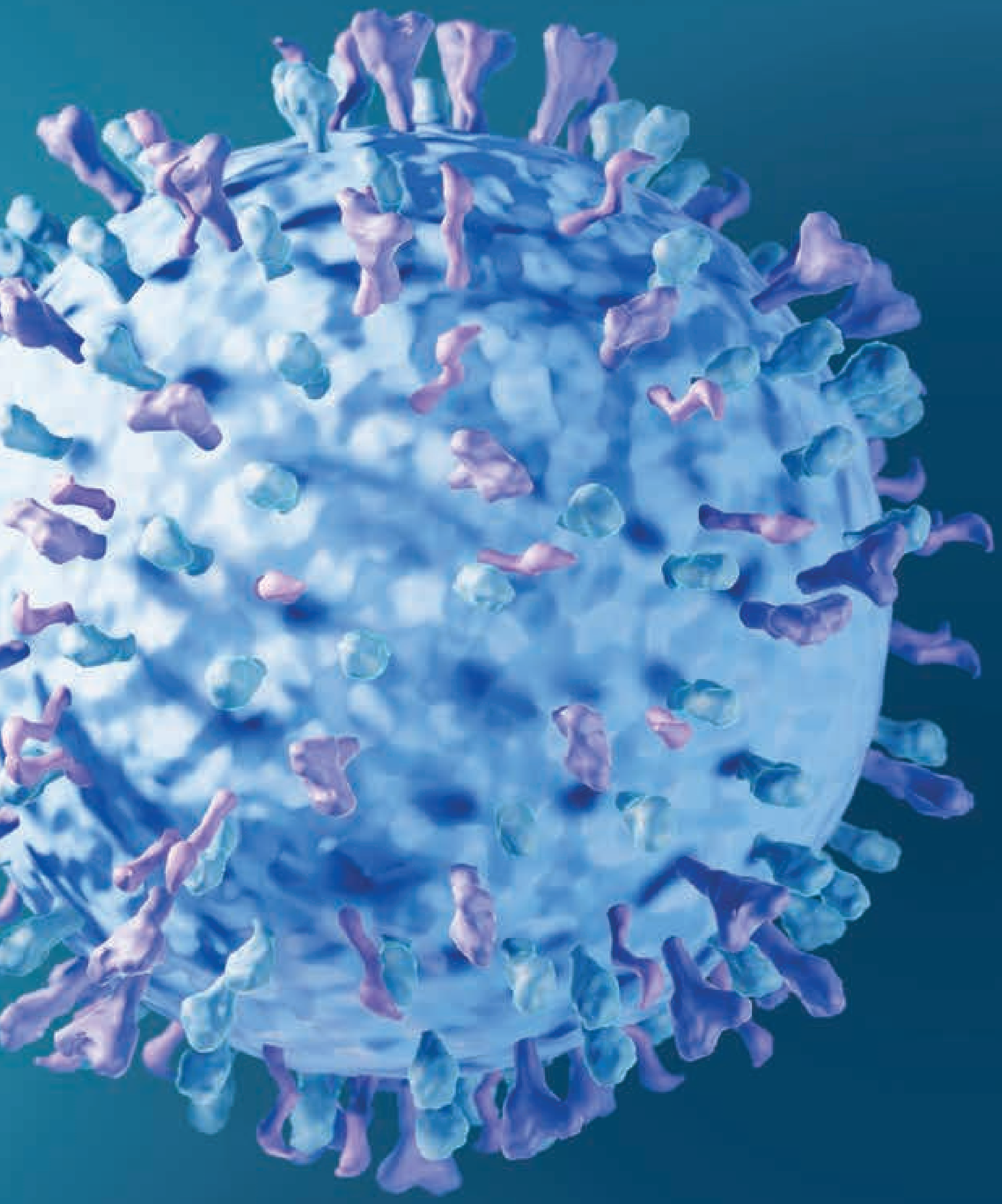
BioPharma
CREDIT PLC



Annual Report and Financial Statements

For the year ended 31 December 2023

BioPharma Credit PLC

BioPharma Credit PLC (the "Company") provides investors with the opportunity to gain exposure to the fast-growing life sciences industry.

Our diversified portfolio is primarily secured by approved life sciences products and the cash flows derived from their sales.

Performance Highlights As at 31 December 2023

This section includes Alternative Performance Measures (APMs). Refer to the glossary on page 90. Past performance is not an indication of future performance.

$0.8400

Share price ($):
(31 December 2022: $0.9500)

1,302.7m

Ordinary shares in issue with voting rights (m):
(31 December 2022: 1,319.2m)

$0.0828

Net income per share ($):
(31 December 2022: $0.1336)

71.2m

Shares in treasury:
(31 December 2022: 54.8m)

$1.0293

NAV per share ($):
(31 December 2022: $1.0139)

1,373.9m

Shares outstanding (m):
(31 December 2022: 1,373.9m)

18.4%

Discount to NAV per share (%):
(31 December 2022: 6.3%)

$1,340.9m

Net assets ($m):
(31 December 2022: $1,337.5m)

TARGET DIVIDEND - 7 cents per annum

¢10.2[1]

Dividend declared (Cents)
(31 December 2022: ¢13.1)

-

Leverage (%)
(31 December 2022: -)

[1] The Company made three dividend payments over the calendar year, relating to 2023, totaling 7.25 cents per share, referencing net income for the three quarters ending 30 September 2023. Following the end of the year, the Company declared a further dividend in respect of the last quarter of 2023 of 2.96 cents per share that was paid on 15 March 2024.

At a glance

Our primary objective is to continue to generate predictable income for shareholders, primarily through investments in debt assets secured by royalties or other cash flows derived from sales of approved life sciences products.

The Company holds a majority of its investments through its financing subsidiary, BPCR Limited Partnership.

2023 NEW INVESTMENTS

	Investment Date	Funded in 2023 $M	Commitment in 2023 $M
Reata	05/05/23	62.5	138.0
BioCryst	17/04/23	120.0	180.0
ImmunoGen	06/04/23	37.5	63.0
Total		**220.0**	**381.0**

2023 PREPAYMENT

	Investment amount $M	Prepayment Date	Gross IRR	Net IRR
Reata	62.5	26/09/23	141.4%*	106.1%*

* Gross IRR and Net IRR is as of the acquisition date. The definition of Gross IRR and Net IRR are set forth in the Glossary, refer to page 90. Past performance is not an indication of future performance.

2023 AMORTISATIONS

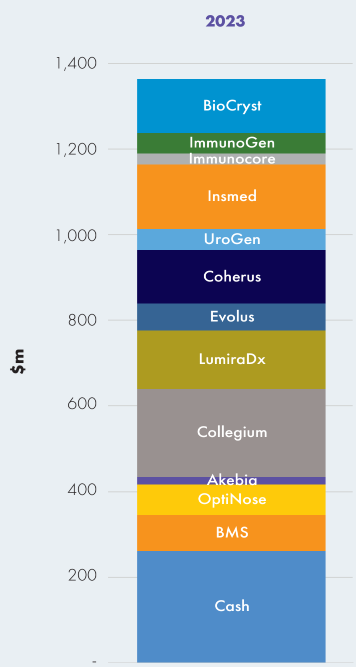
	Year End Balance 2022 $M	Amortisations in 2023 $M	Year End Balance 2023 $M
Akebia	33.5	16.0	17.5
BMS	103.5	19.9	83.6
Collegium 2022	287.5	81.2	206.3
Total balance	**424.5**	**117.1**	**307.4**

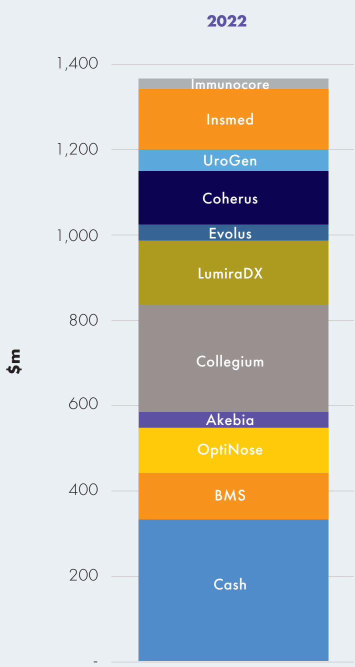
We will seek to achieve this by continuing to build a high-quality portfolio of investments secured by rights and cash flows derived from sales of approved life sciences products.

Investment**	As at 31 Dec 2023 $m	Percentage as at 31 Dec 2023*	As at 31 Dec 2022 $m	Percentage as at 31 Dec 2022
Cash and cash equivalents	260.8	19.4%	333.0	24.9%
Collegium senior secured loan	206.3	15.4%	287.5	21.5%
Insmed senior secured loan	151.0	11.3%	140.0	10.5%
LumiraDx senior secured loan and warrants	136.0*	10.1%	150.1	11.2%
BioCryst senior secured loan	125.5	9.4%	–	0.0%
Coherus senior secured loan	125.0	9.3%	125.0	9.4%
BMS purchased payments	83.6	6.2%	103.5	7.7%
OptiNose senior secured note, shares and warrants	71.5	5.3%	72.5	5.4%
Evolus senior secured loan	62.5	4.7%	37.5	2.8%
UroGen senior secured loan	50.0	3.7%	50.0	3.7%
ImmunoGen senior secured loan	48.2	3.6%	–	0.0%
Immunocore senior secured loan	25.0	1.9%	25.0	1.9%
Akebia senior secured loan	17.5	1.3%	33.5	2.5%
Other net liabilities	(22.0)	-1.6%	(20.1)	-1.5%
Total net assets	1,340.9	100.0%	1,337.5	100.0%

* Discount Rates are set forth on page 76. For LumiraDx, the investment was written down as of 31 December 2023 to reflect the expected recoverable net proceeds discounted at an 21.7 per cent. rate to account for remaining risks.

** Included are investments held through BPCR Limited Partnership and the figures are stated on a "look-through basis."





Chairman's Statement

INTRODUCTION

2023 marks the sixth full year since the Company's Initial Public Offering ("IPO") on the London Stock Exchange in March 2017. I am pleased to be able to report on another year of consistent returns and targets met. During 2023, the Company generated net income per share of $0.0828, which includes the impact of the mark-up of the ImmunoGen investment and mark-down of the LumiraDx investment described below. The Company was able to benefit from higher interest rates as the portfolio has gradually transitioned to floating coupons.

INVESTMENTS

Over the course of 2023, the Company and its subsidiaries invested a total of $270.0 million into new and existing investments. The new investments totaling $220.0 million are comprised of $37.5 million for ImmunoGen, $120.0 million for BioCryst, and $62.5 million for Reata. The remaining $50 million was split between two existing investments, $25.0 million for Evolus, and $25.0 million for LumiraDx. The Company has additional unfunded commitments for Immunocore and BioCryst of $25.0 million and $60.0 million respectively that may be funded over the next six months.

Including assets and liabilities from its financing subsidiary, BPCR Limited Partnership, the Company ended the year with total net assets of $1,340.9 million, comprising $1,102.1 million of investments, $260.8 million of cash less $22.0 million of other net liabilities.

The Company and its subsidiaries saw a $179.6 million increase in cash flow due to the prepayment of $62.5 million from Reata on 29 September 2023, as well as the scheduled amortisation payments from the Collegium 2022 loan of $81.2 million, Akebia loan of $16.0 million and the BMS purchased payments of $19.9 million. The Reata prepayment was accompanied by prepayment and make-whole fees totaling $15.5 million as of the closing of the Reata acquisition, which had a positive material impact on the overall rate of return of this investment. The Gross IRR for the prepayment of the Reata loan was 141.4 per cent* and the Net IRR was 106.1 per cent.*

At 30 November 2023, AbbVie announced it had entered into a definitive agreement to acquire ImmunoGen, Inc. for a total equity value of approximately $10.1 billion. The loan balance of $37.5 million was repaid to the Company upon the closing of the acquisition on 12 February 2024. The ImmunoGen repayment was accompanied by prepayment and make-whole fees totaling $13.1 million. The ImmunoGen investment was marked up by $10.7 million as of 31 December 2023 to account for the discounted value of the expected prepayment and the make-whole fees.

On 29 December 2023, LumiraDx announced the appointment of joint administrators for two of its subsidiaries and Roche Diagnostics Limited ("Roche") announced that it would acquire select parts of LumiraDx for a purchase price of $295.0 million. As part of the acquisition, the Company agreed to provide up to $29.6 million in funding for LumiraDx until the closing of the acquisition, with Roche agreeing to reimburse up to $27.5 million to the Company in the period to completion of the acquisition which is expected on or before 30 June 2024. The LumiraDx investment was written down as of 31 December 2023 to reflect the expected recoverable net proceeds discounted at a 21.7 per cent. rate to account for remaining risks.

* Gross IRR and Net IRR are as of the acquisition date. The definitions of Gross IRR and Net IRR are set forth in the Glossary, refer to page 90. Past performance is not an indication of future performance.

DCM AND SHARE BUYBACKS

During 2023, the discount control mechanism ("DCM") was triggered, and the Company was required to use its capital to repurchase shares. The Company was in a closed period from 12 July 2023 until 29 December 2023 due to information received on the LumiraDx investment. The Company was not able to implement the DCM but resumed post year end after the acquisition announcement. The Company repurchased a total of 16,499,477 Ordinary shares at an average price of $0.92 per share and a total cost of $15.3 million from 9 January 2023 to 11 July 2023. From 1 January 2024 through 26 February 2024 the DCM continued to be in force and the Company repurchased an additional 49,041,347 shares at an average price of $0.93 per share and a total cost of $45.9 million. The current policy of the DCM will remain in place until the shares trade at an average price that reflects a discount to NAV of less than 5 per cent. for a two week rolling period. Until such time, the Company will be restricted from making additional investments. Please see page 25 for a full description of the current discount mechanism.

In addition, the share price triggered a general meeting and continuation resolution under the DCM. Following a general meeting on 28 December 2023, the Company announced that shareholders approved the continuation of the Company's business as a closed-ended investment trust with 94 per cent. of shares voting, in favor.

SHAREHOLDER RETURNS

The Company reported net income return on ordinary activities after finance costs and before taxation for the year-ended 2023 of $108.4 million. On 31 December 2023, the Company's Ordinary Shares closed at 84.0 cents, below the closing price on 31 December 2022 of 95.0 cents. Net Asset Value ("NAV") per Ordinary Share increased over the same timeframe by 1.54 cents from 101.39 cents to 102.93 cents. The Company made three dividend payments over the calendar year, relating to 2023, totaling 7.25 cents per share, referencing net income for the three quarters ending 30 September 2023. The Company was therefore able to maintain its record of paying a dividend of at least 1.75 cents per share in every quarter since that ending 30 June 2018.

Following the end of the year, the Company declared a further dividend in respect of the last quarter of 2023 of 2.96 cents per share made up of an ordinary dividend of 1.75 cents per share together with a special dividend of 1.21 cents per share that was paid on 15 March 2024. Total dividends from 2023 results reached 10.21 cents per share. The 2023 dividends were covered from profits.

ESG

The Board has supported the Environmental, Social and Governance ("ESG") programme of Pharmakon Advisors, LP ("Pharmakon" or the "Investment Manager") during 2023, with progress made in further incorporating ESG as part of the investment process. The key areas are described in more detail on pages 16 to 19.

GEOPOLITICAL STATEMENT

The effects of major geopolitical and social risks, including the invasion by Russia of Ukraine and the war between Israel and Hamas, may have economic consequences that extend beyond the short term. However, the Company does not have any direct investments in Russia, Ukraine, or Israel. We will continue to monitor the situation and will inform shareholders of any material changes to this assessment.

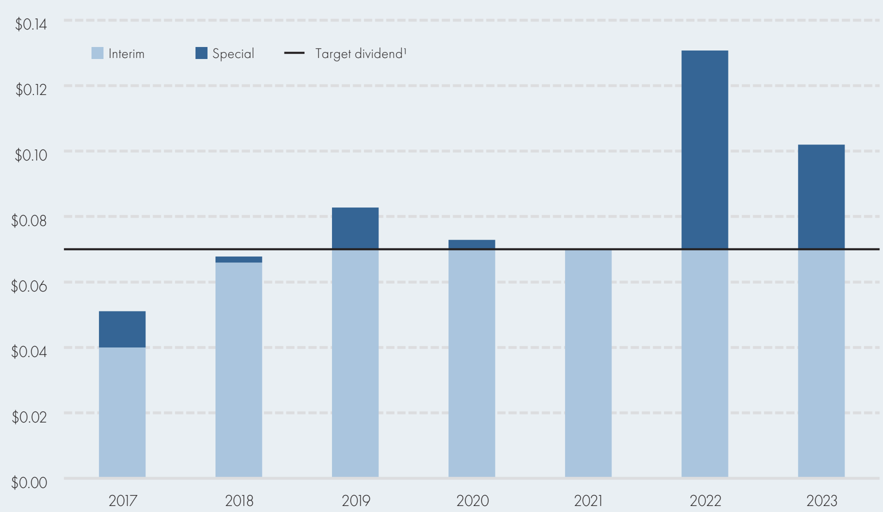
OUTLOOK

The Investment Manager reports a growing pipeline of investment opportunities as new products and companies enter the market in 2024 and beyond. However, future growth and further diversification of the Company's portfolio will be limited by the Company's ability to raise additional funds and use cash for new investments under the terms of the current DCM.

On behalf of the Board, I should like to express our thanks to Pharmakon for their continued efforts and achievements on behalf of the Company in 2023, in particular with regards to the complex process involved in attempting to maximize the recovery to the Company from the LumiraDx loan, and to our shareholders for their continued support.

Harry Hyman
Chairman
26 March 2024

BPCR annualized dividends per share in US$



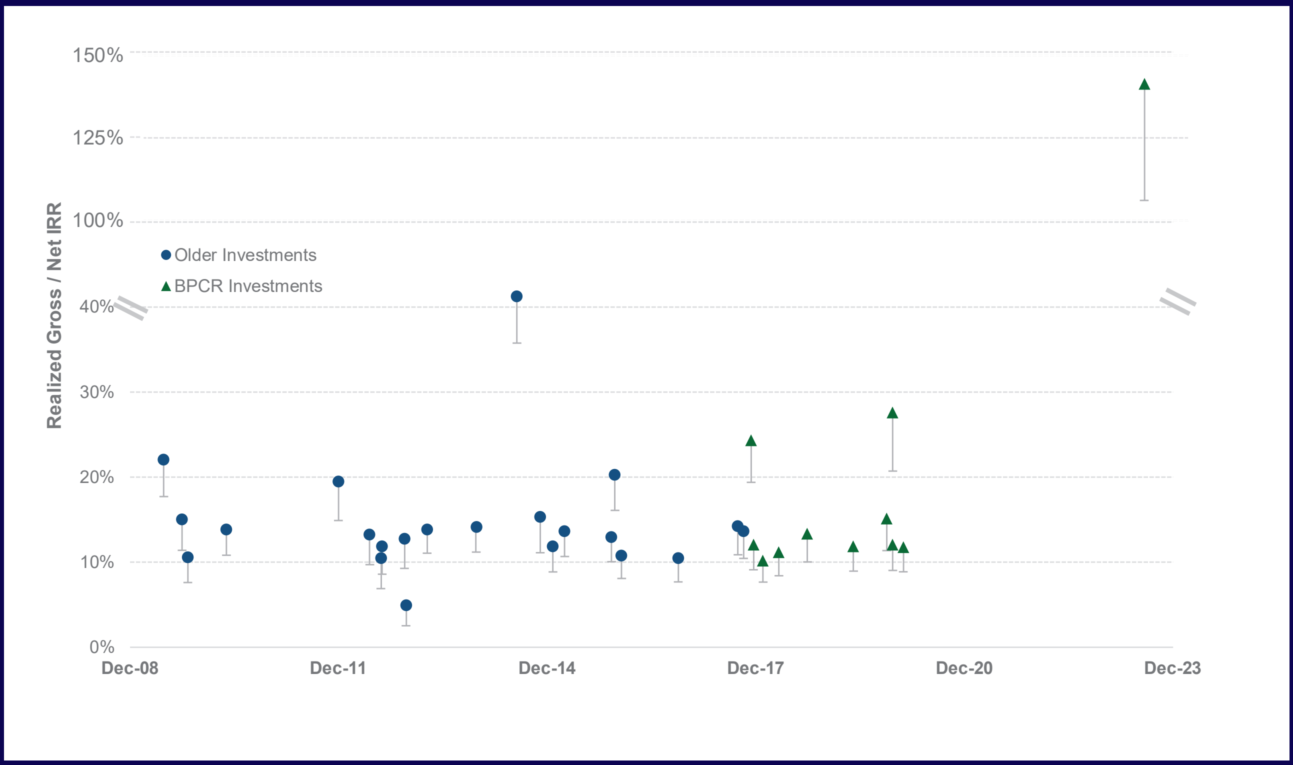
[1] The Company is currently paying and continues to target a 7 cent annual dividend per ordinary share. Past performance is not an indication of future performance.

Investment Manager

Another year of strong investment returns

Pharmakon is pleased to present an update on the Company's portfolio and investment outlook.

New investments, together with Reata's prepayment and higher reference interest rates, led to total income and net income on the portfolio during 2023 of $136 million and $108 million respectively. Pharmakon's engagement with counterparties during 2023 resulted in $850 million of new transactions(1) for the Company. One investment was prepaid during 2023, Reata. As of the acquisition closing date, this prepayment generated $16 million in a combination of make-whole and prepayment fees. The Gross IRR for the prepaid investment was 141.4 per cent.(2) and the Net IRR was 106.1 per cent(3).



(1) New investments figure represents overall commitments inclusive of any unfunded commitments.
(2) Gross IRR is as of the acquisition date. The definition of Gross IRR is set forth in the Glossary, refer to page 90. Past performance is not an indication of future performance.
(3) Net IRR is as of the acquisition date. The definition of Gross IRR is set forth in the Glossary, refer to page 90. Past performance is not an indication of future performance.

BioCryst

On 17 April 2023, the Company and a Private Fund also managed by the Investment Manager (the "Private Fund"), entered into a definitive senior secured term loan agreement for up to $450 million with BioCryst Pharmaceuticals Inc. ("BioCryst") (Nasdaq: BCRX), a biopharmaceutical company that discovers and commercializes novel, oral, small molecule medicines.

BioCryst drew down $300 million at closing on 16 April 2023. The Company's share of the transaction is $180 million, of which $120 million was funded at closing by the Company and its subsidiaries. BioCryst has elected the option to accrue 50 per cent. of their interest due from closing through 31 December 2023 as a payment-in-kind as allowed in the loan agreement. The remaining three tranches of up to $50 million each will be available through 30 September 2024. The Company's share of the remaining three tranches is $20 million each. The loan has a coupon of 3-month secured overnight financing rate ("SOFR") plus 7 per cent. (subject to a 1.75 per cent. floor) and up to 50 per cent. of the interest during the first 18 months may be paid-in-kind (PIK) at a rate of 3-month SOFR plus 7.25 per cent., with an additional consideration of 1.75 per cent. of the total loan amount.

BioCryst's commercial product, Orladeyo, is indicated for prophylaxis to prevent attacks of hereditary angioedema (HAE) in adults and pediatric patients 12 years and older. BioCryst also has one pipeline product for BCX10013, a factor D inhibitor being studied in atypical hemolytic uremic syndrome (aHUS), IgA nephropathy (IgAN), and complement 3 glomerulopathy (C3G).

Investment type:	**Secured loan**
Date invested:	**17 April 2023**
Total loan amount:	**$450m**
Company commitment:	**$180m**
Maturity:	**April 2028**

ImmunoGen

On 6 April 2023, the Company and the Private Fund entered into a definitive senior secured loan agreement for up to $125 million with ImmunoGen, Inc. ("ImmunoGen") (Nasdaq: IMGN), a biotechnology company focused on developing and commercializing the next generation of antibody-drug conjugates (ADCs) to improve outcomes for cancer patients.

ImmunoGen drew down $75 million at closing on 6 April 2023. The Company and its subsidiaries' funded $37.5 million. The loan would have matured in April 2028 and bore interest at SOFR plus 8 per cent. (subject to a 2.75 per cent. floor), with an additional consideration of 2 per cent. of the total loan amount.

On 30 November 2023, AbbVie announced it had entered into a definitive agreement to acquire ImmunoGen, Inc. The ImmunoGen investment was marked up by $10.7 million as of 31 December 2023 to account for the discounted value of the expected prepayment and the make-whole fees. The ImmunoGen repayment was accompanied by prepayment and make-whole fees totaling $13.1 million.

On 12 February 2024, ImmunoGen repaid its remaining $37.5 million balance to the Company and the Company received $13.2 million of accrued interest, additional consideration, and prepayment and make-whole fees.

ImmunoGen's commercial product, Elahere, is indicated for the treatment of FRa positive, platinum-resistant ovarian cancer and is currently being commercialized in the US. ImmunoGen is also developing pivekimab sunirine for the treatment of blastic plasmacytoid dendritic cell neoplasm (BPDCN) and acute myeloid leukemia (AML).

Investment type:	**Secured loan**
Date invested:	**6 April 2023**
Total loan amount:	**$125m**
Company commitment:	**$63m**
Maturity:	**April 2028**

Immunocore

On 8 November 2022, the Company and the Private Fund, entered into a definitive senior secured loan agreement for up to $100 million with Immunocore Limited (Nasdaq: IMCR), a biopharmaceutical company focused on developing a novel class of TCR bispecific immunotherapies designed to treat a broad range of diseases, including cancer, infectious and autoimmune diseases ("Immunocore").

The Company and its subsidiaries funded $25 million of Tranche A of $50 million on 8 November 2022. The remaining $50 million may be drawn by 30 June 2024. The Company's share of the Tranche B is $25 million and will be available through 30 September 2024. Tranche A will mature in November 2028 and bears interest at 9.75 per cent. per annum along with an additional consideration of 2.5 per cent. paid at funding.

Investment type:	**Secured loan**
Date invested:	**8 November 2022**
Total loan amount:	**$100m**
Company commitment:	**$50m**
Maturity:	**November 2028**

Insmed

On 19 October 2022, the Company and the Private Fund entered into a definitive senior secured loan agreement for $350 million with Insmed Incorporated (Nasdaq: INSM), a biopharmaceutical company focused on treating patients with serious and rare diseases ("Insmed").

The Company and its subsidiaries funded $140 million of the $350 million loan on 19 October 2022. Insmed elected the option to accrue 50 per cent. of their interest due from closing through 31 December 2023 as a payment-in-kind as allowed in the loan agreement. The loan will mature in October 2027 and bears interest at a rate based upon the 3-month SOFR, plus 7.75 per cent. per annum subject to a SOFR floor of 2.5 per cent. with a one-time additional consideration of 2 per cent. of the total loan amount paid at funding. 50 per cent. of the interest during the first 24 months may be paid-in-kind (PIK).

Investment type:	**Secured loan**
Date invested:	**19 October 2022**
Total loan amount:	**$350m**
Company commitment:	**$140m**
Maturity:	**October 2027**

UroGen

On 7 March 2022, the Company and the Private Fund entered into a definitive senior secured loan agreement for up to $100 million with UroGen Inc. (Nasdaq: URGN), a biopharmaceutical company dedicated to creating novel solutions that treat urothelial and specialty cancers ("UroGen").

UroGen drew down $75 million at closing and the remaining $25 million on 16 December 2022. The Company and its subsidiaries funded $50 million across the two tranches. The loan will mature in March 2027 and bears interest at 3-month LIBOR plus 8.25 per cent. per annum subject to a 1.25 per cent. floor along with a one-time additional consideration of 1.75 per cent. of the total loan amount paid at funding of the first tranche.

On 29 June 2023, the UroGen loan was amended with a new term loan rate of 3-month SOFR plus an 8.25 per cent. coupon.

On 13 March 2024, the Company entered into an Amendment and Restatement of its Loan Agreement with UroGen. The Amended and Restated Loan Agreement includes an additional third and fourth tranche of senior secured loans of $25,000,000 and $75,000,000 respectively. In addition, the interest rate was reduced from 3-month SOFR plus 8.25 per cent. per annum to 3-month SOFR plus 7.25 per cent. per annum, and the SOFR floor was increased from 1.25 per cent. to 2.5 per cent. Under the Amended and Restated Loan Agreement, the third and fourth tranches were allocated in full to the Private Fund.

UroGen markets JELMYTO (mitomycin), a prescription medicine used to treat adults with a type of cancer of the lining of the upper urinary tract including the kidney called low-grade Upper Tract Urothelial Cancer (LG-UTUC). UroGen is also developing UGN-102 (mitomycin) for the treatment of low-grade intermediate risk non-muscle invasive bladder cancer.

Investment type:	**Secured loan**
Date invested:	**16 March 2022**
Total loan amount:	**$200m**
Company commitment:	**$50m**
Maturity:	**March 2027**

Collegium 2022

On 14 February 2022, the Company along with the Private Fund provided Collegium Pharmaceutical, Inc. (Nasdaq: COLL), a biopharmaceutical company focused on developing and commercialising new medicines for responsible pain management ("Collegium"), with a commitment to enter into a new senior secured term loan agreement for $650 million.

On 22 March 2022, proceeds from the new loan were used to fund Collegium's acquisition of BDSI as well as repay the outstanding debt of Collegium and BDSI. At closing, the Company and its subsidiaries invested $325 million in a single drawing. The four-year loan will have $100 million in amortisation payments during the first year and the remaining $550 million balance will amortize in equal quarterly installments. The loan will mature in March 2026 and bears interest at 3-month LIBOR plus 7.5 per cent. per annum subject to a 1.2 per cent. floor along with a one-time additional consideration of 2 per cent. of the loan amount paid upon signing and a one-time additional consideration of 1 per cent. of the loan amount paid at funding. On 23 June 2023, the Company and the Private Fund entered into an amendment which modified the loan interest rate to 3-month SOFR plus 7.50 per cent.

Collegium currently markets Xtampza ER, an abuse-deterrent, extended-release, oral formulation of oxycodone, Nucynta (tapentadol), a centrally acting synthetic analgesic, and Belbuca (buprenorphine buccal film), for chronic pain management.

Investment type:	**Secured loan**
Date invested:	**22 March 2022**
Total loan amount:	**$650m**
Company commitment:	**$325m**
Maturity:	**March 2026**

Coherus

On 5 January 2022, the Company and the Private Fund entered into a definitive senior secured loan agreement for up to $300 million with Coherus BioSciences, Inc. (Nasdaq: CHRS), a biopharmaceutical company building a leading immunooncology franchise funded with cash generated by its commercial biosimilars business ("Coherus").

Coherus drew down $100 million at closing, another $100 million on 31 March 2022, and an additional $50 million on 14 September 2022. The remaining $50 million commitment, of which the Company's share was $25 million, lapsed so there are no additional funding commitments. The Company and its subsidiaries funded $125 million across the first three tranches. The loan will mature in January 2027 and bears interest at 3-month LIBOR plus 8.25 per cent. per annum subject to a 1 per cent. floor along with a one-time additional consideration of 2 per cent. of the total loan amount paid at funding of the first tranche.

On 6 February 2023, the Coherus loan was amended to allow for a short-term waiver to the sales covenant, as well switching the LIBOR component of the loan coupon to SOFR.

