

ROYALTY PHARMA

Royalty Pharma plc

MorphoSys Transaction

Advancing innovation with complete funding solutions

June 2, 2021

Forward Looking Statements & Non-GAAP Financial Information

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Also, the discussions during this conference call will include certain financial measures that were not prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). Additional information regarding non-GAAP financial measures can be found on slide 20 and in the Company’s earnings release furnished with its current report on Form 8-K dated May 11, 2021, which are available on the Company’s website. Any non-U.S. GAAP financial measures presented are not, and should not be viewed as, substitutes for financial measures required by GAAP, have no standardized meaning prescribed by GAAP and may not be comparable to the calculation of similar measures of other companies.

Agenda

Highlights	Pablo Legorreta	Founder & Chief Executive Officer
M&A	Chris Hite	EVP, Vice Chairman
Royalties	Marshall Urist	EVP, Co-Head of Research and Investments
Financials	Terrance Coyne	EVP, Chief Financial Officer
Conclusion	Pablo Legorreta	Founder & Chief Executive Officer
Q&A	Pablo Legorreta Terrance Coyne Chris Hite Jim Reddoch Marshall Urist	Founder & Chief Executive Officer EVP, Chief Financial Officer EVP, Vice Chairman EVP, Co-Head of Research and Investments & Chief Scientific Officer EVP, Co-Head of Research and Investments

Providing complete funding solutions

Pablo Legorreta

Founder & Chief Executive Officer

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Transformational strategic transaction enabled by Royalty Pharma

morphosys

- Antibody research capabilities
- Expertise in biologics
- Marketed product **MONJUVI**

Constellation
PHARMACEUTICALS

- Epigenetics and small molecule discovery platforms
- 2 attractive heme candidates

morphosys



Constellation
PHARMACEUTICALS

- ✓ Accelerates growth strategy with “Pipeline-in-a-Product” candidates
- ✓ Bolster position in hematology-oncology and entry into solid tumors
- ✓ Complementary capabilities strengthen research & technology organization

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Transaction supported by strategic funding partnership with Royalty Pharma

MorphoSys transaction - strategically and financially attractive



- Rights to receive royalty on net sales of Tremfya, a leading immunology blockbuster, underpins transaction
- Four attractive development stage therapies added to our pipeline
- Further diversifies our portfolio across TAs, products and marketers
- Significantly enhances our long-term expected growth
- Development Funding Bonds buttress risk/return profile of deal
- Demonstrates breadth of funding capabilities and unique role in M&A

Expanding our role as a leading funder of innovation to benefit patients globally

Providing complete funding solutions for biopharma

Upfront cash payment

\$1.425 billion

upon closing of MorphoSys' acquisition of Constellation

Milestone payments

**Up to
\$150 million**

of clinical, regulatory and commercial milestones

Development Funding Bonds

**Up to
\$350 million**

with flexibility to draw over a one-year period with a minimum draw of \$150 million

Equity purchase

\$100 million

Upon closing of transaction

Up to \$2.025 billion in funding

Growing, diversifying and strengthening our portfolio

A leading approved product royalty, attractive development-stage royalties and a novel funding modality

Tremfya

- Leading immunology therapy with significant label expansion opportunity
- Expected to be a top royalty within our current portfolio

gantenerumab, otilimab

- Existing royalties on MorphoSys discovered therapies
- Attractive Phase 3 therapies in potentially large markets

pelabresib, CPI-0209

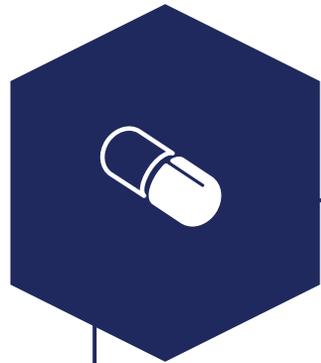
- Creation of two synthetic royalties on Constellation therapies
- Impressive clinical results with upside potential

Development Funding Bonds

- Stable long duration investment lowering transaction risk profile⁽¹⁾
- Flexible funding solution that solves partner capital needs

