DRI Healthcare Trust

2025 First Quarter Earnings Call

Event Date/Time: May 13, 2025 — 8:00 a.m. E.T.

Length: 71 minutes

CORPORATE PARTICIPANTS

Gary Collins
DRI Healthcare Trust — Chairman, Chief Executive Officer

Ali Hedayat
DRI Healthcare Trust — Acting Chief Executive Officer, DRI Healthcare

Navin Jacob
DRI Healthcare Trust — Executive Vice President, Investments, and Chief Investment Officer, DRI Healthcare

Amit Kapur
DRI Healthcare Trust — Chief Financial Officer

CONFERENCE CALL PARTICIPANTS

Douglas Miehm
RBC Capital Markets — Analyst

Leszek Sulewski
Truist Securities — Analyst

Michael Freeman
Raymond James — Analyst

Scott Fletcher
CIBC Capital Markets — Analyst

George Farmer
Scotiabank — Analyst

Justin Keywood
Stifel — Analyst

Tania Armstrong-Whitworth
Canaccord Genuity — Analyst

PRESENTATION

Operator

Good morning, everyone. Welcome to DRI Healthcare Trust's 2025 First Quarter Earnings Call.

Listeners are reminded that certain statements made during this earnings call presentation, including responses to questions, may contain forward-looking statements within the meaning of the Safe Harbour 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 sections 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.

Today's presentation also references non-GAAP measures. The definitions of these measures and reconciliations to measures recognised under IFRS are included in our earnings press release, as well as in our MD&A for this quarter, both of which are available on our website and on SEDAR+.

Unless otherwise specified, all dollar amounts discussed today are in U.S. dollars.

I want to remind everyone that this conference call is being recorded today, Tuesday, May 13, 2025.

The Trust's quarterly results, press release, and the slides of today's call will be available on the Investor page of the Trust's website at drihealthcare.com.

I would now like to introduce Mr. Gary Collins, Chief Executive Officer and Chairman of the Board of DRI Healthcare Trust. Please go ahead, Mr. Collins

Gary Collins — Chairman, Chief Executive Officer, DRI Healthcare Trust

Thank you, Operator, and good morning, everyone. Thank you for taking the time to join us today. With me are Ali Hedayat, Board Trustee and Acting Chief Executive Officer of our Manager, DRI Capital, Inc.; Navin Jacob, Chief Investment Officer of our Manager; and Amit Kapur, Chief Financial Officer of the Trust. I'll begin the call today by discussing our recent highlights. Then Ali will provide an overview of the internalization, as we announced last night. Next, Navin will speak about our portfolio assets and our market outlook. Finally, Amit will discuss our key financial highlights before moving on to Q&A.

We're very pleased with our strong portfolio performance in the first quarter. We saw impacts of the reclaimed Orserdu royalty deductions, which ultimately helped generate the second-highest quarterly cash receipts in Adjusted EBITDA that we have seen as a public company. We're seeing our newer growth assets ramping up sales between milestones and generating significant cash flow for the portfolio. We've also benefited from outperformance of multiple seed assets relative to the

underwriting at the time of the IPO. This shows how our conservative forecasting can generate accretive benefits over the long term.

Since stepping into the CEO role, my governance has been the focal point of my mandate. My priority has been to implement best practices and ultimately secure a corporate structure that best serves the interests of our unitholders. We're very excited to officially announce that the commercial terms of the internalization of our Manager have been agreed upon and signed, and we anticipate the transaction closing by the beginning of our fourth quarter. The Trust, led by a special committee comprised of independent trustees, assessed several alternatives over the past year. We believe that this next step in the life of the Trust will yield significant value to all stakeholders for years to come.

The transaction will see the Trust pay $49 million to DRI Capital to extinguish the existing management agreement, terminate the relationship with DRI Capital, and internalize the manager function by acquiring all of the Manager's assets relating to the Trust's business. We estimate that this will result in cumulative savings of over $200 million over the next 10 years. The amount paid reflects approximately a four times multiple of trailing 12-month management fees and compares favourably to precedent transactions and value ranges estimated by the financial advisors of the Trust. It's notable that in our transaction, no further performance fees will be payable to the Manager.

We believe that internalization will lead to better strategic alignment of interests between unitholders and the Trust with stronger governance and more investor-friendly structure with greater transparency. We believe this will open new audience—investors potentially leading to a broader unitholder base, tighten corporate profile, and enhance trading liquidity. From a personal perspective,

having a fully aligned and seasoned management team will help resolve any overhang and questions about long-term leadership. We'll also have the increased stability to attract and retain our strong team through the alignment of equity awards. Operationally, we'll have more flexible capital and a stronger cash position.

Along with internalization, we are reactivating our normal course issuer bid. Beginning next week, we will have the ability to purchase approximately 3.15 million units in aggregate. We believe that our units are trading at a discount to intrinsic value and that unitholders will immediately realize the accretive benefits of buybacks. Importantly, any capital allocation to the NCIB will not have a material impact on our acquisition ability.

Once we close the internalization transaction, my goal of resolving the large governance hurdles will be complete and I'll move into the role of Executive Chairman of the Board of Trustees. I'm also extremely pleased to announce that Ali Hedayat has agreed to assume the role of full-time CEO.

With that, I'll turn over the call to Ali who will discuss the internalization transaction in more detail.

Ali Hedayat — Acting Chief Executive Officer, DRI Healthcare

Thank you, Gary. This is an exciting day for the Trust, and I want to thank the Board of Trustees and our internal team for their dedication and efforts to get us to this point.

The Trust is currently managed by an external investment manager, DRI Capital, and there is a management agreement that governs the relationship between the parties through 2030. The Trust

pays management and performance fees, and, in return, DRI Capital provides the day-to-day functions of investment management. All personnel other than the CEO and CFO of the Trust are employed by DRI Capital. The entire investment platform, including knowledge, processes, relationships, and other goodwill, sits with DRI Capital.

The Trust is a mutual fund trust with all the acquired royalty IP sitting below the Trust in an Irish ICAV and other sub-entities. The internalization transaction will see the Trust pay an upfront total of $49 million in cash to extinguish the management agreement, along with all future management and performance fee obligations and to acquire all the relevant assets of DRI Capital relating to the Trust's business. As a result of this transaction, the employees of DRI Capital will also transition over to a wholly-owned subsidiary of the Trust.