On 19 January 2024, Coherus announced that it had entered into a Purchase and Sales Agreement with Sandoz Inc. (the "Purchase Agreement"). On 5 February 2024, Coherus announced that it had entered into a Consent, Partial Release and Third Amendment to the Coherus loan agreement, under which certain subsidiaries and assets of Coherus were released in connection with the Purchase Agreement. Further, Coherus is permitted to make a partial prepayment of the principal of the loans outstanding under the Coherus loan agreement in the amount of $175,000,000 of the outstanding principal balance of $250,000,000, and the minimum net sales covenant was adjusted. The Company's portion of such partial principal prepayment would be $87,500,000. Coherus anticipates making such partial prepayment in Q2 2024.

Coherus markets UDENYCA® (pegfilgrastim-cbqv), a biosimilar of Neulasta in the United States, YUSIMRY (adalimumab-aqvh), a biosimilar of Humira in the United States, CIMERLI (ranibizumab-eqrn), a biosimilar of Lucentis in the United States, and LOQTORZI (toripalimab-tpzi), for the treatment of adults with metastatic or recurrent locally advanced nasopharyngeal carcinoma.

Investment type:	**Secured loan**
Date invested:	**5 January 2022**
Total loan amount:	**$250m**
Company commitment:	**$125m**
Maturity:	**January 2027**

Evolus

On 14 December 2021, the Company and the Private Fund entered into a definitive senior secured loan agreement for up to $125 million with Evolus Inc (Nasdaq: EOLS), a biopharmaceutical company that develops, produces, and markets clinical neurotoxins for aesthetic treatments ("Evolus").

The Company and its subsidiaries funded $37.5 million of the first tranche of $75 million on 29 December 2021. The remaining $50 million was drawn down in two installments of $12.5 million each on 13 May 2023 and on 14 December 2023. The Company's share of the final tranche was $25 million. The loan will mature in December 2027 and bears interest at 3-month LIBOR plus 8.5 per cent. per annum subject to a 1 per cent. floor along with a one-time additional consideration of 2.25 per cent. of the total loan amount paid at funding of the first tranche.

On 5 December 2022, the Evolus loan was amended to extend the draw down date for Tranche B in exchange for a $500,000 amendment fee, of which 50 per cent. was allocated to the Company.

On 9 May 2023, the Evolus loan was amended to: (i) allow Tranche B to be drawn in two installments, (ii) switching the LIBOR component of the loan coupon to SOFR, with an additional 0.170 per cent. adjustment, (iii) certain modifications to the amortization schedule, and (iv) subject to specified conditions, allow for up to a $15 million revolver facility to be secured by accounts receivables and inventory. On 31 May 2023 and 15 December 2023, the Company funded installments of Tranche B of $12.5 million each.

Evolus currently markets Jeuveau (prabotulinumtoxinA-xvfs), the first and only neurotoxin dedicated exclusively to aesthetics.

Investment type:	**Secured loan**
Date invested:	**14 December 2021**
Total loan amount:	**$125m**
Company commitment:	**$63m**
Maturity:	**December 2027**

LumiraDx

On 23 March 2021, the Company and the Private Fund entered into a definitive senior secured loan agreement for $300 million with LumiraDx Investment Limited and LumiraDx Group Limited (collectively "LumiraDx").

The Company and its subsidiaries funded $150 million of the $300 million loan on 29 March 2021.

The loan was originally due to mature in March 2024 and bore interest at 8 per cent. per annum along with an additional consideration of 2.5 per cent. of the loan amount paid at funding and an additional 1.5 per cent. of the loan payable at maturity. On 28 September 2021, LumiraDx became public via a SPAC transaction with CA Healthcare Acquisition Corp. and began trading on NASDAQ under the ticker LMDX. The Company and Private Fund both received 742,924 warrants at a strike price of $10.00, exercisable into common stock of LumiraDx under the terms of the transaction.

On 17 June 2022, the LumiraDx loan was amended to provide LumiraDx with certain waivers in exchange for increasing the fee payable at maturity from 1.5 to 3 per cent. of the loan. On 25 July 2022, LumiraDx raised $100 million in a follow-on offering at a price of $1.75. As part of the financing, Pharmakon re-tiered its sales covenants, received a facility fee, and was issued new five-year warrants with a strike price of $1.75, with the original warrants being cancelled.

On 22 February 2023, the LumiraDx loan was amended to provide LumiraDx with certain waivers in exchange for increasing the fee payable at maturity from 3 to 9 per cent. of the loan. The LumiraDx loan was amended fourteen times during the year ended 31 December 2023.

On 29 December 2023, LumiraDx announced the appointment of joint administrators for two of its subsidiaries and Roche announced that it would acquire select parts of LumiraDx for a purchase price of $295 million. As part of the acquisition, the Company agreed to provide up to $29.6 million in funding for LumiraDx to fund the business until the closing of the acquisition, Roche agreed to reimburse up to $27.5 million to the Company in the period to completion of the acquisition. It is anticipated that all of the sale proceeds of the acquisition will be used to repay certain amounts outstanding under the Company's loan agreement, and that no sale proceeds will be distributed to LumiraDx or its shareholders. The investment was written down to its estimated recoverable value at 31 December 2023 and the acquisition is anticipated to close on or before 30 June 2024.

Investment type:	**Secured loan**
Date invested:	**23 March 2021**
Total loan amount:	**$350m**
Company commitment:	**$175m**
Maturity:	**See text***

* Further details of the investment in LumiraDx are set forth on pages 26, 46 and 86.

Akebia

On 11 November 2019, the Company and the Private Fund entered into a definitive senior secured term loan agreement for up to $100 million with Akebia Therapeutics Inc. (Nasdaq: AKBA), a fully integrated biopharmaceutical company focused on the development and commercialisation of therapeutics for people living with kidney disease ("Akebia").

Akebia drew down $80 million at closing and an additional $20 million on 10 December 2020. The Company and its subsidiaries funded $50 million across both tranches. The loan would have matured in November 2024 and bore interest at LIBOR plus 7.5 per cent. per annum along with a one-time additional consideration of 2 per cent. of the total loan amount paid at funding. The Akebia loan began amortising in September 2022.

On 18 February 2022, the Akebia loan was amended to provide Akebia certain waivers.

On 15 July 2022, the Akebia loan was amended to provide Akebia with certain waivers. As a result of this amendment, Akebia made a $25 million pre-payment, of which $12.5 million went to the Company, as well as a 2 per cent. prepayment fee.

On 30 June 2023, the Akebia loan was amended to end the use of the LIBOR rate and set a new term loan rate of 3-month SOFR plus a coupon of 7.5 per cent. and an additional per annum rate of 0.30316 per cent.

On 31 October 2023, the Akebia loan was amended to extend the maturity of the senior secured loan to 31 March 2025, delayed the payment of additional principal until 31 October 2024 and if certain pre-specified events occurred, required Akebia to make payments of principal commencing on the original maturity date through the new extended maturity date and repay all unpaid principal that would have been due or payable on or after 1 July 2024.

On 29 January 2024, Akebia prepaid $17.5 million to the Company, including $87,500 in prepayment fees.

Akebia currently markets Auryxia® (ferric citrate) which is approved in the US for hyperphosphatemia (elevated phosphorus levels in blood serum) in adult patients with chronic kidney disease ("CKD") on dialysis and iron deficiency anaemia in adult patients with CKD not on dialysis.

Investment type:	**Secured loan**
Date invested:	**25 November 2019**
Total loan amount:	**$100m**
Company commitment:	**$50m**
Maturity:	**March 2025**

OptiNose

On 12 September 2019, the Company and the Private Fund entered into a definitive senior secured note purchase agreement for the issuance and sale of senior secured notes in an aggregate original principal amount of up to $150 million by OptiNose US, Inc. a wholly owned subsidiary of OptiNose Inc. (Nasdaq: OPTN), a commercial stage specialty pharmaceutical company ("OptiNose").

OptiNose drew a total of $130 million in three tranches: $80 million on 12 September 2019, $30 million on 13 February 2020 and $20 million on 1 December 2020. There are no additional funding commitments.

The Company and its subsidiaries funded a total $72 million across all tranches. The notes mature in September 2024 and bore interest at 10.75 per cent. per annum along with a one-time additional consideration of 0.75 per cent. of the aggregate original principal amount of senior secured notes which the Company was committed to purchase under the facility and 445,696 warrants exercisable into common stock of OptiNose at a strike price of $6.72. In prior years, there were two amendments to the OptiNose note purchase agreement, resulting in re-tiered sales covenants, permission for an equity issuance, amended amortisation and make-whole provisions, and the issuance of new three-year warrants with a strike price of $1.60, with the original warrants being canceled.

On 10 August 2022, the OptiNose note and purchase agreement was amended resulting in re-tiered sales covenants in exchange for an amendment fee of $780,000, payable upon repayment, of which the Company was allocated $429,000.

On 9 November 2022, OptiNose negotiated certain waivers in exchange for a waiver fee, of which the Company earned $715,000 of the total $1.3 million waiver fee.

On 21 November 2022, OptiNose entered into an Amended and Restated Note Purchase Agreement (the "A&R NPA"). In the A&R NPA, the sales covenant was revised and the amortization and make-whole were both modified. The loan interest was modified from a fixed rate of 10.75 per cent. to a floating rate equal to 3-month SOFR plus 8.5 per cent., subject to a 2.5 per cent. floor, in exchange for an amendment fee.

On 5 March 2024, OptiNose negotiated an amendment which waived the no 'going concern' requirement with respect to the 2023 fiscal year and first quarter of 2024. On 8 March 2024, OptiNose negotiated an additional amendment which extended the Make-Whole period by 6 months and revised the sales covenants.

On 15 March 2024, the FDA approved XHANCE (flucticasone propionate) nasal spray for the treatment of chronic rhinosinusitis without nasal polyps in patients 18 years of age or older. OptiNose's leading product, XHANCE (flucticasone propionate), had already been approved by the FDA in September 2017 for the treatment of chronic rhinosinusitis with nasal polyps in patients 18 years of age or older.

Investment type:	**Secured loan**
Date invested:	**12 September 2019**
Total loan amount:	**$130m**
Company commitment:	**$72m**
Maturity:	**September 2024**

Bristol-Meyers Squibb Company

On 8 December 2017, the Company's wholly-owned subsidiary entered into a purchase, sale and assignment agreement with a wholly-owned subsidiary of Royalty Pharma Investments ("RPI"), an affiliate of the Investment Manager, for the purchase of a 50 per cent. interest in a stream of payments (the "Purchased Payments") acquired by RPI's subsidiary from BristolMyers Squibb Company (NYSE: BMY) through a purchase agreement dated 14 November 2017.

As a result of the arrangements, RPI's subsidiary and the Company's subsidiary are each entitled to the benefit of 50 per cent. of the Purchased Payments under identical economic terms. The Purchased Payments are linked to tiered worldwide sales of Onglyza and Farxiga, diabetes agents marketed by AstraZeneca, and related products. The Company was expected to fund $140 million to $165 million during 2018 through 2020, determined by product sales over that period, and will receive payments from 2020 through 2025. The Purchased Payments are expected to generate attractive risk-adjusted returns in the high single digits per annum.

The Company funded all of the Purchased Payments based on sales from 1 January 2018 to 31 December 2019 for a total of $162 million.

REALISED INVESTMENTS

GBT

On 17 December 2019, the Company and the Private Fund entered into a definitive senior secured term loan agreement for up to $150 million with Global Blood Therapeutics Inc. (Nasdaq: GBT), a biopharmaceutical company focused on innovative treatments that provide hope to underserved patient communities ("GBT"). GBT drew down $75 million at closing and an additional $75 million on 20 November 2020. On 14 December 2021 the loan agreement was amended and restated. The amendment increased the aggregate principal amount of the loan to $250 million through a $100 million third tranche, which was drawn on 22 December 2021. The Company and its subsidiaries funded $132.5 million across all three tranches. The loan was due to mature in December 2027 and bore interest at three-month LIBOR plus 7 per cent. per annum subject to a 2 per cent. floor along with a one-time additional consideration of 1.5 per cent. of the total loan amount paid upon funding and an additional 2 per cent. payable upon the repayment of the loan. The third tranche also incurred additional consideration of 1.5 per cent. at the time of funding. As a part of the amendment in 2021, the Company and its subsidiaries received a one-time fee equal to 1.25 per cent. of the first two tranches and the three-year make- whole period was reset to December 2021. On 5 October 2022, Pfizer acquired GBT and, as a result, GBT repaid its $250 million senior secured loan. The Company received its $133 million of principal and $43 million in prepayment and make-whole fees. The Company and its subsidiaries earned a 27.6 per cent. gross internal rate of return* and a 20.7 per cent net internal rate** of return on its GBT investment.

Sarepta

On 13 December 2019, the Company and the Private Fund entered into a definitive senior secured term loan agreement for up to $500 million with Sarepta Therapeutics, Inc. (Nasdaq: SRPT), a fully integrated biopharmaceutical company focused on precision genetic medicine ("Sarepta"). On 24 September 2020 the Sarepta loan agreement was amended, and the loan amount was increased to $550 million. Sarepta drew down the first $250 million tranche at closing and an additional $300 million on 2 November 2020. The Company and its subsidiaries funded $175 million of each tranche for a total investment of $350 million. The first tranche was originally due to mature in December 2023 and the second tranche in December 2024. The loan bore interest at 8.5 per cent. per annum along with a one-time additional consideration of 1.75 per cent. of the first tranche and 2.95 per cent. of the second tranche paid upon funding and an additional 2 per cent. payable upon the repayment of the loan. On 12 September 2022, Sarepta announced the early termination and repayment of its existing senior secured debt with proceeds from the issuance of $1 billion in convertible bonds. On 12 September 2022, Sarepta repaid its $550 million senior secured loan.

The Company received its $350 million of principal and $22 million in prepayment, paydown fees, make-whole fees, and accrued interest. The Company and its subsidiaries earned a 12 per cent. gross internal rate of return* and 9 per cent net internal rate of return** on its Sarepta investment

Epizyme

On 4 November 2019, the Company and the Private Fund entered into a definitive senior secured term loan agreement for up to $70 million with Epizyme, Inc. (Nasdaq: EPZM), a late-stage biopharmaceutical company developing novel epigenetic therapies for cancer ("Epizyme").

On 3 November 2020 the Epizyme loan agreement was amended, and the loan amount was increased to $220 million. Epizyme drew down $25 million at closing and an additional $195 million during 2020. The Company and its subsidiaries funded a total of $110 million of the Epizyme loan. The loan was originally due to mature in November 2024 and bore interest at LIBOR plus 7.75 per cent. per annum along with a one-time additional consideration of 2 per cent. of the total loan amount paid upon funding. On 27 June 2022, Ipsen announced a definitive agreement pursuant to which Ipsen would acquire Epizyme. On 12 August 2022, Epizyme repaid its $220 million senior secured loan.

The Company received its $110 million of principal and $8 million in prepayment and make-whole fees. The Company and its subsidiaries earned a 15.2 per cent. gross internal rate of return* and 11.4 per cent net internal rate of return** on its Epizyme investment.

Collegium 2020

On 6 February 2020, the Company and the Private Fund entered into a definitive senior secured term loan agreement for $200 million with Collegium Pharmaceutical, Inc. (NaSsdaq: COLL), a biopharmaceutical company focused on developing and commercialising new medicines for responsible pain management ("Collegium 2020"). The Company and its subsidiaries funded $165 million of the $200 million loan on 13 February 2020. The secured loan began amortising immediately and was due to fully mature in February 2024. The loan bore interest at three month LIBOR plus 7.5 per cent. per annum subject to a 2 per cent. LIBOR floor with a one-time additional consideration of 2.5 per cent. of the loan amount paid upon funding. The loan was repaid in its entirety on 22 March 2022. The Company and its subsidiaries earned a 11.9 per cent. gross internal rate of return* and 8.9 per cent net internal rate of return** on its Collegium 2020 investment

Biodelivery Sciences

On 23 May 2019, the Company entered into a senior secured loan agreement for up to $80 million with BioDelivery Sciences International (Nasdaq: BDSI), a commercial-stage specialty pharmaceutical company ("BDSI"). In addition, the Company acquired 5,000,000 BDSI shares at $5.00 each for a total cost of $25 million in a public offering that took place on 11 April 2019. The first tranche of the loan for $60 million was funded on 28 May 2019 and the second $20 million tranche was funded on 22 May 2020. The loan was due to mature in May 2025 and bore interest at LIBOR plus 7.50 per cent., along with 2 per cent. additional consideration paid at closing. On 23 September 2021, BDSI made an early prepayment of $20 million, and made its final payment for the remainder of the loan on 22 March 2022. The Company earned a 11.9 per cent. gross internal rate of return* and a 9 per cent net internal rate of return** on the BDSI loan. The Company sold

46 per cent of its BDSI shares during 2019 at an average price of $6.50 and received $5.60 per remaining shares on the date of the M&A Transaction. The Company earned a 11.6 per cent. gross internal rate of return* and a 8.7 per cent net internal rate of return** on the BDSI equity investment

Reata

On 5 May 2023, the Company and the Private Fund, entered into a definitive senior secured term loan agreement for up to $275 million with Reata Pharmaceuticals Inc. ("Reata") originally due to mature in May 2028. Tranche A of $75 million was funded at closing. Tranche B of $50 million and Tranche C of $75 million were originally due to be drawn after achieving certain performance-based milestones, and Tranche D of $75 million was originally due to be available at the Company's discretion after achieving certain sales-based milestones. The loan had a coupon of 3-month secured overnight financing rate ("SOFR"), plus 7.5 per cent. (subject to a 2.5 per cent. floor).

There was also a 2 per cent. upfront fee upon each draw. The interest only period for the loan was for 3 years but could have been extended to 4 years if trailing twelve month sales are greater than $250 million. The Company's share of the transaction was $137.5 million, of which $37.5 million was funded at closing.

On 10 July 2023, the Company funded Tranche B of the Reata loan for $25 million.

On 28 July 2023, Inc. ("Biogen") Biogen announced a definitive agreement pursuant to which Biogen will acquire Reata for an enterprise value of approximately $7.3 billion. The acquisition closed on 29 September 2023. As of the acquisition closing date, the Company received prepayments including $15.5 million in prepayment and make-whole fees.

MARKET ANAYLSIS

The life sciences industry is expected to continue to have substantial capital needs during the coming years as the number of products undergoing clinical trials continues to grow. All else being equal, companies seeking to raise capital are generally more receptive to non-dilutive debt financing alternatives at times when equity markets are soft, increasing the number and size of fixed-income investment opportunities for the Company, and will be more inclined to issue equity or convertible bonds at times when equity markets are strong. A good indicator of the life sciences equity market is the New York Stock Exchange Biotechnology Index ("BTK Index"). While there was substantial volatility during the period, the BTK index increased 3 per cent. during 2023, compared to a 4 per cent. decrease during 2022.*** Global equity issuance by life sciences companies during 2023 was $45 billion, a 31 per cent. increase from the $34.4 billion issued during 2022.**** Similarly, convertible bond issuance by life sciences companies increased to $9.7 billion in 2023 from $7.3 billion in 2022.**** We anticipate 2024 equity and convertible bond issuance to remain comparable to 2023 levels which should continue to support appetite for non-dilutive debt during the remainder of 2024.

Acquisition financing is an important driver of capital needs in the life sciences industry in general and a source of investment opportunities. An active M&A market helps drive opportunities for investors such as the Company, as acquiring companies need capital to fund acquisitions. Global life sciences M&A volume during 2023 was $189 billion, a 108 per cent. increase from the $91 billion witnessed during 2022, driven mainly by the volatility in the equity markets. We are encouraged by the number of M&A opportunities that are starting to build up which should lead to a more active market in the near term.****

USD LIBOR

On 5 March 2021, the Financial Conduct Authority ("FCA"), the regulatory supervisor of USD LIBOR's administrator ("IBA") announced in a public statement the future cessation of the 3-month USD LIBOR tenor setting. As of that date, 30 June 2023, all available tenors of USD LIBOR have either permanently or indefinitely ceased to be provided by IBA. As of 30 June 2023 the benchmark replacement rate is based on Secured Overnight Financing Rate ("SOFR"), and all LIBOR-based interest payments will now be calculated with SOFR beginning on the respective effective date. The Company has eleven loans with coupons that reference 3-month USD SOFR and five have a 2.5 per cent. floor or greater and six have a floor ranging from 1 per cent. to 2.00 per cent. As of 31 December 2023, the 3-month SOFR rate was 5.33 per cent, significantly above the floors in the eleven loans.

INTERNATIONAL OUTLOOK

The invasion of Ukraine by Russia and the war between Israel and Hamas has led to increased market volatility and widespread sanctions on Russian assets and individuals, contributing to the high inflation introduced by the pandemic. While the portfolio has no direct exposure to Russia, Ukraine, Belarus, or Israel, we remain vigilant in monitoring these major events closely and will inform investors of any material changes.

INVESTMENT OUTLOOK

We expect our investment pipeline to grow as new products and companies enter the market in 2024 and beyond. Pharmakon's extensive network and thorough approach will continue to identify strong investment opportunities. We remain focused on our mission of creating the premier dedicated provider of debt capital to the life sciences industry while generating attractive returns and sustainable income to investors.

Although the global economic outlook remains uncertain, Pharmakon remains confident of its ability to deliver its target dividend yield to its investors.

Pedro Gonzalez de Cosio
Co-founder and CEO, Pharmakon
26 March 2024

* Gross IRR is set forth in the Glossary, refer to page 90. Past performance is not an indication of future performance.

** Net IRR is set forth in the Glossary, refer to page 90. Past performance is not an indication of future performance.

*** Source: BTK Index

**** Source: Bloomberg

Pharmakon's ESG Policy

The purpose of this policy is to set out Pharmakon's approach to integrating the consideration of environmental, social, and governance ("ESG") risks and value creation opportunities into investments made through our credit facilities with companies and within our own business operations.

INTRODUCTION

Founded in 2009, Pharmakon Advisors, LP is the investment manager of the BioPharma Credit funds, investment funds that provide debt capital to companies in the life sciences. We are proud that a large portion of our past and current investments help to fund clinical trials and research that benefit patients suffering from a wide variety of serious diseases, including various forms of cancer and orphan diseases including but not limited to Pompe, Fabry, Cushings, Duchenne Muscular Dystrophy, Sickle Cell, Friedreich's Ataxia, and Bronchiectasis. We help increase the number of life sciences products available to patients globally.

Based in New York, Pharmakon has a small but diverse and highly specialized team of eleven professionals focused on responsibly investing and safeguarding the capital of our clients. As debt investors we believe that consideration of the material ESG factors applicable to our industry is critical to our credit underwriting process. Systematic integration of these considerations combined with our engagement activities helps us reduce the overall credit risk of our portfolios and enhances our analysis. We provide competitively priced capital to a growing number of emerging life sciences companies on the forefront of developing lifesaving and lifechanging therapies to improve human health.

$2.6 Bn
assets under management
as at 31 December 2023

$7.3 Bn
committed since 2009
as at 31 December 2023

97
clinical trials being funded
by our partners
as at 31 December 2023

35%
of the portfolio backed
by treatments for orphan diseases
as at 31 December 2023

$1.7 Bn
in R&D invested by our
current partners during 2022

Pharmakon further recognizes that ESG issues may affect performance of portfolio investments and, furthermore, that the effective management of ESG issues may contribute positively to returns through alignment of interests of fund investors, the general partner, portfolio company management teams, employees, and other key stakeholders.

Pharmakon strives to consider material ESG issues during its due diligence and in the monitoring of portfolio investments to the extent reasonably practical under the circumstances. It does this subject to the provisions of the credit agreements, and to the duty of Pharmakon to seek to maximize the returns on investment for BioPharma Credit funds.

SCOPE (WHAT DOES ESG MEAN TO PHARMAKON?)

For the purposes of this policy, "material" ESG issues are defined as those issues that Pharmakon, in its sole discretion, determines have or have the potential to have a direct substantial impact on an organization's ability to create, preserve, or enhance economic value, as well as environmental and social value for itself and its stakeholders.

The policy is intended to reflect our general framework for managing ESG issues through the lifecycle of an investment across Pharmakon's investment management business. As a debt investor Pharmakon is generally limited in its ability to influence its portfolio companies. In cases where Pharmakon determines it has limited ability to conduct diligence or to influence and control the consideration of ESG issues in connection with an investment, Pharmakon will only apply those elements of this policy that it determines to be practicable.

Examples of material issues are those that involve violations of human rights, irresponsible treatment of the natural environment or other non-ethical business conduct. More specifically, and as of the date of approval of this policy, Pharmakon currently focuses on the following factors within our definition of ESG:

Environmental

- GHG Emissions
- Green Building Standards
- Handling Hazardous Materials
- Waste Creation & Management
- Responsible Vendor Management

Social

- Labour Practices
- Cyber Security
- Employee Engagement
- Diversity
- Job Growth and Turnover
- Supporting Communities and Research

Governance

- Risk Management
- IP Protection
- Compliance with Regulatory Standards (i.e., FDA)
- Board
- Purpose & Affiliations

Pharmakon's approach to ESG will be adjusted according to the needs and expectations of its stakeholders. Although we currently align ourselves with certain environmental and social concerns we will modify and improve upon our focus to maximise the needs and expectations of our stakeholders with the aim of creating long-term stakeholder value and drive toward impactful results. Pharmakon is conscious that the ultimate success of our ESG initiative will depend on periodic reviews to ensure adherence and seek ways to continuously make improvements. We believe that all employees are stakeholders in the success of Pharmakon's ESG initiative and should be actively engaged in its design and compliance.

We are grateful to the Principals for Responsible Investing (PRI) and the United Nations Department of Economic and Social Affairs.

Our policies and operational ESG strategy have been developed with their principles in mind and continues to be influenced by their guidance.

- PRI's Six Core Principles
- 17 SDGs (Sustainable Development Goals)—United Nations Department of Economic and Social Affairs

In addition, Pharmakon is a signatory to the New Commitment to Patients signed in January 2020 by 215 biopharma CEOs and industry leaders who recognize that (a) "we have a moral obligation to develop the best medicines and ensure that every person who may benefit has access to them" and (b) "that we need to ensure that we act with the highest integrity and corporate responsibility—always putting the interests of patients first". The full text can be found at:

https://www.statnews.com/2020/01/08/newbiotechnology-pharmaceutical-industry-commitment-patients-public/

Pharmakon is also a corporate sponsor for Life Science Cares, which is an organization that was founded in 2016 by a consortium of life science executives which strives to leverage the financial and human capital of the life sciences industry, and partners with nonprofits, to disrupt the cycle of poverty and inequality in communities. More information can be found at:

https://lifesciencecares.org/.

We believe that our environmental, social and governance strategy, policies and practices will create sustainable long-term value for our Company, our employees, our investors and other stakeholders, while also helping us reduce risk and identify new opportunities.

HIGHLIGHTS OF OUR ESG EFFORTS

- ESG-informed investment processes
- Contributions to multiple Sustainable Development Goals (SDGs)
- Focus on human capital and Diversity, Equity and Inclusion (DEI)
- Commitment to philanthropy
- Independent board and fund advisory committee
- Plans to reduce environmental footprint

DELIVERING FOR PARTNERS, PATIENTS, AND SOCIETY

By delivering value for our partners and their patients, we contribute positively to multiple SDGs, including those that focus on expanding health access and opportunity. While our work touches many SDGs, we focus on those where we can have the greatest impact based on our business, strategy and expertise. More specifically, those are SDG-3 on Good Health and Well-Being; SDG-9 on Industry, Innovation, and Infrastructure; SDG-10 on Reduced Inequality; and SDG-17 on Partnerships for the Goals.

PHARMAKON'S COMMITMENT TO ESG

Pharmakon on behalf of itself, its employees, and its clients, is committed to the consideration of ESG issues in connection with its investment activities.

THE ROLE ESG PLAYS IN PHARMAKON'S OWN OPERATIONS ENVIRONMENT

Pharmakon is focused on reducing its environmental footprint. Though the majority of Pharmakon's direct impact on the environment comes from daily office-based activities, we are dedicated to protecting the planet. Pharmakon supports sustainable business practices, and we hope to build an internal sustainability program as we prioritise our own local footprint.

Pharmakon aims to engage all of its employees in managing the environmental impact of our business. Employees will regularly be encouraged to participate in environmental awareness, training and initiatives, including unrestricted access to this ESG policy. Environmental considerations are also incorporated across our partner network. For investment, environmental criteria are reviewed in the due diligence process when appropriate. Pharmakon also seeks to partner with organisations that promote strong environmental practices.

Appendix II (Environmental Policy) of this policy contains expanded detail on the environmental policy for internal operations.

Social

The people and culture of Pharmakon are the primary factor in our success. We strive to continually support the health, well-being, and growth of our employees. To build a high-performing, diverse team, we seek to foster an inclusive environment that stays true to our core values – even as we continue to grow. Pharmakon strives to maintain and strengthen our social and human capital policies and practices. This includes attracting, retaining, and developing top talent and fostering a highly engaged, team-oriented culture with an owner operator mindset. Our commitment to social responsibility also includes promoting diversity, equity, and inclusion, as well as engaging and developing our employees. Pharmakon will strive to maintain and adhere to our Diversity & Inclusion Policy, Employee Handbook, and Human Rights Statement. Additionally, Pharmakon aims to transform patient lives globally through supporting various communities. We support our communities through philanthropy, such as by being a sponsor for Life Science Cares, by engaging on critical health and social needs to promote access to health care and health equity because we believe everyone should have the opportunity to attain their highest level of health. Pharmakon also supports the development of young students by providing internships and mentorship to college age individuals who are interested in learning about investing in the life sciences.

Governance

Risk management, compliance and high ethical standards are foundational to our culture. One of Pharmakon's most valuable assets is our reputation for integrity, professionalism, fairness and good stewardship. Our strong corporate governance program, from board and advisory committee oversight to robust management practices, aligns the interests of our stakeholders and underpins our market-leading position and the high esteem with which we are held in the life sciences industry.

Governance Highlights

- BioPharma Credit PLC has a 100% independent board
- Executive-level oversight of ESG
- CEO led Investment Manager ESG committee responsible for ESG strategy and disclosure
- ESG committee meets on no less than a quarterly basis
- 100% of employees participate in ESG related strategy and implementation
- Robust governance policies and practices
- Culture of compliance and accountability
- Additional ethical safeguards include our whistleblower policy
- 100% of employees receive and are expected to sign the Employee Handbook
- 100% of employees participate in compliance and ethics training, and cybersecurity training
- 100% of employees and investors have access to grievance channels

Pharmakon will make commercially reasonable efforts to remain reasonably informed on ESG best practices and the development of ESG. Pharmakon will aim to review the ESG policy on an annual basis.

DIVERSITY AND INCLUSION

We believe that we will only succeed in our goals if we are able to attract and retain individuals of diverse backgrounds. Our success relies on creating an inclusive environment where all of our employees can do their best work, and where each can play a vital role in achieving our collective goals. Pharmakon is committed to working to continuously develop an organization that is diverse, equitable and inclusive. Our goal is to provide every team member with the ability to achieve success within an equitable work environment and to encourage our teams to leverage diversity to drive innovation and performance. The current makeup of our employee base is representative of our commitment to diversity:

Current employees:	**11**
Any other ethnic group	**37.5%**
White	**37.5%**
Asian or Asian British	**25.0%**
% Male	**75.0%**
% Female	**25.0%**
Average tenure	**4 years**
12-month turnover	**13%**

Pharmakon is conscious that the ultimate success of our ESG initiative will depend on periodic review to ensure adherence and seek ways to continuously make improvement. We believe that all employees are stakeholders in the success of Pharmakon's ESG initiative and should be actively engaged in its design and compliance.

