DRI HEALTHCARE

Tavapadon Conference Call Transcript

Monday, September 21, 2026

DRI Healthcare Trust Corporate Participants

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Erin Kyle - CIBC Capital Markets

Justin Keywood - Stifel

Louise Chen - Scotiabank Capital Markets

Michael Freeman - Raymond James Ltd.

Nathan Po - National Bank Capital Markets

Presentation Transcript

Operator

Good morning, everyone. Welcome to DRI Healthcare Trust's Conference Call on the tavapadon transaction. Listeners are reminded that certain statements made in this conference 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.

All statements regarding the tavapadon royalty assume closing of the transaction, which is subject, among other things, to approval of tavapadon by the U.S. Food and Drug Administration. Statements regarding expected deployment, Adjusted EBITDA growth, and the timing of royalties are forward-looking and assume, among other things, that tavapadon is

approved by the FDA and successfully launched and that U.S. net sales are in-line with management's expectations.

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's other filings with Canadian securities regulators. DRI Healthcare 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 recognized under IFRS are included in our earnings news 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, Monday, September 21, 2026. DRI Healthcare's news release and the slides from today's call will be available on the investor page of the Company's website at drihealthcare.com.

I would now like to introduce Mr. Ali Hedayat, CEO of DRI Healthcare. Please go ahead, Mr. Hedayat.

Ali Hedayat - DRI Healthcare Trust - Chief Executive Officer

Thank you, Operator, and good morning, everyone, and thank you for taking the time to join us today. With me on the call are Navin Jacob, our Chief Investment Officer, and Zaheed Mawani, our Chief Financial Officer.

We are very excited to announce that we have entered into an agreement to acquire royalty rights related to tavapadon. We believe this is a transformational transaction for the Trust which sets the stage for a significant inflection upwards in our growth trajectory. On the call today, I will provide the key strategic and financial highlights of the transaction. Navin will then discuss the transaction and product overview and share insights into the market outlook before moving on to Q&A.

This morning, we announced that DRI Healthcare has agreed to acquire a royalty interest in tavapadon, an oral, once-daily therapy for Parkinson's disease that is expected to be commercialized by AbbVie. We are investing $316 million in a single upfront payment that will be made on approval of the drug. In return, we will be entitled to tiered royalties on U.S. net sales

of tavapadon. We will also be entitled to cumulative sales milestones and four annual fixed payments with aggregate receipts payable to DRI capped at $437.5 million.

I want to spend a moment on how the deal is put together, because the structure is the story here. The deal combines four contracted annual payments summing to $93.75 million together with tiered royalties and cumulative sales milestones. Notably, the annual payments will occur on each of the four anniversaries of regulatory approval and are not dependent on how the product performs. As I mentioned, we close only on FDA approval, so the Trust takes no pre-approval risk. The transaction has a hard cap on total receipts, which, based on management's current sales expectations, we anticipate reaching before longer-dated commercial and patent risks become relevant.

The financial implications to DRI Healthcare are significant. Tavapadon delivers a well-defined set of near-to-medium-term cash flows that we can re-invest into new future royalty acquisitions across the balance of the decade. Put simply, we believe this transaction will allow us to hit or exceed our previously announced aspirations for Adjusted EBITDA through 2030 in isolation before the impact of any further deals over the coming years. As the transaction is highly cash generative, it frees up meaningful financing capacity, which adds to the impact of the recently announced Ekterly disposition, leaving our remaining investment capacity through 2030 at the high end of the previously announced deployment targets even after factoring in the impact of the acquisition itself. This has positioned us exceptionally well and we now expect our capital deployment targets over 2026 to 2030 to come in above the multi-year aspiration we previously communicated and our Adjusted EBITDA CAGR aspirations for the same period to meaningfully exceed the prior ranges we communicated. Our 2026 Adjusted EBITDA guidance remains at or above the high end of our previously communicated range despite the disposition of Ekterly and the corresponding drag on second half receipts. We intend to provide you with a full guidance update at year end, but felt that the impact of the transaction was meaningful enough to warrant some directional comments now.

