

BIOPHARMA

— CREDIT PLC —

Debt Capital for the Life Sciences Industry



COMPANY PRESENTATION – October 2019

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

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- results can be positively or negatively affected by market conditions beyond the control of Pharmakon or the Company or any other person.
- 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

<p>Pedro Gonzalez de Cosio <i>Co-Founder and Principal</i></p> <ul style="list-style-type: none"> ▶ Co-founded Pharmakon in 2009 after 17 years in structured finance investment banking 	<p>Martin Friedman <i>Principal</i></p> <ul style="list-style-type: none"> ▶ Joined Pharmakon in 2011 after 18 years in healthcare finance 	<p>Pablo Legorreta <i>Co-Founder and Principal</i></p> <ul style="list-style-type: none"> ▶ Co-Founded Pharmakon in 2009 ▶ Founded Royalty Pharma in 1996 
<p>Scott Levitt, BSE <i>Senior Associate</i></p> <ul style="list-style-type: none"> ▶ Joined Pharmakon in 2017 after 5 years in healthcare investment banking & equity research 	<p>Jeffrey Caprio, CPA <i>Controller</i></p> <ul style="list-style-type: none"> ▶ Joined Pharmakon in 2009 after 3 years at Deloitte 	<p>Adriana Benitez, CPA <i>Senior Accountant & Investor Relations</i></p> <ul style="list-style-type: none"> ▶ 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

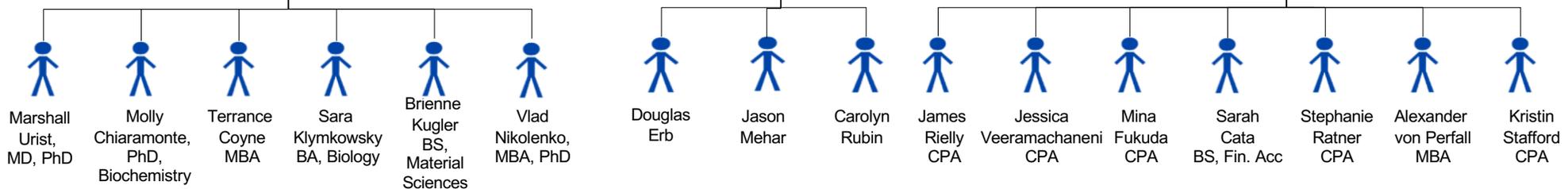
George Lloyd
EVP and General Counsel

- ▶ Joined in 2011 after 25 years in corporate law

Finance Team

Susannah Gray
EVP and Chief Financial Officer

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



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 Record¹

- ▶ \$3.6bn committed in 35 transactions backed by cash flows from life sciences products
- ▶ Four private funds expected to generate 10% unlevered weighted average annualized net returns¹
- ▶ Zero defaults
- ▶ Core team has over twenty years' experience investing in life sciences debt and royalties

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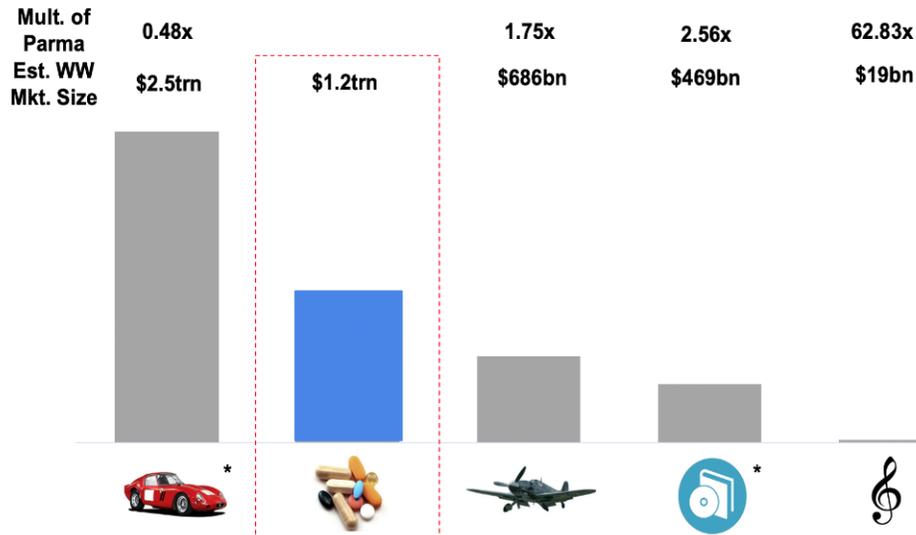
BioPharma Credit Targets Strong Risk-Adjusted Returns

- ▶ 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, excluding C Share conversions²

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

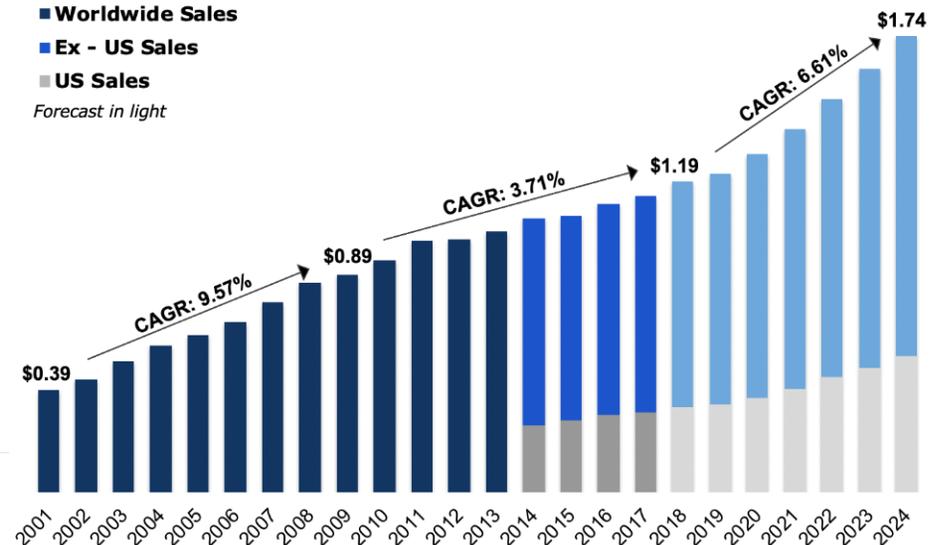
Life sciences is a large, vital industry with strong, consistent growth

