



ADVANCING SCIENCE

in the Fast Growing Pharmaceutical and Biotechnology Sector

Q2 2021 Earnings Call | August 6, 2021

DISCLAIMER

Certain statements made in this Q2 2021 earnings call presentation, including responses to questions, may contain forward-looking statements within the meaning of the safe harbor provisions of Canadian provincial securities laws. Forward-looking statements involve risks and uncertainties and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements.

For additional information about factors that may cause actual results to differ materially from expectations, and about material factors or assumptions applied in making forward-looking statements, please consult the MD&A for this quarter, the Risk Factors section of the Annual Information Form and DRI Healthcare Trust's other filings with Canadian securities regulators. DRI Healthcare Trust does not undertake to update any forward-looking statements; such statements speak only as of the date made.

This earnings call presentation also makes reference to certain non-IFRS measures and industry metrics such as adjusted EBITDA, adjusted EBITDA margin, total cash royalty receipts, cash earnings per unit, free cash flow and debt to EBITDA. These measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of DRI Healthcare Trust's financial performance from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of financial information reported under IFRS

AGENDA

1. Q2 financial results
2. Portfolio highlights
3. Balance sheet & liquidity
4. Growth strategy & outlook
5. Question & answer period

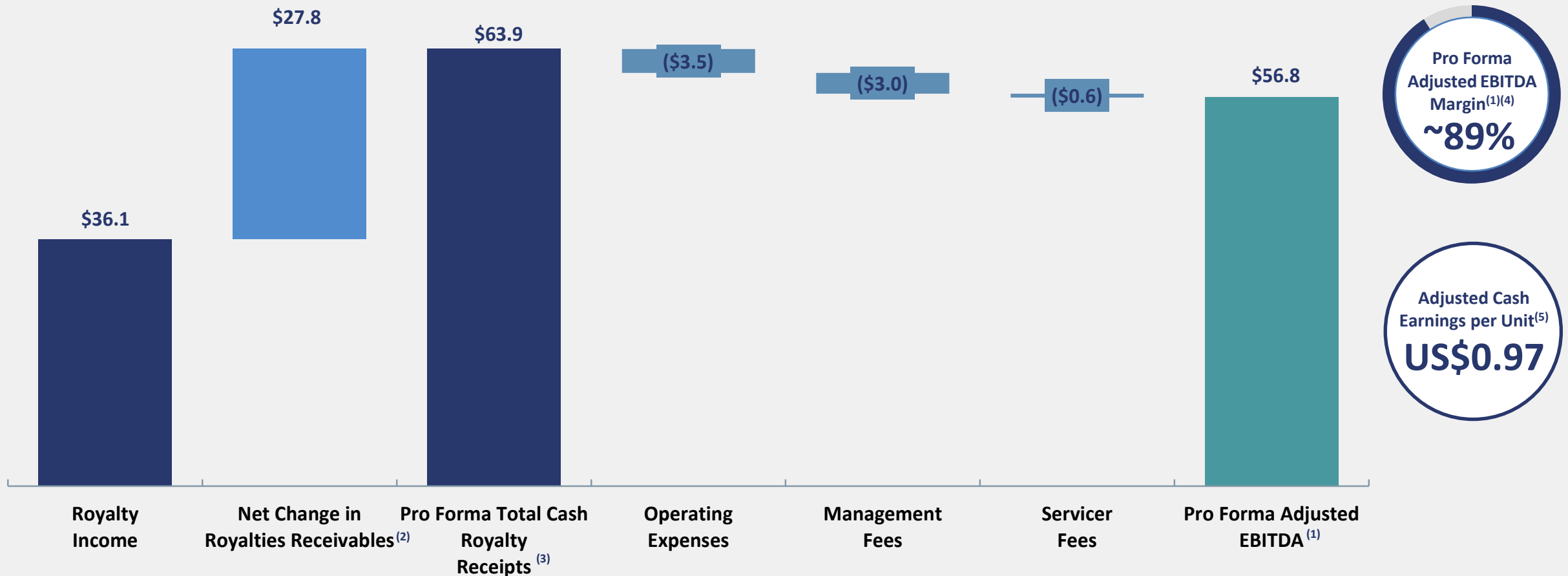
Q2 2021 FINANCIAL RESULTS - HIGHLIGHTS

Quarter highlighted by strong performance from existing pharmaceutical products portfolio