Strategically, the transaction strengthens the balance sheet and sets the Company up very well to execute on several exciting pipeline opportunities that we are actively working on. Contracted fixed payments and near-term royalty receipts improve our access to leverage over time and that supports a larger volume of transactions without changing how we think about balance sheet risk. In the near-term, we intend to direct that capacity towards pre-approval opportunities where we see the most compelling risk-adjusted returns and where DRI has built a differentiated sourcing and diligence capability. The cash flow characteristics of tavapadon are a natural complement to those longer-dated assets: predictable receipts today, funding duration tomorrow.

This transaction will add a differentiated in-market asset to our portfolio with a combination of fixed payments, commercial milestones, and tiered royalties. The acquisition will provide

meaningful value to Unitholders, both through its standalone returns and also by allowing us to optimize our balance sheet capacity, opening space for us to shape the portfolio for strong growth with our future anticipated deployment.

Now let me pass the call over to our Chief Investment Officer, Navin Jacob.

Navin Jacob - DRI Healthcare Trust - Chief Investment Officer

Thank you, Ali.

Parkinson's disease is a chronic, progressive, and incurable neurodegenerative disorder. Approximately one million people in the United States live with it, with roughly 90,000 new diagnoses each year, and there are no disease-modifying therapies available. Motor symptoms, including tremor, bradykinesia, and rigidity, are accompanied by cognitive decline, sleep disorders, and depression, all of which worsen over time. As the disease progresses, existing therapies fail to control symptoms and patients require higher and more frequent doses of levodopa or adjunct therapies.

Tavapadon is an oral, once-daily partial dopamine agonist and its mechanism is what sets it apart. It selectively activates the D1 and D5 receptors while sparing D2 and D3, the receptors associated with somnolence, impulse control disorders, and edema. Current dopamine agonists act on D2 and D3 and their use has declined over time because of those side effects.

The clinical data support the thesis. The Phase 3 TEMPO-1 and TEMPO-2 studies showed that tavapadon monotherapy improved motor signs and symptoms versus placebo in early disease. TEMPO-3 showed that, as adjunctive therapy, it improved both ON and OFF time versus placebo in advanced disease. Across the Phase 3 programme and the long-term extension studies, the safety profile was differentiated, with low observed rates of somnolence, impulse control disorders, and edema relative to current dopamine agonists. On approval, the product will be commercialized by AbbVie, a strong marketer with an established franchise that already includes two products indicated for Parkinson's disease.

Turning to Slide 5, DRI is paying a single upfront payment of $316 million concurrent with and conditional on FDA approval. In exchange, we are acquiring three different cash flowing items: First, four equal annual fixed payments summing to $93.75 million, payable on or before each of the first four anniversaries of approval; Second, cumulative sales milestones, measured from first commercial sale rather than in any single year; and the third cash flowing item is tiered royalties on U.S. net sales. Estimated U.S. loss of exclusivity is June 2039. The chart on this slide shows Visible Alpha consensus for U.S. net sales, shown for reference only. Hopefully, it is evident from the structure of the acquisition assignment that DRI Unitholders would be protected to the downside by several features, including the fixed payments, the royalty rate, the

size of the market opportunity, and finally, the length of the patent term. All of these features, in our estimation, leads to a very high probability of achieving the multiple cap.

Slide 6 summarizes why tavapadon is a great fit for the DRI portfolio. This deal provides a near-to-medium-term, high-quality cash flow stream from a creditworthy marketer in a therapeutic area where we have conviction in, and it complements the longer-dated, pre-approval assets we intend to add. In a nutshell, the tavapadon deal funds the next generation of royalty acquisitions, which is exactly the compounding dynamic we are building toward.

That concludes our prepared remarks. and with that, let's open the call up to questions.

Operator

Thank you.

Ladies and gentlemen, we will now begin the question-and-answer session. Should you have a question, please press the star followed by the one on your touchtone phone. Should you wish to cancel your request, please press the star followed by the two. If you are using a speakerphone, please lift the handset before pressing any keys. Once again, that is star one should you wish to ask a question.

Your first question is from Louise Chen from Scotiabank. Your line is now open.

