

DRI Healthcare Trust Reports Fourth Quarter and Fiscal 2021 Results

- Announced growth-oriented and accretive transactions of up to \$186 million -

- Continued strong performance of existing assets and financial results -

- Acquired over one million units under Normal Course Issuer Bid -

Toronto, Ontario – March 7, 2022 – DRI Healthcare Trust (TSX: DHT.UN/DHT.U) (“DRI” or “the Trust”) today announced its financial results for the fourth quarter and fiscal year ended December 31, 2021. The Trust’s 2021 annual financial statements and Management’s Discussion & Analysis (“MD&A”) have been filed on SEDAR (www.sedar.com). All dollar amounts are expressed in U.S. dollars unless otherwise indicated.

“We had a very successful first year as a public trust, executing multiple transactions and demonstrating our ability to build our asset base,” said Behzad Khosrowshahi, Chief Executive Officer of DRI Healthcare Trust. “Our existing assets performed well, providing strong cash flows in the fourth quarter, and we finished the year with a strong balance sheet supportive of continued growth. By executing our acquisition strategy, and with a strong pipeline buoyed of attractive opportunities we are looking forward to continued growth in 2022 that will create meaningful value for our unit holders.”

Fourth Quarter Highlights

- Royalty Income and Interest Income of US\$22.2 million;
- Total Cash Receipts of US\$36.3 million¹;
- Adjusted EBITDA of US\$32.0 million¹;
- Net Earnings and Comprehensive Earnings of US\$3.4 million;
- Adjusted Cash Earnings per Unit (basic and diluted) of US\$0.41^{1,2};
- Net Earnings per Unit (basic and diluted) of US\$0.08²;
- Entered an agreement for a US\$200 million syndicated credit facility, with an initial partial draw made to repay the existing secured notes;
- Paid a quarterly cash distribution of US\$0.075 per unit and a special cash distribution of US\$0.22 per unit, on January 20, 2022.

Fiscal 2021 Highlights

- Royalty Income and Interest Income of US\$81.8 million;
- Total Cash Receipts of US\$115.6 million¹;
- Adjusted EBITDA of US\$100.6 million¹;
- Net Earnings and Comprehensive Earnings of US\$21.6 million;
- Adjusted Cash Earnings per Unit (basic and diluted) of US\$1.85^{1,2};
- Net Earnings per Unit (basic and diluted) of US\$0.62²;
- Total cash returned to unitholders of US\$20.7 million through declared distributions of US\$15.2 million and unit buybacks under the Trust’s normal course issuer bid (“NCIB”) of US\$5.5 million;
- Entered into transactions valued at up to US\$185.5 million for the purchase of royalties from four new products, including pacritinib and Oracea®.

¹ Total Cash Receipts and Adjusted EBITDA are non-GAAP 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 units for the three months and year ended December 31, 2021 were 39,802,522 units and 34,646,277 units, respectively. The weighted average number of fully diluted units for the three months and year ended December 31, 2021 were 39,810,526 units and 34,654,282 units, respectively.

Subsequent to Quarter End

- On February 28, 2022, the United States Food & Drug Administration (“FDA”) approved pacritinib under the brand name VONJO™ for the treatment of myelofibrosis patients with platelets below 50 x 10⁹/L, resulting in the closing of the previously announced transaction for a tiered royalty on VONJO for US\$60 million;
- Today, the Board of Trustees declared a quarterly cash distribution of US\$0.075 per unit for the first quarter of 2022, which is payable on April 20, 2022 to unitholders of record on March 31, 2022.
- Between January 1, 2022 to February 28, 2022, the Trust further repurchased 400,000 units under its NCIB for an aggregate amount of US\$2.1 million and will amend its NCIB to increase the total number of units that can be repurchased under its NCIB to 2,500,000 units, representing approximately 7.6% of the Trust's public float as at September 30, 2021. The effective date of the amendment will be March 10, 2022.