WW Pharmaceutical Industry vs. Other Industries



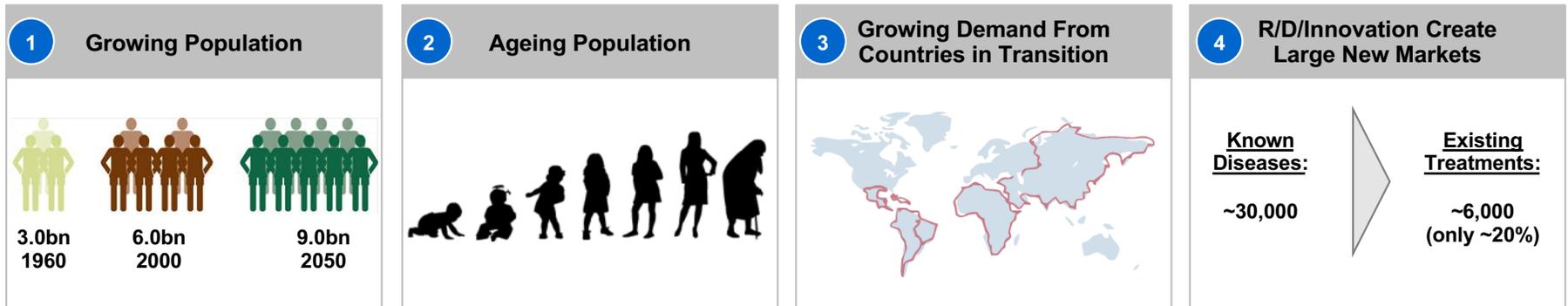
Sources: Deloitte, IFPI, IQVIA, Bloomberg
*Indicates Bloomberg 5000 companies.

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



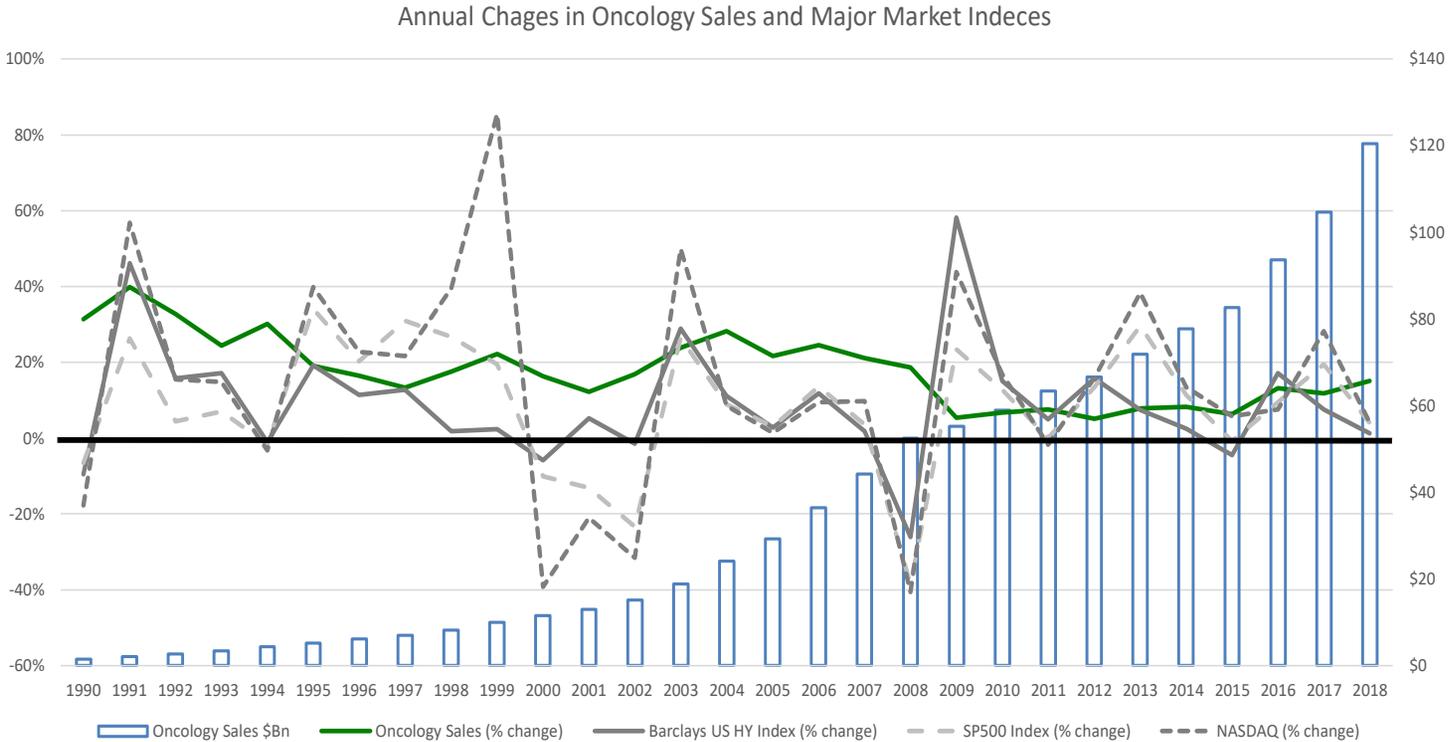
Sources: IQVIA, EvaluatePharma
*Data for US Sales and Ex-US Sales unavailable 2001-2013

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

Sales of critical drugs, like those that treat cancer, are uncorrelated and unaffected by economic cycles



