

BIOPHARMA

— CREDIT PLC —

Debt Capital for the Life Sciences Industry



COMPANY PRESENTATION – February 2020

For additional information please email: ir@bpccruk.com
or visit BioPharma Credit's website at www.bpccruk.com

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Potential investors should consider the following factors which, among others, may cause the Company's performance to differ materially from the track record information described in this document:

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- market conditions at the times covered by the track record information may be different in many respects from those that prevail at present or in the future, with the result that the performance of investment portfolios originated now may be significantly different from those originated in the past.

There may be other additional risks, uncertainties and factors that could cause the returns generated by the Company to be materially lower than the track record information contained herein.

Experienced Management Team

Pharmakon Advisors

Pedro Gonzalez de Cosio
Co-Founder, Principal and CEO
 ▶ Co-founded Pharmakon in 2009 after 17 years in structured finance investment banking



Martin Friedman
Principal
 ▶ Joined Pharmakon in 2011 after 18 years in healthcare finance



Pablo Legorreta
Co-Founder and Principal
 ▶ Co-Founded Pharmakon in 2009
 ▶ Founded Royalty Pharma in 1996



Scott Levitt, BSE, Bioengineering
Senior Associate
 ▶ Joined Pharmakon in 2017 after 5 years in healthcare investment banking and equity research

Simon Gruber, PhD, Biophysics
Senior Associate
 ▶ Joined Pharmakon in 2019 after 4 years in business development and equity research

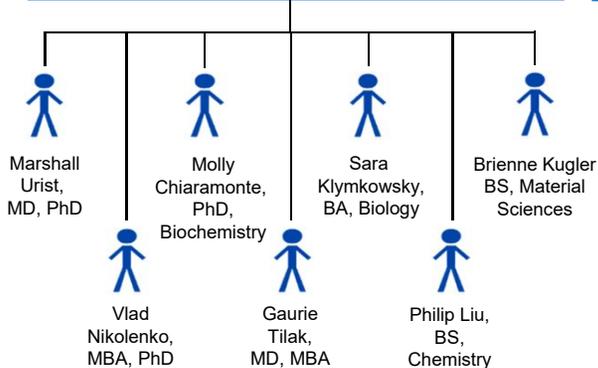
Jeffrey Caprio, CPA
Controller
 ▶ Joined Pharmakon in 2009 after 3 years at Deloitte

Adriana Benitez, CPA
Senior Accountant and Investor Relations
 ▶ Joined Pharmakon in 2017 after 2 years at PwC

RP Management (Under Shared Services Agreement)

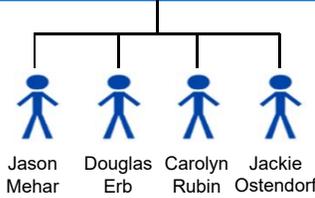
Research Team

Jim Reddoch, PhD
EVP and Head of Research
 ▶ Joined in 2008 after 12 years in biotech equity research on Wall Street



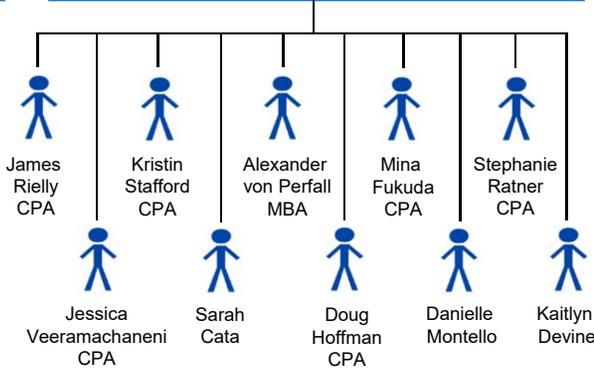
Legal and Compliance Team

George Lloyd
EVP and General Counsel
 ▶ Joined in 2011 after 25 years in corporate law



Finance Team

Terrance Coyne
Chief Financial Officer
 ▶ Joined in 2010 after 4 years in biotech equity research on Wall Street



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; global R&D expenditure by pharmaceutical and biotech companies reached \$179 billion in 2018, 40% more than in 2010, and is expected to grow 20% to \$213 billion by 2024
- ▶ 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 Record¹

- ▶ \$4.6bn committed in 40 transactions backed by cash flows from life sciences products
- ▶ Four private funds expected to generate 10.3% unlevered weighted average annualized net returns^{1,2}
- ▶ Zero defaults²
- ▶ Core team has over twenty years' experience investing in life sciences debt and royalties



BioPharma Credit Targets Strong Risk-Adjusted Returns

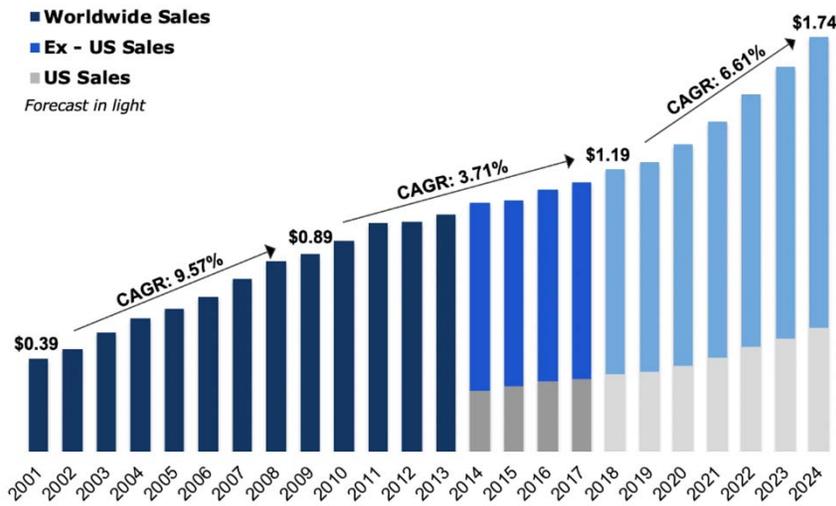
- ▶ Target total net return on NAV of 8-9% per annum over the medium term²
- ▶ Currently paying and will continue to target US\$0.07 annual dividend plus a variable special dividend paid annually

1. *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.*

2. *Past performance is not an indication of future performance*

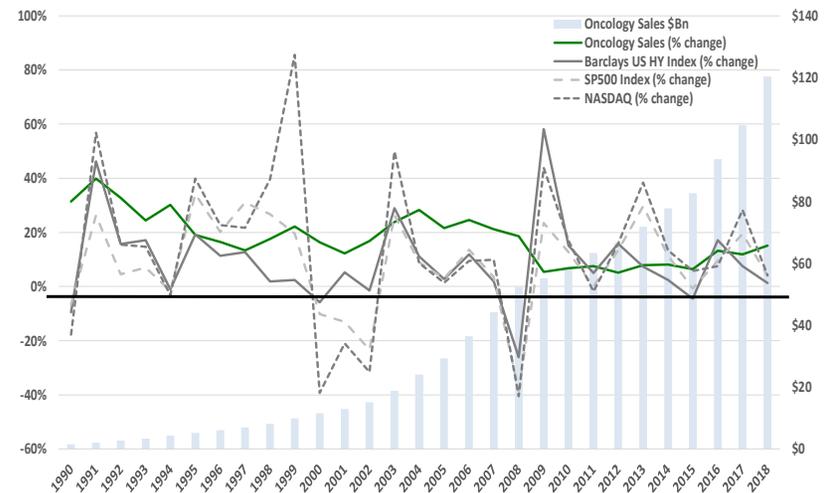
Life Sciences is a Large, Vital Industry with Sales that are Uncorrelated and Unaffected by Economic Cycles

Global Pharmaceutical Sales: Historical & Projected (\$, Trn)



Sources: IQVIA, EvaluatePharma
 *Data for US Sales and Ex-US Sales unavailable 2001-2013

