

# BIOPHARMA

— CREDIT PLC —

Debt Capital for the Life Sciences Industry



COMPANY PRESENTATION – December 2017

For additional information please email: [ir@bpccruk.com](mailto:ir@bpccruk.com)  
or visit BioPharma Credit's website at [www.bpccruk.com](http://www.bpccruk.com)

# Disclaimer

---

THIS PRESENTATION IS BEING PROVIDED TO YOU SOLELY FOR YOUR INFORMATION. THIS PRESENTATION IS NOT FOR PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, INTO OR WITHIN THE UNITED STATES, CANADA, AUSTRALIA, JAPAN OR THE REPUBLIC OF SOUTH AFRICA. ANY FAILURE TO COMPLY WITH THESE RESTRICTIONS MAY CONSTITUTE A VIOLATION OF APPLICABLE SECURITIES LAWS.

This presentation, comprising certain written materials/slides (together, the "presentation") has been prepared by BioPharma Credit plc (the "Company") and Pharmakon Advisors, LP ("Pharmakon"). This presentation is based on management beliefs and is subject to updating, revision and amendment.

This presentation is not intended to be an investment advertisement or sales instrument. This presentation does not constitute or form part of any offer for sale or subscription or any solicitation of any offer to buy or subscribe for any securities and neither this document nor any part of it forms the basis of or may be relied on in connection with or act as an inducement to enter into any contract or commitment whatsoever. It constitutes neither an offer nor an attempt to solicit offers for the securities described herein.

No part of this presentation may be reproduced, redistributed, published or passed on, directly or indirectly, to any other person or published, in whole or in part, in any manner without the written permission of the Company and Pharmakon. No person has been authorised to give any information or to make any representation not contained in this presentation. The securities described in this presentation may not be eligible for sale in some states or countries and it may not be suitable for all types of investors. This presentation is not intended to form the basis of any credit or other investment decision and should not be considered as a recommendation by the Company, Pharmakon, or any of their respective affiliates to invest. Prospective investors are advised to seek expert legal, financial, tax and other professional advice before making any investment decision.

This presentation was prepared using the financial information available to the Company as at the date of this presentation. This presentation describes past performance, which may not be indicative of future results. Except where otherwise indicated herein, the information provided in this presentation is based on matters as they exist as of the date of preparation and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after the date hereof or to correct any inaccuracies in any such information. This information is believed to be accurate but has not been audited by a third party. Neither the Company nor Pharmakon or any of their respective affiliates accept any liability for actions taken on the basis of the information provided in this presentation.

No reliance may be placed for any purposes whatsoever on the information contained in this presentation or on its accuracy, completeness or fairness. No representation or warranty, express or implied, is given by or on behalf of the Company, Pharmakon, or any of their respective affiliates or partners with respect to the accuracy or completeness of the information contained in this presentation or on which this presentation is based or any other information or representations supplied or made in connection with the presentation or as to the reasonableness of any projections which this presentation contains. The aforementioned persons disclaim any and all responsibility and liability whatsoever, whether arising in tort, contract or otherwise, for any errors, omissions or inaccuracies in such information or opinions or for any loss, cost or damage suffered or incurred howsoever arising, directly or indirectly, from any use of this presentation or its contents or otherwise in connection with this presentation. Persons reading this document must make all trading and investment decisions in reliance on their own judgement. No statement in this presentation is intended to be nor may be construed as a profit forecast.

In this notice, "affiliates" includes, in relation to each of the Company, Pharmakon, their respective holding companies, companies under control of such holding companies, and subsidiaries and their respective directors, officers, employees, sub-contractors, agents and representatives.

Nothing in this presentation is, or should be relied on as a promise or representation as to the future. In furnishing this presentation, none of the Company, Pharmakon, nor any of their respective affiliates undertakes to provide the recipient with access to any additional information or to update this presentation or to correct any inaccuracies therein which may become apparent.

Neither this presentation nor any copy of it may be taken, transmitted or distributed, directly or indirectly, in or into the United States, its territories or possessions, or to any US person. The distribution of this presentation and the offering and sale of participation rights or other securities in certain jurisdictions may be restricted by law and therefore persons into whose possession this presentation comes should inform themselves and observe any applicable restrictions. This presentation is not for transmission to, publication or distribution or release in the Canada, Australia, Japan or the Republic of South Africa, or to any other country where such distribution may lead to a breach of any law or regulatory requirement, or to any national, resident or citizen of such jurisdiction.

The Company is not and will not be registered under the Investment Company Act of 1940, as amended (the "Investment Company Act") and, as such, holders of the Company's securities will not be entitled to the benefits of the Investment Company Act. The securities of the Company have not been and will not be registered under the U.S. Securities Act, or under any applicable securities laws of any state or other jurisdiction of the United States. Subject to certain exceptions, none of the securities of the Company may be offered, sold, taken up, resold, transferred or delivered, directly or indirectly, into or within the United States or to or for the account or benefit of US Persons (as such term is defined in Regulation S). There has been and will be no public offer of the securities of the Company in the United States. Distribution of this presentation may be prohibited in the United States. You are required to inform yourself of, and comply with, all such restrictions or prohibitions and none of the Company, Pharmakon, another of their affiliates or any other person accepts liability to any person in relation thereto.

Certain statements in this presentation constitute forward-looking statements. All statements that address expectations or projections about the future, including statements about operating performance, market position, industry trends, general economic conditions, expected expenditures and financial results, are forward-looking statements. Some of the forward-looking statements may be identified by words like "expects", "anticipates", "targets", "continues", "estimates", "plans", "intends", "projects", "indicates", "believes", "may", "will", "should", "would", "could", "outlook", "forecast", "plan", "goal" and similar expressions (or negatives and variations thereof). Any statements contained herein that are not statements of historical fact are forward-looking statements. These statements are not guarantees of future performance and involve a number of risks, uncertainties and assumptions. Accordingly, actual results or the performance of Pharmakon, the Company or their respective subsidiaries or affiliates may differ significantly, positively or negatively, from forward-looking statements made herein. Due to various risks and uncertainties, actual events or results or actual performance may differ materially from those reflected or contemplated in such forward-looking statements. As a result, you should not rely on such forward-looking statements in making any investment decision. No representation or warranty is made as to the achievement or reasonableness of, and no reliance should be placed on, such forward-looking statements. Nothing in this presentation should be relied upon as a promise or representation as to the future. Certain figures contained in this presentation have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this presentation may not conform exactly to the total figure given.

The information with respect to any projections presented herein is based on a number of assumptions about future events and is subject to significant economic and competitive uncertainty and other contingencies, none of which can be predicted with any certainty and some of which are beyond the control of the Company and Pharmakon. There can be no assurances that the projections will be realised, and actual results may be higher or lower than those indicated. None of the Company, Pharmakon, or any of their respective affiliates, assumes responsibility for the accuracy of the projections presented herein.

This presentation includes track record information regarding certain investments made and/or managed by Pharmakon, any of its affiliates and/or certain other persons. Such information is not necessarily comprehensive and potential investors should not consider such information to be indicative of the possible future performance of the Company or any investment opportunity to which this document relates. The past performance of Pharmakon or its affiliates is not a reliable indicator of, and cannot be relied upon as a guide to, the future performance of the Company.

The track record information included herein relates to business activities that are not directly comparable with the Company's investment objective and therefore are not indicative of the returns the Company will, or is likely to, generate going forward. The Company will not make the same investments reflected in the track record information included or referred to herein. Any investment in the Company would be speculative, involve a high degree of risk, and could result in the loss of all or substantially all of their investment.

The information provided in this material should not be considered a recommendation to buy, sell or hold any particular security.