- Royalty income – US\$23.4 million
- Adjusted EBITDA⁽¹⁾ – US\$28.8 million
- Adjusted Cash Earnings per Unit⁽¹⁾ – US\$0.46
- Strong balance sheet and cash flows from royalty assets to support continued growth
 - *US\$33.3 million of Total Cash Royalty Receipts received in the second quarter⁽²⁾*

STRONG YTD CASH FLOW GENERATION

Pro Forma Adjusted EBITDA for the Six Months Ended June 30, 2021 (US\$M)⁽¹⁾



1. Adjusted EBITDA and Adjusted EBITDA Margin are non-IFRS measures for the six months ended June 30, 2021, on a proforma basis.
 2. The Net Change in Royalties Receivable represents royalties receivable, beginning of period, less royalties receivable, end of period, plus acquired royalties receivable and acquired cash royalties received included in the purchase price of the assets on February 19, 2021.
 3. Total Cash Royalty Receipts is a non-IFRS measure that has been presented on a pro forma basis. This includes cash royalties received from February 19, 2021 to June 30 2021, as well as cash royalties received prior to the acquisition from January 1, 2021 to February 18, 2021, which has been recorded as an increase in cash and cash equivalents as part of the purchase price of the assets indirectly acquired by the Trust following the IPO.

4. Non-IFRS measure, calculated as Pro Forma Adjusted EBITDA / Pro Forma Total Cash Royalty Receipts.
 5. Non-IFRS measure, calculated as 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

Q2 2021 FINANCIAL RESULTS – PORTFOLIO HIGHLIGHTS

		Cash Royalty Receipts (US\$M) For the three months ended		
		June 30, 2021	June 30, 2020	% Change
Core Products	Eylea ⁽¹⁾	4,352	3,644	19%
	FluMist	23	-	n/a
	Natpara	513	305	68%
	Rydapt	3,856	1,970	96%
	Spinraza	5,615	5,642	-
	Xolair	1,417	1,406	1%
	Zytiga	9,498	8,267	15%
Mature Products	Autoimmune Portfolio (<i>Stelara, Ilaris, Simponi</i>)	1,747	2,503	(30%)
	Rilpivirine Portfolio (<i>Complera, Odefsey, Edurant, Juluca</i>) ⁽²⁾	5,901	7,629	(23%)
Legacy Products	Various	407	442	(8%)
Total Cash Royalty Receipts⁽³⁾		33,329	31,808	5%

WELL-CAPITALIZED FOR GROWTH

- Strong balance sheet at quarter end
- US\$145.7 million of cash and cash equivalents available to support acquisitions and operations (including US\$30.1 million held in trust subject to July 15 debt payment)
- US\$29.7 million of royalties receivable
- US\$273.7 million of royalty assets (net book value)
- US\$59.2 million of secured notes (principal value)
 - *Subsequent US\$12.1 million principal payment made on July 15, 2021*
- Ability to increase leverage to 2x – 3x annualized Debt/EBITDA multiple

GROWTH STRATEGY

**Growth strategy
supported by DRI's
proven origination
capabilities**

**Acquire traditional
pharmaceutical royalties**

**Create new synthetic
royalty streams**

LEVERAGING OUR STRENGTHS TO DRIVE GROWTH

Growth-focused, accretive transactions of \$25M - \$150M

- Medically necessary products
- Market leading products with strong growth potential
- Strong and long-lasting intellectual property
- Developed or marketed by industry leading, high-quality life sciences companies
- Long-duration assets; seeking to extend the duration of our portfolio

Target transaction range represents an underserved niche with high barriers to entry that allows us to source and execute attractive, often proprietary, transactions

- Other royalty buyers tend to focus on significantly larger transactions
- Flexibility to structure creative, bespoke transactions that serve the immediate and longer-term objectives of our counterparties
- Extensive database of over 6,500 royalties on over 2,000 pharmaceutical products
- Deep relationships developed with hundreds of individual inventors, academic and medical institutions, and biotech firms seeking deals in this range

OUTLOOK AND SUMMARY

Target **sustainable**
compounded
growth in cash
royalty receipts

- Strong performance of our existing assets
- On track to deliver on growth targets
 - US\$650 to US\$750 million five-year aggregate acquisition target
- Acquisition pipeline remains strong and growing; transactions advancing with continual expansion of opportunities