Annual Changes in Sales of Oncology Drugs vs Major Indices

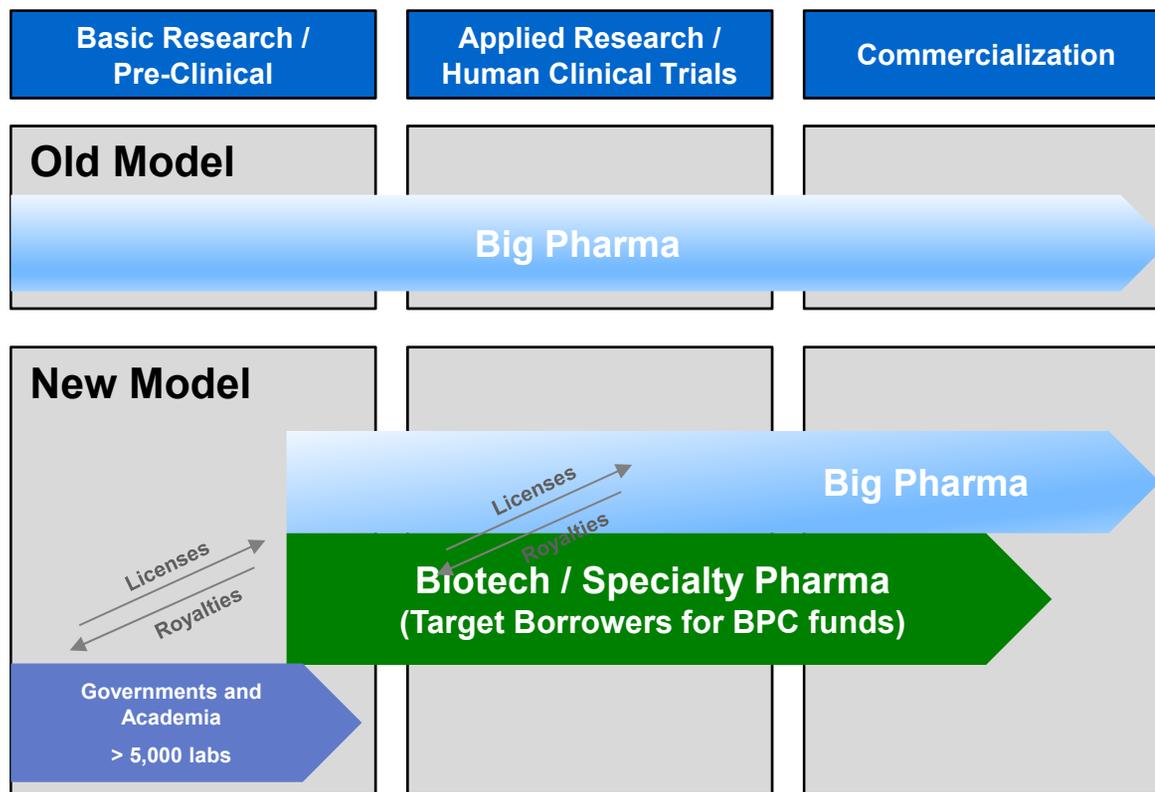


Source: Bloomberg, Evaluate Pharma, Pharmakon Advisors

Growth Drivers		4 R/D/Innovation Create Large New Markets
1 Growing Population	<p><u>Known Diseases:</u> ~30,000</p> <p><u>Existing Treatments:</u> ~6,000 (only ~20%)</p>	
2 Ageing Population		
3 Growing Demand From Countries in Transition		

Correlations	Barclays High Yield	SP500 Index	NASDAQ Index	Oncology Drugs
Barclays High Yield	100%	64%	60%	12%
SP500 Index	64%	100%	86%	1%
NASDAQ Index	60%	86%	100%	14%
Oncology Drugs (%)	12%	1%	14%	100%

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

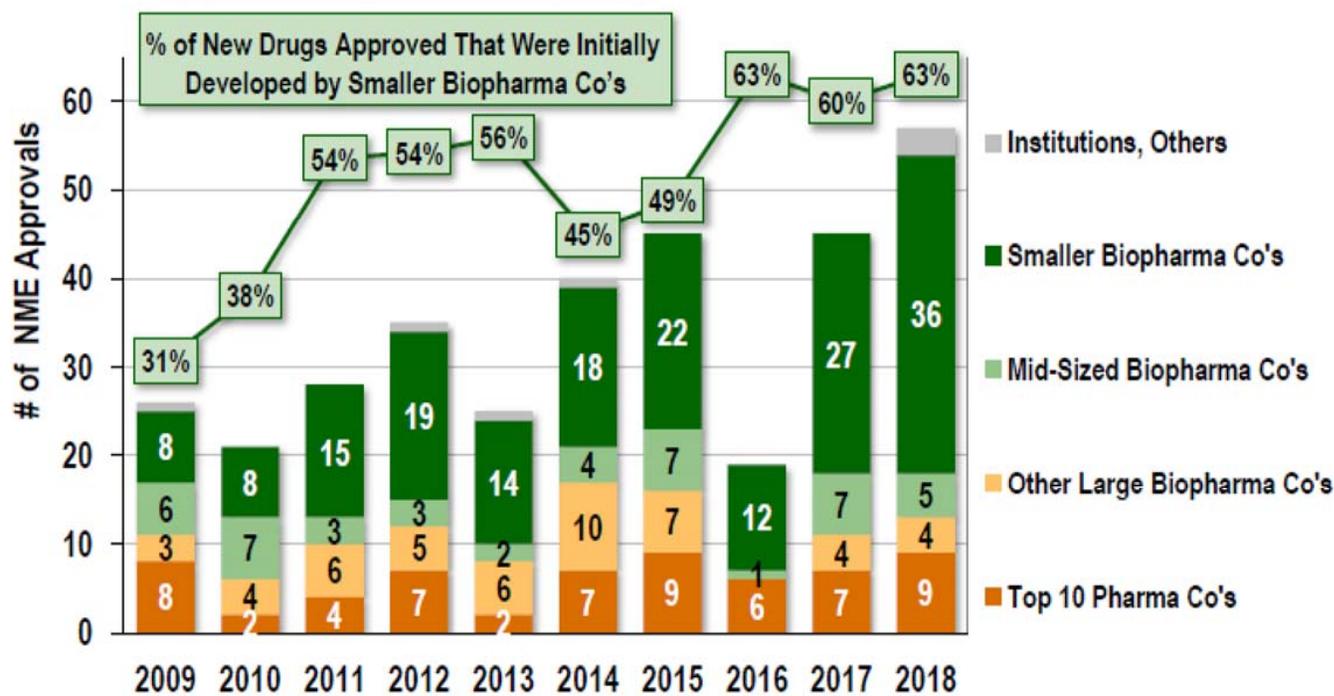


- *New product approvals result in more companies with attractive collateral for BioPharma Credit funds.*
- *Trend of Big Pharma selling non-core products to smaller companies also creates new lending opportunities.*

Source: Pharmakon Advisors

The majority of new drugs approved originated at, or were initially developed by, smaller biopharma companies

