UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-39329

Royalty Pharma plc

(Exact name of registrant as specified in its charter)

England and Wales	**98-1535773**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

110 East 59th Street
New York, New York 10022
(Address of principal executive offices and zip code)

(212) 883-0200
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Class A ordinary shares, par value $0.0001	RPRX	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of November 4, 2022, Royalty Pharma plc had 441,104,204 Class A ordinary shares outstanding and 166,117,591 Class B ordinary shares outstanding.

ROYALTY PHARMA PLC

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Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains statements reflecting our views about our future performance that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify these statements by forward-looking words such as "may," "might," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue," the negative of these terms and other comparable terminology. These forward-looking statements are not historical facts, but rather are based on current expectations, estimates and projections about us, our current and prospective assets, our industry, our beliefs and our assumptions. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. You should evaluate all forward-looking statements made in this Quarterly Report on Form 10-Q in the context of the numerous risks outlined in Part I under Item 1A. under "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

These risks and uncertainties include factors related to:

- sales risks of biopharmaceutical products on which we receive royalties;
- our ability to locate suitable assets to acquire;
- uncertainties related to the acquisition of interests in development-stage biopharmaceutical product candidates and our strategy to add development-stage product candidates to our product portfolio;
- the assumptions underlying our business model;
- our ability to successfully execute our royalty acquisition strategy;
- our ability to leverage our competitive strengths;
- actual and potential conflicts of interest with the Manager and its affiliates;
- the ability of RP Management, LLC (the "Manager") to attract and retain highly talented professionals;
- the effect of changes to tax legislation and our tax position; and
- the risks, uncertainties and other factors we identify elsewhere in this Quarterly Report on Form 10-Q and in our other filings with the U.S. Securities and Exchange Commission.

Although we believe the expectations reflected in the forward-looking statements are reasonable, any of those expectations could prove to be inaccurate, and as a result, the forward-looking statements based on those expectations also could be inaccurate. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this Quarterly Report on Form 10-Q should not be regarded as a representation by us that our plans and business objectives will be achieved. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. We are under no duty to update any of these forward-looking statements after the date of this Quarterly Report on Form 10-Q to conform our prior statements to actual results or revised expectations.

PART 1. FINANCIAL INFORMATION
Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ROYALTY PHARMA PLC
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except par value)
(Unaudited)

	As of September 30, 2022	As of December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	$ 991,628	$ 1,541,048
Marketable securities	139,926	581,872
Financial royalty assets	675,857	614,351
Accrued royalty receivable	15,712	53,286
Available for sale debt securities	409,347	66,000
Other royalty income receivable	19,131	15,023
Other current assets	90,515	6,631
Total current assets	**2,342,116**	**2,878,211**
Financial royalty assets, net	14,287,399	13,718,245
Intangible royalty assets, net	—	5,670
Equity securities	262,820	269,800
Available for sale debt securities	339,800	204,400
Equity method investments	409,857	435,394
Other assets	30,613	4,145
Total assets	**$ 17,672,605**	**$ 17,515,865**
Liabilities and shareholders' equity		
Current liabilities		
Distributions payable to non-controlling interests	$ 105,731	$ 107,934
Accounts payable and accrued expenses	16,112	5,620
Interest payable	13,199	57,696
Current portion of long-term debt	996,583	—
Total current liabilities	**1,131,625**	**171,250**
Long-term debt	6,114,677	7,096,070
Other liabilities	9,900	—
Total liabilities	**7,256,202**	**7,267,320**
Commitments and contingencies		
Shareholders' equity		
Class A ordinary shares, $0.0001 par value; 441,104 and 432,963 issued and outstanding, respectively	44	43
Class B ordinary shares, $0.000001 par value; 166,118 and 174,213 issued and outstanding, respectively	—	—
Class R redeemable shares, £1 par value; 50 and 50 issued and outstanding, respectively	63	63
Deferred shares, $0.000001 par value; 369,265 and 361,170 issued and outstanding, respectively	—	—
Additional paid-in capital	3,632,903	3,507,533
Retained earnings	2,504,974	2,255,179
Non-controlling interests	4,264,303	4,471,951
Accumulated other comprehensive income	16,904	16,491
Treasury interests	(2,788)	(2,715)
Total shareholders' equity	**10,416,403**	**10,248,545**
Total liabilities and shareholders' equity	**$ 17,672,605**	**$ 17,515,865**

See accompanying notes to these unaudited condensed consolidated financial statements.

ROYALTY PHARMA PLC

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Income and other revenues:				
Income from financial royalty assets	$ 551,682	$ 505,832	$ 1,578,555	$ 1,538,871
Revenue from intangible royalty assets	1,073	63,406	37,196	139,594
Other royalty income	20,708	16,535	55,716	35,298
Total income and other revenues	**573,463**	**585,773**	**1,671,467**	**1,713,763**
Operating expenses				
Provision for changes in expected cash flows from financial royalty assets	305,061	137,837	595,396	186,337
Research and development funding expense	25,500	90,500	126,606	96,263
Amortization of intangible assets	—	5,796	5,670	17,200
General and administrative expenses	50,692	48,588	154,075	136,665
Total operating expenses, net	**381,253**	**282,721**	**881,747**	**436,465**
Operating income	**192,210**	**303,052**	**789,720**	**1,277,298**
Other expense/(income)				
Equity in losses/(earnings) of equity method investees	3,251	(2,749)	2,117	(18,532)
Interest expense	46,977	44,327	141,006	119,168
(Gains)/losses on derivative financial instruments	(25,785)	16,972	(97,590)	21,436
(Gains)/losses on equity securities	(5,168)	19,289	22,970	17,980
(Gains)/losses on available for sale debt securities	(44,243)	14,885	(97,985)	(8,246)
Interest income	(14,034)	(12,261)	(34,482)	(42,896)
Other non-operating expense, net	10,798	793	13,590	858
Total other (income)/expenses, net	**(28,204)**	**81,256**	**(50,374)**	**89,768**
Consolidated net income before tax	220,414	221,796	840,094	1,187,530
Income tax expense	—	—	—	—
Consolidated net income	220,414	221,796	840,094	1,187,530
Net income attributable to non-controlling interests	77,763	119,867	341,178	575,706
Net income attributable to Royalty Pharma plc	**$ 142,651**	**$ 101,929**	**$ 498,916**	**$ 611,824**
Earnings per Class A ordinary share:				
Basic	$ 0.32	$ 0.24	$ 1.14	$ 1.49
Diluted	$ 0.32	$ 0.24	$ 1.14	$ 1.49
Weighted average Class A ordinary shares outstanding:				
Basic	439,293	428,230	436,542	409,253
Diluted	607,226	607,174	607,209	607,152

See accompanying notes to these unaudited condensed consolidated financial statements.

ROYALTY PHARMA PLC
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Consolidated net income	$ 220,414	$ 221,796	$ 840,094	$ 1,187,530
Changes in other comprehensive income/(loss):				
Unrealized gains/(losses) on available for sale debt securities	13,050	(2,575)	24,000	8,574
Reclassification of unrealized gains on available for sale debt securities	(7,111)	(11,756)	(24,053)	(40,545)
Other comprehensive income/(loss)	**$ 5,939**	**$ (14,331)**	**$ (53)**	**$ (31,971)**
Comprehensive income	**$ 226,353**	**$ 207,465**	**$ 840,041**	**$ 1,155,559**
Comprehensive income attributable to non-controlling interests	80,161	113,867	341,109	561,594
Comprehensive income attributable to Royalty Pharma plc	**$ 146,192**	**$ 93,598**	**$ 498,932**	**$ 593,965**

See accompanying notes to these unaudited condensed consolidated financial statements.

ROYALTY PHARMA PLC

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands, except per share amounts)

(Unaudited)

	Class A Ordinary Shares		Class B Ordinary Shares		Class R Redeemable Shares		Deferred Shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Non-Controlling Interests	Treasury Interests	Total Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount						
Balance at June 30, 2022	437,139	$ 44	170,081	$ —	50	$ 63	365,302	$ —	$ 3,570,585	$ 2,446,132	$ 13,177	$ 4,380,938	$ (2,752)	$ 10,408,187
Contributions	—	—	—	—	—	—	—	—	—	—	—	2,970	—	2,970
Distributions	—	—	—	—	—	—	—	—	—	—	—	(137,880)	—	(137,880)
Dividends ($0.19 per Class A ordinary share)	—	—	—	—	—	—	—	—	—	(83,809)	—	—	—	(83,809)
Other exchanges	3,963	—	(3,963)	—	—	—	3,963	—	61,736	—	186	(61,886)	(36)	—
Share-based compensation and related issuances of Class A ordinary shares	2	—	—	—	—	—	—	—	582	—	—	—	—	582
Net income	—	—	—	—	—	—	—	—	—	142,651	—	77,763	—	220,414
Other comprehensive income/(loss):														
Unrealized gains on available for sale debt securities	—	—	—	—	—	—	—	—	—	—	7,781	5,269	—	13,050
Reclassification of unrealized gains on available for sale debt securities	—	—	—	—	—	—	—	—	—	—	(4,240)	(2,871)	—	(7,111)
Balance at September 30, 2022	**441,104**	**$ 44**	**166,118**	**$ —**	**50**	**$ 63**	**369,265**	**$ —**	**$ 3,632,903**	**$ 2,504,974**	**$ 16,904**	**$ 4,264,303**	**$ (2,788)**	**$ 10,416,403**

	Class A Ordinary Shares		Class B Ordinary Shares		Class R Redeemable Shares		Deferred Shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Non-Controlling Interests	Treasury Interests	Total Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount						
Balance at June 30, 2021	427,006	$ 42	180,166	$ —	50	$ 63	355,217	$ —	$ 3,415,598	$ 2,291,966	$ 28,672	$ 4,671,686	$ (2,662)	$ 10,405,365
Contributions	—	—	—	—	—	—	—	—	—	—	—	6,030	—	6,030
Distributions	—	—	—	—	—	—	—	—	—	—	—	(159,714)	—	(159,714)
Dividends ($0.17 per Class A ordinary share)	—	—	—	—	—	—	—	—	—	(73,017)	—	—	—	(73,017)
Other exchanges	2,503	1	(2,503)	—	—	—	2,503	—	38,115	—	212	(38,305)	(23)	—
Share-based compensation and related issuances of Class A ordinary shares	2	—	—	—	—	—	—	—	505	—	—	—	—	505
Net income	—	—	—	—	—	—	—	—	—	101,929	—	119,867	—	221,796
Other comprehensive loss:														
Unrealized losses on available for sale debt securities	—	—	—	—	—	—	—	—	—	—	(1,497)	(1,078)	—	(2,575)
Reclassification of unrealized gains on available for sale debt securities	—	—	—	—	—	—	—	—	—	—	(6,834)	(4,922)	—	(11,756)
Balance at September 30, 2021	**429,511**	**$ 43**	**177,663**	**$ —**	**50**	**$ 63**	**357,720**	**$ —**	**$ 3,454,218**	**$ 2,320,878**	**$ 20,553**	**$ 4,593,564**	**$ (2,685)**	**$ 10,386,634**

See accompanying notes to these unaudited condensed consolidated financial statements.

ROYALTY PHARMA PLC

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands, except per share amounts)

(Unaudited)

	Class A Ordinary Shares		Class B Ordinary Shares		Class R Redeemable Shares		Deferred Shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Non-Controlling Interests	Treasury Interests	Total Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount						
Balance at December 31, 2021	432,963	$ 43	174,213	$ —	50	$ 63	361,170	$ —	$ 3,507,533	$ 2,255,179	$ 16,491	$ 4,471,951	$ (2,715)	$ 10,248,545
Contributions	—	—	—	—	—	—	—	—	—	—	—	9,173	—	9,173
Distributions	—	—	—	—	—	—	—	—	—	—	—	(433,822)	—	(433,822)
Dividends ($0.57 per Class A ordinary share)	—	—	—	—	—	—	—	—	—	(249,121)	—	—	—	(249,121)
Other exchanges	8,095	1	(8,095)	—	—	—	8,095	—	123,783	—	397	(124,108)	(73)	—
Share based compensation and related issuances of Class A ordinary shares	46	—	—	—	—	—	—	—	1,587	—	—	—	—	1,587
Net income	—	—	—	—	—	—	—	—	—	498,916	—	341,178	—	840,094
Other comprehensive income/(loss):														
Unrealized gains on available for sale debt securities	—	—	—	—	—	—	—	—	—	—	14,262	9,738	—	24,000
Reclassification of unrealized gains on available for sale debt securities	—	—	—	—	—	—	—	—	—	—	(14,246)	(9,807)	—	(24,053)
Balance at September 30, 2022	**441,104**	**$ 44**	**166,118**	**$ —**	**50**	**$ 63**	**369,265**	**$ —**	**$ 3,632,903**	**$ 2,504,974**	**$ 16,904**	**$ 4,264,303**	**$ (2,788)**	**$ 10,416,403**

	Class A Ordinary Shares		Class B Ordinary Shares		Class R Redeemable Shares		Deferred Shares		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Non-Controlling Interests	Treasury Interests	Total Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount						
Balance at December 31, 2020	388,135	$ 39	218,976	$ —	50	$ 63	316,407	$ —	$ 2,865,964	$ 1,920,635	$ 34,395	$ 5,077,036	$ (2,317)	$ 9,895,815
Contributions	—	—	—	—	—	—	—	—	—	—	—	20,803	—	20,803
Distributions	—	—	—	—	—	—	—	—	—	—	—	(475,901)	—	(475,901)
Dividends ($0.51 per Class A ordinary share)	—	—	—	—	—	—	—	—	—	(211,581)	—	—	—	(211,581)
Other exchanges	41,313	4	(41,313)	—	—	—	41,313	—	586,315	—	4,017	(589,968)	(368)	—
Share-based compensation and related issuances of Class A ordinary shares	63	—	—	—	—	—	—	—	1,939	—	—	—	—	1,939
Net income	—	—	—	—	—	—	—	—	—	611,824	—	575,706	—	1,187,530
Other comprehensive income/(loss):														
Unrealized gains on available for sale debt securities	—	—	—	—	—	—	—	—	—	—	4,562	4,012	—	8,574
Reclassification of unrealized gains on available for sale debt securities	—	—	—	—	—	—	—	—	—	—	(22,421)	(18,124)	—	(40,545)
Balance at September 30, 2021	**429,511**	**$ 43**	**177,663**	**$ —**	**50**	**$ 63**	**357,720**	**$ —**	**$ 3,454,218**	**$ 2,320,878**	**$ 20,553**	**$ 4,593,564**	**$ (2,685)**	**$ 10,386,634**

See accompanying notes to these unaudited condensed consolidated financial statements.

ROYALTY PHARMA PLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	For the Nine Months Ended September 30,	
	2022	**2021**
Cash flows from operating activities:		
Cash collections from financial royalty assets	$ 1,843,899	$ 1,733,147
Cash collections from intangible royalty assets	72,406	113,133
Other royalty cash collections	51,607	27,469
Distributions from equity method investees	33,316	28,213
Interest received	10,556	3,004
Derivative collateral received	—	34,660
Derivative collateral posted	—	(34,660)
Termination payments on derivative instruments	—	(16,093)
Development-stage funding payments - ongoing	(1,606)	(6,263)
Development-stage funding payments - upfront and milestone	(125,000)	(90,000)
Payments for operating and professional costs	(141,653)	(135,272)
Interest paid	(169,476)	(129,759)
Net cash provided by operating activities	**1,574,049**	**1,527,579**
Cash flows from investing activities:		
Distributions from equity method investees	—	523
Investments in equity method investees	(9,896)	(28,320)
Purchases of equity securities	(62,785)	(100,013)
Proceeds from equity securities	46,158	115,957
Purchases of available for sale debt securities	(393,737)	(52,755)
Proceeds from available for sale debt securities	46,875	46,875
Purchases of marketable securities	(234,869)	(755,668)
Proceeds from sales and maturities of marketable securities	676,705	1,493,135
Acquisitions of financial royalty assets	(1,491,399)	(2,019,768)
Acquisitions of other financial assets	(21,215)	—
Milestone payments	—	(18,600)
Net cash used in investing activities	**(1,444,163)**	**(1,318,634)**
Cash flows from financing activities:		
Distributions to non-controlling interests	(322,726)	(363,624)
Distributions to non-controlling interests- other	(113,299)	(119,507)
Dividends to shareholders	(249,121)	(211,581)
Contributions from non-controlling interests- R&D	971	6,083
Contributions from non-controlling interests- other	4,869	11,524
Proceeds from issuance of long-term debt, net of discount	—	1,272,533
Debt issuance costs and other	—	(12,245)
Net cash (used in)/provided by financing activities	**(679,306)**	**583,183**
Net change in cash and cash equivalents	(549,420)	792,128
Cash and cash equivalents, beginning of period	1,541,048	1,008,680
Cash and cash equivalents, end of period	**$ 991,628**	**$ 1,800,808**

See accompanying notes to these unaudited condensed consolidated financial statements.

1. Organization and Purpose

Royalty Pharma plc is an English public limited company incorporated under the laws of England and Wales that was created for the purpose of consolidating our predecessor entities and facilitating the initial public offering ("IPO") of our Class A ordinary shares. "Royalty Pharma," the "Company," "we," "us" and "our" refer to Royalty Pharma plc and its subsidiaries on a consolidated basis.

We are the largest buyer of biopharmaceutical royalties and a leading funder of innovation across the biopharmaceutical industry. We fund innovation in the biopharmaceutical industry both directly and indirectly—directly when we partner with companies to co-fund late-stage clinical trials and new product launches in exchange for future royalties, and indirectly when we acquire existing royalties from the original innovators.

We control Royalty Pharma Holdings Ltd. ("RP Holdings"), a private limited company incorporated under the laws of England and Wales and U.K. tax resident, through our ownership of RP Holdings' Class A ordinary shares and RP Holdings' Class B ordinary shares (the "RP Holdings Class B Interests"). The Continuing Investors Partnerships (defined below) have a non-controlling interest in RP Holdings through their ownership of RP Holdings Class B Interests. We conduct our business through RP Holdings and its subsidiaries.

RP Holdings is the sole owner of Royalty Pharma Investments 2019 ICAV ("RPI 2019 ICAV"), which is an Irish collective asset management entity formed to facilitate our Exchange Offer Transactions (defined below), and is the successor to Royalty Pharma Investments, an Irish unit trust ("Old RPI"). RP Holdings is directly or indirectly owned by RPI US Partners 2019, LP, a Delaware limited partnership, RPI International Holdings 2019, LP, a Cayman Islands exempted limited partnership (together, the "Continuing Investors Partnerships") and Royalty Pharma plc. Prior to the Exchange Offer Transactions, Old RPI was owned by various partnerships (the "Legacy Investors Partnerships").

RP Management, LLC (the "Manager"), a Delaware limited liability company, is responsible for our management, including our day-to-day operations, pursuant to advisory and management agreements (collectively, the "Management Agreement").

Exchange Offer Transactions

We consummated an exchange offer on February 11, 2020 to facilitate the IPO. Through the exchange offer, investors which represented 82% of the aggregate limited partnership in the Legacy Investors Partnerships exchanged their limited partnership interests in the Legacy Investors Partnerships for limited partnership interests in the Continuing Investors Partnerships. The exchange offer transaction together with (i) the concurrent incurrence of indebtedness under senior secured credit facilities and (ii) the issuance of additional interests in Continuing Investors Partnerships to satisfy performance payments payable in respect of assets acquired prior to the date of the IPO are referred to as the "Exchange Offer Transactions."

As a result of the Exchange Offer Transactions, we own indirectly an 82% economic interest in Old RPI through our subsidiary RPI 2019 Intermediate Finance Trust, a Delaware statutory trust ("RPI Intermediate FT"). We are entitled to 82% of the economics of Old RPI's wholly-owned subsidiaries, RPI Finance Trust, a Delaware statutory trust ("RPIFT") and RPI Acquisitions (Ireland) Limited ("RPI Acquisitions"), an Irish private limited company, and 66% of Royalty Pharma Collection Trust, a Delaware statutory trust ("RPCT"). The remaining 34% of RPCT is owned by the Legacy Investors Partnerships and Royalty Pharma Select Finance Trust, a Delaware statutory trust ("RPSFT"), which is wholly-owned by Royalty Pharma Select, an Irish unit trust.

2. Summary of Significant Accounting Policies

Basis of Preparation and Use of Estimates

The accompanying unaudited condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

In the opinion of management, all adjustments considered necessary to present fairly the results of the interim periods have been included and consist only of normal and recurring adjustments. Certain information and footnote disclosures have been condensed or omitted as permitted under GAAP. As such, the information included in this Quarterly Report on Form 10-Q should be read in conjunction with the audited consolidated financial statements and the related notes thereto as of and for the year ended December 31, 2021, included in our Annual Report on Form 10-K.

The preparation of unaudited condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of income, revenues and expenses during the reporting period. Actual results may differ from those estimates. The results for the interim periods are not necessarily indicative of results for the full year.

We continue to monitor the impact from the COVID-19 pandemic on our operational and financial performance. To date, certain marketers have commented that the performance of products on which we own royalties have been impacted by the COVID-19 pandemic. However, the COVID-19 pandemic has not had a material impact on our results of operations and liquidity and we do not believe it is reasonably likely to in the future.

Basis of Consolidation

The unaudited condensed consolidated financial statements include the accounts of Royalty Pharma plc and all majority-owned and controlled subsidiaries, as well as variable interest entities, where we are the primary beneficiary. We consolidate based upon evaluation of our power, through voting rights or similar rights, to direct the activities of another entity that most significantly impact the entity's economic performance. For consolidated entities where we own or are exposed to less than 100% of the economics of such entity, we record *Net income attributable to non-controlling interests* on our condensed consolidated statements of operations equal to the percentage of the economic or ownership interest retained in such entities by the respective non-controlling parties.

We report non-controlling interests related to the portion of ownership interests of consolidated subsidiaries not owned by us which are attributable to: (1) the Legacy Investors Partnerships' ownership of approximately 18% in Old RPI, (2) the Continuing Investors Partnerships' ownership in RP Holdings through their ownership of RP Holdings Class B Interests, (3) a de minimis interest in RPCT held by RPSFT and (4) RPI EPA Holdings, LP's ("EPA Holdings") ownership of the RP Holdings' Class C ordinary share (the "RP Holdings Class C Special Interest"). Income will not be allocated to EPA Holdings until certain performance conditions are met.

All intercompany transactions and balances have been eliminated in consolidation.

Concentrations of Credit Risk

Financial instruments that subject us to significant concentrations of credit risk consist primarily of cash and cash equivalents, marketable securities, available for sale securities, financial royalty assets, derivatives and receivables. Our cash management and investment policy limits investment instruments to investment-grade securities with the objective to preserve capital and to maintain liquidity until the funds are needed for operations. Our cash and cash equivalents and marketable securities balances as of September 30, 2022 and December 31, 2021 were held with State Street, Bank of America and Scotiabank. Our primary operating accounts significantly exceed the Federal Deposit Insurance Corporation limits.

The majority of our financial royalty assets and receivables arise from contractual royalty agreements that entitle us to royalties on the sales of underlying biopharmaceutical products in the United States, Europe and the rest of the world, with concentrations of credit risk limited due to the broad range of marketers responsible for paying royalties to us and the variety of geographies from which our royalties on product sales are derived. The products in which we hold royalties are marketed by leading industry participants, including, among others, Vertex, Biogen, AbbVie, Johnson & Johnson, Merck & Co., Pfizer, Astellas, Novartis and Gilead. As of September 30, 2022 and December 31, 2021, Vertex, as the marketer and payor of our royalties on the cystic fibrosis franchise, accounted for 31% and 32%, respectively, of our current portion of financial royalty assets and represented the largest individual marketer and payor of our royalties.

We monitor the financial performance and creditworthiness of the counterparties to our royalty agreements so that we can properly assess and respond to changes in their credit profile. To date, we have not experienced any significant losses with respect to the collection of income or revenue on our royalty assets.

Significant Accounting Policies

There have been no material changes to our significant accounting policies from our Annual Report on Form 10-K for the year ended December 31, 2021.

3. Available for Sale Debt Securities

Cytokinetics Commercial Launch Funding

On January 7, 2022, we entered into a long-term funding agreement with Cytokinetics, Incorporated ("Cytokinetics") to support further development of aficamten and potential commercialization of omecamtiv mecarbil. As part of the funding agreement, we agreed to provide capital ("Cytokinetics Commercial Launch Funding") of up to $300 million, which is comprised of five tranches, including an initial tranche of $50 million that was funded upon closing. In the three months ended June 30, 2022, we amended the long-term funding agreement with Cytokinetics to increase the required draw amount. Cytokinetics is required to draw $50 million if a certain contingency is met and has the option to draw the remaining $200 million upon the occurrence of certain regulatory and clinical development milestones ("Cytokinetics Funding Commitments"). As of September 30, 2022, we expect $125 million of the optional $200 million to remain available under the Cytokinetics Commercial Launch Funding due to the likelihood that certain regulatory milestones will not be met by December 31, 2022. Each tranche has an interest-free and payment-free period of six calendar quarters, followed by 34 calendar quarters of installment re-payments totaling 1.9 times the amount drawn.

We elected the fair value option to account for the Cytokinetics Commercial Launch Funding, recorded within *Available for sale debt securities* on the condensed consolidated balance sheets, as it most accurately reflects the nature of the funding arrangement. The Cytokinetics Funding Commitments, which include options and forwards over the subsequent tranches, are recognized at fair value within *Other liabilities* as of September 30, 2022 and within *Available for sale debt securities* as of December 31, 2021 on the condensed consolidated balance sheets. The unrealized changes in the fair value of the funded Cytokinetics Commercial Launch Funding and the Cytokinetics Funding Commitments are recorded within *(Gains)/losses on available for sale debt securities* in the condensed consolidated statements of operations.

MorphoSys Development Funding Bonds

On June 2, 2021, we announced a long-term strategic funding partnership with MorphoSys AG ("MorphoSys") to support its acquisition of Constellation Pharmaceuticals, Inc. which closed on July 15, 2021. As part of the funding agreement, we agreed to provide MorphoSys up to $350 million of capital (the "Development Funding Bonds"), of which MorphoSys was required to draw a minimum of $150 million. Our commitment to fund at least $150 million of the Development Funding Bonds was recognized as the Development Funding Bond Forward. During the three months ended September 30, 2022, we funded $300 million of the Development Funding Bonds, which represents additional funding of $150 million above the minimum funding commitment ("Additional Funding") and we settled the Development Funding Bond Forward at the same time. We have no remaining funding commitment under the Development Funding Bonds. We expect to receive a return of 2.2 times the amount funded on the Development Funding Bonds payable on a quarterly basis over nine years, with the first payment beginning during the three months ended December 31, 2024.

We elected the fair value option to account for the Development Funding Bonds and the Development Funding Bond Forward as it most accurately reflects the nature of the instruments. The Development Funding Bonds and the Development Funding Bond Forward are recorded within *Available for sale debt securities* on our consolidated balance sheet. The changes in the fair values of the Development Funding Bonds and the Development Funding Bond Forward are recorded within *(Gains)/losses on available for sale debt securities* in the condensed consolidated statements of operations.

Series A Biohaven Preferred Shares

On April 5, 2019, RPIFT funded the purchase of 2,495 Series A Biohaven Preferred Shares from Biohaven Pharmaceutical Holding Company Ltd. ("Biohaven") at a price of $50,100 per preferred share for a total of $125 million. The approval of Nurtec ODT by the U.S. Food and Drug Administration ("FDA") in February 2020 resulted in a payment due to us of two times the original purchase price of the Series A Biohaven Preferred Shares payable in equal quarterly installments beginning in the three months ended March 31, 2021 through the three months ended December 31, 2024. In the three months ended March 31, 2021, we began receiving payments from the quarterly redemption of the Series A Biohaven Preferred Shares.

On October 3, 2022, Pfizer acquired Biohaven, which was a change of control event that accelerated the redemption of all outstanding Series A Biohaven Preferred Shares at a price equal to two times the original purchase price. In connection with the completion of Pfizer's acquisition of Biohaven, all outstanding Series A Biohaven Preferred Shares were redeemed in a lump sum payment. We no longer hold any Series A Biohaven Preferred Shares.

The Series A Biohaven Preferred Shares are classified as *Available for sale debt securities* on our condensed consolidated balance sheets. The unrealized change in the fair value of the Series A Biohaven Preferred Shares is recorded within *Unrealized gains/(losses) on available for sale debt securities* in the condensed consolidated statements of comprehensive income. In the three and nine months ended September 30, 2022, $7.1 million and $24.1 million, respectively, of the unrealized gains were reclassified from other comprehensive income to *Interest income* in the condensed consolidated statements of operations. In the three and nine months ended September 30, 2021, $11.8 million and $40.5 million, respectively, of the unrealized gains were reclassified from other comprehensive income to *Interest income* in the condensed consolidated statements of operations.

Series B Biohaven Preferred Shares

On August 7, 2020, we entered into the Series B Biohaven Preferred Share Purchase Agreement ("Series B Biohaven Preferred Share Agreement") with Biohaven where we committed to acquire 3,992 shares of Series B Biohaven Preferred Shares at a price of $50,100 per preferred share (the "Commercial Launch Preferred Equity") for a total of $200 million payable on a quarterly basis between the three months ended March 31, 2021 and the three months ended December 31, 2024. Our commitment to purchase the Series B Biohaven Preferred Shares is recognized as the Series B Forwards.

On October 3, 2022, Pfizer acquired Biohaven, which was a change of control event that accelerated the issuance of all unissued Series B Biohaven Preferred Shares and the redemption of all outstanding Series B Biohaven Preferred Shares at a price equal to approximately 1.8 times the original issue price. In connection with the completion of Pfizer's acquisition of Biohaven, we purchased all remaining Series B Biohaven Preferred Shares simultaneously with the redemption of all outstanding Series B Biohaven Preferred Shares, for which we received a lump sum payment. We no longer hold any Series B Biohaven Preferred Shares.

As of September 30, 2022, we have acquired 2,279 shares of Series B Biohaven Preferred Shares. We elected the fair value option to account for the Series B Biohaven Preferred Shares and the Series B Forwards, which are recorded in aggregate as *Available for sale debt securities* on the condensed consolidated balance sheets. We believe the fair value option most accurately reflects the nature of these instruments. The unrealized changes in the fair values of the Series B Biohaven Preferred Shares and Series B Forwards are recorded within *(Gains)/losses on available for sale debt securities* in the condensed consolidated statements of operations.

The table below summarizes our available for sale debt securities recorded at fair value as of September 30, 2022 and December 31, 2021 (in thousands):

	Cost	Unrealized Gains/(Losses)	Fair Value	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities (3)	Total
As of September 30, 2022								
Debt securities (1)	$ 584,824	$ 98,007	$ 682,831	$ 343,031	$ 339,800	$ —	$ —	$ 682,831
Forwards (2)	—	66,316	66,316	66,316	—	—	—	66,316
Funding commitments (2)	(9,400)	(500)	(9,900)	—	—	—	(9,900)	(9,900)
Total available for sale debt securities	**$ 575,424**	**$ 163,823**	**$ 739,247**	**$ 409,347**	**$ 339,800**	**$ —**	**$ (9,900)**	**$ 739,247**
As of December 31, 2021								
Debt securities (1)	$ 204,509	$ 49,191	$ 253,700	$ 66,000	$ 187,700	$ —	$ —	$ 253,700
Forwards (2)	—	16,700	16,700	—	16,700	—	—	16,700
Total available for sale debt securities	**$ 204,509**	**$ 65,891**	**$ 270,400**	**$ 66,000**	**$ 204,400**	**$ —**	**$ —**	**$ 270,400**

(1) The cost for the Series A Biohaven Preferred Shares represents amortized cost. The cost for the Series B Biohaven Preferred Shares represents the amounts paid to purchase the instruments. The cost of the Development Funding Bonds represents the amounts funded. The cost associated with the funded Cytokinetics Commercial Launch Funding reflects the fair value on the purchase date.
(2) There are no costs associated with the forwards. The cost associated with the funding commitments represents the fair value on the purchase date.
(3) Reflected within *Other liabilities* on the condensed consolidated balance sheet.

4. Fair Value Measurements and Financial Instruments

Fair Value Hierarchy

We determine the fair value of assets and liabilities using the fair value hierarchy, which establishes three levels of inputs that may be used to measure fair value as follows:

- Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2: Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3: Prices or valuation that require inputs that are both significant to the fair value measurement and unobservable.

Our financial instruments consist primarily of cash and cash equivalents, marketable securities, equity securities, derivatives, available for sale debt securities, royalty interests and long-term debt. Cash and cash equivalents, marketable securities, equity securities, derivatives, available for sale debt securities and certain royalty interests are reported at their respective fair values on our condensed consolidated balance sheets. For financial instruments which are carried at fair value, the level in the fair value hierarchy is based on the lowest level of inputs that is significant to the fair value measurement in its entirety. Outstanding borrowings and non-current financial royalty assets are reported at their amortized costs on our condensed consolidated balance sheets, for which fair values are disclosed. The remaining financial instruments are reported on our condensed consolidated balance sheets at amounts that approximate fair values.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes assets and liabilities measured at fair value on a recurring basis at the dates indicated, classified in accordance with the fair value hierarchy described above (in thousands):

	As of September 30, 2022				As of December 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:								
Cash equivalents								
Money market funds	$ —	$ —	$ —	$ —	$ 598,253	$ —	$ —	$ 598,253
Commercial paper	—	—	—	—	—	13,997	—	13,997
Certificates of deposit	—	—	—	—	—	40,954	—	40,954
Marketable securities								
Commercial paper	—	27,750	—	27,750	—	207,457	—	207,457
Certificates of deposit	—	88,087	—	88,087	—	374,415	—	374,415
U.S. government securities	—	24,089	—	24,089	—	—	—	—
Available for sale debt securities								
Debt securities (1)	—	—	343,031	343,031	—	—	66,000	66,000
Forwards (2)	—	—	66,316	66,316	—	—	—	—
Derivative instruments (3)	—	—	84,860	84,860	—	—	—	—
Total current assets	**$ —**	**$ 139,926**	**$ 494,207**	**$ 634,133**	**$ 598,253**	**$ 636,823**	**$ 66,000**	**$ 1,301,076**
Equity securities	244,524	—	18,296	262,820	226,787	—	43,013	269,800
Available for sale debt securities								
Debt securities (1)	—	—	339,800	339,800	—	—	187,700	187,700
Forwards (2)	—	—	—	—	—	—	16,700	16,700
Derivative instruments (3)	—	—	12,730	12,730	—	—	—	—
Royalty at fair value (4)	—	—	13,937	13,937	—	—	—	—
Total non-current assets	**$ 244,524**	**$ —**	**$ 384,763**	**$ 629,287**	**$ 226,787**	**$ —**	**$ 247,413**	**$ 474,200**
Liabilities:								
Available for sale debt securities								
Funding commitments (5)	—	—	(9,900)	(9,900)	—	—	—	—
Total non-current liabilities	**$ —**	**$ —**	**$ (9,900)**	**$ (9,900)**	**$ —**	**$ —**	**$ —**	**$ —**

(1) Reflects the fair value of the Series A Biohaven Preferred Shares and Series B Biohaven Preferred Shares. As of September 30, 2022, amounts also include the fair value of the funded portion of the Cytokinetics Commercial Launch Funding and the Development Funding Bonds.
(2) Reflects the fair value of our obligations to fund the acquisitions of the Series B Biohaven Preferred Shares as recorded within current assets as of September 30, 2022 and within non-current assets as of December 31, 2021. As of December 31, 2021, the amount also reflects the fair value of our obligations to fund the Development Funding Bonds as recorded within non-current assets.
(3) Related to the Milestone Acceleration Option (defined below) recorded within *Other current assets* and *Other assets* on the condensed consolidated balance sheet.
(4) Recorded within *Other assets* on the condensed consolidated balance sheet. See Note 8–Non-Consolidated Affiliates for additional discussion.
(5) Related to the fair value of the Cytokinetics Funding Commitments as reflected within *Other liabilities* on the condensed consolidated balance sheet.

For the three and nine months ended September 30, 2022, we recognized gains of $5.2 million and losses of $12.8 million, respectively, on equity securities still held as of September 30, 2022. For the three and nine months ended September 30, 2021, we recognized gains of $10.0 million and $22.6 million, respectively, on equity securities still held as of September 30, 2022.

The tables presented below summarize the change in the combined fair value (current and non-current) of Level 3 financial instruments, which relate to equity securities, a royalty interest, derivative instruments and available for sale debt securities, including the underlying securities, forwards and funding commitments (in thousands):

	For the Three Months Ended September 30, 2022						For the Three Months Ended September 30, 2021	
	Equity Securities	Debt Securities	Forwards	Funding Commitments	Derivative Instruments	Royalty at Fair Value	Debt Securities	Forwards
Balance at the beginning of the period	**$ 28,785**	**$ 363,000**	**$ 28,100**	**$ (8,100)**	**$ 71,800**	**$ 21,215**	**$ 240,400**	**$ 30,800**
Purchases	—	314,579	—	—	—	—	17,585	—
Losses on initial recognition (1)	—	(8,800)	—	—	—	—	—	—
Losses on equity securities	(10,489)	—	—	—	—	—	—	—
Gains on derivative financial instruments	—	—	—	—	25,790	—	—	—
Unrealized gains/(losses) on available for sale debt securities included in other comprehensive income/(losses) (2)	—	13,050	—	—	—	—	(2,575)	—
Gains/(losses) on available for sale debt securities included in earnings (3)	—	14,200	40,643	(1,800)	—	—	(200)	(14,685)
Other non-operating expense	—	—	—	—	—	(7,278)	—	—
Settlement of forwards (4)	—	2,427	(2,427)	—	—	—	4,215	(4,215)
Redemption of debt securities	—	(15,625)	—	—	—	—	(15,625)	—
Balance at the end of the period	**$ 18,296**	**$ 682,831**	**$ 66,316**	**$ (9,900)**	**$ 97,590**	**$ 13,937**	**$ 243,800**	**$ 11,900**

(1) Represents the difference in (a) the fair value of the Additional Funding (as defined above) of the Development Funding Bonds and (b) the actual additional funded amount of $150 million. Refer to footnote (3) below for discussion on the change in fair value of the Development Funding Bond Forward.

(2) Related to Series A Biohaven Preferred Shares.

(3) Amounts reflect changes in the fair values of the Series B Biohaven Preferred Shares, Series B Forwards, and Development Funding Bond Forward. For the three months ended September 30, 2022, amounts also reflect the change in the fair value of the funded portion of the Cytokinetics Commercial Launch Funding and the Cytokinetics Funding Commitments.

(4) Amounts reflect the fair value attributed to the Series B Forwards that were settled as we acquired the Series B Biohaven Preferred Shares, which is included in the fair value of the Series B Biohaven Preferred Shares. Amounts also reflect the fair value attributed to the Development Funding Bond Forward that was settled upon funding the Development Funding Bonds in the three months ended September 30, 2022, which is included in the fair value of the Development Funding Bonds.

	For the Nine Months Ended September 30, 2022						For the Nine Months Ended September 30, 2021	
	Equity Securities	Debt Securities	Forwards	Funding Commitments	Derivative Instruments	Royalty at Fair Value	Debt Securities	Forwards
Balance at the beginning of the period	**$ 43,013**	**$ 253,700**	**$ 16,700**	**$ —**	**$ —**	**$ —**	**$ 214,400**	**$ 18,600**
Purchases	28,785	393,737	—	—	—	21,215	52,755	—
Gains/(losses) on initial recognition (1)	—	600	—	(9,400)	—	—	—	—
Losses on equity securities	(12,810)	—	—	—	—	—	—	—
Gains on derivative financial instruments	—	—	—	—	97,590	—	—	—
Unrealized gains on available for sale debt securities included in other comprehensive losses (2)	—	24,000	—	—	—	—	8,574	—
Gains/(losses) on available for sale debt securities included in earnings (3)	—	44,400	62,885	(500)	—	—	301	7,945
Other non-operating expense	—	—	—	—	—	(7,278)	—	—
Settlement of forwards (4)	—	13,269	(13,269)	—	—	—	14,645	(14,645)
Transfer out of Level 3 (5)	(40,692)	—	—	—	—	—	—	—
Redemption of debt securities	—	(46,875)	—	—	—	—	(46,875)	—
Balance at the end of the period	**$ 18,296**	**$ 682,831**	**$ 66,316**	**$ (9,900)**	**$ 97,590**	**$ 13,937**	**$ 243,800**	**$ 11,900**

(1) Represents purchase price allocation to arrive at the appropriate fair value on initial recognition. Amounts also represent the difference in (a) the fair value of the Additional Funding (as defined above) of the Development Funding Bonds and (b) the actual additional funded amount of $150 million. Refer to footnote (3) below for discussion on the change in fair value of the Development Funding Bond Forward.
(2) Related to Series A Biohaven Preferred Shares.
(3) Amounts reflect changes in the fair values of the Series B Biohaven Preferred Shares, Series B Forwards and Development Funding Bond Forward. For the nine months ended September 30, 2022, amounts also reflect the change in the fair value of the funded portion of the Cytokinetics Commercial Launch Funding and the Cytokinetics Funding Commitments.
(4) Amounts reflect the fair value attributed to the Series B Forwards that were settled as we acquired the Series B Biohaven Preferred Shares, which is included in the fair value of the Series B Biohaven Preferred Shares. Amounts also reflect the fair value attributed to the Development Funding Bond Forward that was settled upon funding the Development Funding Bonds in the three months ended September 30, 2022, which is included in the fair value of the Development Funding Bonds.
(5) Related to transfer restriction expiration of BioCryst common stock.

Valuation Inputs for Recurring Fair Value Measurements

Below is a discussion of the valuation inputs used for financial instruments classified as Level 2 and Level 3 measurements in the fair value hierarchy.

ApiJect Investment

We utilized the discounted cash flow method using Level 3 inputs, including forecasted cash flows and the weighted average cost of capital, to estimate the fair value as of September 30, 2022 of the equity securities and revenue participation right that we acquired from ApiJect Holdings, Inc. (“ApiJect”), a private company, in April 2022. Our estimate of the forecasted cash flows and the weighted average cost of capital could reasonably be different than those selected by a market participant in the event of a sale of the instruments, which would mean that the estimated fair value could be significantly higher or lower. Refer to Note 8–Non-Consolidated Affiliates for additional discussion.

Cytokinetics Commercial Launch Funding

We estimated the fair value of the funded Cytokinetics Commercial Launch Funding as of September 30, 2022 by utilizing probability-adjusted discounted cash flow calculations using Level 3 inputs, including an estimated risk-adjusted discount rate and the probability that there will be a change of control event, which would result in accelerated payments. Developing a risk-adjusted discount rate and assessing the probability that there will be a change of control event over the duration of the Cytokinetics Commercial Launch Funding requires significant judgement. Our estimate of the risk-adjusted discount rate could reasonably be different than the discount rate selected by a market participant, which would mean that the estimated fair value could be significantly higher or lower. Our expectation of the probability and timing of the occurrence of a change of control event could reasonably be different than the timing of an actual change of control event, and if so, would mean that the estimated fair value could be significantly higher or lower than the fair value determined by management at any particular date.

We estimated the fair value of the Cytokinetics Funding Commitments as of September 30, 2022 using a Monte Carlo simulation methodology that includes simulating the interest rate movements using a Geometric Brownian Motion-based pricing model. This methodology simulates the likelihood of future discount rates exceeding the counterparty's assumed cost of debt, which would impact Cytokinetics' decision to exercise its option to draw on each respective tranche. This methodology incorporates Level 3 fair value measurements and inputs, including an assumed interest rate volatility of 30% and an assumed risk-adjusted discount rate of 17.9%. We also assumed probabilities for the occurrence of each regulatory or clinical milestone, which impacts the availability of each future tranche of funding. Our estimate of the risk-adjusted discount rate, the interest rate volatility and the probabilities of each underlying milestone could reasonably be different than the assumptions selected by a market participant, which would mean that the estimated fair value could be significantly higher or lower.

BioCryst Common Stock

In November 2021, we purchased 3,846 thousand shares of common stock of BioCryst Pharmaceuticals, Inc. ("BioCryst"), calculated based on the volume-weighted average price of BioCryst's common stock over a period preceding the closing of the transaction. As part of the transaction, we were restricted from selling the BioCryst common stock for six months following the close of the transaction. We determined the fair value of the BioCryst common stock as of December 31, 2021 based on the closing stock price and adjusted for the transfer restriction, which was determined by calculating the value of a put option over the BioCryst common stock to match the duration of the transfer restriction. This methodology incorporated Level 3 inputs, including the estimated volatility of the BioCryst common stock, which required the use of significant judgement. Our estimated volatility could be reasonably different than the actual volatility of BioCryst's common stock, which would mean that the estimated fair value for the BioCryst common stock could be significantly higher or lower than the fair value determined by management at any particular date. The transfer restriction expired and the BioCryst common stock was transferred from a Level 3 to a Level 1 asset during the three months ended June 30, 2022.