After closing of the internalization, beyond some transitory shared services, there will no longer be any formal relationship between the Trust and DRI Capital, and there will no longer be any entity sitting outside the corporate umbrella of the Trust. The newly-incorporated, wholly-owned subsidiary of the Trust will assume the functions of the old Manager and there will be a new management agreement between the Trust and this new subsidiary that will provide for substantially the same services as the current management contract. The new Manager will resemble DRI Capital by assuming most of its assets, but without the major liabilities. DRI Capital will assume responsibility for the cost that may arise out of legal actions resulting from the events of last summer, leaving unitholders unburdened from any potential negative outcomes resulting from those processes.

Internalization will also lead to significant benefits throughout our business that will positively affect all stakeholders. A cleaner corporate structure increases transparency and builds alignment between unitholders, business partners, and Management. Unitholders will benefit by now owning the investment platform and all associated assets. Responding to feedback from the investment community, an updated corporate structure with greater visibility could clear hurdles, reaching a new and more diversified set of investors.

In addition to value creation through an improved governance structure, there will also be enhanced value creation through improved economics. The Trust will pay a reduced management fee to the new Manager, and, most importantly, there will no longer be any performance fees. The impact of these savings will grow over time as the portfolio scales up and will be more substantial towards the end of the decade once performance fees were projected to make a large impact. Cost of the Manager will rise steadily as the team continues to grow, but this will be heavily outpaced by the fee savings. In aggregate, we anticipate fee savings of over $200 million over the next 10 years. These benefits will accrete directly to unitholders on a per-unit basis, as the cash payment of this transaction will result in zero dilution to current unitholders.

There will be no change to our distribution policy, and our quarterly distribution remains at $0.10 per unit, and over the year, we will aim to distribute between 20 percent to 30 percent of our free cash flow. Further returns to unitholders will also be realized through the newly-resumed NCIB. Overall, we believe investors will see benefits based on stronger governance, lower costs, higher operating margins, and greater profitability.

I will now turn the call over to Navin Jacob, Chief Investment Officer of our Manager, DRI Capital.

Navin Jacob — Executive Vice President, Investments, and Chief Investment Officer, DRI Healthcare

Regarding our existing portfolio performance, the table on Slide 10 shows the individual royalty receipts for the first quarter of 2025 compared to the same period in the previous year and the previous quarter. Our portfolio performed well in the quarter, with total cash receipts reaching above $60 million. Receipts decreased a modest 2 percent from the first quarter of 2024 when we saw a significant contribution from the previously-announced milestone payments on Orserdu and Vonjo.

We received our first royalty receipt from Casgevy this quarter. We're entitled to specific payments that represent a share of the annual license fees that Vertex pays to Editas. As a reminder, we only receive royalty receipts from Casgevy in the first quarter of any given year.

Omidria royalty receipts decreased 7 percent from the previous year and 4 percent from the prior quarter. There are several factors affecting the weaker than expected receipts. Omidria royalties are received on a 60-day lag, and thus, Q1 2025 receipts reflect November 2024 to January 2025 sales. As we highlighted previously, 2024 faced weakness driven by the Merit-Based Incentive Payment System's programs, or MIPS. Furthermore, January sales were very low driven by reduced purchasing patterns, as wholesalers appeared to reduce inventory to reflect weaker demand. Rayner is experiencing year-over-year declines in Omidria sales in February and March as well, albeit not as steep as in January. We recently conducted physician checks, which suggest that doctors are still very interested in using Omidria. However, there appears to be a resetting of demand levels as physicians search for the

appropriate level of Omidria usage patterns in order to avoid future penalties. These checks suggest that the MIPS' impacts should start stabilizing over the coming months.

Furthermore, we anticipate a gradual return to low single-digit growth in the second half of 2025 driven by three factors: first, the hiring of a new commercial team at Rayner in the fall of 2024; second, the launch of Rayner's latest dropless marketing campaign, promoting a dropless regimen for postoperative cataract care; and third, the re-launch of Omidria in the HOPD setting.

Orserdu royalty receipts were flat year-over-year despite a tough comparison to the first quarter of 2024, which included a large milestone payment. In the fourth quarter of 2024, as a result of pre-specified events being met, certainly royalty deductions were exempted, which led to the recognition of an additional $18.2 million in royalty income for the year ended December 31, 2024. We received $2.6 million of that in the fourth quarter of 2024, with the remaining $15.6 million received this quarter. This is in addition to the quarterly royalty receipts, which now are experiencing a higher royalty rate on a go-forward basis because of the removal of these deductions.

Sebetralstat, our most recent acquisition and a pre-approval asset, was added to the U.K.'s Early Access to Medicine Scheme in March. This is a regulatory pathway to provide patients with life-threatening or seriously debilitating conditions access to medicines that show early signs of having a major advantage over existing therapeutics before they are formally approved in the U.K. To date, 36 of the 39 drugs that have been added to the program have gone on to eventually be approved by the FDA. In other words, over 90 percent of products that have received U.K. EAMS approval have been approved by the FDA. The three drugs that were not approved by the FDA had significantly worse efficacy or safety

profile relative to Sebetralstat. Sebetralstat has a PDUFA date of June 17, and we hope to provide a positive update on our next earnings call.

Spinraza royalty receipts increased 3 percent from the previous year and 8 percent from the prior quarter, driven by favourable net pricing in the U.S. and higher demand in certain ex-U.S. geographies.

Vonjo royalty receipts for the quarter decreased 55 percent compared to the previous year due to a difficult comparison to the first quarter of 2024, which included a $5 million milestone receipt. Removing the impact of the milestone receipt received in the first quarter of 2024, Vonjo royalty receipts actually increased 10 percent from the prior year. Compared to the fourth quarter of 2024, Vonjo receipts decreased 5 percent, even though Vonjo sales have increased from the third to the fourth quarter of 2024. This is a function of the royalty receipts on Vonjo 1, with each successive sales tier having a lower royalty rate. As sales cross the tier thresholds, Vonjo 1 generates lower royalties as a percentage of sales as the year progresses.