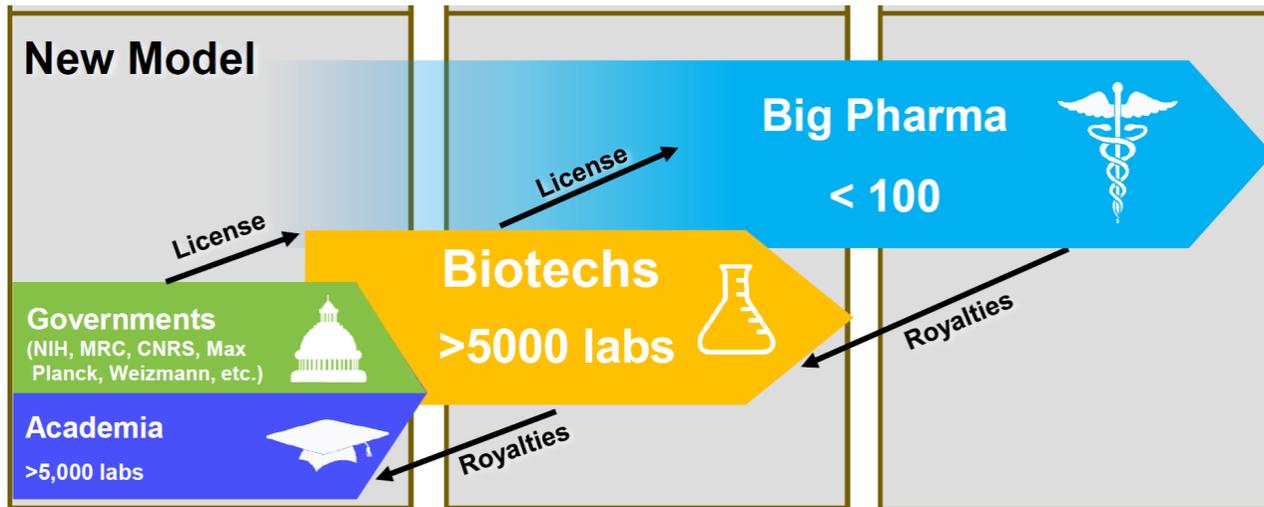
Sales of Oncology Drugs have not seen a year-on-year decline since 1990

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%

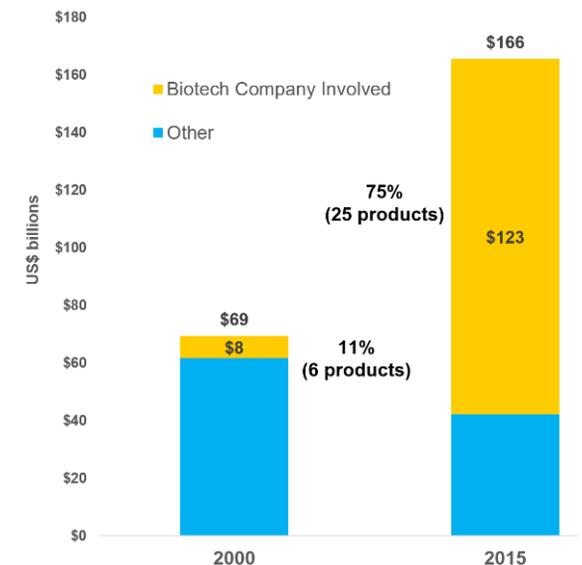
Sales of Oncology Drugs are uncorrelated to market indices

Source: Bloomberg, Evaluate Pharma, Pharmakon Advisors

Specialization & fragmentation of drug discovery is leading to more lending opportunities