# BioPharma Credit Team

---



**Pedro Gonzalez de Cosio**  
***Co-Founder & Principal, Pharmakon (2009 to Present)***

**Prior Experience**

- ▶ 17 years in Structured Finance with leading global banks
  - Deutsche Bank, JP Morgan, Nomura Securities, Société Générale
- ▶ 2 years coordinating the issuance of external debt for the Mexican Ministry of Finance (Mexico)



**Martin Friedman**  
***Principal, Pharmakon (2011 to Present)***

**Prior Experience**

- ▶ 16 years in Health Care Finance with leading global banks
  - Bank of America / Merrill Lynch, Credit Suisse, JP Morgan
- ▶ 2 years as Head of M&A and Collaborations at Novartis AG based in Switzerland



**Pablo Legorreta**  
***Co-Founder and Principal, Pharmakon (2009 to Present)***  
***Founder & CEO, Royalty Pharma (1996 to Present)***

**Prior Experience**

- ▶ 10 years in Investment Banking with Lazard Freres

Member Board of Governors of the New York Academy of Sciences, Boards of Trustees of the Hospital for Special Surgery, the Pasteur Foundation, The Open Medical Institute. Chairman of Alianza Médica para la Salud (AMSA)

# BioPharma Credit – Overview

---

## Mission Statement

- ▶ **To become the premier dedicated provider of debt capital to the global life sciences industry**

## Investment Objective and Strategy

- ▶ To generate long-term shareholder returns, predominantly in the form of sustainable income distributions from exposure to the life sciences industry
- ▶ The Company primarily invests in corporate and royalty debt secured by cash flows derived from sales of approved life sciences products
- ▶ Pharmakon Advisors, the Investment Manager, seeks to build a diversified portfolio with downside protection, high visibility and stability of cash flows
- ▶ Once substantially invested, BioPharma Credit will target an initial dividend yield of 7% and net total return on NAV of 8% to 9% per annum in the medium term

## BioPharma Credit PLC

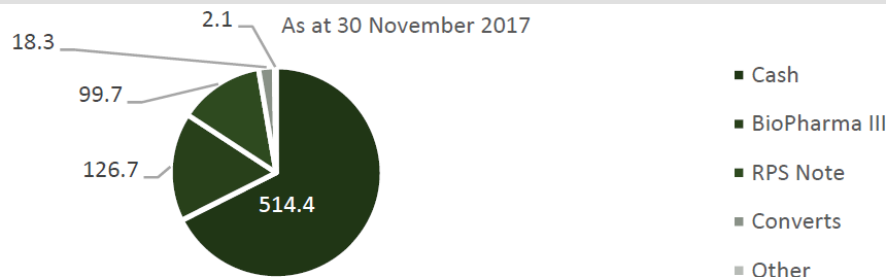
- ▶ Listed on the Specialist Funds Segment of the LSE on 27-Mar-2017 with the ticker: BPCR.L, raising initial gross proceeds of \$762m including \$339m seed portfolio with a gross return of approximately 12%<sup>1</sup>
- ▶ Since the IPO the Company has made four investments that will deploy \$363.7m in 2017 and up to approximately \$334m<sup>2</sup> in the future subject to certain conditions. The Company has sold one investment for \$19.7m
- ▶ On 14 December 2017, the Company announced the issue of up to 152,375,471 ordinary shares at an issue price of \$1.0114, to raise gross proceeds of up to \$154m.

<sup>1</sup> This is a target only and not a profit forecast. It is based on estimates of Pharmakon and is subject to change depending on the material risks and market changes. There can be no assurance that this targets will be met.

<sup>2</sup> Assumes \$150m investment in the Bristol Myers Squibb royalty (mid-point of the expected range).

# BioPharma Credit – Update as at 30 November 2017 (excludes three transactions in November and December)

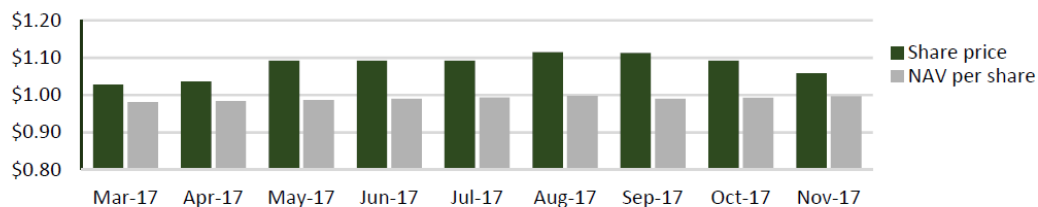
Ordinary shares		Assets	
Share price	\$1.06	Market capitalisation	\$806.1m
NAV per share	99.67 cents	Net assets	\$759.4m
Premium to NAV	6.15%		
Shares in issue	761.9m		
		Fees	
		Management fee	1% of NAV per annum
		Performance fee	10% <sup>1</sup>



## PERFORMANCE

### Cumulative Performance

	1 month	2 months	3 months	Since launch
Share price	(3.11%)	(4.94%)	(5.11%)	5.80%
NAV per share <sup>2</sup>	0.43%	0.69%	(0.01%)	1.70%



1. The performance fee is calculated as 10% of outperformance above 0% return, subject to a 6% preferred return hurdle with 50% catch up.
2. As set out in the Prospectus, the Initial Expenses to be borne by the Company were capped at 2% of the Gross Issue Proceeds. The cumulative NAV performance since launch reflects the Company's performance against the expected opening NAV per share of 98 cents on the date of IPO.

# BioPharma Credit – Investment Manager Update

---

- ▶ Following IPO, the Company has announced three investments:
  - ▶ **Tesaro (21-Nov):** \$500m loan (BPCR up to \$370m) secured by Tesaro’s US rights to ZEJULA® and VARUBI®. The first US\$300 million tranche bears interest at LIBOR plus 8%, with the second optional tranche bearing interest at LIBOR plus 7.5%
  - ▶ **Lexicon (04-Dec):** \$200m loan secured by substantially all of Lexicon’s assets, including its rights to XERMELO® and sotagliflozin. Available in two tranches bearing interest at 9%; first tranche of \$150m available immediately and second tranche available until March 2019
  - ▶ **Bristol Myers Squibb (08-Dec):** BPCR funding an estimated \$140-160m during 2018 through 2020 to acquire a 50% interest in a stream of payments from Bristol Myers Squibb linked to tiered worldwide sales of Onglyza and Farxiga, diabetes agents marketed by AstraZeneca, and related products. This transaction is expected to generate attractive risk-adjusted returns in the high single digits per annum
- ▶ In addition, the Company purchased 2.5% senior unsecured convertible notes issued by Depomed Inc., with a face value of US\$23.5 million, at an average price of 72.9 cents for a total consideration of US\$17.2 million. The Company sold the entire position at an average price of 83.4 cents and received proceeds of US\$19.7million including accrued interest, generating a net gain of US\$2.5 million and an IRR of 154%
- ▶ The Company has an attractive pipeline of potential future investments and is currently evaluating a number of opportunities for further deployment of capital
- ▶ Interim dividends declared and / or paid in line with target set out at IPO

# \$500m senior secured loan to Tesaro

## Tesaro Corporate Overview

- ▶ **Description:** Tesaro is an oncology-focused biopharmaceutical company focused on in-licensing and developing oncology-related product candidates, including rolapitant, niraparib, and product candidates under their immuno-oncology platform
- ▶ **Market Cap:** \$4.4bn as of 12/13/17
- ▶ **Most recent product sales (Q3):** Zejula: \$39.4m ; Varubi: \$2.4m

	US approval	EU approval
Zejula	March 2017	November 2017
Varubi Oral	September 2015	April 2017
Varubi IV	October 2017	