Drug Approvals by Size Drug Originator*



Source: FDA, HBM Analysis

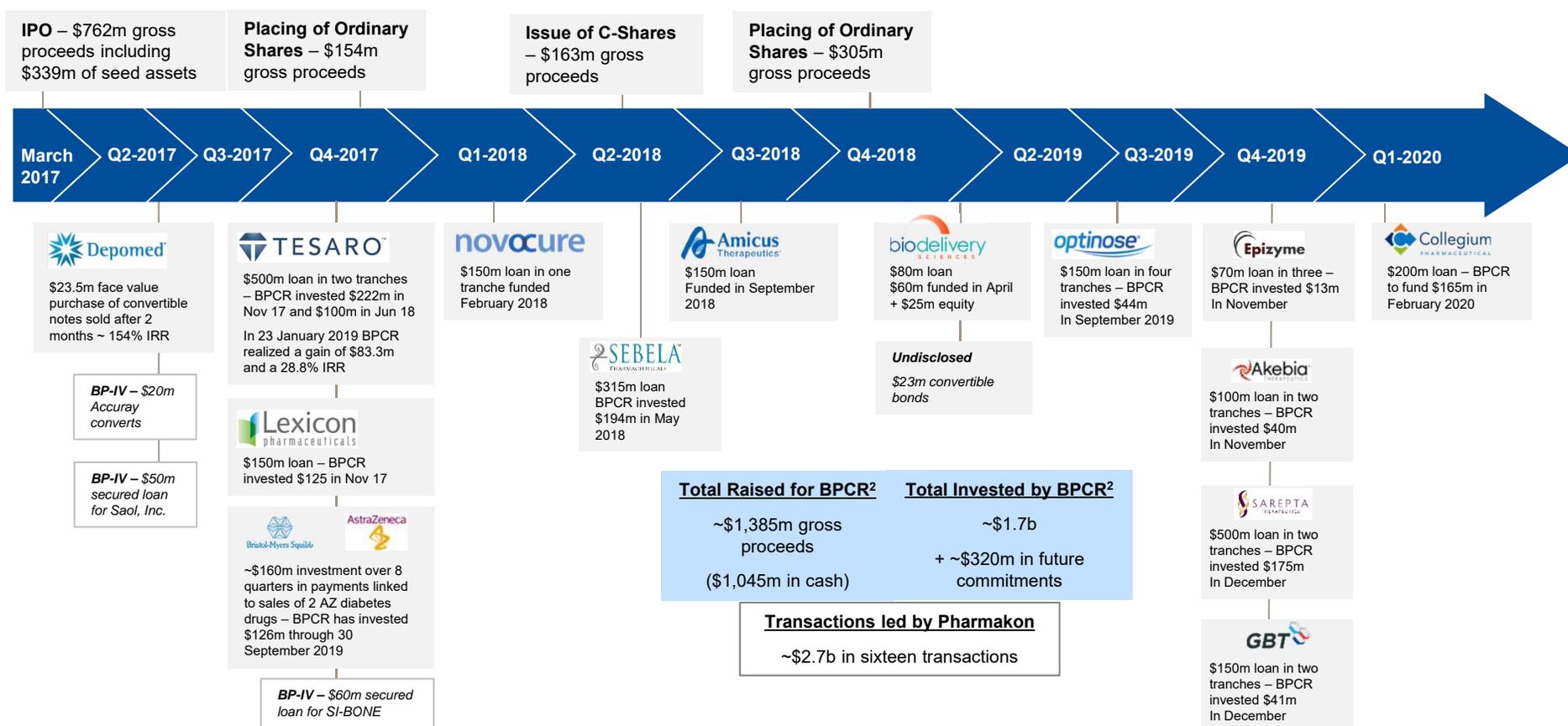
HBM New Drug Approval Report 2019 HBM Partners

* The "Drug Originator" is the company that discovered the drug or undertook the first serious clinical development effort.

Note: A significant number of new drugs were originally discovered at universities or research institutions and then transferred to a biopharma company for initial or further development. We have listed such institutions only as "originators" if the transfer to a company occurred after pre-clinical development.

Major milestones since IPO¹

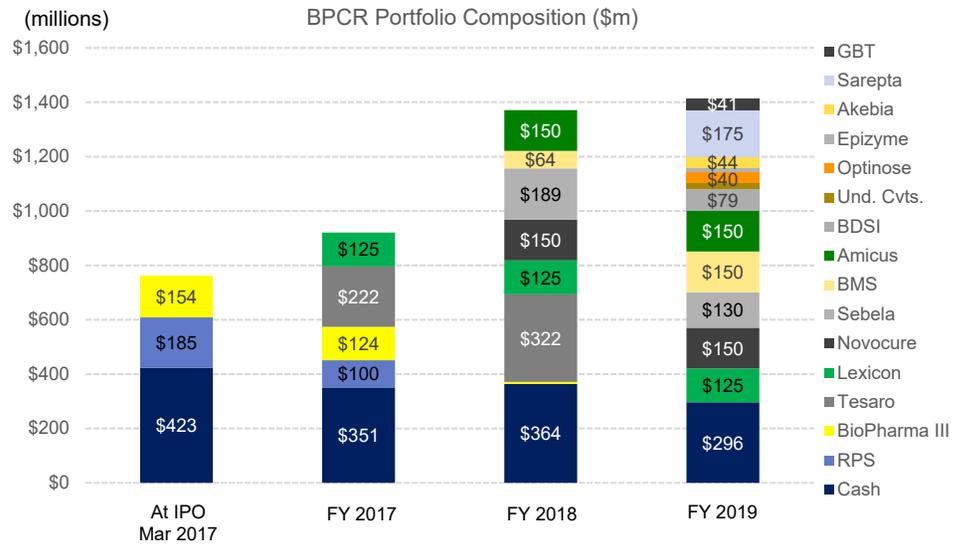
BIO PHARMA CREDIT PLC



1. Past performance is not an indication of future performance.
2. Through February 2020, Invested amount includes Collegium (to be funded in days) and excludes Seed Assets

Portfolio and dividends since IPO²

Evolution of the BioPharma Credit portfolio



- Twelve loans currently in the portfolio after three years / Bio-Pharma IV peaked at seven
- Largest investment: Sarepta represents ~13% of portfolio as of February 2020
- Tesaro repayment substantially increased cash balance but make-whole allowed for long 15-month reinvestment runway
- ~\$575m in new investments since Tesaro repayment

In Q2 2018 BioPharma Credit reached its target US\$0.07 annual dividend (excluding special dividends)

Period	Payment Date	Interim	Special	Total	Annualized ¹
Q2 2017	10/31/17	\$0.01000	-	\$0.01000	\$0.04000
Q3 2017	1/31/18	\$0.01000	-	\$0.01000	\$0.04000
Q4 2017	3/29/18	\$0.01000	\$0.01109	\$0.02109	\$0.05109
Q1 2018	6/29/18	\$0.01346	-	\$0.01346	\$0.05384
Q2 2018	9/28/18	\$0.01750	-	\$0.01750	\$0.07000
Q3 2018	11/30/18	\$0.01750	-	\$0.01750	\$0.07000
Q4 2018	3/29/19	\$0.01750	\$0.00177	\$0.01927	\$0.07177
Q1 2019	6/21/19	\$0.01750	-	\$0.01750	\$0.07000
Q2 2019	9/20/19	\$0.01750	-	\$0.01750	\$0.07000
Q3 2019	12/17/19	\$0.01750	-	\$0.01750	\$0.07000
Total				\$0.16132	

¹ (Interim Dividend x 4) plus Special Dividend if applicable

² Past performance is not an indication of future performance.