Acquiring 6 cash flow streams with a balanced risk profile anchored by Tremfya royalty and Development Funding Bonds

Transaction aligns with our 3 strategic pillars



Approved
therapies



Acquire royalties on market-leading approved therapies



Late-Stage
Development

- gantenerumab
- otilimab
- pelabresib
- CPI-0209

Acquire royalties on late-stage therapies with strong PoC data



M&A

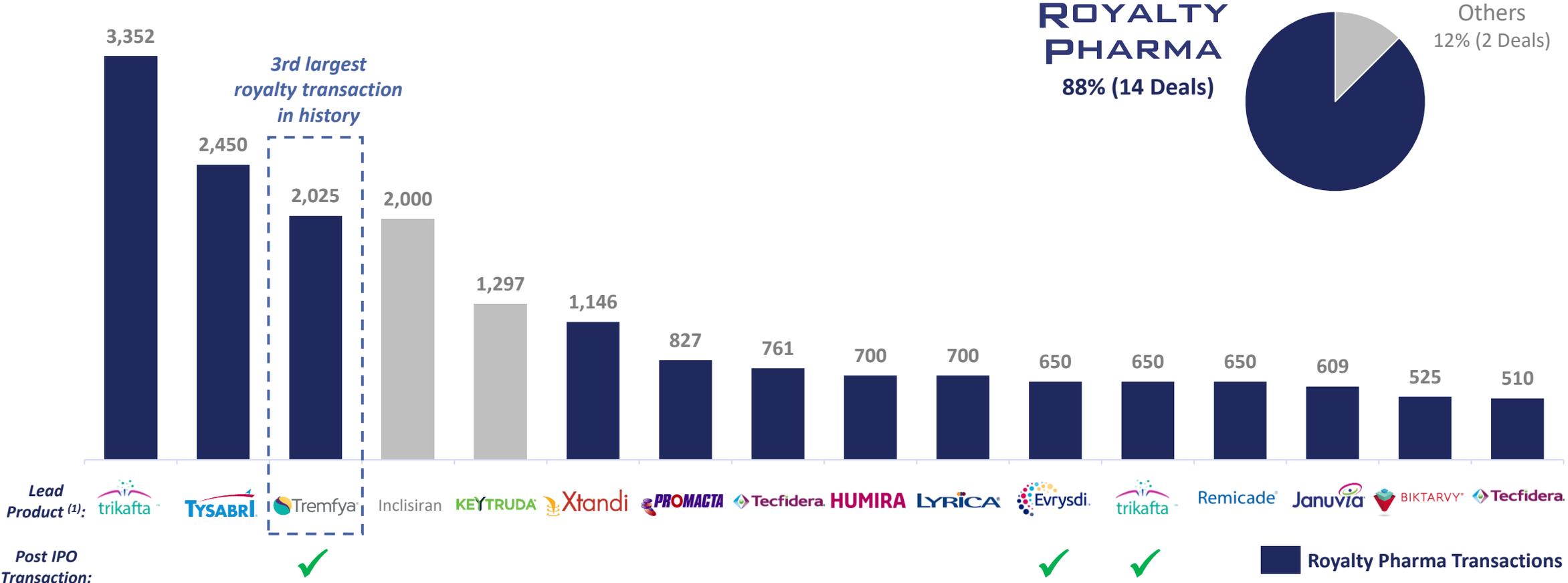


Acquire royalties through M&A transactions

Clear leader in blockbuster royalty transactions

Royalty Transactions >\$500m
\$ in millions

Market Share of Deals >\$500m



1. Products representative of royalties on franchises include Trikafta (CF Franchise), Januvia (DPP-IVs) and Biktarvy (emtricitabine)..