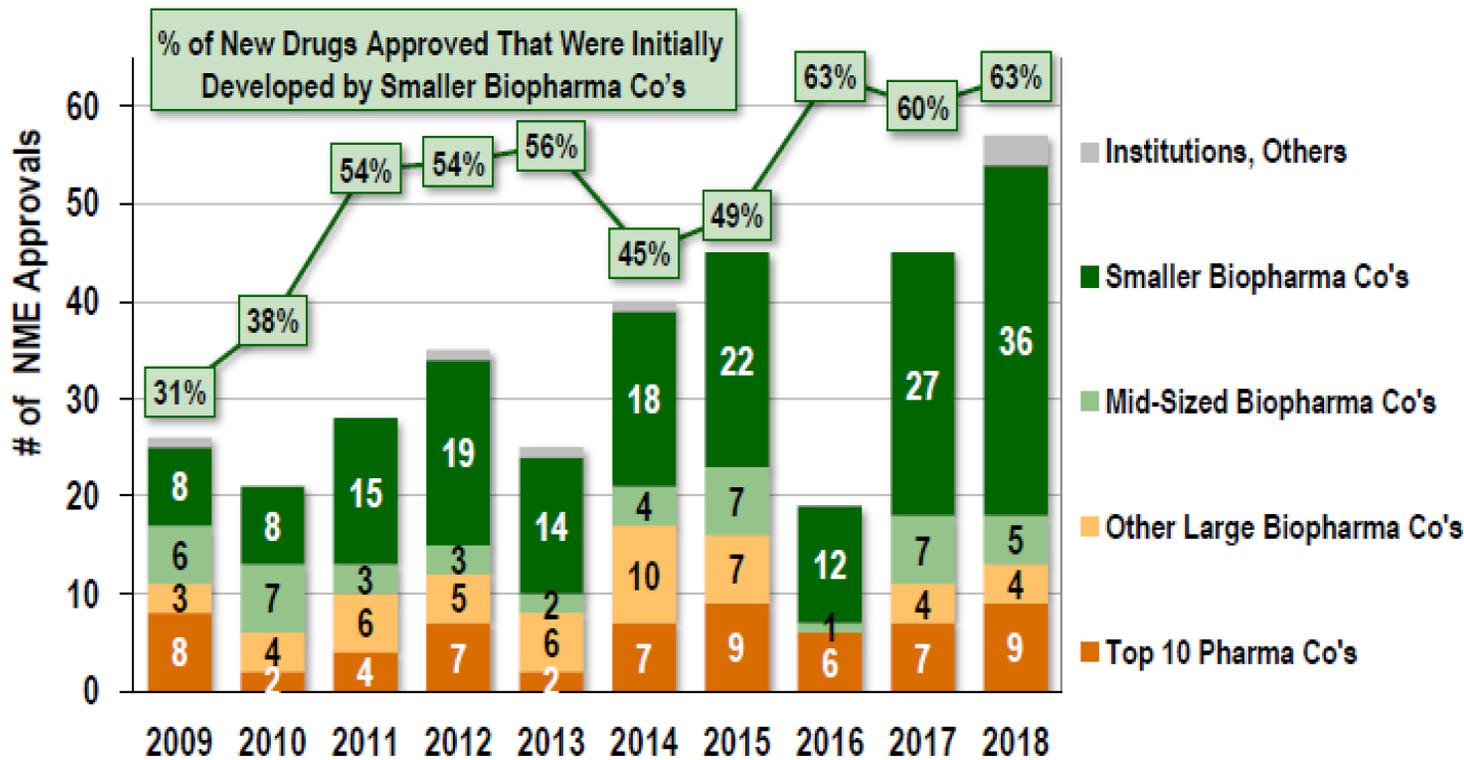
Worldwide Sales from Top 30 Products



- *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.*

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.

Pharmakon Advisors has invested over \$3.0 billion since 2009

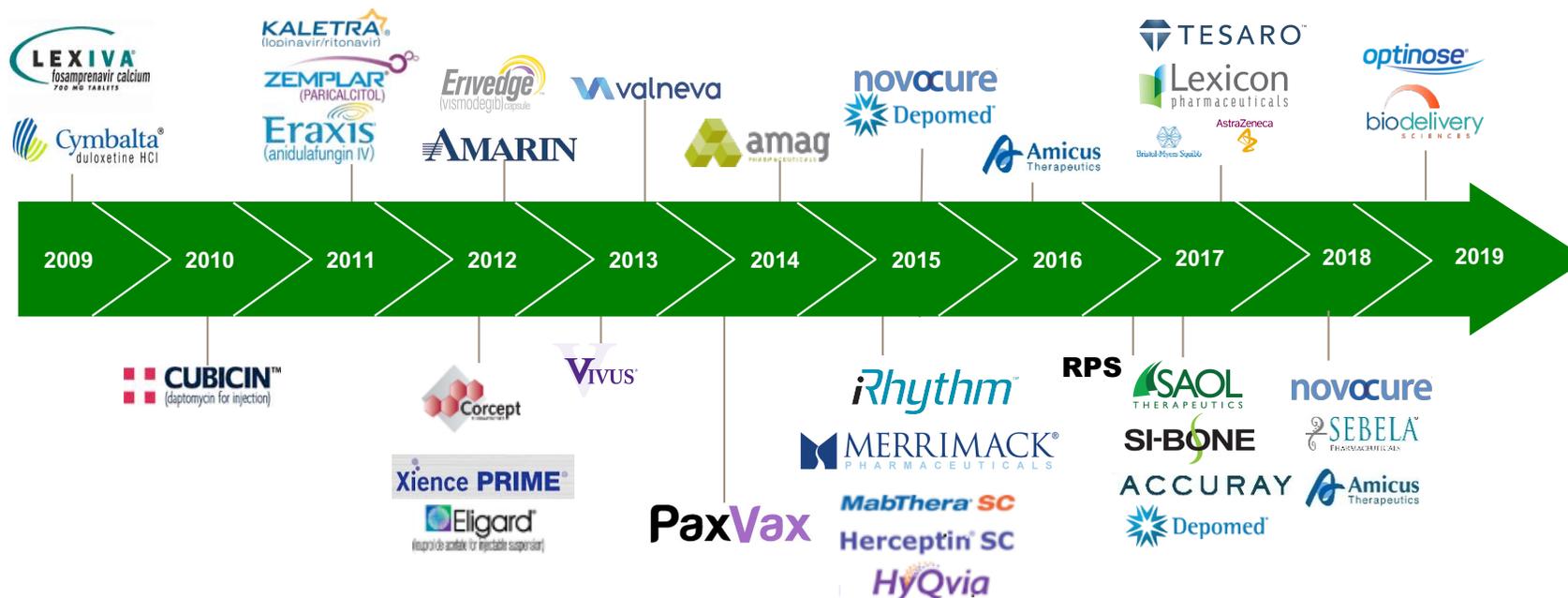
Pharmakon Advisors, LP

- ▶ Founded in 2009; manager of the BioPharma funds
- ▶ \$3.6bn committed in 35 transactions
- ▶ 10% unlevered weighted average net returns on four private funds after all fees and expenses¹

Historical Investment Performance as of 9/30/19 (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	\$36.0m
Capital Returned %	130.1%	133.0%	133.1%	95.8%	N/A
Unlevered Net IRR	11.3%	6.8%	11.3%	11.4%	N/A
Status	Termed	Termed	Termed	Harvesting	Investing