Financial Highlights

<i>(thousands of U.S. dollars, except per unit amounts)</i>	Three months ended December 31, 2021	Year ended December 31, 2021¹
Royalty income and interest income	22,213	81,757
Other interest income	1	8
Management fees	2,112	6,275
Amortization expenses	12,914	41,837
Other expenses	3,826	12,090
Net earnings and other comprehensive earnings	3,362	21,563
Earnings per unit – basic ²	0.08	0.62
Earnings per unit – diluted ²	0.08	0.62
Total Cash Receipts/ Pro Forma Total Cash Receipts ^{3,4}	36,278	115,644
Adjusted EBITDA/ Pro Forma Adjusted EBITDA ³	31,969	100,627
Adjusted EBITDA Margin/ Pro Forma Adjusted EBITDA Margin ³	88%	87%
Adjusted Cash Earnings per Unit – Basic ^{2,3}	0.41	1.85
Adjusted Cash Earnings per Unit – Diluted ^{2,3}	0.41	1.85
Cash Distributions Declared per Unit	0.2950	0.3867

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 units for the three months and year ended December 31, 2021 were 39,802,522 units and 34,646,277 units, respectively. The weighted average number of fully diluted units for the three months and year ended December 31, 2021 were 39,810,526 units and 34,654,282 units, respectively.

³ Total Cash Receipts and Adjusted EBITDA are non-GAAP measures. Adjusted EBITDA Margin and Adjusted Cash Earnings per Unit are non-GAAP ratios. 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.

⁴ Total Cash Receipts for year ended December 31, 2021 includes cash that was received by the Trust’s current subsidiaries prior to completion of the Trust’s acquisition of those subsidiaries and therefore, along with Adjusted EBITDA and Adjusted EBITDA Margin are presented on a pro forma basis.

Asset Performance

As at December 31, 2021, the Trust's portfolio included 17 royalty streams on 13 products that address medically necessary therapeutic areas, such as oncology, rare diseases, ophthalmology, endocrinology, dermatology, autoimmune and vaccines. On December 31, 2021, the royalty asset portfolio had a book value, net of accumulated amortization, of US\$293.7 million, which generated Total Cash Royalty Receipts of US\$34.5 million¹ and US\$113.9 million during the three months and year ended December 31, 2021. The royalty asset portfolio generated royalty income US\$20.9 million and US\$79.9 million over the same periods, respectively. In addition, the Trust held a loan receivable with a gross principal outstanding balance of US\$50.0 million at December 31, 2021, which generated US\$1.8 million of cash interest received in the quarter and year-to-date. Interest income on the loan receivable was US\$1.4 million and US\$1.9 million during the three months and year ended December 31, 2021, respectively. As expected, the Trust's entitlement to royalties on the Rilpivirine portfolio expired in the second quarter of 2021.

Portfolio (for the three months ended December 31)

(thousands of US dollars)

Product	Therapeutic Area	Marketer(s)	Total Cash Receipts ¹		
			Dec. 31, 2021	Dec. 31, 2020 Pro Forma ²	% Change
Core Products					
Eylea I ³	Ophthalmology	Regeneron, Bayer, Santen	6,710	5,410	24%
Eylea II ³	Ophthalmology	Regeneron, Bayer, Santen	2,972	2,404	24%
FluMist	Vaccine	AstraZeneca	910	1,458	(38)%
Natpara	Endocrinology	Takeda	634	386	64%
Oracea	Dermatology	Galderma	2,303	-	n/a
Rydapt	Oncology	Novartis	2,527	2,132	19%
Spinraza	Rare Diseases	Biogen	4,382	5,064	(13)%
Xolair	Respiratory	Roche, Novartis	2,703	2,860	(5)%
Zytiga	Oncology	Johnson & Johnson	9,020	8,564	5%
Total Core Products			32,161	28,278	14%
Mature Products					
Autoimmune Portfolio ⁴	Autoimmune	Johnson & Johnson, Merck, Novartis	1,786	3,688	(52)%
Rilpivirine Portfolio ⁵	HIV	Johnson & Johnson, Gilead, ViiV	-	8,092	(100)%
Total Mature Products			1,786	11,780	(85)%
Other Products⁶			540	416	30%
Total Cash Royalty Receipts^{1,2}			34,487	40,474	(15)%
Interest Receipts on Loan Receivable			1,791	-	n/a
Total Cash Receipts^{1,2}			36,278	40,475	(10)%

¹ Total Cash Receipts and Total Cash Royalty Receipts are non-GAAP 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.

² Total Cash Royalty Receipts, Total Cash Receipts, and cash royalty receipts by product for the for the three months ended December 31, 2020, include cash that was received by the Trust's current subsidiaries prior to completion of the Trust's acquisition of those subsidiaries and are presented on a pro forma basis.

³ Cash receipts from Eylea I and II in the fourth quarter of 2021 and 2020 include late payments of US\$4,718 and US\$3,530 related to royalty receivables from the third quarter of 2021 and 2020, respectively.