Strategic Overview

INVESTMENT OBJECTIVE

The Company aims to generate long-term Shareholder returns, predominantly in the form of sustainable income distributions from exposure to the life sciences industry.

INVESTMENT POLICY

The Company will seek to achieve its investment objective predominantly through direct or indirect exposure to Debt Assets, which include Royalty Investments, Senior Secured Debt, Unsecured Debt and Credit Linked Notes.

THE COMPANY MAY ACQUIRE DEBT ASSETS:

- Directly from the entity issuing the Debt Asset (a "Borrower"), which may be: (i) a company operating in the life sciences industry (a "LifeSci Company"); or (ii) an entity other than a LifeSci Company which directly or indirectly holds an interest in royalty rights to certain products, including any investment vehicle or special purpose vehicle ("Royalty Owner");
- Or in the secondary market.

The Company may also invest in equity issued by a LifeSci Company, acquired directly from the LifeSci Company or in the secondary market. "Debt Assets" will typically comprise:

- Royalty debt instruments
  Debt issued by a Royalty Owner where the Royalty Owner's obligations in relation to the Debt are secured as to repayment of principal and payment of interest by Royalty Collateral.

- Priority royalty tranches
  Contract with a Borrower that provides the Company with the right to receive payment of all or a fixed percentage of the future royalty payments receivable in respect of a Product (or Products) that would otherwise belong to the Borrower up to a fixed monetary amount or a pre-set rate of return, with such royalty payment being secured by Royalty Collateral in respect of that Product (or Products).

- Senior secured debt
  Debt issued by a LifeSci Company, and which is secured as to repayment of principal and payment of interest by a first priority charge over some or all of such LifeSci Company's assets, which may include: (i) Royalty Collateral; or (ii) other intellectual property and marketing rights to the Products of that LifeSci Company.

- Unsecured debt
  Debt issued by a LifeSci Company which is not secured or is secured by a second lien on assets of the Borrower.

- Credit linked notes
  Derivative instruments referencing Debt Assets, being a synthetic obligation between the Company and another party where the repayment of principal and/or the payment of interest is based on the performance of the obligations under the underlying Debt Assets.

"Royalty Collateral" means, with respect to a Debt Asset, (i) future payments receivable by the Borrower on a Product (or Products) in the form of royalty payments or other revenue sharing arrangements; or (ii) future distributions receivable by the Borrower based on royalty payments generated from a Product (or Products); or (iii) both (i) and (ii)"Debt" includes loans, notes, bonds and other debt instruments and securities, including convertible debt, and Priority Royalty Tranches.

Borrowers will predominantly be domiciled in the US, Europe and Japan, though the Company may also acquire Debt Assets issued by Borrowers in other jurisdictions.

INVESTMENT RESTRICTIONS AND PORTFOLIO DIVERSIFICATION

The Company will seek to create a diversified portfolio of investments by investing across a range of different forms of Debt Assets issued by a variety of Borrowers. In particular, the Company will observe the following restrictions when making investments in accordance with its investment policy:

- no more than 25 per cent. of the Company's gross assets will be exposed to any single Borrower or investment;
- no more than 35 per cent. of the Company's gross assets will be invested in Unsecured Debt;
- no more than 15 per cent. of the Company's gross assets will be invested in equity securities issued by LifeSci Companies; and
- the Company will invest no more than 10 per cent., in aggregate, of gross asset value at the time of acquisition in other listed closed-ended investment funds.

Each of these investment restrictions will be calculated at the time of each proposed investment. In the event that any of the above limits are breached at any point after the relevant investment has been made (for instance, as a result of any movements in the value of the Company's total assets), there will be no requirement to sell any investment (in whole or in part).

CASH MANAGEMENT

The Company's uninvested capital may be invested in cash instruments or bank deposits for cash management purposes.

HEDGING

The Company does not propose to enter into any hedging or other derivative arrangements other than as may from time to time be considered appropriate for the purposes of efficient portfolio management. The Company will not enter into such arrangements for investment purposes.

BUSINESS AND STATUS OF THE COMPANY

The Company is registered in England as a public limited company and is an investment company in accordance with the provisions of Section 833 of the Companies Act 2006.

The principal activity of the Company is to carry on business as an investment trust. The Company intends at all times to conduct its affairs so as to enable it to qualify as an investment trust for the purposes of Sections 1158/1159 of the Corporation Tax Act 2010 ("S1158/1159"). The Directors do not envisage any change in this activity in the foreseeable future.

The Company has been granted approval from HM Revenue & Customs ("HMRC") as an investment trust under S1158/1159 and will continue to be treated as an investment trust company, subject to there being no serious breaches of the conditions for approval. The Directors are of the opinion that the Company has conducted its affairs for the year ended 31 December 2023 so as to be able to continue to qualify as an investment trust.

The Company has two wholly-owned subsidiaries, BPCR Limited Partnership and BPCR GP Limited, and one indirectly wholly-owned subsidiary, BPCR Ongdapa Limited, details of which can be found in Note 14 to the financial statements.

STAKEHOLDER ENGAGEMENT – SECTION 172(1) STATEMENT

OVERVIEW

The Directors' overarching duty is to promote the success of the Company for the benefit of its shareholders, having regard to the interests of its stakeholders, as set out in section 172(1) of the Companies Act 2006 (the "Act"). The Directors have considered each aspect of this section of the Act and consider that the information set out below is particularly relevant in the context of the Company's business as an externally managed investment company which does not have any employees or suppliers.

The importance of stakeholders is taken into account at every Board meeting. All discussions involve careful consideration of the longer-term consequences of any decisions and their implications for stakeholders.

STAKEHOLDERS

The Board seeks to understand the needs and priorities of the Company's stakeholders and these are taken into account during all its discussions and as part of its decision-making. The Board believes that the Company's key stakeholders comprise its shareholders, clients and service providers. The section below discusses why these stakeholders are considered of importance to the Company and the actions taken to ensure that their interests are taken into account. The Company recognises the importance of maintaining high standards of business conduct and seeks to ensure that these are applied in all of its business dealings and in its engagement with stakeholders. Further information on the impact of the Company's operations on the community and the environment is set out on page 33.

The Company's mechanisms for engaging with its stakeholders are set out below. These are kept under review by the Directors and are discussed on a regular basis at Board meetings to ensure that they remain effective. The Company is an investment trust and has no employees. It has therefore not identified employees as a stakeholder group.

For more information on the purpose, culture and values of the Company, and the processes which the Board has put in place to ensure these, see the Corporate Governance Statement on pages 40 to 44.

SHAREHOLDERS

Importance

Continued shareholder support and engagement are critical to the existence of the Company and the delivery of its long-term strategy and engagement with shareholders is given a high priority by both the Board and the Investment Manager.

How the Company engages

The Chairman ensures that the Board as a whole has a clear understanding of the views of shareholders by receiving regular updates from the Brokers and Investment Manager. The Investment Manager and the Company's Brokers are in regular contact with major shareholders and report the results of all meetings and the views of those shareholders to the Board on a regular basis. The Investment Manager provides regular investor updates and presentations to shareholders. The Chairman and the other Directors are available to attend these meetings with shareholders if required. Relations with shareholders are also considered as part of the annual Board evaluation process. For further details regarding this process see page 43.

All shareholders are encouraged to attend and vote at annual general meetings ("AGM"), during which the Board and the Investment Manager will be available to discuss issues affecting the Company and answer any questions. Further information regarding the AGM is detailed on page 39.

Shareholders wishing to raise questions or concerns directly with the Chairman, Senior Independent Director or Company Secretary, outside of the AGM, should do so using the contact details provided on page 93.

Although the Company has been established with an indefinite life, the Articles provide that a continuation vote be put to shareholders periodically. The next continuation vote will be put to shareholders in 2025.

During the year, as the Company's shares had on average, traded at a discount in excess of 10 per cent. to the Net Asset Value per Ordinary Share over a rolling 12 month period, the Company was required to propose a Continuation Resolution to shareholders. The Continuation Resolution was proposed to shareholders as an ordinary resolution at the general meeting held on 28 December 2023 at which 94.06 per cent. of total votes were cast in favour of the continuation of the Company.

CLIENTS

Importance

The investments made by the Company support the large capital needs of its portfolio companies, supporting their research and development budgets for life sciences products and enable them to achieve their investment objective.

How the Company engages

The Company's clients are pharmaceutical and biotechnology companies within the life sciences industry to which it provides debt capital. The Investment Manager is highly experienced in this area with a strong track record of meeting the capital needs of its clients. The Investment Manager meets regularly with the management teams of current and prospective investee companies to enhance relationships and to understand their views and capital requirements.

The Directors receive updates from the Investment Manager on the companies within its investment portfolio at all Board meetings, and outside of meetings as appropriate.

Further information on the Company's engagement with investee companies during the year is set out on pages 6 to 15.

SERVICE PROVIDERS

Importance

In order to function as an investment trust on the Premium Segment of the London Stock Exchange, the Company relies on a number of reputable advisers for support in complying with all relevant legal and regulatory obligations.

How the Company engages

The Company's day-to-day operational functions are delegated to a number of third-party service providers, each engaged under separate contracts. The Company's principal service providers include the Investment Manager, Company Secretary, Joint Brokers, Administrator, Legal Adviser, Auditor and the Registrar.

The Board keeps the ongoing performance of the Investment Manager under continual review and conducts an annual appraisal of the Investment Manager, along with the performance of all other third-party service providers in December each year. The Investment Manager has executed the investment strategy according to the Board's expectations and it is the opinion of the Directors that the continuing appointment of Pharmakon, as the Investment Manager, is in the interests of shareholders as a whole.

The Audit and Risk Committee reviews and evaluates the control environments in place at each service provider. Further details regarding the role of the Audit and Risk Committee are set out on page 42.

Further information about the review of service providers and the culture of the Investment Manager is set out on page 41.

KEY PERFORMANCE INDICATORS

The Company assesses its performance in meeting its investment objectives using the following Key Performance Indicators ("KPIs"):

NAV PERFORMANCE

The NAV at 31 December 2023 was $1.0293 per Share, compared to $1.0139 per Share at 31 December 2022.

A full description of the Company's performance for the year ended 31 December 2023 is included in the Investment Manager's Report on pages 6 to 15.

SHARE PRICE RETURN

The Company's Share price at 31 December 2023 was $0.8400, compared to $0.9500 at 31 December 2022. The Company's Share price at 31 December 2022 was $0.9500, giving a return since 31 December 2021 of -1.9 per cent.

SHARE PRICE DISCOUNT/PREMIUM TO NAV PER SHARE

Under the terms of the Discount Control Mechanism ("DCM"), described in the Company's Prospectuses dated 1 March 2017 and 14 March 2018, if the shares of the Company trade at a discount greater than 5 per cent. over a three-month period (the "First Trigger"), the Company is required to apply up to 50 per cent. of proceeds from debt repayments in purchasing Company shares until such time that the two-week discount is less than 1 per cent. In addition, if the discount is greater than 10 per cent. over a six-month period (the "Second Trigger"), the Company is required to apply up to 100 per cent. of proceeds from debt repayments until such time that the two-week discount is less than 1 per cent. If the Company's shares trade at a discount in excess of 10 per cent. to the net asset value per share over a 12 month rolling period, a general meeting and continuation resolution under the DCM is triggered.

On 7 November 2022, the DCM was updated so that the trigger levels remain at previous levels but provide for greater flexibility as to when the Company can freely deploy capital:

- The First Trigger will remain at a 5 per cent. discount to NAV and the Company will be required to apply 50 per cent. of the principal being returned to repurchase shares until such time that the discount to NAV over a two-week period is less than 5 per cent. (compared with less than 1 per cent. previously).
- The Second Trigger will remain at a 10 per cent discount to NAV and the Company will be required to apply 100 per cent. of the principal being returned to repurchase shares until such time that the discount to NAV over a two-week period is less than 5 per cent. (compared with less than 1 per cent. previously).

During the 12 month rolling period ended 1 November 2023, the Company's shares traded at a discount in excess of 10 per cent. to the net asset value per share triggering a general meeting and continuation resolution under the DCM. On 28 December 2023, the Company announced at the general meeting that shareholders approved the continuation of the Company's business as a closed-ended investment trust with 94 per cent. of shares voting, in favor.

ONGOING CHARGES

The Company's ongoing charges ratio is shown in the table below.

	Year ended 31 December 2023 %	Year ended 31 December 2022 %
Ongoing charges excluding performance fee*	1.1	1.1
Performance fee	0.9	1.5
Ongoing charges including performance fee	2.1	2.6

*Ongoing charges are the Company's expenses (excluding performance fees) expressed as a percentage of its average monthly net assets and follow the AIC recommended methodology.

DIVIDENDS

Dividend payments totaling 5.25 cents per Ordinary Share, including one special dividend totaling 2 cents have been paid during the year ended 31 December 2023. A dividend was paid in respect of the last quarter of 2023 totaling 1.75 cents per Ordinary Share, including a special of 1.21 cents on 15 March 2024. Dividends totaling 11.50 cents per Ordinary Share, including one special dividend of 4.50 cents, were paid during the year ended 31 December 2022.

RISK MANAGEMENT AND THE INTERNAL CONTROL ENVIRONMENT

The role of the Board

A formal risk identification and assessment process has been adopted by the Company resulting in a risk framework document which summarises the key risks and their mitigation.

The Board undertakes a formal risk review with the assistance of the Audit and Risk Committee at least twice a year in order to robustly assess the effectiveness of the Company's risk management and internal control systems. During the course of its review in respect of the year ended 31 December 2023, the Board has not identified, nor been advised of any failings or weaknesses which it has determined to be of a material nature. The principal risks and uncertainties which the Company faces are set out below.

Principal risks and uncertainties

The Board of Directors has overall responsibility for risk management and internal control of the Company. The Board recognises that risk is inherent in the operation of the Company and that effective risk management is key to the success of the organisation. The Board has delegated responsibility for the assurance of the risk management process and the review of mitigating controls to the Audit and Risk Committee.

The principal risks and the Company's policies for managing these risks are set out below and the policy and practice with regard to financial instruments are summarised in Note 16 to the financial statements.

There were no changes to these risks in the current year or at the date of this report.

The recent events surrounding the LumiraDx investment help illustrate some of the risks and mitigants described below. LumiraDx faced financial difficulties that exposed the Company to counterparty risk as it became clear that the Company will be unable to recover the full principal and fees owed. However, the positive attributes of the collateral and the investment manager's diligent efforts are expected to result in the Company being able to ultimately recover a significant portion of its investment.

Risk	Description and mitigation
Failure to achieve target returns	The target returns are targets only and are based on financial projections that are themselves based on assumptions regarding market conditions, economic environment, availability of investment opportunities and investment-specific assumptions that may not be consistent with conditions in the future. The Company seeks to achieve its investment objective predominantly through direct or indirect exposure to debt assets. Debt assets typically comprise royalty debt instruments, priority royalty tranches, senior secured debt, unsecured debt and credit-linked notes. A variety of factors, including lack of attractive investment opportunities, defaults and prepayments under debt assets, inability of the Company to obtain debt at an appropriate rate, changes in the life sciences industry, exchange rates, government regulations, the non-performance (or underperformance) of any life sciences product (or any life sciences company) could adversely impact the Company's ability to achieve its investment objective and deliver the target returns. A failure by the Company to achieve its target returns could adversely impact the value of the Shares and lead to a loss of investment. The Company has an investment policy to achieve a balanced investment with a diversified asset base and has investment restrictions in place to limit exposure to potential risk factors. These factors enable the Company to build a diversified portfolio that should deliver returns that are in line with its stated target return.

The success of the Company depends on the ability and expertise of the Investment Manager

In accordance with the Investment Management Agreement, the Investment Manager is responsible for the investment management of the Company's assets. The Company does not have its own employees and all of its Directors are appointed on a non-executive basis. All investment and asset management decisions are made by the Investment Manager (or any delegates thereof) and not by the Company or the Directors and, accordingly, the Company is completely reliant upon, and its success depends on, the Investment Manager and its personnel, services and resources. The Investment Manager is required, under the terms of the Investment Management Agreement, to perform in accordance with the Service Standard. The Investment Manager does not submit individual investment decisions to the Board for approval and the Board does not supervise the due diligence performed by the Investment Manager. As part of its asset management decisions, the Investment Manager may from time to time make commitments for future investments for which the Company may need to raise funds in the future by issuing equity and/or debt or by selling all or part of other investments to raise liquidity.

The Company is entitled to terminate the Investment Management Agreement if the Investment Manager has (i) committed fraud, gross negligence or wilful misconduct in the performance of its obligations under the Investment Management Agreement, or (ii) breached its obligations under the Investment Management Agreement, and the Company is reasonably likely to suffer a loss arising directly or indirectly out of or in connection with such breach of an amount equal to or greater than 10 per cent. of the NAV as at the date of the breach. The Investment Management Agreement may also be terminated at the Company's discretion on not less than six months' notice to the Investment Manager.

Under the terms of the Investment Management Agreement, the Investment Manager is only liable to the Company (and will only lose its indemnity) if it has committed fraud, gross negligence or wilful misconduct or acted in bad faith, or knowingly violated applicable securities' laws. The performance of the Company is dependent on the diligence, skill and judgement of certain key individuals at the Investment Manager, including Pedro Gonzalez de Cosio and other senior investment professionals and the information and investments' pipeline generated through their business development efforts. On the occurrence of a Key Person Event (as defined in the Investment Management Agreement), the Company may be entitled to terminate the Investment Management Agreement with immediate effect (subject to the Investment Manager's right to find an appropriate replacement to be approved by the Board (such approval not to be unreasonably withheld or delayed) within 180 days)).

However, if the Company elects to exercise this right, it would be required to pay the Investment Manager a termination fee equal to either 1 per cent. or 2 per cent. of the invested NAV (depending on the reason for the Key Person Event), as at the date of such termination. If the Company elects not to exercise this right, the precise impact of a Key Person Event on the ability of the Company to achieve its investment objective and target returns cannot be determined and would depend inter alia on the ability of the Investment Manager to recruit individuals of similar experience, expertise and calibre. There can be no guarantee that the Investment Manager would be able to do so and this could adversely affect the ability of the Company to meet its investment objective and target returns and may adversely affect the NAV and Shareholder returns and result in a substantial loss of a Shareholder's investment.

The Investment Manager has extensive expertise and a track record of successfully investing in debt and other cash flows backed by life sciences products. The Investment Management Agreement provides attractive incentives for the Investment Manager to perform prudently and in the best interests of the Company. In addition, the Investment Manager and its affiliates own approximately 6 per cent. of the Company as at 31 December 2023, creating a strong alignment of interests between the Investment Manager and its affiliates and Shareholders of the Company.

The Company may from time to time commit to make future investments that exceed its current liquidity

From time to time, the Company may commit to make future investments for which the Company will need to raise funds by issuing equity and/or debt, or by selling all or part of other investments. Investment opportunities may require the Company to fund transactions in two or more tranches, with the later tranches to be funded six or more months in the future. Refusing to offer such later tranches would decrease the attractiveness of the Company's investment proposals and harm the Company's ability to successfully deploy its capital. Requiring the Company to maintain low-yielding cash balances sufficient to fund all such later tranches at the time of the initial commitment would decrease the average yield on the Company's assets, adversely impacting the returns to investors, and may also result in missed investment opportunities. However, in order to fund all such later tranches, the Company could be forced to issue debt, sell assets or renegotiate with the party to which it has committed the funding on unattractive terms. Furthermore, there can be no assurance that the Company will always be able to raise sufficient liquidity (by issuing equity and/or debt, or by selling investments) to meet its funding commitments. If the Company were to fail to meet its funding commitments, the Company could be in breach of its contractual obligations, which could adversely affect the Company's reputation, could result in the Company facing legal action from its counterparty, and could adversely affect the Company's financial results.

The Investment Manager believes that the risks associated with such unfunded commitment is manageable without undue risk. The Investment Manager has extensive expertise in raising debt secured by cash flows from life sciences products and has extensive relationships with banks and other financial institutions who can be called on to provide debt financing to the Company in order to raise liquidity. In addition, the Investment Manager has expertise purchasing and selling life sciences debt assets in the secondary market and has extensive relationships with the major participants in the life-sciences debt market who would be the likely purchasers of any assets offered for sale by the Company in order to raise liquidity.

The Investment Manager's ability to source and advise appropriately on investments

Returns on the shareholders' investments will depend upon the Investment Manager's ability to source and make successful investments on behalf of the Company. There can be no assurance that the Investment Manager will be able to do so on an ongoing basis. Many investment decisions of the Investment Manager will depend upon the ability of its employees and agents to obtain relevant information. There can be no guarantee that such information will be available or, if available, can be obtained by the Investment Manager and its employees and agents. Furthermore, the Investment Manager will often be required to make investment decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. For example, the Investment Manager may not have access to records regarding the complaints received regarding a given life science product or the results of research and development related to products. Furthermore, the Company may have to compete for attractive investments with other public or private entities, or persons, some or all of which may have more capital and resources than the Company.

These entities may invest in potential investments before the Company is able to do so or their offers may drive up the prices of potential investments, thereby potentially lowering returns and, in some cases, rendering them unsuitable for the Company. An inability to source investments would have a material adverse effect on the Company's profitability, its ability to achieve its target returns and the value of the Shares.

The Investment Manager believes that sourcing investments is one of its competitive advantages. The Investment Manager's professionals, together with those at its affiliate RP Management LLC, accessible through the Shared Services Agreement, have complementary scientific, medical, licensing, operating, structuring and financial backgrounds which the Investment Manager believes provide a competitive advantage in sourcing, evaluating, executing and managing credit investments in the life sciences industry.

There can be no assurance that the Board will be able to find a replacement investment manager if the Investment Manager resigns	Under the terms of the Investment Management Agreement, the Investment Management Agreement may be terminated by: (A) the Investment Manager on not less than six months' notice to the Company, such notice not to expire earlier than 18 months following Admission; or (B) the Company on not less than six months' notice to the Investment Manager, such notice not to expire earlier than: (i) 36 months following Admission, unless approved by Shareholders by ordinary resolution; and (ii) 18 months following Admission, in any event. The Board would, in these circumstances, have to find a replacement investment manager for the Company and there can be no assurance that a replacement with the necessary skills and experience would be available and/or could be appointed on terms acceptable to the Company. In this event, the Board may have to formulate and put forward to Shareholders proposals for the future of the Company which may include its merger with another investment company, reconstruction or winding up. It is possible that, following the termination of the Investment Manager's appointment, the Investment Manager will continue to have a role in the investment management of certain assets, where a debt asset is shared with one or more other entity managed by the Investment Manager that continue to retain the Investment Manager's services. In the event the Investment Manager resigns, the Board will put forward to Shareholders proposals for the future of the Company which may include its merger with another investment company, reconstruction or winding up. Entities affiliated with the Investment Manager own approximately 6 per cent. of the Company as at 31 December 2023. This affiliate ownership level, coupled with the fact that the Investment Manager is fairly compensated, provide further incentive for them to remain as Investment Manager to the Company.
Concentration in the Company's portfolio may affect the Company's ability to achieve its investment objective	The Company's published investment policy allows the Company to invest up to 25 per cent. of the Company's assets in a single debt asset or in debt assets issued to a single borrower. While the investment limits in the investment policy have been set keeping in mind the debt capital requirements of the life sciences industry and the investment opportunities available to the Investment Manager, it is possible that the Company's portfolio may be significantly concentrated at any given point in time. Concentration in the Company's portfolio may increase certain risks to which the Company is subject, some or all of which may be related to events outside the Company's control. These would include risks around the creditworthiness of the relevant borrower, the nature of the debt asset and of any life sciences product(s) in question. The occurrence of these situations may result in greater volatility in the Company's investments and, consequently, its NAV, and may materially and adversely affect the performance of the Company and the Company's returns to shareholders. Such increased concentration of the Company's assets could also result in greater losses to the Company in adverse market conditions than would have been the case with a less concentrated portfolio, and have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares.

Life sciences products are subject to intense competition and various other risks	The biopharmaceutical and pharmaceutical industries are highly competitive and rapidly evolving. The length of any life sciences product's commercial life cannot be predicted. There can be no assurance that the life sciences products will not be rendered obsolete or non-competitive by new products or improvements made to existing products, either by the current marketer of the life sciences products or by another marketer. Adverse competition, obsolescence or governmental and regulatory life sciences policy changes could significantly impact royalty revenues of life sciences products which serve as the collateral or other security for the repayment of obligations outstanding under the Company's investments. If a life sciences product is rendered obsolete or non-competitive by new products or improvements on existing products or governmental or regulatory action, such developments could have a material adverse effect on the ability of the borrower under the relevant debt asset to make payment of interest on, and repayments of the principal of, that debt asset, and consequently could adversely affect the Company's performance. If additional side effects or complications are discovered with respect to a life sciences product, and such life sciences product's market acceptance is impacted or it is withdrawn from the market, continuing payments of interest on, and repayment of the principal of, that debt asset may not be made on time or at all. It is possible that over time side effects or complications from one or more of the life sciences products could be discovered, and, if such a side effect or complication posed a serious safety concern, a life sciences product could be withdrawn from the market, which could adversely affect the ability of the borrower under the relevant debt asset to make continuing payments of interest on, and repayment of the principal of, that debt asset, in which case the Company's ability to make distributions to investors may be materially and adversely affected. Furthermore, if an additional side effect or complication is discovered that does not pose a serious safety concern, it could nevertheless negatively impact market acceptance and therefore result in decreased net sales of one or more of the life sciences products, which could adversely affect the ability of borrowers under the relevant debt asset(s) to make continuing payments of interest on, and repayment of the principal of, that debt asset(s), in which case the Company's ability to make distributions to investors may be materially and adversely affected. The Investment Manager engages in a thorough diligence process before entering into any debt instrument with the counterparty and interacts with each counterparty as needed to evaluate the status of its investment on an ongoing basis.

Investments in debt obligations are subject to credit and interest rate risks	Debt instruments are subject to credit and interest rate risks. Credit risk refers to the likelihood that the borrower will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of a borrower are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt asset may affect its credit risk. Credit risk may change over the life of an instrument. Interest rate risk refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt asset indirectly (especially in the case of fixed rate debt assets) and directly (especially in the case of debt assets whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt asset and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. In addition, interest rate increases generally will increase the interest carrying costs to the Company (or any entity through which the Company invests) of leveraged investments. The Company will often seek to be a secured lender for each Debt Asset. However, there is no guarantee that the relevant borrower will repay the loan or that the collateral will be sufficient to satisfy the amount owed under the relevant Debt Asset. Credit risk will be assessed on an ongoing basis along with interest rate risk, and is further mitigated by the Company's investment policy permitting up to 25 per cent. of the Company's assets to be invested in a single Debt Asset or in Debt Assets issued to a single borrower. Interest rate risk can be managed in a variety of ways, including with the use of derivatives.
Counterparty risk	The Company intends to hold debt assets that will generate an interest payment. There is no guarantee that any borrower will honour their obligations. The default or insolvency of such borrowers may substantially affect the Company's business, financial condition, results of operations, the NAV and Shareholder returns. The Company will often seek to be a secured lender for each Debt Asset. However, there is no guarantee that the collateral will be sufficient to satisfy the amount owed under the relevant Debt Asset.
Sales of life sciences products are subject to regulatory actions that could harm the Company's ability to make distributions to investors	There can be no assurance that any regulatory approvals for indications granted to one or more life sciences products will not be subsequently revoked or restricted. Such revocation or restriction may have a material adverse effect on the sales of such products and on the ability of borrowers under the relevant Debt Asset to make continuing payments of interest on, and repayment of the principal of, that Debt Asset, in which case the Company's ability to make distributions to investors may be materially and adversely affected. Changes in legislation are monitored with the use of third-party legal advisers and the Investment Manager will maintain awareness of new approvals or revoked approvals.

Net asset values published will be estimates only and may differ materially from actual results	Generally, there will be no readily available market for a significant number of the Company's investments and hence, the majority of the Company's investments are not valued based on market-observable inputs. The valuations used to calculate the NAV on a monthly basis will be based on the Investment Manager's unaudited estimated fair market values of the Company's investments. It should be noted any such estimates may vary (in some cases materially) from the results published in the Company's financial statements (as the figures are published at different times) and that they, and any NAV figure published, may vary (in some cases materially) from realised or realisable values. The Investment Manager sends valuations on a monthly basis to the administrator for calculation of the NAV. The NAV is prepared by the administrator on the basis of information received from the Investment Manager and, once finalised, is reviewed and approved by a representative of the Investment Manager. Once approved, the Investment Manager notifies the Board and the NAV is released to the market.
Changes in taxation legislation or practice may adversely affect the Company and the tax treatment for Shareholders investing in the Company	Any change in the Company's tax status, or in taxation legislation or practice in the UK, US or elsewhere, could affect the value of the Company's investments and the Company's ability to achieve its investment objective, or alter the post-tax returns to Shareholders. It is the intention of the Directors to conduct the affairs of the Company so as to satisfy the conditions for approval of the Company by HMRC as an investment trust under section 1158 of the Corporation Tax Act 2010 (as amended) and pursuant to regulations made under Section 1159 of the Corporation Tax Act 2010. However, although the approval has been obtained, neither the Investment Manager nor the Directors can guarantee that this approval will be maintained at all times. The Company has been granted approval from HMRC as an investment trust and will continue to have investment trust status in each subsequent accounting period, unless the Company fails to meet the requirements to maintain investment trust status, pursuant to the regulations. For example, it is not possible to guarantee that the Company will remain a non-close company, which is a requirement to maintain investment trust status, as the Shares are freely transferable. Failure to maintain investment trust status could, as a result, (inter alia) lead to the Company being subject to UK tax on its chargeable gains. Existing and potential investors should consult their tax advisers with respect to their particular tax situations and the tax effects of an investment in the Company.
Global pandemics may affect the operation and performance of the Company	Global pandemics have the potential to affect the daily operations of the Investment Manager and its service providers. The Company's Investment Manager and current service providers may rely on their business continuity plans for remote work and there is an increased risk of control deficiencies. The ultimate impact of a pandemic or a similar health epidemic is highly uncertain, subject to change and may affect the credit quality of the loans in the Company's portfolio.

GOING CONCERN

The Directors consider that it is appropriate to adopt the going concern basis in preparing the financial statements. After making enquiries, and bearing in mind the nature of the Company's business and assets, the Directors consider that the Company has adequate resources to continue in operational existence for the foreseeable future. In arriving at this conclusion, the Directors have considered the liquidity of the portfolio and the Company's ability to meet obligations as they fall due for a period of at least 12 months from the date that these financial statements were approved.

VIABILITY STATEMENT

The Board has assessed the principal risks facing the Company over a five-year period, including those that would threaten its business model, future performance, solvency or liquidity. The five-year period was selected to align with the average duration of the Company's existing investments. The Board has developed a matrix of risks facing the Company and has put in place certain investment restrictions which are in line with the Company's investment objective and policy in order to mitigate these risks as far as practicable. The principal risks which have been identified, and the steps taken by the Board to mitigate these risks, are presented on pages 26 to 32.

