BIOPHARMA
CREDIT PLC

Debt Capital for the Life Sciences Industry

COMPANY PRESENTATION – June 2019

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

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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.

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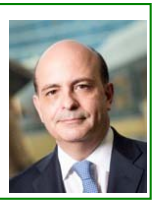
Experienced Management Team

Pharmakon Advisors

Pedro Gonzalez de Cosio

Co-Founder and Principal

- 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

Senior Associate

- Joined Pharmakon in 2017 after 5 years in healthcare investment banking & equity research

Jeffrey Caprio, CPA

Controller

- Joined Pharmakon in 2009 after 3 years at Deloitte

Adriana Benitez, CPA

Senior Accountant

- 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

Marshall Urist, MD, PhD

Molly Chiaramonte, PhD, Biochemistry

Terrance Coyne MBA

Sara Klymkowsky BA, Biology

Brienne Kugler BS, Material Sciences

Vlad Nikolenko, MBA, PhD

Legal and Compliance Team

George Lloyd

EVP and General Counsel

- Joined in 2011 after 25 years in corporate law

Douglas Erb

Jason Mehar

Carolyn Rubin

Finance Team

Susannah Gray

EVP and Chief Financial Officer

- Joined in Jan-2005 after 14 years in fixed income investment banking

James Rielly CPA

Jessica Veeramachaneni CPA

Mina Fukuda CPA

Sarah Cata BS, Fin. Acc

Stephanie Ratner CPA

Alexander von Perfall MBA

Kristin Stafford CPA

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]

- $3.2bn invested in 32 transactions backed by cash flows from life sciences products
- Four private funds expected to generate 10% unlevered weighted average annualized net returns[1]
- Zero defaults
- Core team has over twenty years' experience investing in life sciences debt and royalties

BIOPHARMA CREDIT PLC

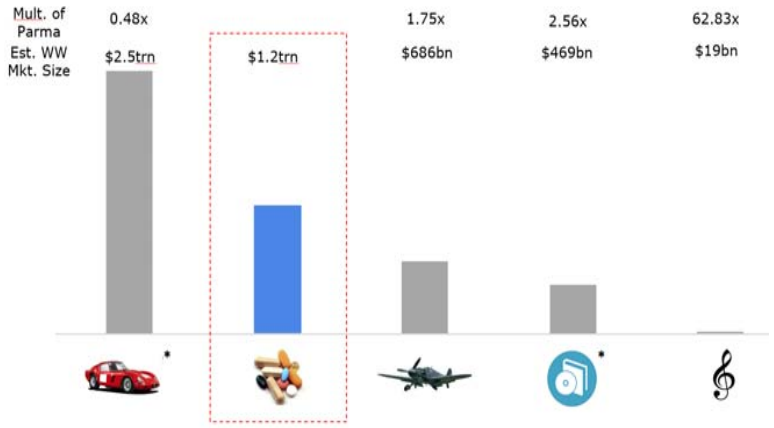
BioPharma Credit Targets Strong Risk-Adjusted Returns

- Target total net return on NAV of 8-9% per annum over the medium term[2]
- Currently paying and will continue to target US$0.07 annual dividend, excluding C Share conversions[2]

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 Strong, Consistent Growth

WW Pharmaceutical Industry vs. Other Industries



Sources: Deloitte, IFPI, IQVIA, Bloomberg
*Indicates Bloomberg 5000 companies.

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

Sources: IQVIA, EvaluatePharma

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

1 Growing Population

3.0bn 1960 | 6.0bn 2000 | 9.0bn 2050

2 Ageing Population

3 Growing Demand From Countries in Transition

4 R/D/Innovation Create Large New Markets

Known Diseases:

~30,000

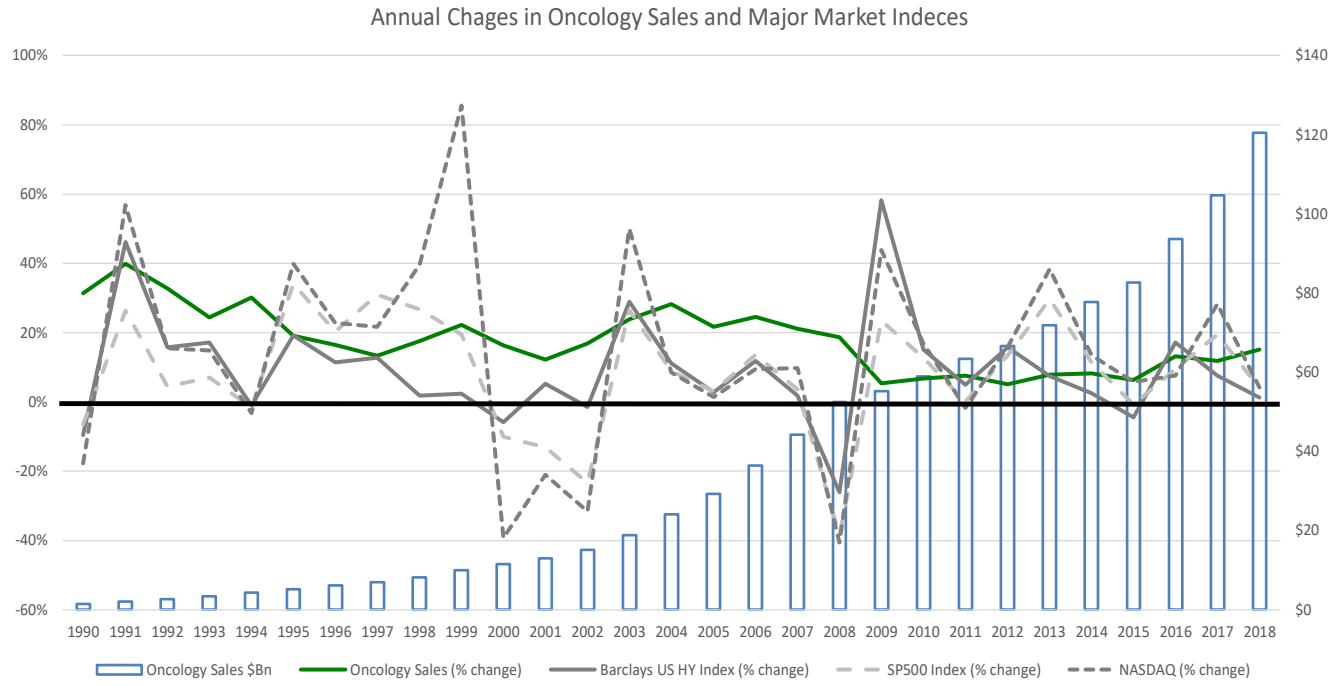
Existing Treatments:

~6,000 (only ~20%)

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

1. Includes top 16 auto manufacturers worldwide.

Sales of Critical Drugs, Like Those That Treat Cancer, are Uncorrelated and Unaffected by Economic Cycles