MorphoSys Development Funding Bonds

The fair value of the Development Funding Bonds and the Development Funding Bond Forward as of September 30, 2022 and December 31, 2021, respectively, was based on a discounted cash flow calculation using an estimated risk-adjusted discount rate, which is a Level 3 fair value input. Our estimate of a risk adjusted discount rate could reasonably be different than the discount rate selected by a market participant in the event of a sale of the instrument, which would mean that the estimated fair value could be significantly higher or lower. During the three months ended September 30, 2022, the Development Funding Bond Forward was settled upon funding the Development Funding Bonds.

Series A Biohaven Preferred Shares

The fair value of the Series A Biohaven Preferred Shares as of September 30, 2022 and December 31, 2021 was based on the cash flows due to us from Biohaven of two times the original purchase price of the Series A Biohaven Preferred Shares payable in equal quarterly installments of $15.6 million following the FDA approval and starting one-year after FDA approval through the three months ended December 31, 2024. When the FDA approved Nurtec ODT in February 2020, we became entitled to receive a fixed payment amount of $250 million payable in equal quarterly payments between the three months ended March 31, 2021 and the three months ended December 31, 2024.

We estimated the fair value of the Series A Biohaven Preferred Shares as of September 30, 2022 and December 31, 2021 using probability-adjusted discounted cash flow calculations incorporating Level 3 fair value measurements and inputs, including estimated risk-adjusted discount rates and the probability of a change of control event occurring during the investment term, which would result in accelerated payments and redemptions. Assessing the probability that there will be a change of control event over a four-year time period and developing a risk-adjusted discount rate requires significant judgement. As of September 30, 2022, we estimated that a change of control event was imminent and, as such, we did not apply a discount rate. Our estimate of a risk adjusted discount rate was 9.5% as of December 31, 2021.Our estimated discount rate could reasonably be different than the discount rate selected by a market participant, which would mean that the estimated fair value could be significantly higher or lower.

Series B Biohaven Preferred Shares

The fair value of each of the Series B Biohaven Preferred Shares and Series B Forwards as of September 30, 2022 and December 31, 2021 were based on probability-adjusted discounted cash flow calculations using Level 3 fair value measurements and inputs, including estimated risk-adjusted discount rates and the probability that there will be a change of control event in different periods of time, which would result in accelerated payments and redemptions. Assessing the probability that there will be a change of control event over the duration of the Series B Biohaven Preferred Shares and developing a risk-adjusted discount rate requires significant judgement. As of September 30, 2022, we estimated that a change of control event was imminent. Our estimate of a risk adjusted discount rate, expectation of the probability and timing of the occurrence of a change of control event could reasonably be different than those determined by a market participant, which would mean that the estimated fair value could be significantly higher or lower.

Milestone Acceleration Option

On August 7, 2020, we entered into an expanded funding agreement with Biohaven, including the Series B Biohaven Preferred Share Agreement, to fund the development of zavegepant and the commercialization of Nurtec ODT in exchange for royalties and success-based milestones payable over time. We exercised our right to accelerate outstanding zavegepant milestone payments in a lump sum amount ("Milestone Acceleration Option") in connection with Pfizer's acquisition of Biohaven. The Milestone Acceleration Option is an embedded derivative instrument for which the associated fair value was not material prior to three months ended June 30, 2022, when Pfizer announced its intended acquisition of Biohaven. As of September 30, 2022, the fair value of the Milestone Acceleration Option was $97.6 million, of which $84.9 million was recorded within *Other current assets* and $12.7 million was recorded within *Other assets* on the condensed consolidated balance sheet. For the three and nine months ended September 30, 2022, we recorded unrealized gains of $25.8 million and $97.6 million, respectively, related to the change in the fair value of the Milestone Acceleration Option within *(Gains)/losses on derivative financial instruments* in the condensed consolidated statements of operations.

We estimated the fair value of the Milestone Acceleration Option as of September 30, 2022 using the "with-and-without" methodology, which is a variation of the income approach and is based on the difference between cash flows for two different scenarios. The prospective cash flows for the success-based milestone payments include the Milestone Acceleration Option in the first scenario. For the second scenario, the prospective cash flows are estimated assuming they remain payable over time. The difference between the fair value of these two scenarios represents the fair value of the Milestone Acceleration Option. This methodology includes the use of Level 3 fair value measurements and inputs, including estimated risk-adjusted discount rates, estimated probabilities of achieving the success-based milestones, and the probability that there will be a change of control event in different periods of time, which would result in accelerated milestone payments. Assessing the probability that there will be a change of control event, the likelihood that the success-based milestones are achieved over the duration of the Milestone Acceleration Option and developing a risk-adjusted discount rate requires significant judgement; however, as of September 30, 2022, we estimated that a change of control was imminent. Our estimate of a risk adjusted discount rate, probabilities of achieving marketing approval, and the probability and timing of the occurrence of a change of control event could reasonably be different than those determined by a market participant, which would mean that the estimated fair value could be significantly higher or lower.

Other Financial Instruments

Financial instruments whose fair values are measured on a recurring basis using Level 2 inputs primarily consist of commercial paper, certificates of deposit and U.S. government securities. We measure the fair value of these financial instruments with the help of third-party pricing services that either provide quoted market prices in active markets for identical or similar securities or observable inputs for their pricing without applying significant adjustments.

Financial Assets Not Measured at Fair Value

Financial royalty assets are measured and carried on the condensed consolidated balance sheets at amortized cost using the effective interest method. The current portion of financial royalty assets approximates fair value. Management calculates the fair value of financial royalty assets using the forecasted royalty payments that are expected to be received based on the projected product sales for all royalty bearing products as estimated by sell-side equity research analysts' consensus sales forecasts. Where such consensus sales forecasts are not available, management uses reasonable judgment to make assumptions about the projected product sales. These projected future royalty payments by asset along with any projected incoming or outgoing milestone payments are then discounted to a present value using appropriate individual discount rates. The fair value of financial royalty assets is classified as Level 3 within the fair value hierarchy since it is determined based upon inputs that are both significant and unobservable. Estimated fair values based on Level 3 inputs and related carrying values for the non-current portion of financial royalty assets as of September 30, 2022 and December 31, 2021 are presented below (in thousands):

	As of September 30, 2022		As of December 31, 2021	
	Fair Value	Carrying Value, net	Fair Value	Carrying Value, net
Financial royalty assets, net	$ 18,490,959	$ 14,287,399	$ 19,047,183	$ 13,718,245

5. Financial Royalty Assets

Financial royalty assets consist of contractual rights to cash flows relating to royalty payments derived from the expected sales of patent-protected biopharmaceutical products that entitle us and our subsidiaries to receive a portion of income from the sale of such products by third parties.

The gross carrying value, cumulative allowance for changes in expected cash flows, exclusive of the allowance for credit losses, and net carrying value for the current and non-current portion of financial royalty assets as of September 30, 2022 and December 31, 2021 are as follows (in thousands):

		As of September 30, 2022		
	Estimated Royalty Duration [1]	Gross Carrying Value	Cumulative Allowance for Changes in Expected Cash Flows (Note 6)	Net Carrying Value [4]
Cystic fibrosis franchise	2037 [2]	$ 5,343,413	$ —	$ 5,343,413
Tysabri	[3]	1,722,204	(119,691)	1,602,513
Trelegy	2029-2030	1,298,901	—	1,298,901
Imbruvica	2027-2032	1,441,303	(550,915)	890,388
Tremfya	2031-2032	885,917	—	885,917
Xtandi	2027-2028	1,032,627	(226,217)	806,410
Other	2023-2040	5,523,607	(1,195,662)	4,327,945
Total		**$ 17,247,972**	**$ (2,092,485)**	**$ 15,155,487**
Less: Cumulative allowance for credit losses (Note 6)				(192,231)
Total financial royalty assets, net				**$ 14,963,256**

(1) Durations shown represent our estimates as of the current reporting date of when a royalty will substantially end, which may depend on clinical trial results, regulatory approvals, contractual terms, commercial developments, estimates of patent expiration dates (which may include estimated patent term extensions) or other factors and may vary by geography. There can be no assurances that our royalties will expire when expected.
(2) Royalty is perpetual; year shown represents Trikafta expected patent expiration and potential sales decline based on timing of potential generic entry.
(3) RPIFT acquired a perpetual royalty on net sales of Tysabri. We have applied an end date of 2031 for purposes of accreting income over the royalty term, which is periodically reviewed.
(4) The net carrying value by asset is presented before the allowance for credit losses. Refer to Note 6–Cumulative Allowance and the Provision for Changes in Expected Cash Flows from Financial Royalty Assets for additional information.

		As of December 31, 2021		
	Estimated Royalty Duration [1]	Gross Carrying Value	Cumulative Allowance for Changes in Expected Cash Flows (Note 6)	Net Carrying Value [5]
Cystic fibrosis franchise	2037 [2]	$ 5,335,641	$ (48,636)	$ 5,287,005
Tysabri	[3]	1,846,069	(16,617)	1,829,452
Imbruvica	2027-2032	1,438,730	(236,871)	1,201,859
Xtandi	2027-2028	1,100,065	(172,101)	927,964
Tremfya	2031-2032	881,671	—	881,671
Evrysdi	2030-2035 [4]	727,774	—	727,774
Other	2023-2040	4,697,591	(909,916)	3,787,675
Total		**$ 16,027,541**	**$ (1,384,141)**	**$ 14,643,400**
Less: Cumulative allowance for credit losses (Note 6)				(310,804)
Total financial royalty assets, net				**$ 14,332,596**

(1) Durations shown represent our estimates as of the current reporting date of when a royalty will substantially end, which may depend on clinical trial results, regulatory approvals, contractual terms, commercial developments, estimates of patent expiration dates (which may include estimated patent term extensions) or other factors and may vary by geography. There can be no assurances that our royalties will expire when expected.
(2) Royalty is perpetual; year shown represents Trikafta expected patent expiration and potential sales decline based on timing of potential generic entry.
(3) RPIFT acquired a perpetual royalty on net sales of Tysabri. We have applied an end date of 2031 for purposes of accreting income over the royalty term, which is periodically reviewed.
(4) Key patents on Evrysdi in the United States expire in 2035, but our royalty will cease when aggregate royalties paid to us equal $1.3 billion.
(5) The net carrying value by asset is presented before the allowance for credit losses. Refer to Note 6–Cumulative Allowance and the Provision for Changes in Expected Cash Flows from Financial Royalty Assets for additional information.

6. Cumulative Allowance and the Provision for Changes in Expected Cash Flows from Financial Royalty Assets

The cumulative allowance for changes in expected future cash flows from financial royalty assets is presented net within the non-current portion of financial royalty assets on the condensed consolidated balance sheets and includes the following activities:

- the movement in the cumulative allowance related to changes in forecasted royalty payments expected to be received based on projected product sales for royalty bearing products as estimated by sell-side equity research analysts' consensus sales forecasts, and
- the movement in the cumulative allowance for current expected credit losses, primarily associated with new financial royalty assets with limited protective rights and changes in the underlying cash flow forecasts of financial royalty assets with limited protective rights.

The following table sets forth the activity in the cumulative allowance for changes in expected cash flows from financial royalty assets, inclusive of the cumulative allowance for credit losses, as of the dates indicated (in thousands):

	Activity for the Period
Balance at December 31, 2021 (1)	**$ (1,694,945)**
Increases to the cumulative allowance for changes in expected cash flows from financial royalty assets	(987,507)
Decreases to the cumulative allowance for changes in expected cash flows from financial royalty assets	273,538
Write-off of cumulative allowance	5,625
Current period provision for credit losses, net (2)	118,573
Balance at September 30, 2022	**$ (2,284,716)**

(1) Includes $310.8 million related to cumulative allowance for credit losses.
(2) In the nine months ended September 30, 2022, the provision income for credit losses was primarily related to a change in the payor for a particular product and a significant decline in the value of the Tazverik financial royalty asset.

7. Intangible Royalty Assets, Net

The following tables summarize the cost, accumulated amortization and net carrying value of our intangible royalty assets as of September 30, 2022 and December 31, 2021 (in thousands):

As of September 30, 2022	Cost	Accumulated Amortization	Net Carrying Value
DPP-IV patents	$ 606,216	$ 606,216	$ —
Total intangible royalty assets	$ 606,216	$ 606,216	$ —

As of December 31, 2021	Cost	Accumulated Amortization	Net Carrying Value
DPP-IV patents	$ 606,216	$ 600,546	$ 5,670
Total intangible royalty assets	$ 606,216	$ 600,546	$ 5,670

As of September 30, 2022, the intangible royalty assets were fully amortized as our royalties on Januvia and Janumet expired in the three months ended March 31, 2022. Our royalties on the other DPP-IV products have also substantially ended.

Revenue from intangible assets is tied to underlying patent protected sales of DPP-IV products of various licensees. Such revenue is earned from sales occurring primarily in the United States and Europe; however, we do not have the ability to disaggregate such revenue from licensees based on the geography of the underlying sales as this information may not be provided to us by marketers. For the three months ended September 30, 2022, revenue from intangible royalty assets was not material. Individual licensees exceeding 10% or more of revenue from intangible royalty assets accounted for 63% of revenues from intangible royalty assets in the three months ended September 30, 2021. Individual licensees exceeding 10% or more of revenue from intangible royalty assets accounted for 90% and 80% of revenues from intangible royalty assets in the nine months ended September 30, 2022 and 2021, respectively.

8. Non-Consolidated Affiliates

We have equity investments in certain entities at a level that provide us with significant influence. We account for such investments as equity method investments or as equity securities for which we have elected the fair value option.

ApiJect

During the three months ended June 30, 2022, we acquired common stock and a revenue participation right from ApiJect. We elected the fair value option to account for our investments in ApiJect because it is more reflective of current values for our investments in ApiJect. We are also required to purchase additional common stock from ApiJect if certain milestones are achieved. The fair value of our equity investment was recorded within *Equity securities* and the change in fair value was recorded within *(Gains)/losses on equity securities*. The fair value of the revenue participation right was recorded within *Other assets* and the change in fair value was recorded within *Other non-operating expense, net*. No amounts were due from ApiJect as of September 30, 2022.

The Legacy SLP Interest

In connection with the Exchange Offer Transactions, we acquired a special limited partnership interest in the Legacy Investors Partnerships (the "Legacy SLP Interest") from the Continuing Investors Partnerships for $303.7 million in exchange for issuing shares in our subsidiary. As a result, we became a special limited partner in the Legacy Investors Partnerships. The Legacy SLP Interest entitles us to the equivalent of performance distribution payments that would have been paid to the general partner of the Legacy Investors Partnerships and an income allocation on a similar basis. Our income allocation is equal to the general partner's former contractual rights to the income of the Legacy Investors Partnerships, net of amortization of the basis difference. The Legacy SLP Interest is treated as an equity method investment as our Manager is also the Manager of the Legacy Investors Partnerships and has the ability to exercise significant influence. The Legacy Investors Partnerships no longer participate in investment opportunities from June 30, 2020 and, as such, the value of the Legacy SLP Interest is expected to decline over time. The Legacy Investors Partnerships also indirectly own a non-controlling interest in Old RPI.

The income allocation from the Legacy SLP Interest is based on an estimate as the Legacy Investors Partnerships are private partnerships that are expected to report on a lag subsequent to the date of this quarterly report. Management's estimate of equity in earnings from the Legacy SLP Interest for the current period will be updated for historical results in the subsequent period. During the three and nine months ended September 30, 2022, we recorded a loss allocation of $2.1 million and an income allocation of $7.2 million, respectively, within *Equity in losses/(earnings) of equity method investees*. During the three and nine months ended September 30, 2021, we recorded income allocations of $11.2 million and $41.9 million, respectively, within *Equity in losses/(earnings) of equity method investees.* We received cash distributions from the Legacy SLP Interest of $5.8 million and $19.9 million in the three and nine months ended September 30, 2022, respectively. We received cash distributions from the Legacy SLP Interest of $6.2 million and $14.8 million in the three and nine months ended September 30, 2021, respectively.

The Avillion Entities

We account for our partnership interests in Avillion Financing I, LP and its related entities ("Avillion I"), BAv Financing II, LP and its related entities ("Avillion II," together with Avillion I, the "Avillion Entities") as equity method investments because RPIFT has the ability to exercise significant influence over the Avillion Entities. During the three and nine months ended September 30, 2022, we recorded a loss allocation from the Avillion Entities of $1.2 million and $9.3 million, respectively, within *Equity in losses/(earnings) of equity method investees*. During the three and nine months ended September 30, 2021, we recorded a loss allocation from the Avillion Entities of $8.4 million and $23.4 million, respectively, within *Equity in losses/(earnings) of equity method investees*.

On December 19, 2017, the FDA approved a supplemental New Drug Application for Pfizer's Bosulif. Avillion I is eligible to receive fixed payments from Pfizer based on this approval under its co-development agreement with Pfizer. The only operations of Avillion I are the collection of cash and unwinding of the discount on the series of fixed annual payments due from Pfizer. We received distributions from Avillion I of $13.4 million during each of the nine months ended September 30, 2022 and 2021, respectively.

In May 2018, RPIFT entered into an agreement, which was amended in July 2021 and was further amended in June 2022, to increase the funding amount by $27.5 million, which totaled $150.0 million over multiple years in Avillion II, which is a party to a co-development agreement with AstraZeneca, to fund a portion of the costs of Phase 2 and 3 clinical trials to advance PT027 through a global clinical development program for the treatment of asthma in exchange for royalties, a series of success-based milestones and other potential payments.

Our maximum exposure to loss at any particular reporting date is limited to the current carrying value of the investment plus the unfunded commitments. As of September 30, 2022 and December 31, 2021, RPIFT had unfunded commitments related to the Avillion Entities of $28.8 million and $11.2 million, respectively.

9. Research & Development ("R&D") Funding Expense

R&D funding expense consists of payments that we have made to counterparties to acquire royalties or milestones on product candidates. R&D funding expense includes development-stage funding payments that are made upfront or upon pre-approval milestones and development-stage funding payments that are made over time as the related product candidates undergo clinical trials with our counterparties. During the nine months ended September 30, 2022 and 2021, we did not enter into any new ongoing R&D funding arrangements.

We recognized R&D funding expense of $25.5 million and $126.6 million for the three and nine months ended September 30, 2022, respectively. We recognized R&D funding expense of $90.5 million and $96.3 million for the three and nine months ended September 30, 2021, respectively. During the nine months ended September 30, 2022, R&D funding expense primarily related to upfront and milestone development-stage funding payments of $100.0 million and $25.0 million to acquire royalties on development-stage product candidates from Cytokinetics and Theravance Biopharma, Inc., respectively. During the nine months ended September 30, 2021, we recognized $90.0 million as upfront R&D funding expense in exchange for future royalties on two development-stage products from MorphoSys.

10. Borrowings

Our borrowings as of September 30, 2022 and December 31, 2021 consisted of the following (in thousands):

Type of Borrowing	Date of Issuance	Maturity	As of September 30, 2022	As of December 31, 2021
Senior Unsecured Notes:				
$1,000,000, 0.75% (issued at 99.322% of par)	9/2020	9/2023	$ 1,000,000	$ 1,000,000
$1,000,000, 1.20% (issued at 98.875% of par)	9/2020	9/2025	1,000,000	1,000,000
$1,000,000, 1.75% (issued at 98.284% of par)	9/2020	9/2027	1,000,000	1,000,000
$1,000,000, 2.20% (issued at 97.760% of par)	9/2020	9/2030	1,000,000	1,000,000
$600,000, 2.15% (issued at 98.263% of par)	7/2021	9/2031	600,000	600,000
$1,000,000, 3.30% (issued at 95.556% of par)	9/2020	9/2040	1,000,000	1,000,000
$1,000,000, 3.55% (issued at 95.306% of par)	9/2020	9/2050	1,000,000	1,000,000
$700,000, 3.35% (issued at 97.565% of par)	7/2021	9/2051	700,000	700,000
Unamortized debt discount and issuance costs			(188,740)	(203,930)
Total debt carrying value			7,111,260	7,096,070
Less: Current portion of long-term debt			(996,583)	—
Total long-term debt			$ 6,114,677	$ 7,096,070

Senior Unsecured Notes

On July 26, 2021, we issued $1.3 billion of senior unsecured notes (the "2021 Notes") comprised of $600.0 million principal amount of notes due September 2031 and $700.0 million principal amount of notes due September 2051. Interest on each series of the 2021 Notes accrues at the respective rate per annum and is payable semi-annually in arrears on March 2 and September 2 of each year, which began on March 2, 2022. The 2021 Notes were issued at a total discount of $27.5 million and we capitalized approximately $12.3 million in debt issuance costs primarily composed of underwriting fees. The 2021 Notes were issued with a weighted average coupon rate and a weighted average effective interest rate of 2.80% and 3.06%, respectively.

On September 2, 2020, we issued $6.0 billion of senior unsecured notes (the "2020 Notes" and, together with the 2021 Notes, the "Notes"). We used the net proceeds from the 2020 Notes offering, together with available cash on hand, to repay in full the outstanding principal amounts of term loans under our prior senior secured credit facilities. Interest on each series of the 2020 Notes accrues at the respective rate per annum and is payable semi-annually in arrears on March 2 and September 2 of each year. The 2020 Notes were issued at a total discount of $149.0 million and we capitalized approximately $40.4 million in debt issuance costs primarily comprised of underwriting fees. The 2020 Notes were issued with a weighted average coupon rate and a weighted average effective interest rate of 2.125% and 2.50%, respectively.

On August 3, 2021, we completed an exchange offer for the 2020 Notes where certain holders elected to tender their unregistered outstanding notes for freely tradable exchange notes that were registered under the Securities Act of 1933.

The Notes may be redeemed at our option at a redemption price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semiannual basis at the treasury rate, plus a make-whole premium as defined in the indenture. In each case, accrued and unpaid interest is also required to be redeemed to the date of redemption.

Upon the occurrence of a change of control triggering event and downgrade in the rating of our Notes by two of three credit agencies, the holders may require us to repurchase all or part of their Notes at a price equal to 101% of the aggregate principal amount of the Notes to be repurchased, plus accrued and unpaid interest, if any, to the date of repurchase.

Our obligations under the Notes are fully and unconditionally guaranteed by RP Holdings, a non-wholly-owned subsidiary. We are required to comply with certain covenants under our Notes and as of September 30, 2022, we were in compliance with all applicable covenants.

As of September 30, 2022 and December 31, 2021, the fair value of our outstanding Notes using Level 2 inputs was approximately $5.6 billion and $7.2 billion, respectively.

Senior Unsecured Revolving Credit Facility

On September 15, 2021, we entered into an amended and restated revolving credit agreement (the "Credit Agreement"). The Credit Agreement amended and restated the prior credit agreement that our subsidiary RP Holdings, as borrower, entered into on September 18, 2020, which provided for a five-year unsecured revolving credit facility (the "Revolving Credit Facility") with borrowing capacity of up to $1.5 billion for general corporate purposes. The Credit Agreement extended the maturity of the Revolving Credit Facility to September 15, 2026. As of September 30, 2022 and December 31, 2021, there were no outstanding borrowings under the Revolving Credit Facility.

The Revolving Credit Facility is subject to an interest rate, at our option, of either (a) a base rate determined by reference to the highest of (1) the administrative agent's prime rate, (2) the federal funds effective rate and the overnight bank funding rate, plus 0.5% and (3) the one month adjusted LIBOR, plus 1% or (b) the Eurocurrency Rate or the Alternative Currency Daily Rate (each as defined in the Credit Agreement), plus in each case, the applicable margin. The applicable margin for the Revolving Credit Facility varies based on our public debt rating. Accordingly, the interest rates for the Revolving Credit Facility fluctuates during the term of the facility based on changes in the applicable interest rate and future changes in our public debt rating.

The Credit Agreement that governs the Revolving Credit Facility contains certain customary covenants, that among other things, require us to maintain (i) a consolidated leverage ratio at or below 4.00 to 1.00 (or at or below 4.50 to 1.00 following a qualifying material acquisition) of consolidated funded debt to consolidated EBITDA, each as defined and calculated with the ratio level calculated with further adjustments as set forth in the Credit Agreement and (ii) a consolidated coverage ratio at or above 2.50 to 1.00 of consolidated EBITDA to consolidated interest expense, each as defined and calculated with further adjustments as set forth in the Credit Agreement. All obligations under the Revolving Credit Facility are unconditionally guaranteed by us. Noncompliance with the leverage ratio and interest coverage ratio covenants under the Credit Agreement could result in our lenders requiring us to immediately repay all amounts borrowed. If these financial covenants are not satisfied, the Credit Agreement prohibits us from engaging in certain activities, such as incurring additional indebtedness, paying dividends, making certain payments and acquiring and disposing of assets. As of September 30, 2022, RP Holdings was in compliance with these covenants.

Principal Payments on the Notes

The future principal payments for our borrowings as of September 30, 2022 over the next five years and thereafter are as follows (in thousands):

Year	Principal Payments
Remainder of 2022	$ —
2023	1,000,000
2024	—
2025	1,000,000
2026	—
Thereafter	5,300,000
Total (1)	$ 7,300,000

(1) Excludes unamortized debt discount and issuance costs of $188.7 million as of September 30, 2022, which are amortized through interest expense over the remaining life of the underlying debt obligations.

11. Shareholders' Equity

Capital Structure

We have two classes of voting shares: Class A ordinary shares and Class B ordinary shares, each of which has one vote per ordinary share. The Class A ordinary shares and Class B ordinary shares vote together as a single class on all matters submitted to a vote of shareholders, except as otherwise required by applicable law. Our Class B ordinary shares are not publicly traded and holders of Class B ordinary shares only have limited rights to receive a distribution equal to their nominal value upon a liquidation, dissolution or winding up of the Company. As of September 30, 2022, we had 441,104 thousand Class A ordinary shares and 166,118 thousand Class B ordinary shares outstanding.

An exchange agreement entered into in connection with the IPO by us, RP Holdings, the Continuing Investors Partnerships, RPI International Partners 2019, LP and EPA Holdings (the "Exchange Agreement") governs the exchange of RP Holdings Class B Interests held by the Continuing Investors Partnerships for Class A ordinary shares. Pursuant to the Exchange Agreement, RP Holdings Class B interests are exchangeable on a one-for-one basis for Class A ordinary shares on a quarterly basis. Each such exchange also results in the re-designation of the same number of our Class B ordinary shares as deferred shares. As of September 30, 2022, we had outstanding deferred shares of 369,265 thousand.

In addition, we have in issue 50 thousand Class R redeemable shares, which do not entitle the holder to voting or dividend rights. The Class R redeemable shares may be redeemed at our option in the future. Any such redemption would be at the nominal value of £1 each.

Non-Controlling Interests

The net change in the balance of our four non-controlling interests for the three and nine months ended September 30, 2022 and 2021 is as follows (in thousands):

	RPSFT	Legacy Investors Partnerships	Continuing Investors Partnerships	EPA Holdings	Total
June 30, 2022	**$ 8,882**	**$ 1,716,186**	**$ 2,655,870**	**$ —**	**$ 4,380,938**
Contributions	—	1,570	1,400	—	2,970
Distributions	(4,175)	(95,084)	(38,621)	—	(137,880)
Other exchanges	—	—	(61,886)	—	(61,886)
Net Income	1,935	21,432	54,396	—	77,763
Other comprehensive income/(loss):					
Unrealized gains on available for sale debt securities	—	2,294	2,975	—	5,269
Reclassification of unrealized gains on available for sale debt securities	—	(1,250)	(1,621)	—	(2,871)
September 30, 2022	**$ 6,642**	**$ 1,645,148**	**$ 2,612,513**	**$ —**	**$ 4,264,303**

	RPSFT	Legacy Investors Partnerships	Continuing Investors Partnerships	EPA Holdings	Total
December 31, 2021	**$ 13,528**	**$ 1,809,269**	**$ 2,649,154**	**$ —**	**$ 4,471,951**
Contributions	—	4,964	4,209	—	9,173
Distributions	(20,188)	(302,670)	(110,964)	—	(433,822)
Other exchanges	—	—	(124,108)	—	(124,108)
Net Income	13,302	133,595	194,281	—	341,178
Other comprehensive income/(loss):					
Unrealized gains on available for sale debt securities	—	4,218	5,520	—	9,738
Reclassification of unrealized gains on available for sale debt securities	—	(4,228)	(5,579)	—	(9,807)
September 30, 2022	**$ 6,642**	**$ 1,645,148**	**$ 2,612,513**	**$ —**	**$ 4,264,303**

	RPSFT	Legacy Investors Partnerships	Continuing Investors Partnerships	EPA Holdings	Total
June 30, 2021	**$ 20,640**	**$ 1,894,027**	**$ 2,757,019**	**$ —**	**$ 4,671,686**
Contributions	—	3,300	2,730	—	6,030
Distributions	(18,562)	(109,780)	(31,372)	—	(159,714)
Other exchanges	—	—	(38,305)	—	(38,305)
Net income	13,851	63,424	42,592	—	119,867
Other comprehensive loss:					—
Unrealized losses on available for sale debt securities	—	(453)	(625)	—	(1,078)
Reclassification of unrealized gains on available for sale debt securities	—	(2,066)	(2,856)	—	(4,922)
September 30, 2021	**$ 15,929**	**$ 1,848,452**	**$ 2,729,183**	**$ —**	**$ 4,593,564**

	RPSFT	Legacy Investors Partnerships	Continuing Investors Partnerships	EPA Holdings	Total
December 31, 2020	**$ 12,436**	**$ 1,939,509**	**$ 3,125,091**	**$ —**	**$ 5,077,036**
Contributions	—	13,207	7,596	—	20,803
Distributions	(44,691)	(332,069)	(99,141)	—	(475,901)
Other exchanges	—	—	(589,968)	—	(589,968)
Net income	48,184	233,424	294,098	—	575,706
Other comprehensive income/(loss):					
Unrealized gains on available for sale debt securities	—	1,507	2,505	—	4,012
Reclassification of unrealized gains on available for sale debt securities	—	(7,126)	(10,998)	—	(18,124)
September 30, 2021	**$ 15,929**	**$ 1,848,452**	**$ 2,729,183**	**$ —**	**$ 4,593,564**

The Continuing Investors Partnerships' ownership in RP Holdings decreases as the Continuing Investors Partnerships exchange RP Holdings Class B Interests held for Class A ordinary shares. As of September 30, 2022, the Continuing Investors Partnerships owned approximately 27% of RP Holdings with the remaining 73% owned by Royalty Pharma plc.

RP Holdings Class C Special Interest Held by EPA Holdings

EPA Holdings, an affiliate of the Manager, is entitled to Equity Performance Awards (as defined below) through its RP Holdings Class C Special Interest based on our performance, as determined on a portfolio-by-portfolio basis. Investments made during each two-year period are grouped together as separate portfolios (each, a "Portfolio"). Subject to certain conditions, at the end of each fiscal quarter, EPA Holdings is entitled to a distribution from RP Holdings in respect of each Portfolio equal to 20% of the Net Economic Profit (defined as the aggregate cash receipts for all new portfolio investments in such Portfolio less Total Expenses (defined as interest expense, operating expense and recovery of acquisition cost in respect of such Portfolio)) for such Portfolio for the applicable measuring period (the "Equity Performance Awards"). The Equity Performance Awards will be allocated and paid by RP Holdings to EPA Holdings as the holder of the RP Holdings Class C Special Interest. The Equity Performance Awards will be payable in RP Holdings Class B Interests that will be exchanged upon issuance for Class A ordinary shares. EPA Holdings may also receive a periodic cash advance in respect of the RP Holdings Class C Special Interest to the extent necessary for EPA Holdings or any of its beneficial owners to pay when due any income tax imposed on it or them as a result of holding such RP Holdings Class C Special Interest. We do not expect any material Equity Performance Awards to be payable until certain performance conditions discussed above are met.

Dividends

The holders of Class A ordinary shares are entitled to receive dividends subject to approval by our board of directors. The holders of Class B ordinary shares do not have any rights to receive dividends; however, RP Holdings Class B Interests are entitled to dividends and distributions from RP Holdings. In the nine months ended September 30, 2022, we declared and paid three quarterly cash dividends of $0.19 per Class A ordinary share for an aggregate amount of $249.1 million to holders of our Class A ordinary shares. In the nine months ended September 30, 2021, we declared and paid three quarterly cash dividends of $0.17 per Class A ordinary share for an aggregate amount of $211.6 million to holders of our Class A ordinary shares.

2020 Independent Directors Equity Incentive Plan

On June 15, 2020, our 2020 Independent Director Equity Incentive Plan was approved and became effective, whereby 800 thousand Class A ordinary shares have been reserved for future issuance to our independent directors.

RSU Activity and Share-based Compensation

We grant RSUs to our independent directors under the 2020 Independent Director Equity Incentive Plan. Share-based compensation expense is recognized on a straight-line basis over the requisite service period of generally one year as part of *General and administrative expenses* in the condensed consolidated statements of operations. In the three and nine months ended September 30, 2022 and 2021, respectively, we did not recognize material share-based compensation expenses.

12. Earnings per Share

Basic earnings per share ("EPS") is calculated by dividing net income attributable to us by the weighted average number of Class A ordinary shares outstanding during the period. Diluted EPS is calculated by dividing net income attributable to us, including the impact of potentially dilutive securities, by the weighted average number of Class A ordinary shares outstanding during the period, including the number of Class A ordinary shares that would have been outstanding if the potentially dilutive securities had been issued. Our Class B ordinary shares, Class R redeemable shares and deferred shares do not share in the earnings or losses attributable to us and are therefore not participating securities. As such, separate presentation of basic and diluted earnings per share for Class B ordinary shares, Class R redeemable shares and deferred shares under the two-class method has not been presented.

Our outstanding Class B ordinary shares are, however, considered potentially dilutive shares of Class A ordinary shares because Class B ordinary shares, together with the related RP Holdings Class B Interests, are exchangeable into Class A ordinary shares on a one-for-one basis. Potentially dilutive securities also include Class B ordinary shares contingently issuable to EPA Holdings related to Equity Performance Awards and unvested RSUs issued under our 2020 Independent Director Equity Incentive Plan. We use the "if-converted" method to determine the potentially dilutive effect of our outstanding Class B ordinary shares, and the treasury stock method to determine the potentially dilutive effect of the unvested RSUs. For the three and nine months ended September 30, 2022 and 2021, Class B ordinary shares contingently issuable to EPA Holdings were evaluated and were determined not to have any dilutive impact.

The following table sets forth reconciliations of the numerators and denominators used to calculate basic and diluted earnings per Class A ordinary share for the three and nine months ended September 30, 2022 and 2021 (in thousands, except per share amounts):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
Numerator				
Consolidated net income	$ 220,414	$ 221,796	$ 840,094	$ 1,187,530
Less: Net income attributable to Continuing Investors Partnerships	54,396	42,592	194,281	294,098
Less: Net income attributable to Legacy Investors Partnerships and RPSFT	23,367	77,275	146,897	281,608
Net income attributable to Royalty Pharma plc - basic	142,651	101,929	498,916	611,824
Add: Reallocation of net income attributable to non-controlling interest from the assumed conversion of Class B ordinary shares	54,396	42,592	194,281	294,098
Net income attributable to Royalty Pharma plc - diluted	$ 197,047	$ 144,521	$ 693,197	$ 905,922
Denominator				
Weighted average Class A ordinary shares outstanding - basic	439,293	428,230	436,542	409,253
Add: Dilutive effects as shown separately below				
Class B ordinary shares exchangeable for Class A ordinary shares	167,927	178,942	170,651	197,881
Unvested RSUs	6	2	16	18
Weighted average Class A ordinary shares outstanding - diluted	607,226	607,174	607,209	607,152
Earnings per Class A ordinary share - basic	$ 0.32	$ 0.24	$ 1.14	$ 1.49
Earnings per Class A ordinary share - diluted	$ 0.32	$ 0.24	$ 1.14	$ 1.49

13. Indirect Cash Flow

Adjustments to reconcile consolidated net income to net cash provided by operating activities are summarized below (in thousands):

	For the Nine Months Ended September 30,	
	2022	2021
Cash flow from operating activities:		
Consolidated net income	$ 840,094	$ 1,187,530
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Income from financial royalty assets	(1,578,555)	(1,538,871)
Provision for changes in expected cash flows from financial royalty assets	595,396	186,337
Amortization of intangible assets	5,670	17,200
Amortization of debt discount and issuance costs	16,026	14,822
(Gains)/losses on derivative financial instruments	(97,590)	21,436
Losses on equity securities	22,970	17,980
Equity in losses/(earnings) of equity method investees	2,117	(18,532)
Distributions from equity method investees	33,316	28,213
Loss on extinguishment of debt	—	358
Share-based compensation	1,587	1,939
Interest income accretion	(24,053)	(40,545)
Gains on available for sale debt securities	(97,985)	(8,246)
Termination of derivative financial instruments	—	(16,093)
Other	3,443	3,263
Decrease/(increase) in operating assets:		
Cash collected on financial royalty assets	1,843,899	1,733,147
Accrued royalty receivable	37,574	(26,502)
Other royalty income receivable	(4,108)	(7,833)
Other current assets and other assets	8,253	(473)
Increase/(decrease) in operating liabilities:		
Accounts payable and accrued expenses	10,492	(2,138)
Interest payable	(44,497)	(25,413)
Net cash provided by operating activities	**$ 1,574,049**	**$ 1,527,579**

14. Commitments and Contingencies

Funding Commitments

We have various funding commitments as of September 30, 2022 as described below. See Note 3–Available for Sale Debt Securities for additional discussion of the respective arrangements.

Cytokinetics Commercial Launch Funding

As of September 30, 2022, $250 million of the Cytokinetics Commercial Launch Funding remained unfunded. Cytokinetics is required to draw $50 million if a certain contingency is met and has the option to draw the remaining $200 million upon the occurrence of certain regulatory and clinical development milestones. As of September 30, 2022, we expect $125 million of the optional $200 million to remain available under the Cytokinetics Commercial Launch Funding due to the likelihood that certain regulatory milestones will not be met by December 31, 2022.

Series B Biohaven Preferred Shares

As of September 30, 2022, we have a remaining commitment of $85.8 million under the Commercial Launch Preferred Equity to purchase 1,713 shares of Series B Biohaven Preferred Shares. On October 3, 2022, Pfizer acquired Biohaven which was a change of control event that accelerated the issuance and redemption of all unissued Series B Biohaven Preferred Shares. In connection with the completion of Pfizer's acquisition of Biohaven, we have no remaining commitment related to the Series B Biohaven Preferred Shares.

Other Commitments

We have commitments to advance funds to counterparties through our investment in the Avillion Entities. Please refer to Note 8–Non-Consolidated Affiliates for details of these arrangements. We also have requirements to make Operating and Personnel Payments over the life of the Management Agreement as described in Note 15–Related Party Transactions, which are variable and primarily based on cash receipts.

Indemnifications

In the ordinary course of our business, we may enter into contracts or agreements that contain customary indemnifications relating to such things as confidentiality agreements and representations as to corporate existence and authority to enter into contracts. The maximum exposure under such agreements is indeterminable until a claim, if any, is made. However, no such claims have been made against us to date and we believe that the likelihood of such occurrences taking place in the future is remote.

Legal Proceedings

We are a party to legal actions with respect to a variety of matters in the ordinary course of business. Some of these proceedings may be based on complex claims involving substantial uncertainties and unascertainable damages. Unless otherwise noted, it is not possible to determine the probability of loss or estimate damages, and therefore we have not established accruals for any of these proceedings on our condensed consolidated balance sheets. When we determine that a loss is both probable and reasonably estimable, we record a liability, and, if the liability is material, we disclose the amount of the liability reserved. We do not believe the outcome of any existing legal proceedings to which we are a party, either individually or in the aggregate, will adversely affect our business, financial condition or results of operations.

15. Related Party Transactions

The Manager

The Manager is the investment manager of Royalty Pharma plc and its subsidiaries. The sole member of the Manager, Pablo Legorreta, holds an interest in us and serves as our Chief Executive Officer and Chairman of our board of directors.

Pursuant to the Management Agreement, we pay quarterly operating and personnel expenses to the Manager or its affiliates ("Operating and Personnel Payments") equal to 6.5% of the cash receipts from royalty investments for such quarter and 0.25% of the value of our security investments under GAAP as of the end of such quarter. The operating and personnel payments for Old RPI, an obligation of the Legacy Investors Partnerships as a non-controlling interest in Old RPI and for which the expense is reflected on our consolidated net income, is calculated as the greater of $1 million per quarter and 0.3125% of Royalty Investments (as defined in the limited partnership agreements of the Legacy Investor Partnerships) during the previous twelve calendar months.

During the three and nine months ended September 30, 2022, total operating and personnel payments incurred were $40.6 million and $117.8 million, respectively, including the amounts attributable to Old RPI, and were recognized within *General and administrative expenses* in the condensed consolidated statements of operations. During the three and nine months ended September 30, 2021, total operating and personnel payments incurred were $39.9 million and $108.0 million, respectively, including the amounts attributable to Old RPI, and were recognized within *General and administrative expenses* in the condensed consolidated statements of operations.

Distributions Payable to Non-Controlling Interests

The distributions payable to non-controlling interests represent the contractual cash flows required to be distributed based on the Legacy Investors Partnerships' non-controlling interest in Old RPI and RPSFT's non-controlling interest in RPCT. The distributions payable to non-controlling interests include the following (in thousands):

	As of September 30, 2022	As of December 31, 2021
Due to Legacy Investors Partnerships	$ 98,601	$ 92,608
Due to RPSFT	7,130	15,326
Total distributions payable to non-controlling interests	$ 105,731	$ 107,934

Acquisition from Bristol Myers Squibb

In November 2017, RPI Acquisitions, a consolidated subsidiary, entered into a purchase agreement with Bristol Myers Squibb ("BMS") to acquire from BMS a percentage of its future royalties on worldwide sales of Onglyza, Farxiga and related diabetes products marketed by AstraZeneca (the "Purchase Agreement"). On December 8, 2017, RPI Acquisitions entered into a purchase, sale and assignment agreement ("Assignment Agreement") with a wholly-owned subsidiary of BioPharma Credit PLC ("BPCR"), an entity related to us. Under the terms of the Assignment Agreement, RPI Acquisitions assigned the benefit of 50% of the payment stream acquired from BMS to BPCR in consideration for BPCR meeting 50% of the funding obligations owed to BMS under the Purchase Agreement.

As of September 30, 2022 and December 31, 2021, the financial royalty asset of $110.9 million and $130.9 million, respectively, on the condensed consolidated balance sheets represents only our right to the future payment streams acquired from BMS.

Other Transactions

Henry Fernandez, the lead independent director of our board of directors, serves as the chairman and chief executive officer of MSCI Inc. ("MSCI"). On April 16, 2021, we entered into an agreement with MSCI with an initial term of seven years to assist MSCI in the design of a classification framework and index methodologies in order to expand MSCI's thematic index suite with the launch of new indexes. In return, we will receive a percentage of MSCI's revenues from those indexes. No amounts were due from MSCI as of both September 30, 2022 and December 31, 2021. The financial impact associated with this transaction has not been material to date.

In connection with the Exchange Offer Transactions, we acquired the Legacy SLP Interest from the Continuing Investors Partnerships in exchange for issuing shares in our subsidiary. As a result, we became a special limited partner in the Legacy Investors Partnerships. The Legacy Investors Partnerships own a non-controlling interest in Old RPI. Refer to Note 8–Non-Consolidated Affiliates for additional discussion of the Legacy SLP Interest and our investments in other non-consolidated entities.

RPIFT owns 27,210 limited partnership interests in the Continuing Investors Partnership whose only substantive operations are their investment in our subsidiaries. The total investment of $4.3 million is recorded as treasury interests, of which $1.5 million and $1.6 million were held by non-controlling interests as of September 30, 2022 and December 31, 2021, respectively.

Based on its ownership percentage of RP Holdings relative to the Company, each Continuing Investor Partnership pays a pro rata portion of any costs and expenses in connection with the contemplation of, formation of, listing and ongoing operation of us and any of our subsidiaries, including any third-party expenses of managing us and any of our subsidiaries, such as accounting, audit, legal, reporting, compliance, administration (including directors' fees), financial advisory, consulting, investor relations and insurance expenses relating to our affairs and those of any subsidiary.