The Company believes its borrowing capabilities provide further flexibility and help ensure it is in a position to finance its funding obligations in the event that internally generated cash flow in the period is insufficient to finance the unfunded portion of a lending commitment. The Board reviews the Company's financing arrangements quarterly to ensure that the Company is in a strong position to fund all outstanding commitments on existing investments as well as being able to finance new investments. In addition, the Board regularly reviews the prospects for the Company's portfolio and the pipeline of potential investment opportunities which provide comfort that the Company is able to continue to finance its activities for the medium-term future.

Based on this assessment, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five-year period.

ENVIRONMENTAL, HUMAN RIGHTS, EMPLOYEE, SOCIAL AND COMMUNITY ISSUES

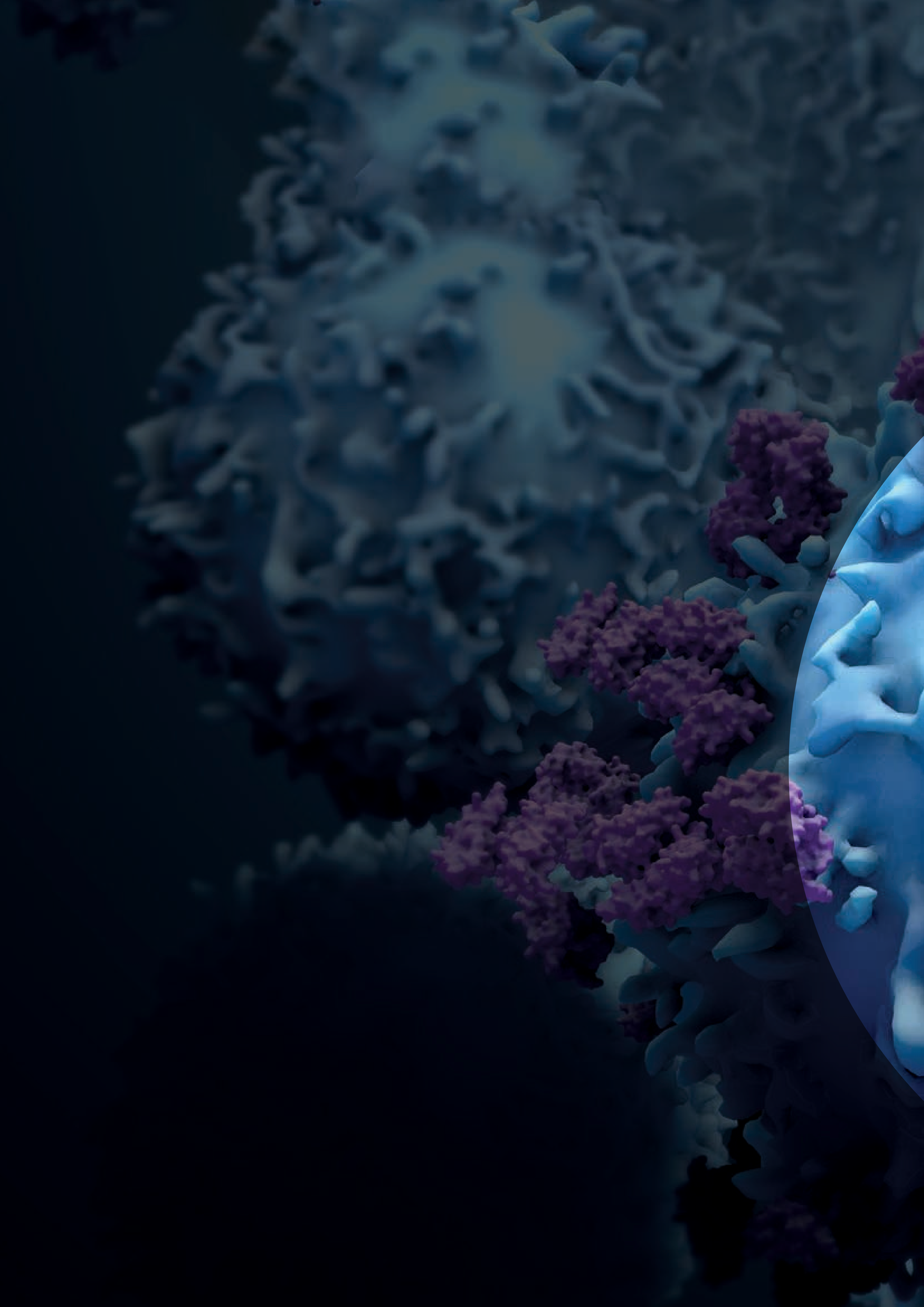
The Board recognises the requirement under the Companies Act 2006 to detail information about employees, human rights, environmental and community issues, including information about any policies it has in relation to these matters and the effectiveness of these policies. These requirements do not apply directly to the Company as it has no employees, all the Directors are non-executive and it has outsourced all its functions to third-party service providers. The Company has therefore not reported further in respect of these provisions.

While the Company is not within the scope of the Modern Slavery Act 2015 and it is not, therefore, obliged to make a slavery and human trafficking statement, the Company considers its supply chains to be of low risk as its principal service providers are the professional advisers set out in the Corporate Information section on page 92. Further information on the Company's anti-bribery and corruption policy is set out on page 39.

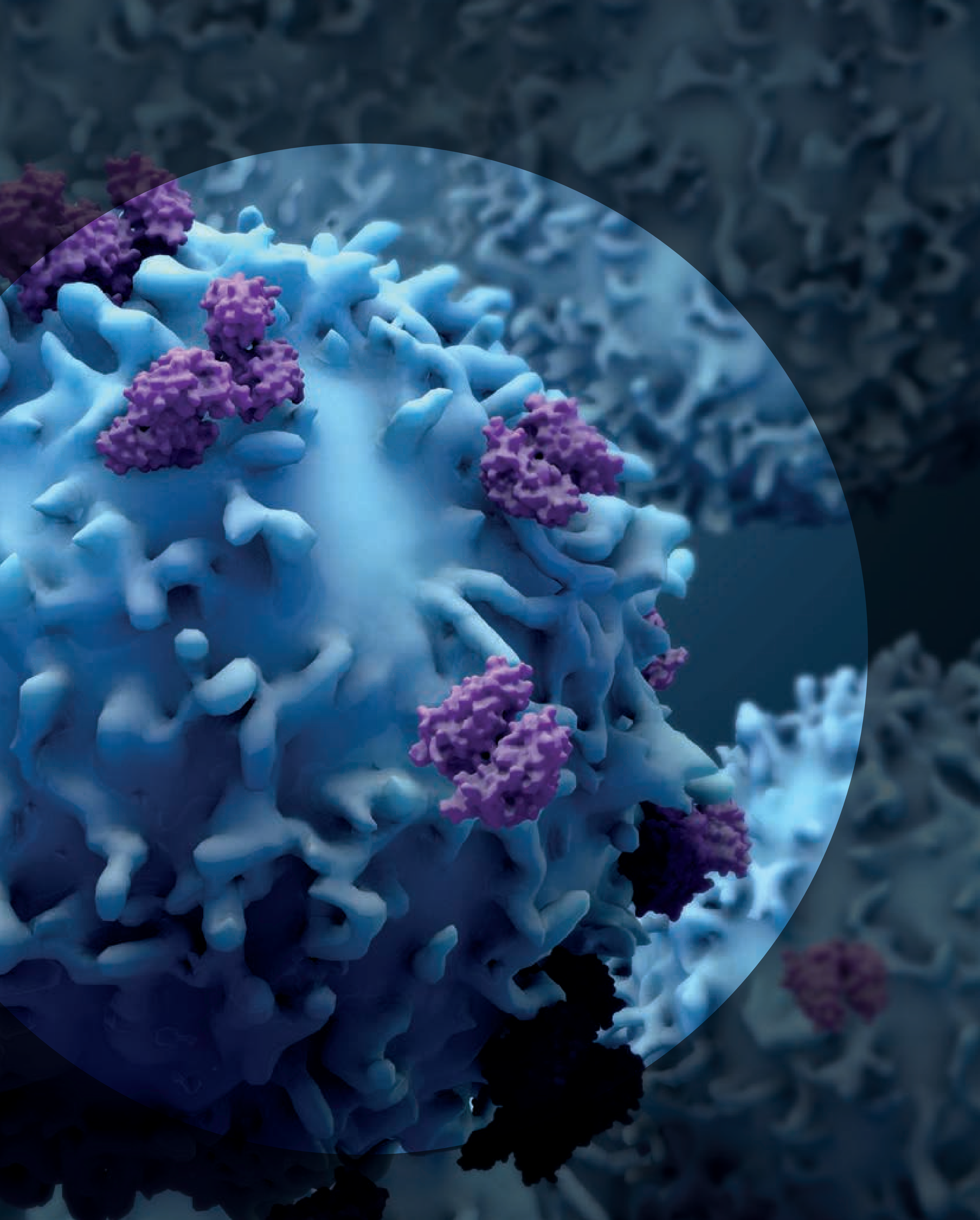
There are six Directors, four male and two female. Further information on the composition and operation of the Board is detailed on pages 40 and 41.

This Strategic Report has been approved by the Board and signed on its behalf by

Harry Hyman
Chairman
26 March 2024



GOVERNANCE



BOARD OF DIRECTORS

All Directors in office at the date of this report are non-executive and independent of the Investment Manager

HARRY HYMAN

Chairman

Harry Hyman is the founder and CEO of Primary Health Properties PLC ("PHP"), a FTSE 250 Index company that specialises in the ownership of property leased on a long-term basis to healthcare providers. After graduating from Christ's College Cambridge, Mr Hyman qualified as a chartered accountant with Price Waterhouse. In 1983 he joined Baltic PLC where he was deputy managing director, finance director and company secretary. He left to establish PHP and Nexus in February 1994. Mr Hyman is the founder of The International Opera Awards. He has been a non-executive director of a number of listed investment trusts.

Mr Hyman was appointed as a Director of the Company on 27 February 2017 and as Chairman of the Company on 16 September 2020.

COLIN BOND

Chairman of the Audit and Risk Committee

Colin Bond has been chief financial officer of the pharmaceutical company Sandoz AG since May 2022. He was previously chief financial officer of Vifor Pharma from 2016 to 2022 and he was the chief financial officer of Evotec AG from 2010 to 2016. During his early career, he worked as a pharmacist, auditor, and management consultant for Procter & Gamble, Arthur Andersen, and PricewaterhouseCoopers LLP, respectively. He holds a university degree in Pharmacy from the University of Aston (Birmingham) and an M.B.A. degree from London Business School. He is a fellow of the Institute of Chartered Accountants in England and Wales and a member of the Royal Pharmaceutical Society. Mr Bond is a citizen of Great Britain and Switzerland.

Mr Bond was appointed as a Director of the Company on 15 November 2016.

DUNCAN BUDGE

Senior Independent Director

Duncan Budge is chairman of Dunedin Enterprise Investment Trust plc and Artemis Alpha Trust plc, and a non-executive director of Lowland Investment Company plc and Asset Value Investors Limited. He was previously a director of Menhaden Resource Efficiency plc from 2014 to 2023, J. Rothschild Capital Management from 1988 to 2012 and a director and chief operating officer of RIT Capital Partners plc from 1995 to 2011. After graduating from the University of Oxford, he spent six years with Lazard Brothers.

Mr Budge was appointed as a Director of the Company on 24 October 2016 and as Senior Independent Director on 16 September 2020.

STEPHANIE LÉOUZON

Director

Stephanie Léouzon has had over 30 years experience as a Health Care Investment Banker, and is a Managing Director in Health Care Investment Banking at Stifel. She has worked on over 100 strategic and financing transactions in the biopharmaceutical industry, with an aggregate value of over $75 billion. Mrs Leouzon joined Torreya (a Stifel company) in 2011. Previously, she was a Managing Director and Senior Adviser at Credit Suisse in London. She has also worked at Salomon Brothers, as a Director of healthcare investment banking, and as a Vice President in the investment banking divisions of JP Morgan and Lehman Brothers in New York. She was previously a non-executive director of Innmunovaccine Inc and Endotis Pharma SA.

Mrs Leouzon was appointed as a Director of the Company on 5 December 2018.

ROLF SODERSTROM

Director

Rolf Soderstrom has over 30 years' experience in finance and a track record of driving growth, investment, and performance improvement across a number of international, technology focused businesses. He is currently Chief Financial Officer of Syncona Investment Management Limited and External Independent Director of Sosei Group Corporation, which is listed on the Tokyo Stock Exchange. He was previously Chief Financial Officer at BTG plc between 2008 and 2018 where he helped implement and execute a transformational growth strategy culminating in a sale to Boston Scientific for $4.2bn. Prior to this he was Chief Financial Officer at Protherics Plc and held senior finance roles in Cobham Plc, Cable & Wireless Plc and PwC. He received a BA honours degree in History from University College London and is a member of the Institute of Chartered Accountants of England and Wales. Mr Soderstrom is a citizen of Great Britain and Finland. Mr Soderstrom was appointed as a Director of the Company on 16 September 2020.

SAPNA SHAH

Director

Sapna Shah has over 20 years of investment banking experience advising international companies, including listed REITs and investment companies, on mergers and acquisitions, IPOs and equity capital market transactions. Ms Shah is a non-executive director of Supermarket Income REIT plc and chair of its management engagement committee, a non-executive director of BlackRock Greater Europe Investment Trust plc, and a non-executive director and member of the remuneration committee of The Association of Investment Companies ("AIC"). She is a Senior Adviser at Panmure Gordon Limited and prior to this held senior investment banking roles at UBS AG, Oriel Securities (now Stifel Nicolaus Europe) and Cenkos Securities. She has previously served on the advisory committee for a private solar energy company.

Ms Shah was appointed as a Director of the Company on 22 March 2023.

DIRECTORS' REPORT

The Directors are pleased to present the Annual Report and audited financial statements for the year ended 31 December 2023.

DIRECTORS

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are shown on page 36.

SHARE CAPITAL

An allotment authority for the issuance of up to 131,865,488 ordinary or C shares was passed at the Company's Annual General Meeting held on 30 May 2023. This authority will expire at the conclusion of, and renewal will be sought at, the annual general meeting to be held on 12 June 2024. No shares were issued during the year.

At the Annual General Meeting held on 30 May 2023, the Company was granted authority to purchase up to 14.99 per cent. of the Company's Ordinary Share capital in issue at that date, amounting to 205,952,416 Ordinary Shares. This authority will expire at the conclusion of, and renewal will be sought at, the Annual General Meeting to be held in June 2024. No shares were purchased for cancellation during the year.

As set out in the Chairman's Statement on page 4, during the year, the Company's discount control mechanism was triggered and the Company was required to use its capital to repurchase shares. During 2023, 16,499,477 shares of $0.01 were bought back at a total cost of $15,162,792 and are held in treasury. This represented 1.2 per cent. of the issued share capital as at 31 December 2023. No shares were purchased for cancellation.

At 31 December 2023, and as at the date of this report, there are 1,373,932,067 Ordinary Shares in issue. As at 31 December 2023 there were 71,252,875 Ordinary Shares held in treasury. Since 31 December 2023, a further 49,041,347 shares have been repurchased and the total number of shares held in treasury is 120,294,222. At general meetings of the Company, shareholders are entitled to one vote on a show of hands and on a poll, to one vote for every Share held. Shares held in treasury do not carry voting rights. The total voting rights of the Company at 31 December 2023 was 1,302,679,192 and as at the date of this report 1,253,637,845.

Further information on the Company's share capital is set out in Note 13 to the financial statements.

SUBSTANTIAL SHAREHOLDINGS

The Directors have been informed of the following notifiable interests in the Company's voting rights as at 31 December 2023:

	Number of Ordinary Shares	% of voting rights
Newton Investment Management Limited	136,378,417	10.47
Adage Capital Partners GP LLC	130,851,379	10.04
Interseguro Compañía de Seguros S.A.	72,791,326	5.59
Sarasin & Partners LLP	69,495,673	5.33
M&G plc	67,215,104	5.16
Inteligo Bank Limited	66,593,210	5.11

The Company has not been informed of any changes to the notifiable interests between 31 December 2023 and the date of this report.

INFORMATION ABOUT SECURITIES CARRYING VOTING RIGHTS

The following information is disclosed in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and DTR 7.2.6 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules:

- the Company's capital structure and voting rights and details of the substantial shareholders in the Company are set in Note 13 to the financial statements and above;
- the giving of powers to issue or buy back the Company's Shares requires an appropriate resolution to be passed by shareholders; and
- there are no restrictions concerning the transfer of securities in the Company or on voting rights; no special rights with regard to control attached to securities and no agreements between holders of securities regarding their transfer known to the Company.

SIGNIFICANT AGREEMENTS

The Company's facility agreement is considered significant in terms of its potential impact on the business of the Company. In 2020, the Company entered into a $200 million revolving credit facility with JPMorgan Chase Bank through its wholly owned subsidiary, BPCR Limited Partnership. On 10 September 2021, the Company was able to negotiate and amend the revolving credit facility on more favourable terms. The key terms to the amendment include a reduction in the committed Revolving Credit Facility ("RCF") from $200 million to $50 million together with changes in the accordion feature allowing for an increase in the RCF to $100 million and up to $200 million in term loans, extension of the maturity date to 22 June 2024 and a reduction in the margin payable under the RCF from 4 per cent. to 2.75 per cent. (the "Facilities Agreement"). The Facilities Agreement could alter or terminate on the change of control of the Company.

DIVIDENDS AND DIVIDEND POLICY

Dividends paid in respect of the year ended 31 December 2023 are set out on in Note 6 to the financial statements.

The Company pays dividends in US dollars or GBP Sterling, if requested by a specific shareholder, on a quarterly basis. The Company may, where the Directors consider it appropriate, use the special distributable reserve created by the cancellation of its Share premium account to pay dividends.

The Company targets an annual dividend yield of 7 per cent. on the Ordinary Shares (calculated by reference to the issue price at IPO), together with a net total return on NAV of 8-9 per cent. per annum on the Ordinary Shares in the medium term.

FINANCIAL RISK MANAGEMENT

The principal risks and the Company's policies for managing these risks are set out in the Strategic Overview on pages 26 to 32 and Note 16 to the financial statements.

CORPORATE GOVERNANCE

The Corporate Governance Statement on pages 40 to 44 forms part of the Directors' Report.

STAKEHOLDER ENGAGEMENT

While the Company has no employees, suppliers or customers, the Directors give regular consideration to the need to foster the Company's business relationships with its stakeholders, in particular with clients, shareholders and service providers. The effect of this consideration upon the principal decisions taken by the Company during the financial year is set out in further detail in the Strategic Report on pages 22 to 24.

STREAMLINED ENERGY AND CARBON REPORTING

The Company is an investment trust, with neither employees nor premises. It has no direct greenhouse gas emissions to report from its operations nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, including those within the Company's underlying investment portfolio. Consequently, the Company consumed less than 40,000 kWh of energy during the year in respect of which the Directors' Report is prepared and is therefore exempt from the disclosures required under the Streamlined Energy and Carbon Reporting criteria.

REQUIREMENTS OF THE LISTING RULES

Listing Rule 9.8.4 requires the Company to include specified information in a single identifiable section of the Annual Report or a cross reference table indicating where the information is set out. The information required under Listing Rule 9.8.4(7) in relation to allotments of shares is set out on page 37. The Directors confirm that no additional disclosures are required in relation to Listing Rule 9.8.4.

The Listing Rules require premium-listed commercial companies to disclose in their annual report whether they have reported on how climate change affects their business in a manner consistent with the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD'), and to provide an explanation and other information if they are unable to do so. The Company is not required to disclose this information under Listing Rule 15.4.29.

MANAGEMENT ARRANGEMENTS

The Company has appointed Pharmakon Advisors LP, a limited partnership established under the laws of the State of Delaware, USA as its Investment Manager and acting Alternative Investment Fund Manager ("AIFM") for the purposes of the Alternative Investment Fund Managers Directive. The Investment Manager is a registered investment adviser under the Advisers Act and is regulated by the SEC.

The Company and the Investment Manager have entered into an Investment Management Agreement dated 1 March 2017, as amended on 14 March 2018, 24 May 2018 and 19 September 2018, pursuant to which the Investment Manager has been given responsibility, subject to the overall supervision of the Board, for the active investment management of the Debt Assets and all other investments of the Company from time to time, including sourcing and advising on investment opportunities and proposals which are in accordance with the Company's investment objective and policy. The Investment Management Agreement may be terminated by: (a) the Investment Manager on not less than six months' notice to the Company; or (b) the Company on not less than six months' notice to the Investment Manager, such notice not to expire earlier than: (i) 36 months following Admission, unless approved by Shareholders by ordinary resolution.

Details about the management and performance fee can be found in Note 4 to the financial statements.

The Investment Manager consists of three principals: Pedro Gonzalez de Cosio, Pablo Legorreta and Martin Friedman. In addition, the Investment Manager may draw on the expertise of certain employees of its affiliate, RP Management LLC. For these purposes, the Investment Manager and RP Management LLC entered into a Shared Services Agreement as of 1 January 2016, whereby RP Management LLC provides the services of its research, legal and compliance, and finance teams to the Investment Manager.

Under the Shared Services Agreement, each of RP Management LLC and the Investment Manager has agreed to reimburse the other for reasonable internal and third-party expenses incurred by the other on its behalf, or for its benefit, as a result of rendering such services. Such expenses include (without limitation) business development, due diligence, legal, consulting, compliance, research and similar expenses.

Under the Shared Services Agreement, subject to each party's fiduciary duties to its clients, each of RP Management LLC and the Investment Manager has agreed to refer to the other any business opportunities that fit the other's investment objectives. To the extent that a business opportunity involves both equity and debt-like financing transactions, each of RP Management LLC and the Investment Manager shall be free to negotiate an offer aligning with its own investment objectives and is under no obligation to take the other party's investment objectives into consideration during such a negotiation.

The Shared Services Agreement is governed by the laws of the State of New York and may be terminated by either RP Management LLC or the Investment Manager upon 30 days' written notice.

INSURANCE AND INDEMNITY PROVISIONS

The Board has agreed arrangements whereby Directors may take independent professional advice in the furtherance of their duties. The Company has Directors' and Officers' liability insurance and professional indemnity insurance to cover legal defence costs and public offering of securities insurance in place in respect of both the IPO and the Placing Programme. Under the Company's Articles, the Directors are provided, subject to the provisions of UK legislation, with an indemnity in respect of liabilities which they may sustain or incur in connection with their appointment. This indemnity was in force during the year and remains in force as at the date of this report. Apart from this, there are no third-party indemnity provisions in place for the Directors.

ANTI-BRIBERY AND CORRUPTION

The Company has reviewed the statements regarding compliance with the Bribery Act 2010 by the Company's Investment Manager and service providers. These statements are reviewed regularly by the Audit and Risk Committee.

FUTURE DEVELOPMENTS

The effects of geopolitical and social risks, including the invasion by Russia of Ukraine, and the war between Israel and Hamas, may have economic consequences that extend beyond the short term. The Company does not have any direct investments with Russia or Israel. We will continue to monitor the situation and will inform shareholders of any material changes to this assessment. Further details on the outlook of the Company are set out in the Chairman's Statement on page 5.

AUDIT INFORMATION

The Directors who held office at the date of approval of the Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all reasonable steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

AUDITOR

Ernst & Young, Chartered Accountants will be proposed for re-appointment at the AGM. In accordance with s.489(4) of the Companies Act 2006, resolutions to determine remuneration for the Auditor are to be agreed at the AGM.

AGM

The Company's annual general meeting will be held on 12 June 2024. The notice of this meeting is included with this mailing and will also be uploaded to the Company's website www.bpcruk.com.

By order of the Board

Link Company Matters Limited
Company Secretary
26 March 2024

Corporate Governance Statement

This Corporate Governance Statement forms part of the Directors' Report.

INTRODUCTION FROM THE CHAIRMAN

I am pleased to introduce this year's Corporate Governance Statement. In this statement, the Company reports on its compliance with the 2019 AIC Code of Corporate Governance (the "AIC Code") and sets out how the Board has operated during the past year. The Board is accountable to shareholders for the governance of the Company and is committed to maintaining the highest standard of corporate governance for the long-term sustainable success of the Company.

COMPLIANCE WITH THE AIC CODE

The Company reviews its standards of governance against the principles and recommendations of the AIC Code. The Board considers that reporting against the principles and recommendations of the AIC Code provides better information to shareholders as it addresses all the principles set out in the 2018 UK Corporate Governance Code (the "UK Code"), as well as setting out additional principles and recommendations on issues that are of specific relevance to investment trusts, and is endorsed by the Financial Reporting Council (the "FRC"). The terms of the FRC's endorsement mean that AIC members who report against the AIC Code meet fully their obligations under the UK Code and the related disclosure requirements contained in the Listing Rules of the Financial Conduct Authority. A copy of the AIC Code can be found at www.theaic. co.uk. A copy of the UK Code can be obtained at www.frc.org.uk.

The Board recognises the importance of a strong corporate governance culture and has established a framework for corporate governance which it considers to be appropriate to the business of the Company.

The UK Code includes provisions relating to:

- the role of the chief executive; and
- executive directors' remuneration.

For the reasons explained in the AIC Code, the Board considers that these provisions are not relevant to the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions. The Board has reviewed the principles and recommendations of the AIC Code and considers that it has complied throughout the year, except as disclosed below:

- Provision 24: Directors are not appointed for a specific term as all Directors are non-executive and the Company has adopted a policy of all Directors, including the Chairman, standing for annual re-election. The Board has determined that no further policy on tenure is required.
- Provision 22: Given the structure and size of the Board, the Board does not consider it necessary to appoint separate nomination, management engagement or remuneration committees. This is however, kept under review. The roles and responsibilities normally reserved for these committees are matters for the full Board.

BOARD OF DIRECTORS

Under the leadership of the Chairman, the Board of Directors is collectively responsible for the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. It provides overall leadership, sets the strategic aims of the Company and ensures that the necessary resources are in place for the Company to meet its objectives and fulfil its obligations to shareholders within a framework of high standards of corporate governance and effective internal controls. The Directors are responsible for the determination of the Company's investment policy and investment strategy and have overall responsibility for the Company's activities, including the review of investment activity and performance and the control and supervision of the Investment Manager.

The Board consisted of six independent non-executive Directors as at 31 December 2023. It seeks to ensure that it has an appropriate balance of skills and experience, and considers that, collectively, it has substantial recent and relevant experience of investment trusts and financial and public company management. The Chairman of the Audit and Risk Committee, Mr Bond, has recent and relevant financial experience as set out in his biography on page 36.

The terms and conditions of the appointment of the Directors are formalised in letters of appointment, copies of which are available for inspection from the Company's registered office. None of the Directors has a contract of service with the Company nor has there been any other contract or arrangement between the Company and any Director at any time during the year. Directors are not entitled to any compensation for loss of office.

On 22 March 2023, Ms Shah was appointed to the Board. The Company engaged Nurole, an independent external search consultancy with no connection to the Company and the Directors, to assist with this appointment. The Board agreed that Ms Shah had sufficient time in light of her other responsibilities to devote to her role with the Company.

CULTURE

The Chairman leads the Board and is responsible for its overall effectiveness in directing the Company. He demonstrates objective judgement, promotes a culture of openness and debate and facilitates constructive Board relations and the effective contribution of all Directors. In liaison with the Company Secretary, he ensures that the Directors receive accurate, timely and clear information. The Directors are required to act with integrity, lead by example and promote this culture within the Company.

The Board seeks to ensure the alignment of its purpose, values and strategy with this culture of openness, debate and integrity through ongoing dialogue and engagement with its service providers, principally the Investment Manager. The culture of the Board is considered as part of the annual performance evaluation process which is undertaken by each Director and the culture of the Company's service providers, including their policies, practices and behaviour, is considered by the Board as a whole during the annual review of the performance and continuing appointment of all service providers. The Board holds monthly update meetings with the Investment Manager and seeks to hold one Board meeting a year at Pharmakon's offices in New York. Such meetings enable the Directors to understand better the culture of the Investment Manager and of RP Management LLC, with whom the Investment Manager has a shared service agreement.

Further information on the Company's engagement with its stakeholders is set out on pages 22 to 24.

CHAIRMAN AND SENIOR INDEPENDENT DIRECTOR

The Chairman, Mr Hyman, is deemed by his fellow independent Board members to be independent in character and judgement and free of any conflicts of interest. He considers himself to have sufficient time to spend on the affairs of the Company. Mr Hyman has no significant commitments other than those disclosed in his biography on page 36.

As Senior Independent Director, Mr Budge acts as a sounding board for the Chairman, meets with major shareholders as appropriate, provides a channel for any shareholder concerns regarding the Chairman and takes the lead in the annual evaluation of the Chairman by the independent Directors. In the event of a period of stress, the Senior Independent Director would work with the Chairman, the other Directors, and/or shareholders to resolve any issues.

BOARD OPERATION

The Directors have adopted a formal schedule of matters specifically reserved for their approval. These include the following:

- approval of the Company's investment policy, long-term objectives and commercial strategy;
- approval of the gearing policy of the Company;
- approval of Annual and Half-yearly Reports and financial statements and accounting policies, prospectuses, circulars and other shareholder communications;
- raising new capital;
- approval of dividends;
- Board appointments and removals;
- appointment and removal of the Investment Manager, Auditor and the Company's other service providers; and
- approval of the Company's annual expenditure budget.

BOARD MEETINGS

The Company has four scheduled Board meetings a year, and monthly update calls with the Investment Manager where there is no scheduled Board meeting. Additional meetings are arranged as necessary.

At each Board meeting, the Directors follow a formal agenda which is circulated in advance by the Company Secretary. The Company Secretary, the Administrator and the Investment Manager regularly provide the Board with financial information, including an annual expenses budget, together with briefing notes and papers in relation to changes in the Company's economic and financial environment, statutory and regulatory changes and corporate governance best practice. A description of the Company's risk management and internal control systems is set out in the Strategic Report on pages 26 to 32.

At each Board meeting, representatives from the Investment Manager are in attendance to present reports to the Directors covering the Company's current and future activities, portfolio of assets and its investment performance over the preceding period. The Board and the Investment Manager operate in a fully supportive, co-operative and open environment and ongoing communication with the Board is maintained between formal meetings.

AUDIT AND RISK COMMITTEE

The Board has established an Audit and Risk Committee to assist its operations. The Committee's delegated responsibilities are clearly defined in formal terms of reference, which are available on the Company's website.

The Committee comprises all Directors and is chaired by Mr Bond. Given the size and nature of the Board it is felt appropriate that all Directors are members of the Audit and Risk Committee. Its responsibilities are detailed in the Audit and Risk Committee Report on page 45. The Committee has direct access to the Company's Auditor, and provides a forum through which the Auditor reports to the Board. Representatives of the Auditor attend quarterly meetings of the Committee.

Further details about the Audit and Risk Committee and its activities during the year under review are set out on pages 45 and 46.

MEETING ATTENDANCE

The number of scheduled Board and Audit and Risk Committee meetings held during the year ended 31 December 2023 and the attendance of the individual Directors is shown below:

	Board		Audit and Risk Committee	
	Number entitled to attend	**Number attended**	**Number entitled to attend**	**Number attended**
Colin Bond	4	4	6	6
Duncan Budge	4	4	6	6
Harry Hyman	4	4	6	6
Stephanie Léouzon	4	4	6	6
Sapna Shah[1]	3	3	4	4
Rolf Soderstrom	4	4	6	6

1 Sapna Shah was appointed as Director on 22 March 2023. Her attendance has only been recorded from the date of her appointment.

