

DRI Healthcare Trust Reports Third Quarter 2021 Results and Announces Increase to Quarterly Distribution

- Continued strong performance of core royalty assets -
- Demonstrated growth strategy execution through two transactions valued at up to \$185 million –
- Quarterly distribution doubled to US\$0.075 per unit -

Toronto, Ontario – November 8, 2021 – DRI Healthcare Trust (TSX: DHT.UN/DHT.U) (“DRI” or “the Trust”) today announced its results for the quarter ended September 30, 2021. The Trust’s third quarter 2021 financial statements and Management’s Discussion & Analysis have been filed on SEDAR (www.sedar.com). This news release is not in any way a substitute for reading the Trust’s financial statements, including notes to the financial statements and the Trust Management’s Discussion & Analysis.

“We had a very active third quarter, executing multiple transactions and demonstrating our commitment and ability to build our cash flows and asset base,” said Behzad Khosrowshahi, Chief Executive Officer of DRI Healthcare Trust. “Our existing assets continued to perform well during the quarter, and our recent transactions contribute meaningfully to our objective of generating sustainable growth in cash flow. We are pleased that this has allowed us to increase our quarterly distribution to unitholders.”

Third Quarter Highlights

- **Financial results demonstrate strong performance,**
 - Royalty Income of \$22.9 million,
 - Earnings per Unit of US\$0.19.²
- **Non-IFRS measures show continued strong momentum,**
 - Adjusted EBITDA of US\$12.4 million,^{1,5}
 - Adjusted Cash Earnings per Unit of US\$0.48.^{1,2}
- **Innovative pacritinib royalty transaction demonstrates the Trust’s value to the biopharma industry**
- **Highly accretive Oracea deal contributes material cash flows to the Trust in the near to medium term**

Subsequent to Quarter End

- A subsidiary of the Trust entered into a credit agreement with a syndicate of banks for a \$200 million credit facility, with an initial draw used to repay the existing secured notes.
- The Trust’s board of trustees declared a cash distribution of US\$0.075 per unit for the fourth quarter of 2021 payable on January 20, 2022.

Results of Operations <i>(thousands of U.S. dollars, except per unit amounts)</i>	Three months ended September 30, 2021	Nine months ended September 30, 2021³
Royalty Income	22,861	59,000
Interest income on loan receivable	544	544
Other interest income	4	7
Amortization expenses	11,125	28,923
Management fees	1,113	4,163
Unit-based compensation	25	25
Other expenses	3,511	8,239
Net earnings and other comprehensive earnings	7,635	18,201
Earnings per unit ²	0.19	0.55
Pro Forma Total Cash Royalty Receipts ^{1,4,5,6}	15,447	79,366
Pro Forma Adjusted EBITDA ^{1, 5,6}	12,413	69,202
Pro Forma Adjusted EBITDA Margin ^{1,5,6}	80%	87%
Adjusted Cash Earnings per Unit ^{1,2,5}	0.48	1.44

Asset Performance

During the third quarter, the Trust's portfolio included 17 royalty streams on 13 products that address medically necessary therapeutic areas, such as oncology, rare diseases, ophthalmology, endocrinology, autoimmune and vaccines. On September 30, 2021, the royalty asset portfolio had a book value, net of accumulated amortization, of US\$306.6 million and generated Total Cash Royalty Receipts of US\$15.4 million¹ in the third quarter, on a pro forma basis. In addition, the Trust held a loan receivable with an outstanding gross principal balance of US\$50.0 million at September 30, 2021.

Royalty Portfolio (for the three months ended September 30th)

(thousands of U.S. dollars)

Product	Therapeutic Area	Marketer(s)	Pro Forma Cash Royalty Receipts^{1,4}	
			Sept. 30, 2021	Sept. 30, 2020
Core Products				
Eylea I ⁵	Ophthalmology	Regeneron, Bayer, Santen	-	-
Eylea II ⁵	Ophthalmology	Regeneron, Bayer, Santen	-	-
FluMist	Vaccine	AstraZeneca	7	-
Natpara	Endocrinology	Takeda	551	355
Oracea ⁶	Dermatology	Galderma Laboratories	3,711	-
Rydapt	Oncology	Novartis	2,313	1,873
Spinraza	Rare Diseases	Biogen	4,326	5,030
Xolair	Respiratory	Roche, Novartis	2,358	2,904
Zytiga ⁷	Oncology	Johnson & Johnson	-	-
Total Core Products			13,266	10,162
Mature Products				
Autoimmune Portfolio ⁸	Autoimmune	Johnson & Johnson, Merck, Novartis	1,493	2,935
Rilpivirine Portfolio ⁹	HIV	Johnson & Johnson, Gilead, Viiv	-	8,179
Total Mature Products			1,493	11,114
Other Products^{6,10}				
			688	354
Total			15,447	21,630