## Key terms of Loan

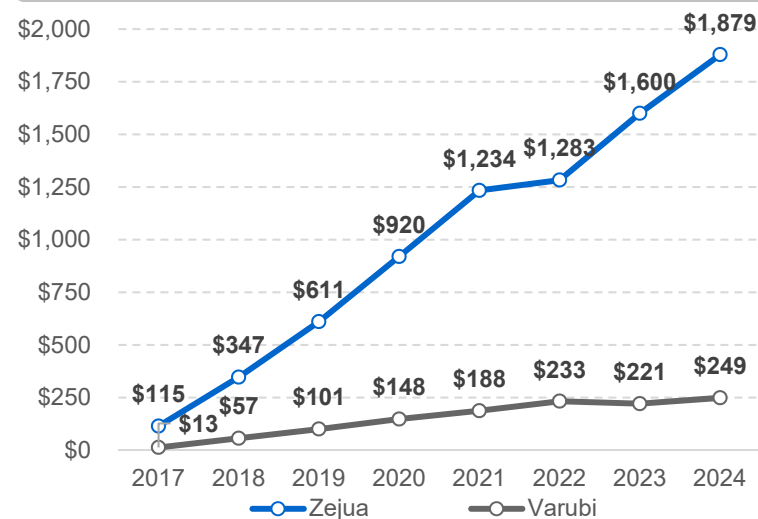
- ▶ **Size of facility:** \$500m to be funded in two tranches
  - ▶ Tranche A: \$300m
  - ▶ Tranche B: \$200m (prior to 12/20/18)
- ▶ **Funding fee:** 2% of Tranche A + 2% of Tranche B (draw)
- ▶ **Interest rate:**
  - ▶ Tranche A: L+8.0% (subject to a floor and cap)
  - ▶ Tranche B: L+7.5% (subject to a floor and cap)
- ▶ **Amortization:** 2-year interest only then 3% quarterly
- ▶ **Duration:** 7 years
- ▶ **Make-whole:** 2 year
- ▶ **Prepayment:** 3% before 2nd anniversary, 2% before 3rd anniversary, and 1% before 4th anniversary of Tranche A

Source: Pharmakon Advisors, Tesaro public disclosures, Bloomberg

## Description of key products

- ▶ **Zejula (niraparib)** – is a once-daily orally active poly (ADP-ribose) polymerase, or PARP, inhibitor available for the maintenance of women with recurrent ovarian, fallopian tube, or primary peritoneal cancer who are in response to platinum-based chemotherapy
- ▶ **Varubi (rolapitant)** – is a selective and competitive antagonist of substance P/NK-1 receptors, which play an important role in combination with other antiemetic agent for nausea and vomiting associated with initial and repeat courses of emetogenic cancer chemotherapy

## Bloomberg consensus estimates





# \$200m senior secured loan to Lexicon

## Lexicon Corporate Overview

- ▶ **Description:** Lexicon is a biopharmaceutical company focused on developing drugs for cancer, diabetes, and pain including Xermelo for the treatment of Carcinoid Syndrome diarrhea and sotagliflozin for Type 1 and Type 2 diabetes
- ▶ **Market Cap:** \$1.1bn as of 12/13/17
- ▶ **Most recent product sales:**
  - ▶ **Xermelo (3Q):** \$5.8m (\$10.4m YTD)
  - ▶ US approval February 2017 & EU approval September 2017
- ▶ **License agreement:**
  - ▶ \$300m upfront from Sanofi for worldwide rights to Sotagliflozin and up to \$430m for development and regulatory milestones and up to \$990m for sales milestones
  - ▶ Sanofi expected to file for US registration Q1 2018

## Key terms of Loan

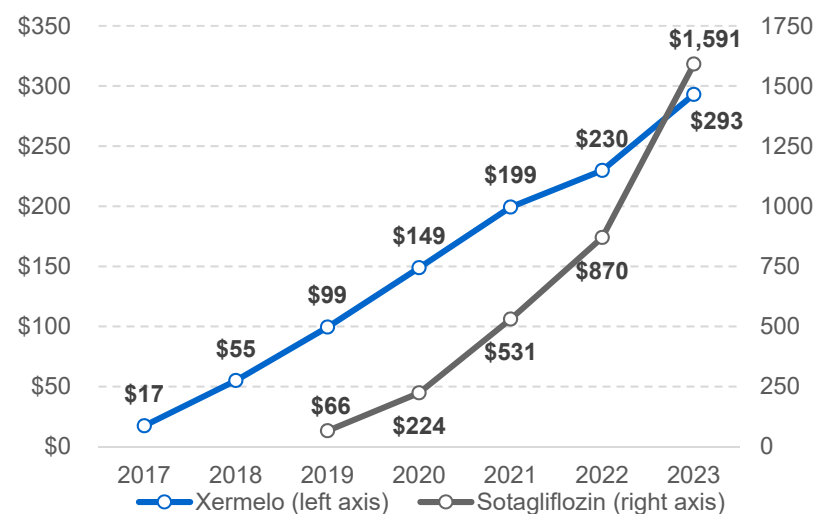
- ▶ **Size of facility:** \$200m to be funded in two tranches
  - ▶ Tranche A: \$150m
  - ▶ Tranche B: \$50m (3/20/19 subject to previous quarter sales being greater than \$25m)
- ▶ **Funding Fee:** Not disclosed
- ▶ **Interest rate:** 9.0%
- ▶ **Amortization:** Principal amount 5 years post funding date
- ▶ **Duration:** 5 years
- ▶ **Prepayment:** 2% prior to 4<sup>th</sup> anniversary of Tranche A closing date and 1% after the fourth anniversary of the Tranche A closing date but prior to the 5<sup>th</sup> anniversary
- ▶ **Make-whole:** 3 years

Source: Pharmakon Advisors, Lexicon public disclosures, Sanofi public disclosures, Bloomberg

## Description of key products

- ▶ **Xermelo (telotristat ethyl)** - an oral treatment that works with somatostatin analog (SSA) therapy to reduce the overproduction of serotonin hormone to control Carcinoid Syndrome diarrhea. SSA injections are used to slow the release of serotonin in the body (outside the tumor) while Xermelo functions inside the neuroendocrine tumor to reduce the overproduction of serotonin. Lexicon granted Ipsen commercial rights to telotristat ethyl outside the US & Japan
- ▶ **Sotagliflozin (LX4211)** – an orally-delivered phase 3 compound for Type 1 and Type 2 diabetes that inhibits both sodium-glucose cotransporter type 2, or SGLT2, a transporter responsible for glucose reabsorption performed by the kidney and sodium-glucose cotransporter type 1, or SGLT1, a transporter responsible for glucose and galactose absorption in the gastrointestinal tract

## Bloomberg consensus estimates





# Target Investments

---

*BioPharma Credit will mainly invest in debt secured by rights to approved life sciences products or royalties from sales of approved life sciences products*

## Debt

- ▶ Investments seek predictable cash flows with downside protection

## Secured

- ▶ Product rights or royalties will serve as collateral for the debt

## Product Rights

- ▶ Intellectual property, regulatory rights, etc. that give a life sciences company exclusivity on products and methods of treating certain diseases

## Royalties

- ▶ Right to receive a pre-determined percentage of product sales derived from a license to product rights

