

SUMMARY RATIONALE

FOR SETTLEMENT AND DISTRIBUTION PROTOCOL

A proposed settlement has been reached in the case called *Reid v. DRI Healthcare Trust, et al.*

The defendant Persis Capital Inc. (formerly, DRI Capital Inc.) has agreed to pay C\$8,000,000 for the benefit of the class members, who are all persons and entities that acquired DRI Healthcare Trust (“**DRI**”) securities during the period from February 11, 2021 at 9:30 a.m. ET to August 6, 2024 at 5:38 p.m. ET (the “**Class Period**”), and held such securities (a) through the open of trading on July 8, 2024; or (b) until the end of the Class Period.¹

After deduction of counsel fees and other expenses, the settlement fund will be distributed to qualified class members based on a Distribution Protocol. You can see the settlement agreement and Distribution Protocol at these links: [Settlement Agreement](#), [Distribution Protocol](#).

The proposed settlement and Distribution Protocol must be approved by the Court. Kalloghlian Myers LLP, the class members’ lawyers (“**Class Counsel**”), will ask the Court to approve them at a hearing on September 22, 2026.

This document provides a summary of what this case is about and the lawyers’ rationale for recommending the settlement and Distribution Protocol.

PART I – BACKGROUND

A. What this case is about

This case alleges misrepresentations in DRI Healthcare Trust’s public disclosure.

DRI was an income trust that invested in pharmaceutical royalty streams. It was listed on the Toronto Stock Exchange and held investments primarily in the form of royalty interests in approved pharmaceutical products.

¹ **Excluded Persons** means DRI Healthcare Trust, Persis Capital Inc. (formerly, DRI Capital Inc.), and their subsidiaries, affiliates, partners, officers, directors, senior employees, legal representatives, heirs, predecessors, successors and assigns and the Individual Defendants and any of their Family Members and any entity in which any of them has or had during the Class Period any legal or de facto controlling interest. **Family Members** means an individual’s spouse or common-law partner, parents, children, siblings, grandparents, grandchildren, aunts, uncles, nieces, nephews, cousins, and any person related by blood, marriage, adoption, or common-law partnership, whether direct or indirect.

The plaintiff, Andrea Reid, on behalf of the class, alleged that DRI's CEO Behzad Khosrowshahi directed the improper charging of personal expenses to the Trust, and that this was not disclosed in DRI's public filings. The plaintiff alleged that when the true nature of these charges was publicly corrected, the market price of DRI's units declined, causing damages to unitholders who held securities during the Class Period.

The action asserts claims under the Ontario *Securities Act* ("**OSA**") and common law for investors who purchased DRI Trust units in public offerings (primary market claims) and for purchasers on the Toronto Stock Exchange (secondary market claims). The defendants have denied these allegations and continue to deny all allegations.

PART II – PROPOSED SETTLEMENT

The proposed settlement was reached after arm's length negotiations between the parties, including a mediation conducted in December 2025. The decision to settle reflects several material litigation risks and uncertainties, certain of which are summarized below. A more detailed explanation of the risks, including discussion of the parties' damages estimates, will be set out in the court materials.

A. Post-class period increase in DRI unit price reduces class member damages

One factor supporting the settlement was that the longer the litigation continued, the smaller the likely total recoverable damages would be. This is because of how damages are calculated under the *OSA*. Here, several months after the alleged public corrections of DRI's purported misrepresentations, the market price of DRI units rose above the class period price. Class members who sold their units after the class period for more than their purchase price (disposition price > purchase price) would have realized a profit and therefore have no recoverable damages under the *OSA*. As time passed, an increasing number of class members would have sold at these higher prices, further reducing aggregate recoverable damages.

B. The risk that the primary market claims would be dismissed

The defendants argued that the primary market claims—those of investors who purchased units in DRI Trust's initial public offering in February 2021—were barred by the three-year limitation period in the *OSA*. Because this action was commenced more than three years after the initial public offering, the defendants argued that these claims could not proceed. If the Court accepted this argument, it would eliminate all damages claimed on behalf of primary market purchasers.

C. The risk that the court would find that the alleged misrepresentations were not material

To succeed on the secondary market claims, the plaintiff would need to prove that the alleged misrepresentations in DRI Trust's public disclosure were "material"—meaning they would have reasonably been expected to significantly affect the company's unit price. The defendants argued that the misrepresentations were not material because the irregular expenses totaled less than \$7 million over four years, during which DRI Trust's total expenses were approximately \$500 million. The defendants also noted that all the misrepresented amounts had been repaid in full. If the Court accepted this argument, the class would recover nothing.

D. The costs, risks and delay of continued litigation

If this case were not settled, the class would face additional years of litigation with no guaranteed recovery. The defendants indicated that they intended to bring motions that could result in a dismissal of the plaintiff's claims. The settlement provides a certain and timely benefit to class members.