SOBI recently reported first quarter 2025 sales of roughly $30 million. This represents a 6 percent decline on a year-over-year basis, which is markedly weaker than we had anticipated. SOBI attributed this weakness to two factors: one, de-stocking; and two, gross net adjustments, including Medicare Part D reform. SOBI noted that two-thirds of the weakness was related to de-stocking and one-third was due to gross to net changes. We continue to believe in the growth potential of Vonjo based on feedback from physicians regarding the strength of its risk-benefit profile, which makes it differentiated compared to existent therapies. Unfortunately, the past few quarters have been hampered by disruption from the CTI integration, combined with the aggressive marketing campaign from GSK. Importantly, SOBI appears

to be making changes to its operations to capture the product's benefits, including: one, strengthened medical marketing team; and two, stronger outreach with key academic centres. Longer term, SOBI's looking to expand a label for Vonjo with approval in Europe through the PACIFICA trial, and with new indications, which were not included in our acquisition forecast.

From quarter-to-quarter or year-to-year, there may be fluctuations in any given asset that is inconsistent with our expectations, but the strength of DRI lies in the diversity of our portfolio, and overall, the portfolio is performing in line to above our expectations.

Turning to our pipeline, we continue seeing strong opportunities to deploy our capital, with a deal pipeline of over $3 billion. This represents the aggregate value of potential opportunities under active evaluation by our Investment Team. We have seen significant volatility in the biotech markets to start 2025. Public equity financings for the sector in the first quarter were their lowest since the first half of 2022. You may recall that beginning in the second half of 2022, DRI saw significantly increased deal flow and substantial growth of our portfolio. Today's macroeconomic uncertainty is markedly worse than two years ago. In addition to inflation and high interest rates, the biopharma equity markets have also been burdened with concerns around tariffs, budget and people cuts by the Department of Human and Health Services, and finally, potential pricing reforms. These headwinds create a challenging path to a sustainable rebound in the biopharma equity markets.

Let me address one of these headwinds in particular, tariffs, since we have received many questions on this topic. Thus far, various ideas and thresholds have been floated for pharmaceutical tariffs, which have only led to more questions than answers. Our assessment of the limited information

we have leads us to believe that our royalty business is largely unaffected by potential tariffs on the biopharma industry. Rather than being merely short-term pressure, we see where the markets are today as a fundamental reshaping of the biotech funding landscape. The paradigm has changed since the peak of the biotech markets of 2020 and 2021 when early-stage biotech could easily access the public equity markets.

Debt is also significantly more expensive today, with no clear path to decreased interest rates. As a result, non-dilutive royalty monetization has been elevated to a more prominent role in the biotech funding stack, and we believe that this will be the status quo for the foreseeable future. We remain committed to acquiring or creating royalties on products that have the potential to transform patient care and enhance quality of life.

I will now turn the call over to Amit Kapur, CFO of the Trust.

Amit Kapur — Chief Financial Officer, DRI Healthcare Trust

Thank you, Navin. We posted strong financial results for the quarter. We recorded $62 million in total cash receipts, a 2 percent decrease over the prior period. We recorded $44 million in total income, a 5 percent increase over the prior period. We recorded $51.7 million in Adjusted EBITDA, a 7 percent decrease over the prior period. As Navin noted earlier, outsized one-time impacts of Orserdu milestone and reclaimed Orserdu royalty deductions and its contribution to Adjusted EBITDA made the comparative period challenging and distracts from the fact that the first quarter was one of our best from a cash generation and earnings perspective.

Our Adjusted EBITDA margin for the quarter was 83 percent. We incurred additional costs this quarter from nonrecurring professional fees relating to the internalization totalling $3.9 million. Without these nonrecurring expenses, Adjusted EBITDA would have been $55.6 million and Adjusted EBITDA margin would have been 90 percent. We anticipate continued professional fees relative to normal levels through completion of the internalization.

Finally, we delivered $0.43 in basic adjusted cash earnings per unit and declared cash distributions of $0.10 per unit.

Moving to Slide 14. We continue to generate strong cash flow from our assets. For the last 12 months ending March 31, 2025, we recorded royalty income of $183 million plus the change in the fair value of Casgevy, unrealized gain on marketable securities, and other interest income for total income of $189.5 million. After adjusting for receivables, the unrealized gain on marketable securities and the net change in financial royalty asset, we achieved normalized total cash receipts of $188.5 million.

Our operating expenses, management fees, and performance fees totalled $35.8 million net of performance fees payable, resulting in Adjusted EBITDA of $152.8 million and Adjusted EBITDA margin of 81 percent.

We also generated adjusted cash earnings per unit of $2.13.

Moving to Slide 15. As at March 31, we had $55.7 million of cash and cash equivalents. We also had $45 million of royalty receivables and $312.5 million of credit availability from our bank syndicate. We are well-capitalized to act on the attractive opportunities we are seeing in the market that Navin

outlined earlier. Furthermore, we will also allocate a portion of this capital towards unit buybacks. The Toronto Stock exchange has accepted the notice of our intention to implement a normal course issuer bid. We will retain discretion whether to make purchases under the NCIB, if any, and to determine the timing, amount, and acceptable price of any such purchases subject at all times to applicable TSX and other regulatory requirements. All units purchased by the Trust under the NCIB will be cancelled.

We are prudent allocators of capital, and our focus remains on growing our portfolio through royalty acquisitions. We constantly weigh the decision of returning capital to unitholders and maintaining capital on our balance sheet for further acquisitions. Lifetime-to-date, we have acquired and cancelled nearly 3.2 million units for an aggregate cost of $18.4 million. We will continue to be opportunistic and deploy capital where we believe it will add the most accretive value for unitholders.

With that, we will now take your questions.

Q & A

Operator

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Should you have a question, please press star, followed by the one on your touchtone phone. You will hear a prompt that your hand has been raised. Should you wish to decline from the polling process, please press star, followed by the two. If you are using a speakerphone, please lift the handset before pressing any keys.

Your first question comes from Douglas Miehm with RBC Capital Markets. Your line is now open.

Douglas Miehm — Analyst, RBC Capital Markets

Good morning, everyone, and first off, let me congratulate the Company on the internalization. I think this is going to be welcomed by the investors. First question just has to do with, number one, the $200 million. I expect that is gross, not net, of what you're paying. Second question just has to do with the increase in ongoing expenses at the trust as you internalize the manager, and maybe, Ali, you could expand on the comment around the reduced management fee and what the implications of that are. Started off at 6.5, and I'm trying to understand if it's going to be zero or another number, and I'll leave it there. Thank you.