⁴ The 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 held directly and indirectly.

⁵ 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.

⁶ Other Products include 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 generally expired.

Liquidity and Capital

On December 31, 2021, the Trust had cash and cash equivalents of US\$61.7 million. The Trust's credit facility had an outstanding principal balance of US\$45.5 million on December 31, 2021. On January 27, 2022, the Trust made a voluntary repayment of US\$30.5 million and, on March 7, 2022, the Trust drew US\$60.0 million to fund the purchase of the tiered royalty on pacritinib, bringing the outstanding principal balance of the credit facility to US\$75.0 million.

The Trust had 39,079,680 units issued and outstanding on December 31, 2021.

Distributions

On November 8, 2021, the Board of Trustees approved a quarterly cash distribution of US\$0.075 per unit, and on December 22, 2021, approved a special cash distribution of US\$0.22 per trust unit, both of which were paid to unitholders on January 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 first quarter of 2022, payable on April 20, 2022, to unitholders of record on March 31, 2022.

Normal Course Issuer Bid

During the quarter, the Trust purchased 1,043,070 of its own units under its NCIB for an aggregate amount of US\$5.5 million. Between January 1, 2022 to February 28, 2022, the Trust purchased another 400,000 units under its NCIB for an aggregate amount of US\$2.1 million and will extend its share buyback program by receiving approval from the Toronto Stock Exchange to increase the total number of units that can be repurchased under its NCIB to 2,500,000 units, representing approximately 7.6% of the Trust's public float as at September 30, 2021. The effective date of the amendment will be March 10, 2022. The expiry date of October 4, 2022 for the NCIB remains unchanged.

2021 Highlights

In addition to the strong performance of the asset portfolio during the year, the Trust took a number of steps to execute on the strategy outlined to its unitholders since its initial public offering in February.

On August 25, 2021, a wholly-owned subsidiary of the Trust entered transactions with CTI BioPharma Corp. ("CTI"), comprised of secured debt and, upon product approval of pacritinib by the U.S. Food and Drug Administration ("FDA"), the purchase of a tiered royalty on sales of pacritinib. CTI will use the secured debt financing to fund the commercialization of pacritinib. On February 28, 2022, the FDA approved pacritinib, under the brand name VONJO™, for the treatment of adult myelofibrosis patients with platelets below $50 \times 10^9/L$, and the royalty transaction closed on March 7, 2022.

On September 30, 2021, a wholly-owned subsidiary of DRI acquired a royalty interest on the worldwide sales of Oracea (doxycycline), which has been approved by the 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 credit facilities of up to US\$200 million. An initial draw was made on the facility to repay the existing secured notes, with the balance of the debt capacity being available to fund future acquisitions of royalty assets.

Throughout 2021, the Trust declared and subsequently paid cash distributions totalling US\$0.3867 per unit. The Trust also commenced a NCIB under which, as of as of February 28, 2022, the Trust has repurchased and cancelled 1,443,070 units, for an aggregate purchase price of approximately US\$7.6 million.



“We are in an excellent position to continue to execute,” added Mr. Khosrowshahi. “The market remains very strong as a result of high levels of drug approvals, the rapid increase in the number of biotech companies seeking financing, and continued demand from academic institutions and inventors”.

Fourth Quarter and Fiscal Year 2021 Conference Call & Webcast

As previously announced, management will hold a conference call on Tuesday, March 8, 2022, at 8:30 a.m. (ET) to review the Trust’s 2021 fourth quarter and year-end results. You can join the call by dialling 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/DRI2021Q4>. 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 measures and non-GAAP ratios for quarter and year ended December 31, 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 Receipts refers to all cash royalty receipts from the Trust's portfolio of royalty assets and cash receipts for interest and principal payments collected from its loan receivable. Total Cash Royalty Receipts refers to cash royalty receipts from all products rather than cash royalty receipts in respect of a particular product and forms part of Total Cash Receipts. 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 U.S. dollars, except per unit amounts)</i>	Three months ended December 31, 2021	Pro Forma Year ended December 31, 2021
Royalty income	20,860	79,860
[+] Royalties receivable, beginning of period	43,965	-
[-] Royalties receivable, end of period	(30,148)	(30,148)
[+] Acquired royalties receivable ¹	-	58,120
[+] Acquired cash royalties received ¹	-	6,405
[-] Non-cash royalty income ²	(190)	(384)
Total Cash Royalty Receipts	34,487	113,853
[+] Interest income on loan receivable	1,353	1,897
[+] Interest receivable, beginning of period	514	-
[-] Interest receivable, end of period	-	-
[-] Non-cash interest income on loan receivable ³	(76)	(106)
Total Cash Receipts	36,278	115,644