Royalty Pharma's role in M&A

Chris Hite

Executive Vice President
Vice Chairman

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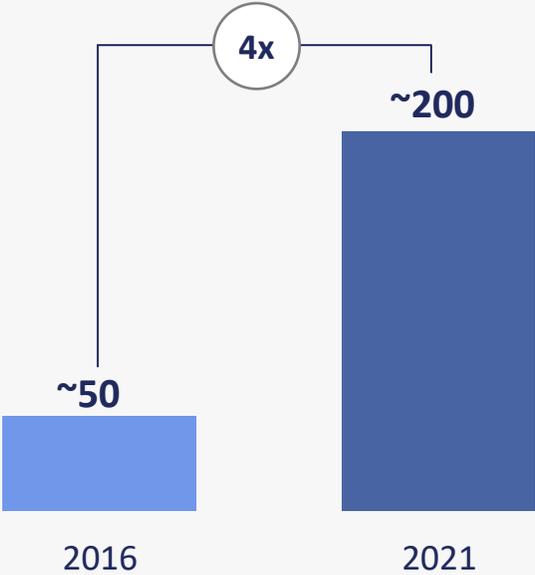
Significant opportunity in emerging trend of mid-cap M&A

Mid-cap M&A challenges

- Cash flow constraints leave equity as the primary funding source
- Development-stage companies are typically hesitant to use equity for M&A given perceived value of equity:
 - Product potential underappreciated
 - Stock overhang from potential dilution