Louise Chen - Scotiabank Capital Markets

Hi. Congratulations on the deal and thanks for taking my questions. So, I was just curious how you think about AbbVie's peak sales expectations of $5 billion. I know you're capped, but just curious maybe just how you're thinking about how likely you are to reach the high end of the cap that you've talked about here. And then also, can you say anything else about the pipeline opportunities that you're actively working on, maybe just the timing or even therapeutic areas that you have interest in in general? Thank you.

Ali Hedayat - Chief Executive Officer, DRI Healthcare Trust

Hey, Louise. I'll kick most of that over to Navin, but I'll say that, in general, this transaction maps to our target returns for cash-flowing assets. So there's it's not, you know, there's some puts and takes relative to, I think, consensus estimates and AbbVie's estimates, but we don't think either are sort of crazy. And when you work that through how we look at the outcomes, I think we end up [inaudible] transaction [inaudible] in terms of [inaudible].

Navin Jacob - Chief Investment Officer, DRI Healthcare Trust

Hi, Louise. Thanks for the question. By the way, operator, can you hear me? I think it was breaking up for Ali for a few seconds there.

Operator

Yes, I can hear you loud and clear.

Navin Jacob - Chief Investment Officer, DRI Healthcare Trust

Okay. Great. Thanks. Louise, so a few things. First, with regards to the $5 billion peak guidance that AbbVie has given, that's for their entire Parkinson's disease franchise, which is made up of three assets: Duopa, which is an old asset that's been around for quite a while; Vyalev, which is their more recently launched asset, I believe it launched about 18 months ago roughly; and tavapadon, which will be launching imminently, assuming FDA approval. So all three products combined make up the $5 billion and that's a worldwide number. The other thing is AbbVie has said that Vyalev is the biggest component of the $5 billion. And then the last thing that they have said though, however, is that tavapadon is a large piece of the $5 billion.

With regards to consensus, we don't, as Ali says, we don't typically give peak sales estimates. On the other hand, consensus estimates for tavapadon don't appear crazy.

Louise Chen - Scotiabank Capital Markets

Anything on the pipeline?

Navin Jacob - Chief Investment Officer, DRI Healthcare Trust

Sorry, the second question, yeah, sorry, with regards to the pipeline, our next couple of deals that we're going to be focused on are pre-approval deals, potentially Phase 3 financing, potentially something that's post Phase 3, but pre-approval.

With regards to therapeutic areas, as we've said always, we are therapeutic area agnostic. We've never done a deal in Parkinson's disease, and as you can see, we were happy to invest quite meaningfully in this space. What we look for are assets that are going to provide a differentiated data set to society and add value to society, have a strong pharmacoeconomic benefit, as well as a solid risk/reward or risk/benefit ratio as deemed by the FDA and by KOLs.

Louise Chen - Scotiabank Capital Markets

Thank you.

Operator

Thank you. Your next question is from Douglas Miehm from RBC Capital Markets. Your line is now open.

Doug Miehm - RBC Capital Markets

Good morning, everyone, and congratulations. The first question I have is just related to how you've underwritten this deal. When we look at the potential estimates for the drug that are out there, they do trend towards $1 billion plus by 2034, and I'm just wondering if you've underwritten the deal to that level or you're looking at a more conservative case. And that's really related to the higher discontinuation rates that were presented in that ICER report. So just curious on that.

And then the other question I have with respect to this is, if in the event that AbbVie starts to pursue fixed doses combinations of their products, I'm just wondering how the structure of the deal works to ensure that you're paid adequately. I'll leave it there. Thanks.

Ali Hedayat - Chief Executive Officer, DRI Healthcare Trust

I'll let Navin... Sorry, go ahead.