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

² During the third quarter, the Trust recorded other current liabilities of US\$718 with a corresponding charge to other items to reflect the obligation of excess royalty payment received in connection with the Autoimmune Portfolio prior to the Trust's acquisition of the asset, as described under the Financial Review: Results of Operations section of the MD&A. Royalty income for the three months and year ended December 31, 2021 of US\$190 and US\$384, respectively, was used to reduce this obligation.

³ For the three months and year ended December 31, 2021, non-cash interest income on loan receivable represents the amortization of commitment fee of US\$25 and US\$35, respectively, and exit fee of US\$51 and US\$71 respectively, earned from the loan receivable.

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.

<i>(thousands of U.S. dollars, except per unit amounts)</i>	Three months ended December 31, 2021	Pro Forma Year ended December 31, 2021
Net earnings and other comprehensive earnings	3,362	21,563
[+] Amortization or royalty assets	12,914	41,837
[-] Other interest income	(1)	(8)
[+] Interest expense	1,125	2,236
EBITDA	17,400	65,628
[+] Royalties receivable, beginning of period	43,965	-
[-] Royalties receivable, end of period	(30,148)	(30,148)
[+] Interest receivable, beginning of period	514	-
[-] Interest receivable, end of period	-	-
[+] Acquired royalties receivable	-	58,120
[+] Acquired cash royalties received	-	6,405
[+] Unit-based compensation	448	473
[+] Net gain on interest rate derivatives	(2)	(2)
[-] Net loss (gain) on foreign exchange derivatives	58	(77)
[+] Other items ¹	-	718
[-] Non-cash royalty income ¹	(190)	(384)
[-] Non-cash interest income on loan receivable ²	(76)	(106)
Adjusted EBITDA	31,969	100,627
[÷] Total Cash Receipts	36,278	115,644
Adjusted EBITDA Margin	88%	87%

¹ During the third quarter, the Trust recorded other current liabilities of US\$718 with a corresponding charge to other items to reflect the obligation of excess royalty payment received in connection with the Autoimmune Portfolio prior to the Trust's acquisition of the asset, as described under the Financial Review: Results of Operations section of the MD&A. Royalty income for the three months and year ended December 31, 2021 of US\$190 and US\$384, respectively, was used to reduce this obligation.

² For the three months and year ended December 31, 2021, non-cash interest income on loan receivable represents the amortization of commitment fee of US\$25 and US\$35, respectively, and exit fee of US\$51 and US\$71 respectively, earned from the loan receivable.

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 U.S. dollars, except per unit amounts)</i>	Three months ended December 31, 2021	Year ended December 31, 2021
Net earnings and other comprehensive earnings	3,362	21,563
[+] Amortization or royalty assets	12,914	41,837
[+] Unit-based compensation	448	473
[+] Net gain on interest rate derivatives	(2)	(2)
[-] Net loss (gain) on foreign exchange derivatives	58	(77)
[+] Other items ¹	-	718
[-] Non-cash royalty income ¹	(190)	(384)
[-] Non-cash interest income on loan receivable ²	(76)	(106)
Adjusted Cash Earnings	16,514	64,022
Adjusted Cash Earnings per Basic Unit³	0.41	1.85
Adjusted Cash Earnings per Fully Diluted Unit³	0.41	1.85

¹ During the third quarter, the Trust recorded other current liabilities of US\$718 with a corresponding charge to other items to reflect the obligation of excess royalty payment received in connection with the Autoimmune Portfolio prior to the Trust's acquisition of the asset, as described under the Financial Review: Results of Operations section of the MD&A. Royalty income for the three months and year ended December 31, 2021 of US\$190 and US\$384, respectively, was used to reduce this obligation.

² For the three months and year ended December 31, 2021, non-cash interest income on loan receivable represents the amortization of commitment fee of US\$25 and US\$35, respectively, and exit fee of US\$51 and US\$71 respectively, earned from the loan receivable.

³ The weighted average number of basic units for the three months and year ended December 31, 2021 were 39,802,522 units and 34,646,277 units, respectively. The weighted average number of fully diluted units for the three months and year ended December 31, 2021 were 39,810,526 units and 34,654,282 units, respectively.

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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