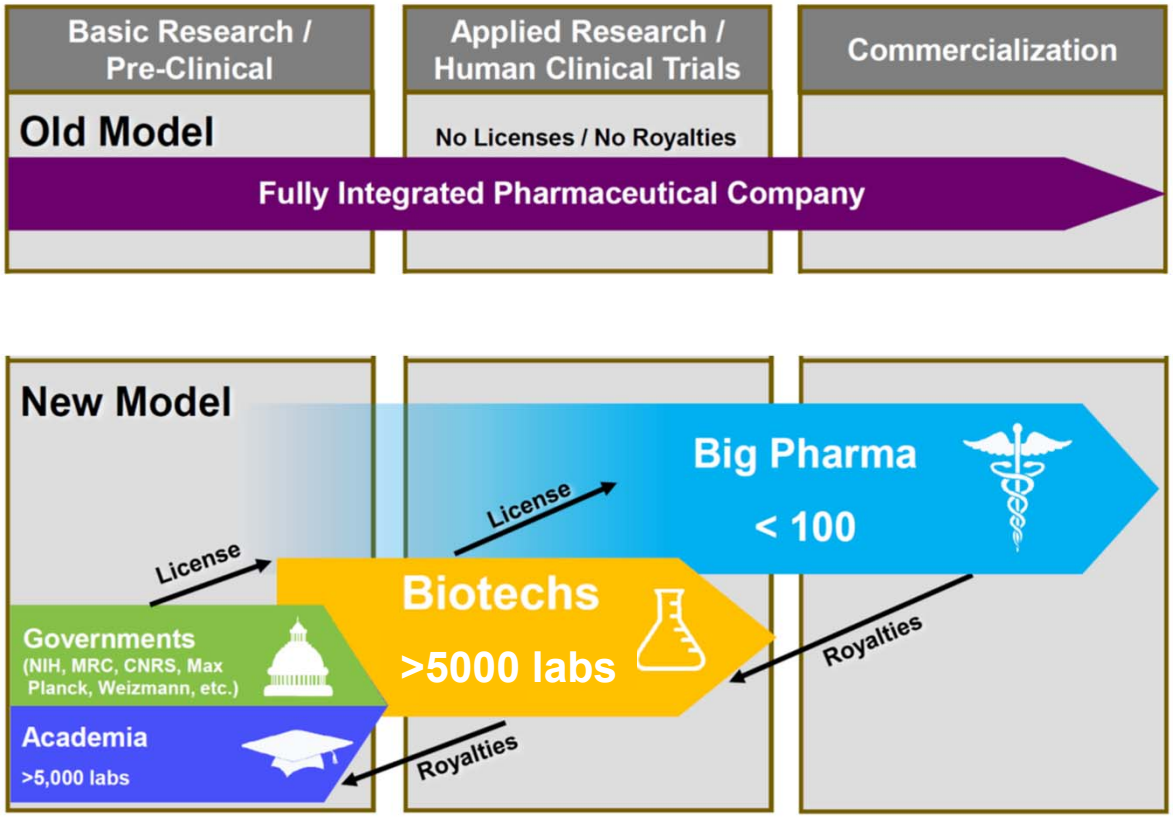
Sales of Oncology Drugs have not seen a year-on-year decline since 1990

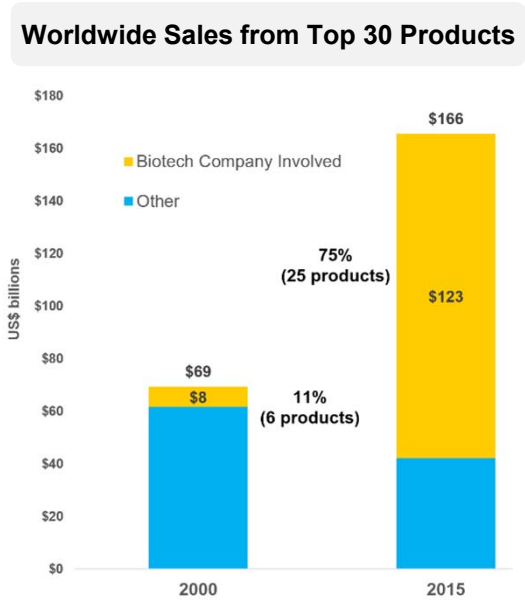
Correlations among annual returns	Barclays High Yield	SP500 Index	NASDAQ Index	Oncology Drugs
Barclays High Yield	**100%**	64%	60%	**12%**
SP500 Index	64%	**100%**	86%	**1%**
NASDAQ Index	60%	86%	**100%**	**14%**
Oncology Drugs (%)	**12%**	**1%**	**14%**	**100%**

Sales of Oncology Drugs are uncorrelated to market indices

Source: Bloomberg, Evaluate Pharma, Pharmakon Advisors

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

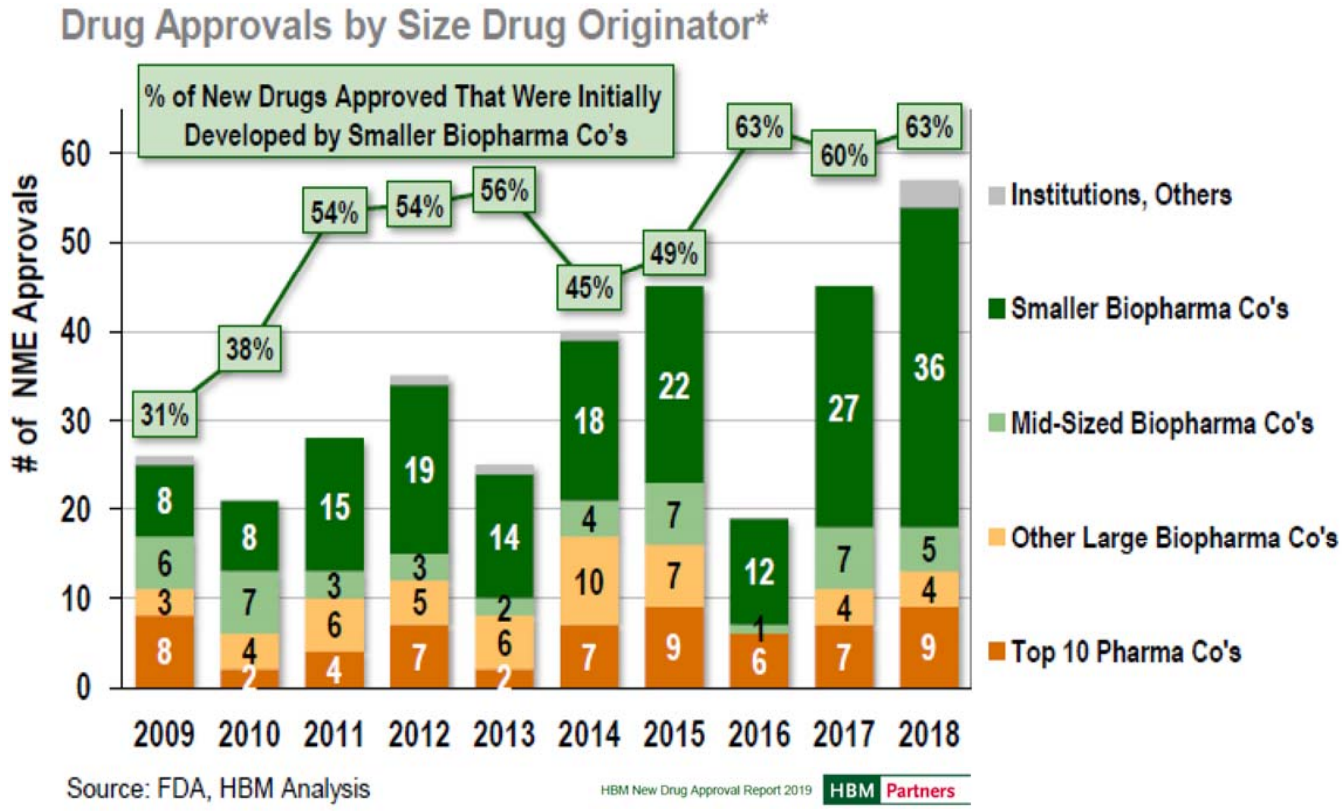




- ***New product approvals result in more companies with attractive collateral for BioPharma Credit.***
- ***Trend of Big Pharma selling non-core products to smaller companies also creates new lending opportunities.***

Source: Pharmakon Advisors

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



** 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.

Source: Pharmakon Advisors

Major milestones since IPO[1]

BIOPHARMA CREDIT PLC

IPO – $762m gross proceeds including $339m of seed assets

Placing of Ordinary Shares – $154m gross proceeds

Issue of C-Shares – $163m gross proceeds

Placing of Ordinary Shares – $305m gross proceeds

Total Raised for BPCR[2]

~$1,385m gross proceeds

($1,045m in cash)

March 2017 | Q2-2017 | Q3-2017 | Q4-2017 | Q1-2018 | Q2-2018 | Q3-2018 | Q4-2018 | Q1-2019 | Q2-2019

***BP-IV** – $50m secured loan for Saol, Inc.*

***BP-IV** – $60m secured loan for SI-BONE*

***BP-IV** – $20m Accuray converts*

Depomed

$23.5m face value purchase of convertible notes sold after 2 months ~ 154% IRR

TESARO

$500m loan in two tranches – BPCR invested $222 in Nov 17 and $100m in Jun 18

In 23 January 2019 BPCR realized a gain of $83.3m and a 28.8% IRR

Lexicon pharmaceuticals

$150m loan – BPCR invested $125 in Nov 17

Bristol-Myers Squibb | AstraZeneca

~$150m investment over 8 quarters in payments linked to sales of 2 AZ diabetes drugs – BPCR has invested $64 through 31 Dec 2018

novocure

$150m loan in one tranche funded February 2018

SEBELA PHARMACEUTICALS

$315m loan BPCR invested $194m in May 2018

Amicus Therapeutics

$150m loan Funded in September

biodelivery SCIENCES

$80m loan
$60m funded in April + $25m equity

Undisclosed

$22m convertible bonds

Total Invested by BPCR[2]