16. Subsequent Events

In October 2022, we entered into a R&D funding agreement with MSD International Business GmbH ("Merck") to co-fund the development of MK-8189, an investigational oral PDE10A inhibitor currently being evaluated in a Phase 2b study for the treatment of schizophrenia. We funded $50 million upon closing, and if Merck decides to proceed with Phase 3. we have the option to fund up to an additional $375 million. In exchange, we are eligible to receive milestone payments upon certain regulatory approvals and royalties on annual worldwide sales of any approved product.

In October 2022, GSK plc ("GSK") announced that the limited efficacy demonstrated in the ContRAst Phase 3 program does not support a suitable benefit/risk profile for otilimab as a potential treatment for rheumatoid arthritis. As a result, GSK has decided not to progress with regulatory submissions. Following this announcement, we wrote off the financial royalty asset associated with otilimab, which had a carrying value of $160.1 million as of September 30, 2022.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand our results of operations and financial condition, cash flows and other changes in financial condition. MD&A is provided as a supplement to, and should be read in conjunction with, our audited consolidated financial statements and the accompanying notes to our consolidated financial statements included in our Annual Report on Form 10-K. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in Special Note Regarding Forward-Looking Statements included elsewhere in this Quarterly Report on Form 10-Q and in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K.

Royalty Pharma plc is an English public limited company incorporated under the laws of England and Wales that was created for the purpose of consolidating our predecessor entities and facilitating the initial public offering ("IPO") of our Class A ordinary shares. "Royalty Pharma," the "Company," "we," "us" and "our" refer to Royalty Pharma plc and its subsidiaries on a consolidated basis.

Business Overview

We are the largest buyer of biopharmaceutical royalties and a leading funder of innovation across the biopharmaceutical industry. Since our founding in 1996, we have been pioneers in the royalty market, collaborating with innovators from academic institutions, research hospitals and not-for-profits through small and mid-cap biotechnology companies to leading global pharmaceutical companies. We have assembled a portfolio of royalties which entitles us to payments based directly on the top-line sales of many of the industry's leading therapies, which includes royalties on more than 35 commercial products, including Vertex's Trikafta, Kalydeco, Orkambi and Symdeko, Biogen's Tysabri, AbbVie and Johnson & Johnson's Imbruvica, Astellas and Pfizer's Xtandi, GSK's Trelegy, Novartis' Promacta, Pfizer's Nurtec ODT, Johnson & Johnson's Tremfya, Roche's Evrysdi, Gilead's Trodelvy, and 13 development-stage product candidates. We fund innovation in the biopharmaceutical industry both directly and indirectly - directly when we partner with companies to co-fund late-stage clinical trials and new product launches in exchange for future royalties, and indirectly when we acquire existing royalties from the original innovators.

Our capital-efficient business model enables us to benefit from many of the most attractive characteristics of the biopharmaceutical industry, including long product life cycles, significant barriers to entry and noncyclical revenues, but with substantially reduced exposure to many common industry challenges such as early stage development risk, therapeutic area constraints, high research and development costs, and high fixed manufacturing and marketing costs. We have a highly flexible approach that is agnostic to both therapeutic area and treatment modality, allowing us to acquire royalties on the most attractive therapies across the biopharmaceutical industry.

We classify our royalty acquisitions by the approval status of the therapy at the time of acquisition:

- **Approved Products** – We acquire royalties in approved products that generate predictable cash flows and may offer upside potential from unapproved indications. Since inception in 1996 through 2021, we have deployed $15.0 billion of cash to acquire royalties on approved products. From 2012 through 2021, we have acquired $10.2 billion of royalties on approved products.

- **Development-Stage Product Candidates** – We acquire royalties on development-stage product candidates that have demonstrated strong clinical proof of concept. From 2012, when we began acquiring royalties on development-stage product candidates, through 2021, we have deployed $7.8 billion to acquire royalties on development-stage product candidates.

While we classify our acquisitions in these two broad categories, several of our acquisitions of royalties on approved products were driven by the long-term potential of these products in other, unapproved indications. Similarly, some of our royalty acquisitions in development-stage product candidates are for products that are approved in other indications.

We acquire product royalties in ways that can be tailored to the needs of our partners through a variety of structures:

- **Third-party Royalties** – Existing royalties on approved or late-stage development therapies with high commercial potential. A royalty is the contractual right to a percentage of top-line sales from a licensee's use of a product, technology or intellectual property. The majority of our current portfolio consists of third-party royalties.

- **Synthetic Royalties/R&D Funding** – Newly-created royalties on approved or late-stage development therapies with strong proof of concept and high commercial potential. A synthetic royalty is the contractual right to a percentage of top-line sales by the developer and/or marketer of a therapy in exchange for funding. A synthetic royalty may also include contingent milestone payments. We also fund ongoing research and development ("R&D"), typically for large biopharmaceutical companies, in exchange for future royalties and/or milestones if the product or indication we are funding is approved.

- **Launch and Development Capital** – Tailored supplemental funding solutions, generally included as a component within a transaction, increasing the scale of our capital. Launch and development capital is generally provided in exchange for a long-term stream of fixed payments with a predetermined schedule around the launch of a drug. Launch and development capital may also include a direct investment in the public equity of a company.

- **Mergers and Acquisitions ("M&A") Related** – We acquire royalties in connection with M&A transactions, often from the buyers of biopharmaceutical companies when they dispose of the non-strategic assets of the target company following the closing of the acquisition. We also seek to partner with companies to acquire other biopharmaceutical companies that own significant royalties. We may also seek to acquire biopharmaceutical companies that have significant royalties or where we can create royalties in subsequent transactions.

Additionally, we may identify additional opportunities, platforms or technologies that leverage our capabilities. One example is our strategic alliance with MSCI Inc. ("MSCI") to develop thematic life sciences indices.

Background and Format of Presentation

We consummated an exchange offer on February 11, 2020 to facilitate our IPO. Through the exchange offer, investors which represented 82% of the aggregate limited partnership in the various partnerships (the "Legacy Investors Partnerships") that owned Royalty Pharma Investments, an Irish unit trust ("Old RPI"), exchanged their limited partnership interests in the Legacy Investors Partnerships for limited partnership interests in RPI US Partners 2019, LP, a Delaware limited partnership or RPI International Holdings 2019, LP, a Cayman Islands exempted limited partnership (together, the "Continuing Investors Partnerships"). The exchange offer transaction together with (i) the concurrent incurrence of indebtedness under senior credit facilities and (ii) the issuance of additional interests in Continuing Investors Partnerships to satisfy performance payments payable in respect of assets acquired prior to the date of the IPO are referred to as the "Exchange Offer Transactions."

We control Royalty Pharma Holdings Ltd ("RP Holdings") through our ownership of RP Holdings' Class A ordinary shares and RP Holdings' Class B ordinary shares (the "RP Holdings Class B Interests"). RP Holdings is the sole owner of RPI 2019 ICAV, which is an Irish collective asset management entity formed to facilitate our Exchange Offer Transactions, and is the successor to Old RPI.

As a result of the Exchange Offer Transactions, we own indirectly an 82% economic interest in Old RPI through our subsidiary RPI 2019 Intermediate Finance Trust, a Delaware statutory trust ("RPI Intermediate FT"). We are entitled to 82% of the economics of Old RPI's wholly-owned subsidiaries, RPI Finance Trust, a Delaware statutory trust ("RPIFT") and RPI Acquisitions (Ireland) Limited ("RPI Acquisitions"), an Irish private limited company, and 66% of Royalty Pharma Collection Trust, a Delaware statutory trust ("RPCT").

The remaining 34% of RPCT is owned by the Legacy Investors Partnerships and Royalty Pharma Select Finance Trust, a Delaware statutory trust ("RPSFT"), which is wholly-owned by Royalty Pharma Select, an Irish unit trust.

Understanding Our Financial Reporting

Most of the royalties we acquire are treated as investments in cash flow streams and are classified as financial assets measured under the effective interest method in accordance with generally accepted accounting principles in the United States ("GAAP"). Under this accounting methodology, we calculate the effective interest rate on each financial royalty asset using a forecast of the expected cash flows to be received over the life of the financial royalty asset relative to the initial acquisition price. The yield, which is calculated at the end of each reporting period and applied prospectively, is then recognized via accretion into our income at the effective rate of return over the expected life of the financial royalty asset.

The measurement of income from our financial royalty assets requires significant judgments and estimates, including management's judgment in forecasting the expected future cash flows of the underlying royalties and the expected duration of the financial royalty asset. Our cash flow forecasts are generated and updated each reporting period by manually compiling sell-side equity research analysts' consensus sales estimates for each of the products in which we own royalties. We then calculate our expected royalty cash flows using these consensus sales forecasts. In any given reporting period, any decline or increase in the expected future cash flows associated with a financial royalty asset is recognized in our income statement as non-cash provision expense or provision income, respectively.

As a result of the non-cash charges associated with applying the effective interest method accounting methodology, our income statement activity can be volatile and unpredictable. Small declines in sell-side equity research analysts' consensus sales forecasts over a long term horizon can result in an immediate non-cash income statement expense recognition which generates a corresponding cumulative allowance that reduces the gross asset balance, even though the applicable cash inflows will not be realized for many years into the future. For example, in late 2014 we acquired the cystic fibrosis franchise royalty and beginning in the second quarter of 2015, declines in near-term sales forecasts of sell-side equity research analysts caused us to recognize non-cash provision expense. Over the course of 10 quarters, we recognized non-cash provision expense as a result of these changes in forecasts including non-cash provision expense of $743.2 million in 2016, ultimately reaching a peak cumulative allowance of $1.30 billion by September 30, 2017 related to this financial royalty asset. With the approval of the Vertex triple combination therapy, Trikafta, in October 2019, sell-side equity research analysts' consensus sales forecasts increased to reflect the larger addressable market and the extension of the expected duration of the Trikafta royalty. While small reductions in the cumulative allowance for the cystic fibrosis franchise were recognized as provision income over the course of 2017 and 2018, there remained a $1.10 billion cumulative allowance that was fully reduced by recognizing provision income of $1.10 billion in 2019 as a result of an increase in sell-side equity research analysts' consensus sales forecasts associated with the Trikafta approval. This example illustrates the volatility caused by our accounting model.

In addition, due to the nature of our effective interest methodology, there is no direct correlation between our income from financial royalty assets and our royalty receipts. Therefore, management believes investors should not look to income from royalties and the associated provision for changes in future cash flows as a measure of our near-term financial performance or as a source for predicting future income or growth trends. Our operations have historically been financed primarily with cash flows generated by our royalties. Given the importance of cash flows and their predictability to management's operation of the business, management uses royalty receipts as the primary measure of our operating performance. Royalty receipts refer to the summation of the following line items from our GAAP consolidated statements of cash flows: *Cash collections from financial royalty assets, Cash collections from intangible royalty assets*, *Other royalty cash collections, Proceeds from available for sale debt securities* and *Distributions from equity method investees*.

In addition to analyzing our results on a GAAP basis, management also reviews our results on a non-GAAP basis. The closest comparable GAAP measure to each of the non-GAAP measures that management review is *Net cash provided by operating activities*. The key non-GAAP metrics we focus on are Adjusted Cash Receipts, Adjusted EBITDA and Adjusted Cash Flow, each of which is further discussed in the section titled "Non-GAAP Financial Results."

Adjusted Cash Receipts and Adjusted Cash Flow are used by management as key liquidity measures in the evaluation of our ability to generate cash from operations. Both measures are an indication of our strength and the performance of the business. Management uses Adjusted Cash Flow to compare its performance against non-GAAP adjusted net income used by companies in the biopharmaceutical industry. Adjusted EBITDA, which is derived from Adjusted Cash Receipts, is used by our lenders to assess our ability to meet our financial covenants.

Refer to the section titled "Non-GAAP Reconciliations" for additional discussion of management's use of non-GAAP measures as supplemental financial measures.

Portfolio Overview

Our portfolio consists of royalties on more than 35 marketed therapies and 13 development-stage product candidates. The therapies in our portfolio address therapeutic areas such as rare disease, cancer, neurology, infectious disease, hematology and diabetes, and are delivered to patients across both primary and specialty care settings. The table below includes royalty receipts for the three and nine months ended September 30, 2022 and 2021 by product in order of contribution to royalty receipts for the nine months ended September 30, 2022 (in thousands).

Royalties	Marketer(s)	Therapeutic Area	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
			2022	2021	2022	2021
Cystic fibrosis franchise (1)	Vertex	Rare disease	$ 207,882	$ 182,876	$ 591,733	$ 505,708
Tysabri	Biogen	Neurology	91,252	95,805	281,819	274,796
Imbruvica	AbbVie, Johnson & Johnson	Cancer	74,391	87,924	241,943	264,348
Xtandi	Pfizer, Astellas	Cancer	45,717	40,237	141,100	117,049
Promacta	Novartis	Hematology	50,067	48,151	132,679	124,617
Januvia, Janumet, Other DPP-IVs (2)	Merck & Co., others	Diabetes	1,029	37,934	72,406	113,133
Tremfya	Johnson & Johnson	Immunology	21,409	16,610	68,062	16,610
Nurtec ODT/Biohaven payment (3)	Pfizer (5)	Neurology	20,459	17,948	59,549	51,170
Trelegy	GSK	Respiratory	42,720	—	42,720	—
Cabometyx/Cometriq	Exelixis, Ipsen, Takeda	Cancer	14,612	12,038	40,523	22,167
Farxiga/Onglyza	AstraZeneca	Diabetes	11,522	9,321	32,336	26,996
Evrysdi	Roche	Rare disease	9,602	5,897	26,933	10,546
Prevymis	Merck & Co.	Infectious disease	11,052	9,929	25,174	27,331
Trodelvy	Gilead	Cancer	6,496	2,521	17,428	8,118
Orladeyo	BioCryst	Rare disease	6,265	2,502	15,456	3,471
Erleada	Johnson & Johnson	Cancer	5,586	3,736	15,305	9,957
Crysvita	Ultragenyx, Kyowa Kirin	Rare disease	5,241	4,576	14,887	12,092
Emgality	Lilly	Neurology	4,657	4,542	13,845	11,356
Oxlumo	Alnylam	Rare disease	596	653	1,945	653
Other products (4)			73,349	129,003	212,260	349,242
Total royalty receipts			**$ 703,904**	**$ 712,203**	**$ 2,048,103**	**$ 1,949,360**

(1) The cystic fibrosis franchise includes the following approved products: Kalydeco, Orkambi, Symdeko/Symkevi and Trikafta/Kaftrio.

(2) Januvia, Janumet, Other DPP-IVs include the following approved products: Onglyza, Kombiglyze, Galvus, Eucreas and Nesina. The Other DPP-IVs are marketed by AstraZeneca, Novartis and Takeda.

(3) Quarterly redemption payments of $15.6 million commenced in the first quarter of 2021 related to the Series A Biohaven Preferred Shares (presented as *Proceeds from available for sale debt securities* on the statements of cash flows). The remaining amounts are related to royalty receipts from Nurtec ODT.

(4) Other products primarily include royalty receipts on the following products: Bosulif (a product co-developed by our joint venture investee, Avillion I, for which receipts are presented as *Distributions from equity method investees* on the statements of cash flows), Cimzia, Entyvio, Gavreto, HIV franchise, IDHIFA, Letairis, Lexiscan, Mircera, Myozyme, Nesina, Soliqua, Tazverik and contributions from the Legacy SLP Interest (defined below).

(5) In October 2022, Pfizer completed its acquisition of Biohaven.

Financial Overview

Financial Highlights

- Net cash provided by operating activities totaled $1.6 billion and $1.5 billion for the nine months ended September 30, 2022 and 2021, respectively. *Net cash provided by operating activities* is the closest comparable GAAP financial measure to the supplemental non-GAAP liquidity measures that follow.
- Adjusted Cash Receipts (a non-GAAP metric) totaled $1.7 billion and $1.6 billion for the nine months ended September 30, 2022 and 2021, respectively.
- Adjusted EBITDA (a non-GAAP metric) totaled $1.6 billion and $1.5 billion for the nine months ended September 30, 2022 and 2021, respectively.
- Adjusted Cash Flow (a non-GAAP metric) totaled $1.3 billion and $1.2 billion for the nine months ended September 30, 2022 and 2021, respectively.

Understanding Our Results of Operations

We report non-controlling interests related to the portion of ownership interests of consolidated subsidiaries not owned by us which are attributable to:

1. The Legacy Investors Partnerships' 18% ownership interest in Old RPI. The value of this non-controlling interest will decline over time as the assets in Old RPI expire.

2. RP Holdings Class B Interests held indirectly by the Continuing Investors Partnerships, which represent an approximate 27% ownership interest in RP Holdings as of September 30, 2022 and are exchangeable for our Class A ordinary shares. The value of this non-controlling interest will decline over time if the investors who indirectly own RP Holdings Class B Interests conduct exchanges for our Class A ordinary shares.

3. A de minimis interest in RPCT held by RPSFT as a result of a 2011 reorganization transaction. The value of this non-controlling interest will decline over time as the royalty assets owned by RPCT expire and is expected to be substantially eliminated by the end of 2022.

4. The RP Holdings Class C ordinary share (the "RP Holdings Class C Special Interest") held by RPI EPA Holdings, LP ("EPA Holdings"), an affiliate of RP Management, LLC (the "Manager"). Income will not be allocated to this non-controlling interest until certain performance conditions are met.

All of the results of operations of RP Holdings, Old RPI and RPCT are consolidated into our financial statements.

EPA Holdings is entitled to receive Equity Performance Awards through its RP Holdings Class C Special Interest. Equity Performance Awards owed to EPA Holdings will be recognized as an equity transaction when the obligation becomes due and will impact the income allocated to non-controlling interest related to the RP Holdings Class C Special Interest. The Equity Performance Awards will be payable in RP Holdings Class B Interests that will be exchanged upon issuance for Class A ordinary shares. EPA Holdings may also receive a periodic cash advance in respect of the RP Holdings Class C Special Interest to the extent necessary for EPA Holdings or any of its beneficial owners to pay when due any income tax imposed on it or them as a result of holding such RP Holdings Class C Special Interest. We do not currently expect any material Equity Performance Awards to be payable until certain performance conditions are met, which we do not expect to occur until the mid-2020s.

Total income and other revenues

Total income and other revenues is primarily comprised of income from our financial royalty assets, royalty income generally arising from successful commercialization of products developed through R&D funding arrangements, and a declining contribution of royalty revenue from our intangible royalty assets for which patent rights have materially expired. Most of our royalties are classified as financial assets as our ownership rights are generally passive in nature. In instances in which we acquire a royalty that does include more substantial rights or ownership of the underlying intellectual property, we classify such royalties as intangible assets.

We recognize interest income related to our financial royalty assets. Royalty revenue relates solely to revenue from our DPP-IV products for which the patent rights have been licensed to various counterparties. For the three and nine months ended September 30, 2022 and 2021, the royalty payors accounting for greater than 10% of our total income and other revenues in any one period are shown in the table below:

		For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
Royalty Payor	**Royalties**	**2022**	**2021**	**2022**	**2021**
Vertex	Cystic fibrosis franchise	35 %	33 %	36 %	33 %
AbbVie	Imbruvica	13 %	16 %	15 %	17 %

Income from financial royalty assets

Our financial royalty assets represent investments in cash flow streams with yield components that most closely resemble loans measured at amortized cost under the effective interest method. We calculate the effective interest rate using forecasted expected cash flows to be received over the life of the royalty asset relative to the initial acquisition price. Interest income is recognized at the effective rate of return over the expected life of the asset, which is calculated at the end of each reporting period and applied prospectively. As changes in sell-side equity research analysts' consensus sales estimates are updated on a quarterly basis, the effective rate of return changes. For example, if sell-side equity research analysts' consensus sales forecasts increase, the yield to derive income on a financial royalty asset will increase and result in higher income for subsequent periods.

Variables affecting the recognition of interest income from financial royalty assets on individual products under the prospective effective interest method include any one of the following: (1) additional acquisitions, (2) changes in expected cash flows of the underlying pharmaceutical products, derived primarily from sell-side equity research analysts' consensus sales forecasts, (3) regulatory approval of additional indications which leads to new cash flow streams, (4) changes to the estimated duration of the royalty (i.e., patent expiration date) and (5) changes in amounts and timing of projected royalty receipts and milestone payments. Our financial royalty assets are directly linked to sales of underlying pharmaceutical products whose life cycle typically peaks at a point in time, followed frequently by declining sales trends due to the entry of generic competition, resulting in natural declines in the asset balance and periodic interest income over the life of our royalties. The recognition of interest income from royalties requires management to make estimates and assumptions around many factors, including those impacting the variables noted above.

Revenue from intangible royalty assets

Revenue from intangible royalty assets is derived from sales of Januvia, Janumet and other DPP-IV products by our licensees. Our royalties on Januvia and Janumet expired in the three months ended March 31, 2022. Our royalties on other DPP-IVs have also substantially ended and we do not expect any material revenue from our DPP-IVs in the future periods.

Other royalty income

Other royalty income primarily includes income from financial royalty assets that have been fully amortized by the expected expiration date and income from synthetic royalties and milestones arising out of R&D funding arrangements. Occasionally, a royalty asset may be amortized on an accelerated basis due to collectability concerns, which, if resolved, may result in future cash collections when no financial royalty asset remains. Similarly, we may continue to collect royalties on a financial royalty asset beyond the estimated duration by which the financial asset was fully amortized. In each scenario where a financial royalty asset has been fully amortized, income from such royalty is recognized as *Other royalty income*. Other royalty income also includes income from royalties that are recorded at fair value on our condensed consolidated balance sheets.

Provision for changes in expected cash flows from financial royalty assets

The *Provision for changes in expected future cash flows from financial royalty assets* includes the following:

- expense or income related to the current period activity resulting from adjustments to the cumulative allowance for changes in expected cash flows; and
- expense or income related to the provision for current expected credit losses, which reflects the activity for the period, primarily due to new financial royalty assets with limited protective rights and changes to cash flow estimates for financial royalty assets with limited protective rights.

As discussed above, income is accreted on our financial royalty assets using the effective interest method. As we update our forecasted cash flows on a periodic basis and recalculate the present value of the remaining future cash flows, any shortfall when compared to the carrying value of the financial royalty asset is recorded directly to the income statement through the line item *Provision for changes in expected cash flows from financial royalty assets*. If, in a subsequent period, there is an increase in expected cash flows or if actual cash flows are greater than cash flows previously expected, we reduce the cumulative allowance previously established for a financial royalty asset for the incremental increase in the present value of cash flows expected to be collected. This results in provision income (i.e., a credit to the provision).

Most of the same variables and management's estimates affecting the recognition of interest income on our financial royalty assets also impact the provision. In any period, we will recognize provision income or expense as a result of the following factors: (1) changes in expected cash flows of the underlying pharmaceutical products, derived primarily from sell-side equity research analysts' consensus sales forecasts, (2) regulatory approval of additional indications which leads to new cash flow streams, (3) changes to the estimated duration of the royalty (i.e., patent expiration date) and (4) changes in amounts and timing of projected royalty receipts and milestone payments.

R&D funding expense

R&D funding expense consists of payments that we have made to counterparties to acquire royalties or milestones on product candidates. It includes development-stage funding payments that are made upfront or upon pre-approval milestones, and development-stage funding payments that are made over time as the related product candidates undergo clinical trials with our counterparties.

General and administrative expenses

General and administrative ("G&A") expenses include primarily Operating and Personnel Payments (defined below), legal expenses, other expenses for professional services and share-based compensation. The expenses incurred in respect of Operating and Personnel Payments are expected to comprise the most significant component of G&A expenses on an ongoing basis.

Under the management agreements (collectively, the "Management Agreement"), we pay quarterly operating and personnel expenses to the Manager or its affiliates ("Operating and Personnel Payments") equal to 6.5% of the cash receipts from royalty investments for such quarter and 0.25% of the value of our security investments under GAAP as of the end of such quarter.

The operating and personnel payments for Old RPI, an obligation of the Legacy Investors Partnerships as a non-controlling interest in Old RPI and for which the expense is reflected in G&A expenses, are calculated as the greater of $1 million per quarter and 0.3125% of royalties from Royalty Investments (as defined in the limited partnership agreements of the Legacy Investors Partnerships) during the previous twelve calendar months.

Equity in losses/(earnings) of equity method investees

Equity in losses/(earnings) of equity method investees primarily includes the results of our share of income or loss from the following non-consolidated affiliates:

1. *Legacy SLP Interest.* In connection with the Exchange Offer Transactions, we acquired an equity method investment from the Continuing Investors Partnerships in the form of a special limited partnership interest in the Legacy Investors Partnerships (the "Legacy SLP Interest") in exchange for issuing shares in our subsidiary. The Legacy SLP Interest entitles us to the equivalent of performance distribution payments that would have been paid to the general partner of the Legacy Investors Partnerships and a performance income allocation on a similar basis. As the Legacy Investors Partnerships no longer participate in investment opportunities, the value of the Legacy SLP Interest is expected to decline over time.

2. *The Avillion Entities.* The Avillion Entities (as defined below) partner with global biopharmaceutical companies to perform R&D in exchange for success-based milestones and royalties if products are commercialized. Our investments in Avillion Financing I, LP ("Avillion I") and BAv Financing II, LP ("Avillion II", or, together with Avillion I, the "Avillion Entities") are accounted for using the equity method.

Other (income)/expenses, net

Other (income)/expenses, net primarily includes the change in fair market value of our equity securities, the unrealized gains or losses on derivative instruments and available for sale debt securities, including related forwards and funding commitments, and interest income.

Net income attributable to non-controlling interests

The net income attributable to non-controlling interests includes the Legacy Investors Partnerships' approximately 18% share of earnings in Old RPI. As the Legacy Investors Partnerships no longer participate in investment opportunities, the related net income attributable to this non-controlling interest is expected to decline over time.

Net income attributable to non-controlling interests includes RP Holdings Class B Interests held by the Continuing Investors Partnerships and will include net income attributable to the RP Holdings Class C Special Interest held by EPA Holdings once certain performance conditions have been met. Future net income attributable to the non-controlling interest related to RP Holdings Class B Interests held by the Continuing Investors Partnerships will decline over time if the investors who indirectly own RP Holdings Class B Interests conduct exchanges for our Class A ordinary shares.

Net income attributable to non-controlling interests also includes RPSFT's 20% share of earnings in RPCT, which is a consolidated subsidiary of Old RPI. We expect net income attributable to this non-controlling interest to decline over time as the royalty assets owned by RPCT expire and to be substantially eliminated by the end of 2022.

Net income attributable to non-controlling interests above can fluctuate significantly from period to period, primarily driven by volatility in the income statement activity of the respective underlying entity as a result of the non-cash charges associated with applying the effective interest accounting methodology to our financial royalty assets as described in section titled "Understanding Our Financial Reporting."

Results of Operations

For the Three and Nine Months Ended September 30, 2022 and 2021

The comparison of our historical results of operations for the three and nine months ended September 30, 2022 and 2021 is as follows:

(in thousands)	For the Three Months Ended September 30,		Change		For the Nine Months Ended September 30,		Change	
	2022	2021	$	%	2022	2021	$	%
Income and other revenues:								
Income from financial royalty assets	$ 551,682	$ 505,832	$ 45,850	9.1 %	$ 1,578,555	$ 1,538,871	$ 39,684	2.6 %
Revenue from intangible royalty assets	1,073	63,406	(62,333)	(98.3)%	37,196	139,594	(102,398)	(73.4)%
Other royalty income	20,708	16,535	4,173	25.2 %	55,716	35,298	20,418	57.8 %
Total income and other revenues	573,463	585,773	(12,310)	(2.1)%	1,671,467	1,713,763	(42,296)	(2.5)%
Operating expenses:								
Provision for changes in expected cash flows from financial royalty assets	305,061	137,837	167,224	121.3 %	595,396	186,337	409,059	219.5 %
Research and development funding expense	25,500	90,500	(65,000)	(71.8)%	126,606	96,263	30,343	31.5 %
Amortization of intangible assets	—	5,796	(5,796)	(100.0)%	5,670	17,200	(11,530)	(67.0)%
General and administrative expenses	50,692	48,588	2,104	4.3 %	154,075	136,665	17,410	12.7 %
Total operating expenses, net	381,253	282,721	98,532	34.9 %	881,747	436,465	445,282	102.0 %
Operating income	192,210	303,052	(110,842)	(36.6)%	789,720	1,277,298	(487,578)	(38.2)%
Other expense/(income):								
Equity in losses/(earnings) of equity method investees	3,251	(2,749)	6,000	(218.3)%	2,117	(18,532)	20,649	(111.4)%
Interest expense	46,977	44,327	2,650	6.0 %	141,006	119,168	21,838	18.3 %
Other (income)/expenses, net	(78,432)	39,678	(118,110)	(297.7)%	(193,497)	(10,868)	(182,629)	*
Total other (income)/expenses, net	(28,204)	81,256	(109,460)	(134.7)%	(50,374)	89,768	(140,142)	(156.1)%
Consolidated net income	220,414	221,796	(1,382)	(0.6)%	840,094	1,187,530	(347,436)	(29.3)%
Net income attributable to non-controlling interests	77,763	119,867	(42,104)	(35.1)%	341,178	575,706	(234,528)	(40.7)%
Net income attributable to Royalty Pharma plc	$ 142,651	$ 101,929	$ 40,722	40.0 %	$ 498,916	$ 611,824	$ (112,908)	(18.5)%

*Percentage change is not meaningful.

Total income and other revenues

Income from financial royalty assets

Income from financial royalty assets by top products for the three and nine months ended September 30, 2022 and 2021 is as follows, in order of contribution to income for the nine months ended September 30, 2022:

(in thousands)	For the Three Months Ended September 30,		Change		For the Nine Months Ended September 30,		Change	
	2022	2021	$	%	2022	2021	$	%
Cystic fibrosis franchise	$ 203,383	$ 192,832	$ 10,551	5.5 %	$ 599,504	$ 563,245	$ 36,259	6.4 %
Imbruvica	76,251	94,626	(18,375)	(19.4)%	244,515	290,056	(45,541)	(15.7)%
Tysabri	54,029	54,335	(306)	(0.6)%	157,953	156,083	1,870	1.2 %
Xtandi	24,724	28,527	(3,803)	(13.3)%	73,662	81,245	(7,583)	(9.3)%
Tremfya	30,493	6,765	23,728	*	72,309	6,765	65,544	*
Promacta	22,321	19,287	3,034	15.7 %	66,911	55,250	11,661	21.1 %
Other	140,481	109,460	31,021	28.3 %	363,701	386,227	(22,526)	(5.8)%
Total income from financial royalty assets	**$ 551,682**	**$ 505,832**	**$ 45,850**	9.1 %	**$ 1,578,555**	**$ 1,538,871**	**$ 39,684**	2.6 %

*Percentage change is not meaningful.

Three months ended September 30, 2022 and 2021

Income from financial royalty assets increased by $45.9 million, or 9.1%, in the three months ended September 30, 2022 compared to the three months ended September 30, 2021, primarily driven by income related to recently acquired assets, primarily Trelegy and Tremfya, acquired in the three months ended September 30, 2022 and 2021, respectively. The increase was partially offset by declines in sell-side equity research analysts' consensus sales forecasts for Imbruvica.

Nine Months Ended September 30, 2022 and 2021

Income from financial royalty assets increased by $39.7 million, or 2.6%, in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by income from recently acquired assets, primarily Trelegy and Tremfya, in addition to the strong performance of the cystic fibrosis franchise. The increase in income was partially offset by the maturing of our royalties from the HIV franchise and declines in sell-side equity research analysts' consensus sales forecasts for Imbruvica and Tazverik.

Revenue from intangible royalty assets

Three months ended September 30, 2022 and 2021

Revenue from intangible royalty assets decreased by $62.3 million, or 98.3%, in the three months ended September 30, 2022 compared to the three months ended September 30, 2021, primarily driven by the maturity of our royalties on Januvia and Janumet in the three months ended March 31, 2022 and the recognition of underpaid royalties on Tradjenta of approximately $21.7 million in the three months ended September 31, 2021.

Nine Months Ended September 30, 2022 and 2021

Revenue from intangible royalty assets decreased by $102.4 million, or 73.4%, in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by the maturity of our royalties on Januvia and Janumet and the recognition of underpaid royalties on Tradjenta in the prior year period.

Other royalty income

Three months ended September 30, 2022 and 2021

Other royalty income increased by $4.2 million, or 25.2%, in the three months ended September 30, 2022 compared to the three months ended September 30, 2021, primarily related to growth in the ongoing product launches of Trodelvy and Nurtec ODT that arose from our R&D funding agreements with Immunomedics and Biohaven, respectively.

Nine Months Ended September 30, 2022 and 2021

Other royalty income increased by $20.4 million, or 57.8%, in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily related to income from Trodelvy and Nurtec ODT.

Provision for changes in expected cash flows from financial royalty assets

The breakdown of our provision for changes in expected future cash flows includes the following:

- expense or income related to the current period activity resulting from adjustments to the cumulative allowance for changes in expected cash flows; and
- expense or income related to the provision for current expected credit losses.

As the provision activity is a combination of income and expense items, the provision breakdown by royalty, exclusive of the provision for current expected credit losses, is as follows, based on the largest contributors to each period's provision income or expense:

(in thousands) Royalty	For the Three Months Ended September 30, 2022	Royalty	For the Three Months Ended September 30, 2021
Imbruvica	$ 133,750	Tazverik	$(98,381)
Tysabri	119,691	Xtandi	(53,142)
Xtandi	73,063	Cabometyx/Cometriq	(44,263)
Tazverik	46,804	Promacta	(19,900)
Cystic fibrosis franchise	(54,609)	Nesina	127,241
Other	41,976	Other	24,589
Total provision, exclusive of provision for credit losses	**360,675**	**Total provision, exclusive of provision for credit losses**	**196,412**
Provision for current expected credit losses	(55,614)	Provision for current expected credit losses	(58,575)
Total provision	**$ 305,061**	**Total provision**	**$ 137,837**

(in thousands) Royalty	For the Nine Months Ended September 30, 2022	Royalty	For the Nine Months Ended September 30, 2021
Imbruvica	$ 314,044	Tazverik	$ 176,937
Tazverik	124,975	Imbruvica	107,542
Tysabri	103,073	Emgality	54,902
Xtandi	54,116	Cabometyx/Cometriq	40,499
Cystic fibrosis franchise	(48,636)	Tysabri	(112,720)
Other	166,397	Other	(57,480)
Total provision, exclusive of provision for credit losses	**713,969**	**Total provision, exclusive of provision for credit losses**	**209,680**
Provision for current expected credit losses	(118,573)	Provision for current expected credit losses	(23,343)
Total provision	**$ 595,396**	**Total provision**	**$ 186,337**

Three months ended September 30, 2022 and 2021

In the three months ended September 30, 2022, we recorded provision expense of $305.1 million, comprised of $360.7 million in provision expense for changes in expected cash flows and $55.6 million in provision income for current expected credit losses. We recorded provision expense for changes in expected cash flows primarily related to Imbruvica, Tysabri, Xtandi and Tazverik due to significant declines in sell-side equity research analysts' consensus sales forecasts, which was partially offset by provision income for the cystic fibrosis franchise due to an increase in sell-side equity research analysts' consensus sales forecasts. The provision income for credit losses was primarily driven by a change in the payor for a particular product.

In the three months ended September 30, 2021, we recorded provision expense of $137.8 million, comprised of $196.4 million in provision expense for changes in expected cash flows and $58.6 million in provision income for current expected credit losses. We recorded provision expense for changes in expected cash flows for Tazverik and Xtandi, primarily due to significant declines in sell-side equity research analysts' consensus forecasts. The provision income for credit losses was driven by a significant decrease in current expected credit losses related to Tazverik as a result of the corresponding significant decline in the financial asset value.

Nine Months Ended September 30, 2022 and 2021

In the nine months ended September 30, 2022, we recorded provision expense of $595.4 million, comprised of $714.0 million in provision expense for changes in expected cash flows and $118.6 million in provision income for current expected credit losses. We recorded provision expense for changes in expected cash flows for Imbruvica, Tazverik, and Tysabri primarily due to significant declines in sell-side equity research analysts' consensus sales forecasts. The provision income for credit losses was primarily driven by a significant decrease in current expected credit losses related to Tazverik as a result of the decline in the financial asset value as well as a change in the payor for a particular product.

In the nine months ended September 30, 2021, we recorded provision expense of $186.3 million, comprised of $209.7 million in provision expense for changes in expected cash flows and $23.3 million in provision income for current expected credit losses. We recorded provision expense for changes in expected cash flows for Tazverik, Imbruvica and Emgality, primarily due to declines in sell-side equity research analysts' consensus forecasts, which was partially offset by provision income for Tysabri due to an increase in sell-side equity research analysts' consensus forecasts. The provision income for credit losses was driven by a significant decrease in current expected credit losses related to Tazverik. The provision income for credit losses was partially offset by provision expense for credit losses recognized as a result of the increases to our portfolio of financial royalty assets, including the incremental $100.0 million financial royalty asset related to the start of the oral zavegepant Phase 3 program and a new royalty interest in Cabometyx/Cometriq.

R&D funding expense

Three months ended September 30, 2022 and 2021

R&D funding expense decreased by $65.0 million, or 71.8%, in the three months ended September 30, 2022 as compared to the three months ended September 30, 2021, primarily driven by lower upfront R&D funding expense. In the three months ended September 30, 2022, we recognized upfront R&D funding expense of $25.0 million in exchange for a royalty on a development-stage product from Theravance Biopharma, Inc. ("Theravance"). In the three months ended September 30, 2021, we recognized upfront R&D funding expense of $90.0 million in exchange for royalties on two development-stage products from MorphoSys AG ("MorphoSys"), paid on the closing of our strategic funding partnership with MorphoSys in July 2021.

Nine Months Ended September 30, 2022 and 2021

R&D funding expense increased by $30.3 million, or 31.5%, for the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. In the nine months ended September 30, 2022, we recognized upfront R&D funding expense of $125.0 million in exchange for royalties on development-stage products from Cytokinetics and Theravance. In the nine months ended September 30, 2021, we recognized upfront R&D funding expense of $90.0 million in exchange for royalties on two development-stage products from MorphoSys.

G&A expenses

Three months ended September 30, 2022 and 2021

G&A expenses were relatively flat in the three months ended September 30, 2022 as compared to the three months ended September 30, 2021.

Nine Months Ended September 30, 2022 and 2021

G&A expenses increased by $17.4 million, or 12.7%, in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by higher Operating and Personnel Payments due to increased cash receipts from royalty investments.

Equity in losses/(earnings) of equity method investees

Three months ended September 30, 2022 and 2021

Equity in losses of equity method investees was $3.3 million in the three months ended September 30, 2022 compared to equity in earnings of equity method investees of $2.7 million in the three months ended September 30, 2021, primarily driven by a decline in equity in earnings from the Legacy SLP Interest.

Nine Months Ended September 30, 2022 and 2021

Equity in losses of equity method investees was $2.1 million in the nine months ended September 30, 2022 compared to equity in earnings of equity method investees of $18.5 million in the nine months ended September 30, 2021, primarily driven by a decline in equity in earnings from the Legacy SLP Interest which was partially offset by lower equity in losses from Avillion.

Interest expense

Three months ended September 30, 2022 and 2021

Interest expense slightly increased by $2.7 million, or 6.0%, in the three months ended September 30, 2022 as compared to the three months ended September 30, 2021, primarily driven by the issuance of $1.3 billion senior unsecured notes in July 2021 (“2021 Notes”). The weighted average coupon rate was 2.245% and 2.212% in the three months ended September 30, 2022 and 2021, respectively.

Nine Months Ended September 30, 2022 and 2021

Interest expense increased by $21.8 million, or 18.3% in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by the issuance of the 2021 Notes. The weighted average coupon rate was 2.245% and 2.154% in the nine months ended September 30, 2022 and 2021, respectively.

Refer to the “Liquidity and Capital Resources” section for additional discussion of the Notes.

Other (income)/expenses, net

Three months ended September 30, 2022 and 2021

Other income, net was $78.4 million in the three months ended September 30, 2022 compared to other expense, net of $39.7 million in the three months ended September 30, 2021. During the three months ended September 30, 2022, we recognized $44.2 million of gains on available for sale debt securities and $25.8 million of gains on our milestone acceleration option derivative financial instruments, primarily driven by our estimate that a change of control event for Biohaven was imminent. In the three months ended September 30, 2021, we recognized $17.0 million of losses on derivative financial instruments, primarily driven by the change in fair value of the treasury lock contracts related to our 2021 Notes and the recognition of $14.9 million of losses on available for sale debt securities.

Nine Months Ended September 30, 2022 and 2021

Other income, net increased by $182.6 million in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. The increase was primarily attributed to $98.0 million of gains on our available for sale debt securities and $97.6 million of gains on our milestone acceleration option derivative financial instruments recognized during the nine months ended September 30, 2022, primarily driven by our estimate that a change of control event for Biohaven was imminent. In the nine months ended September 30, 2021, we recognized $21.4 million of losses on derivative instruments, primarily related to the treasury lock contracts and we recognized $8.2 million of gains on available for sale debt securities.

Net income attributable to non-controlling interests

Three months ended September 30, 2022 and 2021

Net income attributable to the Legacy Investors Partnerships decreased by $42.0 million in the three months ended September 30, 2022 as compared to the three months ended September 30, 2021, primarily driven by lower net income attributable to Old RPI.

Net income attributable to the Continuing Investors Partnerships increased by $11.8 million in the three months ended September 30, 2022 as compared to the three months ended September 30, 2021, primarily driven by higher net income attributable to RP Holdings in the three months ended September 30, 2022. This was partially offset by exchanges by investors in the Continuing Investors Partnerships who indirectly own RP Holdings Class B Interests for our Class A ordinary shares resulted in a decline in the Continuing Investors Partnerships' ownership of RP Holdings.

Net income attributable to RPSFT decreased by $11.9 million in the three months ended September 30, 2022 as compared to the three months ended September 30, 2021. We expect net income attributable to RPSFT to continue to decline as the assets held by RPCT mature.

Nine Months Ended September 30, 2022 and 2021

Net income attributable to the Legacy Investors Partnerships decreased by $99.8 million in the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021, primarily driven by lower net income attributable to Old RPI.

Net income attributable to the Continuing Investors Partnerships decreased by $99.8 million in the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021, primarily driven by lower net income attributable to RP Holdings in the nine months ended September 30, 2022. Exchanges by investors in the Continuing Investors Partnerships who indirectly own RP Holdings Class B Interests for our Class A ordinary shares resulted in a decline in the Continuing Investors Partnerships' ownership of RP Holdings.

Net income attributable to RPSFT decreased by $34.9 million in the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021. We expect net income attributable to RPSFT to continue to decline as the assets held by RPCT mature.

Key Developments and Upcoming Events Relating to Our Portfolio

The key developments impacting our cash receipts and income and revenue from our royalty interests are discussed below:

Commercial Products

- **Cystic fibrosis franchise.** In April 2021, Vertex announced European Commission ("EC") approval for Kaftrio in combination with ivacaftor for the treatment of patients with cystic fibrosis ages 12 and older who have at least one F508del mutation.

  In June 2021, Vertex announced that U.S. Food and Drug Administration ("FDA") approved Trikafta for the treatment of children with cystic fibrosis ages 6 through 11 who have at least one F508del mutation or have certain mutations that are responsive to Trikafta based on in vitro data.

In January 2022, Vertex announced that the EC granted approval for the label expansion of Kaftrio in combination with ivacaftor for the treatment of cystic fibrosis in patients ages 6 through 11 years old who have at least one F508del mutation in the cystic fibrosis transmembrane conductance regulator gene.

In November 2022, Vertex announced the submission of a New Drug Application ("NDA") with the FDA for Trikafta in patients ages 2 through 5 years and that filings for approvals with the European Medicines Agency ("EMA") and the Medicines and Healthcare products Regulatory Agency are expected by the end of 2022.

- **Tysabri.** In April 2021, Biogen announced that the EC granted marketing authorization for a subcutaneous injection of Tysabri to treat relapsing-remitting multiple sclerosis. Biogen also announced that it had received a complete response letter from the FDA for its supplemental biologics license application for subcutaneous Tysabri. The complete response letter indicated that the FDA was unable to approve Biogen's filing as submitted.

  In August 2021, Biogen announced results from Phase 3b NOVA study evaluation every six-week dosing with Tysabri intravenous administration in relapsing-remitting multiple sclerosis. Results show that every six-week Tysabri intravenous administration provides a high level of efficacy in controlling multiple sclerosis disease activity in patients who switched from the approved every four-week dosing regimen.