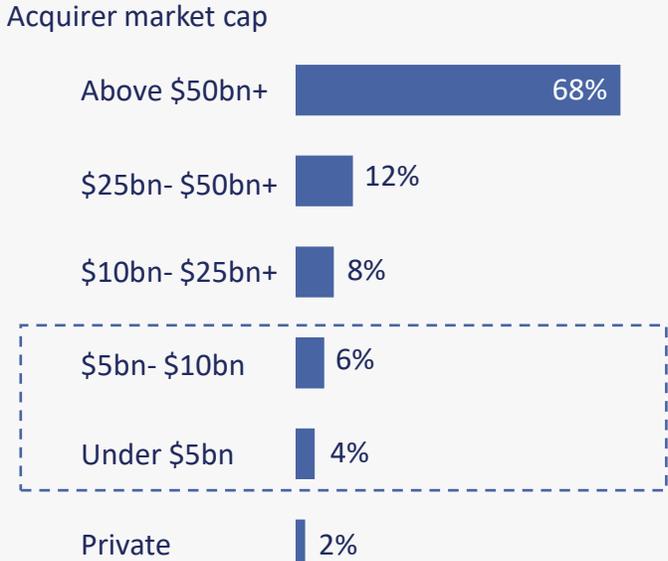
Large universe of mid-cap biopharmas

of biopharmas: market cap \$1bn - \$20bn



Major opportunity for mid-cap M&A

Biopharma M&A deals, 2011-2021⁽¹⁾

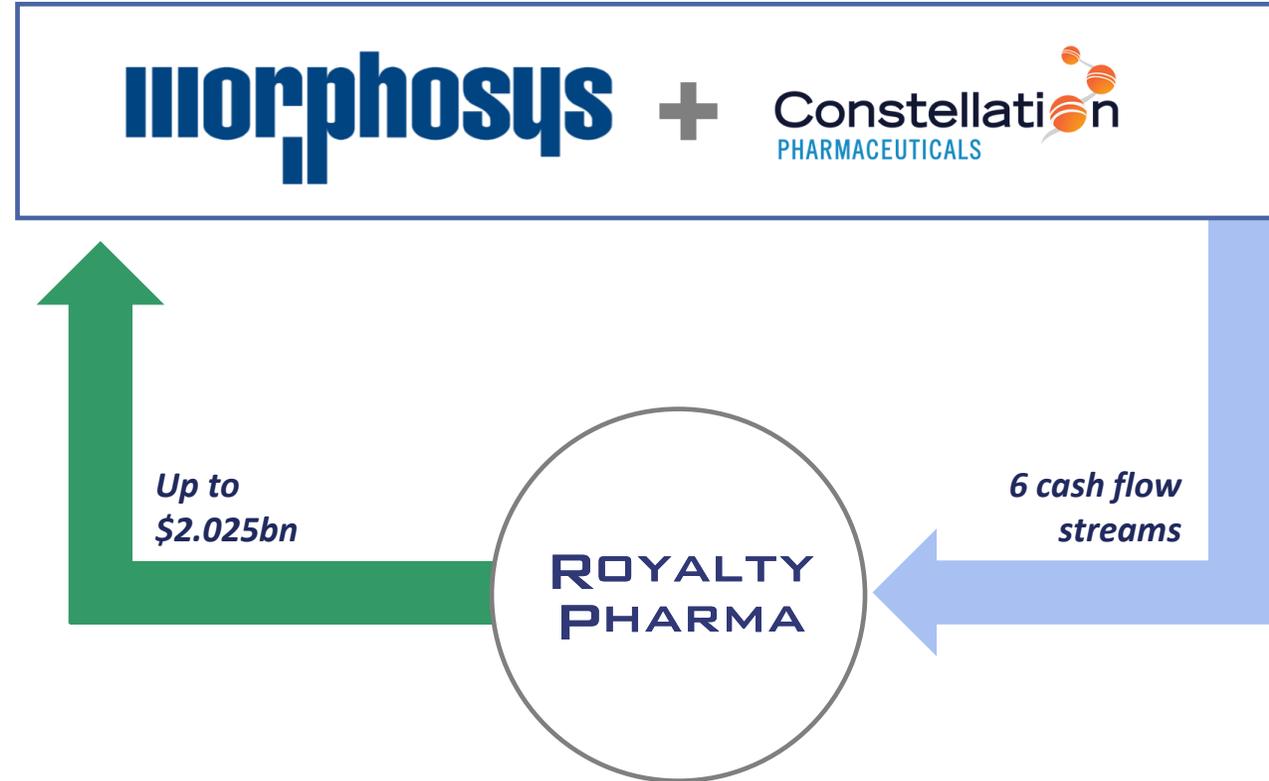


Differentiated capabilities enabling mid-cap M&A



RP is a unique strategic partner

- Tailored funding solutions
- Capital at scale
- Monetization of non-strategic royalties at target or acquirer
- Additional capital if needed from creation of synthetic royalties
- Partner with a long-term focus



Exciting and transformative mid-cap biopharma transaction made possible by Royalty Pharma

Expanding and diversifying our portfolio

Marshall Urist, MD, PhD

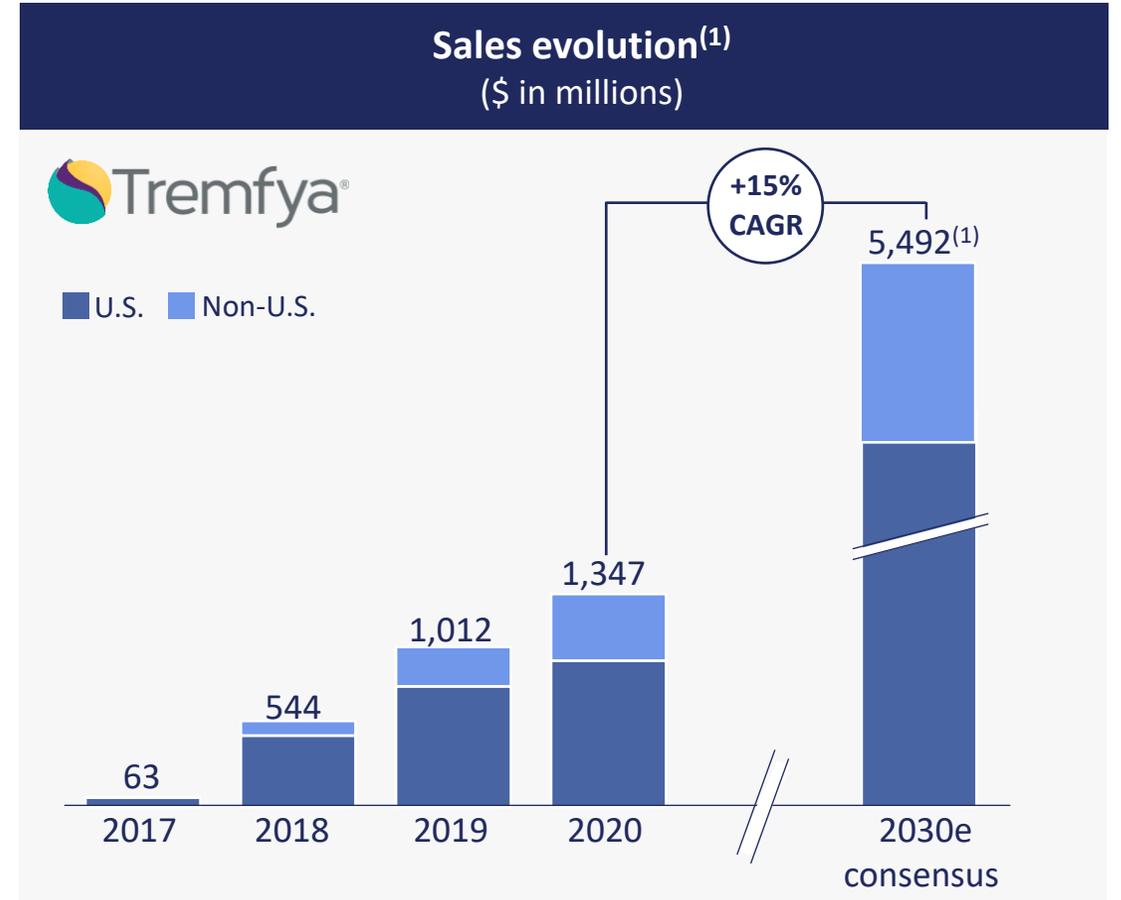
Executive Vice President
Co-Head of Research and Investments