Summary of past transactions

	Investment Date:	Structure:	Borrower:	Loan Amount ¹ :		BPCR Share:	Maturity:	Coupon ² :	Interest Only Period
	Nov-17	Secured Loan	Tesaro, Inc.	\$500m	\$300m	64.4%	Nov-24	L+8.0% & L+7.5%	24 month
	Nov-17	Royalty Stream	N/A	\$165m		100.0%	N/A	N/A	N/A
	Nov-17	Secured Loan	Lexicon Pharmaceuticals, Inc.	\$200m	\$150m	83.0%	Dec-22	9.00%	Bullet
	Feb-18	Secured Loan	NovoCure Limited	\$150m		100.0%	Feb-23	9.00%	Bullet
	May-18	Secured Loan	Sebela International Ltd	\$316m		61.0%	May-23	Floating	None
	Sep-18	Secured Loan	Amicus Therapeutics, Inc.	\$150m		100.0%	Sep-23	L+7.5%	48 months
	Apr-19	Secured Loan	BioDelivery Sciences	\$80m	\$60m	100.0%	May-25	L+7.5%	30 months
	Sep-19	Secured Loan	Optinose, Inc.	\$150m	\$80m	55.0%	Sep-24	10.75%	39 months
	Nov-19	Secured Loan	Epizyme, Inc.	\$70m	\$25m	50.0%	Nov-24	L+7.75%	39 months
	Nov-19	Secured Loan	Akebia Therapeutics, Inc.	\$100m	\$80m	50.0%	Nov-24	L+7.50%	33 months
	Dec-19	Secured Loan	Sarepta Therapeutics, Inc.	\$500m	\$250m	70.0%	Dec-23	8.50%	Bullet
	Dec-19	Secured Loan	Global Blood Therapeutics, Inc.	\$150m	\$75m	55.0%	Nov-26	L+7.00%	39 months
	Feb-20	Secured Loan	Collegium Pharmaceutical, Inc.	\$200		82.5%	Feb-24	L+7.50%	None

Notes: ¹Original values excluding amortizations/repayments. Subsequent draws may be at the option of borrower and/or subject to milestones.

²Additional economics may include upfront and repayment fees. LIBOR loans may be subject to caps and floors.

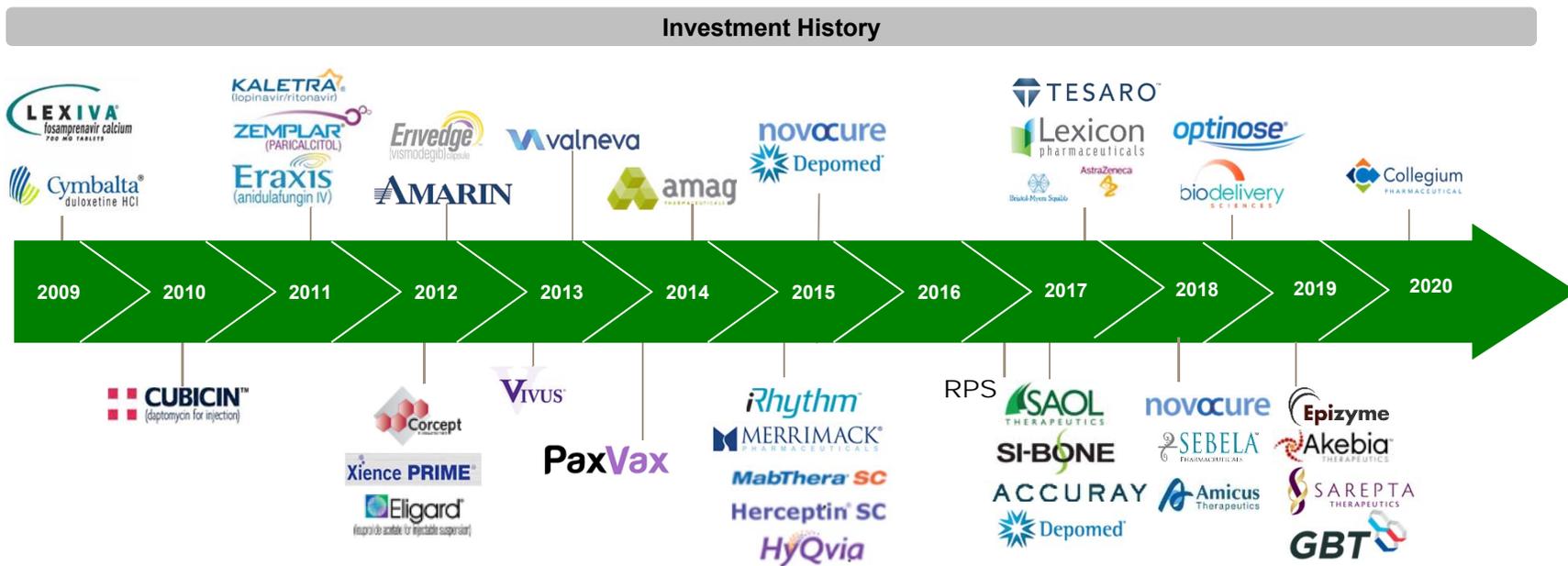
³Excludes proceeds from loan and other transactions.

Funds managed by Pharmakon Advisors have committed over \$4.6bn across 40 transactions

Pharmakon Advisors, LP

- ▶ Founded in 2009; manager of the BioPharma Credit funds
 - ▶ Five private funds and BioPharma Credit PLC, listed in the London Stock Exchange with a \$1.4 billion market cap
- ▶ \$4.6bn committed in 40 transactions
- ▶ 10.3% unlevered weighted average net returns on four private funds after all fees and expenses¹

Historical Investment Performance as of December 2019 (Private Funds)					
Private Fund	I	II	III	IV	V
Launch Date	June 2009	March 2011	February 2013	December 2015	June 2019
Amount Raised	\$268.9m	\$363.1m	\$500.0m	\$512.9m	\$268.4m
Amount Invested	\$263.7m	\$343.0m	\$463.0m	\$512.0m	\$192.7m
Net IRR	11.3%	6.8%	11.3%	11.4%	N/A
Status	Termed	Termed	Termed	Harvesting	Investing



1. Projected Internal Rate of Return to investors after fund fees and expenses (weighted average of four previous funds.). Past performance is not an indication of future performance

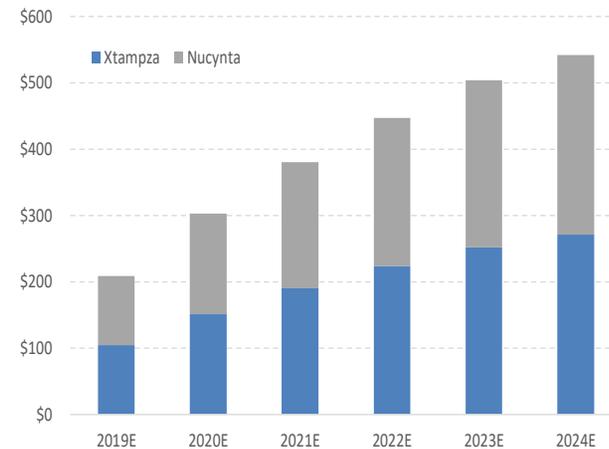
Appendix

\$200m senior secured corporate loan



- ▶ **Collegium Pharmaceutical:** biopharmaceutical company focused on developing and commercializing new medicines for responsible pain management.
- ▶ **Market Cap:** \$680m as of 2/07/20
- ▶ **Cash:** \$154m as of 9/30/19
- ▶ **Main Products:** Xtampza® ER, an abuse-deterrent, extended-release, oral formulation of oxycodone and Nucynta® (tapentadol), a centrally acting synthetic analgesic. Collegium has provided net sales guidance for 2020 of US\$150 to US\$160 million in net sales of Xtampza® ER and US\$170 to US\$180 million for Nucynta®.