- **Imbruvica.** In June 2021, Johnson and Johnson announced Phase 3 GLOW study results for Imbruvica in combination with Venetoclax for the treatment of first-line chronic lymphocytic leukemia and small lymphocytic lymphoma demonstrated superior progression-free survival versus chlorambucil plus obinutuzumab as a first-line treatment of chronic lymphocytic leukemia. The study also showed improved duration of remission and significantly improved depth of remission. Johnson & Johnson had indicated that approval could occur in 2022.

  In August 2021, AbbVie announced that the U.S. District Court for the District of Delaware had issued a decision holding patent rights relating to Imbruvica were valid and infringed by a generic product from Alvogen and Natco. The decision, which is subject to appeal, prohibits regulatory approval of that generic product until the last AbbVie patent expires. Previously, AbbVie entered into several settlement and license agreements with other generic companies. Consequently, AbbVie does not expect any generic product entry prior to March 30, 2032, assuming pediatric exclusivity is granted.

  In June 2022, Johnson & Johnson announced primary results from the Phase 3 SHINE study, which demonstrated that the combination of once-daily oral Imbruvica plus bendamustine-rituximab (BR) and rituximab maintenance significantly reduced the risk of disease progression or death by 25% compared to patients who received placebo plus BR and rituximab maintenance in patients aged 65 years or older with newly diagnosed mantle cell lymphoma. With a median follow-up of 84.7 months, the Imbruvica plus BR and rituximab maintenance combination showed a statistically significant and clinically meaningful 2.3 year improvement in median progression-free survival (6.7 years) vs. BR (4.4 years). The safety profile of the Imbruvica plus BR regimen was consistent with the known safety profiles of Imbruvica as well as BR.

  In August 2022, AbbVie and Johnson & Johnson announced that the FDA approved Imbruvica for the treatment of pediatric patients one year and older with chronic graft-versus-host disease.

  In August 2022, Johnson & Johnson announced that the European Commission granted marketing authorization for the expanded use of Imbruvica in an all-oral, fixed-duration treatment combination with venetoclax for adults with previously untreated chronic lymphocytic leukemia. The approval is based on the pivotal Phase 3 GLOW study and the fixed-duration cohort of the Phase 2 CAPTIVATE study.

- **Xtandi.** In May 2021, Astellas and Pfizer announced that the EC approved Xtandi for the treatment of patients with metastatic hormone-sensitive prostate cancer.

  In September 2021, Astellas and Pfizer announced that Xtandi plus androgen deprivation therapy reduced the risk of death by 34% compared to placebo plus androgen deprivation therapy in the Phase 3 ARCHES study in men with metastatic hormone-sensitive prostate cancer. The primary results from the ARCHES trial were published in 2019.

In October 2022, Pfizer announced positive top-line results from the Phase 3 TALAPRO-2 study of Talzenna, an oral poly ADP-ribose polymerase inhibitor, in combination with Xtandi compared to placebo plus Xtandi in men with metastatic castration-resistant prostate cancer. The study met its primary endpoint with a statistically significant and clinically meaningful improvement in radiographic progression-free survival. The results of the primary endpoint exceeded the pre-specified hazard ratio of 0.696. The safety of Talzenna plus Xtandi was generally consistent with the known safety profile of each medicine. Pfizer intends to share data with global regulatory authorities to potentially support a regulatory filing.

In November 2022, Pfizer indicated that there could be a potential readout of the Phase 3 EMBARK trial for high-risk non-metastatic prostate cancer in the first half of 2023.

- **Nurtec ODT.** In May 2021, Biohaven announced that the FDA approved Nurtec ODT for the preventative treatment of migraine, indicated for adult patients with episodic migraine who experience less than 15 headache days per month.

  In April 2022, Pfizer and Biohaven announced that the EC has granted marketing authorization for Vydura (rimegepant) for both the acute treatment of migraine with or without aura, and prophylaxis of episodic migraine in adults who have at least four migraine attacks per month.

  In October 2022, Pfizer completed its acquisition of Biohaven. Pfizer acquired all outstanding shares of Biohaven not already owned by Pfizer for $148.50 per share in cash for a total of approximately $11.6 billion. Pfizer also made payments at closing to settle Biohaven's third-party debt and to redeem all of Biohaven's outstanding redeemable preferred shares which we owned.

- **Trodelvy.** In April 2021, Gilead announced the FDA granted full approval to Trodelvy for adult patients with unresectable locally advanced or metastatic triple-negative breast cancer (TNBC) who have received two or more prior systemic therapies, at least one of them for metastatic disease. The approval is supported by data from the Phase 3 ASCENT study.

  In April 2021, Gilead announced that the FDA granted an accelerated approval of Trodelvy for use in adult patients with locally advanced or metastatic urothelial cancer who have previously received a platinum-containing chemotherapy and either a programmed death receptor-1 or a programmed death-ligand 1 inhibitor. The accelerated approval was based on data from the international Phase 2, single-arm TROPHY study.

  In June 2021, Gilead announced superior outcomes to standard of care in second-line treatment of metastatic TNBC in the Phase 3 ASCENT study. Trodelvy more than doubled overall survival as a second-line treatment in the new ASCENT subgroup analysis.

  In October 2021, Gilead announced a collaboration with Merck & Co. to investigate Trodelvy in combination with Keytruda as a first-line treatment for people with locally advanced or metastatic TNBC.

  In November 2021, Gilead announced that the EC granted marketing authorization for Trodelvy as a monotherapy indicated for the treatment of adult patients with unresectable or metastatic TNBC who have received two or more prior systemic therapies, at least one of them for advanced disease. The EC's decision is supported by results from the Phase 3 ASCENT study where Trodelvy reduced the risk of death by 49% and improved median overall survival to 11.8 months versus 6.9 months with physician's choice of chemotherapy.

  In January 2022, Gilead announced it has entered into two clinical trial collaboration and supply agreements with Merck & Co. to evaluate the combination of Trodelvy and Merck & Co.'s anti-PD-1 therapy Keytruda in first-line metastatic non-small cell lung cancer (NSCLC). As part of the collaboration, Merck & Co. will sponsor a global Phase 3 clinical trial of Trodelvy in combination with Keytruda as a first-line treatment of patients with metastatic NSCLC.

  Additionally, Gilead and Merck & Co. established an agreement where Gilead will sponsor a Phase 2 signal-seeking study evaluating combinations that include pembrolizumab in first-line NSCLC.

In June 2022, Gilead announced results from the primary analysis of the Phase 3 TROPiCS-02 study of Trodelvy versus physicians' choice of chemotherapy in heavily pre-treated HR+/HER2- metastatic breast cancer patients who received prior endocrine therapy, CDK4/6 inhibitors and two to four lines of chemotherapy. The study met its primary endpoint of progression-free survival with a statistically significant and clinically meaningful 34% reduction in the risk of disease progression or death. The first interim analysis of the key secondary endpoint of overall survival demonstrated a trend in improvement. Patients will be followed for a subsequent overall survival analysis. The safety profile for Trodelvy was consistent with prior studies.

In September 2022, Gilead announced positive overall survival results from the Phase 3 TROPiCS-02 study evaluating Trodelvy versus comparator physicians' choice of chemotherapy in patients with HR+/HER2- metastatic breast cancer who received endocrine-based therapies and at least two chemotherapies. In the study, Trodelvy demonstrated a statistically significant and clinically meaningful improvement of 3.2 months in overall survival compared to chemotherapy. The TROPiCS-02 study met its primary endpoint of progression-free survival earlier this year, and demonstrated improved median progression-free survival in both HER2-low and IHC0 groups. The FDA has accepted for priority review the supplemental Biologics License Application based on this data and assigned a Prescription Drug User Fee Act ("PDUFA") date for February 2023.

- **Cabometyx.** In January 2021, Exelixis announced that the FDA approved Cabometyx for patients with advanced renal cell carcinoma (RCC) as a first-line treatment in combination with Bristol Myers Squibb's Opdivo. The approval was based on the Phase 3 CheckMate 9ER trial, in which the combination of Cabometyx and Opdivo significantly improved overall survival while doubling progression-free survival and objective response rate versus sunitinib as a first-line treatment for patients with advanced RCC.

  In March 2021, Ipsen announced that the EC approved the combination of Cabometyx and Opdivo for the first-line treatment of advanced RCC.

  In August 2021, Exelixis announced that their partners Takeda and Ono received approval in Japan for Cabometyx in combination with Opdivo for the treatment of unresectable or metastatic RCC.

  In September 2021, Exelixis announced detailed results from the expanded Cohort 6 of the Phase 1b COSMIC-021 trial of Cabometyx in combination with atezolizumab in patients with metastatic castration-resistant prostate cancer, which included patients with metastatic castration-resistant prostate cancer who had been previously treated with novel hormone therapies enzalutamide or abiraterone acetate used along with prednisone. Following discussions with FDA, Exelixis announced that it will not pursue a regulatory submission for the combination regimen based on cohort 6 of COSMIC-021. Exelixis believes that CONTACT-02, a global Phase 3 pivotal trial that initiated enrollment in June 2020 may serve as a basis for future regulatory applications.

  In September 2021, Exelixis announced FDA approved Cabometyx for patients with previously treated radioactive iodine-refractory differentiated thyroid cancer. The approval was based on the Phase 3 COSMIC-311 pivotal trial.

  In March 2022, Exelixis announced results from the final analysis of the second primary endpoint of overall survival from the Phase 3 COSMIC-312 trial, which evaluated cabozantinib in combination with atezolizumab versus sorafenib in patients with previously untreated advanced hepatocellular carcinoma. The final analysis showed neither improvement nor detriment in overall survival for cabozantinib in combination with atezolizumab versus sorafenib.

  In May 2022, Ipsen announced that it received approval from the EC for Cabometyx as a monotherapy for the treatment of adult patients with locally advanced or metastatic differentiated thyroid carcinoma, refractory or not eligible to radioactive iodine who have progressed during or after prior systemic therapy.

In September 2022, Exelixis announced detailed results from COSMIC-313, an ongoing Phase 3 trial evaluating Cabometyx, nivolumab and ipilimumab versus the combination of nivolumab and ipilimumab in patients with previously untreated advanced intermediate- or poor-risk RCC, which met its primary endpoint, demonstrating significant improvement in progression-free survival at the primary analysis. At a prespecified interim analysis for the secondary endpoint of overall survival, the combination of Cabometyx, nivolumab and ipilimumab did not demonstrate a significant benefit. Following discussions with FDA, Exelixis does not intend to submit a supplemental NDA based on currently available data, but will plan to discuss a potential regulatory submission with FDA when results of the next overall survival analysis are available.

Exelixis has indicated it expects initial Phase 3 data by year-end 2022 from CONTACT-01 in metastatic NSCLC and in the first half of 2023 from CONTACT-03 in advanced or metastatic RCC.

- **Evrysdi.** In March 2021, Roche announced that the EC approved Evrysdi for the treatment of spinal muscular atrophy (SMA) in patients two months of age and older, with a clinical diagnosis of SMA Type 1, Type 2 or Type 3 or with one to four splicing modifier of motor neuron 2 copies.

  In June 2021, Evrysdi was approved in Japan for the treatment of SMA.

  In May 2022, Roche announced that the FDA has approved a label extension for Evrysdi to include infants under two months old with SMA. The approval is based on the interim efficacy and safety data from the RAINBOWFISH study in newborns, which showed that the majority of pre-symptomatic infants treated with Evrysdi achieved key milestones such as sitting and standing with half walking after 12 months of treatment.

- **Orladeyo.** In January 2021, Orladeyo was approved in Japan, becoming the first and only prophylactic hereditary angioedema (HAE) medication approved in the region.

  In April 2021, BioCryst announced that the EC approved Orladeyo for the prevention of recurrent HAE attacks in patients 12 years and older.

  In April 2021, BioCryst announced approval of Japanese National Health Insurance System price listing of Orladeyo for prophylactic treatment of HAE.

- **Oxlumo.** In July 2021, Alnylam announced results from ILLUMINATE-C, a Phase 3 open-label study of lumasiran in patients of all ages with advanced primary hyperoxaluria type 1 associated with progressive decline in renal function. Results from the primary analysis at six months demonstrated a substantial reduction in plasma oxalate from baseline in patients with advanced disease, including those on hemodialysis. The safety and tolerability profile of lumasiran following six months of treatment was encouraging across all ages, with no drug related serious adverse events and injection site reactions as the most common adverse event.

  In March 2022, the FDA accepted Alnylam's supplemental NDA for lumasiran for the reduction of plasma oxalate in the treatment of patients with advanced primary hyperoxaluria type 1. The FDA has set an action date for October 6, 2022. Additionally, a Type II Variation for lumasiran to amend the label in patients with advanced primary hyperoxaluria Type 1 was submitted and validated by the EMA in December 2021.

  In October 2022, Alnylam announced that the FDA approved a label expansion for Oxlumo, now indicated for the treatment of primary hyperoxaluria type 1 to lower urinary oxalate and plasma oxalate levels in pediatric and adult patients. The approval is based on positive efficacy and safety results of the ILLUMINATE-C Phase 3 study of Oxlumo in patients with severe renal impairment, including those on hemodialysis.

- **Tremfya.** In February 2022, Johnson & Johnson announced results from the Phase 2a VEGA proof-of-concept study. Results showed that the combination of Tremfya and golimumab, a tumor necrosis factor-alpha antagonist, induced higher rates of clinical response, clinical remission, endoscopic improvement and a composite histologic-endoscopic endpoint at 12 weeks than either treatment alone in adults with moderately to severely active ulcerative colitis. Rates of adverse events were comparable among treatment groups.

In February 2022, Johnson & Johnson announced results from the Phase 2b QUASAR Induction Study 1. Results showed that a significantly greater proportion of adults with moderately to severely active ulcerative colitis who previously had an inadequate response or intolerance to conventional therapies or selected advanced therapies and were treated with Tremfya achieved clinical response at week 12 (Tremfya 200 mg: 61.4% and Tremfya 400 mg: 60.7%), the study's primary endpoint compared with placebo (27.6%). Safety data at week 12 was consistent with the safety profile for Tremfya in approved indications.

- **Tazverik**: In August 2022, Ipsen completed its acquisition of Epizyme. Ipsen acquired all the outstanding shares of Epizyme at a price of $1.45 per share plus a contingent value right of $1 per share.

Development-Stage Product Candidates

- **Aficamten.** In December 2021, Cytokinetics announced the FDA granted breakthrough therapy designation for aficamten for the treatment of symptomatic obstructive hypertrophic cardiomyopathy (oHCM) based on results from REDWOOD-HCM.

  In February 2022, Cytokinetics announced positive topline results from Cohort 3 of the REDWOOD-HCM Phase 2 trial. Results from Cohort 3 showed that substantial reductions in the average resting left ventricular outflow tract pressure gradient (LVOT-G) as well as the post-Valsalva LVOT-G were achieved for patients with oHCM and a resting or post-Valsalva LVOT-G of greater than 50 mmHg whose background therapy included disopyramide and in the majority a beta-adrenergic blocker. The safety and tolerability of aficamten were consistent with prior experience in REDWOOD-HCM with no treatment interruptions and no serious adverse events attributed to treatment reported by the investigators.

- **BCX9930.** In April 2022, BioCryst announced that it is pausing enrollment in clinical trials with BCX9930, while BioCryst investigates elevated serum creatinine levels seen in some patients. BioCryst will not enroll new patients in the REDEEM-1, REDEEM-2 or RENEW clinical trials during the investigation. Patients currently enrolled in the trials are expected to continue on the study drug.

  In May 2022, BioCryst announced that it plans to discuss with regulators whether clinical trials with amended protocols could resume using stepped dosing to 400 milligrams twice-daily of BCX9930 by the end of the third quarter of 2022.

  In August 2022, BioCryst announced that FDA lifted its partial clinical hold on the BCX9930 program. BioCryst will resume enrollment in global clinical trials under revised protocols at a reduced dose of 400 mg twice daily of BCX9930. This includes the REDEEM-1 and REDEEM-2 pivotal trials in patients with paroxysmal nocturnal hemoglobinuria and the RENEW proof-of-concept trial in patients with C3 glomerulopathy, immunoglobulin A nephropathy and primary membranous nephropathy. Additionally, screening has begun for new patients to participate in the trials and BioCryst expects to have data from approximately 15 newly-enrolled patients by the middle of 2023 to inform its decision to either fully invest in the pivotal program, or to discontinue the BCX9930 program.

- **Gantenerumab.** In October 2021, Roche announced that gantenerumab, an anti-amyloid beta antibody developed for subcutaneous administration, has been granted breakthrough therapy designation by the FDA for the treatment of people living with Alzheimer's disease. This designation is based on data showing that gantenerumab significantly reduced brain amyloid plaque, a pathological hallmark of Alzheimer's disease, in the ongoing SCarlet RoAD and Marguerite RoAD open-label extension trials, as well as other studies.

  In March 2022, Roche announced a new Phase 3 Alzheimer's disease prevention trial (SKYLINE). Roche has stated that it intends to enter into a collaboration agreement with Banner Alzheimer's Institute's Alzheimer's Prevention Initiative, Massachusetts General Hospital and the University of Southern California Alzheimer's Therapeutic Research Institute to further exchange scientific insights and advance the trial goals. SKYLINE aims to evaluate the potential of gantenerumab to slow disease progression in people with the earliest biologic signs of Alzheimer's disease and who show no signs of cognitive impairment.

Roche has indicated it expects Phase 3 data from the GRADUATE 1/2 trial in Alzheimer's disease in the fourth quarter of 2022.

- **Omecamtiv mecarbil**. In February 2022, Cytokinetics announced that FDA has accepted and filed its NDA for omecamtiv mecarbil. The FDA assigned the NDA a standard review with a PDUFA date of November 30, 2022. The FDA also indicated that it is currently not planning to hold an advisory committee meeting to discuss the application. The submission is supported by GALACTIC-HF, which demonstrated a positive effect on the primary composite endpoint of cardiovascular death or heart failure events in patients with heart failure and reduced ejection fraction who were receiving standard of care plus omecamtiv mecarbil.

  In February 2022, Cytokinetics announced results from METEORIC-HF, a Phase 3 trial evaluating the effect of treatment with omecamtiv mecarbil compared to placebo on exercise capacity in patients with heart failure with reduced ejection fraction. After 20 weeks of treatment, there was no change in peak oxygen uptake in patients treated with omecamtiv mecarbil versus placebo.

  In June 2022, Cytokinetics announced that the FDA had informed the company that the Cardiovascular and Renal Drugs Advisory Committee will review its NDA on December 13, 2022. Additionally, the FDA has assigned the NDA a PDUFA date of February 28, 2023.

- **Otilimab**. In October 2022, GSK plc ("GSK") announced that the limited efficacy demonstrated in the ContRAst Phase 3 program does not support a suitable benefit/risk profile for otilimab as a potential treatment for rheumatoid arthritis. As a result, GSK has decided not to progress with regulatory submissions.

- **Pelabresib.** In December 2021, MorphoSys presented data from the Phase 2 MANIFEST study evaluating pelabresib in the treatment of myelofibrosis. As of September 10, 2021, the data cut-off, a total of 84 JAK inhibitor-naive patients were enrolled and received the first-line combination of pelabresib and ruxolitinib. The data showed 68% (n=57) of patients treated with the combination achieved a greater than or equal to 35% reduction in spleen volume from baseline at week 24 and 60% (n=47) maintained a greater than or equal to 35% reduction in spleen volume at week 48. Most patients also saw their symptoms reduced with 56% (n=46) achieving greater than or equal to 50% reduction in total symptom score from baseline at week 24.

- **PT027.** In September 2021, AstraZeneca and Avillion announced positive results from MANDALA and DENALI, two Phase 3 trials evaluating PT027 (albuterol/budesonide) in patients with asthma. PT027 is a potential first-in-class inhaled, fixed-dose combination of albuterol, a short-acting beta2-agonist, and budesonide, an inhaled corticosteroid. In MANDALA, PT027 demonstrated a statistically significant and clinically meaningful reduction in the risk of severe exacerbations compared to albuterol, when used as a rescue medicine in response to symptoms. In DENALI, PT027 showed a statistically significant improvement in lung function measured by forced expiratory volume in one second, compared to the individual components albuterol and budesonide, and compared to placebo. The safety and tolerability of PT027 in both trials was consistent with the known profiles of the components. The FDA has accepted for filing the NDA for AstraZeneca's PT027 and a regulatory decision is currently expected by the second half of 2022.

  In May 2022, Avillion LLP, a drug development company focused on the co-development and financing of pharmaceutical candidates from proof-of-concept through to regulatory approval, announced that FDA accepted for filing the NDA for AstraZeneca's PT027. The proposed indication is for the as-needed treatment or prevention of bronchoconstriction and for the prevention of exacerbation of asthma. The co-development partnership between AstraZeneca and Avillion also recently expanded to include the BATURA study, a randomized Phase 3b decentralized trial to further assess the role of PT027 in preventing asthma exacerbations.

- **Tulmimetostat:** In October 2022, MorphoSys announced preliminary Phase 1/2 results of tulmimetostat (CPI-0209), an oral, investigational next-generation selective dual inhibitor of EZH2 and EZH1, in heavily pretreated patients with advanced cancers. Results showed responses or disease stabilization in five cohorts with evaluable patients. The safety profile of tulmimetostat was consistent with the mechanism of action of EZH2 inhibition.

- **Zavegepant.** In March 2021, Biohaven announced that it enrolled the first patient in a Phase 2/3 clinical trial of oral zavegepant for the preventive treatment of migraine. Accordingly, per the agreement with Biohaven announced in August 2020, we paid $100 million to Biohaven for the achievement of this milestone, bringing total zavegepant funding to $250 million. Pfizer expects data from the trial in the third quarter of 2023.

  In December 2021, Biohaven announced positive topline results from the second pivotal clinical trial evaluating the safety and efficacy of intranasal zavegepant for the acute treatment of migraine in adults. The Phase 3 study achieved its co-primary regulatory endpoints of pain freedom and freedom of most bothersome symptom at two hours and showed broad efficacy by demonstrating statistically significant superiority to placebo across a total of 15 prespecified primary and secondary outcome measures.

  In May 2022, Biohaven announced that the FDA accepted for review a NDA for zavegepant nasal spray for the acute treatment of migraine in adults. The PDUFA date is in the first quarter of 2023.

Non-GAAP Financial Results

In addition to analyzing our results on a GAAP basis, management also reviews our results on a non-GAAP basis. There is no direct correlation between income from financial royalty assets and royalty receipts due to the nature of the accounting methodology applied for financial royalty assets. Further, income from financial royalty assets and the provision for changes in expected cash flows related to these financial royalty assets can be volatile and unpredictable. As a result, management places importance on royalty receipts as they are predictable and we use them as a measure of our operating performance. Refer to section titled "*Non-GAAP Reconciliations*" for additional discussion of management's use of non-GAAP measures as supplemental financial measures and reconciliations from the most directly GAAP comparable measures of *Net cash provided by operating activities*.

Adjusted Cash Receipts is a measure calculated with inputs directly from the statements of cash flows and includes (1) royalty receipts by product: (i) Cash collections from royalty assets (financial assets and intangible assets), (ii) *Other royalty cash collections*, (iii) *Distributions from equity method investees,* plus (2) *Proceeds from available for sale debt securities*; less (1) *Distributions to non-controlling interests*, which represent contractual distributions of royalty receipts and proceeds from available for sale debt securities to our historical non-controlling interests related to the Legacy Investors Partnerships and RPSFT. Adjusted Cash Receipts is most directly comparable to the GAAP measure of *Net cash provided by operating activities*.

Adjusted EBITDA and Adjusted Cash Flow are similar non-GAAP liquidity measures that are both most closely comparable to the GAAP measure, *Net cash provided by operating activities*. Adjusted EBITDA is important to our lenders and is defined under the Credit Agreement as Adjusted Cash Receipts less Payments for operating and professional costs. Payments for operating and professional costs are comprised of *Payments for operating and professional costs* and *Payments for rebates* from the statements of cash flows.

Adjusted Cash Flow is defined as Adjusted EBITDA less (1) *Development-stage funding payments - ongoing*, (2) *Development-stage funding payments - upfront and milestone*, (3) *Interest paid*, net of *Interest received,* (4) *Investments in equity method investees* and (5) Other (including *Derivative collateral posted,* net of *Derivative collateral received*, and *Termination payments on derivative instruments*) plus (1) *Contributions from non-controlling interests- R&D*, all directly reconcilable to the statements of cash flows.

Adjusted Cash Receipts and Adjusted Cash Flow are used by management as key liquidity measures in the evaluation of our ability to generate cash from operations. Both measures are an indication of the strength of the Company and the performance of the business. Management also uses Adjusted Cash Flow to compare its performance against non-GAAP adjusted net income used by companies in the biopharmaceutical industry. Adjusted EBITDA, as derived from Adjusted Cash Receipts, is used by our lenders to assess our ability to meet our financial covenants.

The table below includes the royalty receipts and non-GAAP financial results for the three and nine months ended September 30, 2022 and 2021 by product in order of contribution to royalty receipts for the nine months ended September 30, 2022 (in thousands).

Royalties	For the Three Months Ended September 30,		For the Nine Months Ended September 30,		Nine Months Year-to-Date Change	
	2022	2021	2022	2021	$	%
Cystic fibrosis franchise (1)	$ 207,882	$ 182,876	$ 591,733	$ 505,708	$ 86,025	17.0 %
Tysabri	91,252	95,805	281,819	274,796	7,023	2.6 %
Imbruvica	74,391	87,924	241,943	264,348	(22,405)	(8.5)%
Xtandi	45,717	40,237	141,100	117,049	24,051	20.5 %
Promacta	50,067	48,151	132,679	124,617	8,062	6.5 %
Januvia, Janumet, Other DPP-IVs (2)	1,029	37,934	72,406	113,133	(40,727)	(36.0)%
Tremfya	21,409	16,610	68,062	16,610	51,452	*
Nurtec ODT/Biohaven payment (3)	20,459	17,948	59,549	51,170	8,379	16.4 %
Trelegy	42,720	—	42,720	—	42,720	— %
Cabometyx/Cometriq	14,612	12,038	40,523	22,167	18,356	82.8 %
Farxiga/Onglyza	11,522	9,321	32,336	26,996	5,340	19.8 %
Evrysdi	9,602	5,897	26,933	10,546	16,387	155.4 %
Prevymis	11,052	9,929	25,174	27,331	(2,157)	(7.9)%
Trodelvy	6,496	2,521	17,428	8,118	9,310	114.7 %
Orladeyo	6,265	2,502	15,456	3,471	11,985	*
Erleada	5,586	3,736	15,305	9,957	5,348	53.7 %
Crysvita	5,241	4,576	14,887	12,092	2,795	23.1 %
Emgality	4,657	4,542	13,845	11,356	2,489	21.9 %
Oxlumo	596	653	1,945	653	1,292	197.9 %
Other products (4)	73,349	129,003	212,260	349,242	(136,982)	(39.2)%
Total royalty receipts	**$ 703,904**	**$ 712,203**	**$ 2,048,103**	**$ 1,949,360**	**$ 98,743**	5.1 %
Distributions to non-controlling interests	(107,183)	(125,427)	(322,726)	(363,624)	40,898	(11.2)%
Adjusted Cash Receipts (non-GAAP)	**$ 596,721**	**$ 586,776**	**$ 1,725,377**	**$ 1,585,736**	**$ 139,641**	8.8 %
Payments for operating and professional costs	(48,650)	(53,509)	(141,653)	(135,272)	(6,381)	4.7 %
Adjusted EBITDA (non-GAAP)	**$ 548,071**	**$ 533,267**	**$ 1,583,724**	**$ 1,450,464**	**$ 133,260**	9.2 %
Development-stage funding payments - ongoing	(500)	(500)	(1,606)	(6,263)	4,657	(74.4)%
Development-stage funding payments - upfront and milestone	(25,000)	(90,000)	(125,000)	(90,000)	(35,000)	38.9 %
Interest paid, net	(75,302)	(64,587)	(158,920)	(126,755)	(32,165)	25.4 %
Investments in equity method investees	(6,846)	(10,893)	(9,896)	(28,320)	18,424	(65.1)%
Contributions from non-controlling interests- R&D	240	2,003	971	6,083	(5,112)	(84.0)%
Other	—	(18,223)	—	(16,093)	16,093	(100.0)%
Adjusted Cash Flow (non-GAAP)	**$ 440,663**	**$ 351,067**	**$ 1,289,273**	**$ 1,189,116**	**$ 100,157**	8.4 %
Weighted average Class A ordinary shares outstanding - diluted	**607,226**	**607,174**	**607,209**	**607,152**		

*Percentage change is not meaningful.

(1) The cystic fibrosis franchise includes the following approved products: Kalydeco, Orkambi, Symdeko/Symkevi and Trikafta/Kaftrio.
(2) Januvia, Janumet, Other DPP-IVs include the following approved products: Onglyza, Kombiglyze, Galvus, Eucreas and Nesina. The Other DPP-IVs are marketed by AstraZeneca, Novartis and Takeda.
(3) Quarterly redemption payments of $15.6 million commenced in the first quarter of 2021 related to the Series A Biohaven Preferred Shares (presented as *Proceeds from available for sale debt securities* on the statements of cash flows). The remaining amounts are related to royalty receipts from Nurtec ODT.
(4) Other products primarily include royalty receipts on the following products: Bosulif (a product co-developed by our joint venture investee, Avillion I, for which receipts are presented as *Distributions from equity method investees* on the statements of cash flows), Cimzia, Entyvio, Gavreto, HIV franchise, IDHIFA, Letairis, Lexiscan, Mircera, Myozyme, Nesina, Soliqua, Tazverik and contributions from the Legacy SLP Interest.

Adjusted Cash Receipts (non-GAAP)

Nine Months Ended September 30, 2022 and 2021

Adjusted Cash Receipts increased by $139.6 million to $1.7 billion in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by an increase in royalty receipts from the cystic fibrosis franchise and newly acquired royalties. This growth was partially offset by a decline in royalty receipts from maturing royalties, such as the HIV franchise and Januvia, Janumet and other DPP-IVs, as well as unfavorable foreign exchange movements. The increase in Adjusted Cash Receipts also reflects a decline in distributions to non-controlling interests due to maturing royalties jointly owned by the Legacy Investors Partnerships and RPSFT.

Below we discuss the key drivers of royalty receipts.

Royalty Receipts

- **Cystic fibrosis franchise** – Royalty receipts from the cystic fibrosis franchise, which includes Kalydeco, Orkambi, Symdeko/Symkevi and Trikafta/Kaftrio, which are marketed by Vertex for patients with certain mutations causing cystic fibrosis, increased by $86.0 million in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. The increase was primarily driven by the launch of Kaftrio in additional countries outside the United States and the performance of Trikafta in the United States, including its uptake in children 6 through 11 years old.

- **Tysabri** – Royalty receipts from Tysabri, which is marketed by Biogen for the treatment of multiple sclerosis, increased by $7.0 million in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, largely due to continued global patient growth and positive channel dynamics in the United States.

- **Imbruvica** – Royalty receipts from Imbruvica, which is marketed by AbbVie and Johnson & Johnson for the treatment of blood cancers and chronic graft versus host disease, decreased by $22.4 million in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. The decrease was largely due to a slower-than-anticipated recovery of the chronic lymphocytic leukemia market from COVID-19 and increased competition from newer therapies in the United States.

- **Xtandi** – Royalty receipts from Xtandi, which is marketed by Pfizer and Astellas for the treatment of prostate cancer, increased by $24.1 million in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by demand across various prostate cancer indications and a true-up of royalties from prior periods.

- **Promacta** – Royalty receipts from Promacta, which is marketed by Novartis for the treatment of chronic immune thrombocytopenia purpura (ITP) and aplastic anemia, increased by $8.1 million in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. This growth was mainly driven by increased use in ITP and uptake as first-line treatment for severe aplastic anemia.

- **Januvia, Janumet, Other DPP-IVs** – Royalty receipts from the DPP-IVs for type 2 diabetes, which includes Januvia and Janumet, both marketed by Merck & Co., decreased by $40.7 million in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. Royalty receipts from Januvia, Janumet and other DPP-IVs substantially ended in the three months ended June 30, 2022.

- **Tremfya** – Royalty receipts from Tremfya, which is marketed by Johnson & Johnson for the treatment of plaque psoriasis and active psoriatic arthritis, were $68.1 million in the nine months ended September 30, 2022, largely driven by market growth and continued market share gains. We acquired the Tremfya royalty in July 2021.

- **Nurtec ODT/Biohaven payment** – Royalty receipts from Nurtec ODT, which is marketed by Pfizer for the acute and preventative treatment of migraine, increased by $8.4 million in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by prescription volume growth. In addition, we received $46.9 million in fixed payments from Biohaven related to the Series A Biohaven Preferred Shares during each of the nine months ended September 30, 2022 and 2021.

- **Trelegy** – Royalty receipts from Trelegy, which is marketed by GSK for the maintenance treatment of chronic obstructive pulmonary disease and asthma, were $42.7 million in the nine months ended September 30, 2022, primarily attributable to strong patient demand and growth of the single inhaler triple therapy market. We acquired the Trelegy royalty in July 2022.

- **Cabometyx/Cometriq** – Royalty receipts from Cabometyx/Cometriq, which is marketed by Exelixis, Ipsen and Takeda, were $40.5 million in the nine months ended September 30, 2022, primarily due to the uptake of Cabometyx in combination with Opdivo as a first-line treatment for patients with advanced renal cell carcinoma. We acquired the Cabometyx/Cometriq royalty in March 2021.

Distributions to Non-Controlling Interests

Distributions to non-controlling interests decreased by $40.9 million to $322.7 million in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, which positively impacted Adjusted Cash Receipts. The decrease in distributions to non-controlling interests is primarily due to maturing royalties jointly owned by the Legacy Investors Partnerships and RPSFT.

Adjusted EBITDA (non-GAAP)

Nine Months Ended September 30, 2022 and 2021

Adjusted EBITDA increased by $133.3 million to $1.6 billion in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 as a result of the factors noted above in "Adjusted Cash Receipts (Non-GAAP)." Payments for operating and professional costs, the only adjustment between Adjusted Cash Receipts and Adjusted EBITDA, increased in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by higher Operating and Personnel Payments from increased cash receipts from our royalties.

Adjusted Cash Flow (non-GAAP)

Nine Months Ended September 30, 2022 and 2021

Adjusted Cash Flow increased by $100.2 million to $1.3 billion in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by the factors noted above in "Adjusted Cash Receipts (non-GAAP)" and "Adjusted EBITDA (non-GAAP)." The increase was partially offset by higher upfront and milestone development-stage funding payments of $35.0 million and higher net interest paid of $32.2 million due to the first interest payments made on the 2021 Notes in the nine months ended September 30, 2022.

Non-GAAP Reconciliations

Adjusted Cash Receipts, Adjusted EBITDA and Adjusted Cash Flow are non-GAAP measures presented as supplemental measures to our GAAP financial performance. These non-GAAP financial measures exclude the impact of certain items and therefore have not been calculated in accordance with GAAP. In each case, because our operating performance is a function of our liquidity, the non-GAAP measures used by management are presented and defined as supplemental liquidity measures. We caution readers that amounts presented in accordance with our definitions of Adjusted Cash Receipts, Adjusted EBITDA, and Adjusted Cash Flow may not be the same as similar measures used by other companies. Not all companies and analysts calculate the non-GAAP measures we use in the same manner. We compensate for these limitations by using non-GAAP financial measures as supplements to GAAP financial measures and by presenting the reconciliations of the non-GAAP financial measures to their most comparable GAAP financial measures, in each case being *Net cash provided by operating activities*.

We believe that Adjusted Cash Receipts and Adjusted Cash Flow provide meaningful information about our operating performance because the business is heavily reliant on its ability to generate consistent cash flows and these measures reflect the core cash collections and cash charges comprising our operating results. Management strongly believes that our significant operating cash flow is one of the attributes that attracts potential investors to our business.

In addition, we believe that Adjusted Cash Receipts and Adjusted Cash Flow help identify underlying trends in the business and permit investors to more fully understand how management assesses our performance, including planning and forecasting for future periods. Adjusted Cash Receipts and Adjusted Cash Flow are used by management as key liquidity measures in the evaluation of our ability to generate cash from operations. Both measures are an indication of our strength and the performance of the business. Management uses Adjusted Cash Receipts and Adjusted Cash Flow when considering available cash, including for decision-making purposes related to funding of acquisitions, voluntary debt repayments, dividends and other discretionary investments. Further, these non-GAAP financial measures help management, the audit committee and investors evaluate our ability to generate liquidity from operating activities.

Management believes that Adjusted EBITDA is an important non-GAAP measure in analyzing our liquidity and is a key component of certain material covenants contained within our credit agreement. Noncompliance with the interest coverage ratio and leverage ratio covenants under the credit agreement could result in our lenders requiring us to immediately repay all amounts borrowed. If we cannot satisfy these financial covenants, we would be prohibited under our credit agreement from engaging in certain activities, such as incurring additional indebtedness, paying dividends, making certain payments and acquiring and disposing of assets. Consequently, Adjusted EBITDA is critical to the assessment of our liquidity.

Management uses Adjusted Cash Flow to evaluate its ability to generate cash from operations, the performance of the business and our performance as compared to our peer group. Management also uses Adjusted Cash Flow to compare its performance against non-GAAP adjusted net income measures used by many companies in the biopharmaceutical industry, even though each company may customize its own calculation and therefore one company's metric may not be directly comparable to another's. We believe that non-GAAP financial measures, including Adjusted Cash Flow, are frequently used by securities analysts, investors and other interested parties to evaluate companies in our industry.

The non-GAAP financial measures used in this Quarterly Report on Form 10-Q have limitations as analytical tools, and you should not consider them in isolation or as a substitute for the analysis of our results as reported under GAAP. We have provided a reconciliation of each non-GAAP financial measure to the most directly comparable GAAP financial measure, in each case being *Net cash provided by operating activities* below.

To arrive at Adjusted Cash Receipts, we start with the GAAP line item, *Net cash provided by operating activities*, and adjust for the following items from the statements of cash flows: to add back (1) *Proceeds from available for sale debt securities* (redemption of Biohaven Preferred Shares), which are cash inflows that management believes are derived from royalties and form part of our core business strategy, (2) *Distributions from equity method investees* which are classified as cash inflows from investing activities, (3) *Interest paid*, net of *Interest received*, (4) Development-stage funding payments, (5) *Payments for operating and professional costs*, (6) *Payments for rebates* and (7) *Termination payments on derivative instruments*, and to deduct (1) *Distributions to non-controlling interests*, which represents distributions to our historical non-controlling interests related to the Legacy Investors Partnerships and RPSFT, and (2) Derivative collateral posted or (received), net, both of which are excluded when management assesses its operating performance through cash collections, or Adjusted Cash Receipts.

To arrive at Adjusted EBITDA, we start with *Net cash provided by operating activities* and adjust for the following items from the statements of cash flows: to add back (1) *Proceeds from available for sale debt securities* (redemption of Biohaven Preferred Shares), (2) *Distributions from equity method investees* which are classified as cash inflows from investing activities, (3) *Interest paid*, net of *Interest received,* (4) Development-stage funding payments and (5) *Termination payments on derivative instruments*, and to deduct (1) *Distributions to non-controlling interests* and (2) Derivative collateral posted or (received), net.

To arrive at Adjusted Cash Flow, we start with *Net cash provided by operating activities* and adjust for the following items from the statements of cash flows: to add back (1) *Proceeds from available for sale debt securities* (redemption of Biohaven Preferred Shares), (2) *Distributions from equity method investees* classified as cash inflows from investing activities and (3) *Contributions from non-controlling interests-R&D*, and to deduct (1) *Distributions to non-controlling interests* and (2) *Investments in equity method investees*. This is intended to present an Adjusted Cash Flow measure that is representative of cash generated from the broader business strategy of acquiring royalty-generating assets that are available for reinvestment and for discretionary purposes.

(in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Net cash provided by operating activities (GAAP)	$ 538,827	$ 469,759	$ 1,574,049	$ 1,527,579
Adjustments:				
Proceeds from available for sale debt securities (1), (2)	15,625	15,625	46,875	46,875
Distributions from equity method investees – investing (2)	—	—	—	523
Interest paid, net (2)	75,302	64,587	158,920	126,755
Development-stage funding payments - ongoing (3)	500	500	1,606	6,263
Development-stage funding payments - upfront and milestone (3)	25,000	90,000	125,000	90,000
Payments for operating and professional costs	48,650	53,509	141,653	135,272
Termination payments on derivative instruments	—	16,093	—	16,093
Distributions to non-controlling interests (2)	(107,183)	(125,427)	(322,726)	(363,624)
Derivative collateral received, net (2)	—	2,130	—	—
Adjusted Cash Receipts (non-GAAP)	**$ 596,721**	**$ 586,776**	**$ 1,725,377**	**$ 1,585,736**
Net cash provided by operating activities (GAAP)	$ 538,827	$ 469,759	$ 1,574,049	$ 1,527,579
Adjustments:				
Proceeds from available for sale debt securities (1), (2)	15,625	15,625	46,875	46,875
Distributions from equity method investees – investing (2)	—	—	—	523
Interest paid, net (2)	75,302	64,587	158,920	126,755
Development-stage funding payments - ongoing (3)	500	500	1,606	6,263
Development-stage funding payments - upfront and milestone (3)	25,000	90,000	125,000	90,000
Termination payments on derivative instruments	—	16,093	—	16,093
Distributions to non-controlling interests (2)	(107,183)	(125,427)	(322,726)	(363,624)
Derivative collateral received, net (2)	—	2,130	—	—
Adjusted EBITDA (non-GAAP)	**$ 548,071**	**$ 533,267**	**$ 1,583,724**	**$ 1,450,464**
Net cash provided by operating activities (GAAP)	$ 538,827	$ 469,759	$ 1,574,049	$ 1,527,579
Adjustments:				
Proceeds from available for sale debt securities (1), (2)	15,625	15,625	46,875	46,875
Distributions from equity method investees – investing (2)	—	—	—	523
Contributions from non-controlling interests-R&D (2)	240	2,003	971	6,083
Distributions to non-controlling interests (2)	(107,183)	(125,427)	(322,726)	(363,624)
Investments in equity method investees (2), (4)	(6,846)	(10,893)	(9,896)	(28,320)
Adjusted Cash Flow (non-GAAP)	**$ 440,663**	**$ 351,067**	**$ 1,289,273**	**$ 1,189,116**

(1) Receipts from the quarterly redemption of the Series A Biohaven Preferred Shares are presented as *Proceeds from available for sale debt securities* on the statements of cash flows.
(2) The table below shows the line item for each adjustment and the direct location for such line item on the statements of cash flows.

Reconciling Adjustment	Statements of Cash Flows Classification
Proceeds from available for sale debt securities	Investing activities
Investments in equity method investees	Investing activities
Distributions to non-controlling interests	Financing activities
Interest paid, net	Operating activities (*Interest paid* less *Interest received*)
Derivative collateral received, net	Operating activities (*Derivative collateral received* less *Derivative collateral posted*)
Contributions from non-controlling interests- R&D	Financing activities
Distributions from equity method investees - investing	Investing activities

(3) Our lenders consider all payments made to support R&D activities for development-stage product candidates similar to asset acquisitions as these funds are expected to generate operational returns in the future. All ongoing development-stage funding payments and upfront and milestone development-stage funding payments are reported as R&D funding expense in net income and are added back in aggregate to *Net cash provided by operating activities* to arrive at Adjusted EBITDA. As a result, Adjusted EBITDA captures the full add-back for development-stage funding payments.
(4) We consider all payments to fund our operating joint ventures that are performing R&D activities for development-stage product candidates similar to asset acquisitions as these funds are expected to generate operational returns in the future. As a result, amounts funded through capital calls by our equity method investees, the Avillion Entities, are deducted to arrive at Adjusted Cash Flow, but are not deducted in Adjusted EBITDA.

Investments Overview

Ongoing investment in new royalties is fundamental to the long-term prospects of our business. New investments provide a source of growth for our royalty receipts, supplementing growth within our existing portfolio and offsetting declines for royalties on products that have lost market exclusivity. We evaluate an array of royalty acquisition opportunities on a continuous basis and expect to continue to make acquisitions in the ordinary course of our business. We have established a strong track record of identifying, evaluating and investing in royalties tied to leading products across therapeutic areas and treatment modalities. We invest in approved products and development-stage product candidates that have generated robust proof of concept data. We invest in these therapies through the purchase of royalties, by making hybrid investments and by acquiring businesses with significant existing royalty assets or the potential for the creation of such assets.