Investment History



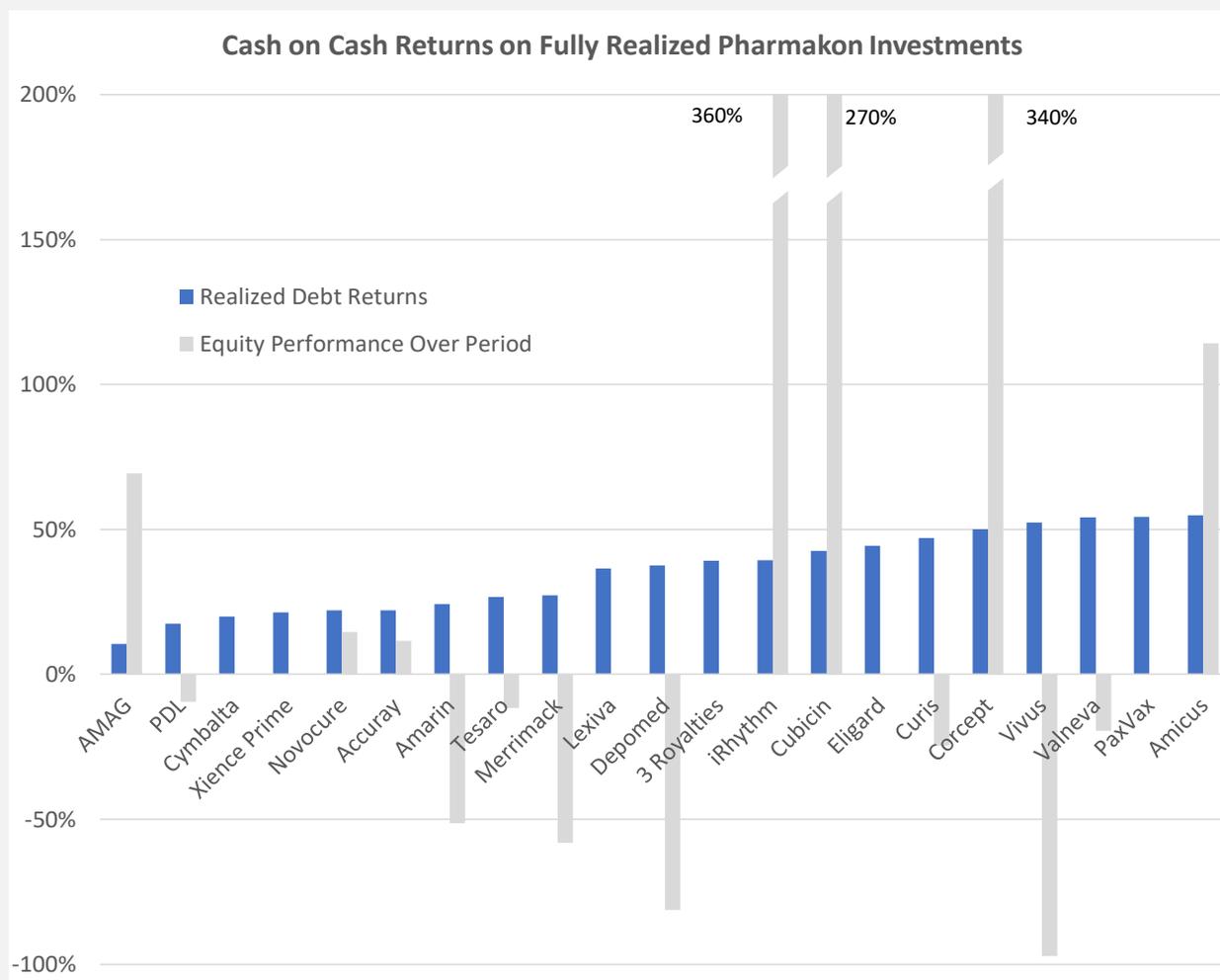
1. Projected Internal Rate of Return to investors after fund fees and expenses (weighted average of four previous funds.)

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

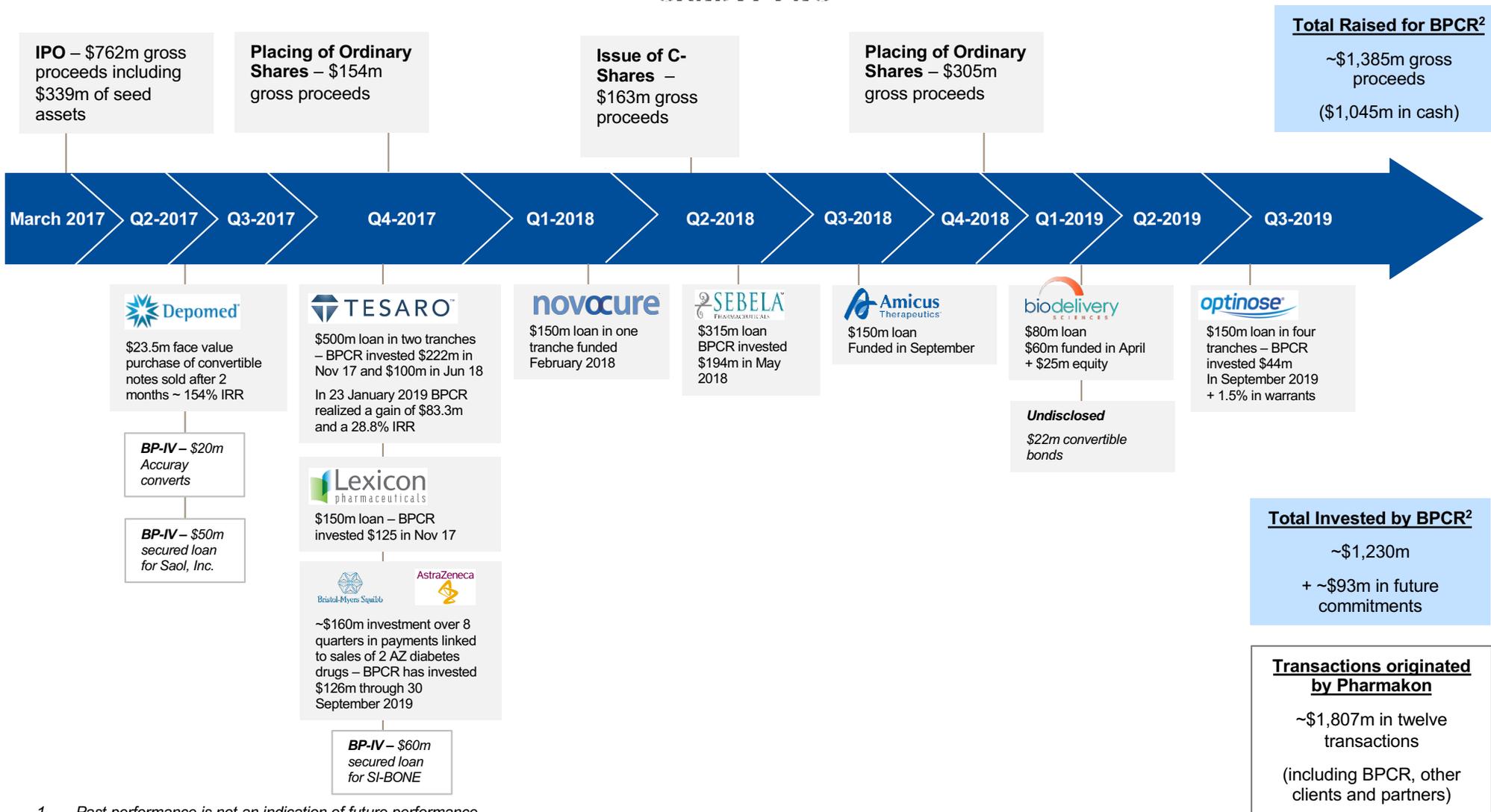
- The chart below shows the cash on cash returns of all past Pharmakon investments that have been fully realized (no payments remaining)
- While the realized returns of debt underperformed the equity in a few cases, as would be expected, the right structuring allowed for complete downside protection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