## Approved

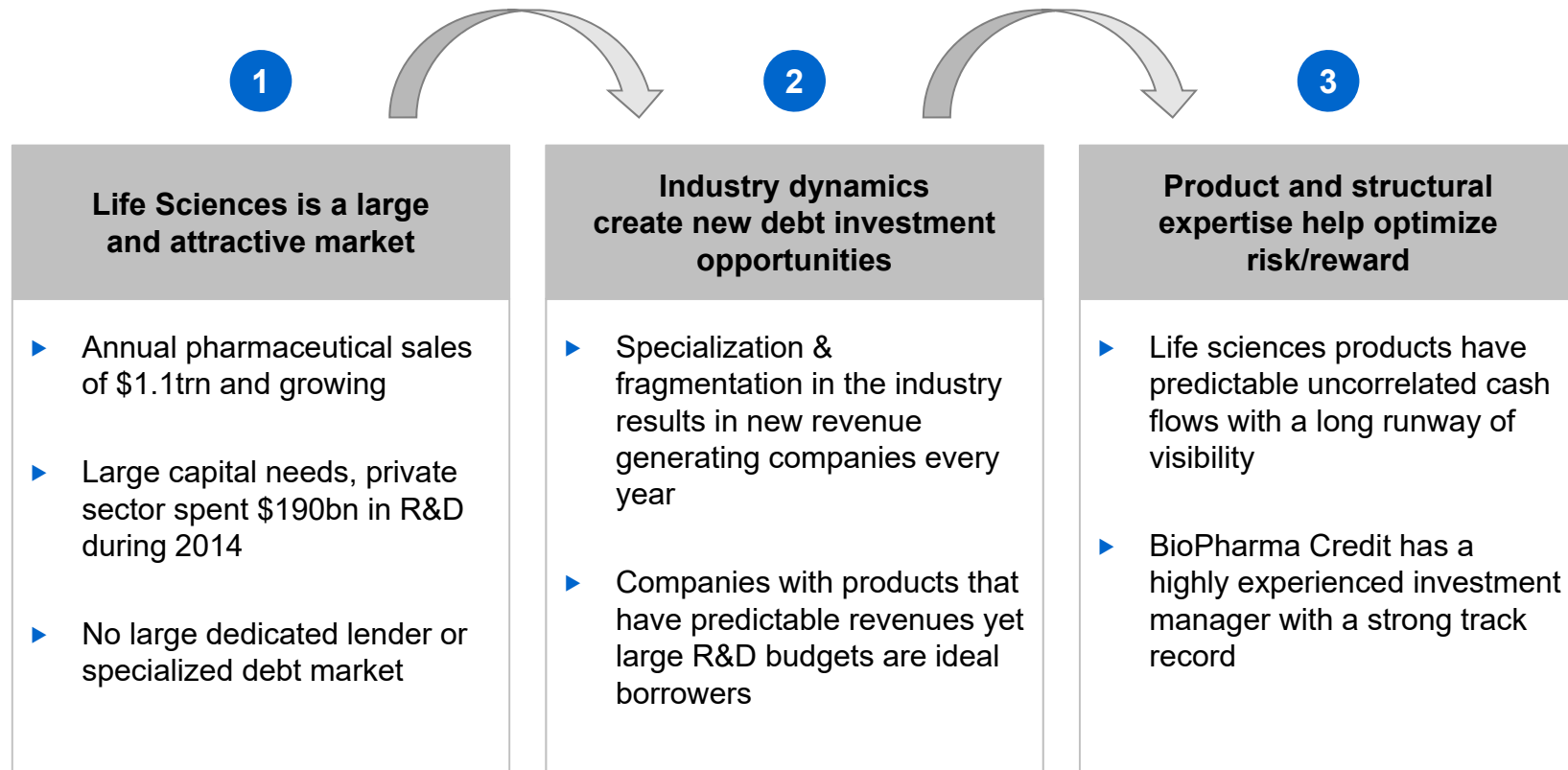
- ▶ Diminished clinical trial risk or regulatory risk

## Life Sciences

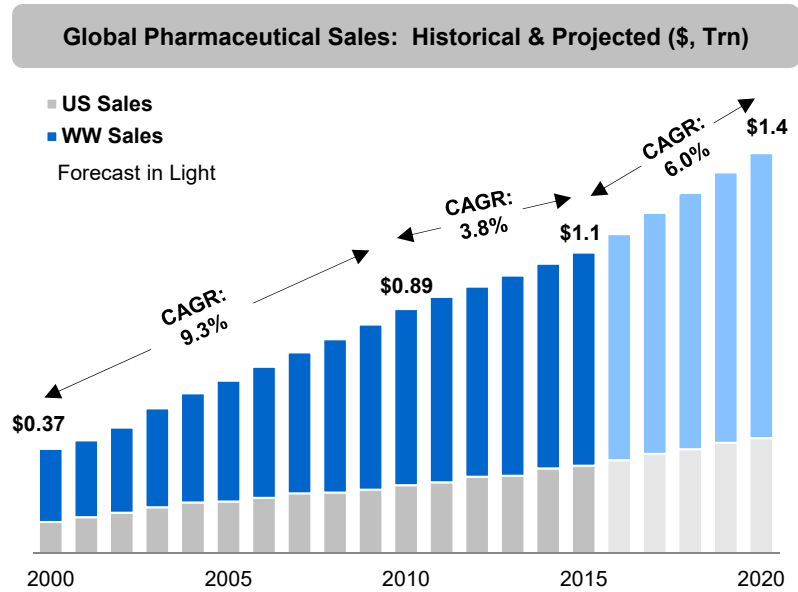
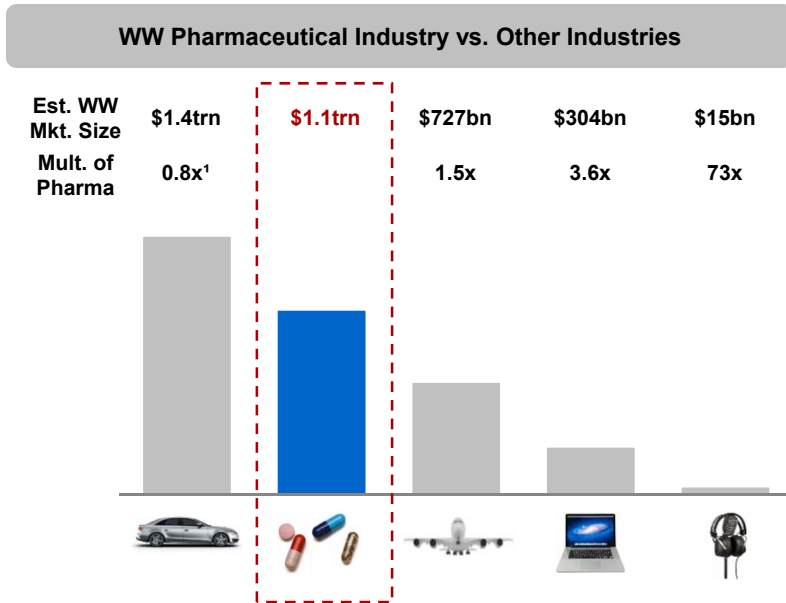
- ▶ Products may include pharmaceuticals, bio-pharmaceuticals, medical devices, and clinical diagnostics

# Providing Debt Capital for the Life Sciences Industry is a Unique Investment Opportunity

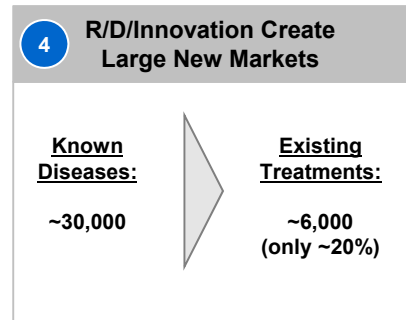
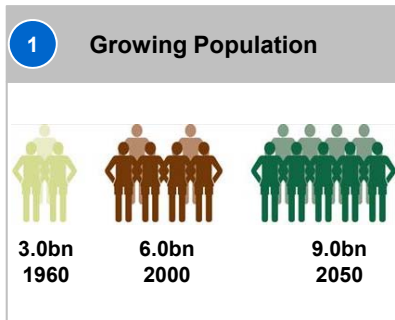
---