Xtampza and Nucynta median Analyst consensus¹ estimates (\$M)



Source: Pharmakon
1 – Analyst estimates as of 1/16/20

Investment:	
Investment Date:	February 15, 2020
Structure:	Secured Loan
Borrower:	Collegium Pharmaceutical
Loan Amount¹:	\$200m
BPCR Share:	82.5%
Maturity:	February 2024
Coupon²:	LIBOR + 7.50%
Amortization:	Quarterly
Fees:	2.50% of commitment
Prepayment Terms:	2 year make whole plus 3%, 2% or 1% if prepaid before 2nd, 3rd or 4th anniversary



¹ Original values. Future tranches may be subject to clinical and/or commercial milestones
² LIBOR loans may be subject to floors and caps



\$150m senior secured corporate loan

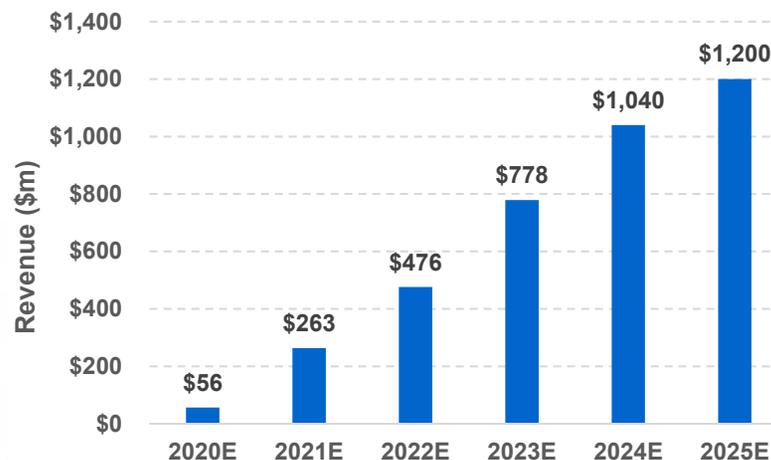


- ▶ **Global Blood Therapeutics:** biopharmaceutical company focused on developing and marketing therapies for sickle cell disease.
- ▶ **Market Cap:** \$4,787.8m as of 12/31/19
- ▶ **Cash:** \$683m as of 9/30/19
- ▶ **Main Product:** Oxbryta (voxelotor) approved in November 2019 as an oral, once-daily therapy for patients with sickle cell disease

Investment:	
Investment Date:	December 17, 2019
Structure:	Secured Loan
Borrower:	Global Blood Therapeutics, Inc.
Loan Amount¹:	Up to \$150m Tranche A: \$75m Other tranches: \$75m
BPCR Share:	55.0%
Maturity:	November 2026
Coupon²:	LIBOR + 7.00%
Amortization:	39 months interest only, then quarterly
Fees:	1.75% of commitment plus 2.00% upon repayment
Prepayment Terms:	3 year make whole plus 3%, 2% or 1% if prepaid before 3rd, 4th or 5th anniversary



Oxbryta median Analyst consensus¹ estimates (\$M)



Source: Pharmakon, Global Blood Therapeutics public disclosures
1 – Analyst estimates as of 11/6/19

¹ Original values. Future tranches may be subject to clinical and/or commercial milestones
² LIBOR loans may be subject to floors and caps

\$500m senior secured corporate loan

A MULTI-PLATFORM APPROACH TO THE PROBLEM



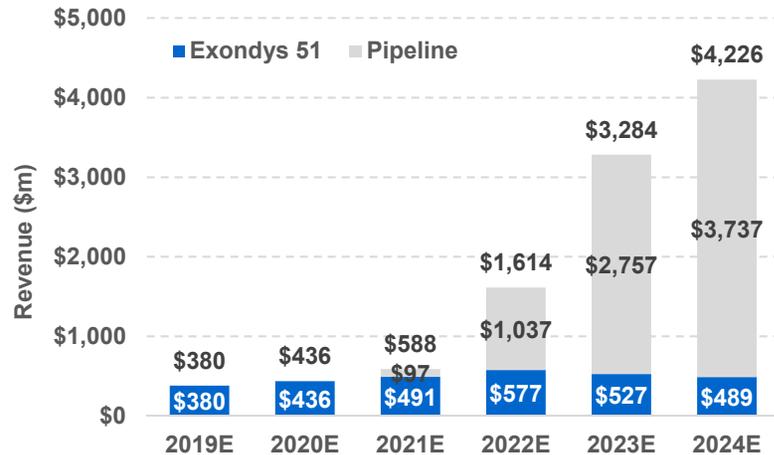
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- ▶ **Sarepta Therapeutics:** Biopharmaceutical company focused on therapies for neuromuscular diseases.
- ▶ **Market Cap:** \$9,619.0m as of 12/31/19
- ▶ **Cash:** \$1,048.9 as of 9/30/19
- ▶ **Main products:** EXONDYS 51 (eterplirsen) approved September 2016 for the treatment of Duchenne muscular dystrophy (DMD) in patients who have a confirmed mutation of the *DMD* gene that is amenable to exon 51 skipping and VYONDYS 53 (golodirsen) approved December 2019 for the treatment of DMD in patients who have a confirmed mutation of the *DMD* gene that is amenable to exon 53 skipping

Investment:	
Investment Date:	December 13, 2019
Structure:	Secured Loan
Borrower:	Sarepta Therapeutics, Inc.
Loan Amount¹:	Up to \$500m Tranche A: \$250m Other tranches: \$250m
BPCR Share:	70.0%
Maturity:	December 2023
Coupon²:	8.50%
Amortization:	Bullet
Fees:	1.75% upon drawing plus 2.00% upon repayment
Prepayment Terms:	2 year make whole plus 2% if repaid before 3rd anniversary



Exondys 51 and Total Revenue Consensus¹ Projections



Source: Pharmakon, Sarepta Therapeutics public disclosures
1 – Analyst estimates as of 11/25/19 – excludes Vyondys 53

¹ Original values. Future tranches may be subject to clinical and/or commercial milestones
² LIBOR loans may be subject to floors and caps

\$100m senior secured corporate loan

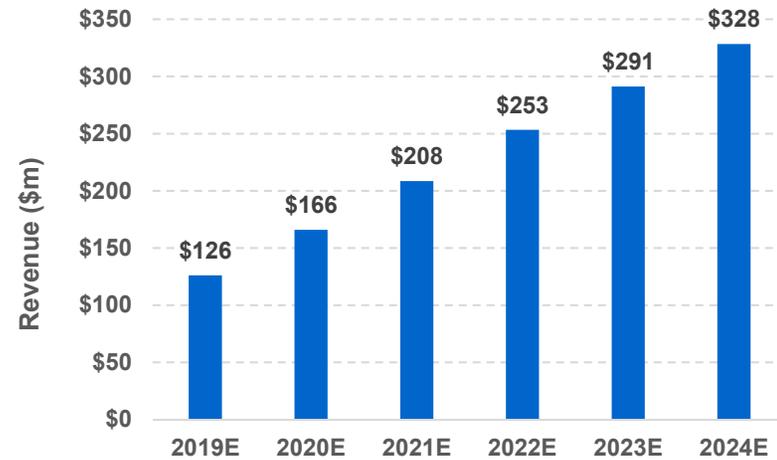


- ▶ **Akebia Therapeutics** is a biopharmaceutical company focused on the development and commercialization of therapeutic for patients with kidney disease.
- ▶ **Market Cap:** \$751.7m as of 12/31/19
- ▶ **Cash:** \$145.6m as of 9/30/19
- ▶ **Main product:** Auryxia® approved on September 2014 for Hyperphosphatemia in adult chronic kidney disease (CKD) patients on dialysis, and on November 2017 for iron deficiency anemia in adult patients with CKD not on dialysis.