Major milestones since IPO¹

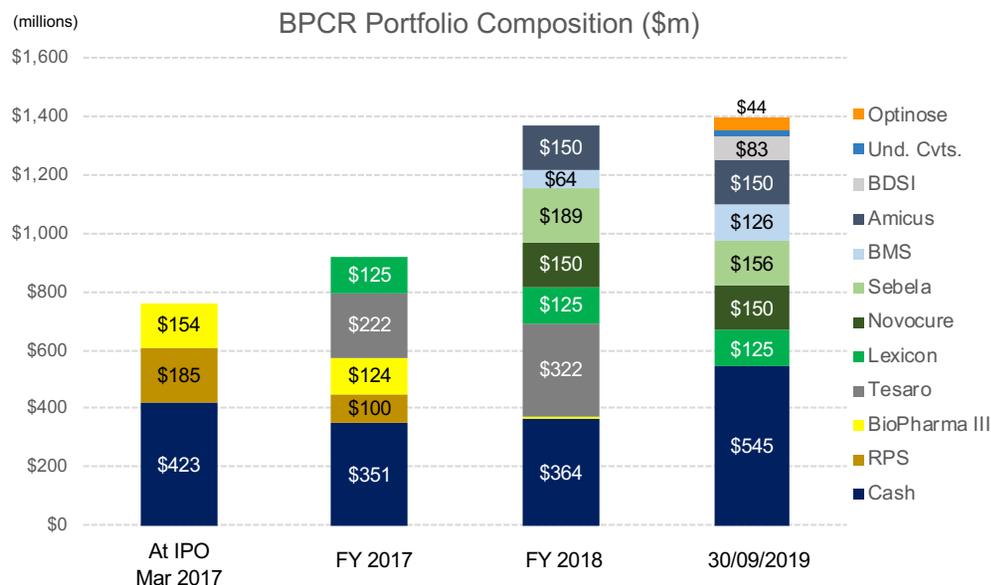
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1. Past performance is not an indication of future performance.
2. Through 10 June 2019, Invested amount excludes Seed Assets

Portfolio and dividends since IPO²

Evolution of the BioPharma Credit portfolio



- ~ \$339m or 100% of seed assets (RPS + BP-III) have amortized since IPO
- ~\$1,100m deployed across nine 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
- ~\$208m 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	10/31/17	\$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
Total				\$0.14382	

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

² Past performance is not an indication of future performance.

Summary of past transactions

Post-IPO Investments								
Investment:								
Investment Type:	Secured Loan	Priority Royalty Stream	Secured Loan	Secured Loan	Secured Loan	Secured Loan	Equity and Secured Loan	Secured Loan
Borrower:	Tesaro, Inc.	N/A	Lexicon Pharmaceuticals Inc.	NovoCure Limited	Sebela International Limited	Amicus Therapeutics, Inc.	BioDelivery Sciences	Optinose, Inc.
Amount¹:	Tranche A: \$222m Tranche B: \$100m	\$140 - 160m ³	Tranche A: \$150m Tranche B: \$50m ⁴	\$150m	\$196m	\$150m	Equity: \$25m Loan: \$60m + \$20m	Tranche A: \$80m Other tranches: \$70m
Maturity:	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	September 12, 2024
Coupon:	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%	10.75%
Amortization:	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	Thirty-nine months interest only, then quarterly
Fees:	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%	2.0%	0.75% of drawn and undrawn + warrants
Prepayment:	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	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

\$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:** \$3.1 bn as of 30 June 2019
- ▶ **GALAFOLD sales**
2017: \$37m (mostly EU)
2018: \$91m (mostly EU)
2019 guidance: \$160m – \$180m

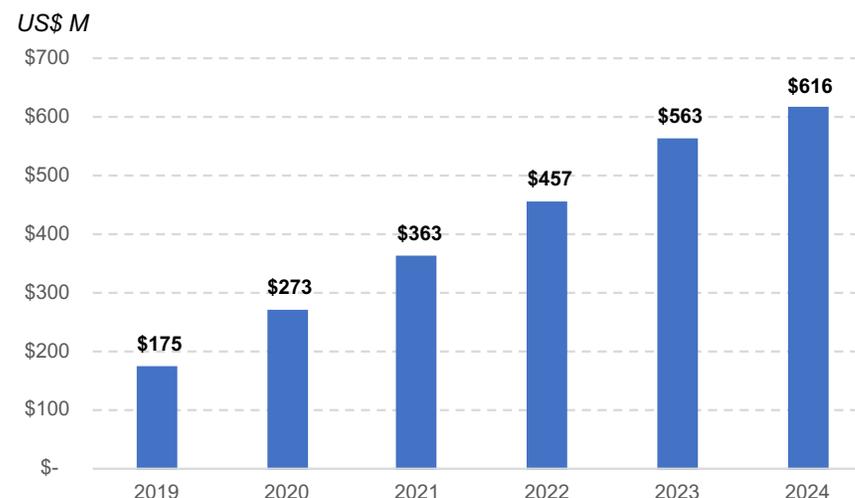
Key terms of Loan

- ▶ **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 consensus¹ estimates (\$M)