Navin Jacob - Chief Investment Officer, DRI Healthcare Trust

Yes, no, so Doug, so the peak, as we said, we don't talk about peak estimates. On the other hand, as I said, consensus does not appear crazy. With regards to the ICER report and discontinuations, I mean ICER, you know, you have to take a grain of salt with any ICER report. I mean we focus on the data that's available, the publicly available data, and if you look at that, if you look at TEMPO-1, TEMPO-2, TEMPO-3, it's very clear that there is a differentiated profile with tavapadon with regards to discontinuation as a function of the partial agonism that's specific to D2 and D3, or rather the lack of activity on D2 and D3, this is focused on D1 and D5, which it very clearly provides a better safety profile relative to traditional a dopamine agonist. This is not a traditional dopamine agonist and all the feedback from KOLs and also, surprisingly, payers, has been quite positive. The KOL community is extremely excited. It's been a very long time since

you've seen anything novel in this space and we believe that this is truly novel. Most of the other drugs are basically 505(b)(2) versions of traditional dopamine agonist and/or levodopa/carbidopa, and as such, something that's truly novel in the space where you have a million patients annually or prevalence in the U.S., is pretty exciting.

Ali Hedayat - Chief Executive Officer, DRI Healthcare Trust

Doug, I'd also reiterate the point that we made around structure here. When you look at the distribution of outcomes for the drug and you think about the combination of the fixed payments and the fact that the sales-based milestones are cumulative, they're not based on sales in a year, the variance of outcomes has sort of a reasonably muted effect on our cash flows.

Doug Miehm - RBC Capital Markets

Okay. And then just that last question with respect to if AbbVie were to pursue fixed-dose combinations, do you still receive your royalty?

Navin Jacob - Chief Investment Officer, DRI Healthcare Trust

We would but, very frankly, the size of the entitlement plus the sales potential of the drug, by the time something like that came to the market, we'd probably be out of our investment given the capped nature of the deal.

Doug Miehm - RBC Capital Markets

Okay. That's great. Thank you.

Operator

Thank you. Your next question is from Erin Kyle from CIBC Capital Markets. Your line is now open.

Erin Kyle - CIBC Capital Markets

Hi. Good morning. Thanks for taking the questions and congratulations on the royalty acquisition this morning. Just on the structure of the deal, just on the tiers, can you just help provide some guidance on those tiers between low double digits and mid single digit? We are assuming the tiers begin at the higher end and step down fairly evenly over the next decade or so as sales progress. Is that a reasonable assumption?

Ali Hedayat - Chief Executive Officer, DRI Healthcare Trust

We're pretty limited on what we can say about that.

Navin Jacob - Chief Investment Officer, DRI Healthcare Trust

But I think the way you're thinking about it, Erin, is the right way, as in it goes the other way as opposed to stepping up.

Erin Kyle - CIBC Capital Markets

Okay. Thank you. And then just to clarify, the fixed payments and milestones, those don't count towards the cash receipts cap, do they?

Ali Hedayat - Chief Executive Officer, DRI Healthcare Trust

They do.

Navin Jacob - Chief Investment Officer, DRI Healthcare Trust

They do.

Erin Kyle - CIBC Capital Markets

They do. They do. Okay. And then maybe just last question from me, just on the transaction and timing, if you can provide any colour on maybe why Bain and NovaQuest are selling now just before FDA approval here? And then are you buying the full entitlement of the royalty or do they still have an existing entitlement inside of this one?

Navin Jacob - Chief Investment Officer, DRI Healthcare Trust

We're not going to go into, you know, I don't want to conjecture as to why the counterparties are doing what they're doing. We were excited by the opportunity that tavapadon presented, a strong differentiated asset in a therapeutic area that has significant unmet need marketed by one of the best marketers out there in the biopharmaceutical industry, plus we have some downside protection for Unitholders. That was an opportunity that we felt very strongly that it would, not only as a standalone investment, provide significant value to investors, but also it further accelerates our strategic direction as an organization, and from that perspective, we're very excited about this deal.

Ali Hedayat - Chief Executive Officer, DRI Healthcare Trust

Erin, we've talked a lot about sort of shaping the portfolio and some of the work that we've been doing over the past 12 months put us in a position to really think tactically about what assets we layer on, when and why, and how that opens up room for us to really grow the business. And I think this is essentially probably the non plus ultra example of that in the sense that we really were put into a position with the Ekterly disposition that we were able to shape the portfolio very aggressively with this deal and, on the back of this deal, meaningfully extend our duration and extend our returns with some pre-approval opportunities we're looking at. So really that's the sort of holistic logic here.