1. *Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Cash Earnings per Unit, and Total Cash Royalty Receipts are non-IFRS measures for the three and nine months ended September 30, 2021. These non-IFRS measures do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Adjusted EBITDA represents net earnings and other comprehensive earnings plus (i) amortization of royalty assets, plus (ii) interest expense, plus (iii) royalties receivable at the beginning of the period, less (iv) royalties receivable at the end of the period, plus (v) acquired royalties receivable, plus (vi) acquired cash royalties received, and reversing the impact of the following: plus (vii) impairment of royalty assets, less (viii) reversal of impairment of royalty assets, less (ix) net gain on interest rate derivatives, less (x) net gain on foreign exchange derivatives. Adjusted EBITDA Margin is calculated as Adjusted EBITDA / Total Cash Royalty Receipts. Adjusted Cash Earnings per Unit represents net earnings and other comprehensive earnings plus: (i) amortization of royalty assets, plus (ii) impairment of royalty asset, less (iii) reversal of impairment of royalty assets, less (iv) net gain on interest rate derivatives, less (v) net gain on foreign exchange derivatives; divided by weighted average units outstanding. The reconciliation of non-IFRS measures to IFRS can be found in the Trust's MD&A.*
2. *The weighted average number of units for the three months ended September 30, 2021, was 40,107,407 units and for the nine months ended September 30, 2021, was 32,908,642 units.*
3. *The Trust completed its initial public offering ("IPO") on February 19, 2021. The Trust had no active operations prior to February 19, 2021.*
4. *Total Cash Royalty Receipts and cash royalty receipts by product are presented on a pro forma basis. For the for the three and nine months ended September 30, 2021 and for the three months ended September 30, 2020, include cash that was received by the Trust's current subsidiaries prior to completion of the Trust's acquisition of those subsidiaries on February 19, 2021, and cash received as part of Oracea transaction related to royalties earned prior to the closing of the acquisition.*
5. *Third quarter cash royalties related to Eylea of \$4.7 million and \$3.5 million were received subsequent to September 30, 2021 and 2020, respectively. Including those amounts for the three and nine months ended September 30, 2021, Pro Forma Cash Royalty Receipts would have been \$20.2 million and \$84.1 million, respectively, Pro Forma Adjusted EBITDA would have been \$17.1 million and \$73.9 million, respectively and the Pro Forma Adjusted EBITDA Margin would have been 85% and 88%, respectively.*
6. *Cash flows from Oracea and certain cash flows in Other Products represent the royalties earned from April 1 to June 30, 2021 and were used to offset the purchase price paid in the Oracea acquisition transaction.*
7. *Cash royalties from Zytiga are received on a semi-annual basis during the second and fourth quarters of the year.*
8. *The Autoimmune portfolio consists of agreements to receive two royalties streams on sales of Stelara, Simponi and Ilaris, for a total of six royalty streams held directly and indirectly.*
9. *The 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 quarter ended June 30, 2021, in accordance with the terms of the royalty agreement.*
10. *Other Products includes royalty income from royalty assets that are not individually material, as well as royalty assets that are fully amortized and, where applicable, the entitlements to which have substantially expired.*

Liquidity and Capital

On September 30, 2021, the Trust had cash on hand of US\$33.8 million and an additional US\$7.4 million funds held in trust. The Trust's secured notes had an outstanding balance of US\$47.1 million on September 30, 2021, which was subsequently reduced with a principal payment of US\$4.2 million made on October 15, 2021 from the funds held in trust, following which the remaining balance in funds held in trust was released to the Trust. On October 22, 2021 the remaining secured notes were fully retired using proceeds of a new credit facility as described below.

The Trust had units outstanding of 40,107,407 on September 30, 2021, all of which were issued in connection with the IPO and concurrent private placement on February 19, 2021.

On September 30, 2021, the Trust was granted approval by the Toronto Stock Exchange for the proposal to acquire, from time to time, if considered advisable, up to 1,500,000 units of the Trust for cancellation between October 5, 2021 and October 4, 2022. As at November 1, 2021, the Trust had acquired 70,152 units at an average unit price of US\$6.64.

Distributions

A distribution to unitholders of US\$0.0375 per trust unit was paid on October 20, 2021. 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 fourth quarter of 2021. The distribution will be payable on January 20, 2022, to unitholders of record at the close of business on December 31, 2021. The Trust also intends to pay an additional special cash distribution, in an amount to be determined prior to year end.

Year-to-Date Highlights

In addition to the strong performance of the asset portfolio, the Trust has continued to execute on the strategy outlined to its unitholders since its initial public offering in February.

On August 25, 2021, a subsidiary of the Trust entered transactions with CTI BioPharma Corp. (“CTI”), comprised of secured debt and, upon product approval of pacritinib by the FDA, the purchase of a tiered royalty on sales of pacritinib. CTI will use the proceeds of the transaction to fund the launch and commercialization of pacritinib for the treatment of myelofibrosis with severe thrombocytopenia.

On September 30, 2021, a subsidiary of the Trust acquired a royalty interest on the worldwide sales of Oracea (doxycycline), which has been approved by the U.S. Food and Drug Administration (“FDA”) for the treatment of inflammatory lesions of rosacea in adult patients. Oracea is marketed by Galderma Laboratories, Inc., a subsidiary of Galderma SA. As part of the transaction, DRI also acquired royalty interests in two additional products, neither of which are expected to make a material contribution to DRI’s royalty income.

On October 22, 2021, a subsidiary of the Trust entered into a credit agreement with a syndicate of banks, providing for US\$200 million of credit facilities. An initial draw was made on the facility to repay the existing secured notes and associated fees and expenses, with the balance of the facilities being available to fund future acquisitions of royalty assets.

During the third quarter, the Trust also received approval from the Toronto Stock Exchange regarding a normal course issuer bid and established an employee stock ownership program through issuance of restricted units in accordance with its Omnibus Equity Incentive Plan.

2021 Third Quarter Conference Call & Webcast

As previously announced, management will hold a conference call on Tuesday, November 9, 2021, at 8:30 a.m. (ET) to review the Trust’s 2021 third quarter results. You can join the call by dialling 1-888-664-6392 or 416-764-8659.

A live webcast of the conference call, including a slide presentation, will be available through <https://bit.ly/DRI2021Q3>. 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.

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. 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”.

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 pharmaceutical royalties will continue to play an important role in funding critical innovation, and that the Trust will continue to be the partner

of choice to those innovators our development and acquisition opportunities. 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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