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

\$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:** \$6.1bn as of 30 June 2019
- ▶ **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

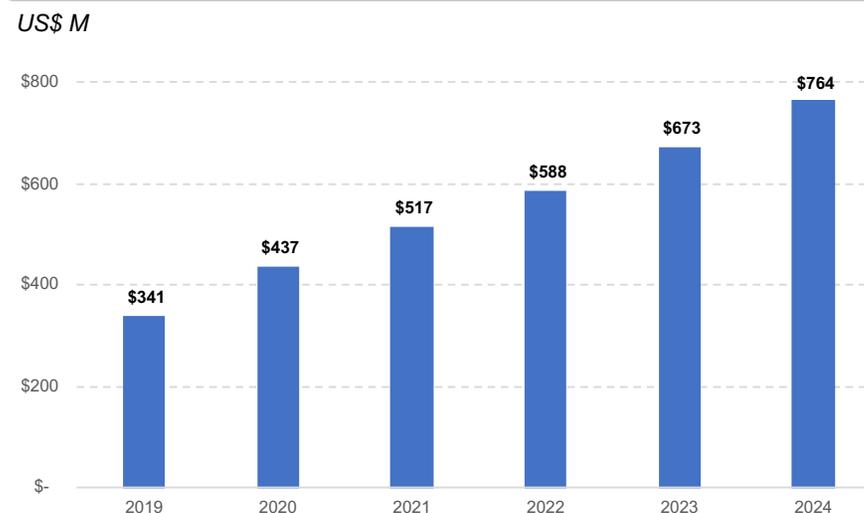
Key terms of Loan

- ▶ **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

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.

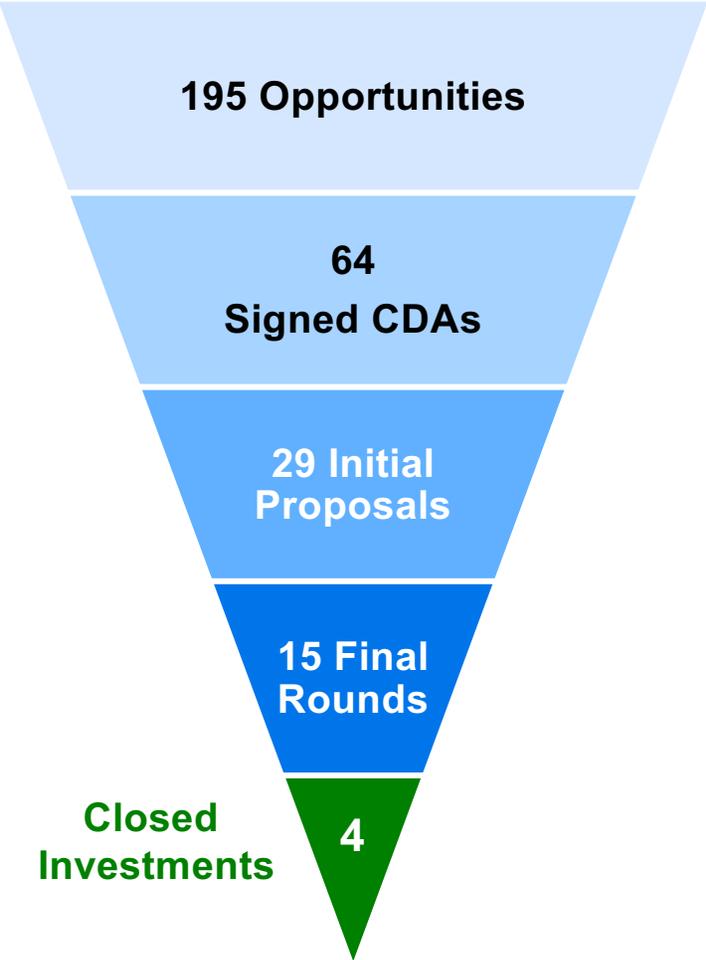
Median Analyst consensus¹ current indication sales estimates



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

Rigorous screening and evaluation of opportunities

2018 Pharmakon Opportunities



~2% Look-to-Book

Filters

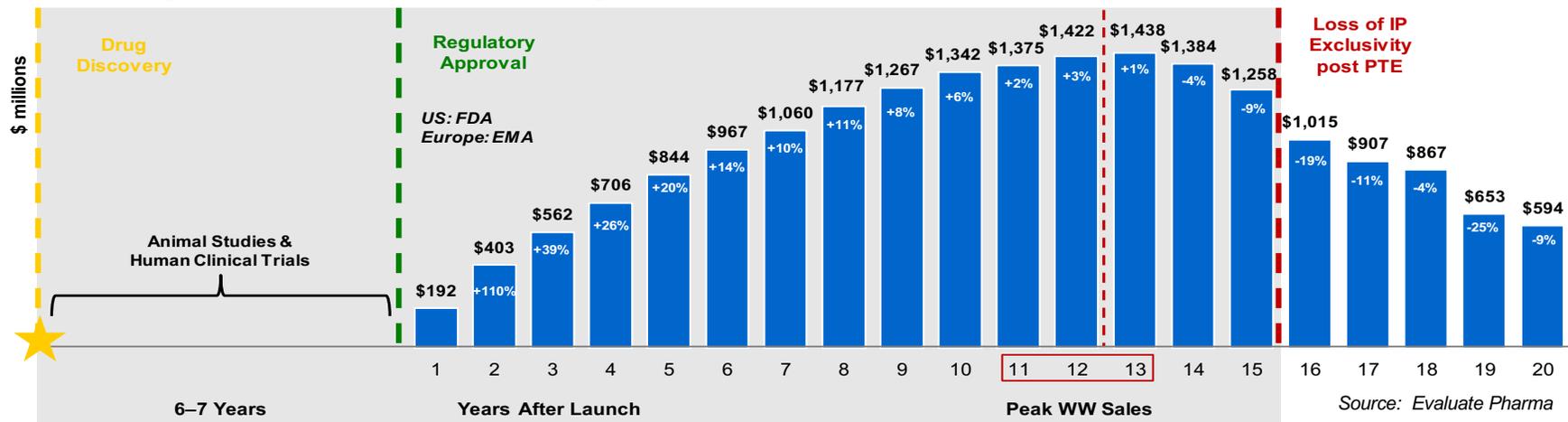
- 1 Screened 195 opportunities. Initial screen focused on:
 - Viable, marketed product
 - Counterparty with financing need
- 2 64 opportunities met initial requirements. Performed initial diligence to:
 - Determine preliminary lending value
 - Assess marketer credit worthiness
- 3 Preliminary terms presented 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