Erin Kyle - CIBC Capital Markets

Thank you. I'll pass the line.

Operator

Thank you. Your next question is from Ash Verma from UBS. Your line is now open.

Ash Verma - UBS Securities

Thanks for taking our questions and congrats on this deal. Can you help us just kind of understand how you think this drug would be used in the broader treatment landscape? So this is effectively as an add-on therapy. Like do you think that this is second line, third line? And is there any other additional drugs coming in for Parkinson's that may or may not impact the growth for this drug? Thanks.

Navin Jacob - Chief Investment Officer, DRI Healthcare Trust

Thanks, Ash, for the question. Two things. One, tavapadon is approved not just in the advanced setting where it is approved as adjunctive therapy but it is also approved as monotherapy for the early setting of Parkinson's disease.

And with regards to its profile, what differentiates this asset, as we said before, is there's an argument to be made, particularly in the early setting, that the efficacy is slightly better than traditional dopamine agonist, but what's really impressive is also the safety tolerability profile of tavapadon where it has shown significantly less treatment-related AEs associated with traditional dopamine agonists such as bradykinesia and impulse control disorder. Those AEs typically lead to dose reductions, which then effectively leads to lower efficacy, and as such, over the very long term, we're excited by what tavapadon can bring. There is a potential for it to be a paradigm-shifting asset with regards to levodopa, which is the gold standard. Any KOL you speak to will suggest that levodopa is the gold standard for Parkinson's disease. However, there is the potential for tavapadon to show similar sort of efficacy as levodopa and the same type of safety profile. But over the very long term, part of the issue with levodopa is some of the longer-dated AE effects, which lead to dose reduction, and so, to the extent that tavapadon does not result in dose reduction, that can be very exciting for KOLs and patients and that's the feedback that we've gotten over the course of our diligence.

Ash Verma - UBS Securities

Great. Thank you.

Operator

Thank you. Your next question is from Michael Freeman from Raymond James. Your line is now open.

Michael Freeman - Raymond James Ltd.

Hey. Good morning, Ali, Navin, and Zaheed. Congratulations on this deal. This is an exciting deployment. My question is on... I'm curious how you funded this, what combination of, or how you plan to fund this, combination of cash and debt? I see this as a quick redeployment of the Ekterly returns. Curious what you drew upon to fund this and if you could point to what your remaining liquidity is today or would be if you deploy this.

Ali Hedayat - Chief Executive Officer, DRI Healthcare Trust

Hey, Michael. Look, I think, just given the Ekterly disposition, we were in a position where effectively we had no draw on our lines, and so the first dollar out the door in a transaction like this is going to be some combination of revolver and cash on hand, but we were very, very underutilized in our debt capacity and, in fact, that's sort of one of the big attractions of this deal, if you will.

I think the second statement I'd make, and this goes to what we talked about in the pre-recorded remarks, is the deal effectively leaves our capacity untouched for the 2030 horizon, meaning even including the impact of this deal we are still going to be able to deploy at or above that sort of guided range of $800 million to $1 billion between now and 2030, and that gives you some sense of kind of what financing it opens up and what the remaining capacity in the business is over those years.

Michael Freeman - Raymond James Ltd.

Okay. All right. Thanks, Ali. I'm curious, as you talk about these cash-flowing assets allowing for balance sheet optimization, I wonder are these, the ability to expand your debt capacity with expanding EBITDA, would this require refinancing of your facilities or are these aspects of your facilities allow for expansion of your debt capacity as written?

Ali Hedayat - Chief Executive Officer, DRI Healthcare Trust

I mean at this point we're so underutilized in terms of debt capacity versus draw that everything, this transaction, everything we're sort of contemplating over the next, call it, 12 to 18 months, I think will be inside the scope of our facilities.

Over time, as we said, the intent is, when we are reasonably drawn on the revolver, to refinance that into an expansion of the private placement and leave revolver capacity open for acquisitions, but we are so underutilized at this juncture it's probably not necessary over the near term to do that.

Michael Freeman - Raymond James Ltd.

Okay. All right. Thanks very much. I'll pass it on.