~$1,136m

+ ~$100m in future commitments

Transactions originated by Pharmakon

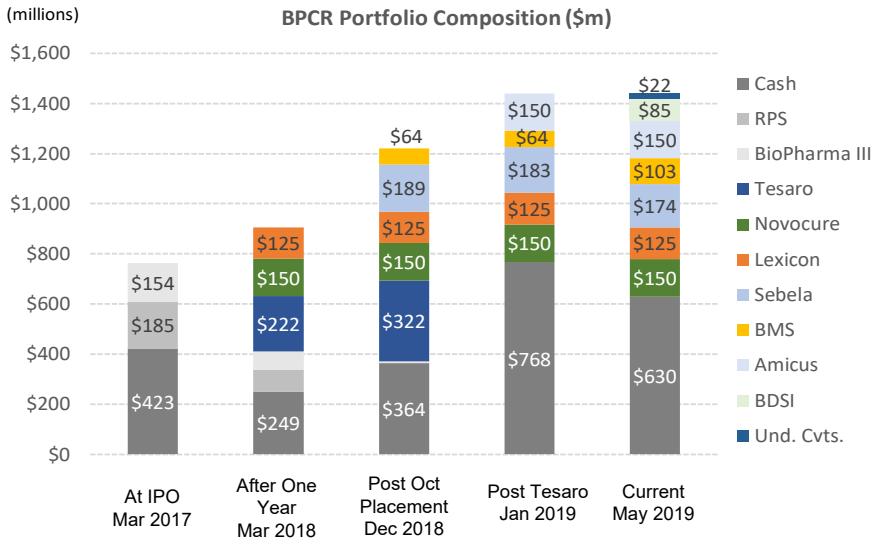
~$1,726m in twelve transactions

(including BPCR, other clients and partners)

1. *Past performance is not an indication of future performance.*
2. *Through 10 June 2019, Invested amount excludes Seed Assets*

Portfolio and Dividends since IPO[2]

Evolution of the BioPharma Credit portfolio



- ~ $339m or 100% of seed assets (RPS + BP-III) have amortized since IPO
- ~$1,100m deployed across eight new investments with Tesaro representing ~26% of portfolio as of December 2018
- Tesaro repayment substantially increased cash balance but came with make-whole allowing for long 15 month reinvestment runway
- ~$110m so far in new investments during 2019

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	10/31/2017	$0.01000	-	$0.01000	$0.04000
Q3 2017	1/31/2018	$0.01000	-	$0.01000	$0.04000
Q4 2017	3/29/2018	$0.01000	$0.01109	$0.02109	$0.05109
Q1 2018	6/29/2018	$0.01346	-	$0.01346	$0.05384
Q2 2018	9/28/2018	$0.01750	-	$0.01750	$0.07000
Q3 2018	11/30/2018	$0.01750	-	$0.01750	$0.07000
Q4 2018	3/29/2019	$0.01750	$0.00177	$0.01927	$0.07177
Q1 2019	6/21/2019	$0.01750	-	$0.01750	$0.07000
Total				$0.12632	

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

[2] Past performance is not an indication of future performance.

Summary of Past Transactions

	Seed Assets		Post-IPO Investments						
Investment:	ROYALTY PHARMA (RPS)	Pharmakon Advisors, LP (BioPharma III)	TESARO	Bristol-Myers Squibb	Lexicon pharmaceuticals	novocure™	SEBELA PHARMACEUTICALS	Amicus Therapeutics	biodelivery SCIENCES
Investment Type:	Secured Loan	46% Limited Partnership Interest	Secured Loan	Priority Royalty Stream	Secured Loan	Secured Loan	Secured Loan	Secured Loan	Equity and Secured Loan
Borrower:	RPS Biopharma Investments LP	N/A	Tesaro, Inc.	N/A	Lexicon Pharmaceuticals Inc.	NovoCure Limited	Sebela International Limited	Amicus Therapeutics, Inc.	BioDelivery Sciences
Amount[1]:	$185m	$154m	Tranche A: $222m Tranche B: $100m	$140 - 160m[3]	Tranche A: $150m Tranche B: $50m[4]	$150m	$196m	$150m	Equity: $25m Loan: $60m + $20m
Maturity:	Earlier of payment of outstanding principal and 6/30/26	N/A (Various maturities for BPIII loans through Q3'21)	November 21, 2024	December 31, 2059 or such other date TBA	December 18, 2022	February 7, 2023	May 1, 2023	September 28, 2023	May 28, 2025
Coupon:	12.00%	12.00% average (Various coupons between 9 – 13% for BPIII loans)	Tranche A: 3M LIBOR[2] + 8.00% Tranche B: 3M LIBOR[2] + 7.50%	No Coupon / Expected high single digit return	9.00%	9.00%	High single digit floating coupon (uncapped)	3M LIBOR[2] + 7.50%	3M LIBOR[2] + 7.50%
Amortization:	Quarterly payments applied to principal after interest	N/A (Various)	3% per quarter, beginning 24 months from Close	N/A	Bullet at Maturity	Bullet at Maturity	Quarterly, as per defined schedule	Four year interest only, then quarterly	Thirty months interest only, then quarterly
Fees:	N/A	Various	2% of Tranche A + 2% of Tranche B (draw)	N/A	Not disclosed - in line with comparable deals	N/A	Not disclosed - in line with comparable deals	2.0%	2.00%
Prepayment:	N/A	Most of BP-III loans had makewholes and prepayment premiums	2 year make whole plus 3%, 2% or 1% if prepaid before 2nd, 3rd or 4th anniversary of Tranche A	N/A	3 year makewhole plus 2% or 1% if prepaid prior to 4th or 5th anniversary of Tranche A closing date	2.5 year makewhole plus 2% or 1% if prepaid prior to the 3rd or 4th anniversary	Not disclosed - in line with comparable deals	Not disclosed - in line with comparable deals	Not disclosed - in line with comparable deals

Notes:

[1] Original values, excludes impact of amortizations to date

[2] Subject to undisclosed floor and cap

[3] Estimate - will depend on sales of reference drugs over the first 8 quarters

[4] Tranche B subject to minimum sales hurdle

New Investment: $25m equity plus up to $80m senior secured corporate loan to BioDelivery Sciences

BioDelivery Sciences Corporate Overview

- **Description:** BioDelivery Sciences International, Inc. ("BDSI") is a specialty pharmaceutical company focused on pain management and addiction medicine. The company provides its products based on its patented BioErodible MucoAdhesive drug delivery technology, a small erodible polymer film for application to the buccal mucosa. BDSI also markets Symproic which it acquired the US rights to from Shiniogi.
- **Market Cap:** $379 as of 31 May 2019
- **Cash Balance:** $41.3m
- **Product sales:**
  2017**:** $34.9m
  2018: $51.4m
  2019 Guidance: $92 to $100m
  Long-term guidance: $325-$400m

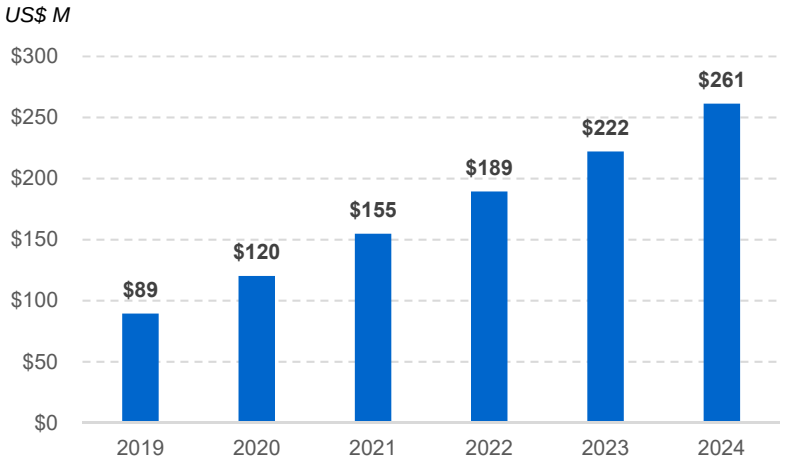
Description of key products

- **BELBUCA (buprenorphine buccal film)** – approved in October 2015 for the management of severe chronic pain that requires daily around-the-clock, long-term opioid treatment. Buprenorphine is a Schedule III medicine, considered by the Drug Enforcement Agency (DEA) to have less potential for abuse than Schedule II medicines. BELBUCA is a safer alternative for the ~11.5 million patients that are prescribed opioids for chronic pain.
- **SYMPROIC (naldemedine)** – approved in March 2017 for treating opioid-induced constipation in adults with non-cancer pain. Opioid induced constipation effects more than 40% of patients on chronic opioid therapy. Symproic competes with Movantik (AstraZeneca) and Relistor (Bausch Health).