INDEPENDENCE OF DIRECTORS

The independence of the Directors is reviewed as part of the annual evaluation process. Each Director is considered to be independent in character and judgement and entirely independent of the Investment Manager. None of the Directors sit on the boards of any other companies managed by the Investment Manager.

INDUCTION OF NEW DIRECTORS

A procedure for the induction of new Directors has been established, including the provision of an induction pack containing relevant information about the Company, its processes and procedures. New appointees have the opportunity of meeting with the Chairman, relevant persons at the Investment Manager and the Company Secretary. During the year under review, this induction process was undertaken following the appointment of Ms Sapna Shah as a Director of the Company.

RE-ELECTION AND RETIREMENT OF DIRECTORS

Under the Company's Articles and in accordance with the AIC Code, Directors are subject to election by shareholders at the first AGM after their appointment. Under the Company's Articles of Association, thereafter, at each AGM any Director who has not stood for re-election at either of the two preceding AGMs shall retire. In addition, one-third of the Directors eligible to retire by rotation shall retire from office at each AGM. However, in accordance with the AIC Code, the Board has agreed a policy whereby all Directors will seek annual re-election at the Company's Annual General Meetings.

Following formal performance evaluation as detailed below, the Board strongly recommends the election/re-election of each of the Directors on the basis of their experience and expertise in investment matters, their independence and continuing effectiveness and commitment to the Company.

DIVERSITY POLICY

In accordance with the AIC Code, the Board is comprised of a mixture of individuals who have an appropriate balance of skills and experience to meet the future opportunities and challenges facing the Company. Appointments are made first and foremost on the basis of merit and taking into account the recognised benefits of all types of diversity. The Board ensures that diversity is an important consideration and part of the selection criteria used to assess candidates to achieve a balanced Board.

The Board is aware of the new Listing Rule which incorporates the recommendations of the Parker and Hampton-Alexander Reviews which considered how ethnic, cultural and gender diversity could be improved on UK boards. The Board has discussed the new diversity disclosures required, namely, that from accounting periods starting on or after 1 April 2022:

a) at least 40% of individuals on the Board to be women;

b) at least one senior Board position to be held by a woman; and

c) at least one individual on the Board to be from a minority ethnic background.

In accordance with Listing Rule 9 Annex 2.1, the below tables, in prescribed format, shows the gender and ethnicity of the Directors at the year ended 31 December 2023. The data below was collected through self-reporting by the Directors.

Gender identity or sex	Number of Board members	Percentage on the Board %	Number of senior positions on the Board
Men	4	66	2
Women	2	33	–
Not specified/prefer not to say	–	–	–

Ethnic background	Number of Board members	Percentage on the Board (%)	Number of senior positions on the Board
White British or other White (including minority white groups)	5	83	2
Mixed/Multiple Ethnic Groups	–	–	–
Asian/Asian British	1	17	–
Black/African/Caribbean/ Black British	–	–	–
Other ethnic group including Arab	–	–	–
Not specified/prefer not to say	–	–	–

The Board is mindful that at present it does not comply with the gender representation requirements, and the Board is taking appropriate steps to ensure that Board succession planning takes these diversity requirements into consideration.

CONFLICTS OF INTEREST

It is the responsibility of each individual Director to avoid an unauthorised conflict of interest situation arising. The Director must request authorisation from the Board as soon as he/she becomes aware of the possibility of an interest that conflicts, or might possibly conflict, with the interests of the Company ("situational conflicts"). The Company's Articles authorise the Board to approve such situations, where deemed appropriate.

A register of conflicts is maintained by the Company Secretary and is reviewed at Board meetings, to ensure that any authorised conflicts remain appropriate. The Directors are required to confirm at these meetings whether there has been any change to their position.

The Board is responsible for considering Directors' requests for authorisation of situational conflicts and for deciding whether or not the situational conflict should be authorised. The factors to be considered will include: whether the situational conflict could prevent the Director from properly performing their duties; whether it has, or could have, any impact on the Company; and whether it could be regarded as likely to affect the judgement and/ or actions of the Director in question. When the Board is deciding whether to authorise a conflict or potential conflict, only Directors who have no interest in the matter being considered are able to take the relevant decision, and in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors are able to impose limits or conditions when giving authorisation if they think this is appropriate in the circumstances.

PERFORMANCE EVALUATION OF THE BOARD

The Directors are aware that they need to continually monitor and improve performance and recognise this can be achieved through regular Board evaluation, which provides a valuable feedback mechanism for improving Board effectiveness. The Board evaluation in 2023 was undertaken externally by the provider Gould Consulting by way of a questionnaire. The results of the Board evaluation process are reviewed and discussed by the Board as a whole. The evaluation process is carried out annually. The Board has agreed that an internally facilitated evaluation carried out by the Company Secretary will be appropriate in 2024.

The composition of the Board and, in particular, succession planning are kept under review by the Board and are considered on an annual basis in December each year in conjunction with the evaluation process in order to ensure an orderly refreshment of the Board and to develop a diverse pipeline.

Following the evaluation process conducted during the year under review, the Board noted that further focus was required on succession planning given that some Directors would soon approach the end of the nine-year period as suggested by the AIC Code. The Board also reviewed and updated the the presentation of the Company's risk register following feedback from the evaluation. The Board considers that all the current Directors contribute effectively and have the skills and experience relevant to the leadership and direction of the Company and that the Board operates effectively.. The Board has satisfied itself that the Directors have enough time to devote to the Company's affairs.

COMPANY SECRETARY

The Board has direct access to the advice and services of the Company Secretary, Link Company Matters Limited, which is responsible for ensuring that Board and Committee procedures are followed and that applicable regulations are complied with. The Company Secretary is also responsible to the Board for ensuring timely delivery of the information and reports which the Directors require and that the statutory obligations of the Company are met.

INTERNAL CONTROL REVIEW

The Board is responsible for the systems of internal controls relating to the Company, including the reliability of the financial reporting process and for reviewing the systems' effectiveness. The Directors have reviewed and considered the guidance supplied by the FRC on risk management, internal control and related finance and business reporting and an ongoing process has been established for identifying, evaluating and managing the principal risks faced by the Company. This process, together with key procedures established with a view to providing effective financial control, was in place during the year under review and at the date of this report.

The internal control systems are designed to ensure that proper accounting records are maintained, that the financial information on which business decisions are made and which is issued for publication is reliable, and that the assets of the Company are safeguarded.

The risk management process and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives. It should be recognised that such systems can only provide reasonable, not absolute, assurance against material misstatement or loss.

The Directors have carried out a review of the effectiveness of the systems of internal control as they have operated over the year and up to the date of approval of the report and financial statements. There were no matters arising from this review that required further investigation and no significant failings or weaknesses were identified.

INTERNAL CONTROL ASSESSMENT PROCESS

Robust risk assessments and reviews of internal controls are undertaken regularly in the context of the Company's overall investment objective:

In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming reality;
- the Company's ability to reduce the incidence and impact of risk on its performance;
- the cost to the Company and benefits related to the review of risk and associated controls of the Company; and
- the extent to which third parties operate the relevant controls.

A risk matrix has been produced against which the risks identified and the controls in place to mitigate those risks can be monitored. The risks are assessed on the basis of the likelihood of them happening, the impact on the business if they were to occur and the effectiveness of the controls in place to mitigate them. This risk matrix is reviewed twice a year by the Audit and Risk Committee and at other times as necessary.

The principal risks that have been identified by the Board are set out on pages 26 to 32.

The Board reviews financial information produced by the Investment Manager and the Administrator on a regular basis.

Most functions for the day-to-day management of the Company are subcontracted, and the Directors therefore obtain regular assurances and information from key third-party suppliers regarding the internal systems and controls operated in their organisations. In addition, each third party is requested to provide a copy of its report on internal controls each year, which is reviewed by the Audit and Risk Committee.

This statement was approved by the Board of Directors and signed on its behalf by:

Link Company Matters Limited
Company Secretary
26 March 2024

Audit and Risk Committee Report

I am pleased to present the Audit and Risk Committee Report for the year ended 31 December 2023.

RESPONSIBILITIES OF THE COMMITTEE

The primary responsibilities of the Committee are as follows:

- to monitor the integrity of the financial statements of the Company, the financial reporting process and the accounting policies of the Company;
- to review the content of the Annual Report and financial statements and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- to keep under review the effectiveness of the Company's internal control environment and risk management systems;
- to review the scope and effectiveness of the audit process undertaken by the Auditor;
- to make recommendations to the Board in relation to the appointment, reappointment or removal of the external Auditor and to approve its remuneration and terms of engagement;
- to review and monitor the Auditor's independence, objectivity and effectiveness; and
- to approve any non-audit services to be provided by the Auditor and monitor the level of fees payable in that respect.

ACTIVITIES IN THE YEAR

During the year, the Committee has:

- conducted a review of the internal controls and risk management systems of the Company and its third-party service providers;
- agreed the audit plan and fees with the Auditor in respect of the first and third quarter agreed upon procedures, the interim review of the Half-yearly Report for the period ended 30 June 2023 and the statutory audit of the Annual Report for the year ended 31 December 2023, including the principal areas of focus;
- received and discussed with the Auditor its report on the results of the review of the half-yearly financial statements and the year end audit;
- reviewed the Company's half-yearly and annual financial statements and recommended these to the Board for approval;
- examined in detail the methodology and assumptions applied in revaluing the assets of the Company;
- reviewed the valuation of the Company's assets on a quarterly basis;
- reviewed the Auditors' agreed-upon-procedures reports on aspects of the data underpinning the valuation process of the Company's assets for Q1 and Q3 of 2023; and
- reviewed and updated its terms of reference.

MEETINGS

The Committee met six times during the year under review and once following the year end.

Details of the composition of the Committee are set out in the Corporate Governance Statement on page 42.

SIGNIFICANT ISSUES

The Committee considered the following key issues in relation to the Company's financial statements during the year. A more detailed explanation of the consideration of the issues set out below, and the steps taken to manage them, is set out in the Principal Risks and Uncertainties on pages 26 to 32.

Valuation of unlisted investments

In the year under review, the Committee reviewed the valuation process of the Company's unlisted investments and the systems in place to ensure the accuracy of these valuations, particularly in view of the fact that the unlisted investments represent the principal element of the NAV. During the year, the Committee met on a quarterly as well as an ad hoc basis to conduct reviews of the investments held by the Company and was comfortable with the valuations given.

Internal controls

The Committee carefully considers the internal control systems by continually monitoring the services and controls of its third-party service providers.

The Committee reviewed, and where appropriate, updated the risk matrix during the year under review. This is done on a biannual basis. The Committee received a report on internal control and compliance from the Administrator and Registrar and no significant matters of concern were identified.

The Company does not have an internal audit function. During the year, the Committee reviewed whether an internal audit function would be of value and concluded that this would provide minimal additional comfort at considerable extra cost to the Company. While the Committee believes that the existing system of monitoring and reporting by third parties remains appropriate and adequate, it will continue, on an annual basis, to actively consider possible areas within the Company's controls environment which may need to be reviewed in detail.

Going concern and long-term viability of the Company

The Committee considered the Company's financial requirements for the next 12 months and concluded that it has sufficient resources to meet its commitments. Consequently, the financial statements have been prepared on a going concern basis. The Committee also considered the longer-term viability statement within the Annual Report for the year ended 31 December 2023, covering a five-year period, and the underlying factors and assumptions which contributed to the Committee deciding that this was an appropriate length of time to consider the Company's long-term viability. The Company's viability statement can be found on page 33.

Valuation of LumiraDx investment

During the year, the Committee monitored the Company's investment in LumiraDx, including the appointment of joint administrators to two of its subsidiaries, the acquisition by Roche of select parts of its business. The investment was written down as of 31 December 2023 to reflect the expected recoverable net proceeds discounted at an 21.7 per cent. rate to account for remaining risks. The Committee considered the impact this would have on the Company's financial statements and ensured that this was reflected appropriately. The closing of the acquisition with Roche is expected to close on or before 30 June 2024.

AUDIT FEES AND NON-AUDIT SERVICES PROVIDED BY THE AUDITOR

The Committee reviewed the audit plan and fees presented by the Auditor and considered its report on the financial statements. Total fees for the year payable to the Auditor amounted to $410,000. This figure includes non-audit fees of $50,000 in respect of the interim review of the Half-yearly Report and financial statements for the period ended 30 June 2023, $35,000 in respect of quarterly agreed upon procedures over investment valuations. In accordance with the Company's policy on the provision of non-audit services, all non-audit services provided by the Auditor during the year were approved in advance by the Directors. Further information on the fees paid to the Auditor is set out in Note 4 to the financial statements.

The non-audit services provided by the Auditor during the year under review were assurance related, and the Committee firmly believes that Ernst & Young ("EY") have been best placed to provide them on a timely and cost-effective basis to the benefit of shareholders.

EFFECTIVENESS OF THE EXTERNAL AUDIT

The Committee reviews the effectiveness of the external audit carried out by the Auditor on an annual basis. The Chairman of the Committee maintained regular contact with the Company's Audit Partner throughout the year and also met with them prior to the finalisation of the audit of the Annual Report and financial statements for the year ended 31 December 2023, without the Investment Manager present, to discuss how the external audit was carried out, the findings from such audit and whether any issues had arisen from the Auditor's interaction with the Company's various service providers.

INDEPENDENCE AND OBJECTIVITY OF THE AUDITOR

The Committee has considered the independence and objectivity of the Auditor and has conducted a review of non-audit services which the Auditor has provided during the year under review. The Committee receives an annual confirmation from the Auditor that its independence is not compromised by the provision of such non-audit services. Vincent Bergin is the Audit Partner allocated to the Company by EY. The audit of the financial statements for the year ended 31 December 2023 is his second audit as Audit Partner. The Committee is satisfied that the Auditor's objectivity and independence is not impaired by the performance of these non-audit services and that the Auditor has fulfilled its obligations to the Company and its shareholders.

REAPPOINTMENT OF THE AUDITOR

Following consideration of the performance of the Auditor, the services provided during the year and a review of its independence and objectivity, the Committee has recommended to the Board the reappointment of Ernst & Young, Chartered Accountants as Auditor to the Company.

Colin Bond
Audit and Risk Committee Chairman
26 March 2024

Remuneration Report

STATEMENT FROM THE CHAIRMAN

I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2023.

As set out in the Corporate Governance Statement on page 40, the Directors' remuneration is determined by the Board as a whole. The Board reviews Directors' fees on an annual basis, in December each year. During the year ended 31 December 2023, the annual fees were as follows:

Chairman	$110,300
Chairman of the Audit and Risk Committee	$93,800
Director	$77,200

The Board reviewed Directors' remuneration at its meeting in December 2023, taking into account a number of factors including recent and relevant benchmarking analysis produced by Trust Associates and the Company's Joint Broker, J.P. Morgan Cazenove; and broader inflationary increases since that time. Following consideration, the Board agreed that, with effect from 1 January 2024, the annual fee levels for the Chairman, the Chairman of the Audit and Risk Committee and for a Director should be increased by 7.5 per cent., rounded to the nearest $100.

Consequently, the revised fee levels for Directors' remuneration for the year ending 31 December 2024 will be as follows:

Chairman	$118,600
Chairman of the Audit and Risk Committee	$100,800
Director	$83,000

The Directors' Remuneration Report is put to a shareholder vote on an annual basis.

The Directors' Remuneration Policy is put to a shareholder vote in the first year of a company or in any year where there is to be a change to the policy and, in any event, at least once every three years. The Directors' Remuneration Policy was last approved by shareholders in 2021 and it will therefore be put to shareholders at the AGM to be held in June 2024. There will be no significant change in the way the current, approved Remuneration Policy will be implemented during the course of the next financial year. An ordinary resolution will be put to shareholders at the forthcoming annual general meeting to receive and approve the Directors' Remuneration Report.

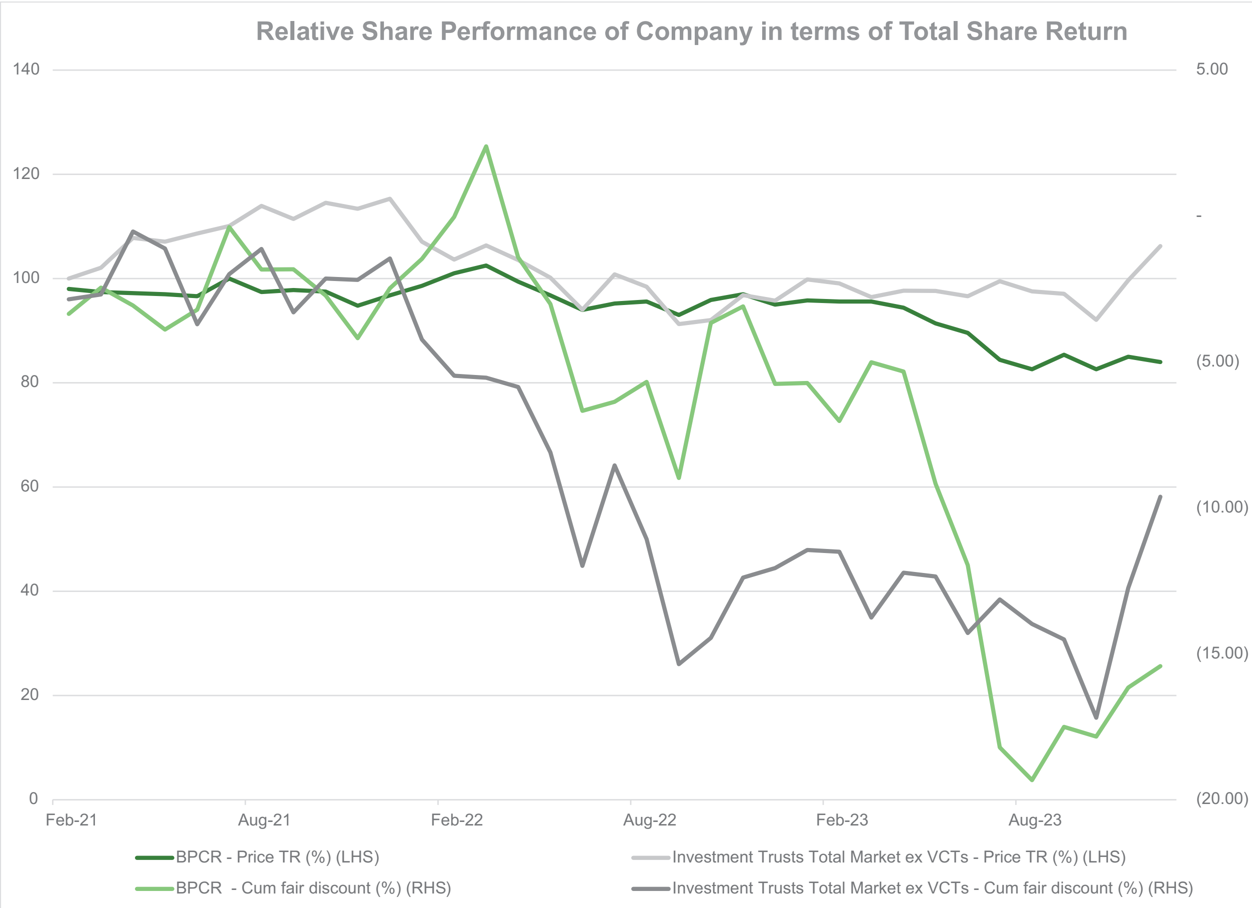
VOTING AT AGM

The Directors' Remuneration Report for the year ended 31 December 2023 was approved by shareholders at the AGM on 30 May 2023 and the Directors' Remuneration Policy was approved by shareholders at the AGM held on 17 June 2021. The votes cast by proxy were as follows:

	Directors Remuneration Report (2023)		Directors Remuneration Policy (2021)	
	Number of votes	**% of votes cast**	**Number of votes**	**% of votes cast**
For	583,832,967	99.98	613,712,139	99.99
Against	132,056	0.02	15,334	0.01
At Chairman's discretion	–	–	–	–
Total votes cast	583,965,023	100.00	613,727,473	100.00
Number of Votes withheld	62,993	–	669	–

PERFORMANCE OF THE COMPANY

The graph below compares the total return to Ordinary Shareholders compared to the Investment Trusts Total Market ex VCTs Indices as a market reference for investors.



DIRECTORS' REMUNERATION FOR THE YEAR ENDED 31 DECEMBER 2023 (AUDITED)

The remuneration paid to the Directors during the year ended 31 December 2023 is set out in the table below:

	Remuneration		**Expenses**		**Total**	
	Year ended 31 December 2023	Year ended 31 December 2022	**Year ended 31 December 2023**	Year ended 31 December 2022	**Year ended 31 December 2023**	Year ended 31 December 2022
Harry Hyman	110,300	105,000	6,049	4,067	116,349	109,067
Colin Bond	93,800	89,300	9,866	1,468	103,666	90,768
Duncan Budge	77,200	73,500	–	9,211	77,200	82,711
Stephanie Léouzon	77,200	73,500	5,827	5,375	83,027	78,875
Rolf Soderstrom	77,200	73,500	5,094	4,436	82,294	77,936
Sapna Shah[1]	60,137	–	3,883	–	64,020	–

[1] Appointed as a Director on 22 March 2023.

DIRECTORS' REMUNERATION FOR THE YEAR ENDED 31 DECEMBER 2023 (AUDITED) (CONTINUED)

The annual percentage change in remuneration paid to the Directors is set out in the table below (USD):

	Year ended 31 December 2023	Year ended 31 December 2022	**% Change from 2022 to 2023**	% Change from 2021 to 2022	**% Change over 5 years to 2023**
Harry Hyman	110,300	105,000	5%	5%	57.57%
Colin Bond	93,800	89,300	5%	5%	10.35%
Duncan Budge	77,200	73,500	5%	5%	10.29%
Stephanie Léouzon[1]	77,200	73,500	5%	5%	1,409.29%
Rolf Soderstrom[2]	77,200	73,500	5%	5%	277.28%
Sapna Shah[3]	60,137	–	–	–	–
Total	**495,837**	**414,800**	**20%**[4]	**5%**	**50.20%**

1 Ms Léouzon was appointed as a Director on 5 December 2018 where she was paid on a pro rata basis until the year ended 31 December 2018.

2 Mr Soderstrom was appointed as a Director on 16 September 2020 where he was paid on a pro rata basis until the year ended 31 December 2020.

3 Appointed as a Director on 22 March 2023.

4 Increase due to appointment of additional Director, Ms Shah, during the year.

RELATIVE IMPORTANCE OF SPEND ON PAY

The table below sets out in respect of the year ended 31 December 2023:

a) the remuneration paid to the Directors;

b) the Investment management fee;

c) the Investment Manager's performance fee; and

d) the distributions made to shareholders by way of dividend.

	Year ended 31 December 2023 $	Year ended 31 December 2022 $	**Change %**
Directors' remuneration	495,837	414,800	19.54
Investment management fee	13,198,675	13,639,719	(3.23)
Investment Manager's performance fee	12,044,346	20,254,996	(40.54)
Dividends paid to shareholders	89,772,752	156,536,836	(42.65)

The investment management fee and Investment Manager's performance fee have been selected as they represent a significant payment from the Company to its investment manager. Further details on their calculation can be found in note 4.

There is no requirement under the Company's Articles for Directors to hold Shares in the Company.

As at 31 December 2023, the interests of the Directors and any connected persons in the Ordinary Shares of the Company are set out below:

	Year ended 31 December 2023 Number of Shares	Year ended 31 December 2022 Number of Shares
Harry Hyman	103,333[1]	102,987[2]
Colin Bond	100,000	100,000
Duncan Budge	100,000[3]	100,000[3]
Stephanie Léouzon	–	–
Rolf Soderstrom	200,000[4]	200,000[4]
Sapna Shah	62,542	–

1. 3,333 of these shares are held by Anita Hyman, a connected person of Mr Hyman.
2. 2,987 of these shares were held by Anita Hyman, a connected person of Mr Hyman.
3. The legal and beneficial interest in 50% of Mr Budge's shares is held by Mrs Budge.
4. The legal and beneficial interest in 50% of Mr Soderstrom's shares is held by Linda Davey, a connected person of Mr Soderstrom.

Since 31 December 2023, Anita Hyman, a connected person of Mr Hyman, has acquired a further 235 Ordinary Shares in the Company.

None of the Directors or any persons connected with them had a material interest in the Company's transactions, arrangements or agreements during the year.

Remuneration Policy

INTRODUCTION

The Directors' Remuneration Policy is put to a shareholder vote at least once every three years and in any year if there is to be a change in the Directors' Remuneration Policy. A resolution to approve this Remuneration Policy was proposed at the annual general meeting of the Company held on 17 June 2021 and thus the policy will again be put to shareholders at the 2024 annual general meeting. The Company's proposed Remuneration Policy, as set out below, is substantially the same as the existing policy.

POLICY

The Company follows the recommendation of the AIC Code that Non-executive Directors' remuneration should reflect the time commitment and responsibilities of the role. The Board's policy is that the remuneration of Non-executive Directors should reflect the experience of the Board as a whole, and be determined with reference to comparable organisations and appointments.

All Directors are Non-executive, appointed under the terms of letters of appointment. There are no service contracts in place.

DIRECTORS' FEE LEVELS

The Company has no employees. In line with the majority of investment trusts, there are no performance conditions attached to the remuneration of the Directors as the Board does not consider such arrangements or benefits necessary or appropriate for Non-executive Directors.

The Board has set three levels of fees: for a Director, for the Chairman of the Audit and Risk Committee and for the Chairman of the Board. Fees are reviewed annually in accordance with the above policy. The fee for any new Director appointed to the Board will be determined on the same basis.

The approval of shareholders would be required to increase the aggregate limit of $750,000, as set out in the Company's Articles. The Company is committed to ongoing shareholder dialogue and any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board when reviewing the Directors' Remuneration Policy and in the annual review of Directors' fees.

APPROVAL

The Directors' Remuneration Report was approved by the Board and signed on its behalf by:

Harry Hyman
Chairman
26 March 2024

Statement Of Directors' Responsibilities

In respect of the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK adopted International Accounting Standards ("UK IAS").

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK IASs have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006. The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' CONFIRMATIONS

The Directors consider that the Annual Report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Each of the directors, whose names and functions are listed in the Board of Directors section on page 36 confirm that, to the best of their knowledge:

- the company financial statements, which have been prepared in accordance with UK IASs, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board

Harry Hyman
Chairman
26 March 2024

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIOPHARMA CREDIT PLC

OPINION

We have audited the financial statements of BioPharma Credit PLC for the year ended 31 December 2023 which comprise the Statement of comprehensive income, the Statement of changes in equity, the Statement of financial position, Statement of cash flows and the related notes 1 to 19, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- assessing the relevance and reliability of underlying data and key assumptions used in managements valuation model, such as income forecasts and discount rates used;
- evaluating management's plans for future actions in relation to their going concern assessment;
- assessing market altering factors such as pandemics by looking at the operational impact; and
- assessing the appropriateness of the going concern disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

OVERVIEW OF OUR AUDIT APPROACH

Key audit matters
• Valuation of unlisted investments • End User Computing related to valuation of unlisted investments
Materiality
• Overall materiality of $13.4 million which represents 1% of net assets.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

TAILORING THE SCOPE

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

CLIMATE CHANGE

Stakeholders are increasingly interested in how climate change will impact companies. The Company has determined that the most significant future impacts from climate change on its operations will be from the Company's generally limited ability to influence its portfolio companies. The Company's ESG programme and sustainability plan is explained on pages 16-19 in the Strategic Report. These disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the company's business and any consequential material impact on its financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Valuation of unlisted investments ($1,203m PY comparative $1,224m) Refer to the Audit Committee Report (page 45); Accounting policies (page 64); and Note 7 of the Financial Statements (page 73) There is a risk of material misstatement relating to management override of controls over the calculation of the rate used to discount future cash flows for unlisted investments, and the estimation of the timing of those cash flows. The process involves manual input of a discount rate and the expected future timing of those cash flows. The discount rate has a high likelihood of material misstatement due to complexity and subjectivity of the judgements made across a number of investments. We identified this risk as having an element of management override of control and hence this significant risk is also a fraud risk.	To test the valuation of unlisted investments, our audit procedures included, among others: • gaining an understanding of the controls over the discount rates applied and the risk of management override of such controls • reviewing the latest available information for each of the borrowers, in particular focusing on evidence of changes in credit risk, including through incremental borrowing from third parties • considering evidence of changes in general market rates arising from transactions involving third parties • for cash flows dependent on product sales, obtaining and reviewing underlying analyst reports used as part of the future cash flow expectations • considering whether likely changes in cash flows have been taken into account in management's estimates • involving a valuation team with specialised knowledge in assessing the discount rates applied to certain loans, and reviewing and challenging any observations made on their reasonableness • performing sensitivity analysis of the impact of changes in certain assumptions used on the fair value in the model	We concluded that the valuation of unlisted investments is materially correct on the basis of our procedures performed.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
End User Computing related to valuation of unlisted investments ($1,203m, PY comparative $1,224m) Refer to the Audit Committee Report (page 45); Accounting policies (page 64); and Note 7 of the Financial Statements (page 73) There is a risk of errors in the asset model which drives the fair value of the unlisted investments, disclosed discount rates, and discount rate sensitivities. The asset models are prepared in Microsoft Excel and are of a manual nature which involve complex calculations and manual inputs and are subject to error.	To test the end user computing models, our audit procedures included, among others, • We held discussions with the investment manager to understand the manual inputs to the asset model and assessed the controls in place to ensure the inputs used in the calculations are correct • We reperformed model calculations to consider whether they were materially correct • We agreed key inputs to the models to agreements or other supporting documentation	We concluded that the valuation of unlisted investments, disclosed discount rates, and discount rate sensitivities are materially correct on the basis of our procedures performed.

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

MATERIALITY

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be $13.4 million, which is 1% of net assets. We believe that net assets provide us with an appropriate basis for materiality as it is an important measure of performance for users of the financial statements.

PERFORMANCE MATERIALITY

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely $6.7m. We have set performance materiality at this percentage to ensure that the risk of errors exceeding performance materiality was appropriately managed and the basis is in line with last year.