# 1 Life Sciences is a Large, Vital Industry with Strong, Consistent Growth



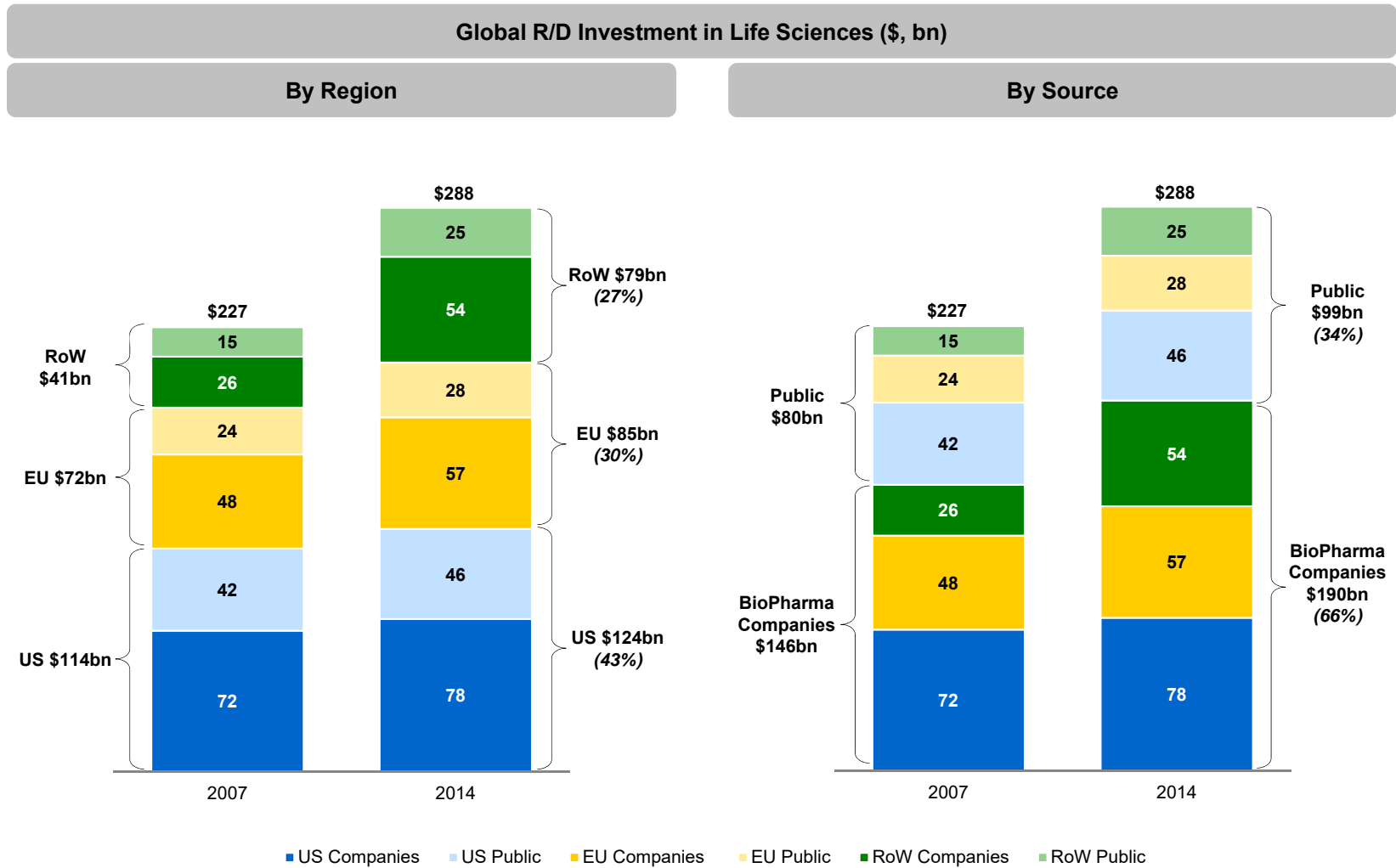
## Strong Expected Growth Over Foreseeable Future Fueled by 4 Strong Growth Drivers



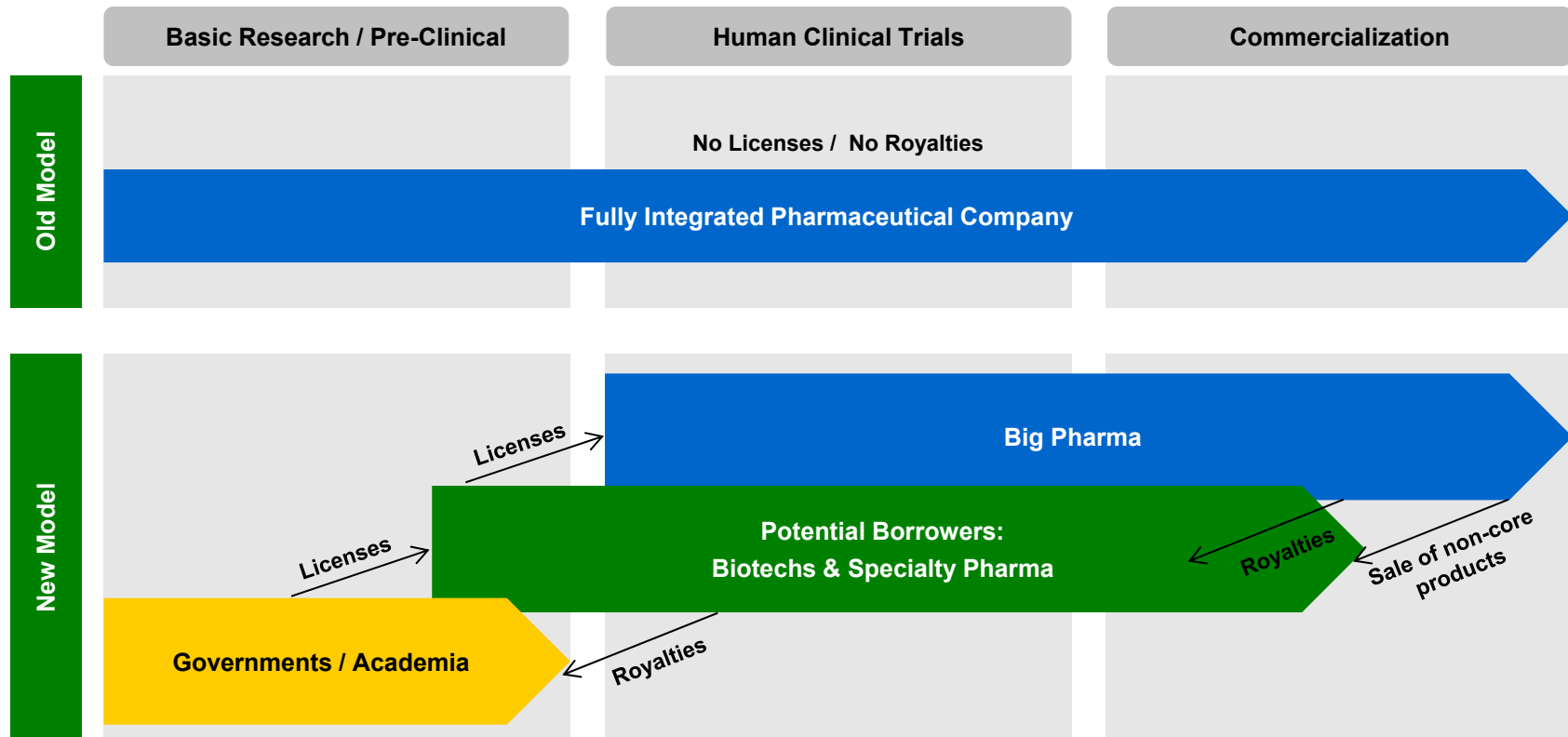
Source: World Health Organization, Evaluate Pharma, IFPI, Statista, Ibis World, Rare Disease Foundation, Energy and Commerce Committee, IMS, CIA World Factbook

<sup>1</sup> Includes top 16 auto manufacturers worldwide.