Operator

Thank you. Once again, that is star one should you wish to ask a question. And your next question is from Justin Keywood from Stifel. Your line is now open.

Justin Keywood - Stifel

Good morning. Thanks for taking my call. Nice to see the transaction. Just wondering, on the timing of the transaction, I realize it's contingent on FDA approval, but is there implicit some label risk potentially in transacting this before the FDA response? And then also, is there a change of control term for tavapadon similar to Ekterly?

Navin Jacob - Chief Investment Officer, DRI Healthcare Trust

We can't get into the specifics of the purchase agreement. We're not going to do that right now. With regards to the label risk, we feel very confident in the profile that has been exhibited by tavapadon and all the data that we have seen.

Justin Keywood - Stifel

Okay. And my other question is just how to view portfolio concentration risk in general. Orserdu, obviously, a very successful investment, but has become a large proportion of the portfolio, and is there a target weighting going forward for any particular royalty assets and how should we look at the portfolio concentration going forward?

Ali Hedayat - Chief Executive Officer, DRI Healthcare Trust

Look, we have a pretty sophisticated sort of lens on portfolio concentration and risk metrics that we've been building up over the past 12 months. I think, to give you some sense of the high-level parameters, I think there are aggregate risk concentration limits but they basically are put through a lens of the risk of the transaction, which is a reflection of the underlying risks of the drug at the point of life it's at, and also the structure of the deals. So obviously, a lower-risk drug with sort of a more protected structure permits a higher concentration and the inverse for a higher-risk drug. So we're very comfortable with where we're at.

I think one thing that is worth thinking through when you look at this discussion, and again using the example of Orserdu, at this point we have fully received our principal back on Orserdu. So, while it remains a large part of our revenues, if you will, the entirety of our initial investment has

been returned to us and we're redeploying it to new assets now. So I think that the concept of sort of balance sheet risk and income statement risk are a little bit different in that sense in that a lot of our largest assets essentially return capital on a pretty aggressive timeline and we're able to redeploy it, which is diversifying, even if they remain a meaningful part of our income on a go-forward basis.

Justin Keywood - Stifel

Understood. Very helpful. Thank you.

Operator

Thank you. Your next question is from Nathan Po from National Bank. Your line is now open.

Nathan Po - National Bank Capital Markets

Hey. Good morning, everyone. Thank you for taking my question and congratulations on the transaction. Last quarter there was some enthusiasm on the pipeline coming to fruition over the next 12 to 18 months, and assuming that this one comes through, what's the level of activity on your current pipeline now? And can you remind us again what your leverage comfort is?

Navin Jacob - Chief Investment Officer, DRI Healthcare Trust

Yeah, Ali, you could take the second one first, maybe.

Ali Hedayat - Chief Executive Officer, DRI Healthcare Trust

On the leverage side, as I said, we're very under levered now, so I think it's really not a discussion that we are particularly focused on in the sense that I think, until we have utilized a meaningful part of our debt capacity, we're not juggling much on the leverage side. I think we have ample capacity to pursue what we're looking at right now and, as Navin alluded to and he'll get to right now, I think the objective at this point is really to use the space that's been created by these stable and leverageable cash flows to focus on duration and high returns through the pre-approval portfolio.

Navin Jacob - Chief Investment Officer, DRI Healthcare Trust

And sorry, Justin, or Nathan, sorry, excuse me, with regards to the question on the pipeline and when you can expect another deal, listen, we were hyper focused on this particular deal pretty much all summer, so bear with us. This is our largest deal to date since going public and there are multiple moving pieces associated with it, so we were focused as an organization for the last two months on this. On the other hand, there are other things that were coming in. We had some inbounds that we are assessing and some other things that our sourcing effort has turned up that we're working on. I can't get into the timing of those. On the other hand, as I said, they are predominantly focused on pre-approval deals. Pre-approval assets.

Nathan Po - National Bank Capital Markets

Gotcha. Thank you. And just touching on that focus on pre-approval assets, I noticed commentary there on just that kind of focus and that makes me want to ask a question. Like has the risk/reward in aggregate changed between the pre-approval assets versus commercialized assets or is this a function of the Ekterly disposition and you being able to shape your portfolio more [inaudible]?