For the nine months ended September 30, 2022, we invested $2.1 billion in royalties and related assets. While volatility exists in the total amount of our new acquisitions on a year-to-year basis due to the unpredictable timing of new investment opportunities, we have consistently deployed significant amounts of cash when measured over multi-year periods. Our approach is rooted in a highly disciplined evaluation process that is not dictated by a minimum annual investment threshold.

Summary of Royalty Acquisition Activity

- In October 2022, we entered into a R&D funding agreement with MSD International Business GmbH (“Merck”) to co-fund the development of MK-8189, an investigational oral PDE10A inhibitor currently being evaluated in a Phase 2b study for the treatment of schizophrenia. We funded $50 million upon closing, and if Merck decides to proceed with Phase 3, we have the option to fund up to an additional $375 million. In exchange, we are eligible to receive milestone payments associated with certain regulatory approvals as well as royalties on annual worldwide sales of any approved product.

- In July 2022, we acquired all of the equity interests in Theravance Respiratory Company, LLC from Theravance and Innoviva, Inc. which entitles us to the right to receive royalties on the annual worldwide sales of Trelegy for an upfront payment of $1.31 billion and up to $300 million in additional payments contingent upon the achievement of certain sales milestones. Additionally, we agreed to provide Theravance $25 million in upfront funding and a potential $15 million regulatory milestone payment to support the clinical development of ampreloxetine.

- In June 2022, we acquired an ex-U.S. royalty interest in Gavreto from Blueprint Medicines for an upfront payment of $175 million and contingent sales-based milestones up to $165 million.

- In April 2022, we acquired common stock and a revenue participation right from ApiJect Holdings, Inc. for $50 million.

- In January 2022, we acquired a royalty interest in aficamten from Cytokinetics, Incorporated ("Cytokinetics") for $150 million comprised of an upfront payment of $50 million and two additional $50 million payments, conditional upon the initiation of potential pivotal clinical trials for oHCM and nonobstructive hypertrophic cardiomyopathy, respectively. In February 2022, Cytokinetics announced that it initiated the clinical trial for oHCM, which triggered a $50 million payment from us in March 2022. Additionally, we will provide Cytokinetics long-term capital of up to $300 million ("Cytokinetics Commercial Launch Funding") to support further development of aficamten and potential commercialization of omecamtiv mecarbil. The Cytokinetics Commercial Launch Funding is available in five tranches, including an initial tranche of $50 million funded upon closing.

- In November 2021, we acquired incremental royalty interests in BCX9930 and Orladeyo (berotralstat) from BioCryst for an upfront cash payment of $150 million. Additionally, we paid $50 million to purchase 3,846 thousand shares of BioCryst common stock, which was calculated based on the volume-weighted average price of BioCryst common stock over a period preceding the closing of the transaction. The funds from this transaction will enable further advancement of BCX9930 and support additional investment in the global launch of Orladeyo (berotralstat).

- In June 2021, we announced a long-term strategic funding partnership with MorphoSys to support its acquisition of Constellation Pharmaceuticals, Inc. ("Constellation"), which closed on July 15, 2021. We agreed to provide up to $2.025 billion of funding to MorphoSys, comprised of an upfront payment of $1.425 billion, additional milestone payments of up to $150 million, up to $350 million of capital ("Development Funding Bonds"). In connection with the closing of its acquisition of Constellation, we purchased 1,337,552 ordinary shares of MorphoSys for $100 million at a price of €63.35 per ordinary share, based on the average trading price of the ordinary shares over a period preceding the closing of the acquisition. In September 2022, we funded $300 million under the Development Funding Bonds.

- In April 2021, we acquired a royalty interest in Oxlumo from Dicerna Pharmaceuticals, Inc. for an upfront cash payment of $180 million and up to $60 million in contingent sales-based milestone payments. Oxlumo, which has been approved by the FDA and EMA for the treatment of primary hyperoxaluria type 1, is marketed by Alnylam.

- In March 2021, we acquired a royalty interest in the cabozantinib products Cabometyx and Cometriq from GSK for an upfront payment of $342 million and up to $50 million in additional payments contingent on the achievement of regulatory approvals of cabozantinib for prostate cancer and lung cancer in the United States and Europe.

- In January 2021, we acquired a royalty interest in seltorexant from Minerva Neurosciences, Inc. for an upfront payment of $60 million and up to $95 million in additional milestone payments, contingent on the achievement of certain clinical, regulatory and commercialization milestones. Seltorexant is currently in Phase 3 development for the treatment of major depressive disorder with insomnia symptoms by Johnson & Johnson.

Additionally, in April 2021, we entered into an agreement with MSCI, a leading provider of critical decision support tools and services, to assist MSCI in the design of a classification framework and index methodologies to expand MSCI's thematic index suite with the launch of new indexes. In return, we will receive a portion of MSCI's revenues from those indexes. The financial impact associated with this transaction has not been material to date and is not expected to be material for the year ended December 31, 2022.

Liquidity and Capital Resources

Overview

Our primary source of liquidity is cash provided by operations. For the nine months ended September 30, 2022 and 2021, we generated $1.6 billion and $1.5 billion, respectively, in *Net cash provided by operating activities*. We believe that our existing capital resources, cash provided by operating activities and our Revolving Credit Facility (defined below) will continue to allow us to meet our operating and working capital requirements, to fund planned strategic acquisitions and R&D funding arrangements, and to meet our debt service obligations for the foreseeable future. We have historically operated at a low level of fixed operating costs. Our primary cash operating expenses, other than R&D funding commitments, include interest expense, our Operating and Personnel Payments, and legal and professional fees.

We have access to substantial sources of funds in the capital markets and we may, from time to time, seek additional capital through a combination of additional debt or equity financings. In July 2021, we issued $1.3 billion of senior unsecured notes. Additionally, we have a Revolving Credit Facility (defined below) which provides for borrowing capacity of up to $1.5 billion that remains undrawn and available to us as of September 30, 2022. As of September 30, 2022 and December 31, 2021, the par value of our total outstanding borrowings was $7.3 billion and $7.3 billion, respectively. A summary of our borrowing activities, balances and compliance with certain debt covenants under various financing arrangements is included in Note 10. Borrowings of the Notes to Condensed Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

We have historically funded our acquisition program through free cash flow, equity contributions and debt. Our low operating costs coupled with a lack of capital expenditures and low taxes have contributed to our strong financial profile, resulting in high operating leverage and high conversion of our Adjusted Cash Receipts to Adjusted Cash Flow. We expect to continue funding our current and planned operating costs (excluding acquisitions) principally through our cash flow from operations and our acquisition program through cash flow and issuances of equity and debt. In the past, we have supplemented our available cash and cash equivalents on hand with attractive debt capital to fund certain strategic acquisitions.

Our ability to satisfy our working capital needs, debt service and other obligations, and to comply with the financial covenants under our financing agreements depends on our future operating performance and cash flow, which are in turn subject to prevailing economic conditions and other factors, many of which are beyond our control.

Cash Flows

The following table and analysis of cash flow changes presents a summary of our cash flow activity for the nine months ended September 30, 2022 and 2021:

(in thousands)	For the Nine Months Ended September 30,		
	2022	**2021**	**Change**
Cash provided by (used in):			
Operating activities	$ 1,574,049	$ 1,527,579	$ 46,470
Investing activities	(1,444,163)	(1,318,634)	(125,529)
Financing activities	(679,306)	583,183	(1,262,489)

Analysis of Cash Flow Changes

Operating Activities

Cash provided by operating activities increased by $46.5 million in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by an increase in cash collections from financial royalty assets of $110.8 million. The increase in royalty receipts was partially offset by lower cash collections from intangible assets of $40.7 million as our royalties on Januvia, Janumet and other DPP-IVs have substantially ended in the three months ended June 30, 2022 and higher interest paid of $39.7 million, primarily due to the first interest payments made on the 2021 Notes in the nine months ended September 30, 2022.

Investing Activities

Cash used in investing activities increased by $125.5 million in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021, primarily driven by a higher use of cash of $341.0 million to purchase available for sale debt securities and a $295.6 million decrease in the overall net cash provided by marketable securities. Partially offsetting this was a $528.4 million decrease in cash used for acquisitions of financial royalty assets.

Financing Activities

Cash used in financing activities in the nine months ended September 30, 2022 was $679.3 million compared to cash provided by financing activities of $583.2 million in the nine months ended September 30, 2021, primarily driven by $1.3 billion net proceeds received from our issuance of 2021 Notes in July 2021.

Sources of Capital

As of September 30, 2022, our cash and cash equivalents and marketable securities totaled $991.6 million and $139.9 million, respectively. As of December 31, 2021, our cash and cash equivalents and marketable securities totaled $1.5 billion and $581.9 million, respectively. We intend to fund short-term and long-term financial obligations as they mature through cash and cash equivalents, sales of marketable securities, future cash flows from operations or the issuance of additional debt. Our ability to generate cash flows from operations, issue debt or enter into financing arrangements on acceptable terms could be adversely affected if there is a material decline in the sales of the underlying pharmaceutical products in which we hold royalties, deterioration in our key financial ratios or credit ratings, or other material unfavorable changes in business conditions. Currently, we believe that we have sufficient financial flexibility to issue debt, enter into other financing arrangements and attract long-term capital on acceptable terms to support our growth objectives.

Borrowings

Our borrowings at September 30, 2022 and December 31, 2021 consisted of the following (in thousands):

	Date of Issuance	Maturity	As of September 30, 2022	As of December 31, 2021
Senior Unsecured Notes:				
$1,000,000, 0.75% (issued at 99.322% of par)	9/2020	9/2023	$ 1,000,000	$ 1,000,000
$1,000,000, 1.20% (issued at 98.875% of par)	9/2020	9/2025	1,000,000	1,000,000
$1,000,000, 1.75% (issued at 98.284% of par)	9/2020	9/2027	1,000,000	1,000,000
$1,000,000, 2.20% (issued at 97.760% of par)	9/2020	9/2030	1,000,000	1,000,000
$600,000, 2.15% (issued at 98.263% of par)	7/2021	9/2031	600,000	600,000
$1,000,000, 3.30% (issued at 95.556% of par)	9/2020	9/2040	1,000,000	1,000,000
$1,000,000, 3.55% (issued at 95.306% of par)	9/2020	9/2050	1,000,000	1,000,000
$700,000, 3.35% (issued at 97.565% of par)	7/2021	9/2051	700,000	700,000
Total senior unsecured debt			7,300,000	7,300,000
Unamortized debt discount and issuance costs			(188,740)	(203,930)
Total long-term debt, including current portion			7,111,260	7,096,070
Less: Current portion of long-term debt			(996,583)	—
Total long-term debt			**$ 6,114,677**	**$ 7,096,070**

Senior Unsecured Notes

On July 26, 2021, we issued the 2021 Notes with a weighted average coupon rate of 2.80% and requiring annual interest payments of approximately $36.4 million, paid semi-annually. On September 2, 2020, we issued $6.0 billion of senior unsecured note (the "2020 Notes") with a weighted average coupon rate of 2.125% and requiring annual interest payments of approximately $127.5 million, paid semi-annually. We used the net proceeds from the 2020 Notes offering, together with available cash on hand, to repay in full the outstanding principal amounts of term loans under our prior senior secured credit facilities. We refer to the 2020 Notes and 2021 Notes, collectively, as the "Notes." Indentures governing the Notes contain certain covenants with which we were in compliance as of September 30, 2022.

Senior Unsecured Revolving Credit Facility

On September 15, 2021, we entered into an amended and restated revolving credit agreement (the "Credit Agreement"). The Credit Agreement amends and restates the credit agreement that our subsidiary RP Holdings, as borrower, entered into on September 18, 2020, which provided for a five-year unsecured Revolving Credit Facility with borrowing capacity of up to $1.5 billion for general corporate purposes. The Credit Agreement extends the maturity of the Revolving Credit Facility to September 15, 2026. The Credit Agreement contains certain customary covenants which we were in compliance as of September 30, 2022. The Revolving Credit Facility remains undrawn and available to us as of September 30, 2022.

Uses of Capital

Acquisitions of Royalties

We acquire product royalties in ways that can be tailored to the needs of our partners through a variety of structures:

- **Third-party Royalties** – Existing royalties on approved or late-stage development therapies with high commercial potential. A royalty is the contractual right to a percentage of top-line sales from a licensee's use of a product, technology or intellectual property. The majority of our current portfolio consists of third-party royalties.

- **Synthetic Royalties/R&D Funding** – Newly-created royalties on approved or late-stage development therapies with strong proof of concept and high commercial potential. A synthetic royalty is the contractual right to a percentage of top-line sales by the developer and/or marketer of a therapy in exchange for funding. A synthetic royalty may also include contingent milestone payments. We also fund ongoing R&D, typically for large biopharmaceutical companies, in exchange for future royalties and/or milestones if the product or indication we are funding is approved.

- **Launch and Development Capital** – Tailored supplemental funding solutions, generally included as a component within a transaction, increasing the scale of our capital. Launch and development capital is generally provided in exchange for a long-term stream of fixed payments with a predetermined schedule around the launch of a drug. Launch and development capital may also include a direct investment in the public equity of a company.

- **M&A Related** – We acquire royalties in connection with M&A transactions, often from the buyers of biopharmaceutical companies when they dispose of the non-strategic assets of the target company following the closing of the acquisition. We also seek to partner with companies to acquire other biopharmaceutical companies that own significant royalties. We may also seek to acquire biopharmaceutical companies that have significant royalties or where we can create royalties in subsequent transactions.

Additionally, we may identify additional opportunities, platforms or technologies that leverage our capabilities. One example is our strategic alliance with MSCI to develop thematic life sciences indices.

Distributions to Shareholders

We paid dividends to holders of our Class A ordinary shares of $249.1 million and $211.6 million in the nine months ended September 30, 2022 and 2021, respectively. We do not have a legal obligation to pay a quarterly dividend or dividends at any specified rate or at all.

Other Funding Arrangements

In January 2022, we entered into a long-term funding agreement with Cytokinetics to provide up to $300 million of capital ("Cytokinetics Commercial Launch Funding") available in five tranches to support Cytokinetics for further development of aficamten and potential commercialization of omecamtiv mecarbil. We funded the initial tranche of $50 million of the Cytokinetics Commercial Launch Funding upon closing. In the three months ended June 30, 2022, we amended the long-term funding agreement with Cytokinetics to increase the required draw amount. Cytokinetics is required to draw $50 million if a certain contingency is met and has the option to draw the remaining $200 million upon the occurrence of certain regulatory and clinical development milestones. As of September 30, 2022, we expect $125 million of the optional $200 million to remain available under the Cytokinetics Commercial Launch Funding due to the likelihood that certain regulatory milestones will not be met by December 31, 2022.

On August 7, 2020, we entered into the Series B Biohaven Preferred Share Purchase Agreement ("Series B Biohaven Preferred Share Agreement") with Biohaven where we committed to acquire 3,992 shares of Series B Biohaven Preferred Shares at a price of $50,100 per preferred share (the "Commercial Launch Preferred Equity") for a total of $200 million payable on a quarterly basis from the three months ended March 31, 2021 through the three months ended December 31, 2024. In the three months ended March 31, 2021, we began purchasing the Series B Biohaven Preferred Shares and have a remaining commitment of $85.8 million under our Commercial Launch Preferred Equity as of September 30, 2022.

On October 3, 2022, Pfizer acquired Biohaven, which was a change of control event that accelerated the issuance and redemption of all unissued Series B Biohaven Preferred Shares. In connection with the completion of Pfizer's acquisition of Biohaven, we have no remaining commitment related to the Series B Biohaven Preferred Shares.

We may have other funding arrangements where we are contractually obligated to fund R&D activities performed by our development partners. We also have funding arrangements related to our equity method investments in the Avillion Entities. As our committed capital requirements are based on phases of development, the completion of which is highly uncertain, only the capital required to fund the current stage of development under such funding arrangements is considered committed capital requirements, which approximate $44.8 million as of September 30, 2022.

We also have certain milestone payments that are contingent on the successful achievement of certain development, regulatory approval or commercial milestones. These contingent milestone payments are not considered contractual obligations. In the nine months ended September 30, 2022, we made a $50 million payment to Cytokinetics in connection with its initiation of the first pivotal clinical trial in oHCM. In the nine months ended September 30, 2021, we made a $100 million payment to Biohaven related to a development milestone that was achieved upon the start of the oral zavegepant Phase 3 program.

Debt Service

As of September 30, 2022, the future principal and interest payments under our Notes over the next five years and thereafter are as follows:

(in thousands)

Year	Principal Payments	Interest Payments
Remainder of 2022	$ —	$ —
2023	1,000,000	163,850
2024	—	156,350
2025	1,000,000	156,350
2026	—	144,350
Thereafter	5,300,000	2,070,250
Total (1)	$ 7,300,000	$ 2,691,150

(1) Excludes unamortized debt discount and issuance costs of $188.7 million as of September 30, 2022, which are amortized through interest expense over the remaining life of the underlying debt obligations.

Operating and Personnel Payments

Under the Management Agreement, we pay quarterly Operating and Personnel Payments equal to 6.5% of the cash receipts from royalty investments for such quarter and 0.25% of our security investments under GAAP as of the end of each quarter. Because the Operating and Personnel Payments are determined based on cash receipts, the amounts are variable. The expenses incurred in respect of Operating and Personnel Payments are expected to comprise the most significant component of G&A expenses on an ongoing basis.

Guarantor Financial Information

Our obligations under the Notes are fully and unconditionally guaranteed by RP Holdings, a non-wholly owned subsidiary (the "Guarantor Subsidiary"). Our remaining subsidiaries (the "Non-Guarantor Subsidiaries") do not guarantee the Notes. Under the terms of the indenture governing the Notes, Royalty Pharma plc and the Guarantor Subsidiary each fully and unconditionally, jointly and severally, guarantee the payment of interest, principal and premium, if any, on the Notes. As of September 30, 2022, the par value and carrying value of the total outstanding and guaranteed Notes was $7.3 billion and $7.1 billion, respectively.

The following financial information presents summarized combined balance sheet information as of September 30, 2022 and December 31, 2021 and summarized combined statement of operations information for the nine months ended September 30, 2022 for Royalty Pharma plc and RP Holdings. All intercompany balances and transactions between Royalty Pharma plc and RP Holdings are eliminated in the presentation of the combined financial statements. RP Holdings' most significant asset is its investment in operating subsidiaries, which has been eliminated in the table below to exclude investments in Non-Guarantor Subsidiaries. Our operating subsidiaries hold the majority of our cash and cash equivalents, marketable securities and financial royalty assets. As a result, our ability to make required payments on the Notes depends on the performance of our operating subsidiaries and their ability to distribute funds to us. There are no material restrictions on distributions from the operating subsidiaries. Amounts presented below do not represent our total consolidated amounts as of September 30, 2022 and December 31, 2021 or for the nine months ended September 30, 2022.

Summarized Combined Balance Sheets

(in thousands)	As of September 30, 2022	As of December 31, 2021
Current assets	$ 73,356	$ 95,946
Current interest receivable on intercompany notes due from Non-Guarantor Subsidiaries	8,859	16,974
Current intercompany notes receivable due from Non-Guarantor Subsidiaries	272,792	—
Non-current assets	3,309	4,145
Non-current intercompany notes receivable due from Non-Guarantor Subsidiaries	1,990,604	2,039,576
Current liabilities	1,012,209	59,030
Current interest payable on intercompany notes due to Non-Guarantor Subsidiaries	3,611	16,974
Current intercompany notes payable due to Non-Guarantor Subsidiaries	272,792	—
Non-current liabilities	6,113,932	7,095,450
Non-current intercompany notes payable due to Non-Guarantor Subsidiaries	1,675,604	2,039,576

Summarized Combined Statement of Operations

(in thousands)	For the Nine Months Ended September 30, 2022
Interest income on intercompany notes receivable from Non-Guarantor Subsidiaries	$ 43,658
Other income	723
Operating expenses	155,585
Interest expense on intercompany notes payable with Non-Guarantor Subsidiaries	38,410
Net loss	149,614

Critical Accounting Policies and Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles in the United States requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses. Certain of these policies are considered critical as they have the most significant impact on our financial condition and results of operations and require the most difficult, subjective, or complex judgments, often because of the need to make estimates about the effect of matters that are inherently uncertain. On an ongoing basis, we evaluate our estimates that are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The result of these evaluations forms the basis for making judgments about the carrying values of assets and liabilities and the reported amount of income and expenses that are not readily apparent from other sources. Because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material.

Our most critical accounting policies relate to our financial royalty assets. Similarly, the most significant judgments and estimates applied by management are associated with the measurement of our financial royalty assets at amortized cost using the prospective effective interest method. The application of the prospective approach to calculate interest income from our financial royalty assets requires management's judgment in forecasting the expected future cash flows of the underlying royalties. There have been no material changes to our critical accounting policies and estimates as described in our Annual Report on Form 10-K.

Recent Accounting Pronouncements

See Note 2–Summary of Significant Accounting Policies to our condensed consolidated financial statements for additional information on recently issued accounting standards.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in market risk exposures that affect the disclosures presented in "Item 7A. Quantitative and Qualitative Disclosures about Market Risk" in the Annual Report on Form 10-K.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, have evaluated our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) prior to the filing of this Quarterly Report on Form 10-Q. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were, in design and operation, effective to the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal controls over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the three months ended September 30, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness Of Controls

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met and, as set forth above, our Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by this report, that our disclosure controls and procedures were effective to provide reasonable assurance that the objectives of our disclosure control system were met.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

For a description of our legal proceedings, refer to Note 14–Commitments and Contingencies, which is incorporated herein by reference.

Item 1A. RISK FACTORS

There have been no material changes with respect to the risk factors disclosed in the Annual Report on Form 10-K.

Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may adversely affect our business, financial condition and results of operations.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

None.

Item 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

Not applicable.

Item 6. EXHIBITS

The following exhibits are filed as a part of this Quarterly Report on Form 10-Q:

Exhibit No.	Description of Exhibit
10.1*	Amended and Restated Management and Services Agreement dated October 3, 2022, among the Company and RP Management, LLC
10.2*	Amended and Restated Management and Services Agreement dated October 3, 2022, among Royalty Pharma Holdings Limited and RP Management, LLC
10.3*	Second Amended and Restated Management and Services Agreement dated October 3, 2022, among Royalty Pharma Investments 2019 ICAV and RP Management, LLC
31.1*	Certification of the Registrant's Chief Executive Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934
31.2*	Certification of the Registrant's Chief Financial Officer pursuant to Rule 13a-14 of the Securities Exchange Act of 1934
32*	Certification of the Registrant' Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase

* Filed or furnished herewith

SIGNATURES

Pursuant to the requirement of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ROYALTY PHARMA PLC
(Registrant)

/s/ Pablo Legorreta
Pablo Legorreta
Chief Executive Officer

Date: November 8, 2022

/s/ Terrance Coyne
Terrance Coyne
Chief Financial Officer

Date: November 8, 2022

AMENDED AND RESTATED MANAGEMENT AGREEMENT

Dated as of October 3, 2022

This AMENDED AND RESTATED MANAGEMENT AND SERVICES AGREEMENT (this "Agreement") is effective as of the 3rd day of October, 2022, among ROYALTY PHARMA PLC, a public limited company established under the laws of England and Wales (the "Company"), and RP MANAGEMENT, LLC, a Delaware limited liability company (the "Manager"). Capitalized terms used in the preamble and recitals of this Agreement and not otherwise defined therein are defined in Section 1 (Definitions).

R E C I T A L S:

WHEREAS, the Company was formed for the purpose of investing its assets in RP Holdings or any other Subsidiary;

WHEREAS, pursuant to the Management and Services Agreement, dated June 15, 2020 (the "Original MSA"), the Company appointed the Manger as investment manager of the Company in order to avail itself of the experience, sources of information, advice and assistance of the Manager and to have the Manager perform various investment management services for the Company;

WHEREAS, the parties have determined to amend and restate the terms upon which the Manager will provide the Company with management and advisory services on the terms and subject to the conditions hereafter contained for, among other things, the purpose of clarifying the definition of the term "Royalty Investment" (as defined herein) to align with current treatment; and

WHEREAS, the Manager will continue to perform such services under the terms and conditions as set forth herein and in accordance with the terms of the Articles of Association of the Company ("Organizational Documents") and subject to the oversight of the Board of Directors.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree to amend and restate the Original MSA with effect from the date hereof as follows:

Section 1. Definitions.

Unless otherwise expressly provided in this Agreement, the following terms used in this Agreement shall have the following meanings:

"Advisers Act"	means the U.S. Investment Advisers Act of 1940, as amended.

"Affiliate"	with respect to any specified Person, any Person directly or indirectly Controlling, Controlled by or under common Control with such Person; provided that for purposes of this Agreement, each of the Company and Pharmakon shall not be deemed to be an Affiliate of the Manager.
"Agreement"	shall have the meaning set forth in the preamble of this Agreement.
"Applicable Party"	means EPA Holdings, the Manager or an executive of the Manager or EPA Holdings (including Mr. Legorreta).
"Board of Directors"	means the board of directors of the Company.
"Business Day"	means a day which is not a Saturday, Sunday or a day on which banks in New York City, Dublin and London are authorized or required by law to close.
"Cash Receipts"	with respect to each investment that is indirectly held by the Company through a Subsidiary, all cash proceeds received in respect of such investment during the applicable period.
"Cause"	will exist where (i) an Applicable Party has committed (or in the case of Applicable Parties who are executives, caused EPA Holdings or the Manager to commit) a material breach of the governing documents of the Company, the limited partnership agreement of a Continuing Investors Partnership, or this Agreement; (ii) an Applicable Party has committed (or in the case of Applicable Parties who are executives, caused EPA Holdings or the Manager to commit) willful misconduct in connection with the performance of its duties under the terms of the governing documents of the Company, the limited partnership agreement of a Continuing Investors Partnership, or this Agreement, (iii) there is a declaration of bankruptcy by the Applicable Party or (iv) there is a determination by any court with proper jurisdiction that an Applicable Party has committed an intentional felony or engaged in any fraudulent conduct, in each such case of clauses (ii) and (iv) which has a material adverse effect on the business, assets or condition (financial or otherwise) or prospects of the RPI Group and its Affiliates (taken as a whole).

"Code"	means the U.S. Internal Revenue Code of 1986, as amended and as hereafter amended, or any successor law.
"Company"	shall have the meaning set forth in the preamble of this Agreement.
"Competing Fund"	means a limited partnership or pooled investment vehicle, other than the Company or any direct or indirect Subsidiary of the Company and any of the Legacy Vehicles for which the Manager or any of its Affiliates acts as the general partner or investment manager, that are formed for the purpose of investing in Royalty Investments, other than any vehicle managed by Pharmakon or its successor, or any vehicle approved by the independent members of the Board of Directors.
"Confidential Information"	any proprietary information relating to the organization, finances, business, transactions or affairs of the Company or the Manager or any of their Affiliates as the case may be.
"Continuing International Investors Partnership"	RPI International Holdings 2019, LP, a Cayman Islands exempted limited partnership.
"Continuing Investors Partnership"	means each of the Continuing International Investors Partnership and the Continuing US Investors Partnership.
"Continuing US Investors Partnership"	RPI US Partners 2019, LP, a Delaware limited partnership.
"Control"	with respect to any Person, the possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise) of such Person; provided, however, that customary approval and veto rights granted to minority equity holders of a Person shall not be deemed to constitute "Control" of such Person.
"Effective Date"	means the date as of which the Manager ceases to furnish services to the Company.
"EPA Holdings"	RPI EPA Holdings, LP, a Delaware limited partnership.

"FATCA"	means the legislation known as the U.S. Foreign Account Tax Compliance Act, Sections 1471 through 1474 of the Code, and any regulations (whether proposed, temporary or final), including any subsequent amendments, and administrative guidance promulgated thereunder (or which may be promulgated in the future), any intergovernmental agreements and related statutes, regulations or rules and other guidance thereunder, any governmental authority pursuant to the foregoing, and any agreement entered into with respect thereto.
"Initial Term"	shall have the meaning set forth in Section 18 (Term).
"Indemnittee"	shall have the meaning set forth in Section 15(a) (Indemnification).
"Legacy Vehicle"	means any limited partnership, pooled investment vehicle or entity that is under common Control with or is managed by the Manager or its Affiliates; provided that Legacy Vehicle shall not include the Company and any of its Subsidiaries that invests, directly or indirectly, in RPI or Old RPI.
"Manager"	shall have the meaning set forth in the preamble of this Agreement.
"Old RPI"	means Royalty Pharma Investments, an Irish Unit Trust.
"Operating and Personnel Payment"	shall have the meaning set forth in Section 12 (Operating and Personnel Payment).
"Organizational Documents"	shall have the meaning set forth in the recitals of this Agreement.
"Original MSA"	shall have the meaning set forth in the recitals of this Agreement.
"Other Accounts"	means other funds, investment vehicles or accounts to which the Manager provides investment services.

"Person"	means a natural person, partnership, limited liability company, corporation, unincorporated association, joint venture, trust, state or any other entity or any governmental agency or political subdivision thereof.
"Pharmakon"	means Pharmakon Advisors LP, a Delaware limited partnership.
"Renewal Term"	shall have the meaning set forth in Section 18 (Term).
"Royalties"	means intellectual property (including patents) or other contractual rights to income derived from the sales of, or revenues generated by, pharmaceutical, biopharmaceutical, medical and/or healthcare products, processes, devices, or enabling and delivery technologies that are protected by patents, trademarks or copyrights, governmental or other regulations or otherwise by contract.
"Royalty Investment"	means (i) Royalties; (ii) ownership interests in any entities formed for the purpose of holding Royalties or substantially all of the assets of which consist of Royalties; (iii) any securities, investments or contracts that may provide a hedge for Royalties; (iv) fixed payment arrangements that have economic characteristics similar to Royalties or debt, including bonds, preferred stock and the debt component of any convertible or other hybrid security; and (v) other assets and investments considered by the Manager to be related to the foregoing.
"RP Holdings"	means Royalty Pharma Holdings Limited, a company established under the laws of England and Wales.
"RPI"	means Royalty Pharma Investments 2019 ICAV, a Irish Collective Asset-management Vehicle.
"RPI Group"	means RPI and its Subsidiaries.
"Shareholder"	means a shareholder of the Company.

"Subsidiary"	means any Other Account, Control of which is held directly or indirectly by the Company.
"VAT"	means any value added tax or any similar sales, use or turnover tax.

Section 2. Interpretation and Construction.

(a) In this Agreement, unless a clear contrary intention appears:

(i)common nouns and pronouns and any variation thereof shall be deemed to refer to masculine, feminine, or neuter, singular or plural, as the identity of the Person, Persons or other reference in the context requires;

(ii)where specific language is used to clarify by example a general statement contained in this Agreement, such specific language shall not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates;

(iii)"any" shall mean "one or more";

(iv)"including" and with correlative meaning "include" means including without limiting the generality of any description preceding such term; and

(v)all references to "funds", "dollars" or "payments" shall mean United States dollars.

(b) The language used in this Agreement has been chosen by the parties to express their mutual intent, and no rule of construction or interpretation requiring this Agreement to be construed or interpreted against any party shall apply.

Section 3. Appointment of the Manager. The Manager shall act as manager to the Company and shall have the discretion to make all day-to-day decisions of the Company relating to its investment activities subject to the oversight, direction and control by the Board of Directors. The Manager shall act as the "alternative investment fund manager" of the Company for the purposes of The Alternative Investment Fund Managers Directive 2011/61/EU and the relevant implementing and related information thereunder, and shall do all such things and perform all such acts to maintain such status. The Manager undertakes to give the Company the benefit of its best judgment and efforts in rendering its services.

Section 4. Authority of the Manager. In connection with its obligations hereunder, the Manager shall have the authority for and in the name of the Company, subject to Section 5 (Policies of the Company) and Section 11 (Investments), to:

(c) invest the Company's assets, through RP Holdings or any other Subsidiary;

(d) direct the formulation of investment policies and strategies for the Company, and select and approve the investment of Company funds, all in accordance with the provisions and limitations of this Agreement;

(e) open, maintain and close bank accounts and draw checks or other orders for the payment of money and open, maintain and close brokerage, money market fund and similar accounts;

(f) hire for usual and customary payments and expenses consultants, brokers, attorneys, accountants and such other agents for the Company as it may deem necessary or advisable, and authorize any such agent to act for and on behalf of the Company;

(g) enter into, execute, maintain and/or terminate contracts, undertakings, agreements and any and all other documents and instruments in the name of the Company and do or perform all such things as may be necessary or advisable in furtherance of the Company's powers, objects or purposes or to the conduct of the Company's activities, including entering into acquisition agreements to make or dispose of investments (or consenting or authorizing any Subsidiary to do the same) which agreements may include such representations, warranties, covenants, indemnities and guaranties as the Manager deems necessary or advisable;

(h) make, in its sole discretion, any and all elections for U.S. federal, state, local and foreign tax matters;

(i) manage, acquire or dispose of investments for the Company as permitted hereunder and under the Organizational Documents;

(j) vote, in its sole discretion, any shares, units or interests of any Subsidiary held by the Company or otherwise authorize, approve or adopt any matter presented to the holders of shares, units or interests of any Subsidiary held by the Company;

(k) engage attorneys, independent accountants, other service providers, investment banks, accountants and other advisers and such other Persons as the Manager may deem necessary or advisable;

(l) provide service providers and advisers to the Company, with such information and instructions as may be necessary to enable such service providers and advisers to perform their duties in accordance with the applicable agreements;

(m) authorize any partner, member, employee or other agent of the Manager or its Affiliates or other agent of the Company to act for and on behalf of the Company in all matters incidental to the foregoing; and

(n) do any and all acts on behalf of the Company as the Manager may deem necessary or advisable in connection with the maintenance and administration of the Company, and exercise all rights of the Company, with respect to their interest in any Person, including the voting of securities, participation in arrangements with creditors, the institution and settlement or compromise of proceedings and other like or similar matters.

The Company hereby appoints the Manager as its attorney-in-fact to act in the Company's name, place and stead on behalf of the Company in any and all matters relating to the investment of the cash and other assets of the Company and to sign, execute and deliver any and every conceivable right (including, without limitation, any contract, agreement, instrument, consent, notice or acknowledgement) and to do all other acts and things and take any and every act or action, in each case in the Company's name and on the Company's behalf, which the

Manager in its sole discretion deems necessary or otherwise appropriate in the performance of its duties under this Agreement. The power of attorney hereby granted by the Company to the Manager pursuant to this Section shall remain in force during the continuance of this Agreement and all acts done and documents signed or executed by the Manager in good faith in the purported exercise of any authority conferred by or purport to this power of attorney shall for all purposes be valid and binding on the Manager.

Section 5. Policies of the Company. The activities engaged in by the Manager on behalf of the Company shall be subject to the policies, instructions, oversight and control of the Board of Directors. The Manager shall submit periodic reports to the Board of Directors regarding the Manager's activities hereunder on at least a quarterly basis or as otherwise instructed by the Board of Directors from time to time.

Section 6. Notice to the Board of Directors. The Manager shall use commercially reasonable efforts to provide at least 72 hours (and, in any event at least 24 hours) prior written notice to the Board of Directors, in accordance with such procedures as they may specify from time to time upon written notice to the Manager, for any the following actions: (i) any investment involving greater than $50 million (measured at the time of investment), (ii) any incurrence of indebtedness for borrowed money or securitization (including any refinancing thereof) involving greater than $100 million(other than transactions for the purposes of hedging portfolio exposure) and (iii) any other material matter that is expressly designated by the Board of Directors in writing to the Manager as a matter requiring prior written notice.

Section 7. Covenant/Devotion of Time. Without consent of the Board of Directors, the Manager shall not be permitted to manage an Other Account that invests in or acquires Royalties, directly or indirectly, other than the Company, any Subsidiary and any Legacy Vehicle. The executives of the Manager must devote substantially all of their business time to managing the Company, its Subsidiaries and any Legacy Vehicle, unless otherwise approved (i) prior to the date of this Agreement, by the investment committee of Old RPI or RPI or (ii) subsequent to the date of this Agreement, by the Board of Directors. Any action that has been approved by the investment committee of Old RPI or New RPI or the Board of Directors as set forth in the immediately preceding sentence shall be set forth on Exhibit B.

Section 8. Non-Competition and Non-Solicit.

(o) Every named executive officer of the Manager shall not during its tenure as an executive of the Manager and for a period of 18-months following the termination of its engagement with or employment by the Manager directly or indirectly, (i) close, advise, manage or act as the general partner, investment manager, investor, consultant, independent contractor, servicer, advisor, director, officer, member, manager or employee to, of, in or for any Competing Fund or (ii) solicit the services of any Person who is then an employee of the Manager or solicit any investor or potential investor in the Company or any Other Account.

(p) Each of the Manager and its Affiliates shall not during the time it is acting as manager or general partner or in a similar capacity for the Company and for a period of 12-months following any termination of this Agreement for Cause or nonrenewal by the Manager directly or indirectly, close, advise, manage or act as the general partner, investment manager, investor, consultant, independent contractor, servicer, advisor, director, officer, member, manager or employee to, of, in or for any Competing Fund.

Section 9. Status of the Manager. The Manager shall, for all purposes hereof, be an independent contractor and not an employee of the Company and nothing in this

Agreement shall be construed as making the Company a partner or co-venturer with the Manager or any of its Affiliates or Other Accounts. The Manager shall not have authority to act for, represent, bind or obligate the Company, except as specifically provided in this Agreement.

Section 10. Succession Plan. The Manager has established the succession plan attached hereto as Exhibit A.

Section 11. Investments. All investments of the Company and other activities undertaken by the Manager on behalf of the Company shall at all times conform to and be in accordance with the requirements imposed by the following:

(q) any provisions of applicable law and regulation;

(r) provisions of the Organizational Documents; *provided*, *however*, that the Manager shall not be bound by any update, modification or amendment of any Organizational Document unless and until it has been given notice thereof and has been provided with a copy of such update, modification or amendment; and

(s) without prejudice to Section 6 (Notice to the Board of Directors), such policies, compliance procedures and reporting requirements as may be adopted from time to time by the Board of Directors; *provided*, *however*, that the Manager shall not be bound by any such policies, unless and until it has been given notice thereof.

Section 12. Operating and Personnel Payment.

(t) The Manager shall receive a quarterly operating and personnel payment of GBP 100,000 exclusive of VAT (the "Operating and Personnel Payment"). The Operating and Personnel Payment shall be payable quarterly in advance as of the first Business Day of each fiscal quarter. The Company and its Subsidiaries shall have no personnel of their own. For any partial fiscal quarter in respect of which the Operating and Personnel Payment is being paid, the Company shall pay only a proportionate amount thereof based on the number of days in such fiscal quarter. If this Agreement is terminated for Cause during a quarter, the Manager shall refund to the Company the amount of the Operating and Personnel Payment allocable to that portion of the fiscal quarter following such termination and no further Operating and Personnel Payment shall be payable to the Manager hereunder.

(u) To the extent that an investment of the Company is made through a Subsidiary other than RPI, then the Company shall cause such Subsidiary to enter into a management agreement with the Manager on substantially the same terms as the Management Agreement between the Manager and RPI, including with respect to any operating and personnel payment.

Section 13. Expenses of the Manager. The Manager or its Affiliates, but not the Company or any of its Subsidiaries or any Shareholder, shall bear and be charged with the following costs and expenses of the Company's activities (including, in each case, any related VAT): (a) any costs and expenses of providing to the Company the office overhead necessary for the Company's operations, including, but not limited to, rent and other normal overhead and operating expenses; (b) the compensation of the Manager's personnel, including, but not limited to, benefits, and other expenses for such personnel; and (c) similar expenses to the extent that such expenses are not subject to reimbursement by the Company pursuant to Section 14 (Company Expenses).

Section 14. Company Expenses. The Company shall bear and be charged with all expenses of the Company and its Subsidiaries (through its investment in such Subsidiaries) other than expenses that are expressly borne by the Manager pursuant to Section 13 (Expenses of the Manager) including, without limitation, the following costs and expenses of the Company (including, in each case, any related VAT):

(v) all administrative and operating expenses incurred on its behalf, including interest and financing expenses, expenses of custodians, administrators, accountants, auditors and outside counsel, the cost of the preparation of financial statements, reports to Shareholders, the annual audit, financial and tax returns and tax reports required for the Company and the Shareholders, extraordinary items such as litigation and indemnification expenses, and any taxes, fees or other government charges levied against the Company;

(w) independent valuation expenses (if applicable);

(x) expenses incurred in providing any reporting to Shareholders or regulatory reporting, printing and mailing costs;

(y) third party research costs and expenses;

(z) administrative expenses (including any fee payable to an administrator, if appointed by the Company), government fees and taxes (if any);

(aa) expenses incurred in connection with any meeting of the Shareholders, including, without limitation, travel, meal and lodging expenses and ancillary activities related thereto;

(ab) fees and expenses related to regulatory compliance burdens of the Company or any Subsidiary or any investment of any Subsidiary, including compliance with FATCA;

(ac) any registration or filing fees relating to the Company or any Subsidiary;

(ad) all out-of-pocket costs and expenses, if any, incurred in analyzing, conducting due diligence, holding, developing, negotiating, structuring, acquiring and disposing of investments and prospective investments, whether or not ultimately made, and disposing of actual investments, including without limitation any financing, legal, accounting, advisory and consulting expenses in connection therewith (to the extent the Manager is not otherwise reimbursed by another party or the costs are not capitalized as part of the acquisition price of the transaction);

(ae) expenses (including travel expenses) incurred in connection with investigating investment opportunities, developing business opportunities for the Subsidiaries of the Company and monitoring their investments (including attending medical and industry conferences);

(af) interest on and fees and expenses arising out of all borrowings made by or on behalf of the Company, including, but not limited to, the arranging thereof;

(ag) costs of any litigation, Directors & Officers liability or other insurance and indemnification or extraordinary expense or liability relating to the affairs of the Company;

(ah) expenses of liquidating the Company;

(ai) any taxes, fees or other governmental charges levied against the Company and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Company;

(aj) any expenses in connection with the Board of Directors;

(ak) contributions to charities, research hospitals and academic institutions reasonably related to the life sciences industry and the cost of sponsoring life science industry conferences and marketing events in each case, to strengthen the "Royalty Pharma" brand and relationships in the life sciences community; provided that the expenses set forth in this clause shall not exceed 0.25% of annual Cash Receipts during any fiscal year (measured as of the end of such fiscal year);

(al) legal and accounting fees and expenses and other expenses incurred by the Company in connection with the preparation for, and conduct and closing of any offering of additional shares in the Company;

(am) the Company's pro rata share of the expenses incurred in the formation of any Subsidiary; and

(an) any costs and expenses incurred in connection with the contemplation of, formation of, listing and ongoing operation of the Company, including any third-party expenses of managing the Company, such as accounting, audit, legal, reporting, compliance, administration (including directors' fees), financial advisory, consulting, investor relations, and insurance expenses relating to the affairs of the Company.

The Company shall promptly reimburse the Manager or any of its Affiliates, as the case may be, to the extent that any of the costs and expenses set forth in this Section 14 are paid by such entities.

Section 15. Exculpation.

(ao) To the fullest extent permitted by law, none of the Manager, its Affiliates (including EPA Holdings) and their respective officers, directors, stockholders, members, employees, agents and partners, and any other person who serves at the request of the Manager on behalf of the Company as an officer, director, employee or agent of, or with respect to, any other entity (each, an "Indemnitee") shall be liable to the Company or any Subsidiary or any Shareholder for (i) any act or omission taken or suffered by an Indemnitee in connection with the conduct of the affairs of the Company or otherwise in connection with this Agreement or the matters contemplated herein, unless such act or omission resulted from fraud, bad faith, willful misconduct, gross negligence, a material breach of this Agreement which is not cured in accordance with the terms of this Agreement or a violation of applicable securities laws by such Indemnitee, and except that nothing herein shall constitute a waiver or limitation of any rights which a Shareholder of the Company may have under applicable securities laws or other laws and which may not be waived, or (ii) any mistake, negligence, dishonesty or bad faith of any

broker or other agent of the Company selected and monitored by the Manager with reasonable care.