Key terms of Loan

- **Size of facility:** $25m equity plus $80m to be funded in two tranches
  - Tranche A: $60m
  - Tranche B: $20m (BDSI's option)
- **Funding fee:** 2%
- **Interest rate:** L+7.5%
- **Maturity:** 6 years
- **Amortization:** 3-year interest only then thirteen (13) equal payments
- **Make-whole and Prepayment Fees:** In line with comparable investments

Median Analyst consensus[1] sales estimates



Source: Pharmakon Advisors, BioDelivery Sciences public disclosures, Wall Street Analysts
1 – estimates as 15 March 2019

Pharmakon Advisors has invested over $3.0 billion since 2009

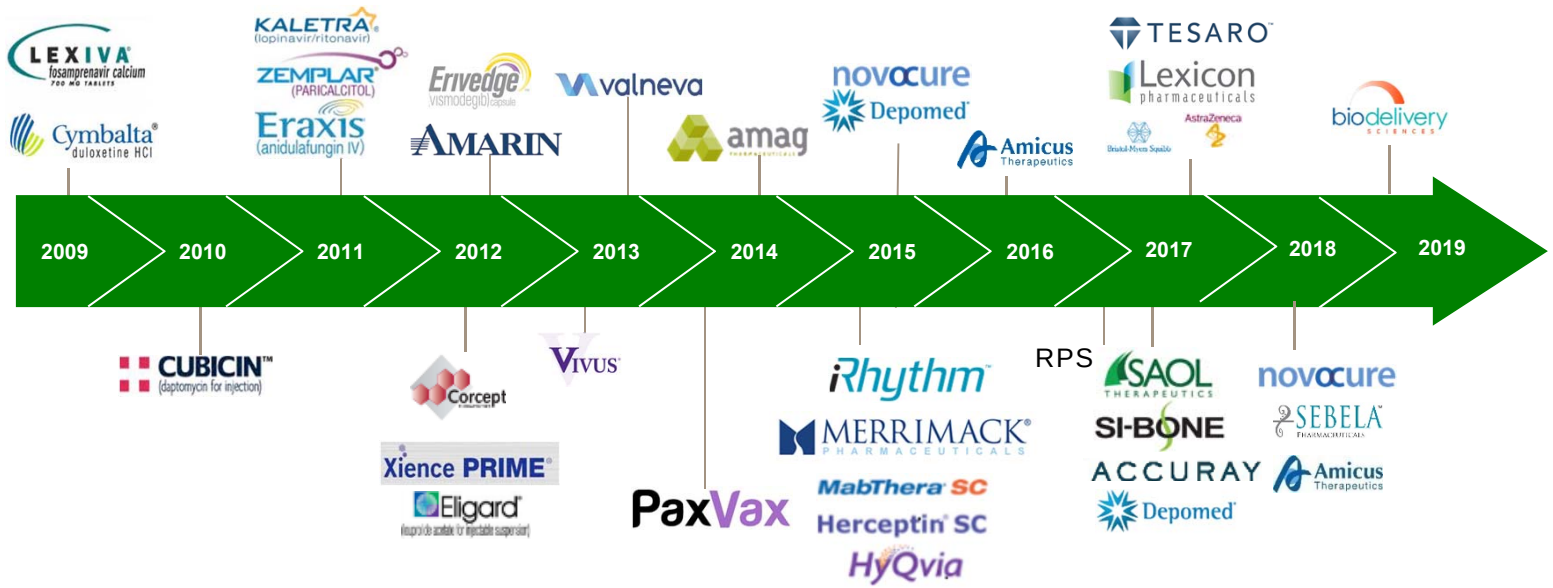
Pharmakon Advisors, LP

- Founded in 2009; manager of the BioPharma funds
- $3.3bn committed in 33 transactions
- 10% unlevered weighted average net returns on four private funds after all fees and expenses[1]

Historical Investment Performance as of 12/31/18 (Private Funds)

Private Fund	I	II	III	IV
Launch Date	June 2009	March 2011	February 2013	December 2015
Amount Invested	$263.7m	$343.0m	$463.0m	$512.0m
Capital Returned %	130.1%	133.0%	133.1%	61.2%
Unlevered Net IRR	11.3%	6.8%	11.3%	11.3%
Status	Termed	Termed	Termed	Harvesting

Investment History



1. *Projected Internal Rate of Return to investors after fund fees and expenses (weighted average of four previous funds.)*

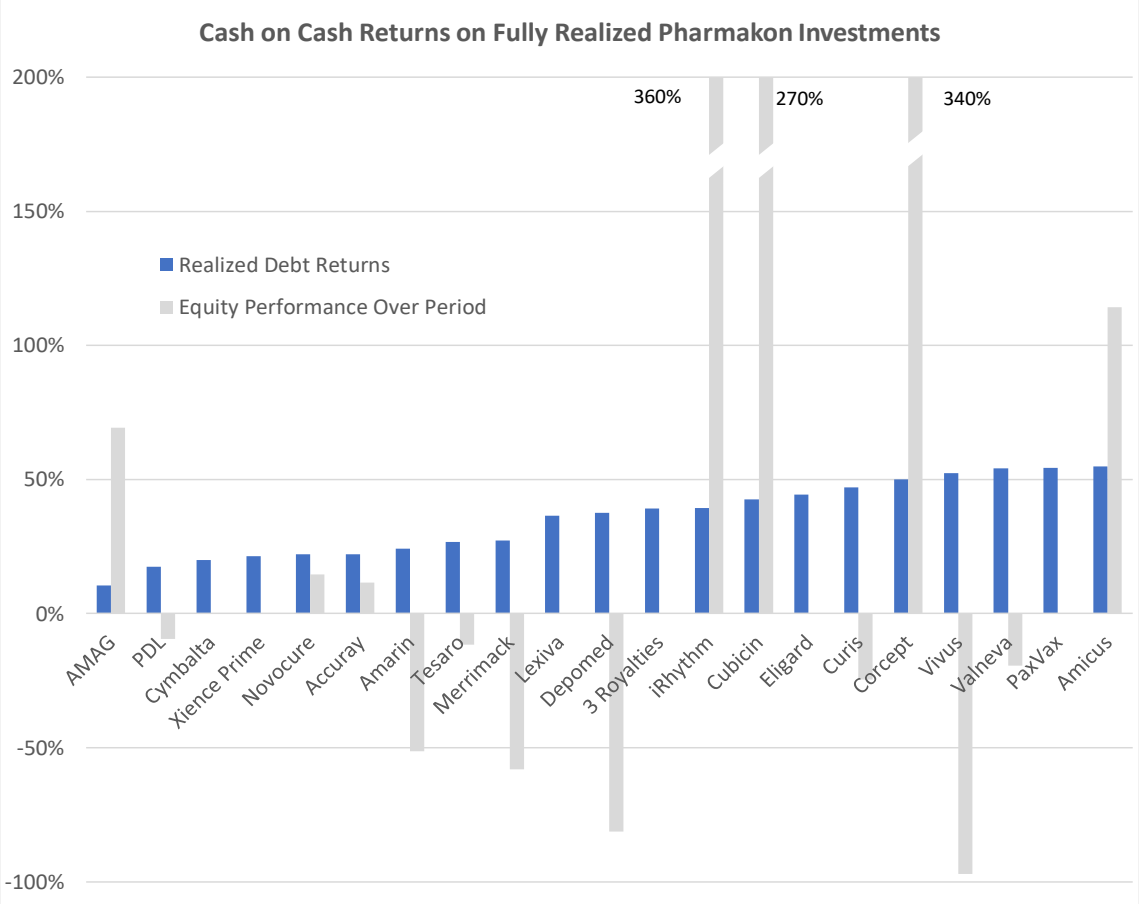
The right structure / LTV helps generate attractive returns on debt irrespective of equity performance