Investment:	
Investment Date:	November 11, 2019
Structure:	Secured Loan
Borrower:	Akebia Therapeutics, Inc.
Loan Amount¹:	Up to \$100m Tranche A: \$80m Other tranches: \$20m
BPCR Share:	50.0%
Maturity:	November 2024
Coupon²:	LIBOR + 7.50%
Amortization:	33 months interest only, then quarterly
Fees:	2.00% of commitment
Prepayment Terms:	2 year make whole plus 2% or 1% if prepaid before 3rd or 4th anniversary



Auryxia median Analyst consensus¹ estimates (\$M)

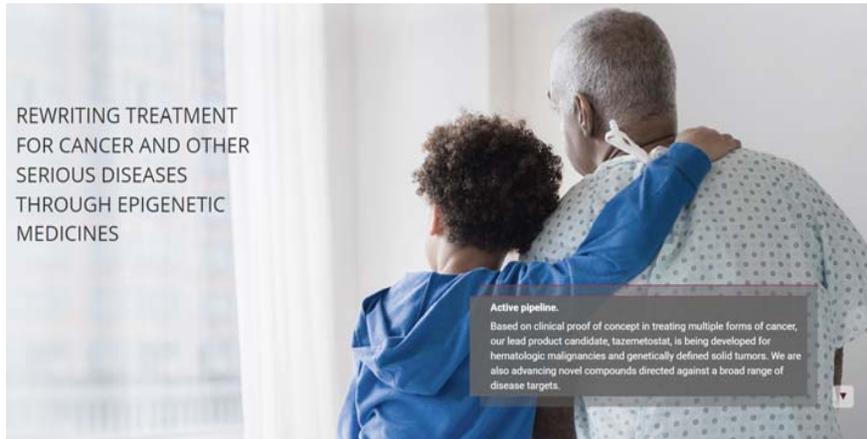


Source: Pharmakon Advisors, Akebia public disclosures, Wall Street Analysts
1 – estimates as 13 November 2019

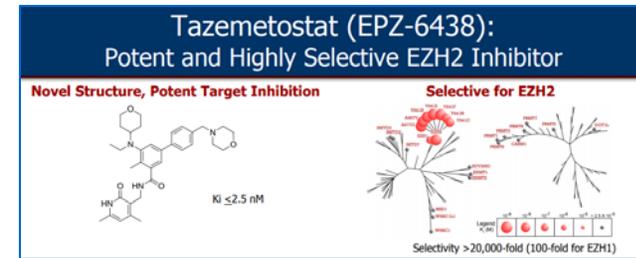
¹ Original values. Future tranches may be subject to clinical and/or commercial milestones
² LIBOR loans may be subject to floors and caps



\$70m senior secured corporate loan



- ▶ **Epizyme:** Biopharmaceutical company focused on cancer and other diseases through novel epigenetic medicines.
- ▶ **Market Cap:** \$2,240.4m as of 12/31/19
- ▶ **Cash:** \$292.9m as of 9/30/19
- ▶ **Main Product:** Tazemetostat – an oral, first-in-class, selective small molecule drug for the treatment of a broad range of cancer types in multiple treatment settings including epithelioid sarcoma (January 23, 2020 PDUFA) and non-Hodgkin lymphoma (follicular lymphoma filing NDA in 4Q'19)



Investment:	
Investment Date:	November 4, 2019
Structure:	Secured Loan
Borrower:	Epizyme, Inc.
Loan Amount¹:	Up to \$70m Tranche A: \$25m Other tranches: \$45m
BPCR Share:	50.0%
Maturity:	November 2024
Coupon²:	LIBOR + 7.75%
Amortization:	39 months interest only, then quarterly
Fees:	2.00% of commitment
Prepayment Terms:	3 year make whole plus 3%, 2% or 1% if prepaid before 2nd, 3rd or 4th anniversary

¹ Original values. Future tranches may be subject to clinical and/or commercial milestones
² LIBOR loans may be subject to floors and caps

Tazemetostat median analyst consensus¹ estimates (\$M)



Source: Pharmakon, Epizyme public disclosures, Wall Street Analysts
 1 – estimates as 16 September 2019



\$150m senior secured corporate loan



- ▶ **Optinose:** Specialty pharmaceutical company focused on products for patients treated by ear, nose, and throat (ENT) and allergy specialists.
- ▶ **Market Cap:** \$422.7m as of 12/31/19
- ▶ **Cash:** \$125.5m as of 9/30/19
- ▶ **Main product:** XHANCE® – fluticasone propionate nasal spray approved on September 2017 for the treatment of nasal polyps in patients 18 years or older



Investment:	
Investment Date:	September 12, 2019
Structure:	Secured Loan
Borrower:	Optinose, Inc.
Loan Amount¹:	Up to \$150m Tranche A: \$80m Other tranches: \$70m
BPCR Share:	55.0%
Maturity:	September 2024
Coupon²:	10.75%
Amortization:	39 months interest only, then quarterly
Fees:	0.75% of drawn and undrawn + warrants
Prepayment Terms:	Not disclosed - in line with comparable deals

¹ Original values. Future tranches may be subject to clinical and/or commercial milestones
² LIBOR loans may be subject to floors and caps

Xhance median analyst consensus¹ estimates (\$M)



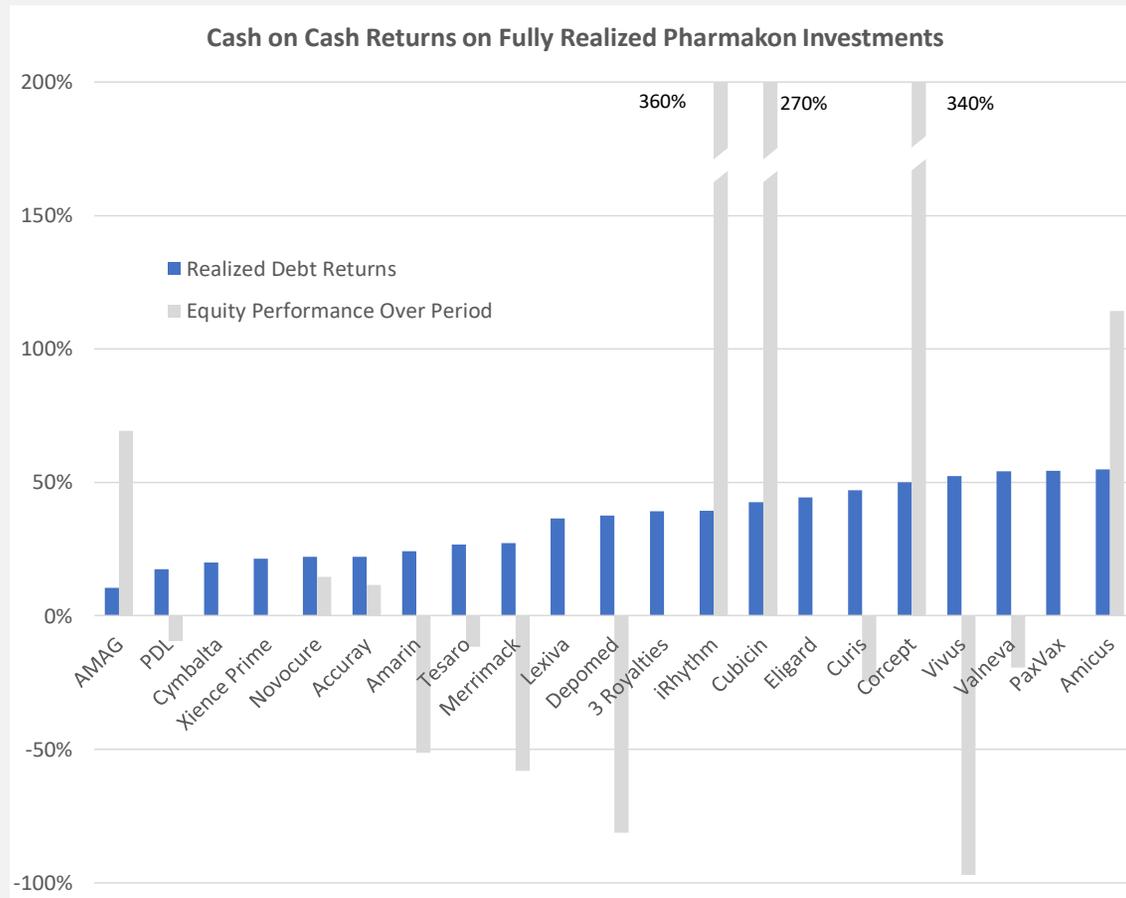
Source: Pharmakon Advisors, Optinose public disclosures, Wall Street Analysts
 1 – estimates as 19 November 2019