PART III — PROPOSED DISTRIBUTION PROTOCOL

The Distribution Protocol sets out the method by which settlement funds will be distributed to class members.

A. Eligibility

Class members are eligible to submit a claim for compensation from the net settlement amount if they acquired DRI securities during the Class Period and still held those securities either (a) at the open of trading on July 8, 2024, (the date of the first public correction), or (b) at the end of the Class Period on August 6, 2024 (the date of the second public correction).

B. How compensation is calculated

The net settlement amount (the settlement fund after deduction of Class Counsel fees, disbursements, administration expenses, the Class Proceedings Fund levy, and any approved honorarium for the plaintiff) will be allocated among eligible claimants based on (a) each claimant's share of the total losses suffered by all eligible claimants; and (b) the strength of each claimant's claims. This approach ensures that claimants who suffered greater losses receive a proportionally larger share of the settlement, while taking into account the different litigation risks applicable to the different categories of claims advanced.

Each claimant's loss is calculated in two steps.

Step 1 — Recognized Loss. For each DRI unit that a claimant purchased, the Administrator calculates a "Recognized Loss" — an estimate of the loss that unit suffered as a result of the alleged misrepresentations. In general terms, the Recognized Loss is the difference between the amount paid for the unit and either (a) the price received on disposition or (b) a reference price equal to the volume-weighted average trading price in the ten trading days following the relevant public correction.

There were two public corrections in this case.

July 8, 2024: DRI announced the resignation of its CEO and an investigation into irregular expenses. The price of DRI's units fell. For units purchased before July 8, 2024, the Recognized Loss formula uses a reference price of \$11.64.

August 6, 2024: DRI disclosed restated financial statements and internal control weaknesses. For units purchased between July 8 and August 6, 2024, the Recognized Loss formula uses a reference price of \$12.39.

If a claimant purchased a unit at a price below the disposition price or reference price (as applicable), there is no Recognized Loss for that unit because the claimant did not overpay relative to the corrected market price.

Units acquired during the Class Period but that were not held through either the July 8 or August 6, 2024 public corrections do not qualify for compensation. This is because any losses on such units are not attributable to the matters at issue in this case.

Step 2 — Risk Adjustment. Not all claims carry the same litigation risk. To reflect this, the Recognized Loss for each unit is multiplied by a "Risk Adjustment" that accounts for the strength of that category of claim. The four categories and their adjustments are:

Units purchased in the initial public offering (February 19, 2021): Risk Adjustment of 0.10. The defendants argued that the primary market claims under the Ontario Securities Act were barred by a three-year limitation period. This adjustment reflects the significant risk that such claims would have been dismissed.

Units purchased on the secondary market before November 7, 2021: Risk Adjustment of 0.10. November 7, 2021 is three years before the plaintiff filed the motion for leave to commence the statutory claim. The defendants argued that claims for units purchased before that date were barred by the limitation period. This adjustment reflects that risk.

Units purchased on the secondary market from November 7, 2021 to July 7, 2024: Risk Adjustment of 1.00. These claims fall within the limitation period and relate to a period when the full alleged misrepresentations were in effect. They carry the strongest prospects.

Units purchased between July 8, 2024 and August 6, 2024: Risk Adjustment of 0.50. These units were purchased after the first public correction. The defendants would have argued that these purchasers acquired units with knowledge of the information in the July 8 announcement, and the August 6 disclosure did not result in a decline in the market price. This adjustment reflects the reduced strength of these claims.

Each claimant's total "Risk-Adjusted Recognized Loss" is the sum of their Risk-Adjusted Recognized Loss for each of their units.

C. Allocation

Each claimant's share of the net settlement amount is proportional to their Risk-Adjusted Recognized Loss relative to the total Risk-Adjusted Recognized Loss of all eligible claimants.

D. Minimum payment threshold

If a claimant's calculated share would be less than \$50.00, that claimant will not receive a distribution. This threshold ensures that administration costs do not consume a disproportionate share of smaller distributions.

E. Unclaimed amounts

If funds remain after the initial distribution (due to uncashed cheques, returned e-transfers, or otherwise), the Administrator will redistribute those remaining funds on a *pro rata* basis among the eligible claimants who received their initial distribution, subject to the \$50.00 minimum threshold. If further distribution is not cost-efficient, the remaining funds shall be distributed *cy-près* to the Windsor Law School Class Action Clinic.

F. Rationale

Class Counsel recommends this allocation because it ties each claimant's compensation to the actual loss attributable to the alleged misrepresentations, adjusted for the litigation risks that different categories of claims would have faced at trial. This is consistent with plans of allocation approved in comparable Canadian securities class action settlements. The approach ensures that claimants with stronger claims and greater losses receive a proportionally larger share of the settlement, while still providing recognition to claimants whose claims carried greater risk.