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



BIOPHARMA
CREDIT PLC

Major Investments

$500m senior secured corporate loan to Tesaro

Tesaro Corporate Overview

- **Description:** TESARO, Inc. (TSRO) is an oncology-focused biopharmaceutical company focused on in-licensing and developing oncology-related product candidates, including niraparib, rolapitant and product candidates under their immuno-oncology platform
- **ZEJULA (niraparib) –** approved in the US in March 2017 and the EU in November 2017

  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
- **ZEJULA sales**

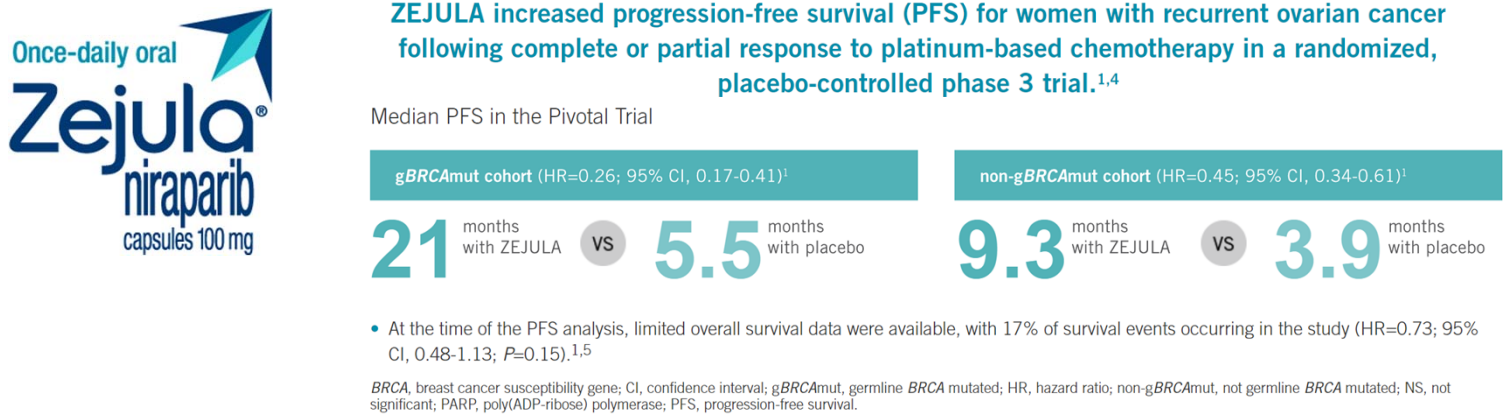
  Nine months ended December 2017**:** $109m

  Second quarter ended June 2018: $53.9m

Key terms of Loan

- **Size of facility:** $500m to be funded in two tranches
  - Tranche A: $300m at closing (BPCR $220m)
  - Tranche B: $200m prior to 20 Dec 18 (BPCR $150m)
- **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

In January 2019 GSK acquired Tesaro for $5.1 billion in cash
BioPharma Credit realized a gain of $83.3 million in this transaction generating a 28.8% IRR



Source: Pharmakon Advisors, Tesaro public disclosures

BioPharma Credit realized a gain of $83.3 million in the Tesaro transaction resulting in a 28.8% IRR

Timeline	
6 December 2017	BPCR funds $222.0m of the $300.0m Tranche A by investing $217.6m net of the 2.0% upfront fee
28 June 2018	BPCR funds $100.0m of the $200.0m Tranche B by investing $98.0m net of the 2.0% upfront fee
3 December 2018	GlaxoSmithKline plc announces the agreement to acquire Tesaro for $5.1 billion in cash
23 January 2019	The acquisition is completed and BPCR receives $369.9 million

Payoff Calculation

(values in $ millions)

	Tranche A	Tranche B	Total
Principal Amount	$222.0	$100.0	$322.0
Accrued interest	$1.5	$0.7	$2.2
Make-whole Amount	$21.1	$14.9	$36.0
Prepayment Premium	$6.7	$3.0	$9.7
Payoff Amount	**$251.3**	**$118.6**	**$369.9**

$150m senior secured corporate loan to Amicus Therapeutics

Amicus Corporate Overview

- **Description:** Amicus Therapeutics, Inc. (FOLD) is a biopharmaceutical company focused on orphan diseases. Amicus markets Galafold for Fabry disease and is developing AT-GAA for Pompe disease.
- **GALAFOLD (migalastat) –** approved in the EU in May 2016, Japan in May 2018 and the US in August 2018 a pharmacological chaperone taken every other day for the treatment of adults with Fabry disease and an amenable galactosidase alpha gene (GLA) variant.
- **Market Cap**: $2.78 bn as of 31 May 19
- **GALAFOLD sales**
  2017**:** $37m (mostly EU)
  2018: $91m (mostly EU)
  2019 guidance: $160m – $180m

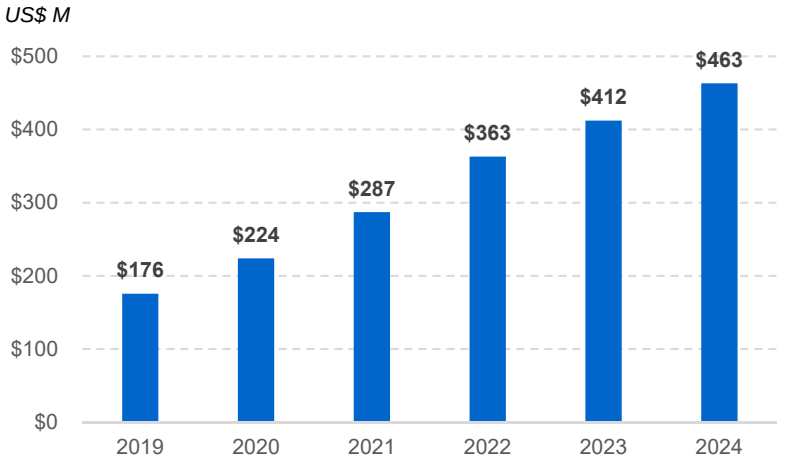
Key terms of Loan

- **Size of facility:** $150m to be funded in one tranche
- **Funding fee:** 2%
- **Interest rate:** L+7.5% (subject to a 1% floor and cap of 1.5% above Libor on funding date)
- **Maturity:** 5 years
- **Amortization:** 4-year interest only then four quarterly payments equal to 12.5% followed by 50.0% at maturity
- **Make-whole and Prepayment Fees:** In line with comparable investments

Key Products

- Fabry disease is a rare, progressive genetic disorder characterized by a defective gene (GLA) that causes an enzyme deficiency. This enzyme is responsible for breaking down disease substrate that, when deficient in patients with Fabry disease, builds up in the kidneys, one of the organ systems impacted by Fabry disease.
- There are approximately 8,000 patients worldwide with Fabry disease of which ~ 3,800 – 5,500 are amenable to Galafold treatment
- Galafold competes with Shire's Replagal and Genzyme's Fabrazyme, both enzyme replacement therapies that require infusion and had combined worldwide sales of ~$1.4 billion during 2018
  - Fabrazyme (Genzyme): $892m worldwide
  - Replagal (Shire): $498m – not approved in the US

Galafold median Analyst consensus[1] estimates ($M)



Source: Pharmakon Advisors, Amicus public disclosures, Wall Street Analysts
1 – estimates as 17 May 2019

$316m senior secured corporate loan to help finance Sebela's acquisition of Braintree Laboratories

Sebela Corporate Overview

- **Description:** Sebela Pharmaceuticals is a privately-held US focused specialty pharmaceutical company with therapeutic franchises in gastroenterology, women's health, and dermatology along with a number of non-promoted mature branded products and royalties
- **Market Cap:** Private
- **Key product sales (2018 pro forma):** $250m
- **Leverage:** Less than 4x Debt to EBITDA