(ap) To the extent that, at law or in equity, the Manager has duties (including fiduciary duties) and liabilities relating thereto to the Company or another Shareholder, the Manager acting under this Agreement or refraining from taking action under this Agreement, shall not be liable to the Company or to any such other Shareholder for its actions or inaction, taken or suffered in good faith and in reliance on the provisions of this Agreement, provided, that such action or inaction does not constitute fraud, bad faith, willful misconduct or gross negligence. The provisions of this Agreement, to the extent that they expand or restrict the duties and liabilities of the Manager otherwise existing at law or in equity, are agreed by the Shareholders to modify to that extent such other duties and liabilities of the Manager.

(aq) The Manager may consult with legal counsel and accountants selected by it and any act or omission taken or suffered by it on behalf of the Company or in furtherance of the interests of the Company, taken or suffered in good faith and in reasonable reliance thereon, upon and in accordance with the advice of such counsel or accountants shall be full justification for any such act or omission, and the Manager shall be fully protected and held harmless in so acting or omitting to act; provided, such counsel or accountants were selected and monitored with reasonable care. Notwithstanding any of the foregoing to the contrary, the provisions of this Section shall not be construed so as to provide for the exculpation of any Indemnitee for any liability (including liability under U.S. federal or state securities laws (which includes liability for violation of the anti-fraud provisions contained in Section 206 of the Advisers Act) which, under certain circumstances, impose liability even on Persons that act in good faith), to the extent (but only to the extent) that such liability may not be waived, modified or limited under applicable law, but shall be construed so as to effectuate the provisions of this Section to the fullest extent permitted by law.

Section 16. Indemnification.

(ar) To the fullest extent permitted by law, the Company shall indemnify and save harmless each Indemnitee from and against any and all claims, liabilities, damages, losses, penalties, actions, judgments, costs and expenses (including amounts paid in satisfaction of judgments, in compromises and settlements, as fines and penalties and legal or other costs and reasonable expenses of investigating or defending against any claim or alleged claim) of any nature whatsoever, known or unknown, liquidated or unliquidated, that are incurred by any Indemnitee or to which such Indemnitee may be subject by reason of its activities on behalf of the Company or any of its Subsidiaries or in furtherance of the interests of the Company or otherwise arising out of or in connection with the affairs of the Company, its Subsidiaries or Affiliates, including the performance by such Indemnitee of any of the Manager's responsibilities under this Agreement and/or under the governing documents of any Subsidiary or otherwise in connection with the matters contemplated herein or therein; provided, that: (i) an Indemnitee shall be entitled to indemnification hereunder only to the extent that such Indemnitee's conduct did not constitute fraud, bad faith, willful misconduct, gross negligence, a material breach of this Agreement which is not cured in accordance with the terms of this Agreement or a violation of applicable securities laws; (ii) nothing herein shall constitute a waiver or limitation of any rights which a Shareholder or the Company may have under applicable securities laws or other laws and which may not be waived; and (iii) the Company's obligations hereunder shall not apply with respect to (x) economic losses or tax obligations incurred by any Indemnitee as a result of such Indemnitee's ownership of an interest in the Company or in Royalty Investments, (y)

expenses of the Company that an Indemnitee has agreed to bear or (z) amounts recoverable by the Indemnitee from other sources (including without limitation insurance) as provided in Section 16(d). The satisfaction of any indemnification and any saving harmless pursuant to this Section shall be from and limited to Company assets, and no Shareholder shall have any personal liability on account thereof. The conduct of the Manager and EPA Holdings shall be attributed to one another for purposes of determining whether indemnification is available pursuant to this Section and whether conduct meets the standards set forth in Section 15 (Exculpation).

(as) Expenses reasonably incurred by an Indemnitee in defense or settlement of any claim that may be subject to a right of indemnification hereunder shall be advanced by the Company prior to the final disposition thereof upon receipt of an undertaking by or on behalf of the Indemnitee to repay such amount to the extent that it shall be determined ultimately that such Indemnitee is not entitled to be indemnified hereunder.

(at) The right of any Indemnitee to the indemnification provided herein shall extend to such Indemnitee's heirs, executors, administrators, successors, assigns and legal representatives and shall be cumulative of, and in addition to, any and all rights to which such Indemnitee may otherwise be entitled by contract or as a matter of law or equity. Notwithstanding the foregoing, no Indemnitee may have any other rights to indemnification from the Company or enter into, or make any claim under, any other agreement with the Company (whether direct or indirect) providing for indemnification except as otherwise set forth in this Agreement.

(au) Any Person entitled to indemnification from the Company hereunder shall first seek recovery under any other indemnity or any insurance policies by which such Person is indemnified or covered, as the case may be, but only to the extent that the indemnitor with respect to such indemnity or the insurer with respect to such insurance policy provides (or acknowledges its obligation to provide) such indemnity or coverage on a timely basis, as the case may be, and, if such Person is other than the Manager, such Person shall obtain the written consent of the Manager prior to entering into any compromise or settlement which would result in an obligation of the Company to indemnify such Person; and if liabilities arise out of the conduct of the affairs of the Company and any other Person for which the Person entitled to indemnification from the Company hereunder was then acting in a similar capacity, the amount of the indemnification provided by the Company shall be limited to the Company's proportionate share thereof as determined by the Manager in light of its fiduciary duties to the Company and the Shareholders.

(av) Notwithstanding any of the foregoing to the contrary, the provisions of this Section shall not be construed so as to provide for the indemnification of any Indemnitee for any liability (including liability under U.S. federal or state securities laws (which includes liability for violation of the anti-fraud provisions contained in Section 206 of the Advisers Act) which, under certain circumstances, impose liability even on Persons that act in good faith), to the extent (but only to the extent) that such indemnification would be in violation of law, but shall be construed so as to effectuate the provisions of this Section to the fullest extent permitted by law.

Section 17. Limitations on Reference to the Manager. The Company shall not distribute or circulate any sales literature, promotional or, save where required by applicable law, regulation or court order, other material which contains any reference to the Manager without the prior approval of the Manager, and, where practicable, shall submit in draft form all such materials requiring approval of the Manager, allowing sufficient time for review by the Manager

and its counsel prior to any deadline for printing. If the Manager ceases to furnish services to the Company, the Company at its expense:

(aw) as promptly as practicable, shall take all necessary action to cause the Organizational Documents to be amended to eliminate any reference to the Manager; and

(ax) within 60 days after the Effective Date, shall cease to use in any other manner, including use in any sales literature or promotional material, the name of the Manager, save where required by applicable law, regulation or court order.

Section 18. Term. This Agreement shall have an initial term of ten years (the "Initial Term") ending on July 1, 2030 and shall have successive automatic renewal terms of three years thereafter (each, a "Renewal Term"), unless terminated by the Manager or the Company on at least 180 days' prior written notice to the other party prior to the expiration of the Initial Term or any Renewal Term. The Manager and the Company shall meet to discuss renewal at least one year prior to the expiration of the Initial Term and any Renewal Term.

Section 19. Removal. Subject to the following provisions of this Section, during the Initial Term and each Renewal Term, this Agreement may only be terminated by the Company for Cause. If the Management Agreement with RPI, Old RPI, RP Holdings or any other Subsidiary is terminated for Cause then this Agreement shall automatically be terminated. The Company shall have the right to terminate the Manager following (i) a determination of Cause by a court or governmental body of competent jurisdiction in a final judgement or (ii) an admission of Cause by the Manager or EPA Holdings. In the event that Mr. Legorreta commits an act constituting Cause (while he is acting as chief executive officer of the Company), such action shall be imputed to EPA Holdings and the Manager. Any act constituting Cause committed by any other executive of EPA Holdings or the Manager (including Mr. Legorreta if he is no longer acting as chief executive officer of the Company) shall not be imputed to EPA Holdings and the Manager if the Manager terminates such executive's engagement with, employment by or relationship with the Manager and EPA Holdings within such reasonable period of time as may be agreed to by the Board of Directors; provided that if such executive is not terminated within such period of time then such Cause event shall be imputed to EPA Holdings and the Manager.

Section 20. Choice of Law. Notwithstanding the place where this Agreement may be executed by any of the parties hereto, the parties expressly agree that all of the terms and provisions hereof shall be governed by and construed under the laws of the State of New York applicable to contracts made and to be entirely performed in such state.

Section 21. Confidentiality. Save as may be required by law or by any regulatory authority or agency or as may otherwise be contemplated by this Agreement, each of the parties hereto hereby covenants and undertakes with the other party hereto to keep secret and confidential and not to disclose to any person any Confidential Information PROVIDED HOWEVER that no party shall be required to keep secret and confidential any Confidential Information which has properly entered the public domain otherwise than through the default of such party save where the parties are compelled to do so by any self-regulatory body or by law. No public announcement shall be made or circular, notice or advertisement issued in connection with the subject matter of this Agreement by either of the parties hereto without the prior approval of the other party hereto

Section 22. Severability. If any provision of this Agreement is invalid or unenforceable under any applicable law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such

applicable law. Any provision hereof which may be held invalid or unenforceable under any applicable law shall not affect the validity or enforceability of any other provisions hereof, and to this extent the provisions hereof shall be severable.

Section 23. Force Majeure. The Manager shall not be responsible for any loss of or damage to any property, securities, instruments or other assets of the Company for any failure to fulfil any of its duties hereunder if such loss, damage or failure is directly or indirectly caused by or due to any act of God, storm, tempest, accident, fire, water damage, riot, civil commotion, rebellion, strike, lock-out, government or military action or any other cause or circumstance beyond the control of the Manager, provided that the Manager shall use all reasonable efforts to minimize the effects thereof.

Section 24. Forum. To the fullest extent permitted by law, in the event of any proceeding arising out of the terms and conditions of this Agreement, the parties hereto irrevocably (i) consent and submit to the exclusive jurisdiction of the Supreme Court, State of New York, New York County and of the U.S. District Court for the Southern District of New York, (ii) waive any defense based on doctrines of venue or *forum non conveniens*, or similar rules or doctrines, and (iii) agree that all claims in respect of such a proceeding must be heard and determined exclusively in the Supreme Court, State of New York, New York County or the U.S. District Court for the Southern District of New York. Process in any such proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court.

Section 25. Notices.

(ay) Each notice relating to this Agreement shall be in writing and delivered in person, by registered or certified mail, by Federal Express or similar overnight courier service, by electronic mail (e-mail) to the address or e-mail address on record.

(az) Unless otherwise specifically provided in this Agreement, a notice shall be deemed to have been effectively given when delivered personally, if delivered on a Business Day; the next Business Day after personal delivery, if delivered personally on a day that is not a Business Day; four Business Days after being deposited in the United States mail, postage prepaid, return receipt requested, if mailed; on the next Business Day after being deposited for next day delivery with Federal Express or similar overnight courier; and when a reply e-mail acknowledging receipt is received by the sender, if e-mailed.

Section 26. Entire Agreement. This Agreement contains all of the terms agreed upon or made by the parties relating to the subject matter of this Agreement, and supersedes all prior and contemporaneous agreements, negotiations, correspondence, undertakings and communications of the parties, oral or written, respecting such subject matter.

Section 27. Amendments and Waivers. No provision of this Agreement may be amended, modified, waived or discharged except as agreed to in writing by the parties. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

Section 28. Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit the Company, the Manager, each Indemnified Party and their respective successors and permitted assigns. Any Person that is not a signatory to this Agreement but is nevertheless conferred any rights or benefits hereunder (*e.g.*, officers, partners

and employees of the Manager and others who are entitled to indemnification hereunder) shall be entitled to such rights and benefits as if such Person were a signatory hereto, and the rights and benefits of such Person hereunder may not be impaired without such Person's express written consent. No assignment (as that term is defined under the Advisers Act) by either party of all or any portion of its rights, obligations or liabilities under this Agreement shall be permitted without the prior written consent of the other party to this Agreement.

Section 29. Headings. The headings of the Sections of this Agreement are for convenience of reference only, and are not to be considered in construing the terms and provisions of this Agreement. References to "Section" in this Agreement shall be deemed to refer to the indicated Section of this Agreement, unless the context clearly indicates otherwise.

Section 30. Discretion; Good Faith. Whenever in this Agreement the Manager is permitted or required to make a decision (i) in its "discretion" or under a grant of similar authority or latitude, the Manager shall be entitled to consider such interests and factors as it desires, including its own interests, or (ii) in its "good faith" or under another express standard, the Manager shall act under such express standard, shall not be subject to any other or different standard imposed by applicable law and may exercise its discretion differently with respect to different investors.

Section 31. Counterparts. Counterparts may be executed through the use of separate signature pages or in any number of counterparts with the same effect as if the parties executing such counterparts had all executed one counterpart. Each party understands and agrees that any portable document format (PDF) file, facsimile or other reproduction of its signature on any counterpart shall be equal to and enforceable as its original signature and that any such reproduction shall be a counterpart hereof that is fully enforceable in any court or arbitral panel of competent jurisdiction.

Section 32. Survival. The provisions of the Section entitled Operating and Personnel Payment (only to the extent that the Operating and Personnel Payment is earned by the Manager prior to termination of this Agreement), and the Sections entitled Covenant/Devotion of Time, Non-Competition, Succession Plan, Exculpation, Indemnification, Limitations on Reference to the Manager, Choice of Law, Forum, Notices, Entire Agreement, Binding Effect; Assignment, Survival and Waiver of Jury Trial shall survive the termination of this Agreement.

Section 33. Waiver of Jury Trial. **EACH PARTY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ITS RIGHT TO A TRIAL BY JURY TO THE EXTENT PERMITTED BY LAW IN ANY PROCEEDING ARISING OUT OF THE TERMS AND CONDITIONS OF THIS AGREEMENT. THIS WAIVER APPLIES TO ANY PROCEEDING, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. EACH PARTY ACKNOWLEDGES THAT IT HAS RECEIVED THE ADVICE OF COMPETENT COUNSEL.**

[*The rest of this page is intentionally left blank.*]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the date first set forth above.

ROYALTY PHARMA PLC

By: /s/ Pablo Legorreta
Name: Pablo Legorreta
Title: Director

RP MANAGEMENT, LLC

By: /s/ George Lloyd
Name: George Lloyd
Title: Executive Vice President, Investments & General Counsel

Exhibit A - Succession Plan

Succession

The Compensation Committee of the Board of Directors, in consultation with the Manager, will develop temporary and permanent succession plans for senior management of the Manager, including Pablo Legorreta, Terrance Coyne, Chris Hite, George Lloyd, and James Reddoch. These succession plans will be updated and reviewed periodically with the Compensation Committee, which will report to the Board of Directors.

Temporary Succession Plan

The temporary succession plan:

- will provide a plan for filling the position of the CEO and other member of the senior management on a temporary basis if such person is incapacitated, quits, is terminated, or is otherwise unable to fulfill his duties ("Unavailable");
- will name one or more current members of senior management of the Manager as potential interim CEO(s) in the event Mr. Legorreta or his successor is Unavailable; and
- will also address potential replacements, contingent hires and/or other temporary arrangements for other members of the senior management of the Manager in the event such person is Unavailable.

The Compensation Committee, in consultation with the Manager, will assess and provide feedback to the Manager regarding the Manager's senior management team, with the objective of evaluating the Manager's internal capabilities to handle an executive transition, including the ability of certain executives to assume other senior executive roles on an interim or permanent basis, should it become necessary.

The Board of Directors will meet promptly following the triggering of the temporary succession plan to begin discussions regarding a permanent replacement for the CEO or other members of senior management.

Permanent Succession

If the CEO or another member of senior management of the Manager is Unavailable, that Unavailability is expected to be permanent, and the temporary succession plan does not provide a replacement for that member of senior management that is approved as a long-term replacement for that position by a majority of the independent directors of the Board of Directors, the Manager, in consultation with the Compensation Committee of the Board of Directors, will immediately retain an executive recruiting firm to begin a search process for a permanent replacement for the position in question. The search for a permanent successor may include current members of senior management of the Manager, whether or not named in the proposed in the temporary succession plan. The appointment of any permanent successor to the CEO shall be subject to the consent of a majority of the independent directors of the Board of Directors.

Exhibit B –Approved Actions

- Pablo Legorreta acting as a trustee, executor, administrator, manager, investment advisor, consultant or in any other similar capacity solely for, on behalf of, with respect to or in connection with any Legorreta Family Trust or Legorreta Family Entity. For purposes of the foregoing, (a) a "Legorreta Family Trust" shall mean (i) any trust established at any time by any Legorreta Family Member for the primary benefit of one or more Legorreta Family Members and/or (ii) the estate of any deceased Legorreta Family Member; (b) a "Legorreta Family Entity" shall mean a corporation, partnership limited liability company or similar entity the sole shareholders, members or partners of which are one or more Legorreta Family Members; (c) a "Legorreta Family Member" shall mean: (i) Pablo Legorreta, (ii) a spouse or former spouse of Pablo Legorreta, (iii) a descendant of Pablo Legorreta, (iv) a grandparent of Pablo Legorreta or of any spouse or former spouse of Pablo Legorreta, (v) a descendant of such a grandparent, and/or (vi) a spouse or former spouse of any descendant described in (iii) and (v); and (d) the word "descendant" shall include any individual adopted prior to the age of 18 years and any descendant of such an individual.

- Pablo Legorreta is a co-founder of and has significant influence over Pharmakon Advisors, LP ("Pharmakon"). Mr. Legorreta owns a 33% economic interest in Pharmakon.

- The Manager is affiliated and shares physical premises with ITB-Med AB ("ITBMed"), which is a biopharmaceutical company. ITB-Med leases office space under a lease from the Manager. Pablo Legorreta is also a substantial equity holder of ITB-Med's parent entity and has the right to appoint a portion of the board members of such parent entity

- Pablo Legorreta serving as a member of the board of directors of New York Academy of Sciences, Rockefeller University, Brown University, the Hospital for Special Surgery, Pasteur Foundation (the U.S. affiliate of the French Institute Pasteur), Open Medical Institute, Park Avenue Armory, Epizyme, Inc., ITB-Med Pharmaceuticals, Nefro Health and ProKidney, LLC

- Pablo Legorreta is Honorary Chairman of Alianza Médica para la Salud

- Christopher Hite serving as a member of the advisory board of FasterCures

AMENDED AND RESTATED MANAGEMENT AGREEMENT

Dated as of October 3, 2022

This AMENDED AND RESTATED MANAGEMENT AND SERVICES AGREEMENT (this "Agreement") is effective as of the 3rd day of October, 2022, among ROYALTY PHARMA HOLDINGS LIMITED, a company established under the laws of England and Wales (the "Company"), and RP MANAGEMENT, LLC, a Delaware limited liability company (the "Manager"). Capitalized terms used in the preamble and recitals of this Agreement and not otherwise defined therein are defined in Section 1 (Definitions).

R E C I T A L S:

WHEREAS, the Company was formed for the purpose of investing it assets in RPI or any other Subsidiary;

WHEREAS, pursuant to the Management and Services Agreement, dated June 15, 2020 (the "Original MSA"), the Company appointed the Manager as investment manager of the Company in order to avail itself of the experience, sources of information, advice and assistance of the Manager and to have the Manager perform various investment management services for the Company;

WHEREAS, the parties have determined to amend and restate the terms upon which the Manager will provide the Company with management and advisory services on the terms and subject to the conditions hereinafter contained for, among other things, the purpose of clarifying the definition of the term "Royalty Investment" (as defined herein) to align with current treatment; and

WHEREAS, the Manager will continue to perform such services under the terms and conditions as set forth herein and in accordance with the terms of the Articles of Association of the Company ("Organizational Documents") and subject to the oversight of the Board of Directors.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree to amend and restate the Original MSA with effect from the date hereof as follows:

Section 1. Definitions.

Unless otherwise expressly provided in this Agreement, the following terms used in this Agreement shall have the following meanings:

"Advisers Act"	means the U.S. Investment Advisers Act of 1940, as amended.
"Affiliate"	with respect to any specified Person, any Person directly or indirectly Controlling, Controlled by or under common Control with such Person; provided that for purposes of this Agreement, each of the Company and Pharmakon shall not be deemed to be an Affiliate of the Manager.

"Agreement"	shall have the meaning set forth in the preamble of this Agreement.
"Applicable Party"	means EPA Holdings, the Manager or an executive of the Manager or EPA Holdings (including Mr. Legorreta).
"Board of Directors"	means the board of directors of the Company.
"Business Day"	means a day which is not a Saturday, Sunday or a day on which banks in New York City, Dublin and London are authorized or required by law to close.
"Cash Receipts"	with respect to each investment that is indirectly held by the Company through a Subsidiary, all cash proceeds received in respect of such investment during the applicable period.
"Cause"	will exist where (i) an Applicable Party has committed (or in the case of Applicable Parties who are executives, caused EPA Holdings or the Manager to commit) a material breach of the governing documents of the Company, the limited partnership agreement of a Continuing Investors Partnership, or this Agreement; (ii) an Applicable Party has committed (or in the case of Applicable Parties who are executives, caused EPA Holdings or the Manager to commit) willful misconduct in connection with the performance of its duties under the terms of the governing documents of the Company, the limited partnership agreement of a Continuing Investors Partnership, or this Agreement, (iii) there is a declaration of bankruptcy by the Applicable Party or (iv) there is a determination by any court with proper jurisdiction that an Applicable Party has committed an intentional felony or engaged in any fraudulent conduct, in each such case of clauses (ii) and (iv) which has a material adverse effect on the business, assets or condition (financial or otherwise) or prospects of the RPI Group and its Affiliates (taken as a whole).
"Code"	means the U.S. Internal Revenue Code of 1986, as amended and as hereafter amended, or any successor law.
"Company"	shall have the meaning set forth in the preamble of this Agreement.
"Competing Fund"	means a limited partnership or pooled investment vehicle, other than RP PLC or any direct or indirect subsidiary of RP PLC, the Company or any direct or indirect Subsidiary of the Company and any of the Legacy Vehicles for which the Manager or any of its Affiliates acts as the general partner or investment manager, that are formed for the purpose of investing in Royalty Investments, other than any vehicle managed by Pharmakon or its successor, or any vehicle approved by the independent members of the Board of Directors of RP PLC.

"Confidential Information"	any proprietary information relating to the organization, finances, business, transactions or affairs of the Company or the Manager or any of their Affiliates as the case may be.
"Continuing International Investors Partnership"	RPI International Holdings 2019, LP, a Cayman Islands exempted limited partnership.
"Continuing Investors Partnership"	means each of the Continuing International Investors Partnership and the Continuing US Investors Partnership.
"Continuing US Investors Partnership"	RPI US Partners 2019, LP, a Delaware limited partnership.
"Control"	with respect to any Person, the possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise) of such Person; provided, however, that customary approval and veto rights granted to minority equity holders of a Person shall not be deemed to constitute "Control" of such Person.
"Effective Date"	means the date as of which the Manager ceases to furnish services to the Company.
"EPA Holdings"	RPI EPA Holdings, LP, a Delaware limited partnership.
"FATCA"	means the legislation known as the U.S. Foreign Account Tax Compliance Act, Sections 1471 through 1474 of the Code, and any regulations (whether proposed, temporary or final), including any subsequent amendments, and administrative guidance promulgated thereunder (or which may be promulgated in the future), any intergovernmental agreements and related statutes, regulations or rules and other guidance thereunder, any governmental authority pursuant to the foregoing, and any agreement entered into with respect thereto.
"Initial Term"	shall have the meaning set forth in Section 17 (Term).
"Indemnittee"	shall have the meaning set forth in Section 14(a) (Indemnification).
"Legacy Vehicle"	means any limited partnership, pooled investment vehicle or entity that is under common Control with or is managed by the Manager or its Affiliates; provided that Legacy Vehicle shall not include RP PLC and any of its subsidiaries that invests, directly or indirectly, in RPI or Old RPI.
"Manager"	shall have the meaning set forth in the preamble of this Agreement.
"Old RPI"	means Royalty Pharma Investments, an Irish Unit Trust.

"Operating and Personnel Payment"	shall have the meaning set forth in Section 11 (Operating and Personnel Payment).
"Organizational Documents"	shall have the meaning set forth in the recitals of this Agreement.
"Original MSA"	shall have the meaning set forth in the recitals of this Agreement.
"Other Accounts"	means other funds, investment vehicles or accounts to which the Manager provides investment services.
"Person"	means a natural person, partnership, limited liability company, corporation, unincorporated association, joint venture, trust, state or any other entity or any governmental agency or political subdivision thereof.
"Pharmakon"	means Pharmakon Advisors LP, a Delaware limited partnership.
"Renewal Term"	shall have the meaning set forth in Section 17 (Term).
"Royalties"	means intellectual property (including patents) or other contractual rights to income derived from the sales of, or revenues generated by, pharmaceutical, biopharmaceutical, medical and/or healthcare products, processes, devices, or enabling and delivery technologies that are protected by patents, trademarks or copyrights, governmental or other regulations or otherwise by contract.
"Royalty Investment"	means (i) Royalties; (ii) ownership interests in any entities formed for the purpose of holding Royalties or substantially all of the assets of which consist of Royalties; (iii) any securities, investments or contracts that may provide a hedge for Royalties; (iv) fixed payment arrangements that have economic characteristics similar to Royalties or debt, including bonds, preferred stock and the debt component of any convertible or other hybrid security; and (v) other assets and investments considered by the Manager to be related to the foregoing.
"RP PLC"	means Royalty Pharma PLC, a public limited company established under the laws of England and Wales.
"RPI"	means Royalty Pharma Investments 2019 ICAV, a Irish Collective Asset-management Vehicle.
"RPI Group"	means RPI and its subsidiaries.
"Shareholder"	means a shareholder of the Company.

"Subsidiary"	means any Other Account, Control of which is held directly or indirectly by the Company.
"VAT"	means any value added tax or any similar sales, use or turnover tax.

Section 2. Interpretation and Construction.

(a) In this Agreement, unless a clear contrary intention appears:

(i) common nouns and pronouns and any variation thereof shall be deemed to refer to masculine, feminine, or neuter, singular or plural, as the identity of the Person, Persons or other reference in the context requires;

(ii) where specific language is used to clarify by example a general statement contained in this Agreement, such specific language shall not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates;

(iii) "any" shall mean "one or more";

(iv) ''including" and with correlative meaning "include" means including without limiting the generality of any description preceding such term; and

(v) all references to "funds", "dollars" or "payments" shall mean United States dollars.

(b) The language used in this Agreement has been chosen by the parties to express their mutual intent, and no rule of construction or interpretation requiring this Agreement to be construed or interpreted against any party shall apply.

Section 3. Appointment of the Manager. The Manager shall act as manager to the Company and shall have the discretion to make all day-to-day decisions of the Company relating to its investment activities subject to the oversight, direction and control by the Board of Directors. The Manager shall act as the "alternative investment fund manager" of the Company for the purposes of The Alternative Investment Fund Managers Directive 2011/61/EU and the relevant implementing and related information thereunder, and shall do all such things and perform all such acts to maintain such status. The Manager undertakes to give the Company the benefit of its best judgment and efforts in rendering its services.

Section 4. Authority of the Manager. In connection with its obligations hereunder, the Manager shall have the authority for and in the name of the Company, subject to Section 5 (Policies of the Company) and Section 10 (Investments), to:

(c) invest the Company's assets, through RPI or any other Subsidiary;

(d) direct the formulation of investment policies and strategies for the Company, and select and approve the investment of Company funds, all in accordance with the provisions and limitations of this Agreement;

(e) open, maintain and close bank accounts and draw checks or other orders for the payment of money and open, maintain and close brokerage, money market fund and similar accounts;

(f) hire for usual and customary payments and expenses consultants, brokers, attorneys, accountants and such other agents for the Company as it may deem necessary or advisable, and authorize any such agent to act for and on behalf of the Company;

(g) enter into, execute, maintain and/or terminate contracts, undertakings, agreements and any and all other documents and instruments in the name of the Company and do or perform all such things as may be necessary or advisable in furtherance of the Company's powers, objects or purposes or to the conduct of the Company's activities, including entering into acquisition agreements to make or dispose of investments (or consenting or authorizing any Subsidiary to do the same) which agreements may include such representations, warranties, covenants, indemnities and guaranties as the Manager deems necessary or advisable;

(h) make, in its sole discretion, any and all elections for U.S. federal, state, local and foreign tax matters;

(i) manage, acquire or dispose of investments for the Company as permitted hereunder and under the Organizational Documents;

(j) vote, in its sole discretion, any shares, units or interests of any Subsidiary held by the Company or otherwise authorize, approve or adopt any matter presented to the holders of shares, units or interests of any Subsidiary held by the Company;

(k) engage attorneys, independent accountants, other service providers, investment banks, accountants and other advisers and such other Persons as the Manager may deem necessary or advisable;

(l) provide service providers and advisers to the Company, with such information and instructions as may be necessary to enable such service providers and advisers to perform their duties in accordance with the applicable agreements;

(m) authorize any partner, member, employee or other agent of the Manager or its Affiliates or other agent of the Company to act for and on behalf of the Company in all matters incidental to the foregoing; and

(n) do any and all acts on behalf of the Company as the Manager may deem necessary or advisable in connection with the maintenance and administration of the Company, and exercise all rights of the Company, with respect to their interest in any Person, including the voting of securities, participation in arrangements with creditors, the institution and settlement or compromise of proceedings and other like or similar matters.

The Company hereby appoints the Manager as its attorney-in-fact to act in the Company's name, place and stead on behalf of the Company in any and all matters relating to the investment of the cash and other assets of the Company and to sign, execute and deliver any and every conceivable right (including, without limitation, any contract, agreement, instrument, consent, notice or acknowledgement) and to do all other acts and things and take any and every act or action, in each case in the Company's name and on the Company's behalf, which the Manager in its sole discretion deems necessary or otherwise appropriate in the performance of its duties under this Agreement. The power of attorney hereby granted by the Company to the Manager pursuant to this Section shall remain in force during the continuance of this Agreement and all acts done and documents signed or executed by the Manager in good faith in the

purported exercise of any authority conferred by or purport to this power of attorney shall for all purposes be valid and binding on the Manager.

Section 5. Policies of the Company. The activities engaged in by the Manager on behalf of the Company shall be subject to the policies, instructions, oversight and control of the Board of Directors. The Manager shall submit periodic reports to the Board of Directors regarding the Manager's activities hereunder on at least a quarterly basis or as otherwise instructed by the Board of Directors from time to time.

Section 6. Covenant/Devotion of Time. Without consent of the Board of Directors of RP PLC, the Manager shall not be permitted to manage an Other Account that invests in or acquires Royalties, directly or indirectly, other than RP PLC and its subsidiaries, the Company, any Subsidiary and any Legacy Vehicle. The executives of the Manager must devote substantially all of their business time to managing RP PLC and its subsidiaries, the Company and its Subsidiaries and any Legacy Vehicle, unless otherwise approved (i) prior to the date of this Agreement, by the investment committee of Old RPI or RPI or (ii) subsequent to the date of this Agreement, by the Board of Directors of RP PLC. Any action that has been approved by the investment committee of Old RPI or New RPI or the Board of Directors of RP PLC as set forth in the immediately preceding sentence shall be set forth on Exhibit B.

Section 7. Non-Competition and Non-Solicit.

(o) Every named executive officer of the Manager shall not during its tenure as an executive of the Manager and for a period of 18-months following the termination of its engagement with or employment by the Manager directly or indirectly, (i) close, advise, manage or act as the general partner, investment manager, investor, consultant, independent contractor, servicer, advisor, director, officer, member, manager or employee to, of, in or for any Competing Fund or (ii) solicit the services of any Person who is then an employee of the Manager or solicit any investor or potential investor in RP PLC or any Other Account.

(p) Each of the Manager and its Affiliates shall not during the time it is acting as manager or general partner or in a similar capacity for the Company and for a period of 12-months following any termination of this Agreement for Cause or nonrenewal by the Manager directly or indirectly, close, advise, manage or act as the general partner, investment manager, investor, consultant, independent contractor, servicer, advisor, director, officer, member, manager or employee to, of, in or for any Competing Fund.

Section 8. Status of the Manager. The Manager shall, for all purposes hereof, be an independent contractor and not an employee of the Company and nothing in this Agreement shall be construed as making the Company a partner or co-venturer with the Manager or any of its Affiliates or Other Accounts. The Manager shall not have authority to act for, represent, bind or obligate the Company, except as specifically provided in this Agreement.

Section 9. Succession Plan. The Manager has established the succession plan attached hereto as Exhibit A.

Section 10. Investments. All investments of the Company and other activities undertaken by the Manager on behalf of the Company shall at all times conform to and be in accordance with the requirements imposed by the following:

(q) any provisions of applicable law and regulation;

(r) provisions of the Organizational Documents; *provided*, *however*, that the Manager shall not be bound by any update, modification or amendment of any Organizational Document unless and until it has been given notice thereof and has been provided with a copy of such update, modification or amendment; and

(s) such policies, compliance procedures and reporting requirements as may be adopted from time to time by the Board of Directors; *provided*, *however*, that the Manager shall not be bound by any such policies, unless and until it has been given notice thereof.

Section 11. Operating and Personnel Payment. The Manager shall receive a quarterly operating and personnel payment of GBP 50,000 exclusive of VAT (the "Operating and Personnel Payment"). The Operating and Personnel Payment shall be payable quarterly in advance as of the first Business Day of each fiscal quarter. The Company and its Subsidiaries shall have no personnel of their own. For any partial fiscal quarter in respect of which the Operating and Personnel Payment is being paid, the Company shall pay only a proportionate amount thereof based on the number of days in such fiscal quarter. If this Agreement is terminated for Cause during a quarter, the Manager shall refund to the Company the amount of the Operating and Personnel Payment allocable to that portion of the fiscal quarter following such termination and no further Operating and Personnel Payment shall be payable to the Manager hereunder.

Section 12. Expenses of the Manager. The Manager or its Affiliates, but not the Company or any of its Subsidiaries or any Shareholder, shall bear and be charged with the following costs and expenses of the Company's activities (including, in each case, any related VAT): (a) any costs and expenses of providing to the Company the office overhead necessary for the Company's operations, including, but not limited to, rent and other normal overhead and operating expenses; (b) the compensation of the Manager's personnel, including, but not limited to, benefits, and other expenses for such personnel; and (c) similar expenses to the extent that such expenses are not subject to reimbursement by the Company pursuant to Section 13 (Company Expenses).

Section 13. Company Expenses. The Company shall bear and be charged with all expenses of the Company and its Subsidiaries (through its investment in such Subsidiaries) other than expenses that are expressly borne by the Manager pursuant to Section 12 (Expenses of the Manager) including, without limitation, the following costs and expenses of the Company (including, in each case, any related VAT):

(t) all administrative and operating expenses incurred on its behalf, including interest and financing expenses, expenses of custodians, administrators, accountants, auditors and outside counsel, the cost of the preparation of financial statements, reports to Shareholders, the annual audit, financial and tax returns and tax reports required for the Company and the Shareholders, extraordinary items such as litigation and indemnification expenses, and any taxes, fees or other government charges levied against the Company;

(u) independent valuation expenses (if applicable);

(v) expenses incurred in providing any reporting to Shareholders or regulatory reporting, printing and mailing costs;

(w) third party research costs and expenses;

(x) administrative expenses (including any fee payable to an administrator, if appointed by the Company), government fees and taxes (if any);

(y) expenses incurred in connection with any meeting of the Shareholders, including, without limitation, travel, meal and lodging expenses and ancillary activities related thereto;

(z) fees and expenses related to regulatory compliance burdens of the Company or any Subsidiary or any investment of any Subsidiary, including compliance with FATCA;

(aa) any registration or filing fees relating to the Company or any Subsidiary;

(ab) all out-of-pocket costs and expenses, if any, incurred in analyzing, conducting due diligence, holding, developing, negotiating, structuring, acquiring and disposing of investments and prospective investments, whether or not ultimately made, and disposing of actual investments, including without limitation any financing, legal, accounting, advisory and consulting expenses in connection therewith (to the extent the Manager is not otherwise reimbursed by another party or the costs are not capitalized as part of the acquisition price of the transaction);

(ac) expenses (including travel expenses) incurred in connection with investigating investment opportunities, developing business opportunities for the Subsidiaries of the Company and monitoring their investments (including attending medical and industry conferences);

(ad) interest on and fees and expenses arising out of all borrowings made by or on behalf of the Company, including, but not limited to, the arranging thereof;

(ae) costs of any litigation, Directors & Officers liability or other insurance and indemnification or extraordinary expense or liability relating to the affairs of the Company;

(af) expenses of liquidating the Company;

(ag) any taxes, fees or other governmental charges levied against the Company and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Company;

(ah) any expenses in connection with the Board of Directors;

(ai) contributions to charities, research hospitals and academic institutions reasonably related to the life sciences industry and the cost of sponsoring life science industry conferences and marketing events in each case, to strengthen the "Royalty Pharma" brand and relationships in the life sciences community; provided that the expenses set forth in this clause shall not exceed 0.25% of annual Cash Receipts during any fiscal year (measured as of the end of such fiscal year);

(aj) legal and accounting fees and expenses and other expenses incurred by the Company in connection with the preparation for, and conduct and closing of any offering of additional shares in the Company;

(ak) the Company's pro rata share of the expenses incurred in the formation of any Subsidiary; and

(al) any costs and expenses incurred in connection with the contemplation of, formation of, listing and ongoing operation of the Company, including any third-party expenses of managing the Company, such as accounting, audit, legal, reporting, compliance, administration (including directors' fees), financial advisory, consulting, investor relations, and insurance expenses relating to the affairs of the Company.

The Company shall promptly reimburse the Manager or any of its Affiliates, as the case may be, to the extent that any of the costs and expenses set forth in this Section 13 are paid by such entities.

Section 14. Exculpation.

(am) To the fullest extent permitted by law, none of the Manager, its Affiliates (including EPA Holdings) and their respective officers, directors, stockholders, members, employees, agents and partners, and any other person who serves at the request of the Manager on behalf of the Company as an officer, director, employee or agent of, or with respect to, any other entity (each, an "Indemnitee") shall be liable to the Company or any Subsidiary or any Shareholder for (i) any act or omission taken or suffered by an Indemnitee in connection with the conduct of the affairs of the Company or otherwise in connection with this Agreement or the matters contemplated herein, unless such act or omission resulted from fraud, bad faith, willful misconduct, gross negligence, a material breach of this Agreement which is not cured in accordance with the terms of this Agreement or a violation of applicable securities laws by such Indemnitee, and except that nothing herein shall constitute a waiver or limitation of any rights which a Shareholder of the Company may have under applicable securities laws or other laws and which may not be waived, or (ii) any mistake, negligence, dishonesty or bad faith of any broker or other agent of the Company selected and monitored by the Manager with reasonable care.

(an) To the extent that, at law or in equity, the Manager has duties (including fiduciary duties) and liabilities relating thereto to the Company or another Shareholder, the Manager acting under this Agreement or refraining from taking action under this Agreement, shall not be liable to the Company or to any such other Shareholder for its actions or inaction, taken or suffered in good faith and in reliance on the provisions of this Agreement, provided, that such action or inaction does not constitute fraud, bad faith, willful misconduct or gross negligence. The provisions of this Agreement, to the extent that they expand or restrict the duties and liabilities of the Manager otherwise existing at law or in equity, are agreed by the Shareholders to modify to that extent such other duties and liabilities of the Manager.

(ao) The Manager may consult with legal counsel and accountants selected by it and any act or omission taken or suffered by it on behalf of the Company or in furtherance of the interests of the Company, taken or suffered in good faith and in reasonable reliance thereon, upon and in accordance with the advice of such counsel or accountants shall be full justification for any such act or omission, and the Manager shall be fully protected and held harmless in so acting or omitting to act; provided, such counsel or accountants were selected and monitored with reasonable care. Notwithstanding any of the foregoing to the contrary, the provisions of this Section shall not be construed so as to provide for the exculpation of any Indemnitee for any liability (including liability under U.S. federal or state securities laws (which includes liability for

violation of the anti-fraud provisions contained in Section 206 of the Advisers Act) which, under certain circumstances, impose liability even on Persons that act in good faith), to the extent (but only to the extent) that such liability may not be waived, modified or limited under applicable law, but shall be construed so as to effectuate the provisions of this Section to the fullest extent permitted by law.

Section 15. Indemnification.

(ap) To the fullest extent permitted by law, the Company shall indemnify and save harmless each Indemnitee from and against any and all claims, liabilities, damages, losses, penalties, actions, judgments, costs and expenses (including amounts paid in satisfaction of judgments, in compromises and settlements, as fines and penalties and legal or other costs and reasonable expenses of investigating or defending against any claim or alleged claim) of any nature whatsoever, known or unknown, liquidated or unliquidated, that are incurred by any Indemnitee or to which such Indemnitee may be subject by reason of its activities on behalf of the Company or any of its Subsidiaries or in furtherance of the interests of the Company or otherwise arising out of or in connection with the affairs of the Company, its Subsidiaries or Affiliates, including the performance by such Indemnitee of any of the Manager's responsibilities under this Agreement and/or under the governing documents of any Subsidiary or otherwise in connection with the matters contemplated herein or therein; provided, that: (i) an Indemnitee shall be entitled to indemnification hereunder only to the extent that such Indemnitee's conduct did not constitute fraud, bad faith, willful misconduct, gross negligence, a material breach of this Agreement which is not cured in accordance with the terms of this Agreement or a violation of applicable securities laws; (ii) nothing herein shall constitute a waiver or limitation of any rights which a Shareholder or the Company may have under applicable securities laws or other laws and which may not be waived; and (iii) the Company's obligations hereunder shall not apply with respect to (x) economic losses or tax obligations incurred by any Indemnitee as a result of such Indemnitee's ownership of an interest in the Company or in Royalty Investments, (y) expenses of the Company that an Indemnitee has agreed to bear or (z) amounts recoverable by the Indemnitee from other sources (including without limitation insurance) as provided in Section 15(d). The satisfaction of any indemnification and any saving harmless pursuant to this Section shall be from and limited to Company assets, and no Shareholder shall have any personal liability on account thereof. The conduct of the Manager and EPA Holdings shall be attributed to one another for purposes of determining whether indemnification is available pursuant to this Section and whether conduct meets the standards set forth in Section 14 (Exculpation).

(aq) Expenses reasonably incurred by an Indemnitee in defense or settlement of any claim that may be subject to a right of indemnification hereunder shall be advanced by the Company prior to the final disposition thereof upon receipt of an undertaking by or on behalf of the Indemnitee to repay such amount to the extent that it shall be determined ultimately that such Indemnitee is not entitled to be indemnified hereunder.

(ar) The right of any Indemnitee to the indemnification provided herein shall extend to such Indemnitee's heirs, executors, administrators, successors, assigns and legal representatives and shall be cumulative of, and in addition to, any and all rights to which such Indemnitee may otherwise be entitled by contract or as a matter of law or equity. Notwithstanding the foregoing, no Indemnitee may have any other rights to indemnification from the Company or enter into, or make any claim under, any other agreement with the Company (whether direct or indirect) providing for indemnification except as otherwise set forth in this Agreement.

(as) Any Person entitled to indemnification from the Company hereunder shall first seek recovery under any other indemnity or any insurance policies by which such Person is indemnified or covered, as the case may be, but only to the extent that the indemnitor with respect to such indemnity or the insurer with respect to such insurance policy provides (or acknowledges its obligation to provide) such indemnity or coverage on a timely basis, as the case may be, and, if such Person is other than the Manager, such Person shall obtain the written consent of the Manager prior to entering into any compromise or settlement which would result in an obligation of the Company to indemnify such Person; and if liabilities arise out of the conduct of the affairs of the Company and any other Person for which the Person entitled to indemnification from the Company hereunder was then acting in a similar capacity, the amount of the indemnification provided by the Company shall be limited to the Company's proportionate share thereof as determined by the Manager in light of its fiduciary duties to the Company and the Shareholders.

(at) Notwithstanding any of the foregoing to the contrary, the provisions of this Section shall not be construed so as to provide for the indemnification of any Indemnitee for any liability (including liability under U.S. federal or state securities laws (which includes liability for violation of the anti-fraud provisions contained in Section 206 of the Advisers Act) which, under certain circumstances, impose liability even on Persons that act in good faith), to the extent (but only to the extent) that such indemnification would be in violation of law, but shall be construed so as to effectuate the provisions of this Section to the fullest extent permitted by law.

Section 16. Limitations on Reference to the Manager. The Company shall not distribute or circulate any sales literature, promotional or, save where required by applicable law, regulation or court order, other material which contains any reference to the Manager without the prior approval of the Manager, and, where practicable, shall submit in draft form all such materials requiring approval of the Manager, allowing sufficient time for review by the Manager and its counsel prior to any deadline for printing. If the Manager ceases to furnish services to the Company, the Company at its expense:

(au) as promptly as practicable, shall take all necessary action to cause the Organizational Documents to be amended to eliminate any reference to the Manager; and

(av) within 60 days after the Effective Date, shall cease to use in any other manner, including use in any sales literature or promotional material, the name of the Manager, save where required by applicable law, regulation or court order.