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

Top 500 Drugs Based on WW Sales Since 1986 – Average Annual WW Sales Since Year Of Launch

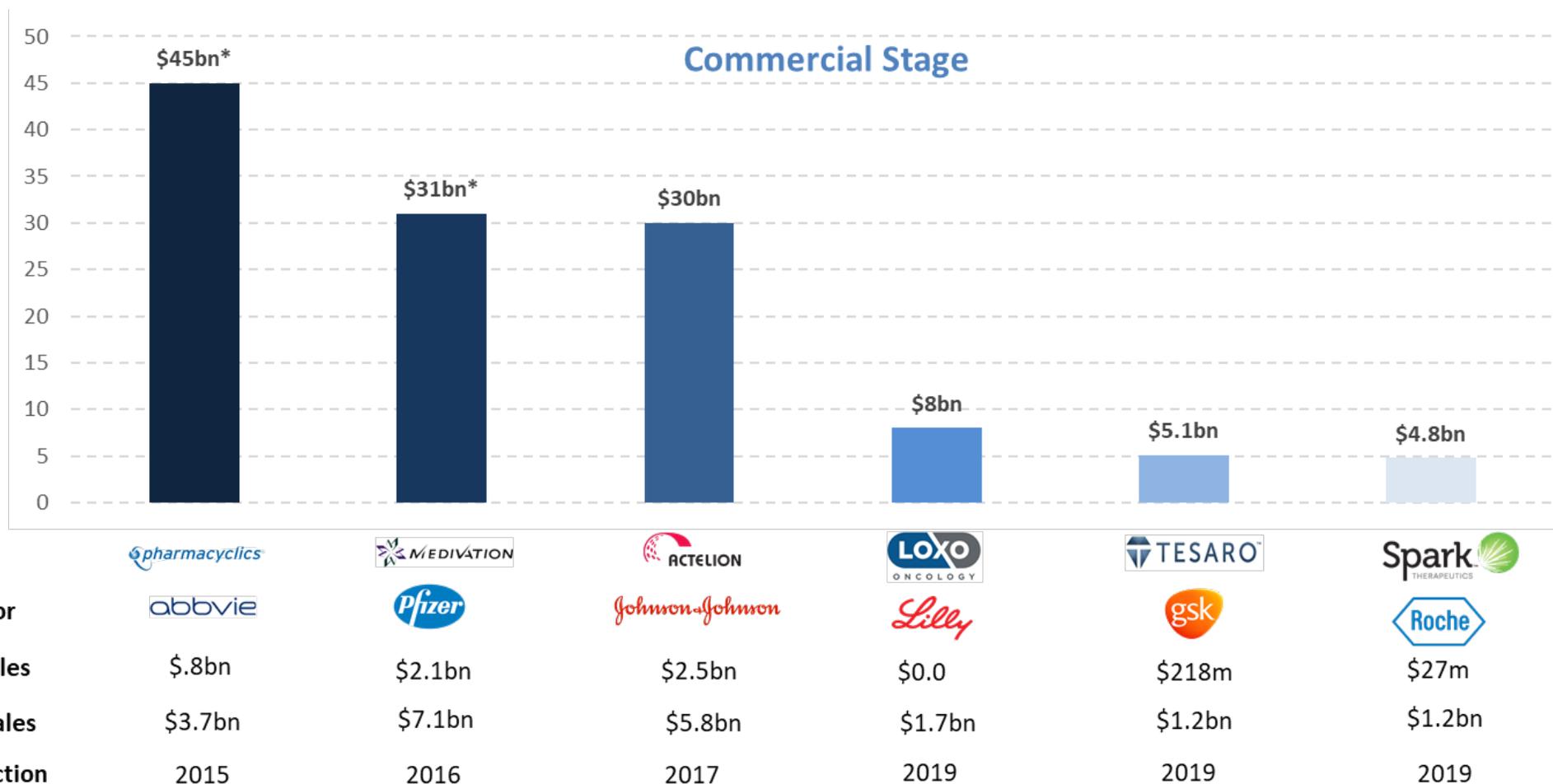


- | Risk Factors | Pre-Approval | Early Commercial | Mid Commercial | Mature Commercial | Genericized |
|--------------|--|--|---|---|-------------|
| | <ul style="list-style-type: none"> ▶ Approval: Product may never be approved ▶ Efficacy / Safety: Even if approved, may not have the right profile/label ▶ Pricing / Reimbursement: Unknown at this stage ▶ Commercial: High uncertainty ▶ Competition: Other therapies may be approved before target product ▶ IP: Low risk | <ul style="list-style-type: none"> ▶ 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 | <ul style="list-style-type: none"> ▶ 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 | <ul style="list-style-type: none"> ▶ 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 | Pre-Approval | Early Commercial | Mid Commercial | Mature Commercial | Genericized |
|----------------|--|--|---|--|-------------|
| | <ul style="list-style-type: none"> ▶ Do not Invest: Pharmakon will monitor the product's evolution and maintain contact with management to assess future opportunities | <ul style="list-style-type: none"> ▶ 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 | <ul style="list-style-type: none"> ▶ 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 | <ul style="list-style-type: none"> ▶ 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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Source: Bloomberg, company filings