Ali Hedayat — Acting Chief Executive Officer, DRI Healthcare

Hey, Doug. It's Ali. Thank you for your comments. I think probably the right way to look at that $200 million number is that that is effectively the reduced management and performance—or the eliminated management and performance fees versus the costs we are bringing on board, essentially, by bringing on the employees on board and all the other sort of manager-related expenses on board. The $49 million payment to sever the management agreement and to bring in the assets of the Trust is sort of not factored into that number. I would look at that as sort of a capital outlay. As Gary mentioned, we've run various bits and pieces of analysis on that payment. I think one of the more interesting ones from my vantage point is that we compared it to essentially doing a royalty transaction with that capital over a 10-year duration, and it shows up very favourably in that regard. It's sort of a mid-20s IRR and a little over four times money, so it's a pretty good deal for unitholders.

I think with regards to your question on how the management fee will work, first of all, essentially, all P&L of the management subsidiary is owned by unitholders, so essentially, to the extent there's any P&L in that entity, it's not sort of leaving the Trust in any way. For various tax reasons, we've had to set up a structure where essentially there's a retention of an arm's length manager within the Trust structure, but that manager will essentially charge the Trust back on a cost-plus basis, and the plus portion of that cost-plus will be retained as P&L for unitholders of the Trust. That small amount will be sort of taxable versus the earnings from the underlying assets, which won't be taxable, but really, it doesn't make much of a difference given the numbers involved. I don't know if that answered the questions, but…

Douglas Miehm — Analyst, RBC Capital Markets

Yes, the only follow-up question, was just that can you tell us what the ongoing expenses—incremental expenses at the trust are going to be?

Ali Hedayat — Acting Chief Executive Officer, DRI Healthcare

I think if you take the management fee and essentially look at that over the past 12 months, it's a pretty good estimate of what the expenses that are coming in will be. We're roughly sort of a wash on a trailing 12-month basis versus the management fee, and the performance fee is incremental, and then that sort of tips in favour of unitholders on a forward-looking basis, obviously, as revenues grow, and much more so because of the performance fees.

Douglas Miehm — Analyst, RBC Capital Markets

Excellent. Thank you very much.

Ali Hedayat — Acting Chief Executive Officer, DRI Healthcare

Thank you.

Operator

Your next question comes from Lee Sulewski with Truist. Your line is now open.

Leszek Sulewski — Analyst, Truist Securities

Good morning, and thank you for taking my questions. I'll echo Doug and congrats on the internalization process completion. Perhaps for Ali, how does your role now evolve in the organization as you become CEO? Will you be less involved in the deal selection or closing process? Then also, could you provide any updates around synthetic opportunities following the transaction with KalVista, and have there been any increasing inbounds for similarly structured deals, and separately, has the effects of their internalization process temporarily slowed the timing of any potential commitments to the transaction, and in the long run, I guess, does the internalization have any impact on timing or several— or of the overall process on future transactions, and I have a follow-up. Thank you.

Ali Hedayat — Acting Chief Executive Officer, DRI Healthcare

Hey, Lee, thank you for your comments. Look, I think from my vantage point, my role won't change much on a go-forward basis. I'm fundamentally an investor at heart, and will remain pretty embedded in the investment process alongside Navin and the rest of the team over there, and

obviously, Gary, he's staying as Executive Chairman. I think there's a bit of a broadening in terms of areas of responsibility that'll probably take up a little bit more of my time, but not in the way that I think will change what I do on a day-to-day basis in a very significant way.

I think to your points about sort of the assets we're pursuing and timing of transactions and the like, I'll let Navin get into that in a bit more detail and address your comment on synthetics, but I guess what I'd like to say is I think when you think about the cadence of our transactions over the course of this year, it's not that internalization has impacted that in any meaningful way. What has impacted that, I think, was one large transaction that we were working on, and unfortunately, a corporate event effectively took that transaction, I would say, potentially temporarily off the table, potentially structurally off the table. We'll see, and I think the other thing is really a bit of caution to just see where the environment is settling in terms of the various regulatory and legal actions the Administration in the U.S. is taking and the potential income—sorry, the potential impact of that on the assets we're looking at, so we're just trying to get a sense of where the ground is settling before being particularly aggressive.

All that said, I think the demand for deal flow from our counterparties is as high as it's ever been, and I think when you think about our role, you should certainly expect to see more of the kind of innovative transactions that we did like the KalVista Sebetralstat deal, and certainly like the Casgevy deal. I think those more structured transactions, whether they're expressed through synthetics or expressed through linking together various return streams in a way that sort of allows us to come up with tailored solutions for both sides of the deal, I think will be really the rule on a go-forward basis.

Navin Jacob — Executive Vice President, Investments, and Chief Investment Officer, DRI Healthcare

Les, it's Navin. Thanks for your questions. I'll just add that, as I said in the—on the last quarter call, you guys shouldn't be expecting a deal until the second half of the year for multiple reasons. One, as Ali noted, we had been working on a very big deal, very complicated that required most of the—if not all of the Investment Team's time associated with it. Really, we were only a couple of weeks away from completing that deal when the counterparty had to pull away, and it's—and we were under exclusivity. That's a very rare thing to happen. It's never happened while I've been here. In general, it's just a very rare thing for that to happen. It was for reasons that were internal to that corporate—that had nothing to do with us, and it was a very unusual reason. That put us back a few weeks.

The internalization in and of itself didn't affect the Investment Team. Maybe it took up about a week, a week and a half of my time, but not much more than that. Then separately, obviously, the macroeconomic environment has been very challenging for many industries and sectors. That also plays onto the healthcare industry, biopharmaceutical industry, and then obviously to us, and so as investors, we have the luxury of sitting back and watching that, and it is prudent to take our time to see how that evolves instead of trying to jump in and make an investment without fully understanding what's happening in the macroeconomic environment.

For example, we got some clarity yesterday on Most-Favoured Nations—maybe not clarity, it might be the exact opposite, but nonetheless, we wanted to see how that's going to play out. We wanted to see how the tariffs are going to play out. We purposefully slowed things down a little bit. I think that's the wise thing to do as investors instead of just jumping in when there are multiple unknowns in the macroeconomic environment. As we get more clarity into these items, which we are starting to get now, we will accelerate our deployment here in due course.