# 1 An Industry with a Constant Need for Capital

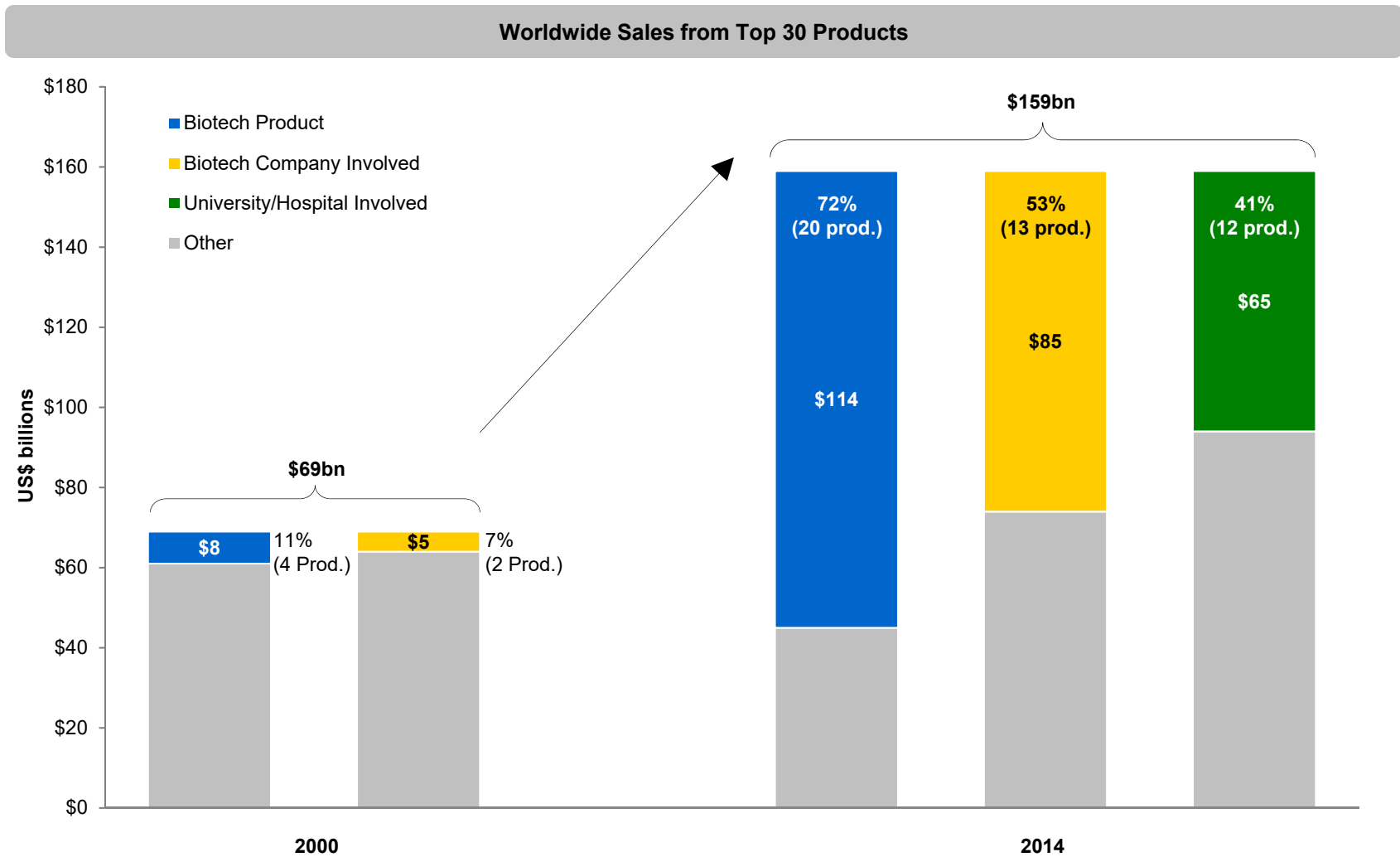


## 2 Specialization & Fragmentation of Drug Discovery is Leading to More Lending Opportunities

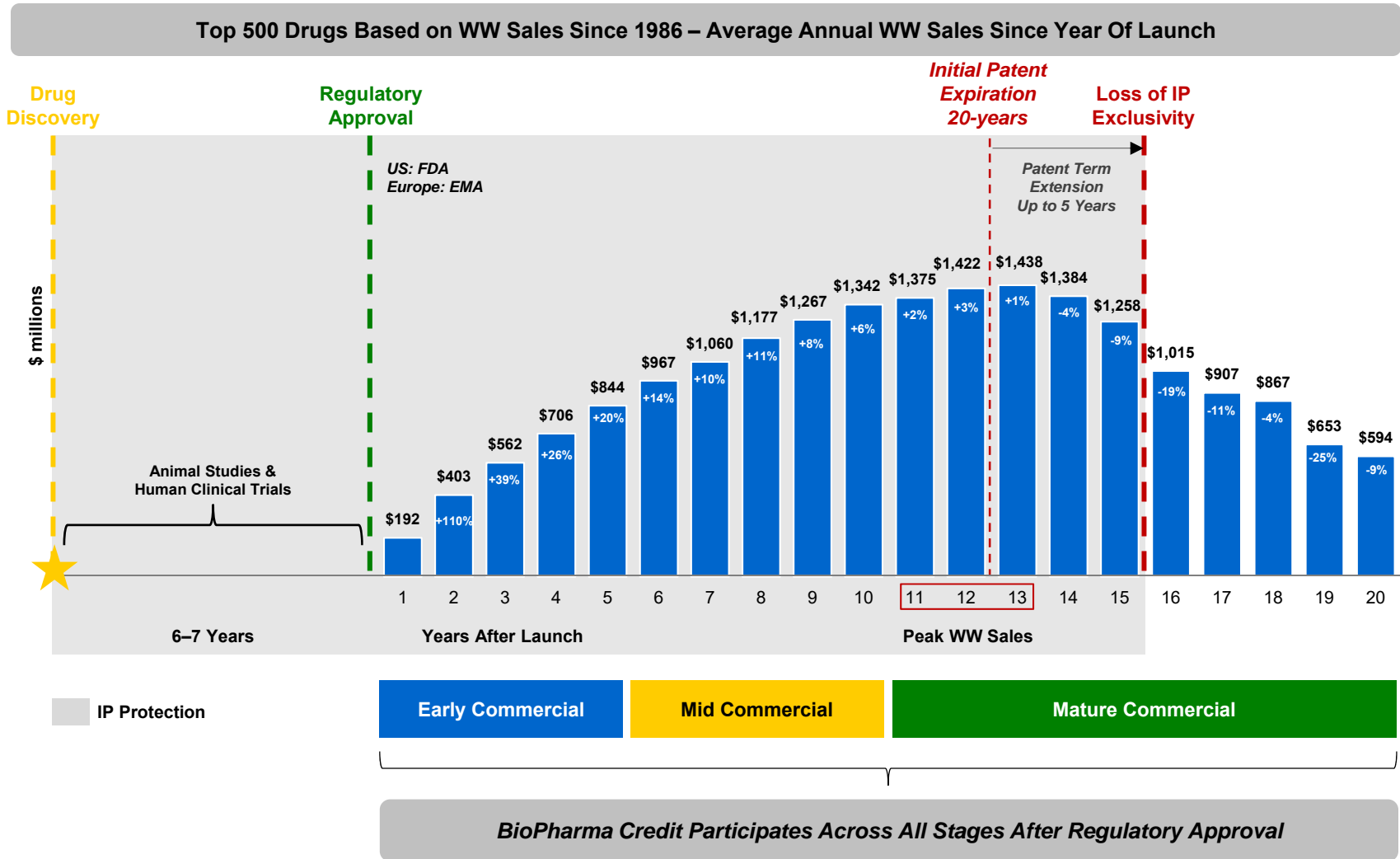


*As new products are approved, more companies are generating rights and royalties from life sciences products, the ideal collateral for BioPharma Credit. Recent trend of Big Pharma selling non-core products to smaller companies also creates new lending opportunities*