Section 17. Term. This Agreement shall have an initial term of ten years (the "Initial Term") ending on July 1, 2030 and shall have successive automatic renewal terms of three years thereafter (each, a "Renewal Term"), unless terminated by the Manager or the Company on at least 180 days' prior written notice to the other party prior to the expiration of the Initial Term or any Renewal Term. The Manager and the Company shall meet to discuss renewal at least one year prior to the expiration of the Initial Term and any Renewal Term.

Section 18. Removal. Subject to the following provisions of this Section, during the Initial Term and each Renewal Term, this Agreement may only be terminated by the Company for Cause. If the Management Agreement with RP PLC, RPI, Old RPI or any other Subsidiary is terminated for Cause then this Agreement shall automatically be terminated. In addition, if EPA Holdings is terminated from Holdings for Cause, such termination shall also result in the termination of the Manager for Cause under this Agreement. The Company shall have the right to terminate the Manager following (i) a determination of Cause by a court or

governmental body of competent jurisdiction in a final judgement or (ii) an admission of Cause by the Manager or EPA Holdings. In the event that Mr. Legorreta commits an act constituting Cause (while he is acting as chief executive officer of RP PLC), such action shall be imputed to EPA Holdings and the Manager. Any act constituting Cause committed by any other executive of EPA Holdings or the Manager (including Mr. Legorreta if he is no longer acting as chief executive officer of RP PLC) shall not be imputed to EPA Holdings and the Manager if the Manager terminates such executive's engagement with, employment by or relationship with the Manager and EPA Holdings within such reasonable period of time as may be agreed to by the Board of Directors; provided that if such executive is not terminated within such period of time then such Cause event shall be imputed to EPA Holdings and the Manager.

Section 19. Choice of Law. Notwithstanding the place where this Agreement may be executed by any of the parties hereto, the parties expressly agree that all of the terms and provisions hereof shall be governed by and construed under the laws of the State of New York applicable to contracts made and to be entirely performed in such state.

Section 20. Confidentiality. Save as may be required by law or by any regulatory authority or agency or as may otherwise be contemplated by this Agreement, each of the parties hereto hereby covenants and undertakes with the other party hereto to keep secret and confidential and not to disclose to any person any Confidential Information PROVIDED HOWEVER that no party shall be required to keep secret and confidential any Confidential Information which has properly entered the public domain otherwise than through the default of such party save where the parties are compelled to do so by any self-regulatory body or by law. No public announcement shall be made or circular, notice or advertisement issued in connection with the subject matter of this Agreement by either of the parties hereto without the prior approval of the other party hereto

Section 21. Severability. If any provision of this Agreement is invalid or unenforceable under any applicable law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such applicable law. Any provision hereof which may be held invalid or unenforceable under any applicable law shall not affect the validity or enforceability of any other provisions hereof, and to this extent the provisions hereof shall be severable.

Section 22. Force Majeure. The Manager shall not be responsible for any loss of or damage to any property, securities, instruments or other assets of the Company for any failure to fulfil any of its duties hereunder if such loss, damage or failure is directly or indirectly caused by or due to any act of God, storm, tempest, accident, fire, water damage, riot, civil commotion, rebellion, strike, lock-out, government or military action or any other cause or circumstance beyond the control of the Manager, provided that the Manager shall use all reasonable efforts to minimize the effects thereof.

Section 23. Forum. To the fullest extent permitted by law, in the event of any proceeding arising out of the terms and conditions of this Agreement, the parties hereto irrevocably (i) consent and submit to the exclusive jurisdiction of the Supreme Court, State of New York, New York County and of the U.S. District Court for the Southern District of New York, (ii) waive any defense based on doctrines of venue or *forum non conveniens*, or similar rules or doctrines, and (iii) agree that all claims in respect of such a proceeding must be heard and determined exclusively in the Supreme Court, State of New York, New York County or the U.S. District Court for the Southern District of New York. Process in any such proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court.

Section 24. Notices.

(aw) Each notice relating to this Agreement shall be in writing and delivered in person, by registered or certified mail, by Federal Express or similar overnight courier service, by electronic mail (e-mail) to the address or e-mail address on record.

(ax) Unless otherwise specifically provided in this Agreement, a notice shall be deemed to have been effectively given when delivered personally, if delivered on a Business Day; the next Business Day after personal delivery, if delivered personally on a day that is not a Business Day; four Business Days after being deposited in the United States mail, postage prepaid, return receipt requested, if mailed; on the next Business Day after being deposited for next day delivery with Federal Express or similar overnight courier; and when a reply e-mail acknowledging receipt is received by the sender, if e-mailed.

Section 25. Entire Agreement. This Agreement contains all of the terms agreed upon or made by the parties relating to the subject matter of this Agreement, and supersedes all prior and contemporaneous agreements, negotiations, correspondence, undertakings and communications of the parties, oral or written, respecting such subject matter.

Section 26. Amendments and Waivers. No provision of this Agreement may be amended, modified, waived or discharged except as agreed to in writing by the parties. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

Section 27. Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit the Company, the Manager, each Indemnified Party and their respective successors and permitted assigns. Any Person that is not a signatory to this Agreement but is nevertheless conferred any rights or benefits hereunder (*e.g.*, officers, partners and employees of the Manager and others who are entitled to indemnification hereunder) shall be entitled to such rights and benefits as if such Person were a signatory hereto, and the rights and benefits of such Person hereunder may not be impaired without such Person's express written consent. No assignment (as that term is defined under the Advisers Act) by either party of all or any portion of its rights, obligations or liabilities under this Agreement shall be permitted without the prior written consent of the other party to this Agreement.

Section 28. Headings. The headings of the Sections of this Agreement are for convenience of reference only, and are not to be considered in construing the terms and provisions of this Agreement. References to "Section" in this Agreement shall be deemed to refer to the indicated Section of this Agreement, unless the context clearly indicates otherwise.

Section 29. Discretion; Good Faith. Whenever in this Agreement the Manager is permitted or required to make a decision (i) in its "discretion" or under a grant of similar authority or latitude, the Manager shall be entitled to consider such interests and factors as it desires, including its own interests, or (ii) in its "good faith" or under another express standard, the Manager shall act under such express standard, shall not be subject to any other or different standard imposed by applicable law and may exercise its discretion differently with respect to different investors.

Section 30. Counterparts. Counterparts may be executed through the use of separate signature pages or in any number of counterparts with the same effect as if the parties executing such counterparts had all executed one counterpart. Each party understands and agrees that any portable document format (PDF) file, facsimile or other reproduction of its signature on any counterpart shall be equal to and enforceable as its original signature and that any such

reproduction shall be a counterpart hereof that is fully enforceable in any court or arbitral panel of competent jurisdiction.

Section 31. Survival. The provisions of the Section entitled Operating and Personnel Payment (only to the extent that the Operating and Personnel Payment is earned by the Manager prior to termination of this Agreement), and the Sections entitled Covenant/Devotion of Time, Non-Competition, Succession Plan, Exculpation, Indemnification, Limitations on Reference to the Manager, Choice of Law, Forum, Notices, Entire Agreement, Binding Effect; Assignment, Survival and Waiver of Jury Trial shall survive the termination of this Agreement.

Section 32. Waiver of Jury Trial. **EACH PARTY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ITS RIGHT TO A TRIAL BY JURY TO THE EXTENT PERMITTED BY LAW IN ANY PROCEEDING ARISING OUT OF THE TERMS AND CONDITIONS OF THIS AGREEMENT. THIS WAIVER APPLIES TO ANY PROCEEDING, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. EACH PARTY ACKNOWLEDGES THAT IT HAS RECEIVED THE ADVICE OF COMPETENT COUNSEL.**

[*The rest of this page is intentionally left blank.*]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the date first set forth above.

ROYALTY PHARMA HOLDINGS LIMITED

By: /s/ Pablo Legorreta
Name: Pablo Legorreta
Title: Director

RP MANAGEMENT, LLC

By: /s/ George Lloyd
Name: George Lloyd
Title: Executive Vice President, Investments & General Counsel

Exhibit A - Succession Plan

Succession

The Compensation Committee of the Board of Directors of RP PLC, in consultation with the Manager, will develop temporary and permanent succession plans for senior management of the Manager, including Pablo Legorreta, Terrance Coyne, Chris Hite, George Lloyd, and James Reddoch. These succession plans will be updated and reviewed periodically with the Compensation Committee, which will report to the Board of Directors of RP PLC.

Temporary Succession Plan

The temporary succession plan:

- will provide a plan for filling the position of the CEO and other member of the senior management on a temporary basis if such person is incapacitated, quits, is terminated, or is otherwise unable to fulfill his duties ("Unavailable");
- will name one or more current members of senior management of the Manager as potential interim CEO(s) in the event Mr. Legorreta or his successor is Unavailable; and
- will also address potential replacements, contingent hires and/or other temporary arrangements for other members of the senior management of the Manager in the event such person is Unavailable.

The Compensation Committee, in consultation with the Manager, will assess and provide feedback to the Manager regarding the Manager's senior management team, with the objective of evaluating the Manager's internal capabilities to handle an executive transition, including the ability of certain executives to assume other senior executive roles on an interim or permanent basis, should it become necessary.

The Board of Directors of RP PLC will meet promptly following the triggering of the temporary succession plan to begin discussions regarding a permanent replacement for the CEO or other members of senior management.

Permanent Succession

If the CEO or another member of senior management of the Manager is Unavailable, that Unavailability is expected to be permanent, and the temporary succession plan does not provide a replacement for that member of senior management that is approved as a long-term replacement for that position by a majority of the independent directors of the Board of Directors of RP PLC, the Manager, in consultation with the Compensation Committee of the Board of Directors of RP PLC, will immediately retain an executive recruiting firm to begin a search process for a permanent replacement for the position in question. The search for a permanent successor may include current members of senior management of the Manager, whether or not named in the proposed in the temporary succession plan. The appointment of any permanent successor to the CEO shall be subject to the consent of a majority of the independent directors of the Board of Directors of RP PLC.

Exhibit B –Approved Actions

- Pablo Legorreta acting as a trustee, executor, administrator, manager, investment advisor, consultant or in any other similar capacity solely for, on behalf of, with respect to or in connection with any Legorreta Family Trust or Legorreta Family Entity. For purposes of the foregoing, (a) a "Legorreta Family Trust" shall mean (i) any trust established at any time by any Legorreta Family Member for the primary benefit of one or more Legorreta Family Members and/or (ii) the estate of any deceased Legorreta Family Member; (b) a "Legorreta Family Entity" shall mean a corporation, partnership limited liability company or similar entity the sole shareholders, members or partners of which are one or more Legorreta Family Members; (c) a "Legorreta Family Member" shall mean: (i) Pablo Legorreta, (ii) a spouse or former spouse of Pablo Legorreta, (iii) a descendant of Pablo Legorreta, (iv) a grandparent of Pablo Legorreta or of any spouse or former spouse of Pablo Legorreta, (v) a descendant of such a grandparent, and/or (vi) a spouse or former spouse of any descendant described in (iii) and (v); and (d) the word "descendant" shall include any individual adopted prior to the age of 18 years and any descendant of such an individual.

- Pablo Legorreta is a co-founder of and has significant influence over Pharmakon Advisors, LP ("Pharmakon"). Mr. Legorreta owns a 33% economic interest in Pharmakon.

- The Manager is affiliated and shares physical premises with ITB-Med AB ("ITBMed"), which is a biopharmaceutical company. ITB-Med leases office space under a lease from the Manager. Pablo Legorreta is also a substantial equity holder of ITB-Med's parent entity and has the right to appoint a portion of the board members of such parent entity

- Pablo Legorreta serving as a member of the board of directors of New York Academy of Sciences, Rockefeller University, Brown University, the Hospital for Special Surgery, Pasteur Foundation (the U.S. affiliate of the French Institute Pasteur), Open Medical Institute, Park Avenue Armory, Epizyme, Inc., ITB-Med Pharmaceuticals, Nefro Health and ProKidney, LLC

- Pablo Legorreta is Honorary Chairman of Alianza Médica para la Salud

- Christopher Hite serving as a member of the advisory board of FasterCures

SECOND AMENDED AND RESTATED MANAGEMENT AGREEMENT

Dated as of October 3, 2022

This SECOND AMENDED AND RESTATED MANAGEMENT AND SERVICES AGREEMENT (this "Agreement") is effective as of the 3rd day of October, 2022, among ROYALTY PHARMA INVESTMENTS 2019 ICAV having its registered office at 70 Sir John Rogerson's Quay, Dublin 2, Ireland (hereinafter called the "ICAV"), and RP MANAGEMENT, LLC, a Delaware limited liability company (the "Manager"). Capitalized terms used in the preamble and recitals of this Agreement and not otherwise defined therein are defined in Section 1 (Definitions).

R E C I T A L S:

WHEREAS, the ICAV is a closed-ended collective asset-management vehicle with registered number C400096, authorized by the Central Bank of Ireland as a qualifying investor alternative investment fund pursuant to the AIF Rulebook formed for the purpose of investing in Portfolio Investments;

WHEREAS, pursuant to an Investment Management Agreement dated February 7, 2020 (the "Original Investment Management Agreement"), the ICAV appointed the Manager as investment manager and AIFM of the ICAV in order to avail itself of the experience, sources of information, advice and assistance of the Manager and to have the Manager perform various investment management services for the ICAV; and to carry on the business of providing investment management services;

WHEREAS, the parties amended and restated the terms of the Original Investment Management Agreement in June 2020 (the "Amended and Restated Management Agreement");

WHEREAS, the parties have determined to further amend and restate the terms upon which the Manager will provide the ICAV with management and advisory services and to act as the AIFM of the ICAV on the terms and subject to the conditions hereinafter contained for, among other things, the purpose of clarifying the definition of each of the terms "Royalty Investment" and "Security Investment" (as defined herein) to align with current treatment; and

WHEREAS, the Manager will continue to perform such services under the terms and conditions as set forth herein and in accordance with the terms of the Instrument of Incorporation of the ICAV ("Organizational Documents") and subject to the oversight of the Board of Directors.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree to amend and restate the Amended and Restated Management Agreement with effect from the date hereof as follows:

Section 1. Definitions.

Unless otherwise expressly provided in this Agreement, the following terms used in this Agreement shall have the following meanings:

"Administrator"	State Street Fund Services (Ireland) Limited, or such other person from time to time providing administration services to the ICAV.
"Advisers Act"	means the U.S. Investment Advisers Act of 1940, as amended.
"Affiliate"	with respect to any specified Person, any Person directly or indirectly Controlling, Controlled by or under common Control with such Person; provided that for purposes of this Agreement, each of the ICAV and Pharmakon shall not be deemed to be an Affiliate of the Manager.
"Agreement"	shall have the meaning set forth in the preamble of this Agreement.
"AIF"	means alternative investment fund as defined in the AIFMD and, by reference to this Agreement, means the ICAV.
"AIFM"	means alternative investment fund manager as defined in the AIFMD and, by reference to this Agreement, means the Manager.
"AIFMD"	Directive 2011/69/EU on Alternative Investment Fund Managers and any subordinate legislation enacted thereunder, as each may be amended, extended or re-enacted from time, and as implemented in any relevant member state of the European Economic Area.
"AIF Rulebook"	the rulebook and any guidelines issued by the Central Bank from time to time setting out the conditions imposed on AIFMs and AIFs.
"Amended and Restated Management Agreement"	shall have the meaning set forth in the recitals of this Agreement.
"Applicable Party"	means EPA Holdings, the Manager or an executive of the Manager or EPA Holdings (including Mr. Legorreta).

"Board of Directors"	means the board of directors of the ICAV.
"Broken Deal Expenses"	means any expenses listed in Section 18(i) and (j) (Other Expenses) to the extent they relate to unconsummated Portfolio Investment transactions and are not reimbursed to the ICAV by another Person.
"Business Day"	means a day which is not a Saturday, Sunday or a day on which banks in New York City, Dublin and London are authorized or required by law to close.
"Cash Receipts"	with respect to each Portfolio Investment, all cash proceeds received in respect of such Portfolio Investment during the applicable period.
"Cause"	will exist where (i) an Applicable Party has committed (or in the case of Applicable Parties who are executives, caused EPA Holdings or the Manager to commit) a material breach of the governing documents of the ICAV, the limited partnership agreement of a Continuing Investors Partnership, or this Agreement; (ii) an Applicable Party has committed (or in the case of Applicable Parties who are executives, caused EPA Holdings or the Manager to commit) willful misconduct in connection with the performance of its duties under the terms of the governing documents of the ICAV, the limited partnership agreement of a Continuing Investors Partnership, or this Agreement, (iii) there is a declaration of bankruptcy by the Applicable Party or (iv) there is a determination by any court with proper jurisdiction that an Applicable Party has committed an intentional felony or engaged in any fraudulent conduct, in each such case of clauses (ii) and (iv) which has a material adverse effect on the business, assets or condition (financial or otherwise) or prospects of the RPI Group and its Affiliates (taken as a whole).
"Clauses"	shall mean the standard contractual clauses approved by the European Commission for the transfer of personal data as set out in Exhibit C to this Agreement (and incorporating the appendices to that schedule).

"Central Bank"	the Central Bank of Ireland or such successor Irish regulatory authority as may from time to time be responsible for the regulation of the ICAV.
"Code"	means the U.S. Internal Revenue Code of 1986, as amended and as hereafter amended, or any successor law.
"Competing Fund"	means a limited partnership or pooled investment vehicle, other than RP PLC or any direct or indirect subsidiary of RP PLC, the ICAV or any direct or indirect Subsidiary of the ICAV and any of the Legacy Vehicles for which the Manager or any of its Affiliates acts as the general partner or investment manager, that are formed for the purpose of investing in Royalty Investments, other than any vehicle managed by Pharmakon or its successor, or any vehicle approved by the independent members of the Board of Directors of RP PLC.
"Confidential Information"	any proprietary information relating to the organization, finances, business, transactions or affairs of the ICAV or the Manager or any of their Affiliates as the case may be.
"Continuing International Investors Partnership"	RPI International Holdings 2019, LP, a Cayman Islands exempted limited partnership.
"Continuing Investors Partnership"	means each of the Continuing International Investors Partnership and the Continuing US Investors Partnership.
"Continuing US Investors Partnership"	RPI US Partners 2019, LP, a Delaware limited partnership.

"Control"	with respect to any Person, the possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise) of such Person; provided, however, that customary approval and veto rights granted to minority equity holders of a Person shall not be deemed to constitute "Control" of such Person.
"Data Protection Legislation"	means any applicable laws concerning the protection of personal data or privacy to which the applicable Party is subject, including the GDPR, the Data Protection Act 2018, and any other legislation which implements or is consequential upon the GDPR, the European Communities (Electronic Communications Networks and Services)(Privacy and Electronic Communications) Regulations, 2011, any other applicable legislation which implements the Electronic Communications Data Protection Directive (2002/58/EC), and all applicable laws and regulations relating to the processing of personal data and privacy in force from time to time, including any binding guidance and / or codes of practice issued by the Irish Data Protection Commission or the European Data Protection Board.
"Depositary"	State Street Custodial Services (Ireland) Limited or such other company in Ireland as may from time to time be appointed as depositary of all the assets of the ICAV with the approval of the Central Bank.
"Effective Date"	means the date as of which the Manager ceases to furnish services to the ICAV.
"EPA Holdings"	RPI EPA Holdings, LP, a Delaware limited partnership.

"FATCA"	means the legislation known as the U.S. Foreign Account Tax Compliance Act, Sections 1471 through 1474 of the Code, and any regulations (whether proposed, temporary or final), including any subsequent amendments, and administrative guidance promulgated thereunder (or which may be promulgated in the future), any intergovernmental agreements and related statutes, regulations or rules and other guidance thereunder, any governmental authority pursuant to the foregoing, and any agreement entered into with respect thereto.
"GAAP"	U.S. generally accepted accounting principles.
"GDPR"	means the General Data Protection Regulation (EU) 2016/679.
"ICAV"	shall have the meaning set forth in the preamble of this Agreement.
"Initial Term"	shall have the meaning set forth in Section 22 (Term).
"Indemnittee"	shall have the meaning set forth in Section 19(a) (Indemnification).
"Instrument of Incorporation"	the instrument of incorporation of the ICAV for the time being in force and as may be modified from time to time, subject to the approval of the Central Bank.
"Interested Party"	shall have the meaning set forth in Section 25(a) (Conflict of Interest).
"Legacy Vehicle"	means any limited partnership, pooled investment vehicle or entity that is under common Control with or is managed by the Manager or its Affiliates; provided that Legacy Vehicle shall not include RP PLC or any of its subsidiaries that invests, directly or indirectly, in the ICAV or Old RPI.
"Manager"	shall have the meaning set forth in the preamble of this Agreement.

"Old RPI"	means Royalty Pharma Investments, an Irish Unit Trust.
"Operating and Personnel Payment"	shall have the meaning set forth in Section 16 (Management Fee).
"Organizational Documents"	shall have the meaning set forth in the recitals of this Agreement.
"Original Investment Management Agreement"	shall have the meaning set forth in the recitals of this Agreement.
"Other Accounts"	means other funds, investment vehicles or accounts to which the Manager provides investment services.
"Person"	means a natural person, partnership, limited liability company, corporation, unincorporated association, joint venture, trust, state or any other entity or any governmental agency or political subdivision thereof.
"Personal Data"	has the meaning given to that term in Data Protection Legislation.
"Personal Data Breach"	means a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to, the Relevant Data transmitted, stored or otherwise processed.
"Pharmakon"	means Pharmakon Advisors LP, a Delaware limited partnership.
"Portfolio Investment"	means all Royalty Investments and Security Investments held by the ICAV (including through its indirect investment in Old RPI) or any Subsidiary.

"Prospectus"	the Prospectus for the ICAV to be issued in relation to the offer for sale of Shares as same may be amended and/or supplemented from time to time.
"Relevant Data"	shall have the meaning set forth in Section 27(b) (Data Protection).
"Renewal Term"	shall have the meaning set forth in Section 22 (Term).
"Royalties"	means intellectual property (including patents) or other contractual rights to income derived from the sales of, or revenues generated by, pharmaceutical, biopharmaceutical, medical and/or healthcare products, processes, devices, or enabling and delivery technologies that are protected by patents, trademarks or copyrights, governmental or other regulations or otherwise by contract.
"Royalty Investment"	means (i) Royalties; (ii) ownership interests in any entities formed for the purpose of holding Royalties or substantially all of the assets of which consist of Royalties; (iii) any securities, investments or contracts that may provide a hedge for Royalties; (iv) fixed payment arrangements that have economic characteristics similar to Royalties or debt, including bonds, preferred stock and the debt component of any convertible or other hybrid security, and (v) other assets and investments considered by the Manager to be related to the foregoing. For the avoidance of doubt, this term will include the ICAV's proportionate interest in Royalty Investments acquired or held by the ICAV (including through its indirect investment in Old RPI) or any Subsidiary.
"RP Holdings"	means Royalty Pharma Holdings Limited, a company established under the laws of England and Wales.

"RP PLC"	means Royalty Pharma PLC, a public limited company established under the laws of England and Wales.
"RPI Group"	means the ICAV and its Subsidiaries.
"Security Investment"	means (i) equity securities (including controlling and non-controlling interests, warrants, options and the equity component of any convertible or other hybrid security) that have economic characteristics similar to common stock of entities in the pharmaceutical, biopharmaceutical, medical or healthcare industry or operating assets thereof (other than Royalties); (ii) any securities, investments or contracts that may provide a hedge for the investments referred to in clause (i); and (iii) other assets and investments considered by the Manager to be related to the investments referred to in clauses (i) and (ii).
"Security Investment Values"	means the value of each Security Investment held, directly or indirectly by the ICAV as of such date, determined in accordance with GAAP.
"Share" or "Shares"	means unless the context otherwise requires, a share or shares of whatsoever class in the capital of the ICAV (other than subscriber shares) entitling the holders to participate in the profits of the ICAV attributable as described in the Prospectus.
"Shareholder"	means a shareholder of the ICAV.
"Subsidiary"	means any Other Account, Control of which is held directly or indirectly by the ICAV.
"Sub-Processor	shall have the meaning set forth in Section 27(b)(i) (Data Protection).
"VAT"	means any value added tax or any similar sales, use or turnover tax.

Section 2. Interpretation and Construction.

(a) In this Agreement, unless a clear contrary intention appears:

(i)common nouns and pronouns and any variation thereof shall be deemed to refer to masculine, feminine, or neuter, singular or plural, as the identity of the Person, Persons or other reference in the context requires;

(ii)where specific language is used to clarify by example a general statement contained in this Agreement, such specific language shall not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates;

(iii)"any" shall mean "one or more";

(iv)"including" and with correlative meaning "include" means including without limiting the generality of any description preceding such term; and

(v)all references to "funds", "dollars" or "payments" shall mean United States dollars.

(b) The language used in this Agreement has been chosen by the parties to express their mutual intent, and no rule of construction or interpretation requiring this Agreement to be construed or interpreted against any party shall apply.

Section 3. Appointment of the Manager. The Manager shall act as manager to the ICAV and shall have the discretion to make all day-to-day decisions of the ICAV relating to its investment activities subject to the oversight, direction and control by the Board of Directors. The Manager shall act as the AIFM of the ICAV for the purposes of AIFMD and the relevant implementing and related information thereunder, and shall do all such things and perform all such acts to maintain such status. For the avoidance of doubt, the Manager is not authorized or regulated as an AIFM under the AIFMD. The Manager undertakes to give the ICAV the benefit of its best judgment and efforts in rendering its services.

Section 4. Authority of the Manager. In connection with its obligations hereunder, the Manager shall have the authority for and in the name of the ICAV, subject to Section 8 (Policies of the ICAV) and Section 15 (Investments), to:

(c) invest the ICAV's assets, including investments through RPI 2019 Intermediate Finance Trust or any other Subsidiary;

(d) direct the formulation of investment policies and strategies for the ICAV, and select and approve the investment of ICAV funds, all in accordance with the provisions and limitations of this Agreement and make all decisions concerning the investigation, solicitation, negotiation, structuring, commitment to, monitoring of and disposition of Portfolio Investments;

(e) open, maintain and close bank accounts and draw checks or other orders for the payment of money and open, maintain and close brokerage, money market fund and similar accounts;

(f) hire for usual and customary payments and expenses consultants, brokers, attorneys, accountants and such other agents for the ICAV as it may deem necessary or advisable, and authorize any such agent to act for and on behalf of the ICAV;

(g) enter into, execute, maintain and/or terminate contracts, undertakings, agreements and any and all other documents and instruments in the name of the ICAV and do or perform all such things as may be necessary or advisable in furtherance of the ICAV's powers, objects or purposes or to the conduct of the ICAV's activities, including entering into acquisition agreements to make or dispose of Portfolio Investments (or consenting or authorizing any Subsidiary to do the same) which agreements may include such representations, warranties, covenants, indemnities and guaranties as the Manager deems necessary or advisable;

(h) make, in its sole discretion, any and all elections for U.S. federal, state, local and foreign tax matters, including an election to adjust the basis of ICAV property pursuant to Section 734(b), 743(b) and 754 of the Code or comparable provisions of state, local or foreign law;

(i) manage, acquire or dispose of Portfolio Investments for the ICAV as permitted hereunder and under the Organizational Documents;

(j) promptly give full and adequate instructions to the Depositary as to deliveries of Portfolio Investments and payments of cash for the account of the ICAV provided that such instructions shall reflect the prevailing practice of the applicable market in relation to delivery of Portfolio Investments and payments of cash;

(k) vote, in its sole discretion, any shares, units or interests of any Subsidiary held by the ICAV (or to advise the Depositary in relation thereto) where such interests are held in its name or otherwise authorize, approve or adopt any matter presented to the holders of shares, units or interests of any Subsidiary held by the ICAV;

(l) engage attorneys, independent accountants, other service providers, investment banks, accountants and other advisers and such other Persons as the Manager may deem necessary or advisable;

(m) provide service providers and advisers to the ICAV, with such information and instructions as may be necessary to enable such service providers and advisers to perform their duties in accordance with the applicable agreements;

(n) advise the ICAV upon the availability and appropriate source of funds to be utilized by the ICAV in making distributions to Shareholders;

(o) monitor the investment policy of the ICAV and propose to the ICAV any changes thereto which it considers necessary or desirable;

(p) subject to Section 7 (Delegation) authorize any partner, member, employee or other agent of the Manager or its Affiliates or other agent of the ICAV to act for and on behalf of the ICAV in all matters incidental to the foregoing; and

(q) do any and all acts on behalf of the ICAV as the Manager may deem necessary or advisable in connection with the maintenance and administration of the ICAV, and exercise all rights of the ICAV, with respect to their interest in any Person,

including the voting of securities, participation in arrangements with creditors, the institution and settlement or compromise of proceedings and other like or similar matters.

In selecting brokers to make purchases and sales on behalf of the ICAV, the Manager shall select those brokers who provide best execution to the ICAV. In determining what constitutes best execution, the Manager shall consider the best price available in the market, exclusive of any charges but taking account of any other exceptional circumstances such as counterparty risk, order size or client instructions. In managing the assets of the ICAV, the Manager may receive certain research and statistical and other information and assistance from brokers. The Manager may allocate brokerage business to brokers who have provided such research and assistance to the ICAV and/or Other Accounts. The Manager shall have discretion, in the interests of the ICAV, to allocate the ICAV's brokerage on portfolio transactions to brokers qualified to obtain best execution of such transactions who provide brokerage and/or research services for the ICAV and/or Other Accounts and to cause payment out of the assets of the ICAV to such brokers a commission for effecting a portfolio transaction that is in excess of the amount of commission another broker adequately qualified to effect such transaction would have charged if a good faith determination is made by the Manager that the commission is fair and reasonable in relation to the services provided. In reaching such determination, the Manager will not be required to place or to attempt to place a specific monetary value on the brokerage and/or research services provided or being provided by such broker. The benefits provided under any soft commission arrangements must assist in the provision of investment services to the ICAV. The Manager shall notify the ICAV of any soft commission arrangements so that these arrangements can be disclosed in the periodic reports of the ICAV.

The ICAV hereby appoints the Manager as its attorney-in-fact to act in the ICAV's name, place and stead on behalf of the ICAV in any and all matters relating to the investment of the cash and other assets of the ICAV and to sign, execute and deliver any and every conceivable right (including, without limitation, any contract, agreement, instrument, consent, notice or acknowledgement) and to do all other acts and things and take any and every act or action, in each case in the ICAV's name and on the ICAV's behalf, which the Manager in its sole discretion deems necessary or otherwise appropriate in the performance of its duties under this Agreement and the Manager shall be entitled to delegate such authority pursuant to Section 7 (Delegation). The power of attorney hereby granted by the ICAV to the Manager pursuant to this Section shall remain in force during the continuance of this Agreement and all acts done and documents signed or executed by the Manager in good faith in the purported exercise of any authority conferred by or purport to this power of attorney shall for all purposes be valid and binding on the Manager.

Section 5. Valuations. The Manager shall be responsible for the proper valuation of the investments of the ICAV and shall ensure that appropriate and consistent procedures are established so that a proper and independent valuation of the investments can be performed in accordance with the applicable AIFMD requirements, the AIF Rulebook, the Prospectus and the Instrument of Incorporation. The parties acknowledge that the Administrator has been appointed as agent to calculate and publish the net asset value of the Portfolio. In connection with this Section 5, the Manager shall provide to the ICAV in a timely manner such information as it may reasonably request from time to time. The Manager may appoint an external valuer in respect of the ICAV provided that the liability of the Manager to the ICAV and its Shareholders shall not be affected by the Manager's appointment of an external valuer.

Section 6. Liquidity Management. The Manager shall employ a liquidity management system to assess the consistency of the ICAV's investment policy, liquidity profile and redemption policy.

Section 7. Delegation. With the prior approval of the Central Bank, the Manager shall be entitled to delegate or sub-contract all or any of its functions, powers, discretions, duties and obligations hereunder to any person approved by the ICAV and the Central Bank on such terms and conditions as the Manager with the consent of the ICAV, thinks fit, provided that the Manager shall remain responsible and liable for any acts or omissions of any such delegate as if such acts or omissions were those of the Manager. The Manager shall provide the ICAV with:

(r) the name and details of any proposed delegate;

(s) details of the competent authority under which the proposed delegate is authorized or registered;

(t) details of the functions which it proposes to delegate or sub-delegate; and

(u) the intended effective date of the proposed delegation or sub-delegation.

The appointment of a delegate shall not take effect until the ICAV has notified the Central Bank of the proposed arrangement; and the delegation arrangements comply with the AIF Rulebook. Any such delegation or sub-delegation made pursuant to this Section 7 (Delegation) shall terminate automatically upon the termination of this Agreement or may be terminated by the Manager with immediate effect where the Manager considers it is in the best interests of the Shareholders.

Section 8. Policies of the ICAV. The activities engaged in by the Manager on behalf of the ICAV shall be subject to the policies, instructions, oversight and control of the Board of Directors. The Manager shall submit periodic reports to the Board of Directors regarding the Manager's activities hereunder on at least a quarterly basis or as otherwise instructed by the Board of Directors from time to time.

Section 9. Proper Instructions. Any instruction to be given hereunder by the ICAV in respect of any of the matters referred to in this Agreement shall be written (including electronic writings), cabled, telecopied or telexed instructions and signed or purported to be signed by such one or more person or persons as the ICAV shall from time to time have authorized to give this particular class of instructions in question. In instances indicated in advance by the ICAV, the Manager may also act pursuant to telephonic instructions given by designated persons and such telephonic instructions shall be deemed to be "Proper Instructions" within the meaning of this Section. Different persons may be authorized to give instructions for different purposes and such persons may also include officers of corporations other than the ICAV as so authorized. A certified copy of a resolution of the directors of the ICAV may be received and accepted by the Manager as conclusive evidence of the authority of any such person to act and may be considered as in full force and effect until receipt of written notice to the contrary.

Section 10. Notice to the Board of Directors. The Manager shall use commercially reasonable efforts to provide at least 72 hours (and in any event at least 24 hours) prior written notice to the Board of Directors, in accordance with such procedures as they may specify from time to time upon written notice to the Manager, for any the following actions: (i) any investment involving greater than $50 million (measured at the time of investment), (ii) any incurrence of indebtedness for borrowed money or securitization (including any refinancing thereof) involving greater than $100 million (other than transactions for the purposes of hedging

portfolio exposure) and (iii) any other material matter that is expressly designated by the Board of Directors in writing to the Manager as a matter requiring prior written notice.

Section 11. Covenant/Devotion of Time. Without consent of the Board of Directors, the Manager shall not be permitted to manage an Other Account that invests in or acquires Royalties, directly or indirectly, other than RP PLC and its subsidiaries, the ICAV, any Subsidiary and any Legacy Vehicle. The executives of the Manager must devote substantially all of their business time to managing RP PLC and its subsidiaries, the ICAV and its Subsidiaries and any Legacy Vehicle, unless otherwise approved (i) prior to the date of this Agreement, by the investment committee of Old RPI or the ICAV or (ii) subsequent to the date of this Agreement, by the Board of Directors. Any action that has been approved by the investment committee of the ICAV or Old RPI or the Board of Directors as set forth in the immediately preceding sentence shall be set forth on Exhibit B.

Section 12. Non-Competition and Non-Solicit.

(v) Every named executive officer of the Manager shall not during its tenure as an executive of the Manager and for a period of 18-months following the termination of its engagement with or employment by the Manager directly or indirectly, (i) close, advise, manage or act as the general partner, investment manager, investor, consultant, independent contractor, servicer, advisor, director, officer, member, manager or employee to, of, in or for any Competing Fund or (ii) solicit the services of any Person who is then an employee of the Manager or solicit any investor or potential investor in RP PLC or any Other Account.

(w) Each of the Manager and its Affiliates shall not during the time it is acting as manager or general partner or in a similar capacity for the ICAV and for a period of 12-months following any termination of this Agreement for Cause or nonrenewal by the Manager directly or indirectly, close, advise, manage or act as the general partner, investment manager, investor, consultant, independent contractor, servicer, advisor, director, officer, member, manager or employee to, of, in or for any Competing Fund.

Section 13. Status of the Manager. The Manager shall, for all purposes hereof, be an independent contractor and not an employee of the ICAV and nothing in this Agreement shall be construed as making the ICAV a partner or co-venturer with the Manager or any of its Affiliates or Other Accounts. The Manager shall not have authority to act for, represent, bind or obligate the ICAV, except as specifically provided in this Agreement.

Section 14. Succession Plan. The Manager has established the succession plan attached hereto as Exhibit A.

Section 15. Investments. All investments of the ICAV and other activities undertaken by the Manager on behalf of the ICAV shall at all times conform to and be in accordance with the requirements imposed by the following:

(x) any provisions of applicable law and regulation including any investment restrictions specified in the Prospectus or from time to time imposed by the Central Bank and notified by or on behalf of the ICAV to the Manager;

(y) provisions of the Organizational Documents; *provided*, *however*, that the Manager shall not be bound by any update, modification or amendment of any

Organizational Document unless and until it has been given notice thereof and has been provided with a copy of such update, modification or amendment; and

(z) without prejudice to Section 10 (Notice to the Board of Directors) such policies, compliance procedures and reporting requirements as may be adopted from time to time by the Board of Directors; *provided*, *however*, that the Manager shall not be bound by any such policies, unless and until it has been given notice thereof.

Section 16. Management Fee.

(aa) The Manager shall receive a quarterly fee (the "Operating and Personnel Payment") equal to 6.5% of the Cash Receipts from Royalty Investments for such quarter from Royalty Investments and 0.25% of the Security Investment Values as of the end of such quarter. The ICAV and its Subsidiaries shall have no personnel of their own.

(i)The Manager shall waive or rebate the Operating and Personnel Payment with respect to Shareholders that are employees or Affiliates of the Manager or any of its Affiliates or Pharmakon and certain other Shareholders designated by the Manager.

(ii)The Operating and Personnel Payment shall be payable quarterly in advance as of the first Business Day of each fiscal quarter based on the estimated projected Cash Receipts from Royalty Investments and the estimated projected Security Investment Values as of such date. The Manager shall recalculate the Operating and Personnel Payment based on the actual Cash Receipts from Royalty Investments and the actual Security Investment Values following the date on which the ICAV's financial statements are finalized. If it is determined based on such recalculation that (A) the finalized Operating and Personnel Payment exceeded prior payments of the Operating and Personnel Payment, then the ICAV shall pay any shortfall on or prior to the next date the Operating and Personnel Payment is due or (B) prior payments of the Operating and Personnel Payment exceeded the finalized Operating and Personnel Payment, then such excess shall be repaid on or prior to the next date the Operating and Personnel Payment is due.

(iii)The Operating and Personnel Payment shall be reduced by the amount of any operating and personnel payments that are paid to the Manager by RP PLC or its subsidiaries, including Old RPI (in the case of Old RPI, respect of the ICAV's pro rata share of any such fee) for managing such entities.

(iv)For any partial fiscal quarter in respect of which the Operating and Personnel Payment is being paid, the ICAV shall pay only a proportionate amount thereof based on the number of days in such fiscal quarter. If this Agreement is terminated for Cause during a quarter, the Manager shall refund to the ICAV the amount of the Operating and Personnel Payment allocable to that portion of the fiscal quarter following such termination and no further Operating and Personnel Payment shall be payable to the Manager hereunder.

(ab) The Manager shall be responsible for 50% of all Broken Deal Expenses; provided that once an investment opportunity is approved by the Board of Directors, the Manager shall not be responsible for any broken deal expenses relating to such investment opportunity incurred after such approval. To the extent the Manager is

responsible for any Broken Deal Expenses as set forth in the preceding sentence, the next quarterly installment of the Operating and Personnel Payment shall be reduced by such Broken Deal Expenses incurred by the ICAV in the preceding fiscal quarter; provided, that if such amount of Broken Deal Expenses exceeds the quarterly Operating and Personnel Payment, the balance shall be carried forward and reduce future quarterly amounts of the Operating and Personnel Payment until such amount of Broken Deal Expenses has been completely offset against payments of the Operating and Personnel Payment. Notwithstanding the foregoing, if the Manager is required to repay any excess Broken Deal Expenses more promptly by any regulatory requirement, including, without limitation, any requirement of the Central Bank or under the Advisers Act, then it shall make such payment in the timeframe required by such regulatory requirements.

(ac) The Operating and Personnel Payment shall not be increased without obtaining the consent of Shareholders holding at least 75% of the issued Shares, unless, an opportunity is provided to Shareholders to redeem their Shares in advance of any such proposed increase to the Operating and Personnel Payment, in which case the consent of Shareholders holding at least 50% of the issued Shares shall be sufficient. Where an opportunity for Shareholders to redeem in advance is provided ahead of a proposed increase to the Operating and Personnel Payment and Shareholders representing 50% or more of the issued Shares have voted in favor of the proposed increase, Shareholders will be provided with a reasonable notification period to enable them to redeem their Shares prior to the implementation of the increase.

Section 17. Expenses of the Manager. The Manager or its Affiliates, but not the ICAV or any of its Subsidiaries or any Shareholder, shall bear and be charged with the following costs and expenses (including, in each case, any related VAT): (a) any costs and expenses relating to the office overhead necessary for the Manager's operations, including, but not limited to, rent and other normal overhead and operating expenses; (b) the compensation of the Manager's personnel, including, but not limited to, benefits, and other expenses for such personnel; and (c) similar expenses to the extent that such expenses are not borne, directly or indirectly, by the ICAV pursuant to Section 18 (Other Expenses).

Section 18. Other Expenses. The ICAV shall, whether directly or indirectly, bear the following costs and expenses as they relate to the ICAV and its pro rata share of any Subsidiaries (through its investment in such Subsidiaries):

(a) all administrative and operating expenses, including interest and financing expenses, expenses of custodians, administrators, accountants, auditors and outside counsel, the cost of the preparation of financial statements, reports to Shareholders, the annual audit, financial and tax returns and tax reports required for the ICAV and the Shareholders, extraordinary items such as litigation and indemnification expenses, and any taxes, fees or other government charges levied against the ICAV;

(ad) independent valuation expenses (if applicable);

(ae) expenses incurred in providing any reporting to Shareholders or regulatory reporting, printing and mailing costs;

(af) third party research costs and expenses;

(ag) administrative expenses (including any fee payable to the Administrator, government fees and taxes (if any));

(ah) expenses incurred in connection with any meeting of the Shareholders, including, without limitation, travel, meal and lodging expenses and ancillary activities related thereto;

(ai) fees and expenses related to regulatory compliance burdens of the ICAV or any Subsidiary or any Portfolio Investment, including compliance with FATCA;

(aj) any registration or filing fees relating to the ICAV or any Subsidiary;

(ak) subject to the Manager bearing 50% of any Broken Deal Expenses, all out-of-pocket costs and expenses, if any, incurred in analyzing, conducting due diligence, holding, developing, negotiating, structuring, acquiring and disposing of Portfolio Investments and prospective Portfolio Investments, whether or not ultimately made, and disposing of actual Portfolio Investments, including without limitation any financing, legal, accounting, advisory and consulting expenses in connection therewith (to the extent the Manager is not otherwise reimbursed by another party or the costs are not capitalized as part of the acquisition price of the transaction);

(al) expenses (including travel expenses) incurred in connection with investigating investment opportunities, developing business opportunities for the ICAV and monitoring Portfolio Investments (including attending medical and industry conferences);

(am) interest on and fees and expenses arising out of all borrowings made by or on behalf of the ICAV, including, but not limited to, the arranging thereof;

(an) costs of any litigation, Directors & Officers liability or other insurance and indemnification or extraordinary expense or liability relating to the affairs of the ICAV;

(ao) expenses of liquidating the ICAV;

(ap) any taxes, fees or other governmental charges levied against the ICAV and all expenses incurred in connection with any tax audit, investigation, settlement or review of the ICAV;

(aq) any expenses in connection with the Board of Directors;

(ar) legal and accounting fees and expenses and other expenses incurred by the ICAV in connection with the preparation for, and conduct and closing of any offering of additional Shares in the ICAV;

(as) the ICAV's pro rata share of the expenses incurred in the formation of any Subsidiary; and

(at) any costs and expenses incurred in connection with the contemplation of, formation of, listing and ongoing operation of the ICAV, including any third-party expenses of managing the ICAV, such as accounting, audit, legal, reporting, compliance, administration (including directors' fees), financial advisory, consulting, investor relations, and insurance expenses relating to the affairs of the ICAV.