Leszek Sulewski — Analyst, Truist Securities

This is very helpful, and you actually answered the—a line of my next question, but perhaps maybe I'll just kind of delve into items portfolio specific. In regard to Eylea, could you provide any thoughts on how the restart potential (inaudible) the co-pay assisted program by the originator could impact assumptions for that asset, and just remind us, do you have a claim to Eylea HD, and if so, how did the potential approval translate to your royalty income stream. Then just—perhaps maybe just kind of give us an update on Vonjo, particularly around the international expansion, how that additional indication such as CMML and VEXAS syndrome could provide upside? Thank you.

Ali Hedayat — Acting Chief Executive Officer, DRI Healthcare

Eylea, as you know, is the tail of its—of our investment there, so it's not as much of a focus for us, but let me get back to you on the HD question. On Vonjo, sorry, what was the—can you repeat what you are asking on Vonjo?

Leszek Sulewski — Analyst, Truist Securities

Just in particular how you are thinking about how international expansion and additional indications could offer upside too.

Ali Hedayat — Acting Chief Executive Officer, DRI Healthcare

Yes, okay, when we priced the deal for both Vonjo 1 and Vonjo 2—well, Vonjo 1 is U.S.-focused. Vonjo 2 was a worldwide deal. We had heavily risk-adjusted ex-U.S. sales simply out of conservatism,

but our analysis of the PACIFICA trial, which is required for EU approval, suggest that there's a much greater than 50 percent chance of success. We ran the statistical analysis and the powering analysis. We think that's (audio interference) in detail, and we're excited to see that outcome in a couple of years. That will lead to—knock on wood, on approval for Europe, which, again, we had very limited in our initial assumptions at the time of the acquisition. With regards to the other indications, we had very limited insight into what SOBI was going to do, because they had just completed a transaction, and we had zero in our model for—with regards to other indications, so any of those indications that come to fruition will be all upside.

Leszek Sulewski — Analyst, Truist Securities

Great. Thank you.

Operator

Your next question comes from Michael Freeman with Raymond James. Your line is now open.

Michael Freeman — Analyst, Raymond James

Hey. Good morning, team, and first, I'll congrats Gary on completing his duties and remaining to Executive Chair, and Ali, congrats on taking the permanent CEO seat, and Navin, congratulations on being you, man. All right, I will start with a question on the manager internalization. Interestingly, we have the benefit of seeing how two different manager internalization deals were priced and structured with Royalty Pharma's announced, or I guess approved yesterday. I wonder if you could help us in

comparing the—I guess the aspects of the internalization deals; perhaps take a crack at how you feel about valuation of your internalization versus theirs, and then I have a follow-up.

Ali Hedayat — Acting Chief Executive Officer, DRI Healthcare

Yes, I think our transaction was a lot simpler in many ways. We are not bringing over the performance fees. We're not doing a mix of consideration, things of that nature. The—let's say the management fee multiple is sort of roughly comparable, but then there were a bunch of other expenses that Royalty Pharma shareholders would have taken on or will take on in their structure that are not being taken on in ours. The second factor there is our consideration is not diluted in the sense that it's all cash whereas the Royalty Pharma one obviously included a stock component, which they are, I believe, offsetting in large part through a buyback, or potentially more than large part through a buyback, but nonetheless, ours is a straight cash deal. From a value perspective and from a consideration perspective, especially given where our equity is, I think it's much more favourable to unitholders than the mirror structure of Royalty Pharma would have been.

From a sort of go-forward clarity perspective, I also think our structure is relatively unique in the sense that when you look at a lot of these deals, whether it's internalization type deals or even straight IPOs of private equity type companies, what you end up with in almost all of those scenarios are the former partners or owners of the business being the major shareholders. The inherent sort of conflict of interest that that raises with compensation versus shareholder returns and things like that remains relatively high, and I think that's, sort of on a backwards-looking basis, been true of the whole private equity industry. You really don't have that in our case, so essentially, the float of the Company will be

owned by institutional shareholders, and none of the individuals that are around the table here have enough equity to sort of influence the governance or any of those factors in any meaningful way. That's a very positive governance point that's probably overlooked as well. I don't know, Gary, if you…

Michael Freeman — Analyst, Raymond James

Okay. Well, thank you very much for that explanation. I'd like to talk about I guess a couple of more aspects. I guess broadly, let's talk about the balance sheet; how you're feeling about your—the assets available to deploy toward new deals; maybe touch on the rationale behind reallocating $25 billion of the acquisition facility toward working capital and what sort of freedoms you have with that. There's one line in the press release I'm curious if you could dwell on. I wonder what you mean when you write that "the manager will indemnify the trust and its affiliates for any damages related to the events of last summer." Was this not completed at the end of last summer, or are there further actions to take? I'll leave it there.

Ali Hedayat — Acting Chief Executive Officer, DRI Healthcare

There's a few potential legal claims, class-action and otherwise, that are outstanding related to the events of last summer—what I'll refer to as the old Manager. The part that's not staying with unitholders, will indemnify the Trust on a go-forward basis for—well, go-forward for all of those claims, meaning after internalization, anything that crystallizes as a result of damages resulting from those claims will be paid by the old Manager and not the unitholders of the Trust. Effectively, the Trust, post-internalization, is starting life with sort of a very clean bill of health both from an accounting perspective

and from a liability perspective related to the issues of last summer—unitholders won't be impacted by that in any way.

The question about sort of capacity in the balance sheet—look, we have capacity to deploy, depending on various assumptions, somewhere between $200 million—or a little over $200 million over the balance of this year. We can continue to deploy at a relatively similar cadence on average over the next couple of years and sort of rising from there, and that's all without expanding our debt facility, which I think we can probably address at the end of this year, and those discussions have been historically—and we expect will be on a go-forward basis, pretty constructive with the banks, but we certainly don't need any equity to sort of meet those investment goals, and I suspect, all other things held equal, that will continue to be the case.

When you think about the working capital facility versus the main facility and the reallocation there, the intent there was really to help to fund the internalization. The main facility is an amortizing facility. The working capital facility is not. That's, on the margin, a little helpful from a cash management perspective, but it's nothing very major.

Gary Collins — Chairman, Chief Executive Officer, DRI Healthcare Trust

It's Gary here. Just to be clear around your question on the indemnity, there's no new news here. The investigation was complete last year. All that information is in hand. This is really just the old Manager providing the Trust with an indemnity surrounding the class-action and any other legal issues that may come forward, but as Ali said, it just gives us a clean bill of health, but there's no—your

question sort of was around whether there's anything new or if anything happened relative to the investigation, and no, that was wrapped up previously, as we've talked about.