## 2 Biotech Companies and Academic Institutions are Driving Industry Innovation and Growth



### 3 Life Sciences Products Have Stable Cash Flows and Long Runway of Visibility



Source: Evaluate Pharma

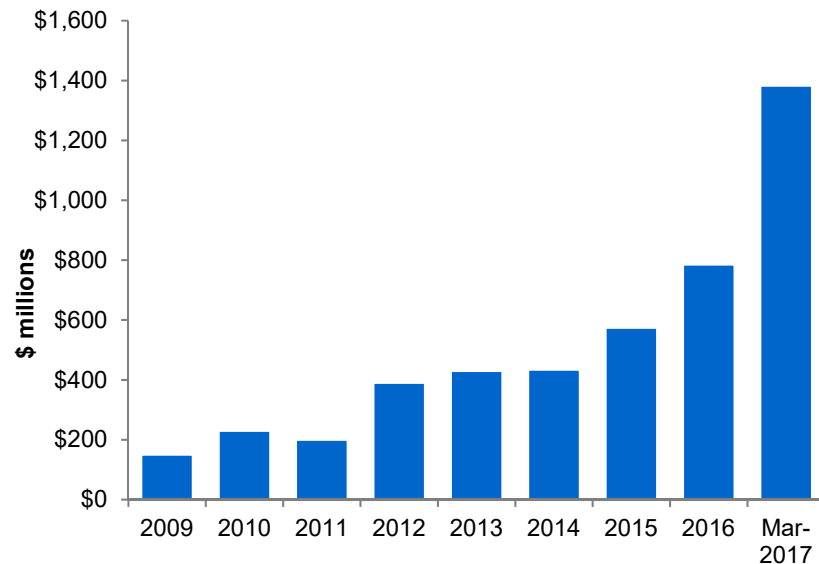


### 3 The Investment Manager

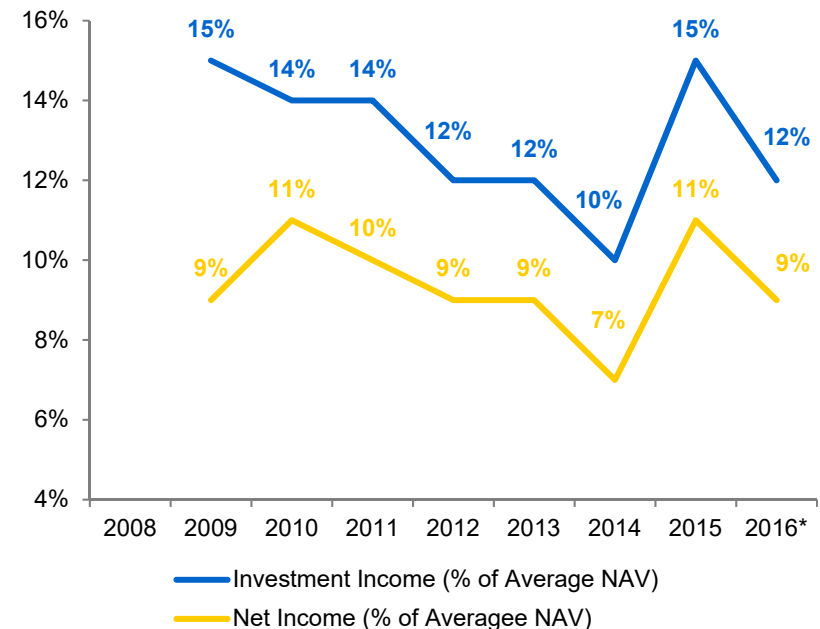
## Pharmakon Advisors, LP

- ▶ Founded in 2009; manager of the BioPharma funds
- ▶ \$1.3bn committed over 7 years in 21 transactions & 4 funds
- ▶ 13% unlevered weighted average projected gross returns from first three funds<sup>1</sup>
- ▶ 10% unlevered net returns after all fees and expenses<sup>1</sup>
- ▶ No defaults

Pharmakon Advisors Assets Under Management



BioPharma Funds (Consolidated)



Source: Pharmakon estimates

<sup>1</sup> This is a target only and not a profit forecast. It is based on estimates of Pharmakon and is subject to change depending on the material risks and market changes. There can be no assurance that this target will be met.

\* 2016 returns are as of September 2016

# 3 BioPharma Credit's Experienced Senior Management Team

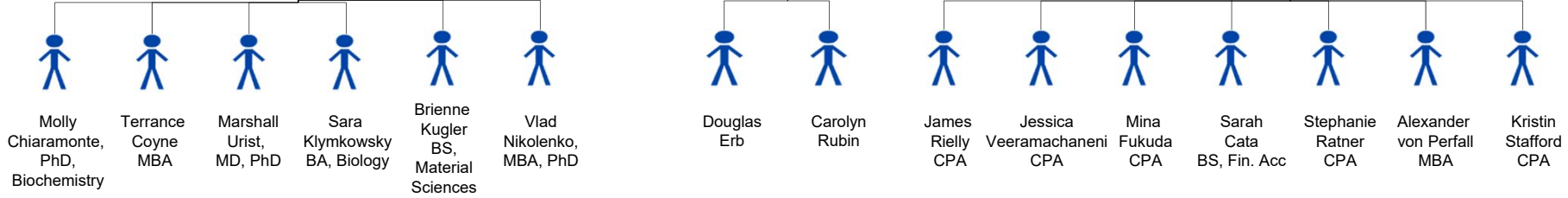
## Pharmakon Advisors

<p><b>Pedro Gonzalez de Cosio</b> <i>Co-Founder and Principal</i></p> <ul style="list-style-type: none"> <li>▶ Co-founded Pharmakon in 2009 after 17 years in structured finance investment banking</li> </ul>	<p><b>Martin Friedman</b> <i>Principal</i></p> <ul style="list-style-type: none"> <li>▶ Joined Pharmakon in 2011 after 18 years in healthcare finance</li> </ul>	<p><b>Pablo Legorreta</b> <i>Co-Founder and Principal</i></p> <ul style="list-style-type: none"> <li>▶ Co-Founded Pharmakon in 2009</li> <li>▶ Founded Royalty Pharma in 1996</li> </ul>	<p><b>Jeffrey Caprio, CPA</b> <i>Controller</i></p> <ul style="list-style-type: none"> <li>▶ Joined Pharmakon in 2010 after 3 years at Deloitte</li> </ul>
--	--	--	--



## RP Management (Under Shared Services Agreement)

Research Team	Legal and Compliance Team	Finance Team
<p><b>Jim Reddoch, PhD</b> <i>EVP and Head of Research</i></p> <ul style="list-style-type: none"> <li>▶ Joined in 2008 after 12 years in biotech equity research on Wall Street</li> </ul>	<p><b>George Lloyd</b> <i>EVP and General Counsel</i></p> <ul style="list-style-type: none"> <li>▶ Joined in 2011 after 25 years in corporate law</li> </ul>	<p><b>Susannah Gray</b> <i>EVP and Chief Financial Officer</i></p> <ul style="list-style-type: none"> <li>▶ Joined in Jan-2005 after 14 years in fixed income investment banking</li> </ul>