The right structure / LTV helps generate attractive returns on debt irrespective of equity performance¹

Life Sciences Debt Investments are less risky and are exposed to less volatility than the corresponding equity investments

- The chart below shows the cash on cash returns of all past Pharmakon investments that have been fully realized (no payments remaining)
- While the realized returns of debt underperformed the equity in a few cases, as would be expected, the right structuring allowed for complete downside protection in debt investments even in cases where equity values dropped by > 90%

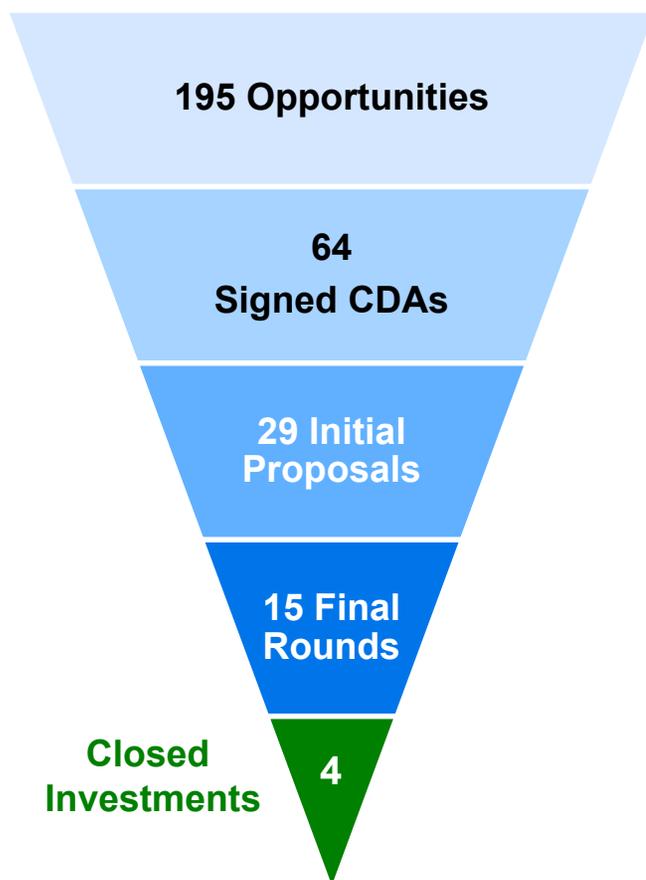
- Reasons for equity underperformance include:
 - Failures in pipeline products which, while not part of the credit analysis, can represent a majority of a company's equity value
 - Sales not meeting expectations of equity analysts and investors yet still ample enough to cover debt payments
 - Market volatility
 - Revised market expectations
- Even when product sales have disappointed, appropriate structuring and sizing have allowed past Pharmakon loans to perform well even when the equity has suffered greatly



1. Past performance is not an indication of future performance

Rigorous screening and evaluation of opportunities

2018 Pharmakon Opportunities



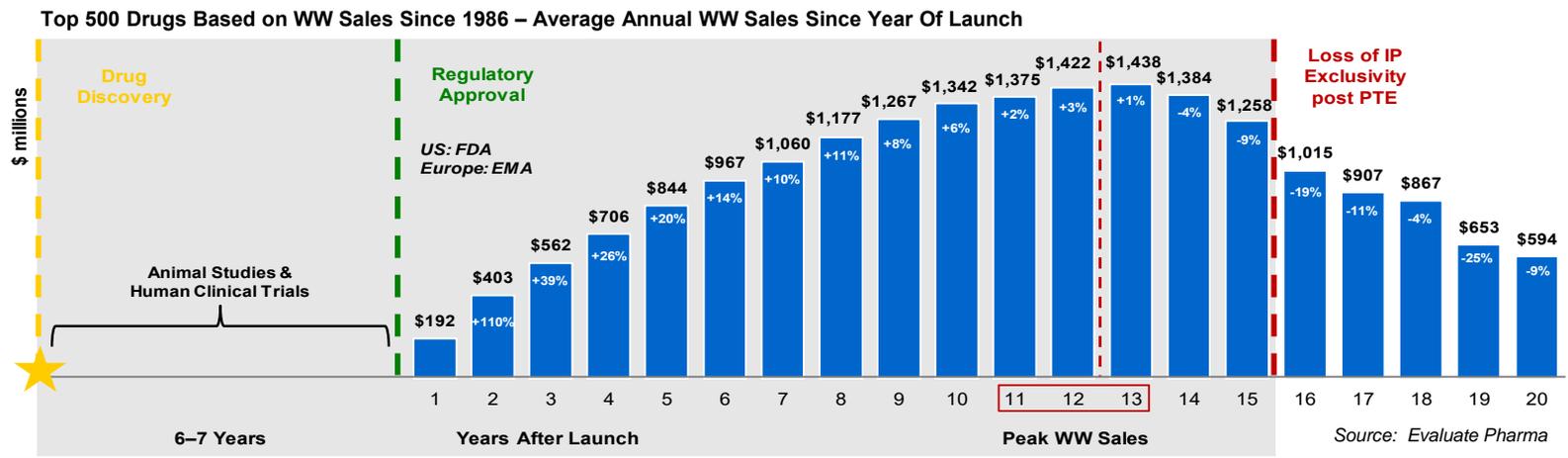
~2% Look-to-Book

Filters

- 1** Screened 195 opportunities. Initial screen focused on:
 - Viable, marketed product
 - Counterparty with financing need
- 2** 64 opportunities met initial requirements. Performed initial diligence to:
 - Determine preliminary lending value
 - Assess marketer credit worthiness
- 3** Preliminary terms presented to 29 counterparties. Diligence continued to:
 - Confirm suitability, identify and evaluate risks
 - Finalise valuation and projections
- 4** 15 final proposals submitted to counterparties. Factors contributing to the acceptance of these proposals include:
 - Loan to value
 - Alternative financing options (equity or converts)
 - Pricing
- 5** Closed 4 investments for BPCR and other Pharmakon clients. Committed/funded \$880mm

Robust Pipeline for 2019

Pharma products generate predictable, patent protected cash flows and provide strong collateral across the many stages of product life