Michael Freeman — Analyst, Raymond James

Got you. All right. Thank you very much, and congratulations on this big move. I'll pass it on.

Gary Collins — Chairman, Chief Executive Officer, DRI Healthcare Trust

Thank you.

Operator

Your next question comes from Scott Fletcher with DRI Healthcare. Your line is now open.

Scott Fletcher — Analyst, CIBC Capital Markets

Good morning, everyone.

Gary Collins — Chairman, Chief Executive Officer, DRI Healthcare Trust

I didn't know you joined us, Scott. Did we hire you, Scott?

Scott Fletcher — Analyst, CIBC Capital Markets

I got a new title. I have a question just on incentives, and as you bring the fund manager in house, does that change the way that you're incentivizing the Deal Team there given the performance

fees are now—have been removed? Just any commentary on how you're aligning sort of the Deal Team's incentives and the unitholders would be helpful.

Ali Hedayat — Acting Chief Executive Officer, DRI Healthcare

Yes, it's a good question, and if you think about the run rate expenses, we essentially had a salary and bonus plan, and that doesn't change as we bring in the team into the Trust. Effectively, that was sort of covered in our management fee on a trailing 12-month basis, it's not—when you think about the comment I made earlier about the management fee roughly being a wash against the trailing 12-month expenses, the bonuses are included in that. What's not included in that was a sort of phantom carry plan that we had for some senior employees. On a go-forward basis, we're engineering a compensation plan that will reflect some of those characteristics, and hopefully be a bit more aligned in terms of its structure and nature.

That said, I think far and away, the majority of that carry was—or performance fee and carry was going to the Manager itself, right, and the shareholders of the Manager, and that portion of it is going away, effectively. When you think about the net savings from that over time, that's a very, very favourable number. As it pertains to my own incentives, for whatever it's worth, something in the region of 95 percent of my compensation will be in stock. I'm taking the minimum amount of cash I can take.

Scott Fletcher — Analyst, CIBC Capital Markets

Okay, thanks. That's helpful. Then with—sort of following up on Navin's comments about expecting sort of a—maybe a pause in deal activity, maybe that's not fair, but slower deal activity given

the macro backdrop, is that an opportunity to maybe frontload some of the buyback activity just as—should we be looking for more activity on the buyback at the front end?

Ali Hedayat — Acting Chief Executive Officer, DRI Healthcare

We've always looked at the buyback on a pretty formulaic basis in the sense that we look at the implied IRR of buying stock versus where we could deploy that capital otherwise. It's not an either/or thing. Given the liquidity of the stock, we have more than enough capital to pursue our deals and to buy back stock, and we factored that into the deployment numbers I talked about a few minutes ago. If the stock remains at very attractive levels on an IRR basis, we'll buy back more, and if it's—rises a lot and is less attractive on an IRR basis, maybe we'll rethink that, but really, the slide rule that we're using through—thinking through that is really what is the IRR of a dollar deployed to the buyback? As I said, at this point in time, it's not a—it's not really something that is reducing our capacity to do transactions.

I'll let Navin jump in on the broader environment and our deployment cadence, but from my vantage point, we're beginning to see a lot of the bits and pieces of clarity that we were hoping for. They're in very nascent form, and obviously, the details aren't worked out, but I think a lot of the way that the Administration has been doing things has been to sort of make big sledgehammer announcements and then take a scalpel to them and refine them into final policy. A lot of the sledgehammer announcements are out there now, and we're waiting for the scalpel to come in and refine the policies to something we can get our teeth into, but I think we're much farther along in that process than we were, let's say, two months ago.

Navin Jacob — Executive Vice President, Investments, and Chief Investment Officer, DRI Healthcare

On the deal front, we have—listen, just to be clear, it's not a pause on our—on the—on activity. We have several processes that we're in right now. We have two that are mid-stage. Other than the large one that I talked about where we were in exclusivity and a couple of weeks away from closing that fell apart, there was—there is another large one that we were working on up until about a week ago. We walked away from that one for reasons that I'm not going to get into, but we do have two that are roughly in the $100 million range right now that are in the medium stage. We made an offer for a small transaction recently. We got a counteroffer back, but where that goes remains to be seen. That one has at least another month or so of diligence before we decide whether or not we proceed with that one, so it's.

We're not sitting on our—resting on our laurels, to say the least. The Deal Team, Research Team are—continue to chomp at the bits to go after assets, as is our Sourcing Team. All I'm saying is that, given the macroeconomic environment, we did slow things down relative to our incredibly fast pace over the last two, three years, and I think most folks would agree that's a prudent thing to do given numerous variables that have wide (inaudible) around them whether it's Most-Favoured Nations, tariffs, where inflation is going, and then so on and so forth. It's—we're doing the right thing. We are not resting on our laurels, and we're excited to see what the second half brings.

Scott Fletcher — Analyst, CIBC Capital Markets

All right. Hard to disagree with that. Thank you.

Operator

Your next question comes from George Farmer with Scotiabank. Your line is now open.

George Farmer — Analyst, Scotiabank

Hi. Good morning. Thanks for taking my questions. Yes, Navin, can we just elaborate a little bit more on that, on the macro environment? Certainly been a lot of changes at FDA, tariffs, etc. Do you get a sense that your competitors might be behaving the same way or may be worried that maybe a competitor could step in, or is that—would that be kind of foolish at this point from your—from the perspective of a competitor?

Navin Jacob — Executive Vice President, Investments, and Chief Investment Officer, DRI Healthcare

Generally, actually, I would say it has been a little bit of a slower first half then we've seen over the past two, three years, and if someone wants to step in and make some outrageous bid, that's up to them, but we're not seeing aggressive behaviour other than maybe from one party who I'll leave unnamed, but if—we're not going to—our behaviour's not going to be dictated by others. We're going to stick to our research, stick to our evidence-based approach, and that has always been the fundamental approach that DRI has taken. We have extremely strict investment criteria. I recently put out a memo to the team, and Ali has been preaching this for a while as well, which is that in these sort of uncertain times, those investment criteria have to become even more important. We have to stick to that even more aggressively than we were before and be—because that's going to prevent us from making mistakes.