**Management team with extensive healthcare / finance experience and over 20 years of royalty investment experience**

# Case Study: \$575m Senior Secured Loan for Depomed

## Background

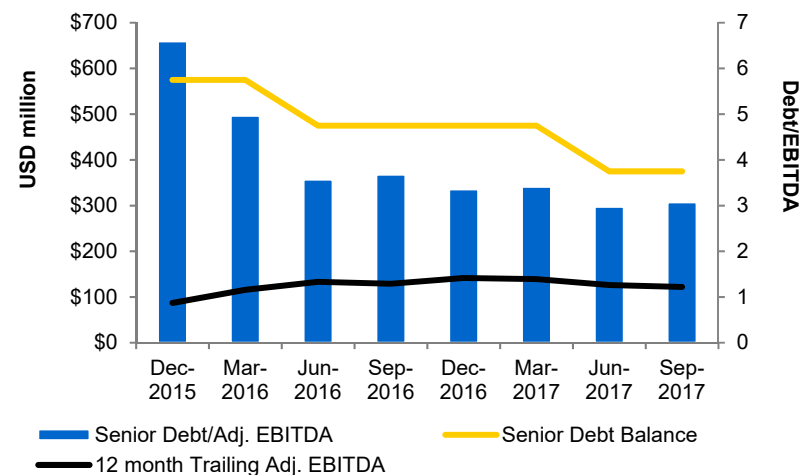


- ▶ In 2015, Depomed required financing to purchase Nucynta, a pain product, from JNJ for \$1.05bn
- ▶ Depomed needed to raise \$575m but traditional banks were only willing to lend ~\$300m

## Pharmakon Solution

- ▶ Pharmakon identified substantially greater collateral value that justified a larger, \$575m financing
- ▶ Pharmakon's expertise and thorough diligence showed that Depomed's changes to JNJ's marketing of Nucynta would result in much greater sales and EBITDA
- ▶ Because of the larger size, Pharmakon was able to negotiate attractive economic terms: 10.75% coupon + 2.25% up-front

## DEPOMED Senior Secured Loan



## Update








- ▶ Senior Debt / Adj. EBITDA has decreased from ~7 times in Dec-2015 to ~3 times in Sept-2017
- ▶ Through November 2017, \$210m of generated cash has been used to pay down the loan by 37% to a current \$365m

Source: Pharmakon Advisors; Depomed public disclosures

# Case Study: \$150m loan to Halozyme Secured by Roche/Genentech & Baxalta Royalties

## Background

- ▶ Halozyme developed ENHANZE™ technology that allows for intra-venous (IV) infused drugs to be reformulated and delivered via more convenient Sub-Q injection
- ▶ Licensed the technology to Roche and Baxalta in exchange for royalties
- ▶ By the end of 2015, the royalties had a 12 month run rate of \$38m, Halozyme needed to raise \$150m but did not want to raise equity or sell the royalties

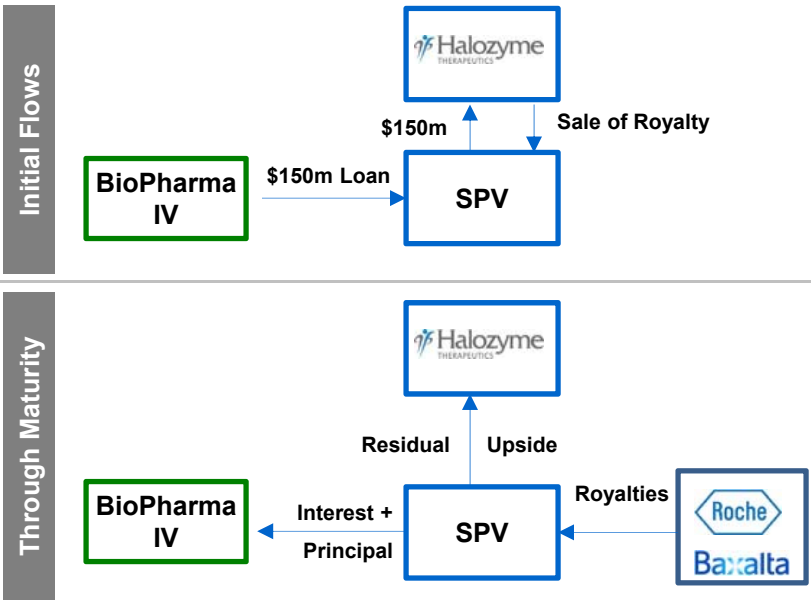
	<i>Transformed treatment of lymphoma - 2015 sales: \$7bn</i>  <span style="margin-left: 20px;">→ ENHANZE™ →</span> 
	<i>Transformed breast cancer treatment - 2015 sales: \$6.5bn</i>  <span style="margin-left: 20px;">→ ENHANZE™ →</span> 
	<i>Primary Immunodeficiency in adults</i> Immunoglobulin <span style="margin-left: 20px;">→ ENHANZE™ →</span> 

## Pharmakon Solution

- ▶ In Jan'2016 BioPharma IV led a \$150m loan secured with the Roche and Baxalta royalties
- ▶ The loan was structured so that credit exposure was limited to the royalties paid by the large pharmaceutical companies, bypassing smaller Halozyme
- ▶ Halozyme was allowed to retain 100% of the royalties in 2016 and 50% during 2017
- ▶ Loan expires in 2020 and is expected to generate a 10.3% rate of return

Source: Pharmakon Advisors; Halozyme public disclosures

## Transaction Structure



## Update

- ▶ Loan balance increased to \$165m by the end of 2016 and is expected to go back to \$150m by the end of 2017
- ▶ Royalty run rate has increased from \$38m in late 2015 to \$59m currently

# BioPharma Credit Assets at IPO (30-Mar-2017)

- ▶ Unique portfolio of seed assets representing a cross section of all existing assets, generating a gross return of approximately 12%<sup>1</sup>
- ▶ Target returns of 8-9% net total return on NAV per annum over the medium term<sup>1</sup>
- ▶ 7% target dividend yield on issue price once substantially invested, ideally within 12 months from the date of the IPO<sup>1</sup>

Investment	Value (\$M) <sup>1</sup>	Description	Expected Maturity	Projected Gross Returns <sup>1</sup>	
				Cash on Cash	IRR
RPS Note	\$185.1	Note secured by royalties on 21 bio-pharmaceutical products	2020	1.1	12%
BioPharma III	\$153.5	Interest in limited partnership that owns 5 loans secured by life sciences products	2021	1.2	12%
<b>Total Seed Assets</b>	<b>\$338.6</b>				
<b>Cash</b>	<b>\$408.0</b>				
<b>Total Assets</b>	<b>\$746.6</b>				

<sup>1</sup> Values as of 30-Mar-2017. Any estimates, valuations and projections provided are based on the internal records or data of Pharmakon and its principals and no independent third party has reviewed the reasonableness of or verified any such statements or assumptions. The projections are not profit forecasts and subject to change depending on material risks and market changes. There can be no assurance that these projections will be met.

# Investment Opportunity – Summary

---



## The Life Sciences Debt Market is an Underserved, Large and Growing Opportunity

- ▶ Worldwide \$1.1tn industry growing at 6% per annum
- ▶ Large capital needs, private companies spent \$190bn in R&D during 2014
- ▶ Industry dynamics create new debt investment opportunities
- ▶ No large dedicated lender or specialized debt market

---

## Pharmakon Advisors, LP

### BioPharma Credit has an Experienced Investment Manager with a Strong Track Record

- ▶ \$1.3bn invested in 21 transactions backed by cash flows from life sciences products
- ▶ Weighted average annualized gross returns 13%<sup>1</sup> (10%<sup>1</sup> net) achieved without leverage
- ▶ Zero defaults
- ▶ Core team has over twenty years' experience investing in life sciences debt and royalties

---

## BIOPHARMA CREDIT PLC

### BioPharma Credit Targets Strong Risk-Adjusted Returns

- ▶ Target returns of 8-9% net total return on NAV per annum over the medium term<sup>1</sup>
- ▶ 7% target dividend yield on issue price once substantially invested<sup>1</sup>
- ▶ Unique portfolio of seed assets representing a cross section of all existing assets, generating a gross return of approximately 12%<sup>1</sup>

<sup>1</sup> These are targets and not profit forecasts. They are based on estimates of Pharmakon and are subject to change depending on the material risks and market changes. There can be no assurance that these targets will be met.