REPORTING THRESHOLD

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of $0.67m, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

CORPORATE GOVERNANCE STATEMENT

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 33;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 33;
- Directors' statement on fair, balanced and understandable set out on page 52;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 26;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 44; and
- The section describing the work of the audit committee set out on page 45.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 52, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Corporation Tax Act 2010, the Companies Act 2006, Listing Requirements of the London Stock Exchange, the AIC SORP 2021 and the UK Corporate Governance Code 2018.
- We understood how the Company is complying with those frameworks by making enquiries of management, to understand how the Company maintains and communicates its policies and procedures in these areas, and corroborated this by reviewing supporting documentation such as the compliance manual, correspondence with relevant authorities and minutes of meetings of the Board of Directors and of the audit committee. We also attended meetings of the audit committee during the period.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by discussing with management to understand where they considered there was a susceptibility to fraud; and assessing any whistleblowing incidences for those with a potential financial reporting impact. We considered the internal control environment of the group to address material misstatements, or that otherwise prevent, deter and detect fraud and how management monitors these controls including the risk of management override of controls.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquiries of management, external legal counsel, and those charged with governance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

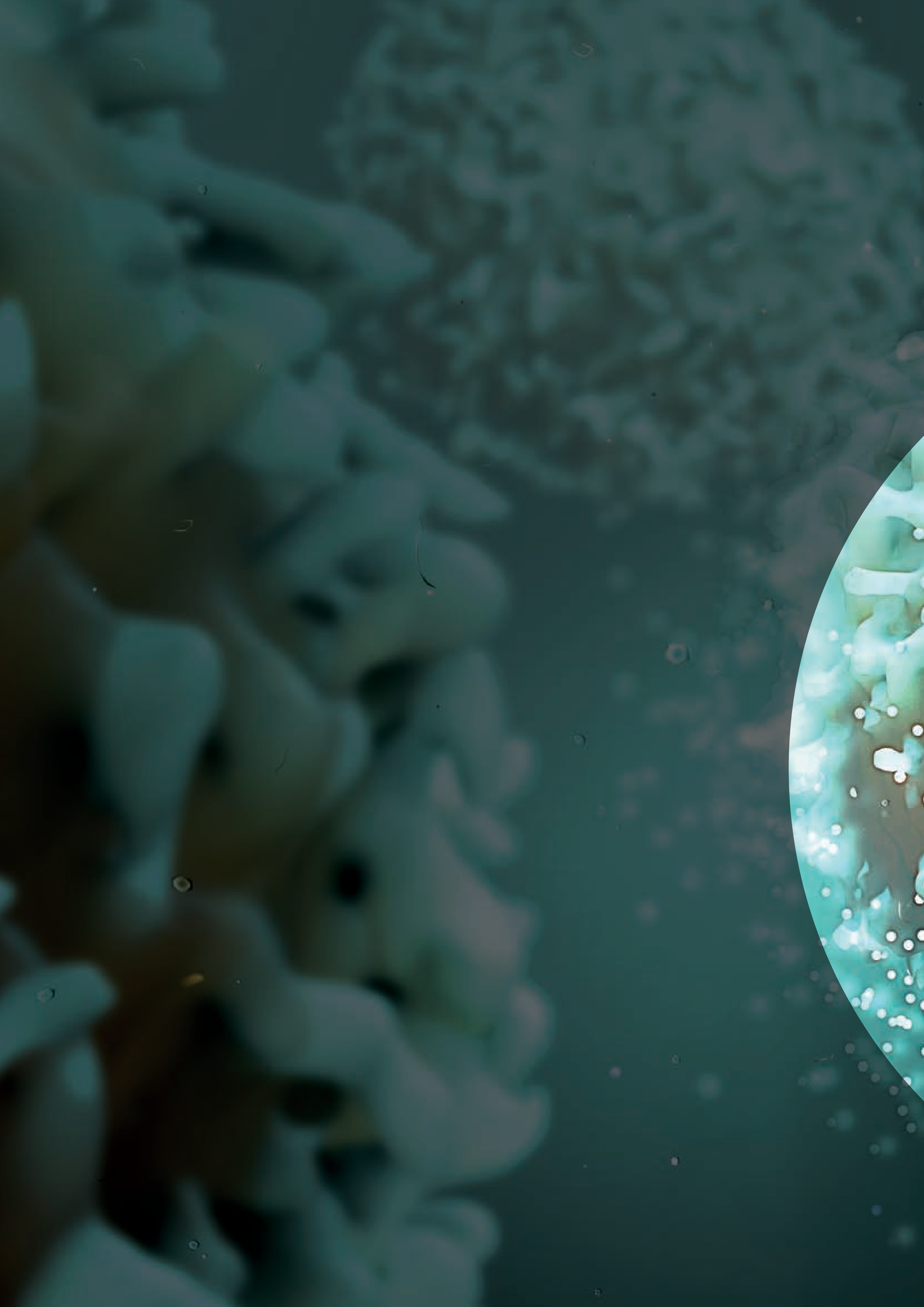
OTHER MATTERS WE ARE REQUIRED TO ADDRESS

- Following the recommendation from the audit committee, we were appointed by the Company on 9 June 2022 to audit the financial statements for the year ending 31 December 2022 and subsequent financial periods.
- The audit opinion is consistent with the additional report to the audit committee.

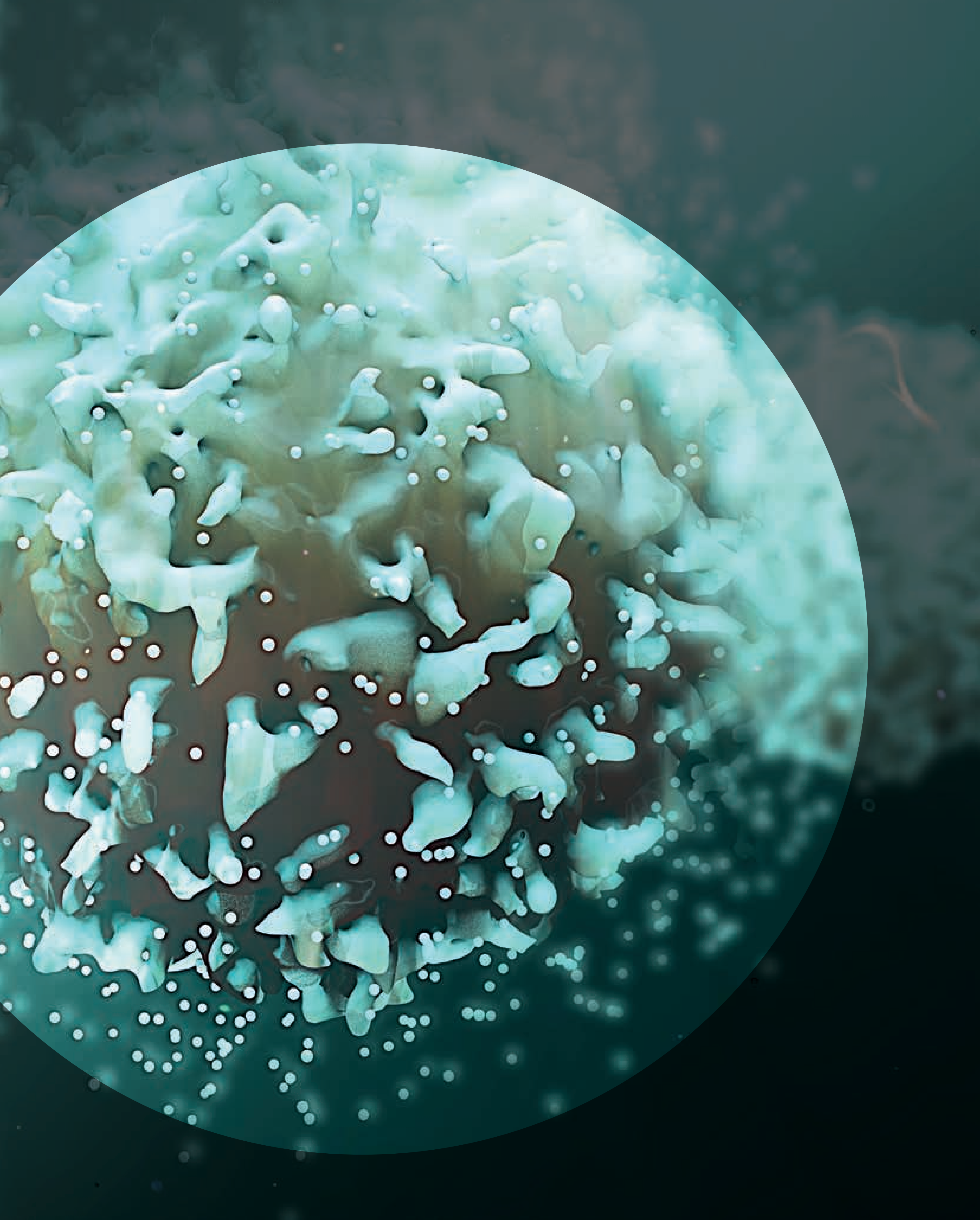
USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Vincent Bergin (Senior statutory auditor)
for and on behalf of Ernst & Young~Chartered Accountants and Statutory Auditor
Dublin
26 March 2024



FINANCIAL STATEMENTS



Statement of comprehensive income

For the year ended 31 December 2023 (in $000s except per share amounts)

		Year ended 31 December 2023			Year ended 31 December 2022		
	Note	**Revenue**	**Capital**	**Total**	Revenue	Capital	Total
Income							
Investment income	3	155,358	–	155,358	211,077	–	211,077
Other income	3	4,324	–	4,324	1,145	–	1,145
Net (losses)/gains on investments at fair value	7	–	(23,945)	(23,945)	–	5,947	5,947
Net currency exchange losses		–	(7)	(7)	–	(29)	(29)
Total income/(expense)		**159,682**	**(23,952)**	**135,730**	**212,222**	**5,918**	**218,140**
Expenses							
Management fee	4	(13,199)	–	(13,199)	(13,640)	–	(13,640)
Performance fee	4	(12,044)	–	(12,044)	(20,255)	–	(20,255)
Directors' fees	4	(496)	–	(496)	(415)	–	(415)
Other expenses	4	(1,541)	–	(1,541)	(1,519)	–	(1,519)
Total expenses		**(27,280)**	**–**	**(27,280)**	**(35,829)**	**–**	**(35,829)**
Return on ordinary activities after finance costs and before taxation		**132,402**	**(23,952)**	**108,450**	**176,393**	**5,918**	**182,311**
Taxation on ordinary activities	5	–	–	–	–	–	–
Return on ordinary activities after finance costs and taxation		**132,402**	**(23,952)**	**108,450**	**176,393**	**5,918**	**182,311**
Net revenue and capital return per ordinary share (basic and diluted)	11	**$0.1011**	**($0.0183)**	**$0.0828**	**$0.1293**	**$0.0043**	**$0.1336**

The total column of this statement is the Company's Statement of Comprehensive Income prepared in accordance with UK IAS. The supplementary revenue and capital columns are presented for information purposes as recommended by the Statement of Recommended Practice ("SORP") issued by the Association of Investment Companies ("AIC").

All items in the above Statement derive from continuing operations.

There is no other comprehensive income, and therefore the return on ordinary activities after finance costs and taxation is also the total comprehensive income.

The notes on pages 64 to 89 form part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2023 (In $000s)

For the year ended 31 December 2023	Note	Share capital	Share premium account	Special distributable reserve*	Capital reserve	Revenue reserve*	Total equity attributable to shareholders of the Company
Net assets attributable to shareholders at 1 January 2023		13,739	607,125	670,529	2,161	43,899	1,337,453
Return on ordinary activities after finance costs and taxation		–	–	–	(23,952)	132,402	108,450
Dividends paid to Ordinary Shareholders**	6	–	–	–	–	(89,773)	(89,773)
Cost of shares bought back for treasury		–	–	(15,269)	–	–	(15,269)
Net assets attributable to shareholders at 31 December 2023		**13,739**	**607,125**	**655,260**	**(21,791)**	**86,528**	**1,340,861**

For the year ended 31 December 2022	Note	Share capital	Share premium account	Special distributable reserve*	Capital reserve	Revenue reserve*	Total equity attributable to shareholders of the Company
Net assets attributable to shareholders at 1 January 2022		13,739	607,125	726,239	(3,757)	20,371	1,363,717
Return on ordinary activities after finance costs and taxation		–	–	–	5,918	176,393	182,311
Dividends paid to Ordinary Shareholders	6	–	–	(3,672)	–	(152,865)	(156,537)
Cost of shares bought back for treasury		–	–	(52,038)	–	–	(52,038)
Net assets attributable to shareholders at 31 December 2022		**13,739**	**607,125**	**670,529**	**2,161**	**43,899**	**1,337,453**

* The special distributable and revenue reserves can be distributed in the form of a dividend.

** 2023 Dividends paid to ordinary shareholders does not include the dividend paid on 5 January 2024.

The notes on pages 64 to 89 form part of these financial statements.

Statement of financial position

As at 31 December 2023 (In $000s except per share amounts)

	Note	31 December 2023	31 December 2022
Non-current assets			
Investments at fair value through profit or loss	7	1,201,362	1,223,651
		1,201,362	**1,223,651**
Current assets			
Trade and other receivables	8	20,317	19,838
Cash and cash equivalents	9	135,053	120,527
		155,370	**140,365**
Total assets		**1,356,732**	**1,364,016**
Current liabilities			
Trade and other payables	10	15,871	26,301
Total current liabilities		**15,871**	**26,301**
Total assets less current liabilities		**1,340,861**	**1,337,715**
Non-current liabilities			
Deferred income	10	–	262
Net assets		**1,340,861**	**1,337,453**
Represented by:			
Share capital	13	13,739	13,739
Share premium account		607,125	607,125
Special distributable reserve		655,260	670,529
Capital reserve		(21,791)	2,161
Revenue reserve		86,528	43,899
Total equity attributable to shareholders of the Company		**1,340,861**	**1,337,453**
Net asset value per ordinary share (basic and diluted)	12	**$1.0293**	**$1.0139**

The financial statements of BioPharma Credit PLC registered number 10443190 were approved and authorised for issue by the Board of Directors on 26 March 2024 and signed on its behalf by:

Harry Hyman
Chairman

26 March 2024

The notes on pages 64 to 89 form part of these financial statements.

Cash flow statement

For the year ended 31 December 2023 (In $000s)

	Note	**Year ended 31 December 2023**	Year ended 31 December 2022
Cash flows from operating activities			
Investment income received		154,835	210,780
Other income received		4,051	954
Investment management fee paid		(13,264)	(13,723)
Performance fee paid		(20,255)	(2,222)
Other expenses paid		(2,185)	(1,570)
Change in amounts due from BPCR Limited Partnership		–	(9,942)
Net cash flow generated from operating activities	15	**123,182**	**184,277**
Cash flow from investing activities			
Purchase of investments*		(36,656)	(100,000)
Sales of investments*	7	35,000	148,194
Net cash flow (used in)/generated from investing activities		**(1,656)**	**48,194**
Cash flow from financing activities			
Dividends paid to Ordinary shareholders	6	(89,773)	(156,537)
Share buybacks		(17,220)	(50,087)
Net cash flow used in financing activities		**(106,993)**	**(206,624)**
Increase in cash and cash equivalents for the year		**14,533**	**25,847**
Cash and cash equivalents at start of year	9	120,527	94,709
Revaluation of foreign currency balances		(7)	(29)
Cash and cash equivalents at end of year	9	**135,053**	**120,527**

* BPCR Limited Partnership investments not included.

The notes on pages 64 to 89 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2023

1. GENERAL INFORMATION

BioPharma Credit PLC is a closed-ended investment company incorporated and domiciled in England and Wales on 24 October 2016 with registered number 10443190. The registered office of the Company is 6th Floor, 65 Gresham Street, London, United Kingdom, EC2V 7NQ.

The Company carries on the business as an investment trust company within the meaning of Sections 1158/1159 of the Corporation Tax Act 2010.

The Company is the ultimate parent of the group, with three subsidiaries. Please see note 14 for further information.

The Company's Investment Manager is Pharmakon Advisors, LP ("Pharmakon" or the "Investment Manager"). Pharmakon is a limited partnership established under the laws of the State of Delaware. It is registered as an investment adviser with the Securities and Exchange Commission ("SEC") under the United States Investment Advisers Act of 1940, as amended.

Pharmakon is authorised as an Alternative Investment Fund Manager ("AIFM") under the Alternative Investment Fund Managers Directive ("AIFMD"). Pharmakon has, with the consent of the Directors, delegated certain administrative duties to Link Alternative Fund Administrators Limited.

2. ACCOUNTING POLICIES

A) BASIS OF PREPARATION

The Company's annual financial statements cover the year from 1 January 2023 to 31 December 2023 and have been prepared in accordance with UK-adopted International Accounting Standards (UK IAS) and as applied in accordance with the Disclosure Guidance Transparency Rules sourcebook of the Financial Conduct Authority ("FCA") and the AIC SORP (issued in July 2022) for the financial statements of investment trust companies and venture capital trusts, except to any extent where it is not consistent with the requirements of UK IAS. The financial statements have been prepared in accordance with the Companies Act 2006, as applicable to companies reporting under those standards.

The financial statements are presented in US dollars, being the functional currency of the Company and rounded to the nearest thousand, except where otherwise indicated. The financial statements have been prepared on a going concern basis under the historical cost convention, except for the measurement at fair value of investments measured at fair value through profit or loss.

ASSESSMENT AS AN INVESTMENT ENTITY

Entities that meet the definition of an investment entity within IFRS 10 'Consolidated Financial Statements' are required to measure their subsidiaries at fair value through profit or loss rather than consolidate the entities. The criteria which define an investment entity are as follows:

- an entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- an entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- an entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Directors have concluded that the Company meets the characteristics of an investment entity, in that it has more than one investor and its investors are not related parties; holds a portfolio of investments, predominantly in the form of loans which generates returns through interest income. All investments, including its subsidiary BPCR Limited Partnership, are reported at fair value to the extent allowed by UK IAS.

B) PRESENTATION OF STATEMENT OF COMPREHENSIVE INCOME

In order to better reflect the activities of an investment trust company and in accordance with guidance issued by the AIC, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been prepared alongside the Income Statement.

C) SEGMENTAL REPORTING

The Directors are of the opinion that the Company has one operating and reportable segment being the investment in debt assets secured by royalties or other cash flows derived from the sales of approved life sciences products.

2. ACCOUNTING POLICIES (CONTINUED)

D) INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The principal activity of the Company is to invest in interest-bearing debt assets with a contractual right to future cash flows derived from royalties or sales of approved life sciences products. Most of the Company's investments are held indirectly via its subsidiary, BPCR Limited Partnership. In accordance with UK IAS, the financial assets are measured at fair value through profit or loss. They are accounted for on their trade date at fair value, which is equivalent to the cost of the investment. The fair value of the asset reflects any contractual amortising balance.

The fair value hierarchy consists of the following three levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Valuation techniques using observable inputs
- Level 3 – Valuation techniques using significant unobservable inputs

Level 1 investments are priced by unadjusted quoted prices in active markets.

Level 2 investments may be valued using market data obtained from external, independent sources. The data used could include quoted prices for similar assets and liabilities in active markets, prices for identical or similar assets and liabilities in inactive markets, or models with observable inputs.

For unlisted level 3 investments where the market for a financial instrument is not active, fair value is established using valuation techniques in accordance with the International Private Equity and Venture Capital Valuation ("IPEV") Guidelines (issued in December 2022), which may include recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. Where there is a valuation technique commonly used by market participants to price the instrument and that technique has proved reliable from estimates of prices obtained in actual market transactions, that technique is utilised. More information can be found in Note 2(n) below.

Unlisted investments often require the manager to make estimates and judgements and apply assumptions or subjective judgement to future events and other matters that may affect fair value. For unlisted investments valued using a discounted cash flow analysis, the key judgements are the size of the market, pricing, projected sales of the product at trade date and future growth and other factors that will support the repayment of a senior secured or royalty debt instrument.

Changes in the fair value of investments held at fair value through profit or loss, and gains or losses on disposal, are recognised in the Statement of Comprehensive Income as gains or losses from investments held at fair value through profit or loss. Transaction costs incurred on the purchase and disposal of investments are included within the cost or deducted from the proceeds of the investments. All purchases and sales are accounted for on trade date.

E) FOREIGN CURRENCY

Transactions denominated in currencies other than US dollars are recorded at the rates of exchange prevailing on the date of the transaction. Items which are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Any gain or loss arising from a change in exchange rate subsequent to the date of the transaction is included as an exchange gain or loss in the Statement of Comprehensive Income.

F) INCOME

There are six main sources of revenue for the Company: interest income, income from subsidiaries, royalty revenue, make-whole and prepayment income, dividends and paydown fees.

Interest income is recognised when it is probable that the economic benefits will flow to the Company. Interest is accrued on a time basis, by reference to the principal outstanding and the effective interest rate that is applicable. Accrued interest is included within trade and other receivables on the Statement of Financial Position.

2. ACCOUNTING POLICIES (CONTINUED)

F) INCOME (CONTINUED)

The Company recognises accrued income for investments that it holds directly. The Company also holds an investment in BPCR Limited Partnership, its wholly owned subsidiary which it measures at fair value through profit or loss rather than consolidate. BPCR Limited Partnership also recognises accrued income for investments it holds directly. When the accrued income is recorded at BPCR Limited Partnership, the Company recognises the income in capital within the Statement of Comprehensive Income. When the Company's right to receive the income is established, funds are transferred from the Partnership to the Company and income is transferred to revenue within the Statement of Comprehensive Income.

Royalty revenue is recognised on an accruals basis in accordance with the substance of the relevant agreement provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Make-whole and prepayment income is recognised when payments are received by BPCR Limited Partnership and transferred from the Partnership to the Company and is recorded to revenue within the Statement of Comprehensive Income.

Dividends are receivable on equity shares and recognised on the ex-dividend date. Where no ex-dividend date is quoted, dividends are recognised when the Company's right to receive payment is established. Dividends from investments in unquoted shares and securities are recognised when they become receivable.

Some investments include additional consideration in the form of structuring fees, which are paid on completion of the transaction. As the investments are classified as level 3 in the fair value hierarchy, there is no observable evidence of the fair value of the investments excluding the fees, therefore the fees should be included in the day one fair value of the investments. Such fees are included in the fair value of the investment and released to the Statement of Comprehensive Income over the life of the investment. We consider incorporating the fees in the fair value gains and losses over the life of the loans to be more reflective of the period over which the benefit is received. These fees are allocated to revenue within the Statement of Comprehensive Income.

Bank interest and other interest receivable are accounted for on an accruals basis.

G) DIVIDENDS PAID TO SHAREHOLDERS

The Company intends to pay dividends in US Dollars on a quarterly basis, however, shareholders can elect to have dividends paid in sterling. The Company may, where the Directors consider it appropriate, use the reserve created by the cancellation of its share premium account to pay dividends.

The Company intends to comply with the requirements for maintaining investment trust status for the purposes of section 1158 of the Corporation Tax Act 2010 (as amended) regarding distributable income. As such, the Company will distribute amounts such that it does not retain in respect of an accounting period an amount greater than 15 per cent. of its income (as calculated for UK tax purposes) for that period.

H) EXPENSES

All expenses are accounted for on an accruals basis, with the exception of director's expenses, which are accounted for on a cash basis. Expenses, including investment management fees, performance fees and finance costs, are charged through the revenue account except as follows:

- expenses which are incidental to the acquisition or disposal of an investment are treated as capital costs and separately identified and disclosed in Note 4; and
- expenses of a capital nature are accounted for through the capital account.

The performance fee is calculated in accordance with the details in Note 4(b) below. Any performance fee triggered, whether payable or deferred, is recognised in the Statement of Comprehensive Income. Where a performance fee is payable it is treated as a current liability in the Statement of Financial Position. Where a performance fee is deferred, it is treated as a non-current liability in the Statement of Financial Position. It becomes payable to the Investment Manager at the end of the first performance period in respect to which the compounding condition is satisfied.

I) TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised and carried at amortised cost as the Company collects contractual interest payments from its borrowers. An allowance for estimated unrecoverable amounts are measured and recognised where necessary. The Company assesses, on a forward-looking basis, the expected losses associated with its trade and other receivables.

2. ACCOUNTING POLICIES (CONTINUED)

J) CASH AND CASH EQUIVALENTS

Cash comprises cash in hand, and demand deposits. Cash equivalents are short-term with original maturities of three months or less and highly liquid investments, that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Cash and cash equivalents includes interest and income from money market funds.

K) TRADE AND OTHER PAYABLES

Trade and other payables are recognised and carried at amortised cost, do not carry any interest and are short-term in nature.

L) TAXATION

It is the intention of the Directors to conduct the affairs of the Company so as to satisfy the conditions by HMRC as an investment trust under section 1158 of the Corporation Tax Act 2010 (as amended) and pursuant to regulations made under section 1159 of the Corporation Tax Act 2010. The Company may, if it so chooses, designate as an 'interest distribution' all or part of the amount it distributes to shareholders as dividends, to the extent that it has 'qualifying interest income' for the accounting period. Were the Company to designate any dividend it pays in this manner, it should be able to deduct such interest distributions from its income in calculating its taxable profit for the relevant accounting period. The Company intends to elect for the 'streaming' regime to apply to the dividend payments it makes to the extent that it has such 'qualifying interest income'. Shareholders in receipt of such a dividend will be treated, for UK tax purposes, as though they had received a payment of interest, which results in a reduction of the corporation tax payable by the Company.

Tax on the profit or loss for the year comprises current and deferred tax. Corporation tax is recognised in the Statement of Comprehensive Income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous periods. The tax effect of different items of expenditure is allocated between revenue and capital on the same basis as the particular item to which it relates, using the Company's marginal method of tax, as applied to those items allocated to revenue, for the accounting period.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

M) SHARE CAPITAL AND RESERVES

The share capital represents the nominal value of the Company's ordinary shares.

The share premium account represents the excess over nominal value of the fair value of consideration received for the Company's ordinary shares, net of expenses of the share issue. This reserve cannot be distributed.

The special distributable reserve was created on 29 June 2017 to enable the Company to buy back its own shares and pay dividends out of such distributable reserve, in each case when the Directors consider it appropriate to do so, and for other corporate purposes.

The capital reserve represents realised and unrealised capital and exchange gains and losses on the disposal and revaluation of investments and of foreign currency items. The realised capital reserve can be used for the repurchase of shares. This reserve cannot be distributed.

The revenue reserve represents retained profits from the income derived from holding investment assets less the costs and interest on cash balances associated with running the Company. This reserve can be distributed.

2. ACCOUNTING POLICIES (CONTINUED)

N) CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements in conformity with UK IAS requires the Directors to make accounting estimates which will not always equal the actual results. The Directors also need to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity and of items which are more likely to be materially adjusted due to estimates and judgements included in other notes, together with information about the basis of calculation for each line in the financial statements.

JUDGEMENTS

Using the criteria in Note 2(a) above, the Directors have judged that the Company meets the characteristics of an investment entity, in that it has more than one investor and its investors are not related parties; holds a portfolio of investments, predominantly in the form of loans which generates returns through interest income.

ESTIMATES AND ASSUMPTIONS

In particular, judgements and estimates are made in determining the fair valuation of unquoted investments for which there is no observable market and may cause material adjustments to the carrying value of those investments. Determining fair value of investments with unobservable market inputs is an area involving management judgement, requiring assessment as to whether the value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made including management's expectations of short and long term growth rates in product sales and the selection of discount rates to reflect the risks involved. Additionally, when the issuer of an unlisted investment held is subject to a takeover bid which, if completed, would entitle the company to additional income such as make-whole premium, or would otherwise change the timing of receipt of cashflows, the company is required to estimate the likelihood of such a bid being successful, and the timing of transaction completion. These are valued in accordance with Note 2(d) above and using the valuation techniques described in Note 7 below.

Also, estimates including cash flow projections, discount rates and growth rates in product sales are made when determining any deferred performance fee; this may be affected by future changes in the Company's portfolio and other assets and liabilities.

Any deferred performance fee is calculated in accordance with Note 4(b) below and is recognised in accordance with Note 2(h) above.

These judgements and estimates are reviewed on an ongoing basis. Revisions to these judgements and estimates are also reviewed on an ongoing basis. Revisions are recognised prospectively..

O) ACCOUNTING STANDARDS NOT YET EFFECTIVE

There are no standards or amendments not yet effective which have a material impact on the Company.

The standards or amendments not yet effective that will be adopted on their effective date are:

- Amendment to IAS1, presentation of financial statements on classification of liabilities, effective from 1 January 2024 clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period.

3. INCOME

	Year ended 31 December 2023 $000	Year ended 31 December 2022 $000
Income from investments		
US unfranked investment income from BPCR Limited Partnership	155,061	210,780
Additional consideration received*	297	297
	155,358	211,077
Other income		
Interest income from liquidity/money market funds	2,988	487
Interest income from US treasury bonds	1,325	657
Other interest	11	1
	4,324	1,145
Total income	**159,682**	**212,222**

* In 2023, $297,000 was recorded as additional income from the Company's investment in OptiNose Warrants (2022: $297,000).

4. FEES AND EXPENSES

EXPENSES

	Year ended 31 December 2023			Year ended 31 December 2022		
	Revenue $000	Capital $000	Total $000	Revenue $000	Capital $000	Total $000
Management fee (note 4a)	13,199	–	13,199	13,640	–	13,640
Performance fee (note 4b)	12,044	–	12,044	20,255	–	20,255
Directors' fees (note 4c)	496	–	496	415	–	415
Other expenses						
Company Secretarial fee	95	–	95	89	–	89
Administration fee	135	–	135	132	–	132
Legal & professional fees	99	–	99	114	–	114
Public relations fees	175	–	175	200	–	200
Director's and Officer's liability insurance	128	–	128	180	–	180
Auditors' remuneration – Statutory audit	325	–	325	283	–	283
Auditors' remuneration – Other audit related services – Half year review and agreed upon procedures	85	–	85	85	–	85
VAT	1	–	1	36	–	36
Listing fee	–	–	–	–	–	–
Other expenses	498	–	498	400	–	400
	1,541	–	1,541	1,519	–	1,519
Total expenses	**27,280**	**–**	**27,280**	**35,829**	**–**	**35,829**

4. FEES AND EXPENSES (CONTINUED)

A) INVESTMENT MANAGEMENT FEE

With effect from the Initial Admission, the Investment Manager is entitled to a management fee ("Management Fee") calculated on the following basis: (1/12 of 1 per cent of the NAV on the last business day of the month in respect of which the Management Fee is to be paid (calculated before deducting any accrued Management Fee in respect of such month)) minus (1/12 of $100,000).

The Management Fee payable in respect of any quarter will be reduced by an amount equal to the Company's pro rata share of any transaction fees, topping fees, break-up fees, investment banking fees, closing fees, consulting fees or other similar fees which the Investment Manager (or an affiliate) receives in connection with transactions involving investments of the Company ("Transaction Fees"). The Company's pro rata share of any Transaction Fees will be in proportion to the Company's economic interest in the investment(s) to which such Transaction Fees relate.

B) PERFORMANCE FEE

Subject to: (i) the NAV attributable to the Ordinary Shares as at the end of a performance period representing a minimum of 6 per cent. annualised rate of return on the Company's IPO gross proceeds (adjusted for dividends, share issues and buybacks as appropriate), (ii) the total return on the NAV attributable to the Ordinary Shares (adjusted for dividends, share issues and buybacks as appropriate) exceeding 6 per cent. over such performance period, and (iii) a high watermark, the Investment Manager will be entitled to receive a performance fee equal to the lesser of: (a) 50 per cent. of the total return above 6 per cent; and (b) 10 per cent. of the total return over such performance period provided always that the amount of any performance fee payable to the Investment Manager will be reduced to the extent necessary to ensure that after account is taken of such fee, condition (iii) above remains satisfied.

Where the Investment Manager is not entitled to a performance fee solely because condition (i) has not been satisfied, such fee will be deferred and paid in a subsequent performance period in which such condition is satisfied. Where condition (i) is satisfied in a performance period but the payment of a performance fee (or any deferred performance fee from previous performance periods) in full would result in that condition failing, the Investment Manager shall be entitled to such a portion of such fee that does not result in the failure of the condition (i) above and the balance would be deferred to a future performance period.

Any performance fee (whether deferred or otherwise) shall be paid as soon as practicable after the end of the relevant performance period and, in any event, within 15 business days of the publication of the Company's audited annual financial statements relating to such period.

