepayment premium for prepayment of the loan receivable, as described previously in this press release.

⁸During the three and six months ended June 30, 2023, the Trust sold its royalty interest in the worldwide sales of Tzielid, as described previously in this press release.

⁹During the three and six months ended June 30, 2023, the Trust paid management fees of US\$13,650 and recorded performance fees payable of US\$18,616 related to the sale of the Tzielid royalty asset, pursuant to the management agreement, as described in note 2(n) to the Trust's 2022 annual consolidated financial statements.

Adjusted Cash Earnings per Unit

Management believes that Adjusted Cash Earnings per Unit provides meaningful information about the Trust's performance as it provides a measure of the cash generated by the Trust's assets on a per unit basis, excluding cash earnings that are not expected to recur.

<i>(thousands of US dollars, except per unit amounts)</i>	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net earnings and other comprehensive earnings	75,033	3,097	73,910	8,791
[+] Amortization or royalty assets	19,600	13,421	38,768	26,196
[+] Amortization of other current assets ¹	97	—	240	—
[+] Unit-based compensation ²	472	24	715	551
[+] Board of trustees unit-based compensation ³	295	63	377	133
[-] Non-cash royalty income ⁴	—	(22)	(4)	(179)
[-] Non-cash interest and other income on loan receivable ⁵	(1,028)	(75)	(1,102)	(149)
[-] Premiums for prepayment of loan receivable ⁶	(2,140)	—	(2,140)	—
[-] Net gain on sale of royalty assets ⁷	(109,606)	—	(109,606)	—
[+] Management fee on sale of royalty asset ⁸	13,650	—	13,650	—
[+] Performance fee on sale of royalty asset ⁸	18,616	—	18,616	—
Adjusted Cash Earnings	14,989	16,508	33,424	35,343
Adjusted Cash Earnings per Basic Unit	0.40	0.43	0.89	0.91
Adjusted Cash Earnings per Fully Diluted Unit	0.40	0.43	0.88	0.91
Weighted average number of Units – Basic	37,487,973	38,654,707	37,623,590	38,698,930
Weighted average number of Units – Diluted	37,680,076	38,666,241	37,798,310	38,704,877

¹In connection with the Empaveli transaction completed in 2022, the Trust acquired other current assets, as described under the Empaveli Transaction section of the MD&A. The related amortization expense is recorded in other operating expenses.

²For the three and six months ended June 30, 2023, the unit-based compensation expense was US\$569 and US\$857, respectively, (2022 – US\$24 and US\$551, respectively) of which US\$97 and US\$142, respectively, (2022 – nil) was paid in cash.

³Certain members of the board of trustees elected to be compensated fully or partially in Dus under the Trust's Omnibus Equity Incentive Plan.

⁴Non-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 US\$177 and US\$334, respectively, was used to reduce the obligation for excess royalty payments received in connection with Ilaris. There is no remaining obligation as at June 30, 2023 (December 31, 2022 – nil) related to Ilaris. In the second quarter of 2022, the Trust recorded other current liabilities and a corresponding deduction to royalty income of US\$155 to reflect an additional obligation for excess royalty payments received related to other royalty assets. Royalty income of nil and US\$4, respectively, were used to reduce the obligation during the three and six months ended June 30, 2023 (2022 – nil). Royalty income earned in future periods related to other royalty assets will be used to repay the remaining obligation of US\$136.

⁵For the three and six months ended June 30, 2023, non-cash interest and other income on loan receivable represents the amortization of commitment fees of US\$343 and US\$368, respectively (2022 – US\$25 and US\$50, respectively), and the accretion of exit fees receivable of US\$685 and US\$734, respectively (2022 – US\$50 and US\$99). In accordance with the loan agreement, the Trust received an exit fee of US\$1,000 as the loan was fully repaid in the second quarter of 2023, as described previously in this press release. The accelerated exit fee income recognized in the three months ended June 30, 2023 is not expected to recur and is not included in Adjusted Cash Earnings.

⁶The Trust received a prepayment premium for prepayment of the loan receivable, as described previously in this press release. The prepayment premium income is not expected to recur and is not included in Adjusted Cash Earnings.

⁷During the three and six months ended June 30, 2023, the Trust sold its royalty interest in Tzield, as described previously in this press release. The net gain recognized on the sale of the Tzield royalty asset is not expected to recur and is not included in Adjusted Cash Earnings.

⁸During the three and six months ended June 30, 2023, the Trust paid management fees of US\$13,650 and recorded performance fees payable of US\$18,616 related to the sale of the Tzield royalty asset, pursuant to the management agreement, as described in note 2(n) to the Trust's 2022 annual consolidated financial statements. The management and performance fees resulting from the sale of the Tzield royalty asset are not expected to recur and are not included in Adjusted Cash Earnings.



About DRI Healthcare Trust

DRI Healthcare Trust is managed by DRI Capital Inc. (“DRI Capital”), the pioneer in global pharmaceutical royalty monetization with a more than 30-year history of accelerating innovation by providing capital to inventors, academic institutions and biopharma companies. Since its founding in 1989, DRI Capital has deployed more than US\$2.5 billion, acquiring more than 70 royalties on 40-plus drugs, including Eylea, Spinraza, Zytiga, Remicade, Keytruda and Stelara. DRI Healthcare Trust’s units are listed and traded on the Toronto Stock Exchange in Canadian dollars under the symbol “DHT.UN” and in US dollars under the symbol “DHT.U”. To learn more, visit drihealthcare.com or follow us on [LinkedIn](#).

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 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 the Trust’s ability to execute on its strategy and the value to be provided to unitholders and timing of royalty payments. 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. The anticipated royalty terms for products in our portfolio may be shorter than the period of patent protection for the applicable product, depending on many factors, including the entry of generic drugs into the marketplace and competition, all of which are outside our control. No assurance can be given that these are all the factors that could cause actual results to vary materially from the forward-looking statements in this press release. You should not put undue reliance on forward-looking statements. No assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do occur, the actual results, performance or achievements of the Trust could differ materially from the results expressed in, or implied by, any forward-looking statements. 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 drihealthcare.com.

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