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Tremfya – a potential multi-blockbuster in immunology

- Acquiring MorphoSys' royalty on Janssen's Tremfya
 - Mid-single digit, tiered royalty
 - Royalty duration to 2031-32
- Tremfya (guselkumab) is a leading anti-IL-23 mAb approved in the U.S. and EU for the treatment of psoriasis, psoriatic arthritis
- Premier marketer with deep immunology presence
- Significant opportunity for label expansion with ongoing ulcerative colitis and Crohn's disease studies
- IL-23 class expected to grow >15%⁽²⁾ CAGR through 2030 driven by strong efficacy and increasing usage in the first-line setting



Tremfya royalty addition enhances long-term growth rate and diversifies portfolio

MorphoSys royalties on existing pipeline therapies



	gantenerumab <i>Potential best-in-class profile in market with high need</i>	otilimab <i>Exciting new MoA for rheumatoid arthritis</i>
Mechanism of action	Anti-Amyloid Beta mAb	Anti-GMCSF mAb
Royalty holder	MorphoSys	MorphoSys
Marketer	Roche	GlaxoSmithKline
Regulatory status	Phase 3	Phase 3
Indication	Alzheimer's disease	Rheumatoid arthritis (RA), COVID
Duration ^(1,2)	2033-35	2031-2035
Development status	Phase 3 data expected in H2 2022	Phase 3 data in RA expected in 2022 ⁽³⁾
Royalty rate	Tiered between 5.5%-7.0%; 60% of royalty purchased	Tiered double-digit; 80% of royalty purchased

Attractive phase 3 therapies potentially addressing significant unmet needs in large markets

1. Dates shown represent management's estimates of when a royalty will substantially end, which may depend on patent expiration dates (which may include patent term extensions) or other factors and may vary by geography. Royalty expiration dates can change due to patent, regulatory, commercial or other developments. There can be no assurances that our royalties will expire when expected.

2. The royalties in our portfolio are subject to the underlying contractual agreements from which they arise and may be subject to reductions or other adjustments in accordance with the terms of such agreements.