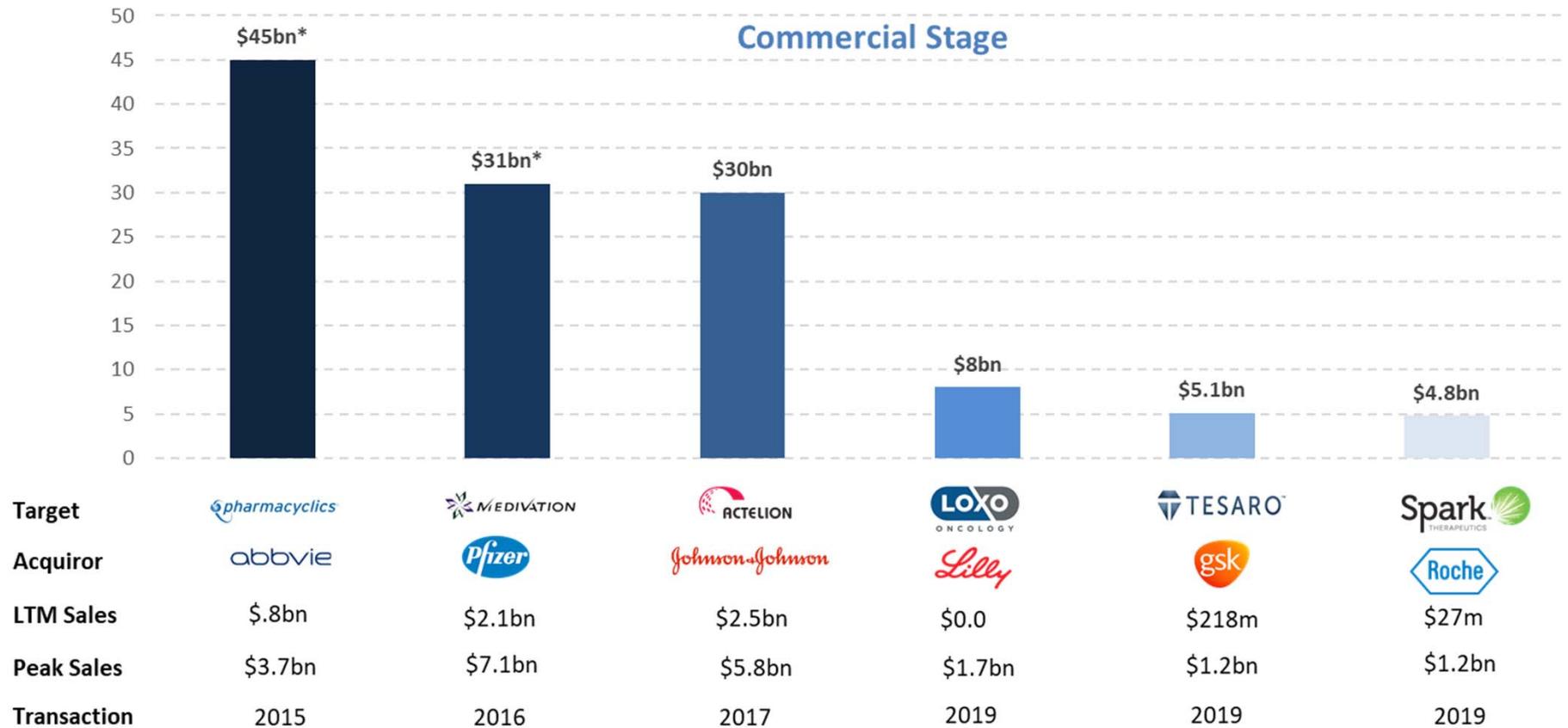
Pre-Approval	Early Commercial	Mid Commercial	Mature Commercial	Genericized

- Risk Factors**
- Approval:** Product may never be approved
 - Efficacy / Safety:** Even if approved, may not have the right profile/label
 - Pricing / Reimbursement:** Unknown at this stage
 - Commercial:** High uncertainty
 - Competition:** Other therapies may be approved before target product
 - IP:** Low risk
- Commercial:** Depending on how early, difficult to estimate peak sales with accuracy
 - Pricing / Reimbursement:** Some products may have this resolved
 - Competition:** Should have visibility / diligenceable
 - Efficacy / Safety:** Should have visibility / diligenceable
 - IP:** Low risk at this point
- IP:** The longer a product is in the market the greater the risk of patent litigation from generic manufacturers
 - Others:** While most other risk factors are more predictable at this stage, loan amounts as a function of future cash flows will be greater leaving less room for error
- Pricing / Reimbursement:** Loss of insurance coverage and increasing barriers from remaining insurers
 - Commercial:** While genericized products have "tails" it is very hard to predict them individually

- Risk Mitigants**
- Do not invest or require cash-overcollateralization prior to approval:** Pharmakon will monitor the product's evolution and maintain contact with management to assess future opportunities. In certain cases may structure loans that are over-collateralized with cash prior to the product being approved.
 - All about the product and indication:** Innovative products in critical care conditions will have predictable minimum sales, favorable pricing / reimbursement and a reduced risk of competition or safety / regulatory issues
 - High Selectivity:** Majority of Pharmakon "No's" occur at this stage
 - In depth IP diligence**
 - Good predictability of future sales and cash flows:** Potential peak sales becomes easier to predict as more physicians become experienced with the product, safety and efficacy is better understood, and there is greater clarity on competition and reimbursement
 - Focus on loan to value:** While cash flows and remaining value of a product are more predictable there is a need to leave a good margin of error. Majority of Pharmakon "Lost Deals" are in this stages because of conservative loan to value
 - High Selectivity:** Pharmakon has not yet found an opportunity that meets the right risk/return profile

M&A take-out value of oncology and specialty product companies illustrate the potential collateral value of these products

Best-in-class specialty therapeutic companies are purchased for as much as 5 to 7 times peak sales

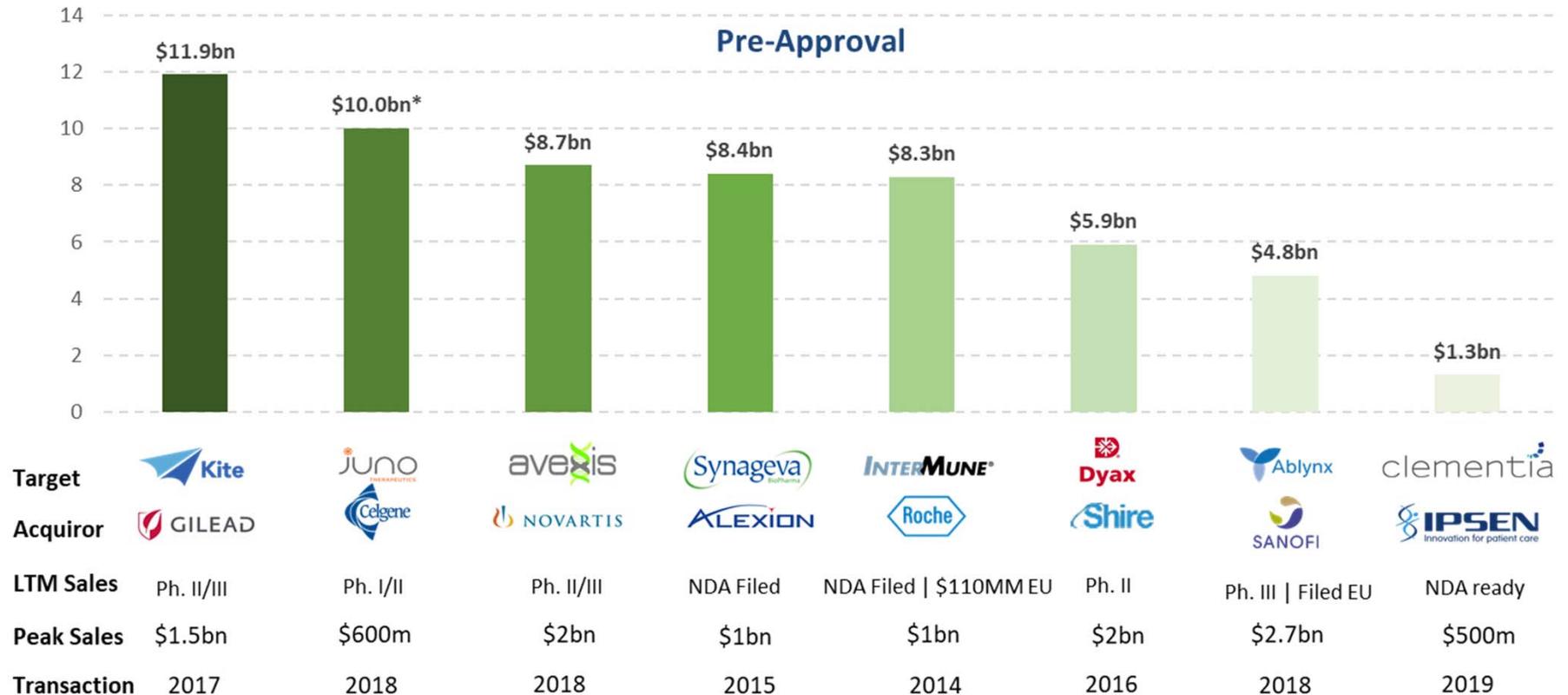


* Normalized for 100% ownership

Source: Bloomberg, company filings

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