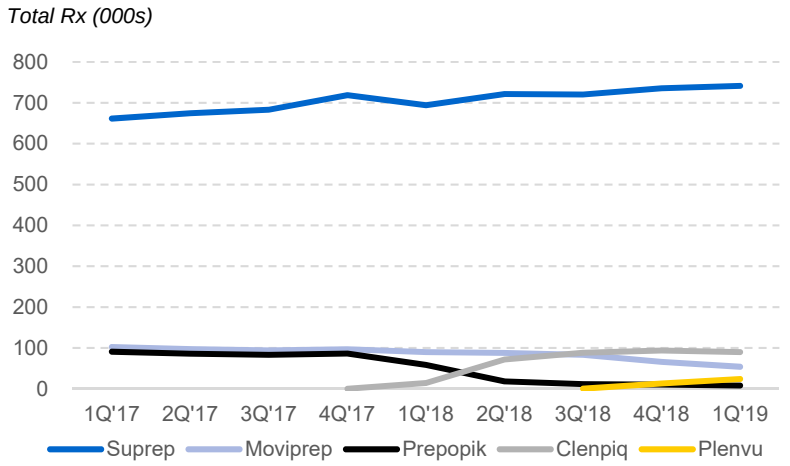
Key Products

- **Suprep –** osmotic laxative indicated for cleansing of the colon in preparation for colonoscopy in adults
- **Brisdelle –** first line therapy to reduce moderate to severe hot flashes associated with menopause
- **Analpram –** first line therapy for treatment of hemorrhoids
- **Naftin –** first line therapy for treatment of interdigital tinea pedis
- **Lotronex –** IBS for females

Key terms of Loan

- **Size of facility:** $194m out of $316m
  - Balance: $174 out of $283 as of June 1 19
- **Funding fee:** 1.5%
- **Interest rate:**
  - High single-digit floating coupon
- **Amortization:** Beginning after the 3rd quarter 2018
- **Duration:** 5 years

Script Trends for Top Colonoscopy Prep Products



Source: Pharmakon Advisors, Sebela Senior Secured Loan presentation, Sebela, IQVIA

$150m senior secured corporate loan to Novocure

Novocure Corporate Overview

- **Description:** Novocure is a commercial stage oncology company developing a profoundly different cancer treatment utilizing a proprietary therapy called TTFields
- **Market Cap:** $5.1bn as of 31 May 19
- **Approvals:** FDA approval in December 2011 for use as a monotherapy treatment for adult patients with GBM following confirmed recurrence after chemotherapy. In October 2015, received FDA approval for the treatment of adult patients with newly diagnosed GBM in combination with temozolomide
  - Also approved in Germany, Switzerland, Japan and others.
- **Product sales:**
  2017**:** $177m
  2018: $248m
  No 2019 guidance

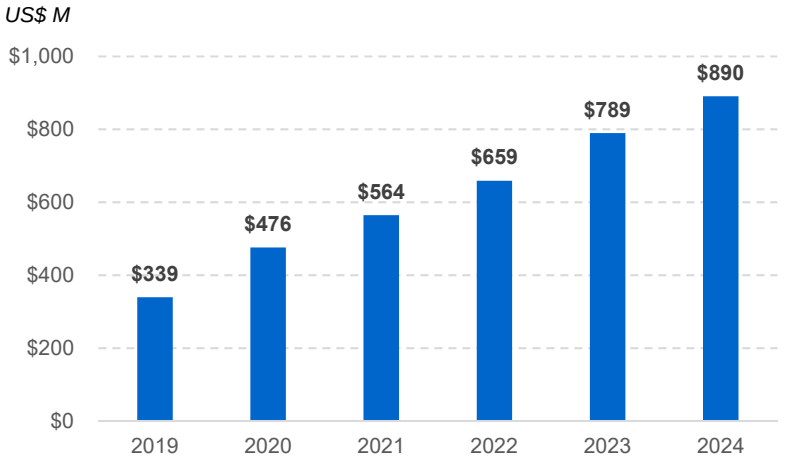
Key Products

- **Optune System** – a cancer treatment centered on a proprietary therapy called TTFields, which involves the use of electric fields tuned to specific frequencies to disrupt solid tumor cancer cell division.
- In October 2015, Optune received FDA approval for the treatment of adult patients with newly diagnosed GBM in combination with temozolomide. In May 2019, Optune received FDA approval for the treatment of Malignant Pleural Mesothelioma in combination with chemotherapy.
- **Pipeline** – Novocure invests meaningfully in R&D and has late stage trials (Phase III pilot studies) underway for TTFields in brain metastases, non-small cell lung cancer and pancreatic cancer.

Key terms of Loan

- **Size of facility:** $150m to be funded in one tranche
  - Note: $100m was used to repay loan held by BioPharma-III resulting in a $46m distribution to BioPharma Credit
- **Funding Fee:** None
- **Interest rate:** 9.0%
- **Amortization:** Principal amount 5 years post funding date
- **Duration:** 5 years
- **Prepayment:** 2% prior to third anniversary and 1% prior to the fourth anniversary
- **Make-whole:** 2 years

Median Analyst consensus[1] current indication sales estimates



Source: Pharmakon Advisors, Novocure public disclosures, Wall Street Analysts
1 – estimates as 3 May 2019

$150m senior secured loan to Lexicon

Lexicon Corporate Overview

- **Description:** Lexicon Pharmaceuticals, Inc. (LXRX) 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:** $571m as of 31 May 19
- **Product sales:**
  2017**:** $15m
  Lexicon has not yet reported 2018 sales or provided 2019 guidance
- **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 filed for US and EU in registration Q1 2018

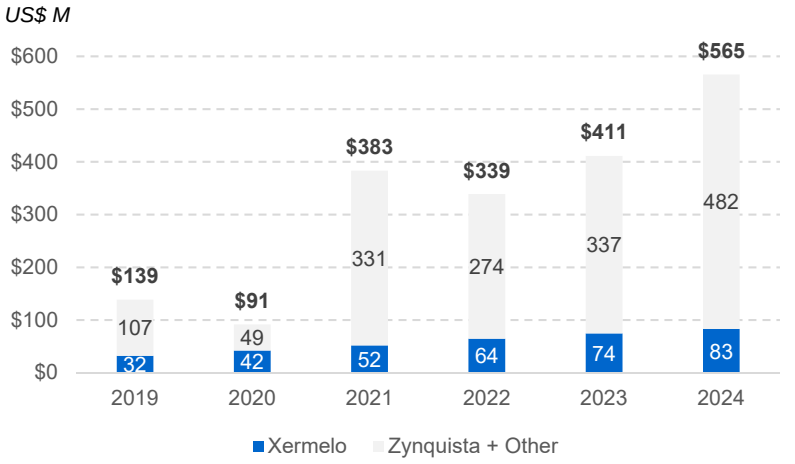
Key Products

- **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. 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 compound being developed with Sanofi for Type 1 and Type 2 diabetes. It received approval in Europe for Type 1 diabetes on 26 April 2019 and received a Complete Response Letter (CRL) in the US on 22 March 2019. The drug is still being evaluated for use in Type 2 patients with potential to generate substantial payments upon certain development and approval milestones.

Key terms of Loan

- **Size of facility:** $200m to be funded in two tranches
  - Tranche A: $150m
  - Tranche B: $50m (Will not be funded)
- **Funding Fee:** Not disclosed
- **Interest rate:** 9.0%
- **Amortization:** Principal amount 5 years post funding date
- **Duration:** 5 years
- **Prepayment:** 2% prior to 4th anniversary of Tranche A closing data and 1% after the fourth anniversary of the Tranche A closing date but prior to the 5th anniversary
- **Make-whole:** 3 years

Median Analyst consensus[1] sales estimates



Source: Pharmakon Advisors, Lexicon public disclosures, Sanofi public disclosures, Bloomberg
1 – estimates as of 1 May 2019

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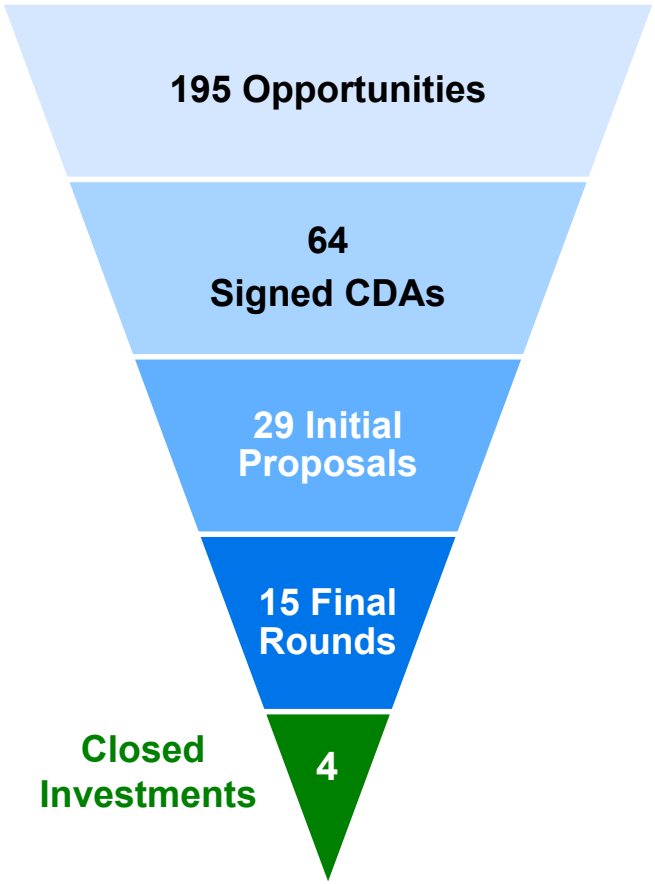
Appendix