Ali Hedayat — Acting Chief Executive Officer, DRI Healthcare

I'll just step in there and say, as a big picture backdrop here, what's—what was clear to us, let's say, a year or two ago, and I think if anything, has gotten more and more solidified in our minds, is that the public market biotech funding paradigm is sort of somewhat irrevocably changed. It's pretty hard to see how the degree and cost of access to capital that those companies had four or five years ago is going to meaningfully return. That probably pushes them towards a different set of funding structures and maybe a complete sort of rethink of how they put together their balance sheets and capital tiers. When you look at other industries like natural resources, mining, and the like, the market share of royalty in funding a lot of those things is still, let's say, three to four times higher than what it is in pharmaceuticals.

The environment is just going to lead to a convergence of that. How quickly and what form, I mean, all those pieces are a little bit up in the air, but what's not going to happen any time in the near future is biotechs running out and issuing equity at crazy multiples and being able to fund somewhat risk-free that way. That's a big picture positive for us, and will allow us to sort of grow the business over time. We need to be judicious and thoughtful about how we do it, but I think it's a pretty compelling backdrop.

George Farmer — Analyst, Scotiabank

Okay, and then if I may, just on Omidria, since it is such a big part of the portfolio, how should we think about modelling this year? Are you expecting growth year-over-year, do you think, on a pure royalty basis, or is it kind of like there was a bit of concern in your opening comments? Perhaps elaborate a little bit more on that.

Navin Jacob — Executive Vice President, Investments, and Chief Investment Officer, DRI Healthcare

Yes, certainly, Q1, as I noted, is down year-over-year. January in particular was quite weak. February is also down year-over-year, as was March. What I can say is that February was—the decline was less than it was in January, and March, the decline was less than it was in February. It is at least trending in the positive direction. As I noted, there's a resetting of the demand by physicians as they calibrate their demands such that they're not penalized by the MIPS program. There is still interest in using the program. Because of the weakness, we reran some of our surveys and went and talked to physicians, and we came away pleasantly surprised about their continued interest in the use of the product. However, they do have to deal with MIPS, and there is a lowering of overall demand. But once that's established, which we believe is close to happening, then there can be growth thereafter, and that's going to come from the HOPD setting, as well as a continued push into centres and physicians that currently are not aware of Omidria through the hiring of a new commercial team at Rayner in the second half of—or in the fall of 2024, as well as a new campaign that they released.

George Farmer — Analyst, Scotiabank

Okay. Thanks, Navin.

Navin Jacob — Executive Vice President, Investments, and Chief Investment Officer, DRI Healthcare

But, sorry, just to be clear, the second half, yes, we do anticipate growth in Omidria in the second half.

George Farmer — Analyst, Scotiabank

Okay.

Navin Jacob — Executive Vice President, Investments, and Chief Investment Officer, DRI Healthcare

Then on a go-forward basis, from 2026 onwards, I would say anticipate low single-digit growth.

George Farmer — Analyst, Scotiabank

Okay. Thank you.

Operator

Your next question comes from Justin Keywood with Stifel. Your line is now open.

Justin Keywood — Analyst, Stifel

Good morning. Thanks for taking my call. On the Sebetralstat PDUFA date of June 17, wondering the confidence level of that date, and if that could shift a bit just given the changes going on within the FDA?

Navin Jacob — Executive Vice President, Investments, and Chief Investment Officer, DRI Healthcare

You're aware of, obviously, the announcement around the head of the new CBER, which caused some consternation in the biotech sector. It caused one of the worst days in biotech equity cut markets for the last five years. CBER does not control Sebetralstat's fate. That falls under CDER with a D, given that Sebetralstat is a small molecule. With that said, look, there's a lot going on given the cuts that's DOGE-driven, as well as HHS-driven mandates and changes to the agency from Director McCreary, or

Commissioner McCreary. Those changes thus far, from what we can tell, are not affecting the review of the asset.

From all the diligence we've done, not—and it's not just our view, but the view of the independent consultants that we hired, the advisers who are on our advisory board, which includes a former chief medical officer of a biotech company, as well as the KOLs that we have, not a single person had any concern about the approvability of Sebetralstat. We had patient-level data. The communications between the agency and KalVista, all of those looked extremely clean. Now, is there some small chance that there could be a delay? Perhaps, but that is not something that we are anticipating. From what we can tell, the staff at the agency that are reviewing Sebetralstat are intact, which is a positive, and given that this was a very clean application, we anticipate it should be relatively easy and straightforward to be approved on time.

Justin Keywood — Analyst, Stifel

Thank you. That's very helpful context, and there is an equity component in KalVista that was part of that transaction. What's the intention there, given the KalVista shares have performed pretty strongly year-to-date?

Navin Jacob — Executive Vice President, Investments, and Chief Investment Officer, DRI Healthcare

We continue to see—we're very long-term shareholders—investors. By nature, royalty investing is the longest-term investor any biotech company can have, and we take that same approach to the equity. We're not in this for the short-term gain or short-term pop. The equity, we saw significant upside

in that value relative to where it was trading at the time in the—trading at the time of the deal, and—but even today, despite it being up materially relative to the sector, I think the outperformance is 40 percent over a six-month period, we still continue to see material upside to KalVista's equity value.

Justin Keywood — Analyst, Stifel

Thank you very much.

Operator

Ladies and gentlemen, as a reminder, should you have a question, please press star, one. Your next question comes from Tania Armstrong with Canaccord Genuity. Your line is now open.

Tania Armstrong-Whitworth — Analyst, Canaccord Genuity

Hey. Good morning, guys. Most of my questions have been asked already, so just a couple more. On the prepared commentary, you mentioned the cost of that new management subsidiary growing over time, obviously, as your portfolio grows. Should we think about this, I guess kind of flat line it where you're now running at 6.5 management fee, it kind of scales in line with your total income, or will there be some operative leverage where the cost of those employees will, over time, go down as a percent of your overall revenue?

Ali Hedayat — Acting Chief Executive Officer, DRI Healthcare

No, there'll definitely be operating leverage, Tania, and that's very much the premise of doing this. Obviously, over time, the growth in the business would have accrued, let's say, in majority of the

unitholders, but some significant portion of the growth of the business would have accrued to the management company through the fee structure outpacing the growth and costs of the Manager. That wedge is basically economically moving over to unitholders, right, so we are going to have a lot of operating leverage.