Where the payment of performance fee (or any deferred performance fee from previous performance periods) in full would result in the failure of condition (i) above, the Investment Manager shall only be entitled to 50 per cent. of such fee that does not result in the failure of condition (i) with the balance being deferred to a future performance period.

If, during the last month of a performance period, the Shares have, on average, traded at a discount of 1 per cent. or more to the NAV per Share (calculated by comparing the middle market quotation of the Shares at the end of each business day in the month to the prevailing published NAV per Share (exclusive of any dividend declared) as at the end of such business day and averaging this comparative figure over the month), the Investment Manager shall (or shall procure that its Associate does) apply 50 per cent. of any Performance Fee paid by the Company to the Investment Manager (or its Associate) in respect of that performance period (net of all taxes and charges applicable to such portion of the Performance Fee) to make market acquisitions of Shares (the "Performance Shares") as soon as practicable following the payment of the Performance Fee by the Company to the Investment Manager (or its Associate) and at least until such time as the Shares have, on average, traded at a discount of less than 1 per cent. to the NAV per Share over a period of five business days (calculated by comparing the middle market quotation of the Shares at the end of each such business day to the prevailing published NAV per Share (exclusive of any dividend declared) and averaging this comparative figure over the period of five business days). The Investment Manager's obligation:

1) shall not apply to the extent that the acquisition of the Performance Shares would require the Investment Manager to make a mandatory bid under Rule 9 of the Takeover Code; and

2) shall expire at the end of the performance period which immediately follows the performance period to which the obligation relates.

4. FEES AND EXPENSES (CONTINUED)

B) PERFORMANCE FEE (CONTINUED)

The below table shows the accrued and payable performance fee.

	As at 31 December 2023 $000	As at 31 December 2022 $000
Accrued performance fee	12,044	20,255
Performance fee payable	12,044	20,255

C) DIRECTORS

Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. The Directors' remuneration for 2023 is $77,200 per annum for each Director other than:

- the Chairman, who will receive in 2023 an additional $33,100 per annum; and
- the Chairman of the Audit and Risk Committee, who will receive in 2023 an additional $16,600 per annum.

5. TAXATION ON ORDINARY ACTIVITIES

It is the intention of the Directors to conduct the affairs of the Company so as to satisfy the conditions for approval of the Company by HMRC as an investment trust under Section 1158 of the Corporation Tax Act 2010 (as amended) and pursuant to regulations made under Section 1159 of the Corporation Tax Act 2010. As an investment trust, the Company is exempt from corporation tax on capital gains.

The current taxation charge for the year is different from the standard rate of corporation tax in the UK of 25 per cent, the effective tax rate was 0 per cent. The differences are explained below.

There has been an increase in the UK corporation tax rate from 19 per cent. to 25 per cent. during the year, effective from April 2023, which was substantively enacted on 24 May 2021. This will have no effect on the tax charge for the Company as the exemptions above will still apply.

	Year ended 31 December 2023			Year ended 31 December 2022		
	Revenue $000	Capital $000	Total $000	Revenue $000	Capital $000	Total $000
Total return on ordinary activities before taxation	132,402	(23,952)	108,450	176,393	5,918	182,311
Theoretical tax at UK Corporation tax rate of 23.50%* (2022: 19.00%)	31,114	(5,629)	25,485	33,515	1,124	34,639
Effects of:						
Capital items that are not taxable	–	5,629	5,629	–	(1,124)	(1,124)
Tax deductible interest distributions	(31,114)	–	(31,114)	(33,515)	–	(33,515)
Total tax charge	**–**	**–**	**–**	**–**	**–**	**–**

* The theoretical tax rate is calculated using a blended tax rate over the year.

At 31 December 2023, the Company had no unprovided deferred tax liabilities.

At that date, based on current estimates and including the accumulation of net allowable losses, the Company had no unrelieved losses.

Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the Company meets (and intends to continue for the foreseeable future to meet) the conditions for approval as an Investment Trust company.

6. DIVIDENDS

	Year ended 31 December 2023			Year ended 31 December 2022		
	Revenue $000	**Capital $000**	**Total $000**	Revenue $000	Capital $000	Total $000
In respect of the previous year ended 31 December 2022:						
Fourth interim dividend of $0.0175 per Ordinary share	23,076	–	23,076	–	–	–
Special dividend of $0.0158 per Ordinary share	20,823		20,823	–	–	–
In respect of the previous year ended 31 December 2021:						
Fourth interim dividend of $0.0175 per Ordinary share	–	–	–	20,371	3,672	24,043
In respect of the current year:						
First interim dividend of $0.0175 per Ordinary share (2022: $0.0175 per Ordinary share)	23,077	–	23,077	24,043	–	24,043
Second interim dividend of $0.0175 per Ordinary share (2022: $0.0175 per Ordinary share)	22,797	–	22,797	24,016	–	24,016
Third interim dividend of $0.0175 per Ordinary share (2022: $0.0175 per Ordinary share)*	–	–	–	23,642	–	23,642
Special dividend of $0.020 per Ordinary share (2022: $0.045 per Ordinary share)*	–	–	–	60,793	–	60,793
	89,773	**–**	**89,773**	**152,865**	**3,672**	**156,537**

Set out below are the interim dividends paid or proposed on Ordinary Shares in respect of the financial year, which is the basis on which the requirements of Section 1159 of the Corporation Tax Act 2010 are considered.

	Year ended 31 December 2023			Year ended 31 December 2022		
	Revenue $000	**Capital $000**	**Total $000**	Revenue $000	Capital $000	Total $000
First interim dividend of $0.0175 per Ordinary share (2022: $0.0175 per Ordinary share)	23,077	–	23,077	24,043	–	24,043
Second interim dividend of $0.0175 per Ordinary share (2022: $0.0175 per Ordinary share)	22,797	–	22,797	24,016	–	24,016
Third interim dividend of $0.0175 per Ordinary share (2022: $0.0175 per Ordinary share)*	22,797	–	22,797	23,642	–	23,642
Special dividend of $0.020 per Ordinary share (2022: $0.045 per Ordinary share)*	26,054	–	26,054	60,793	–	60,793
Fourth interim dividend of $0.0175 per Ordinary share (2022: $0.0175 per Ordinary share)	–	–	–	23,076	–	23,076
Special dividend of $0.0121 per Ordinary share (2022: $0.0158 per Ordinary share)	–	–	–	20,823	–	20,823
	94,725	**–**	**94,725**	**176,393**	**–**	**176,393**

* On 29 November 2023 a third interim dividend was declared of $0.0175 per ordinary share and a special dividend of $0.020, both payable on 5 January 2024.

On 8 February 2024, the Board approved a fourth interim dividend, for the year ended 31 December 2023, of $0.0175 per Ordinary Share and a special dividend of $0.0121 per Ordinary Share, both payable on 15 March 2024.

In accordance with IFRS, these dividends have not been included as a liability in these financial statements.

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2023 $000	As at 31 December 2022 $000
Investment portfolio summary		
Investments in subsidiaries at fair value through profit or loss	1,201,098	1,222,694
Fixed interest investments at fair value through profit or loss	264	957
	1,201,362	**1,223,651**

	Year ended 31 December 2023			
	Listed investments $000	Unlisted investments in subsidiaries $000	Unlisted fixed interest investments $000	Total $000
Investment portfolio summary				
Opening cost at beginning of year	–	1,223,288	891	1,224,179
Opening unrealised (losses)/gains at beginning of year	–	(594)	66	(528)
Opening fair value at beginning of year	–	1,222,694	957	1,223,651
Movements in the year:				
Purchases at cost	–	36,656	–	36,656
Redemption and sales proceeds	–	(35,000)	–	(35,000)
Change in unrealised losses	–	(23,252)	(693)	(23,945)
Closing fair value at the end of the year	**–**	**1,201,098**	**264**	**1,201,362**
Closing cost at end of year	–	1,224,944	891	1,225,835
Closing unrealised losses at end of year	–	(23,846)	(627)	(24,473)
Closing fair value at the end of the year	**–**	**1,201,098**	**264**	**1,201,362**

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

	Year ended 31 December 2022			
	Listed investments $000	Unlisted investments in subsidiaries $000	Unlisted fixed interest investments $000	Total $000
Investment portfolio summary				
Opening cost at beginning of year	13,544	1,256,389	891	1,270,824
Opening unrealised (losses)/gains at beginning of year	(5,216)	287	3	(4,926)
Opening fair value at beginning of year	8,328	1,256,676	894	1,265,898
Movements in the year:				
Purchases at cost	–	100,000	–	100,000
Redemption and sales proceeds	(15,093)	(133,101)	–	(148,194)
Realised gain on sale of investments	1,549	–	–	1,549
Change in unrealised gains/(losses)	5,216	(881)	63	4,398
Closing fair value at the end of the year	**–**	**1,222,694**	**957**	**1,223,651**
Closing cost at end of year	–	1,223,288	891	1,224,179
Closing unrealised (losses)/gains at end of year	–	(594)	66	(528)
Closing fair value at the end of the year	**–**	**1,222,694**	**957**	**1,223,651**

	Year ended 31 December 2023 $000	Year ended 31 December 2022 $000
Realised gains on sale of investments	–	1,549
Change in unrealised (losses)/gains	(23,945)	4,398
	(23,945)	**5,947**

The Company is required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following three levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level of the fair value hierarchy, within which the fair value measurement is categorised, is determined on the basis of the lowest level input that is significant to the fair value of the investment.

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

	As at 31 December 2023			
Financial assets	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
Investment portfolio summary				
Unlisted investments in subsidiaries measured at fair value through profit or loss	–	–	1,201,098	1,201,098
Unlisted fixed interest investments at fair value through profit or loss	–	264		264
	–	**264**	**1,201,098**	**1,201,362**
Liquidity/money market funds	86,174	–	–	86,174
Total	**86,174**	**264**	**1,201,098**	**1,287,536**

	As at 31 December 2022			
	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Investment portfolio summary				
Unlisted investments in subsidiaries measured at fair value through profit or loss	–	–	1,222,694	1,222,694
Unlisted fixed interest investments at fair value through profit or loss	–	957	–	957
	–	**957**	**1,222,694**	**1,223,651**
Liquidity/money market funds	120,080	–	–	120,080
Total	**120,080**	**957**	**1,222,694**	**1,343,731**

A reconciliation of fair value measurements in Level 3 is set out below.

LEVEL 3 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Year ended 31 December 2023	
	Unlisted investments in subsidiaries $000	**Total $000**
Opening balance	1,222,694	1,222,694
Purchases	36,656	36,656
Redemptions*	(35,000)	(35,000)
Unrealised losses	(23,252)	(23,252)
Closing balance at 31 December 2023	**1,201,098**	**1,201,098**

	Year ended 31 December 2022	
	Unlisted investments $000	Total $000
Opening balance	1,256,676	1,256,676
Purchases	100,000	100,000
Redemptions*	(133,101)	(133,101)
Unrealised losses	(881)	(881)
Closing balance at 31 December 2022	**1,222,694**	**1,222,694**

* Redemptions are the proceeds received from the repayment of investments.

There were no transfers between levels during the year.

VALUATION TECHNIQUES

Unrealised gains and losses recorded on Level 1 financial instruments are reported in net gains on investments at fair value on the Statement of Comprehensive Income. The fund administrator utilises quoted prices in active markets that they have access to and the Investment Manager verifies the quoted prices on Bloomberg.

Unrealised gains and losses recorded on Level 2 and 3 financial instruments are reported in net gains on investments at fair value on the Statement of Comprehensive Income. Level 2 and Level 3 financial instruments are fair valued using inputs that reflect management's best estimate of what market participants would use in pricing the assets or liabilities at the measurement date. Consideration is given to the risk inherent in the valuation techniques and the risk inherent in the inputs of the model.

Level 3 financial instruments are fair valued using a discounted cash flow methodology. For capped royalty investments, discount rates are applied to the consensus forecasts or the manager's forecast for sales of the underlying products to determine fair value. The significant unobservable input used in the fair value measurement of the Company's Level 3 investments is the specific discount rate used for each investment summarised in the table below.

Investments held in subsidiaries, namely BPCR Limited Partnership, are based on the fair value of the investments held in those entities.

The Company's unlisted investments, including those of its wholly owned subsidiary BPCR Limited Partnership, are all classified as Level 3 investments. The fair values of the unlisted investments have been determined principally by reference to discounted cash flows. The significant unobservable input used is detailed below:

	As at 31 December 2023					
Assets	**Fair value at Level 3 financial assets at fair value through profit or loss $000**	**Valuation technique**	**Unobservable input**	**Discount rate**	**Fair value sensitivity to a 100bps increase in the discount rate**	**Fair value sensitivity to a 100bps decrease in the discount rate**
Assets held by BPCR Limited Partnership*						
Akebia	17,500	Discounted cash flow	Discount rate	14.0%	17,334	17,670
BioCryst	125,465	Discounted cash flow	Discount rate	13.1%	121,787	129,306
BMS	83,537	Discounted cash flow	Discount rate	8.4%	82,683	84,411
Coherus	125,000	Discounted cash flow	Discount rate	14.8%	122,543	127,535
Collegium	206,250	Discounted cash flow	Discount rate	13.9%	204,195	208,350
Evolus	62,500	Discounted cash flow	Discount rate	15.0%	61,086	63,965
Immunocore	25,000	Discounted cash flow	Discount rate	10.3%	24,134	25,911
ImmunoGen	48,214	Discounted cash flow	Discount rate	10.3%	48,016	48,414
Insmed	150,986	Discounted cash flow	Discount rate	13.9%	147,627	154,462
LumiraDx	136,048	Discounted cash flow	Discount rate	21.7%**	135,496	136,609
OptiNose US	71,500	Discounted cash flow	Discount rate	16.2%	70,139	72,907
UroGen	50,000	Discounted cash flow	Discount rate	14.8%	48,969	51,064
Other net assets of BPCR Limited Partnership	99,098	Amortised cost	–	–	99,098	99,098
	1,201,098				**1,183,107**	**1,219,702**

* The Company holds an investment in BPCR Limited Partnership, its wholly owned subsidiary, which it measures at fair value through profit or loss rather than consolidate.

** The investment was written down as of 31 December 2023 to reflect the expected recoverable net proceeds discounted at an 21.7 per cent. rate to account for remaining risks.

Assets	Fair value at Level 3 financial assets at fair value through profit or loss $000	Valuation technique	Unobservable input	Discount rate	Fair value sensitivity to a 100bps decrease in the discount rate	Fair value sensitivity to a 100bps increase in the discount rate[1]
	As at 31 December 2022					
Assets held by BPCR Limited Partnership*						
Akebia	33,500	Discounted cash flow	Discount rate	11.4%	33,240	33,764
BMS	103,529	Discounted cash flow	Discount rate	8.7%	101,912	105,194
Coherus	125,000	Discounted cash flow	Discount rate	13.9%	121,787	128,340
Collegium	287,500	Discounted cash flow	Discount rate	13.0%	283,481	291,631
Evolus	37,500	Discounted cash flow	Discount rate	14.2%	36,567	38,470
Immunocore	25,000	Discounted cash flow	Discount rate	10.3%	24,005	26,054
Insmed	140,000	Discounted cash flow	Discount rate	13.1%	136,048	144,124
LumiraDx	150,000	Discounted cash flow	Discount rate	10.8%	148,395	151,637
OptiNose US	71,500	Discounted cash flow	Discount rate	14.5%	69,701	73,370
UroGen	50,000	Discounted cash flow	Discount rate	13.9%	48,672	51,382
Other net assets of BPCR Limited Partnership	199,165	Amortised cost	–	–	199,165	199,165
	1,222,694				**1,202,973**	**1,243,131**

* The Company holds an investment in BPCR Limited Partnership, its wholly owned subsidiary, which it measures at fair value through profit or loss rather than consolidate.

8. TRADE AND OTHER RECEIVABLES

	As at 31 December 2023 $000	As at 31 December 2022 $000
Income receivable from BPCR Limited Partnership	19,761	19,535
Interest accrued on liquidity/money market funds	465	192
Other debtors	91	111
	20,317	**19,838**

There have been no write-offs in the year and any expected credit losses are not material.

9. CASH AND CASH EQUIVALENTS

	As at 31 December 2023 $000	As at 31 December 2022 $000
Cash at bank	28	447
Liquidity/money market funds	86,174	120,080
	86,202	**120,527**
Ringfenced cash for third interim dividend plus special dividend*	48,851	–
	135,053	**120,527**

* At 31 December 2023 the Company had paid $48,851,000 to the registrar in respect of the third interim dividend, which was not paid to shareholders until 5 January 2024.

Any expected credit losses are not material

10. TRADE AND OTHER PAYABLES

Current liabilities	As at 31 December 2023 $000	As at 31 December 2022 $000
Performance fee payable	12,044	20,255
Management fees accrual	3,249	3,314
Repurchase of shares	–	1,951
Accruals	578	781
	15,871	**26,301**
Non-current liabilities		
Deferred income	–	262
	15,871	**26,563**

11. RETURN PER ORDINARY SHARE

Revenue return per ordinary share is based on the net revenue after taxation of $132,402,000 (2022: $176,393,000) and 1,309,410,271 (2022: 1,363,999,006) ordinary shares, being the weighted average number of ordinary shares for the year.

Capital return per ordinary share is based on net capital loss for the year of $23,952,000 (2022: net capital gain of $5,918,000) and on 1,309,410,271 (2022:1,363,999,006) ordinary shares, being the weighted average number of ordinary shares for the year.

Basic and diluted return per share are the same as there are no arrangements which could have a dilutive effect on the Company's ordinary shares.

12. NET ASSET VALUE PER ORDINARY SHARE

The basic total net assets per ordinary share is based on the net assets attributable to equity shareholders at 31 December 2023 of $1,340,861,000 (31 December 2022: $1,337,453,000) and ordinary shares of 1,302,679,192 (2022: 1,319,178,669), being the number of ordinary shares outstanding at 31 December 2023. The NAV per ordinary share released on 31 January 2024 was based on net assets of $1,293,851,000, which included the dividend payable on 5 January 2024 of $48,851,000. This has been excluded from the annual report as per AIC SORP guidelines.

There is no dilution effect and therefore there is no difference between the diluted total net assets per ordinary share and the basic total net assets per ordinary share.

13. SHARE CAPITAL

	Year ended 31 December 2023		Year ended 31 December 2022	
	Number of shares	**$000**	Number of shares	$000
Issued and fully paid:				
Ordinary shares of $0.01:				
Balance at beginning of the year	1,373,932,067	13,739	1,373,932,067	13,739
Balance at end of the year	**1,373,932,067**	**13,739**	**1,373,932,067**	**13,739**

Total voting rights at 31 December 2023 were 1,302,679,192 (31 December 2022: 1,319,178,669). In 2023, 16,499,477 shares were bought back for treasury (2022: 54,693,704). The balance of treasury shares on 31 December 2023 was 71,252,875 (31 December 2022: 54,753,398).

14. SUBSIDIARIES

The Company formed a wholly-owned subsidiary, BPCR Ongdapa Limited ("BPCR Ongdapa"), incorporated in Ireland on 5 October 2017 for the purpose of entering into a purchase, sale and assignment agreement with a wholly-owned subsidiary of Royalty Pharma for the purchase of a 50 per cent. interest in a stream of payments acquired by Royalty Pharma from Bristol-Myers Squibb ("BMS"). The registered address for BPCR Ongdapa is BPCR Ongdapa Limited, 2nd Floor, Block 5, Irish Life Center, Abbey Street Lower Dublin 1, Ireland. The aggregate amount of its capital reserves as at 31 December 2023 is $1 (2022: $1) and the profit or loss for the year ended 31 December 2023 is $222,000 (2022: $225,000).

The Company formed a wholly-owned subsidiary, BPCR Limited Partnership, organised in England and Wales on 27 March 2020 for the purpose of entering into a three year $200 million revolving credit facility with JPMorgan Chase Bank. BPCR Limited Partnership has its registered office at 6th Floor, 65 Gresham Street, London, United Kingdom, EC2V 7NQ and received an initial contribution of £1.00 at formation from the Company, its sole Limited Partner. In accordance with IFRS 10, the Company is exempted from consolidating a controlled investee as it is an investment entity. Therefore, the Company's investment in BPCR Limited Partnership is recognised at fair value through profit or loss.

The General Partner for BPCR Limited Partnership is BPCR GP Limited, incorporated in England and Wales on 11 March 2020 and is wholly-owned by the Company. The Company is not exempt from consolidating the financial statements of BPCR GP under IFRS 10, however the highly immaterial (nil) balance of BPCR GP would produce accounts with almost identical balances to the Company. Furthermore with reference to the Companies Act, section 405 (2) "A subsidiary undertaking may be excluded from consolidation if its inclusion is not material for the purpose of giving a true and fair view". The registered address for BPCR GP Limited is BPCR GP Limited, 6th Floor, 65 Gresham Street, London, United Kingdom, EC2V 7NQ. The aggregate amount of its capital reserves as at 31 December 2023 is $nil (2022: $nil) and a return for the year to 31 December 2023 is $nil (2022: $nil).

15. RECONCILIATION OF TOTAL RETURN FOR THE YEAR BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Year ended 31 December 2023 $000	Year ended 31 December 2022 $000
Total return for the year before taxation	108,450	182,311
Capital losses/(gains)	23,952	(5,918)
Increase in trade receivables	(479)	(9,828)
(Decrease)/increase in trade payables	(8,741)	17,712
Cash generated from operations	**123,182**	**184,277**

ANALYSIS OF NET CASH AND NET DEBT

Net cash	**At 1 January 2023 $000**	**Cash flow $000**	**Exchange movement $000**	**At 31 December 2023 $000**
Cash and cash equivalents	120,527	14,533	(7)	**135,053**

Net cash	At 1 January 2022 $000	Cash flow $000	Exchange movement $000	At 31 December 2022 $000
Cash and cash equivalents	94,709	25,847	(29)	120,527

16. FINANCIAL INSTRUMENTS

The Company's financial instruments include its investment portfolio, cash balances, trade receivables and trade payables that arise directly from its operations. Adherence to the Company's investment policy is key in managing risk. Refer to the Strategic Overview on pages 20 and 21 for a full description of the Company's investment objective and policy.

The Investment Manager monitors the financial risks affecting the Company on an ongoing basis and the Directors regularly receive financial information which is used to identify and monitor risk. All risks are actively reviewed and monitored by the Board. Details of the Company's principal risks can be found in the Strategic Report on pages 26 to 32.

The main risks arising from the Company's financial instruments are:

i) market risk, including price risk, currency risk and interest rate risk;

ii) liquidity risk; and

iii) credit risk.

(I) MARKET RISK

Market risk is the risk of loss arising from movements in observable market variables. The fair value of future cash flows of a financial instrument held by the Company may fluctuate because of changes in market prices.

The Investment Manager assesses the exposure to market risk when making each investment decision and these risks are monitored by the Investment Manager on a regular basis and the Board at quarterly meetings with the Investment Manager.

MARKET PRICE RISK

The Company is exposed to price risk arising from its investments whose future prices are uncertain. The Company's exposure to price risk comprises movements in the value of the Company's investments. See Note 7 above for investments that fall into Level 3 of the fair value hierarchy and refer to the description of valuation policies in Note 2(d). The nature of the Company's investments, with a high proportion of the portfolio invested in unlisted debt instruments, means that the investments are valued by the Company after consideration of the most recent available information from the underlying investments. The Company's portfolio is diversified among counterparties and by the sectors in which the underlying companies operate, minimising the impact of any negative industry-specific trends.

16. FINANCIAL INSTRUMENTS (CONTINUED)

The table below analyses the effect of a 10 per cent. change in the fair value of investments. The Investment Manager believes 10 per cent. is the appropriate threshold for determining whether a material change in market value has occurred.

	As at 31 December 2023		At 31 December 2022	
	Fair value $000	**10 per cent. Increase/decrease in market value $000**	Fair value $000	10 per cent. Increase/decrease in market value $000
OptiNose US warrants	264	26	957	96
Assets held by BPCR Limited Partnership				
Akebia	17,500	1,750	33,500	3,350
BioCryst	125,465	12,547	–	–
BMS Purchased Payments (BPCR Ongdapa)	83,537	8,354	103,529	10,353
Coherus	125,000	12,500	125,000	12,500
Collegium	206,250	20,625	287,500	28,750
Evolus	62,500	6,250	37,500	3,750
Immunocore	25,000	2,500	25,000	2,500
ImmunoGen	48,214	4,821	–	–
Insmed	150,986	15,099	140,000	14,000
LumiraDx	136,048*	13,605	150,000	15,000
LumiraDx warrants	–	–	91	9
OptiNose US Equity	32	3	45	5
OptiNose US Note	71,500	7,150	71,500	7,150
Other assets of BPCR Limited Partnership	99,066	9,907	199,029	19,903
UroGen	50,000	5,000	50,000	5,000
	1,201,362	**120,137**	**1,223,651**	**122,366**

* Discount Rate is set forth on page 76.

The Board manages the risks inherent in the investment portfolio by ensuring full and timely reporting of relevant information from the Investment Manager. Investment performance and exposure are reviewed at each Board meeting.

CURRENCY RISK

Currency risk is the risk that fair values of future cash flows of a financial instrument fluctuate because of changes in foreign exchange rates.

At 31 December 2023, the Company held cash balances in GBP of £16,000 ($21,000) (2022: £160,000 ($192,000)) and in Euro of €6,000 ($7,000) (2022: €2,000 ($2,000)).

The currency exposures (including non-financial assets) of the Company as at 31 December 2023:

	Cash $000	**Investments $000**	**Other net (liabilities)/assets $000**	**Total $000**
Sterling	21	–	(21)	–
Euro	7	–	–	7
US Dollar	135,025	1,201,362	4,467	1,340,854
	135,053	**1,201,362**	**4,446**	**1,340,861**

16. FINANCIAL INSTRUMENTS (CONTINUED)

The currency exposures (including non-financial assets) of the Company as at 31 December 2022:

	Cash $000	Investments $000	Other net liabilities $000	Total $000
Sterling	192	–	(34)	158
Euro	2	–	–	2
US Dollar	120,333	1,223,651	(6,691)	1,337,293
	120,527	**1,223,651**	**(6,725)**	**1,337,453**

A 10 per cent increase in the Sterling exchange rate would have increased net assets by $4,000 (2022: $8,000).

A 10 per cent. increase in the Euro exchange rate would have increased net assets by $1,000 (2022: nil).

A 10 per cent decrease would have decreased net assets by the same amount (2022: same).

INTEREST RATE RISK

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate movements may potentially affect future cash flows from:

- investments in floating rate securities, unquoted loans and purchased payments; and
- the level of income receivable on cash deposits and liquidity funds.

The Immunocore instrument has a fixed interest rate and therefore is not subject to interest rate risk. The below table shows the percentage of the Company's net assets it represents.

	As at 31 December 2023 % of Company Net Assets	As at 31 December 2022 % of Company Net Assets
LumiraDx*	–	11.22
Immunocore	1.86	1.87
OptiNose US**	–	0.07

* In 2023 LumiraDx fixed loan changed from a fixed interst rate to a floating rate of interest.

** In 2022 OptiNose US fixed loan changed from a fixed interest rate to a floating rate of interest. The figure as at 31 December 2022 is for the OptiNose US warrants only.

16. FINANCIAL INSTRUMENTS (CONTINUED)

The Akebia, BioCryst Pharmaceuticals, BMS Purchased Payments, Coherus, Collegium, Evolus, Insmed, ImmunoGen, LumiraDx, OptiNose US and UroGen loans and cash and cash equivalents, including investments in liquidity funds, have a floating rate of interest. The below table shows the percentage of the Company's net assets they represent.

	As at 31 December 2023 % of Company Net Assets	As at 31 December 2022 % of Company Net Assets
Collegium	15.38	21.50
Insmed	11.26	10.47
LumiraDx	10.15	–
BioCryst	9.36	–
Coherus	9.32	9.35
BMS Purchased Payments (BPCR Ongdapa)	6.23	7.74
OptiNose US	5.33	5.35
Evolus	4.66	2.80
UroGen	3.73	3.74
ImmunoGen	3.60	–
Akebia	1.31	2.50
Cash and cash equivalents	10.07	9.01

A 100 basis point increase in SOFR would have increased net assets by $18,285,000 (2022: $17,271,000).

A 100 basis point decrease in SOFR would have decreased net assets by $26,077,000 (2022: $18,285,000).

A 300 basis point increase in SOFR would have increased net assets by $59,977,000 (2022: $50,813,000).

(II) LIQUIDITY RISK

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

At 31 December 2023, the Company had cash and cash equivalents of $135,053,000 (2022: $120,527,000), including investments in treasury bills with balances of $nil (2022: $100,480,000) and liquidity/money market funds with balances of $86,174,000 (2022: $19,601,000) and maximum unfunded commitments of $nil (2022: $nil). These assets can be sold easily to meet funding commitments if necessary.

At 31 December 2023, BPCR Limited Partnership had cash and cash equivalents of $125,766,000 (2022: $212,462,000), including investments in treasury bills with balances of $nil (2022: $nil) and liquidity/money market funds with balances of $80,450,000 (2022: $181,697,000) and maximum unfunded commitments of $85,000,000 (2022: $50,000,000).

The Company maintains sufficient liquid investments through its cash and cash equivalents to pay accounts payable, accrued expenses and ongoing expenses of the Company. Liquidity risk is manageable through a number of options, including the Company's ability to issue debt and/or equity and by selling all or a portion of an investment in the secondary market. On 22 May 2020, BPCR Limited Partnership entered into a $200 million revolving credit facility with JPMorgan Chase Bank, expiring on 21 May 2023, (the "Facilities Agreement"). BPCR Limited Partnership paid a commitment fee on undrawn amounts of 200 basis points and would have paid a LIBOR margin of 400 basis points on drawn amounts. On 10 September 2021 BPCR Limited Partnership entered into an amendment including reducing the revolving credit facility from $200 million to $50 million together with changes in the accordian feature allowing for an increase in the revolving credit facility to $100 million and up to $200 million in term loans, extension of the maturity date to 22 June 2024 and a reduction on the LIBOR margin payable under the revolving credit facility from 400 basis points to 275 basis points. This facility has increased the Company's flexibility in relation to funding new lending opportunities and provide liquidity for funding outstanding obligations. As of 31 December 2023, the outstanding balance on the credit facility was $nil (2022: $nil).

The Company's liabilities as at 31 December 2023 were $15,871,000 (2022: $26,563,000) of which $15,871,000 (2022: $26,301,000) was repayable within one year. There is sufficient cash and cash equivalents to repay the liabilities when they become due.

16. FINANCIAL INSTRUMENTS (CONTINUED)

(III) CREDIT RISK

This is the risk the Company's trade and other receivables will not meet their obligations to the Company.

While the Company will often seek to be a secured lender for each debt asset, there is no guarantee that the relevant borrower will repay the loan or that the collateral will be sufficient to satisfy the amount owed. All of the Company's investments are senior secured investments as detailed in the Investment Manager's Report on pages 6 to 15.