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

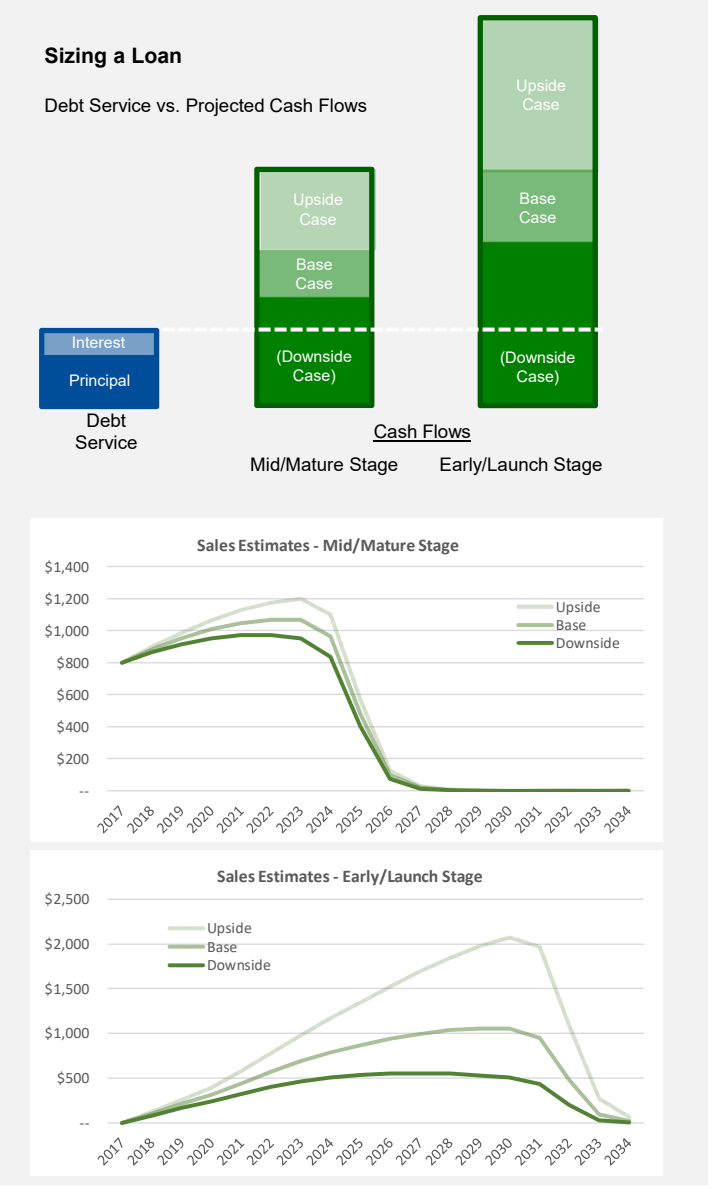
Robust Pipeline for 2019

Source: Pharmakon estimates

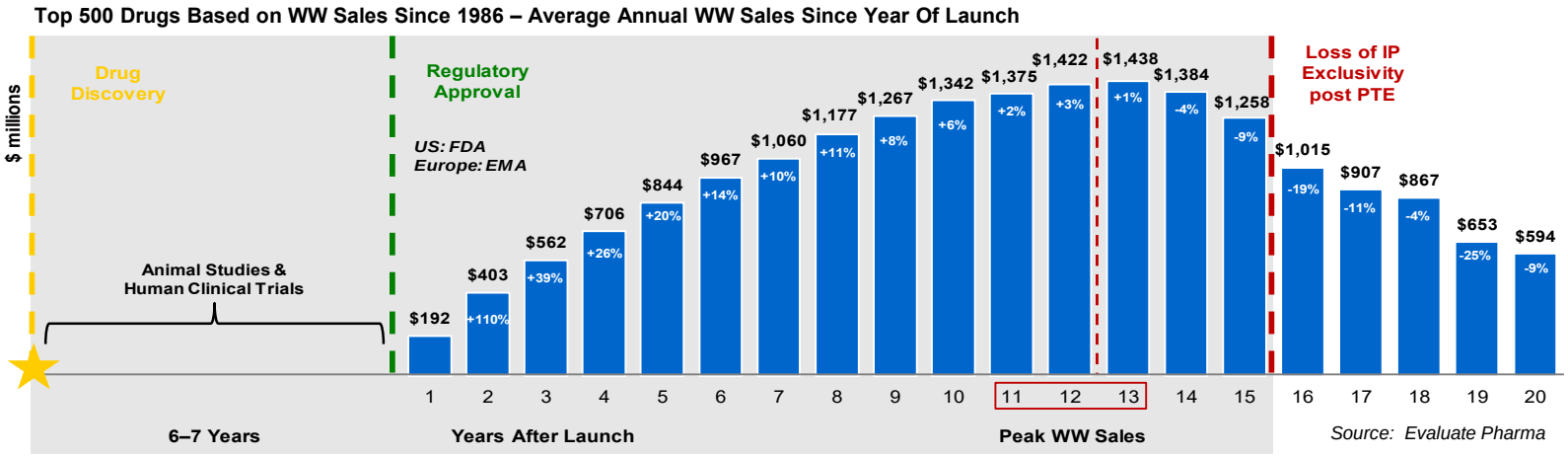
The Investment Process / Assessing Risks

Pharmakon's Investment Process is Product Centric

- The expected future cash flows from the underlying product(s) need to exceed the cost of servicing the loan
- This should also be the case for reasonable downside cases that will be stressed by one or more of the following:
  - Hurdles to prescribing set by insurance companies
  - Greater discounts and/or rebates reducing the gross to net
  - Reduced interest from physicians / patients because of side effects, limited perceived efficacy, or out of pocket costs
  - Greater competition and lower market share
  - Shorter patent protection
  - Manufacturing constraints
- In general, the sales potential of products in the early stages is less certain but they have a longer remaining patent life so many years of cash flows
  - Loans backed by such products will require a greater cushion than those backed by more mature products where cash flows are more predictable
- Pharmakon's diligence process will generally include a combination of the following:
  - reviewing data from clinical trials and scientific papers,
  - having multiple calls with physicians and key opinion leaders,
  - engaging IP counsel, reimbursement and manufacturing consultants,
  - reviewing third party marketing studies and wall street research, etc.