Ali Hedayat - Chief Executive Officer, DRI Healthcare Trust

It is purely portfolio shaping. And I'll fall back on that again. I think one of the things that we've really worked hard to achieve over the past 12, 18 months is to put the business in a position where we can think proactively about what deals we do when. And what I mean there is we are in a position now where we have a good balance of assets and a good balance in our pipeline and at any given point in time we can say, look, we're underutilized in terms of our debt capacity and we can do a cash flowing deal that lets us utilize those facilities a little bit more aggressively and then flip to saying, well, we can sort of extend duration and blend up our returns a little bit with something in the pre-approval space. And I think we can basically put ourselves now in a position where, on a go-forward basis, we're able to really think about what's best for the business at any given point in time and focus on that kind of transaction instead of either chasing duration or chasing cash flow because we have to. So I think we really are in a position where we can pick and choose what's best for the long-term interest of the business.

Nathan Po - National Bank Capital Markets

Thank you. And just one last one. You said there's a decent chance of hitting that hard cap. So, in the base case, when do you expect to reach that cap? And overall, do you have an expected IRR for this transaction?

Ali Hedayat - Chief Executive Officer, DRI Healthcare Trust

I'm not going to give guidance on when we're going to hit the cap. And I think, as I said on the IRR discussion, this is sort of in-line with the ranges that we've historically thought about when it comes to approved deals.

Nathan Po - National Bank Capital Markets

Thank you very much. I'll turn it over.

Operator

Thank you. Your next question is from Ash Verma from UBS. Your line is now open.

Ash Verma - UBS Securities

Hey. Thanks for taking my follow up. Just like one question that I had around the Parkinson's commercial landscape. What have you seen most recently around the payer access and whether or not that is favourable, because we've seen a couple of companies that operated in this space actually take their drugs off the market. Like if you look at Neurocrine, they gave back Ongentys back to Bial, and Sunovion voluntarily withdraw their Kynmobi. And like a lot of these companies have cited the reason that these Medicare Part D plans place branded Parkinson's drug as non-formulary. So just like help us understand if like you due diligenced this and what have you found on the payer side. Thanks.

Navin Jacob - Chief Investment Officer, DRI Healthcare Trust

It's a good question. Look, Parkinson's, obviously, is predominantly a disease that affects the elderly and a population that falls under Medicare and, in tavapadon's case, Part D, so the uptake won't be super fast, despite the peak sales being substantial. And as I've said, the consensus is not crazy. The uptake will be limited by how quickly some of the Medicare Part D

plans can come on board. On the commercial side, we've heard good, we've had strong feedback from payers with regards to the potential for this asset.

The assets that you're talking about just don't compare from a data standpoint to tavapadon. One, tavapadon is a new chemical entity. A lot of the pushback that payers have is reasonable because most of the drugs in the space are 505(b)(2) copies of each other. Occasionally, you'll see a new chemical entity. But tavapadon, not only is it a new chemical entity, it has novel data insofar as its ability to have strong efficacy in the early Parkinson's setting with strong safety and tolerability in both early and the advanced setting, and so that leads to a potential paradigm shift relative to levodopa/carbidopa. And paradigm shift is a strong word and we don't use that lightly. Those are not my words. Those are the words that KOLs have used with us. And again, it's just potential. I mean if this was a truly paradigm-shifting asset, it would be a very, very large asset, given how large the space is and how frequently levodopa is prescribed.

Ash Verma - UBS Securities

Got it. Thank you.

Operator

Thank you. There are no further questions at this time. I will now hand the call back over to Ali Hedayat for the closing remarks.

Ali Hedayat - Chief Executive Officer, DRI Healthcare Trust

Thank you, everyone, for joining us today and to the whole team at DRI for really bringing home a transformational deal for the business and for our Unitholders. Navin and I are super excited with what we can do going forward off the base of this and we look forward to speaking to all of you in the near future in our upcoming calls.

Operator

Thank you. Ladies and gentlemen, the conference has now ended. Thank you all for joining. You may now disconnect your lines.