The Investment Manager performs a robust credit risk analysis during the investment process for all new investments and constantly monitors the collateral on its outstanding senior secured loans so as to minimise the credit risk to the Company of default. The credit risk of the senior secured loans will increase significantly after initial recognition when borrowers are not making principal and interest payments as agreed. The fair value of the senior secured loan will be adjusted, either partially or in full, when there is no significant change in the prospect of recovery and the amount of the change in fair value has been determined by the Investment Manager. Subsequent recoveries of amounts previously adjusted will decrease the amount of the fair value loss recorded. Changes to a counterparty's risk profile are monitored by the Investment Manager on a regular basis and discussed with the Board at quarterly meetings.

The Company's maximum exposure to credit risk at any given time is the fair value of its investment portfolio and cash and receivables. At 31 December 2023, the Company's maximum exposure to credit risk was $1,356,732,000 (2022: $1,364,016,000). The Company's concentration of credit risk by counterparty can be found in the Investment Manager's Report on pages 6 to 15.

CAPITAL MANAGEMENT

The Company's primary objectives in relation to the management of capital are:

- to ensure its ability to continue as a going concern;
- to ensure that the Company conducts its affairs to enable it to continue to meet the criteria to qualify as an investment trust; and
- to maximise the long-term shareholder returns in the form of sustainable income distributions through an appropriate balance of equity capital and debt.

This is to be achieved through an appropriate balance of equity capital and gearing. The Company operates a flexible gearing policy which depends on prevailing conditions. The Company may incur indebtedness up to 25 per cent. of the Company's net asset value with a maximum of up to 50 per cent. with Board approval.

17. RELATED PARTY TRANSACTIONS

The amount incurred in respect of management fees during the year to 31 December 2023 was $13,199,000 (31 December 2022: $13,640,000), of which $3,249,000 (31 December 2022: $3,314,000) was outstanding at 31 December 2023. The amount due to the Investment Manager for performance fees at 31 December 2023 was $12,044,000 (31 December 2022: $20,255,000).

The amount incurred in respect of Directors' fees during the year to 31 December 2023 was $496,000 (31 December 2022: $415,000) of which $nil was outstanding at 31 December 2023 (31 December 2022: $nil).

A Shared Services Agreement was entered into by and between RP Management, LLC, an affiliate of the Investment Manager, and the Investment Manager as of 1 January 2016. Under the terms of the Shared Services Agreement, the Investment Manager will have access to the expertise of certain Royalty Pharma employees, including its research, legal and compliance, and finance teams.

BPCR Limited Partnership and its General Partner, BPCR GP Limited, are related entities of the Company, as they are wholly-owned subsidiaries and formed for the purpose of entering into a new credit facility. On 22 May 2020, several investments totaling $1,070,139,000 were transferred to BPCR Limited Partnership from the Company. In the year to 31 December 2023, the Company recorded income from BPCR Limited Partnership of $155,061,000 (31 December 2022: $215,868,000) and the outstanding balance on 31 December 2023 was $19,761,000 (31 December 2022: $19,535,000). BPCR GP Limited had an outstanding balance as at 31 December 2023 of $nil (31 December 2022: $nil).

17. RELATED PARTY TRANSACTIONS (CONTINUED)

On 5 May 2023, the Company and a Private Fund also managed by the Investment Manager (the "Private Fund"), entered into a definitive senior secured term loan agreement with Reata Pharmaceuticals, Inc. ("Reata"). Under the terms of the transaction, the Company (through BPCR Limited Partnership) was originally due to invest up to $137,500,000 and the Private Fund was originally due to invest up to an additional $137,500,000 in parallel, with the Company acting as collateral agent. The loan was originally due to mature in May 2028 and bore interest at 3-month SOFR plus 7.75 per cent. per annum subject to a 2.5 per cent. floor along with a one-time additional consideration of 2 per cent. of the loan amount payable upon funding. Tranche A of $37,500,000 was funded at closing and tranche B of $25,000,000 was funded on 10 July 2023. On 28 July 2023, Inc. ("Biogen") Biogen announced a definitive agreement pursuant to which Biogen will acquire Reata for an enterprise value of approximately $7.3 billion. The acquisition closed on 29 September 2023. As of the acquisition closing, the Company received $15,500,000 in prepayment and make-whole fees. In the year to 31 December 2023, BPCR Limited Partnership recorded interest of $2,526,000 (31 December 2022: $nil). The outstanding balance as at 31 December 2023 was $nil. (31 December 2022: $nil).

On 17 April 2023, the Company and the Private Fund entered into a definitive senior secured term loan agreement with BioCryst Pharmaceuticals, Inc. ("BioCryst"). Under the terms of the transaction, the Company (through BPCR Limited Partnership) will invest up to $180,000,000 and the Private Fund will invest up to an additional $270,000,000 in parallel, with the Company acting as collateral agent. The loan will mature in April 2028 and will bear interest at 3-month SOFR plus 7 per cent. per annum subject to a 1.75 per cent. floor and up to 50 per cent of the interest during the first 18 months may be paid-in-kind (PIK) at a rate of 3-month SOFR plus 7.25 per cent. The Company funded $120,000,000 on 16 April 2023. In the year to 31 December 2023, BPCR Limited Partnership recorded interest of $10,930,000 (31 December 2022: $nil). The outstanding balance as at 31 December 2023 was $125,465,000. (31 December 2022: $nil).

On 6 April 2023, the Company and the Private Fund entered into a definitive senior secured term loan agreement with ImmunoGen, Inc. ("ImmunoGen "). Under the terms of the transaction, the Company (through BPCR Limited Partnership) will invest up to $62,500,000 and the Private Fund will invest up to an additional $62,500,000 in parallel, with the Company acting as collateral agent. The loan will mature in April 2028 and will bear interest at 3-month SOFR plus 8 per cent. per annum subject to a 2.75 per cent. floor with an additional consideration of 2 per cent of the total loan amount. The Company funded $37,500,000 on 6 April 2023. On 30 November 2023, AbbVie announced it had entered into a definitive agreement to acquire ImmunoGen, Inc. On 12 February 2024, ImmunoGen repaid its $37,500,000 loan balance to the Company and the Company received $13,100,00 in make whole and prepayment fees. In the year to 31 December 2023, BPCR Limited Partnership recorded interest of $3,712,000 (31 December 2022: $nil). The outstanding balance as at 31 December 2023 was $37,500,000. (31 December 2022: $nil).

On 8 November 2022, the Company and the Private Fund entered into a definitive senior secured term loan agreement with Immunocore Limited ("Immunocore"). Under the terms of the transaction, the Company (through BPCR Limited Partnership) will invest up to $50,000,000 and the loan will mature in November 2028. Tranche A has a fixed coupon of 9.75 per cent. and Tranche B will bear interest at SOFR plus 8.75 per cent. (subject to a 1 per cent. floor), with additional consideration of 2.5 per cent. of the total loan amount. The Company funded Tranche A of $25,000,000 on 8 November 2022. In the year to 31 December 2023, BPCR Limited Partnership recorded interest of $2,471,000 (31 December 2022: $366,000). The outstanding balance as at 31 December 2023 was $25,000,000 (31 December 2022: $25,000,000).

On 19 October 2022, the Company and the Private Fund entered into a definitive senior secured term loan agreement with Insmed, Inc. ("Insmed"). The Company (through BPCR Limited Partnership) invested $140,000,000 on 19 October 2022. The loan will mature in October 2027, will bear interest at 3-month SOFR plus 7.75 per cent. per annum subject to a 2.5 per cent. floor along with a one-time additional consideration of 2 per cent. of the loan amount payable upon funding and up to 50 per cent of the interest during the first 24 months may be paid-in-kind (PIK). In the year to 31 December 2023, BPCR Limited Partnership recorded interest of $18,810,000 (31 December 2022: $3,277,000). The outstanding balance as at 31 December 2023 was $150,986,000 (31 December 2022: $140,000,000).

On 7 March 2022, the Company and the Private Fund entered into a definitive senior secured term loan agreement with UroGen Pharma, Inc. ("UroGen"). Under the terms of the transaction, the Company (through BPCR Limited Partnership) will invest up to $50,000,000. The loan will mature in March 2027 and will bear interest at 3-month LIBOR plus 8.25 per cent. per annum subject to a 1.25 per cent. floor along with a one-time additional consideration of 1.75 per cent. of the total loan amount payable upon funding of the first tranche. The Company funded $37,500,000 on 16 March 2022 and $12,500,000 on 16 December 2022. On 29 June 2023, the UroGen loan was amended to transition from 3-month LIBOR to 3-month SOFR and an additional per annum rate of 0.26161 per cent. In the year to 31 December 2023, BPCR Limited Partnership recorded interest of $6,863,000 (31 December 2022: $3,291,000). The outstanding balance as at 31 December 2023 was $50,000,000 (31 December 2022: $50,000,000).

17. RELATED PARTY TRANSACTIONS (CONTINUED)

On 5 January 2022, the Company and the Private Fund entered into a definitive senior secured term loan agreement with Coherus Inc. ("Coherus"). Under the terms of the transaction, the Company (through BPCR Limited Partnership) was originally due to invest up to $150,000,000 ($50,000,000 in the first tranche, $50,000,000 million by 1 April 2022 and up to an additional $50,000,000 by 17 March 2023). The loan will mature in January 2027 and will bear interest at 3-month LIBOR plus 8.25 per cent. per annum subject to a 1 per cent. floor along with a one-time additional consideration of 2 per cent. of the total loan amount payable upon funding of the first tranche. The Company funded $50,000,000 on 5 January 2022, $50,000,000 on 31 March 2022 and $25,000,000 on 14 September 2022. The remaining $50,000,000 commitment, the Company's portion was $25,000,000, lapsed so there are no additional funding commitments. On February 6 2023, the Coherus loan was amended to transition from 3-month LIBOR to 3-month SOFR and an additional per annum rate of 0.26161 per cent. In the year to 31 December 2023, BPCR Limited Partnership recorded interest of $17,144,000 (31 December 2022: $10,122,000). The outstanding balance as at 31 December 2023 was $125,000,000 (31 December 2022: $125,000,000).

On 14 December 2021, the Company and the Private Fund entered into a definitive senior secured term loan agreement with Evolus Inc. ("Evolus"). The Company's share of the transaction will be up to $62,500,000 and the Company funded (through BPCR Limited Partnership) the first tranche of $37,500,000 on 29 December 2021. The loan will mature in December 2027 and bears interest at 3-month LIBOR plus 8.5 per cent. per annum subject to a 1 per cent. floor along with a one-time additional consideration of 2.25 per cent. of the total loan amount paid upon funding of the first tranche. On May 5 2023, the Evolus loan was amended to allow Evolus to draw Tranche B in two installments, to allow the principal payments to be equal quarterly payments beginning in 2026 and transition from 3-month LIBOR to 3-month SOFR and an additional per annum rate of 0.17 per cent. The Company funded $12,500,000 on both 31 May 2023 and 15 December 2023 for a total of $25,000,000 for the second tranche. In the year to 31 December 2023, BPCR Limited Partnership recorded interest of $6,354,000 (31 December 2022: $3,999,000). The outstanding balance as at 31 December 2022 was $62,500,000 (31 December 2022: $37,500,000).

On 23 March 2021, the Company and the Private Fund entered into a definitive senior secured term loan agreement for $300,000,000 with LumiraDx Group Limited ("LumiraDx"). The Company's share of the transaction was $150,000,000 and the Company funded (through BPCR Limited Partnership) the term loan on 29 March 2021. The loan was originally due to mature in March 2024 and bears interest at 8 per cent. per annum along with a one-time additional consideration of 2.5 per cent. of the loan amount paid upon funding plus an additional 1.5 per cent. of the loan payable at maturity. On 28 September 2021, LumiraDx became public via a SPAC transaction with CA Healthcare Acquisition Corp. and began trading on NASDAQ under the ticker LMDX. The Company and the Private Fund both received 742,924 warrants exercisable into common stock of LumiraDx under the terms of the transaction. On 17 June 2022, the LumiraDx loan was amended to provide LumiraDx with certain waivers in exchange for increasing the fee payable at maturity from 1.5 to 3 per cent of the loan. On 25 July 2022, LumiraDx raised $100 million in a follow on offering at a price of $1.75. As part of the financing, Pharmakon re-tiered its sales covenants, received a facility fee, and was issued new five- year warrants, with the original warrants being cancelled. On 22 February 2023, the LumiraDx loan was amended to provide LumiraDx with certain waivers in exchange for increasing the fee payable at maturity from 3 to 9 per cent. of the loan. On 1 March 2023, the LumiraDx loan was amended to allow for conforming updates to the loan agreement. On 7 June 2023, the LumiraDx loan was amended to provide for, among other things, revisions to the minimum net sales and the minimum liquidity covenants in the loan agreement. In exchange LumiraDx has agreed to, among other things, pay additional payment-in-kind interest with respect to amounts outstanding under the Loan Agreement in an amount equal to three month term SOFR. On 30 June 2023, the LumiraDx loan was amended to extend the time that LumiraDx has to comply with certain minimum net sales and minimum liquidity covenants in the Loan Agreement. On 20 July 2023, the LumiraDx loan was amended to provide, among other things, additional term loans during the waiver period, in an aggregate amount of up to $31 million, of which the Company's share was $15,500,000. From August 2023 to December 2023, there were eight additional amendments and waivers, which included additional term loans in the aggregate amount of up to $19 million, of which the Company's share was $9,500,000, as well as related waivers and extensions in relation thereto. On 29 December 2023, LumiraDx announced the appointment of joint administrators for two of its subsidiaries and Roche Diagnostics Limited ("Roche") announced that it would acquire select parts of LumiraDx for a purchase price of $295,000,000. As part of the acquisition, the Company agreed to provide up to $29,600,000 in funding for LumiraDx to fund the Point of Care technology platform business until the closing of the acquisition. Roche agreed to reimburse up to $27,500,000 to the Company in the period to completion of the acquisition. It is anticipated that all of the sale proceeds of $295,000,000 from the acquisition will be used to repay certain amounts outstanding under LumiraDx's loan agreement, and that no sale proceeds will be distributed to LumiraDx or its shareholders. The LumiraDx investment was written down as of 31 December 2023 to reflect the expected recoverable net proceeds discounted at a 21.7 per cent. rate to account for remaining risks. In the year to 31 December 2023, BPCR Limited Partnership recorded interest of $13,998,000 (31 December 2022: $12,167,000). The outstanding balance as at 31 December 2023 was $138,098,000 (31 December 2022: $150,000,000).

17. RELATED PARTY TRANSACTIONS (CONTINUED)

On 7 February 2020, the Company and the Private Fund entered into a definitive senior secured term loan agreement for $200,000,000 with Collegium Pharmaceutical, Inc. (Nasdaq: COLL). The Company's share of the transaction was $165,000,000 and the Company funded the term loan on 13 February 2020. The loan was originally due to mature in February 2024 and bore interest at 3-month LIBOR plus 7.5 per cent. per annum subject to a 2 per cent. floor along with a one-time additional consideration of 2.5 per cent. of the loan amount which was paid at funding. On 14 February 2022, the Company and the Private Fund provided Collegium Pharmaceutical, Inc. a commitment to enter into a new senior secured term loan agreement for $650,000,000. Proceeds from the new loan were used to fund Collegium's acquisition of BioDelivery Sciences International, Inc. ("BDSI") as well as repay the outstanding debt of Collegium and BDSI. Under the terms of the new loan, the Company invested (through BPCR Limited Partnership) $325,000,000 in a single drawing. The four-year loan for the Company's investment will have $50,000,000 in amortization payments during the first year and the remaining $275,000,000 balance will amortize in equal quarterly installments. The loan bears interest at 3-month LIBOR plus 7.5 per cent. per annum subject to a 1.2 per cent. floor along with a one-time additional consideration of 2 per cent. of the loan amount payable at signing and 1 per cent. of the loan amount payable at funding. On June 23 2023, the Collegium loan was amended to transition from 3-month LIBOR to 3-month SOFR and an additional per annum rate of 0.26161 per cent. In the year to 31 December 2023, BPCR Limited Partnership recorded interest of $33,750,000 (31 December 2022: $26,361,000). The outstanding balance as at 31 December 2023 was $206,250,000 (31 December 2022: $287,500,000).

On 17 December 2019, the Company and the Private Fund entered into a definitive senior secured term loan agreement with Global Blood Therapeutics (Nasdaq: GBT). GBT drew down $75,000,000 at closing on 20 December 2019 and $75,000,000 of the second tranche on 20 November 2020. On 14 December 2021 the loan agreement was amended and restated. The amendment increased the aggregate principal amount of the loan to $250,000,000 through a $100,000,000 third tranche, which was drawn on 22 December 2021. The Company and its subsidiaries funded $132,500,000 across all three tranches. The loan was originally due to mature in December 2027 and bore interest at three-month LIBOR plus 7 per cent. per annum subject to a 2 per cent. floor along with a one-time additional consideration of 1.5 per cent. of the total loan amount paid upon funding and an additional 2 per cent. payable upon the repayment of the loan. The third tranche also incurred additional consideration of 1.5 per cent. at the time of funding. As a part of the amendment in 2021, the Company and its subsidiaries received a one-time fee equal to 1.25 per cent. of the first two tranches and the three-year make-whole period was reset to December 2021. On 5 October 2022, Pfizer acquired GBT and, as a result, GBT repaid its $132,500,000 senior secured loan to the Company. The Company received $175,000,000 including $43,000,000 in accrued income, paydown, prepayment and make-whole fees. In the year to 31 December 2023, BPCR Limited Partnership recorded interest of $nil (31 December 2022: $48,898,000). The outstanding balance as at 31 December 2023 was $nil (31 December 2023: $nil).

On 13 December 2019, the Company and the Private Fund entered into a definitive senior secured term loan agreement for up to $500,000,000 with Sarepta Therapeutics (Nasdaq: SRPT). On 24 September 2020 the Sarepta loan agreement was amended and the loan amount was increased to $550,000,000. Sarepta drew down the first $250,000,000 tranche on 20 December 2019 and the second $300,000,000 tranche on 2 November 2020. The Company funded $175,000,000 of each tranche for a total investment of $350,000,000 and the Private Fund invested the remaining $200,000,000. The first tranche was originally due to mature in December 2023 and the second tranche in December 2024. The loan bore interest at 8.5 per cent. per annum along with a one-time additional consideration of 1.75 per cent. of the first tranche and 2.95 per cent. of the second tranche payable upon funding and an additional 2 per cent. payable upon the repayment of the loan. On 16 September 2022, Sarepta announced its repayment and on 12 September 2022, Sarepta repaid its senior secured loan and the Company received $372,000,000 including $16,000,000 in prepayment and make-whole fees. In the year to 31 December 2023, BPCR Limited Partnership recorded interest of $nil (31 December 2022: $37,346,000). The outstanding balance as at 31 December 2023 was $nil (31 December 2022: $nil).

On 11 November 2019, the Company and the Private Fund entered into a definitive senior secured term loan agreement for up to $100,000,000 with Akebia (Nasdaq: AKBA). Akebia drew down the first $80,000,000 on 25 November 2019 and the second $20,000,000 tranche on 10 December 2020. The Company invested $40,000,000 and $10,000,000 of the first and second tranche, respectively. The loan will mature in March 2025 and will bear interest at LIBOR plus 7.5 per cent. per annum along with a one-time additional consideration of 2 per cent. of the total loan amount. On 15 July 2022, the Company and The Private Fund entered into a Second Amendment and Waiver with Akebia which amends and waives certain provisions of the Loan Agreement, dated 11 November 2019. As a result of this amendment Akebia made a $12,500,000 pre-payment, triggering a 2 per cent. prepayment fee on the $12,500,000. On 30 June 2023 the Company and the Private Fund entered into an amendment which modified the loan interest rate to 3-month SOFR plus a coupon of 7.5 per cent. and an additional per annum rate of 0.30316 per cent. On 31 October 2023, the maturity date is extended from November 2024 to March 2025 and there will no longer be a SOFR floor. On January 29 2024, Akebia prepaid $17,500,000 to the Company, including $87,500 in prepayment fees. In the year to 31 December 2023, BPCR Limited Partnership recorded interest of $2,646,000 (31 December 2022: $4,557,000). The outstanding balance as at 31 December 2023 was $17,500,000 (31 December 2022: $33,500,000).

17. RELATED PARTY TRANSACTIONS (CONTINUED)

On 4 November 2019, the Company and the Private Fund entered into a definitive senior secured term loan agreement for up to $70,000,000 with Epizyme (Nasdaq: EPZM). On 3 November 2020, the Epizyme loan agreement was amended and the loan amount was increased to $220,000,000. Epizyme drew down the $25,000,000 on 18 November 2019 and an additional $195,000,000 during 2020. The Company funded a total of $110,000,000 of the Epizyme loan. The first three tranches of the loan were originally due to mature in November 2024 and the fourth tranche to mature in November 2026. The loan bore interest at LIBOR plus 7.75 per cent. per annum along with a one-time additional consideration of 2 per cent. of the total loan amount. On 4 November 2019, Royalty Pharma, an affiliate of Pharmakon Advisors, announced an agreement to purchase future royalties on tazemetostat net sales outside of Japan owned by Eisai Co. for $330,000,000 and a separate $100,000,000 equity investment directly in Epizyme. Pablo Legorreta, a principal of Pharmakon and RP management was named to the Epizyme board of directors. On 27 June 2022, Ipsen announced a definitive agreement pursuant to which Ipsen will acquire Epizyme. Upon closing, Epizyme was required to repay the $110,000,000 senior secured loan. On 12 August 2022, Epizyme repaid its $110,000,000 senior secured loan and the Company received $9,000,000 in prepayment and make-whole fees. In the year to 31 December 2023, BPCR Limited Partnership recorded interest of $nil (31 December 2022: $14,614,000). The outstanding balance as at 31 December 2023 was $nil (31 December 2022: $nil).

On 12 September 2019, the Company and the Private Fund, entered into a definitive senior secured note purchase agreement for the issuance and sale of senior secured notes in an aggregate original principal amount of up to $150,000,000 by OptiNose US. OptiNose US is a wholly-owned subsidiary of OptiNose (Nasdaq: OPTN), a commercial-stage specialty pharmaceutical company. OptiNose drew a total of $130,000,000 in three tranches: $80,000,000 on 12 September 2019, $30,000,000 on 13 February 2020 and $20,000,000 on 1 December 2020. There are no further funding commitments. The notes mature in September 2024 and bear interest at 10.75 per cent. per annum along with a one-time additional consideration of 0.75 per cent. of the aggregate original principal amount of senior secured notes which the Company and The Private Fund are committed to purchase under the facility and 810,357 warrants exercisable into common stock of OptiNose. The Company funded a total 71,500,000 across all tranches and was allocated 445,696 warrants. In prior years, there were two amendments to the OptiNose note purchase agreement, resulting in re-tiered sales covenants, permission for an equity issuance, amended amortisation and make-whole provisions, and the issuance of new three-year warrants, with the original warrants being canceled. On 10 August 2022, the OptiNose note and purchase agreement was amended resulting in re-tiered sales covenants in exchange for an amendment fee of $780,000, payable upon repayment, of which the Company was allocated $429,000. On 9 November 2022, OptiNose negotiated certain waivers in exchange for a waiver fee, of which the Company earned $715,000 of the total $1,300,000 waiver fee. On 21 November 2022, OptiNose entered into an amended and restated note purchase agreement. As part of the amended and restated note purchase agreement, Pharmakon revised the sales covenants, amended the amortization and make-whole, and modified the loan interest rate to 3-month SOFR plus 8.5 per cent., subject to a 2.5 per cent. floor, in exchange for an amendment fee. In the year to 31 December 2023, BPCR Limited Partnership recorded interest of $9,811,000 (31 December 2022: $7,959,000). The outstanding balance as at 31 December 2023 was $71,500,000 (31 December 2022: $71,500,000), and there were 1,375,000 warrants outstanding at 31 December 2023 (31 December 2022: 1,375,000).

On 8 December 2017, the Company's wholly-owned subsidiary BPCR Ongdapa entered into a purchase, sale and assignment agreement with RPI Acquisitions (Ireland) Limited ("RPI Acquisitions"), an affiliate Pharma, for the purchase of a 50 per cent. interest in a stream of Purchased Payments acquired by RPI Acquisitions from Bristol-Myers Squibb through a purchase agreement dated 14 November 2017. As a result of the arrangements, RPI's subsidiary and the Company's subsidiary are each entitled to the benefit of 50 per cent. of the Purchased Payments under identical economic terms. The Purchased Payments are linked to tiered worldwide sales of Onglyza and Farxiga, diabetes agents marketed by AstraZeneca, and related products. The Company was expected to fund $140,000,000 to $165,000,000 between 2018 and 2020, determined by product sales and will receive payments from 2020 through 2025 estimated to yield a return in the high single-digits per annum. The Company advanced $nil to RPI Acquisitions in the period to 31 December 2023 (31 December 2022: $nil) for the Purchased Payments. In the period to 31 December 2022 the Company recorded negative interest of $115,000, due to an over estimate of $8,616,000 in 2022 (31 December 2022: $12,983,000).

The Private Fund and RPI Acquisitions are related entities of the Company due to the principal of the Investment Manager having significant influence over each of these entities.

18. CONTINGENCIES, GUARANTEES AND FINANCIAL COMMITMENTS

As at 31 December 2023, there were outstanding commitments in BPCR Limited Partnership of up to $85,000,000. (31 December 2022: $50,000,000) in respect of investments (see Note 17 for further details).

19. SUBSEQUENT EVENTS

From 2 January 2024 to 26 February 2024, the Company repurchased 49,041,347 shares. The Company currently holds 120,294,222 of its ordinary shares in treasury and has 1,253,932,067 ordinary shares in issue (excluding treasury shares).

On 5 January 2024, 1 February 2024, and 1 March 2024, the Company funded $7,700,000, $5,300,000 and $4,500,000 to LumiraDx respectively.

On 19 January 2024, Coherus announced that it had entered into a Purchase and Sales Agreement with Sandoz Inc. (the "Purchase Agreement"). On 5 February 2024, Coherus announced that it had entered into a Consent, Partial Release and Third Amendment to the Coherus Loan Agreement, under which certain subsidiaries and assets of Coherus were released in connection with the Purchase Agreement. Coherus is permitted to make a partial prepayment of the principal of the loans outstanding under the Coherus Loan Agreement in the amount of $175,000,000 of the outstanding principal balance of $250,000,000, and the minimum net sales covenant was adjusted. The Company's portion of such partial principal prepayment would be $87,500,000. Coherus anticipates making such partial prepayment in the second quarter of 2024.

On 29 January 2024, Akebia prepaid its remaining $17,500,000 balance to the Company and the Company received $87,500 in prepayment fees.

On 12 February 2024, ImmunoGen repaid its remaining $37,500,000 balance to the Company and the Company received $13,108,000 of accrued interest, additional consideration, and prepayment and make-whole fees.

On 5 March 2024, OptiNose negotiated an amendment which waived the no 'going concern' requirement with respect to the 2023 fiscal year and first quarter of 2024. On 8 March 2024, OptiNose negotiated an additional amendment which extended the Make-Whole period by 6 months and revised the sales covenants.

On 13 March 2024, the Company entered into an Amendment and Restatement of its Loan Agreement with UroGen. The Amended and Restated Loan Agreement includes an additional third and fourth tranche of senior secured loans of $25,000,000 and $75,000,000 respectively. In addition, the interest rate was reduced from 3-month SOFR plus 8.25 per cent. per annum to 3-month SOFR plus 7.25 per cent. per annum, and the SOFR floor was increased from 1.25 per cent. to 2.5 per cent. Under the Amended and Restated Loan Agreement, the third and fourth tranches were allocated in full to the Private Fund.

On 21 March 2024, the Board approved an interim dividend in respect of the financial period ending 31 March 2024 of $0.0175 per ordinary share, payable on 30 April 2024.

Glossary of Terms and Alternative Performance Measures (APM)

GROSS IRR

Gross IRR as of such prepayment date means an aggregate, annual, compounded, as applicable, internal rate of return, calculated on the basis of historical and projected capital inflows and outflows related to the particular investment, without taking into account the impact of management fees, incentive compensation, taxes, or transaction and organizational costs and expenses. Past performance is not an indication of future performance.

NET INCOME PER ORDINARY SHARE

Net income per share is the net revenue for the year divided by the number of ordinary shares outstanding.

NET IRR

The net internal rate of return of a particular investment is calculated by applying a 25 per cent. reduction to the respective gross internal rate of return of a particular investment, which is the average percentage reduction from the gross internal rate of return and net internal rate of return from all previously realized investments from prior closed private funds. The net internal rate of return for realized investments in the prior closed prior funds means an aggregate, annual, compounded, as applicable, internal rate of return, calculated on the basis of realized capital inflows and outflows for such investment, taking into account, the impact of its proportional share of fees and expenses actually paid by its relevant closed private fund. The Investment Manager believes this methodology is the appropriate approach to derive an approximate realized net internal rate of return for realized investments in the Company. Past performance is not an indication of future performance.

NAV PER ORDINARY SHARE

Net Asset Value (NAV) is the value of total assets less liabilities. The NAV per share is calculated by dividing this amount by the number of ordinary shares outstanding.

PREMIUM (DISCOUNT) TO NAV PER ORDINARY SHARE

As stock markets and share prices vary, an investment trust's share price is rarely the same as its NAV. When the share price is lower than the NAV per share it is said to be trading at a discount. The size of the discount is calculated by subtracting the share price from the NAV per share and it is usually expressed as a percentage of the NAV per share. If the share price is higher than the NAV per share, it is said to be trading at a premium.

RETURN PER ORDINARY SHARE

Revenue return per Ordinary share is based on the net revenue after taxation divided by the weighted average number of Ordinary Shares for the year. Capital return per Ordinary Share is based on net capital gains divided by weighted average number of Ordinary Shares for the year.

ONGOING CHARGES

Ongoing charges are the Company's expenses expressed (excluding and including performance fee) as a percentage of its average monthly net assets and follows the AIC recommended methodology.

Ongoing charges are different to total expenses as not all expenses are considered to be operational and recurring.

The calculation below is in line with AIC guidelines.

		Year to 31 December 2023
Total expenses	(d)	27,280,000
Less: Performance fee		(12,044,000)
Total	(a)	15,235,000
Average monthly net assets	(b)	1,327,822,704
Ongoing charges excluding performance fee (c=a/b)	(c)	1.15%
Ongoing charges including performance fee (e=d/b)	(e)	2.05%

Corporate information

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Duncan Budge
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Sapna Shah

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Shareholder information

KEY DATES

March	Annual results announced Payment of fourth interim dividend
June	Company's half-year end Payment of first interim dividend Annual General Meeting
September	Half-yearly results announced Payment of second interim dividend
December	Company's year end Payment of third interim dividend

FREQUENCY OF NAV PUBLICATION

The Company's NAV is released to the LSE on a monthly basis and is published on the Company's website.

ANNUAL AND HALF-YEARLY REPORT

Copies of the Company's Annual and Half-yearly Reports, stock exchange announcements and further information on the Company can be obtained from the Company's website www.bpcruk.com.

IDENTIFICATION CODES

SEDOL:	BDGKMY2
ISIN:	GB00BDGKMY29
TICKER:	BPCR
LEI:	213800AV55PYXAS7SY24

CONTACTING THE COMPANY

Shareholder queries are welcomed by the Company. While any queries regarding your shareholding should be directed to the Registrar, shareholders who wish to raise any other matters with the Company may do so using the following contact details:

Company Secretary – biopharmacreditplc@linkgroup.co.uk

Chairman – chairman@bpcruk.com

Senior Independent Director – sid@bpcruk.com

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