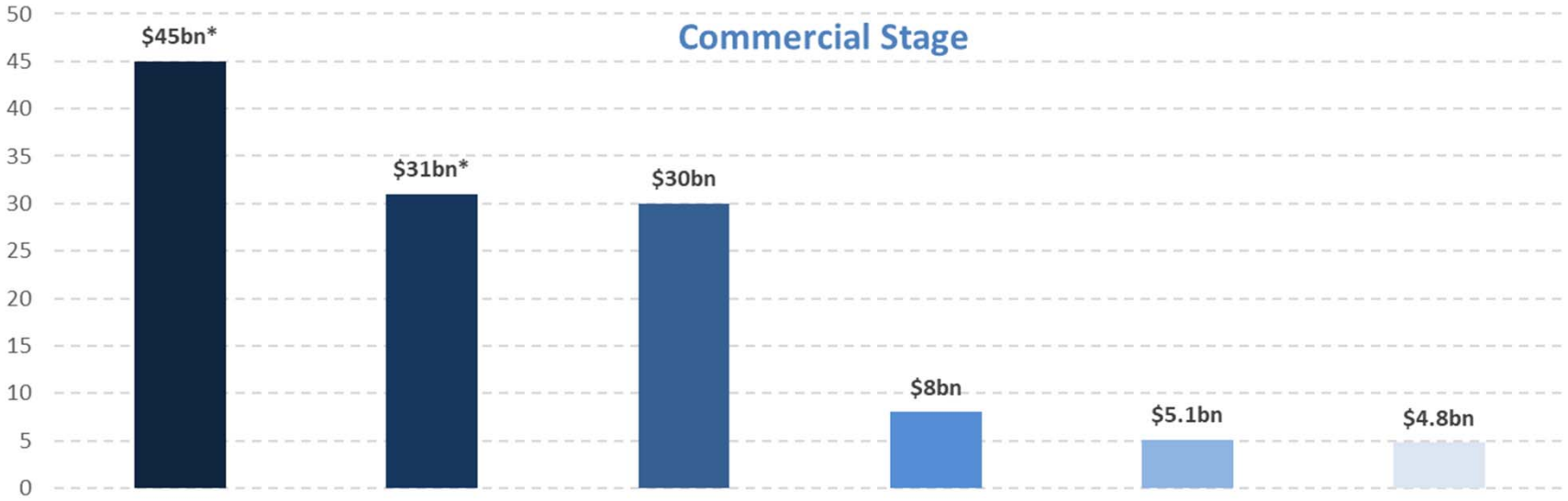
Main risk factors are determined by the particular stage in a product's life



Pre-Approval	Early Commercial	Mid Commercial	Mature Commercial	Genericized
	TESARO, Lexicon pharmaceuticals	novocure, AstraZeneca, SEBELA		
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:** Pharmakon will monitor the product's evolution and maintain contact with management to assess future opportunities	▸ **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



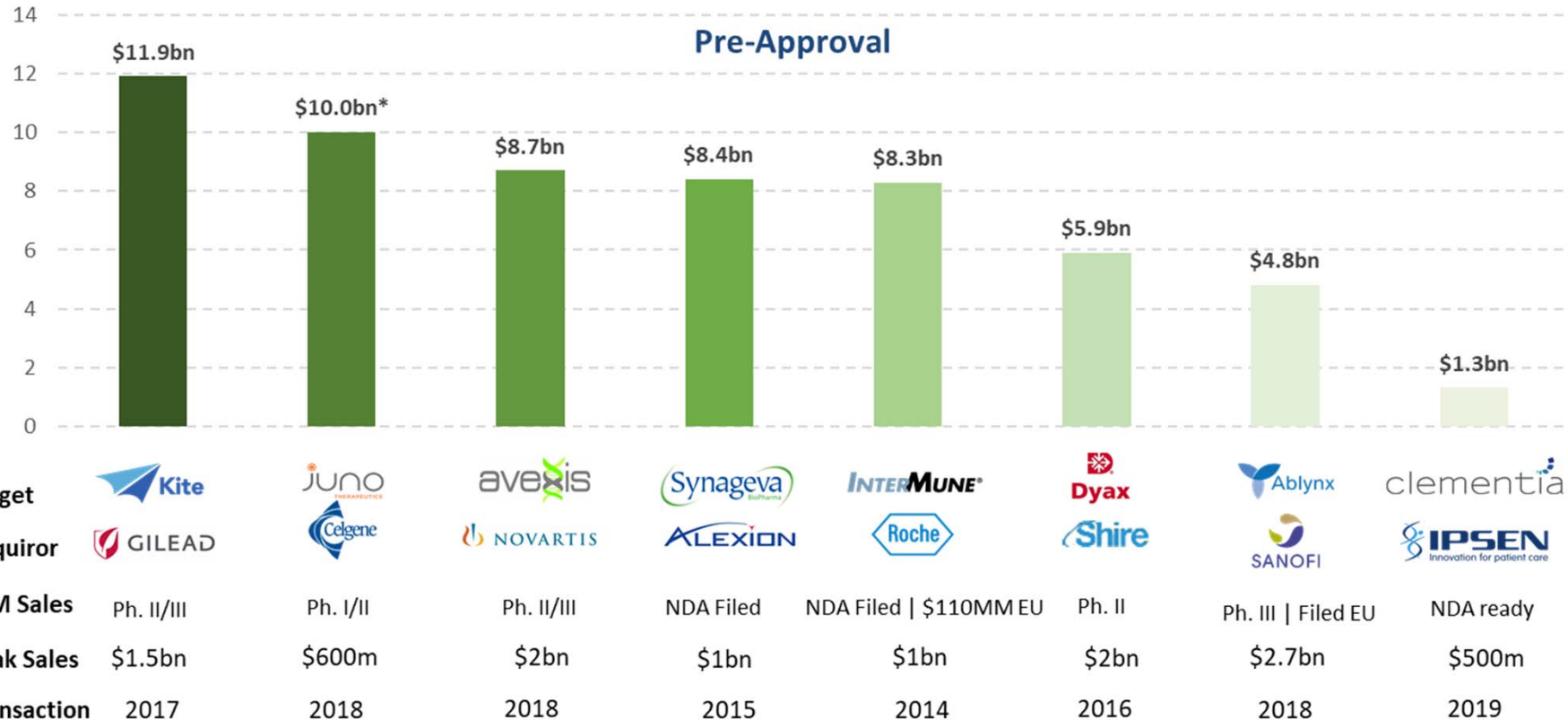
Target	pharmacyclics	MEDIVATION	ACTELION	LOXO ONCOLOGY	TESARO	Spark THERAPEUTICS
Acquiror	abbvie	Pfizer	Johnson & Johnson	Lilly	gsk	Roche
LTM Sales	$.8bn	$2.1bn	$2.5bn	$0.0	$218m	$27m
Peak Sales	$3.7bn	$7.1bn	$5.8bn	$1.7bn	$1.2bn	$1.2bn
Transaction	2015	2016	2017	2019	2019	2019

* Normalized for 100% ownership

Source: Bloomberg, company filings

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

Example of a Royalty Loan: $150m loan from BioPharma-IV to Halozyme Secured by Royalties

Background

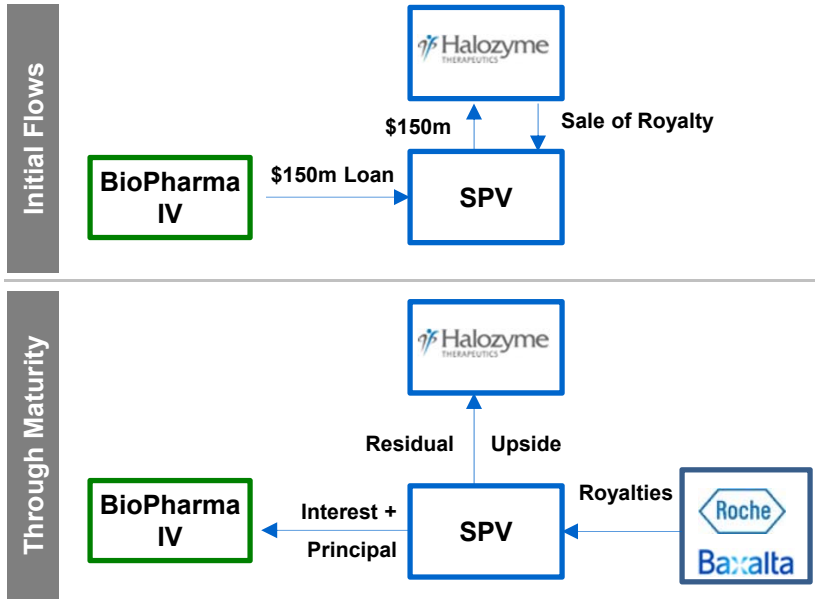
- Halozyme developed *ENHANZE*™ technology that allows for intra-venous (IV) infused drugs to be reformulated and delivered via more convenient Sub-Q injection
- Licensed the technology to Roche and Baxalta in exchange for royalties
- By the end of 2015, the royalties had a 12 month run rate of $38m,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

Roche	*Transformed treatment of lymphoma - 2015 sales: $7bn* MabThera Rituximab → *ENHANZE*™ → MabThera SC
	Transformed breast cancer treatment - 2015 sales: $6.5bn Herceptin trastuzumab → *ENHANZE*™ → Herceptin SC trastuzumab subcutaneous
Baxalta	*Primary Immunodeficiency in adults* Immunoglobulin → *ENHANZE*™ → HyQvia

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

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

Source: Pharmakon Advisors; Halozyme public disclosures