The way to think about that is, look, we're internalizing a certain amount of costs and those costs will probably have some initial synergies in the sense that obviously there's some duplicative functions and various other things that we can tighten in the cost structure over the next six to 12 months, and then after that, those costs will grow both with inflation and potentially some growth in areas of the team that we want to make more robust to continue to sort of lead the charge on growth, but certainly, they won't grow at the pace the top line is growing.

Tania Armstrong-Whitworth — Analyst, Canaccord Genuity

Excellent. Then in terms of closing conditions for the internalization to go through, could you maybe outline what exactly those are?

Ali Hedayat — Acting Chief Executive Officer, DRI Healthcare

In terms of conditions, we are—I said rather than use the word conditions, I think we have a long checklist of just procedural things that we need to work through. There's some structuring considerations we need to deal with. There's the actual sort of aspects of the transfer of the employees and the various other bits and pieces of IP and IT and the like. It's a lot of, I would say, line-by-line

procedural work. It's nothing existential in terms of conditions or anything like that that we're dealing with. It's just kind of grunt work to get the deal done.

Gary Collins — Chairman, Chief Executive Officer, DRI Healthcare Trust

We don't see any obstacles in front of us. We've spent a lot of time working on this, so we're well aware of the steps that need to occur, and it'll be far more procedural than any structural issues or negotiating issues. Those have all been dealt with.

Ali Hedayat — Acting Chief Executive Officer, DRI Healthcare

I would say just to add to that, the sort of $3.5 million--AAmit, correct me if I'm wrong—of sort of excess costs that you saw in the quarter represent the vast majority of the costs related to this process, but you're not going to see a significant amount of additional costs above and beyond that as we move through this.

Tania Armstrong-Whitworth — Analyst, Canaccord Genuity

Perfect. Thank you, and then just lastly, it's been touched on several times, but with respect to Trump's Most-Favoured Nations policy, about 80 percent, I think, of your revenue last year was in the U.S. The likelihood, obviously, of this going through is quite low, but should it go through, do you have any additional clarity on what type of drugs this would affect, whether it be drugs that are currently patented with no generic that is similar, if it's inpatient only, etc.?

Ali Hedayat — Acting Chief Executive Officer, DRI Healthcare

I'll let Navin dig into it in detail, but I think it's obviously hard to tell right now. What I do think is important in framing all of these things is to understand what the objectives are, right, and as I see them, there are three broad objectives the Administration is pursuing. One is on-shoring of critical drug manufacturing, and that's not something that really impacts us in any meaningful way, and when you look at the policy sets around incentivizing that, they all sort of run through the cost of goods sold line, which by and large, obviously, is more meaningful for biologics than for small molecules, but is not something that I think is hugely concerning to us. The second one is the question of the way transfer pricing is dealt with for intellectual property, and you see a lot of, let's call it, tax optimization around the way transfer pricing is dealt with in intellectual property. That can be addressed through tax legislation and through transfer pricing legislation. Again, it's unlikely to have a meaningful impact on us.

The MFN stuff is up in the air. You probably have to think about a matrix of, okay, what are the legal paths they can use to implement something like this? Does it run through Medicare Part B? Does it run through the IRA, and what's the easiest path to execution? Then overlap that with our business, and the second thing is, all right, this is going to face a lot of resistance for obvious reasons. Let's say what are the most intractable areas here where they can have an impact. If you assume those two things and sort of start overlapping the circles there, we feel okay about that outcome right now, because the pathways to implementation, and—as you know, there was an attempt to do this in the first term of President Trump and sort of was met with a lot of legal resistance. It probably will take another path or attempted other paths in this one, but when you think about the sort of easiest path to achieve these goals, most of them don't run through having a very severe impact on our business. I don't know, Navin, if you…

Navin Jacob — Executive Vice President, Investments, and Chief Investment Officer, DRI Healthcare

Yes, again, Tania, I mean, we just found out about this, at least any kind of details about this, yesterday. It was an Executive Order, which automatically means that it—there is limited impact, because you cannot change how the U.S. government pays for healthcare through an Executive Order; it has to be an act of Congress. Now, what an Executive Order can lead to is some changes—or what's called a demonstration plan that's run by CMS. Now, a demonstration plan only—there are some limits around that in terms of the max population that can be put into a demonstration, and furthermore, there is a limited time period associated with that. When you take all those cuts, i.e., okay, it's CMS, so which means it's Medicare, Medicaid, so that's—on our portfolio, that's roughly 30 percent to 40 percent of our portfolio is Medicare or Medicaid. In certain instances, it's quite large. For Eylea, Medicare Part B is obviously the majority of the sales, but overall, as a portfolio, Medicare, Medicaid is between 30 percent to 45 percent of our portfolio.

However, if you then take a further cut, because this would be a demonstration plan, the max you can—max of the population that the demonstration can be applicable to is 50 percent. That then cuts it down to 15 percent to 30 percent of our portfolio that has exposure, in the U.S., that is, which is about 60 percent of our overall portfolio. Then that gets cut even further down to, call it, between 10 percent to 20 percent of our revenues that are exposed to this. Then the further cut beyond that is that this is not—a demonstration's not infinite. It is only for a set period of time of three to five years. You can see—and then the actual price cut—okay, even if the price cut is 50 percent, you're now talking about an overall exposure to our revenues of between 5 percent to 15 percent at most, and for a set

period of time, right, and just to be very clear, I'm talking about extremes here. We don't actually have any details on any of these plans that have been laid out.

Ali Hedayat — Acting Chief Executive Officer, DRI Healthcare

Obviously, all of that sort of assumes a static environment in terms of the drug companies' reaction, so we have yet to see how they change their pricing algorithms between geographies and things like that as well. There's a lot of moving parts up in the air, but the—probably the thing to keep focused on here is the intent of what the Administration is doing here and where they have the highest probability of success in having an impact and how that overlaps with us.

Tania Armstrong-Whitworth — Analyst, Canaccord Genuity

Okay. That's excellent colour. I appreciate it, guys. Thank you so much.

Operator

There are no further questions at this time. I will now turn the call over to Gary Collins for closing remarks.

Gary Collins — Chairman, Chief Executive Officer, DRI Healthcare Trust

Well, thank you, everyone. I want to thank you for your patience over the last year and your support, your continued support of DRI Healthcare Trust. We're pretty excited here about what the year ahead presents for us, and we're going to work hard to continue to grow the business and represent our unit (audio interference).

Operator

Ladies and gentlemen, this concludes your conference call for today. We thank you for participating and ask that you please disconnect your lines.