If the Manager (or any of its Affiliates) incurs any costs and expenses described in this Section 18 for the purpose of performing the Manager's duties and obligations hereunder, the ICAV shall promptly pay the Manager, by way of further consideration for the Manager performing its duties and obligations hereunder, an amount equal to such costs and expenses. If the Manager (or any of its Affiliates) incurs any costs and expenses described in this Section 18 *otherwise than* for the purpose of performing the Manager's duties and obligations hereunder, the ICAV shall promptly reimburse the Manager (of any of its Affiliates) an amount equal to such costs and expenses.

Section 19. Exculpation.

(au) To the fullest extent permitted by law, none of the Manager, its Affiliates (including EPA Holdings) and their respective officers, directors, stockholders, members, employees, agents and partners, and any other person who serves at the request of the Manager on behalf of the ICAV as an officer, director, employee or agent of, or with respect to, any other entity (each, an "Indemnitee") shall be liable to the ICAV or any Subsidiary or any Shareholder for (i) any act or omission taken or suffered by an Indemnitee in connection with the conduct of the affairs of the ICAV or otherwise in connection with this Agreement or the matters contemplated herein, unless such act or omission resulted from fraud, bad faith, willful misconduct, gross negligence, a material breach of this Agreement which is not cured in accordance with the terms of this Agreement or a violation of applicable securities laws by such Indemnitee, and except that nothing herein shall constitute a waiver or limitation of any rights which a Shareholder of the ICAV may have under applicable securities laws or other laws and which may not be waived, or (ii) any mistake, negligence, dishonesty or bad faith of any broker or other agent of the ICAV selected and monitored by the Manager with reasonable care.

(av) To the extent that, at law or in equity, the Manager has duties (including fiduciary duties) and liabilities relating thereto to the ICAV or another Shareholder, the Manager acting under this Agreement or refraining from taking action under this Agreement, shall not be liable to the ICAV or to any such other Shareholder for its actions or inaction, taken or suffered in good faith and in reliance on the provisions of this Agreement, provided, that such action or inaction does not constitute fraud, bad faith, willful misconduct or gross negligence. The provisions of this Agreement, to the extent that they expand or restrict the duties and liabilities of the Manager otherwise existing at law or in equity, are agreed by the Shareholders to modify to that extent such other duties and liabilities of the Manager.

(aw) The Manager may consult with legal counsel and accountants selected by it and any act or omission taken or suffered by it on behalf of the ICAV or in furtherance of the interests of the ICAV, taken or suffered in good faith and in reasonable reliance thereon, upon and in accordance with the advice of such counsel or accountants shall be full justification for any such act or omission, and the Manager shall be fully protected and held harmless in so acting or omitting to act; provided, such counsel or accountants were selected and monitored with reasonable care. Notwithstanding any of the foregoing to the contrary, the provisions of this Section shall not be construed so as to provide for the exculpation of any Indemnitee for any liability (including liability under U.S. federal or state securities laws (which includes liability for violation of the anti-fraud provisions contained in Section 206 of the Advisers Act) which, under certain circumstances, impose liability even on Persons that act in good faith), to the extent (but only to the extent) that such liability may not be waived, modified or limited under

applicable law, but shall be construed so as to effectuate the provisions of this Section to the fullest extent permitted by law.

Section 20. Indemnification.

(ax) To the fullest extent permitted by law, the ICAV shall indemnify and save harmless each Indemnitee from and against any and all claims, liabilities, damages, losses, penalties, actions, judgments, costs and expenses (including amounts paid in satisfaction of judgments, in compromises and settlements, as fines and penalties and legal or other costs and reasonable expenses of investigating or defending against any claim or alleged claim) of any nature whatsoever, known or unknown, liquidated or unliquidated, that are incurred by any Indemnitee or to which such Indemnitee may be subject by reason of its activities on behalf of the ICAV or any of its Subsidiaries or in furtherance of the interests of the ICAV or otherwise arising out of or in connection with the affairs of the ICAV or its Subsidiaries, including the performance by such Indemnitee of any of the Manager's responsibilities under this Agreement and/or under the governing documents of any Subsidiary or otherwise in connection with the matters contemplated herein or therein; provided, that: (i) an Indemnitee shall be entitled to indemnification hereunder only to the extent that such Indemnitee's conduct did not constitute fraud, bad faith, willful misconduct, gross negligence, a material breach of this Agreement which is not cured in accordance with the terms of this Agreement or a violation of applicable securities laws; (ii) nothing herein shall constitute a waiver or limitation of any rights which a Shareholder or the ICAV may have under applicable securities laws or other laws and which may not be waived; and (iii) the ICAV's obligations hereunder shall not apply with respect to (x) economic losses or tax obligations incurred by any Indemnitee as a result of such Indemnitee's ownership of an interest in the ICAV or in Royalty Investments, (y) expenses of the ICAV that an Indemnitee has agreed to bear or (z) amounts recoverable by the Indemnitee from other sources (including without limitation insurance) as provided in Section 20(d). The satisfaction of any indemnification and any saving harmless pursuant to this Section shall be from and limited to the ICAV assets, and no Shareholder shall have any personal liability on account thereof. The conduct of the Manager and EPA Holdings shall be attributed to one another for purposes of determining whether indemnification is available pursuant to this Section and whether conduct meets the standards set forth in Section 19 (Exculpation).

(ay) Expenses reasonably incurred by an Indemnitee in defense or settlement of any claim that may be subject to a right of indemnification hereunder shall be advanced by the ICAV prior to the final disposition thereof upon receipt of an undertaking by or on behalf of the Indemnitee to repay such amount to the extent that it shall be determined ultimately that such Indemnitee is not entitled to be indemnified hereunder.

(az) The right of any Indemnitee to the indemnification provided herein shall extend to such Indemnitee's heirs, executors, administrators, successors, assigns and legal representatives and shall be cumulative of, and in addition to, any and all rights to which such Indemnitee may otherwise be entitled by contract or as a matter of law or equity. Notwithstanding the foregoing, no Indemnitee may have any other rights to indemnification from the ICAV or enter into, or make any claim under, any other agreement with the ICAV (whether direct or indirect) providing for indemnification except as otherwise set forth in this Agreement.

(ba) Any Person entitled to indemnification from the ICAV hereunder shall first seek recovery under any other indemnity or any insurance policies by which

such Person is indemnified or covered, as the case may be, but only to the extent that the indemnitor with respect to such indemnity or the insurer with respect to such insurance policy provides (or acknowledges its obligation to provide) such indemnity or coverage on a timely basis, as the case may be, and, if such Person is other than the Manager, such Person shall obtain the written consent of the Manager prior to entering into any compromise or settlement which would result in an obligation of the ICAV to indemnify such Person; and if liabilities arise out of the conduct of the affairs of the ICAV and any other Person for which the Person entitled to indemnification from the ICAV hereunder was then acting in a similar capacity, the amount of the indemnification provided by the ICAV shall be limited to the ICAV's proportionate share thereof as determined by the Manager in light of its fiduciary duties to the ICAV and the Shareholders.

(bb) Notwithstanding any of the foregoing to the contrary, the provisions of this Section shall not be construed so as to provide for the indemnification of any Indemnitee for any liability (including liability under U.S. federal or state securities laws (which includes liability for violation of the anti-fraud provisions contained in Section 206 of the Advisers Act) which, under certain circumstances, impose liability even on Persons that act in good faith), to the extent (but only to the extent) that such indemnification would be in violation of law, but shall be construed so as to effectuate the provisions of this Section to the fullest extent permitted by law.

Section 21. Limitations on Reference to the Manager. The ICAV shall not distribute or circulate any sales literature, promotional or, save where required by applicable law, regulation or court order, other material which contains any reference to the Manager without the prior approval of the Manager, and, where practicable, shall submit in draft form all such materials requiring approval of the Manager, allowing sufficient time for review by the Manager and its counsel prior to any deadline for printing. If the Manager ceases to furnish services to the ICAV, the ICAV at its expense:

(bc) as promptly as practicable, shall take all necessary action to cause the Organizational Documents to be amended to eliminate any reference to the Manager; and

(bd) within 60 days after the Effective Date, shall cease to use in any other manner including use in any sales literature or promotional material, the name of the Manager, save where required by applicable law, regulation or court order.

Section 22. Term. This Agreement shall have an initial term of ten years (the "Initial Term") ending on July 1, 2030 and shall have successive automatic renewal terms of three years thereafter (each, a "Renewal Term"), unless terminated by the Manager or the ICAV on at least 180 days' prior written notice to the other party prior to the expiration of the Initial Term or any Renewal Term. The Manager and the ICAV shall meet to discuss renewal at least one year prior to the expiration of the Initial Term and any Renewal Term. The Central Bank may in its discretion replace the AIFM with another entity willing to act as AIFM where the Central Bank deems it necessary to do so.

On the termination of this Agreement: (i) the Manager shall be entitled to receive all fees, including the Operating and Personnel Payment, and other moneys accrued and due up to the date of such termination but shall not be entitled to compensation in respect of such termination; and (ii) the Manager shall forthwith deliver to the ICAV or as it shall direct all correspondence and records of all and every description relating to the affairs of the ICAV which are in the Manager's possession or under the Manager's control and shall not be entitled to any lien in respect of any of the foregoing. The termination of this Agreement shall be without

prejudice to any rights that may have accrued hereunder to either party hereto against the other party hereto before such termination.

Section 23. Removal. Subject to the following provisions of this Section, during the Initial Term and each Renewal Term, this Agreement may only be terminated by the ICAV for Cause. If the Management Agreement with RP PLC, Old RPI or RP Holdings is terminated for Cause then this Agreement shall automatically be terminated. The ICAV shall have the right to terminate the Manager following (i) a determination of Cause by a court or governmental body of competent jurisdiction in a final judgement or (ii) an admission of Cause by the Manager or EPA Holdings. In the event that Mr. Legorreta commits an act constituting Cause (while he is acting as chief executive officer of RP PLC), such action shall be imputed to EPA Holdings and the Manager. Any act constituting Cause committed by any other executive of EPA Holdings or the Manager (including Mr. Legorreta if he is no longer acting as chief executive officer of RP PLC) shall not be imputed to EPA Holdings and the Manager if the Manager terminates such executive's engagement with, employment by or relationship with the Manager and EPA Holdings within such reasonable period of time as may be agreed to by the Board of Directors; provided that if such executive is not terminated within such period of time then such Cause event shall be imputed to EPA Holdings and the Manager.

Section 24. Choice of Law. Notwithstanding the place where this Agreement may be executed by any of the parties hereto, the parties expressly agree that all of the terms and provisions hereof shall be governed by and construed under the laws of the State of New York applicable to contracts made and to be entirely performed in such state.

Section 25. Conflicts of Interest. Nothing herein contained shall prevent:

(be) the Manager or any director, officer or agent or any affiliate or associate thereof or other funds managed by the Manager (hereinafter called the "Interested Party") from becoming the owner of Shares and holding, disposing of or otherwise dealing with the same and with the same rights which it would have had if the Manager were not a party to this Agreement and the Interested Party may buy, hold and deal in any Portfolio Investments upon its own account notwithstanding that same or similar Portfolio Investments may be held by or for the account or otherwise connected with the ICAV and no persons so interested shall be liable to account for any benefit to any other party by reason solely of such interest;

(bf) an Interested Party from selling Portfolio Investments to, purchasing Investments from or vesting Portfolio Investments in the ICAV PROVIDED THAT any such sale or purchase of Portfolio Investments or other transaction is in the best interests of the Shareholders, negotiated at arm's length and, in the case of a sale or purchase of Portfolio Investments of property for the account of the ICAV:

(i)a certified valuation of such transaction by a person approved by the Depositary as independent and competent has been obtained; or

(ii)such transaction has been executed on best terms on an organized investment exchange in accordance with the rules of such exchange; or

(iii)if clauses (i) or (ii) are not practical, such transaction has been executed on terms which the Depositary is satisfied conform to the principle that such transactions be carried out as if negotiated at arm's length.

Section 26. Confidentiality. Save as may be required by law or by any regulatory authority or agency or as may otherwise be contemplated by this Agreement, each of the parties hereto hereby covenants and undertakes with the other party hereto to keep secret and confidential and not to disclose to any person any Confidential Information PROVIDED HOWEVER that no party shall be required to keep secret and confidential any Confidential Information which has properly entered the public domain otherwise than through the default of such party save where the parties are compelled to do so by any self-regulatory body or by law. No public announcement shall be made or circular, notice or advertisement issued in connection with the subject matter of this Agreement by either of the parties hereto without the prior approval of the other party hereto.

Section 27. Data Protection.

(◦) Terms used in this Section 27 shall, except where the context otherwise requires, have the same meaning as that assigned to them by Data Protection Legislation.

(◦) In processing Personal Data (including name, contact details, director details and investment information) provided by the ICAV relating to its Directors, members, partners, agents and/or Shareholders (the "Relevant Data") for the purposes of performing this Agreement, the Manager shall comply with the following in relation to such Relevant Data:

(i)not engage another data processor (a "Sub-Processor") without the specific prior written consent of the ICAV. If the ICAV provides such specific consent and the Manager engages a Sub-Processor to carry out specific processing activities on any Relevant Data, the Manager shall ensure that at least the same data protection obligations as set out in this Section 27 are imposed on that Sub-Processor by way of a written agreement. The Manager shall be liable and responsible for the acts and omissions of the Sub-Processor as if such acts and omissions were its own;

(ii)process the Relevant Data only in accordance with the documented instructions of the ICAV, and not for any other purpose, including with regard to transfers of the Relevant Data to a third country or international organization, unless required to do so by EU Member State law to which the Manager is subject. If subject to such a legal obligation, the Manager shall inform the ICAV of the legal requirement(s) to which it is subject prior to processing the Relevant Data for that purpose, unless the Manager is prohibited by that law from doing so on important grounds of public interest;

(iii)not transfer, and it shall take all appropriate measures to prevent the transfer of, the Relevant Data to any jurisdiction outside the European Economic Area unless the prior written consent of the ICAV has been obtained and the transfer is subject to appropriate transfer mechanisms as set out under the Data Protection Legislation. This Section 27(b)(iii) is without prejudice to the transfer of Relevant Data from the ICAV to the Manager which shall be effected pursuant to the Clauses, as set out in Exhibit C of this Agreement;

(iv)ensure that any persons authorized to process the Relevant Data by it have agreed to comply with obligations of confidentiality which are at least commensurate with those in Section 26 (Confidentiality);

(v)implement appropriate technical and organizational security measures pursuant to Article 32 of the GDPR which ensure against (A) unauthorized access to, (B) unauthorized or unlawful alteration, disclosure, destruction or other unauthorized or unlawful processing of, (C) accidental loss or destruction of, or (D) damage to, the Relevant Data. The appropriate technical and organizational security measures the Manager shall implement may include, as appropriate: (1) the pseudonymisation and encryption of Relevant Data, (2) the ability to ensure the ongoing confidentiality, integrity, availability and resilience of processing systems and services, (3) the ability to restore the availability and access to Relevant Data in a timely manner in the event of a physical or technical incident, and (4) a process for regularly testing, assessing and evaluating the effectiveness of technical and organizational measures for ensuring the security of the processing;

(vi)notify the ICAV, as soon as possible of becoming aware, of any request made by a data subject or a regulatory or governmental body to access Relevant Data and shall at all times cooperate with and provide the ICAV with any assistance it may require in order to execute the ICAV's obligations under Data Protection Legislation;

(vii)in addition to its obligations set out in Section 27(b)(vi), cooperate with and assist the ICAV to execute its obligations under Data Protection Legislation in relation to a data subject's rights under Chapter III of the GDPR, including the right (A) of access to the Relevant Data, (B) of rectification of Relevant Data, (C) of erasure of Relevant Data, (D) to restriction of processing of Relevant Data, (E) to portability of Relevant Data, (F) to object to the lawfulness of the processing of Relevant Data, and (G) to not be subject to a decision based solely on automated processing and shall comply at all times with the instructions of the ICAV in relation to such communications;

(viii)in the case of Personal Data Breach, without undue delay, and in any event within 24 hours from the Manager becoming aware of any such incident, notify the ICAV of the Personal Data Breach. To the extent that the Manager has access to such information at the time of the notification to the ICAV, the notification shall (A) describe the nature of the Personal Data Breach including, without limitation, the categories and approximate number of data subjects concerned and the categories and approximate number of Relevant Data records concerned, (B) describe the likely consequences of the Personal Data Breach, and (C) describe the measures proposed to be taken by the Manager to address the Personal Data Breach (provided it will only implement such measures on the instruction of the ICAV), including, where appropriate, measures to mitigate its possible adverse effects. Where, but only to the extent that it is not possible to provide such information at the same time at the notification of the Personal Data Breach, the information may be provided at a later time but in any event as soon as reasonably practicable to enable the ICAV to meet the applicable notification deadlines under Data Protection Legislation;

(ix)take all measures required by Article 32 of the GDPR including, taking into account the nature, scope, context and purposes of processing as well as the risks of varying likelihood and severity for the rights and freedoms of natural persons, the implementation of appropriate technical and organizational measures to ensure (and to be able to demonstrate) that processing is performed in accordance with the GDPR;

(x) keep and maintain records of all processing activities in relation to such Relevant Data and, at the choice of the ICAV, delete or return all Relevant Data to the ICAV at the end of the provision of the applicable services to which the processing relates, and delete all existing copies held by the Manager (unless applicable law requires the storage of such Relevant Data by the Manager);

(xi) immediately inform the ICAV if, in the opinion of the Manager, an instruction infringes Data Protection Legislation or other applicable data protection provisions; and

(xii) permit the ICAV to take any steps necessary to ensure compliance with the obligations imposed by this Section and under Data Protection Legislation.

(a) Without prejudice to the rights of the ICAV to undertake due diligence and / or audits in respect of the Manager's services, the Manager shall on request make available to the ICAV, all information necessary to demonstrate the Manager's compliance with the obligations laid down in this Section 27 and contribute to audits, including inspections conducted by the ICAV or another auditor mandated by the ICAV.

(b) If under Data Protection Legislation, the Manager is required to provide information directly to a data subject in relation to his or her Relevant Data which is in the possession of the Manager or sub-delegate of the Manager, the Manager shall notify the ICAV and shall only disclose such Relevant Data as is required by applicable law.

(c) To the extent that there is any conflict or ambiguity between the Clauses and this Agreement, the ICAV and the Manager agree that the Clauses shall prevail.

Section 28. Severability. If any provision of this Agreement is invalid or unenforceable under any applicable law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such applicable law. Any provision hereof which may be held invalid or unenforceable under any applicable law shall not affect the validity or enforceability of any other provisions hereof, and to this extent the provisions hereof shall be severable.

Section 29. Rights of Inspection. The Manager shall at any time during business hours permit any duly authorized representative or agent of the ICAV to inspect any and all systems, procedures, records and documents of the Manager insofar as they relate to the provision of management services hereunder and shall give any such representative or agent all information, explanations or assistance as such representative or agent may reasonably require and shall procure that any person to whom the Manager has delegated any or all of its functions, powers, discretions, duties and obligations under Section 7 (Delegation) shall also allow such inspections and provide such information, explanations or assistance.

Section 30. Force Majeure. The Manager shall not be responsible for any loss of or damage to any property, securities, instruments or other assets of the ICAV for any failure to fulfil any of its duties hereunder if such loss, damage or failure is directly or indirectly caused by or due to any act of God, storm, tempest, accident, fire, water damage, riot, civil commotion, rebellion, strike, lock-out, government or military action or any other cause or circumstance beyond the control of the Manager, provided that the Manager shall use all reasonable efforts to minimize the effects thereof.

Section 31. Forum. To the fullest extent permitted by law, in the event of any proceeding arising out of the terms and conditions of this Agreement, the parties hereto irrevocably (i) consent and submit to the exclusive jurisdiction of the Supreme Court, State of New York, New York County and of the U.S. District Court for the Southern District of New York, (ii) waive any defense based on doctrines of venue or *forum non conveniens*, or similar rules or doctrines, and (iii) agree that all claims in respect of such a proceeding must be heard and determined exclusively in the Supreme Court, State of New York, New York County or the U.S. District Court for the Southern District of New York. Process in any such proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court.

Section 32. Notices.

(a) Each notice relating to this Agreement shall be in writing and delivered in person, by registered or certified mail, by Federal Express or similar overnight courier service, by electronic mail (e-mail) to the address or e-mail address on record.

(b) Unless otherwise specifically provided in this Agreement, a notice shall be deemed to have been effectively given when delivered personally, if delivered on a Business Day; the next Business Day after personal delivery if delivered personally on a day that is not a Business Day; four Business Days after being deposited in the United States mail, postage prepaid, return receipt requested, if mailed; on the next Business Day after being deposited for next day delivery with Federal Express or similar overnight courier; and when a reply e-mail acknowledging receipt is received by the sender , if e-mailed.

Section 33. Entire Agreement. This Agreement contains all of the terms agreed upon or made by the parties relating to the subject matter of this Agreement, and supersedes all prior and contemporaneous agreements, negotiations, correspondence, undertakings and communications of the parties, oral or written, respecting such subject matter.

Section 34. Amendments and Waivers. No provision of this Agreement may be amended, modified, waived or discharged except as agreed to in writing by the parties in accordance with the requirements of the Central Bank. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver thereof or deprive that party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

Section 35. Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit the ICAV, the Manager, each Indemnified Party and their respective successors and permitted assigns. Any Person that is not a signatory to this Agreement but is nevertheless conferred any rights or benefits hereunder (*e.g.*, officers, partners and employees of the Manager and others who are entitled to indemnification hereunder) shall be entitled to such rights and benefits as if such Person were a signatory hereto, and the rights and

benefits of such Person hereunder may not be impaired without such Person's express written consent. No assignment (as that term is defined under the Advisers Act) by either party of all or any portion of its rights, obligations or liabilities under this Agreement shall be permitted without the prior written consent of the other party to this Agreement. Any such assignment of this Agreement shall be in accordance with the requirements of the Central Bank.

Section 36. Headings. The headings of the Sections of this Agreement are for convenience of reference only, and are not to be considered in construing the terms and provisions of this Agreement. References to "Section" in this Agreement shall be deemed to refer to the indicated Section of this Agreement, unless the context clearly indicates otherwise.

Section 37. Discretion; Good Faith. Whenever in this Agreement the Manager is permitted or required to make a decision (i) in its "discretion" or under a grant of similar authority or latitude, the Manager shall be entitled to consider such interests and factors as it desires, including its own interests, or (ii) in its "good faith" or under another express standard, the Manager shall act under such express standard, shall not be subject to any other or different standard imposed by applicable law and may exercise its discretion differently with respect to different investors.

Section 38. Counterparts. Counterparts may be executed through the use of separate signature pages or in any number of counterparts with the same effect as if the parties executing such counterparts had all executed one counterpart. Each party understands and agrees that any portable document format (PDF) file, facsimile or other reproduction of its signature on any counterpart shall be equal to and enforceable as its original signature and that any such reproduction shall be a counterpart hereof that is fully enforceable in any court or arbitral panel of competent jurisdiction.

Section 39. Survival. The provisions of the Section entitled Operating and Personnel Payment (only to the extent that the Operating and Personnel Payment is earned by the Manager prior to termination of this Agreement), and the Sections entitled Covenant/Devotion of Time, Non-Competition, Succession Plan, Exculpation, Indemnification, Limitations on Reference to the Manager, Choice of Law, Forum, Notices, Entire Agreement, Binding Effect; Assignment, Survival and Waiver of Jury Trial shall survive the termination of this Agreement.

Section 40. Waiver of Jury Trial. **EACH PARTY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ITS RIGHT TO A TRIAL BY JURY TO THE EXTENT PERMITTED BY LAW IN ANY PROCEEDING ARISING OUT OF THE TERMS AND CONDITIONS OF THIS AGREEMENT. THIS WAIVER APPLIES TO ANY PROCEEDING, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. EACH PARTY ACKNOWLEDGES THAT IT HAS RECEIVED THE ADVICE OF COMPETENT COUNSEL.**

[*The rest of this page is intentionally left blank.*]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the date first set forth above.

ROYALTY PHARMA INVESTMENTS 2019 ICAV

By: /s/ Pablo Legorreta
Name: Pablo Legorreta
Title: Director

RP MANAGEMENT, LLC

By: /s/ George Lloyd
Name: George Lloyd
Title: Executive Vice President, Investments & General Counsel

Exhibit A - Succession Plan

Succession

The Compensation Committee of the Board of Directors of RP PLC, in consultation with the Manager, will develop temporary and permanent succession plans for senior management of the Manager, including Pablo Legorreta, Terrance Coyne, Chris Hite, George Lloyd, and James Reddoch. These succession plans will be updated and reviewed periodically with the Compensation Committee, which will report to the Board of Directors of RP PLC.

Temporary Succession Plan

The temporary succession plan:

- will provide a plan for filling the position of the CEO and other member of the senior management on a temporary basis if such person is incapacitated, quits, is terminated, or is otherwise unable to fulfill his duties ("Unavailable");
- will name one or more current members of senior management of the Manager as potential interim CEO(s) in the event Mr. Legorreta or his successor is Unavailable; and
- will also address potential replacements, contingent hires and/or other temporary arrangements for other members of the senior management of the Manager in the event such person is Unavailable.

The Compensation Committee, in consultation with the Manager, will assess and provide feedback to the Manager regarding the Manager's senior management team, with the objective of evaluating the Manager's internal capabilities to handle an executive transition, including the ability of certain executives to assume other senior executive roles on an interim or permanent basis, should it become necessary.

The Board of Directors of RP PLC will meet promptly following the triggering of the temporary succession plan to begin discussions regarding a permanent replacement for the CEO or other members of senior management.

Permanent Succession

If the CEO or another member of senior management of the Manager is Unavailable, that Unavailability is expected to be permanent, and the temporary succession plan does not provide a replacement for that member of senior management that is approved as a long-term replacement for that position by a majority of the independent directors of the Board of Directors of RP PLC, the Manager, in consultation with the Compensation Committee of the Board of Directors of RP PLC, will immediately retain an executive recruiting firm to begin a search process for a permanent replacement for the position in question. The search for a permanent successor may include current members of senior management of the Manager, whether or not named in the proposed in the temporary succession plan. The appointment of any permanent successor to the CEO shall be subject to the consent of a majority of the independent directors of the Board of Directors of RP PLC.

Exhibit B –Approved Actions

- Pablo Legorreta acting as a trustee, executor, administrator, manager, investment advisor, consultant or in any other similar capacity solely for, on behalf of, with respect to or in connection with any Legorreta Family Trust or Legorreta Family Entity. For purposes of the foregoing, (a) a "Legorreta Family Trust" shall mean (i) any trust established at any time by any Legorreta Family Member for the primary benefit of one or more Legorreta Family Members and/or (ii) the estate of any deceased Legorreta Family Member; (b) a "Legorreta Family Entity" shall mean a corporation, partnership limited liability company or similar entity the sole shareholders, members or partners of which are one or more Legorreta Family Members; (c) a "Legorreta Family Member" shall mean: (i) Pablo Legorreta, (ii) a spouse or former spouse of Pablo Legorreta, (iii) a descendant of Pablo Legorreta, (iv) a grandparent of Pablo Legorreta or of any spouse or former spouse of Pablo Legorreta, (v) a descendant of such a grandparent, and/or (vi) a spouse or former spouse of any descendant described in (iii) and (v); and (d) the word "descendant" shall include any individual adopted prior to the age of 18 years and any descendant of such an individual.

- Pablo Legorreta is a co-founder of and has significant influence over Pharmakon Advisors, LP ("Pharmakon"). Mr. Legorreta owns a 33% economic interest in Pharmakon.

- The Manager is affiliated and shares physical premises with ITB-Med AB ("ITBMed"), which is a biopharmaceutical company. ITB-Med leases office space under a lease from the Manager. Pablo Legorreta is also a substantial equity holder of ITB-Med's parent entity and has the right to appoint a portion of the board members of such parent entity.

- Pablo Legorreta serving as a member of the board of directors of New York Academy of Sciences, Rockefeller University, Brown University, the Hospital for Special Surgery, Pasteur Foundation (the U.S. affiliate of the French Institute Pasteur), Open Medical Institute, Park Avenue Armory, Epizyme, Inc., ITB-Med Pharmaceuticals, Nefro Health and ProKidney, LLC

- Pablo Legorreta is Honorary Chairman of Alianza Médica para la Salud

- Christopher Hite serving as a member of the advisory board of FasterCures

Exhibit C

Model Contract Clauses (Controller to Processor)

BETWEEN

(1) the ICAV, which shall be the "**data exporter**";

AND

(2) the Manager, which shall be the "**data importer**";

each a "**party**" and together, the "**parties**",

HAVE AGREED on the following Standard Contractual Clauses (the "**Clauses**") in order to adduce adequate safeguards with respect to the protection of privacy and fundamental rights and freedoms of individuals for the transfer by the data exporter to the data importer of the personal data specified in Appendix 1.

1 **Definitions**

For the purposes of the Clauses:

"**personal data**", "**special categories of data**", "**process/processing**", "**controller**", "**processor**", "**data subject**" and "**supervisory authority**" shall have the same meaning as in Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 (the "**GDPR**") on the protection of individuals with regard to the processing of personal data and on the free movement of such data;

"**the data exporter**" means the controller who transfers the personal data;

"**the data importer**" means the processor who agrees to receive from the data exporter personal data intended for processing on his behalf after the transfer in accordance with his instructions and the terms of the Clauses and who is not subject to a third country's system ensuring adequate protection within the meaning of Article 45 of the GDPR;

"**the subprocessor**" means any processor engaged by the data importer or by any other subprocessor of the data importer who agrees to receive from the data importer or from any other subprocessor of the data importer personal data exclusively intended for processing activities to be carried out on behalf of the data exporter after the transfer in accordance with his instructions, the terms of the Clauses and the terms of the written subcontract;

"**the applicable data protection law**" means the legislation protecting the fundamental rights and freedoms of individuals and, in particular, their right to privacy with respect to the processing of personal data applicable to a data controller in the Member State in which the data exporter is established;

"**technical and organizational security measures**" means those measures aimed at protecting personal data against accidental or unlawful destruction or accidental loss, alteration, unauthorized disclosure or access, in particular where the processing involves the transmission of data over a network, and against all other unlawful forms of processing.

2 **Details of the Transfer**

2.1 The details of the transfer and in particular the special categories of personal data where applicable are specified in Appendix 1 which forms an integral part of the Clauses.

3 **Third-Party Beneficiary Clause**

3.1 The data subject can enforce against the data exporter this Clause, Clause 4.2 to 4.9, Clause 5.1 to 5.5, and 5.7 to 5.10, Clause 6.1 and 6.2, Clause 7, Clause 8.2, and Clauses 9 to 12 as third-party beneficiary.

3.2 The data subject can enforce against the data importer this Clause, Clause 5.1 to 5.5 and 5.7, Clause 6, Clause 7, Clause 8.2, and Clauses 9 to 12, in cases where the data exporter has factually disappeared or has ceased to exist in law unless any successor entity has assumed the entire legal obligations of the data exporter by contract or by operation of law, as a result of which it takes on the rights and obligations of the data exporter, in which case the data subject can enforce them against such entity.

3.3 The data subject can enforce against the subprocessor this Clause, Clause 5.1 to 5.5 and 5.7, Clause 6, Clause 7, Clause 8.2, and Clauses 9 to 12, in cases where both the data exporter and the data importer have factually disappeared or ceased to exist in law or have become insolvent, unless any successor entity has assumed the entire legal obligations of the data exporter by contract or by operation of law as a result of which it takes on the rights and obligations of the data exporter, in which case the data subject can enforce them against such entity. Such third-party liability of the subprocessor shall be limited to its own processing operations under the Clauses.

3.4 The parties do not object to a data subject being represented by an association or other body if the data subject so expressly wishes and if permitted by national law.

4 **Obligations of the Data Exporter**

The data exporter agrees and warrants:

4.1 that the processing, including the transfer itself, of the personal data has been and will continue to be carried out in accordance with the relevant provisions of the applicable data protection law (and, where applicable, has been notified to the relevant authorities of the Member State where the data exporter is established) and does not violate the relevant provisions of that State;

4.2 that it has instructed and throughout the duration of the personal data processing services will instruct the data importer to process the personal data transferred only on the data exporter’s behalf and in accordance with the applicable data protection law and the Clauses;

4.3 that the data importer will provide sufficient guarantees in respect of the technical and organizational security measures specified in Appendix 2 to this Schedule;

4.4 that after assessment of the requirements of the applicable data protection law, the security measures are appropriate to protect personal data against accidental or unlawful destruction or accidental loss, alteration, unauthorized disclosure or access, in particular where the processing involves the transmission of data over a network, and against all other unlawful forms of processing, and that these measures ensure a level of security appropriate to the risks presented by the

processing and the nature of the data to be protected having regard to the state of the art and the cost of their implementation;

4.5 that it will ensure compliance with the security measures;

4.6 that, if the transfer involves special categories of data, the data subject has been informed or will be informed before, or as soon as possible after, the transfer that its data could be transmitted to a third country not providing adequate protection within the meaning of the GDPR;

4.7 to forward any notification received from the data importer or any subprocessor pursuant to Clause 5.2 and Clause 8.3 to the data protection supervisory authority if the data exporter decides to continue the transfer or to lift the suspension;

4.8 to make available to the data subjects upon request a copy of the Clauses, with the exception of Appendix 2, and a summary description of the security measures, as well as a copy of any contract for subprocessing services which has to be made in accordance with the Clauses, unless the Clauses or the contract contain commercial information, in which case it may remove such commercial information;

4.9 that, in the event of subprocessing, the processing activity is carried out in accordance with Clause 11 by a subprocessor providing at least the same level of protection for the personal data and the rights of data subject as the data importer under the Clauses; and

4.10 that it will ensure compliance with Clause 4.1 to 4.9.

5 **Obligations of the Data Importer**

The Data Importer agrees and warrants:

5.1 to process the personal data only on behalf of the data exporter and in compliance with its instructions and the Clauses; if it cannot provide such compliance for whatever reasons, it agrees to inform promptly the data exporter of its inability to comply, in which case the data exporter is entitled to suspend the transfer of data and / or terminate this Agreement;

5.2 that it has no reason to believe that the legislation applicable to it prevents it from fulfilling the instructions received from the data exporter and its obligations under this Agreement and that in the event of a change in this legislation which is likely to have a substantial adverse effect on the warranties and obligations provided by the Clauses, it will promptly notify the change to the data exporter as soon as it is aware, in which case the data exporter is entitled to suspend the transfer of data and / or terminate this Agreement;

5.3 that it has implemented the technical and organizational security measures specified in Appendix 2 before processing the personal data transferred;

5.4 that it will promptly notify the data exporter about:

5.4.1 any legally binding request for disclosure of the personal data by a law enforcement authority unless otherwise prohibited, such as a prohibition

under criminal law to preserve the confidentiality of a law enforcement investigation;

5.4.2 any accidental or unauthorized access; and

5.4.3 any request received directly from the data subjects without responding to that request, unless it has been otherwise authorized to do so;

5.5 to deal promptly and properly with all inquiries from the data exporter relating to its processing of the personal data subject to the transfer and to abide by the advice of the supervisory authority with regard to the processing of the data transferred;

5.6 at the request of the data exporter to submit its data processing facilities for audit of the processing activities covered by the Clauses which shall be carried out by the data exporter or an inspection body composed of independent members and in possession of the required professional qualifications bound by a duty of confidentiality, selected by the data exporter, where applicable, in agreement with the supervisory authority;

5.7 to make available to the data subject upon request a copy of the Clauses, or any existing contract for subprocessing, unless the Clauses or contract contain commercial information, in which case it may remove such commercial information, with the exception of Appendix 2 which shall be replaced by a summary description of the security measures in those cases where the data subject is unable to obtain a copy from the data exporter;

5.8 that, in the event of subprocessing, it has previously informed the data exporter and obtained its prior written consent;

5.9 that the processing services by the subprocessor will be carried out in accordance with Clause 11;

5.10 to send promptly a copy of any subprocessor agreement it concludes under the Clauses to the data exporter.

6 **Liability**

6.1 The parties agree that any data subject, who has suffered damage as a result of any breach of the obligations referred to in Clause 3 or in Clause 11 by any party or subprocessor is entitled to receive compensation from the data exporter for the damage suffered.

6.2 If a data subject is not able to bring a claim for compensation in accordance with Clause 6.1 against the data exporter, arising out of a breach by the data importer or his subprocessor of any of their obligations referred to in Clause 3 or in Clause 11, because the data exporter has factually disappeared or ceased to exist in law or has become insolvent, the data importer agrees that the data subject may issue a claim against the data importer as if it were the data exporter, unless any successor entity has assumed the entire legal obligations of the data exporter by contract of by operation of law, in which case the data subject can enforce its rights against such entity.

6.3 The data importer may not rely on a breach by a subprocessor of its obligations in order to avoid its own liabilities.

6.4 If a data subject is not able to bring a claim against the data exporter or the data importer referred to in Clauses 6.1 and 6.2, arising out of a breach by the subprocessor of any of their obligations referred to in Clause 3 or in Clause 11 because both the data exporter and the data importer have factually disappeared or ceased to exist in law or have become insolvent, the subprocessor agrees that the data subject may issue a claim against the data subprocessor with regard to its own processing operations under the Clauses as if it were the data exporter or the data importer, unless any successor entity has assumed the entire legal obligations of the data exporter or data importer by contract or by operation of law, in which case the data subject can enforce its rights against such entity. The liability of the subprocessor shall be limited to its own processing operations under the Clauses.

7 **Mediation and Jurisdiction**

7.1 The data importer agrees that if the data subject invokes against it third-party beneficiary rights and / or claims compensation for damages under the Clauses, the data importer will accept the decision of the data subject:

7.1.1 to refer the dispute to mediation, by an independent person or, where applicable, by the supervisory authority;

7.1.2 to refer the dispute to the courts in the Member State in which the data exporter is established.

7.2 The parties agree that the choice made by the data subject will not prejudice its substantive or procedural rights to seek remedies in accordance with other provisions of national or international law.

8 **Cooperation with Supervisory Authorities**

8.1 The data exporter agrees to deposit a copy of this Agreement with the supervisory authority if it so requests or if such deposit is required under the applicable data protection law.

8.2 The parties agree that the supervisory authority has the right to conduct an audit of the data importer, and of any subprocessor, which has the same scope and is subject to the same conditions as would apply to an audit of the data exporter under the applicable data protection law.

8.3 The data importer shall promptly inform the data exporter about the existence of legislation applicable to it or any subprocessor preventing the conduct of an audit of the data importer, or any subprocessor, pursuant to Clause 8.2. In such a case the data exporter shall be entitled to take the measures foreseen in Clause 5.2.

9 **Governing Law**

9.1 The Clauses shall be governed by the law of the Member State in which the data exporter is established, namely Ireland.

10 **Variation of the Contract**

10.1 The parties undertake not to vary or modify the Clauses. This does not preclude the parties from adding clauses on business related issues where required as long as they do not contradict the Clause.

11 **Status of the Manager.**

11.1 The Manager shall, for all purposes hereof, be an independent contractor and not an employee of the ICAV and nothing in this Agreement shall be construed as making the ICAV a partner or co-venturer with the Manager or any of its Affiliates or Other Accounts. The Manager shall not have authority to act for, represent, bind or obligate the ICAV, except as specifically provided in this Agreement.

12 **Succession Plan.**

12.1 The Manager has established the succession plan attached hereto as Exhibit A.

13 **Subprocessing**

13.1 The data importer shall not subcontract any of its processing operations performed on behalf of the data exporter under the Clauses without the prior written consent of the data exporter. Where the data importer subcontracts its obligations under the Clauses, with the consent of the data exporter, it shall do so only by way of a written agreement with the subprocessor which imposes the same obligations on the subprocessor as are imposed on the data importer under the Clauses. Where the subprocessor fails to fulfil its data protection obligations under such written agreement the data importer shall remain fully liable to the data exporter for the performance of the subprocessor's obligations under such agreement.

13.2 The prior written contract between the data importer and the subprocessor shall also provide for a third-party beneficiary clause as laid down in Clause 3 for cases where the data subject is not able to bring the claim for compensation referred to in Clause 6.1 against the data exporter or the data importer because they have factually disappeared or have ceased to exist in law or have become insolvent and no successor entity has assumed the entire legal obligations of the data exporter or data importer by contract or by operation of law. Such third-party liability of the subprocessor shall be limited to its own processing operations under the Clauses.

13.3 The provisions relating to data protection aspects for subprocessing of the contract referred to in Clause 11.1 shall be governed by the law of the Member State in which the data exporter is established, namely Ireland.

13.4 The data exporter shall keep a list of subprocessing agreements concluded under the Clauses and notified by the data importer pursuant to Clause 5.10, which shall be updated at least once a year. The list shall be available to the data exporter's data protection supervisory authority.

14 **Obligation after the Termination of Personal Data Processing Services**

14.1 The parties agree that on the termination of the provision of data processing services, the data importer and the subprocessor shall, at the choice of the data exporter, return all the personal data transferred and the copies thereof to the data exporter or shall destroy all the personal data and certify to the data exporter that it has done so, unless legislation imposed upon the data importer prevents it from returning or destroying all or part of the personal data transferred. In that case, the data importer warrants that it will guarantee the confidentiality of the personal data transferred and will not actively process the personal data transferred anymore.

14.2 The data importer and the subprocessor warrant that upon request of the data exporter and / or of the supervisory authority, it will submit its data processing facilities for an audit of the measures referred to in Clause 12.1.

On behalf of the data exporter:

Name (written out in full):	Pablo Legorreta
Position:	Director
Address:	110 Each 59th Street, Fl. 33, New York, New York, 10022, United States
Signature	/s/ Pablo Legorreta

On behalf of the data importer:

Name (written out in full):	George Lloyd
Position:	EVP & General Counsel
Address:	110 Each 59th Street, Fl. 33, New York, New York, 10022, United States
Signature	/s/ George Lloyd

Appendix 1

This Appendix forms part of the Clauses and must be completed and signed by the parties.

The Member States may complete or specify, according to their national procedures, any additional necessary information to be contained in this Appendix.

Data exporter

The data exporter is the ICAV.

Data importer

The data importer is the Manager.

Data subjects

The personal data transferred concern the data subjects as described in clause 15.2 of the Agreement.

Categories of data:

The categories of personal data transferred are as described in clause 15.2 of the Agreement.

Special categories of data (if appropriate)**:**

N/A

Data Exporter

Name: Pablo Legorreta

Authorized Signature: /s/ Pablo Legorreta

Data Importer

Name: George Lloyd

Authorized Signature: /s/ George Lloyd

Appendix 2

This Appendix forms part of the Controller to Processor Clauses and must be completed and signed by the parties.

Description of the technical and organizational security measures implemented by the data importer in accordance with Clauses 4.4 and 5.3 of the Clauses:

The following information provides an overview of the security measures designed and implemented by the data importer to protect its systems, including the physical security, logical access and security, technical security and organizational security and training, that govern access and use of the data importer's systems:

(i) the pseudonymisation and encryption of Relevant Data;

(ii) the ability to ensure the ongoing confidentiality, integrity, availability and resilience of processing systems and services;

(iii) the ability to restore the availability and access to Relevant Data in a timely manner in the event of a physical or technical incident; and

(iv) a process for regularly testing, assessing and evaluating the effectiveness of technical and organizational measures for ensuring the security of the processing.

Data Exporter

Name: Pablo Legorreta

Authorized Signature: /s/ Pablo Legorreta

Data Importer

Name: George Lloyd

Authorized Signature: /s/ George Lloyd

Exhibit 31.1

CERTIFICATION BY CHIEF EXECUTIVE OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULE 13A-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Pablo Legorreta, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Royalty Pharma plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2022

/s/ Pablo Legorreta

Pablo Legorreta
Chief Executive Officer

Exhibit 31.2

CERTIFICATION BY CHIEF FINANCIAL OFFICER PURSUANT TO SECURITIES EXCHANGE ACT RULE 13A-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Terrance Coyne, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Royalty Pharma plc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 8, 2022

/s/ Terrance Coyne

Terrance Coyne
Chief Financial Officer

Exhibit 32

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with Royalty Pharma plc's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 (the "Report"), Pablo Legorreta, the Chief Executive Officer and Terrance Coyne, the Chief Financial Officer of Royalty Pharma plc, each does hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350), that to his knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Royalty Pharma plc.

Date: November 8, 2022

/s/ Pablo Legorreta

Name: Pablo Legorreta
Chief Executive Officer

/s/ Terrance Coyne

Name: Terrance Coyne
Chief Financial Officer