3. Clinicaltrials.gov study completion dates are July 2022, November 2022, and November 2022.

Constellation Pharmaceuticals synthetic royalties



	pelabresib <i>Potentially transformative therapy for myelofibrosis</i>	CPI-0209 <i>Second generation EZH2 inhibitor</i>
Mechanism of action	bromodomain and extra-terminal (BET) inhibitor	enhancer of zeste homolog 2 (EZH2) inhibitor
Royalty holder	MorphoSys / Constellation	MorphoSys / Constellation
Marketer	MorphoSys / Constellation	MorphoSys / Constellation
Regulatory status	Phase 3	Phase 2
Indication	Myelofibrosis	Solid Tumors / Hematological Malignancies
Duration ⁽¹⁾	Not disclosed	Not disclosed
Development status	Phase 3 ongoing	Phase 2 ongoing
Royalty rate	3% on worldwide net sales	3% on worldwide net sales

Impressive Phase 2 results for pelabresib with CPI-0209 offering attractive upside potential

Enhancing growth and maintaining financial flexibility

Terrance Coyne

Executive Vice President
Chief Financial Officer

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Transaction highlights

Shareholder value

- Expected to add at least \$150 million to Adjusted Cash Receipts^(1,2) by 2025 with growing contribution thereafter assuming just Tremfya and cash payments related to \$150 million of Development Funding Bonds
- Significant upside potential from development stage assets
- Attractive unlevered Internal Rate of Return (IRR) under various scenarios
- Further diversifies portfolio with long duration and innovative therapies
- Compelling mix of stable, growing cash flow streams with optionality from development-stage therapies

Financing

- Transaction to be funded with existing cash on balance sheet
- Pro forma total leverage ratio of approximately 3.3x
- Committed to investment grade credit rating
- Significant financial capacity to deploy capital on additional value creating opportunities

Timing

- Deal terms effective upon closing of MorphoSys' acquisition of Constellation
- Closing of MorphoSys' acquisition of Constellation expected in Q3 2021
- First Tremfya royalty receipt expected in Q3 2021 or Q4 2021 depending on timing of actual closing

1. Adjusted Cash Receipts is a measure calculated with inputs directly from the Statement of Cash Flows and includes (1) royalty receipts: (i) cash collections from royalty assets (financial assets and intangible assets), (ii) other royalty cash collections, (iii) distributions from non-consolidated affiliates, plus (2) proceeds from available for sale debt securities, and less (3) distributions to non-controlling interest, which represents distributions to our historical non-controlling interest attributable to a de minimis interest in Royalty Pharma Collection Trust held by certain legacy investors and to a new non-controlling interest that was created as a result of the Exchange Offer Transactions in February 2020 related to the Legacy Investors Partnerships' ownership of approximately 18% in Old RPI. See the Company's Annual Report on Form 10-K filed with the SEC on February 24, 2021 for additional discussion. See GAAP to Non-GAAP reconciliation in the Company's current report on Form 8-K dated May 11, 2021.

2. Royalty Pharma has not reconciled its non-GAAP 2021 guidance to the most directly comparable GAAP measure, cash flow from operations, at this time due to the inherent difficulty in accurately forecasting and quantifying certain amounts that are necessary for such reconciliation, including, primarily, payments for operating and professional costs, distributions from non-consolidated affiliates, and interest received. The Company is not able to forecast on a GAAP basis with reasonable certainty all adjustments needed in order to project cash flow from operations on a GAAP basis at this time.

Conclusion

Pablo Legorreta

Founder & Chief Executive Officer

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Appendix

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Transaction Overview

		Marketer	Indication	Status	Royalty	Duration ^(2,3)
Morphosys	Tremfya	Janssen	psoriasis, psoriatic arthritis, ulcerative colitis ⁽¹⁾ , Crohn's disease ⁽¹⁾	Approved	Tiered, mid-single digits	2031-32
	Otilimab	GSK	rheumatoid arthritis, COVID	Phase 3	Tiered, double-digits	2033-35
	Gantenerumab	Roche	Alzheimer's Disease	Phase 3	Tiered, 5.5%-7.0%	2031-35
Constellation	Pelabresib	MorphoSys / Constellation	myelofibrosis	Phase 3	3% (synthetic)	Not disclosed
	CPI-0209	MorphoSys / Constellation	solid tumors / heme malignancies	Phase 2	3% (synthetic)	Not disclosed

Total Royalty & Milestones Consideration	Up to \$1.575 billion: \$1.425 billion upfront and up to \$150 million in milestones
Development Funding Bonds	Up to \$350 million with flexibility to draw over a one-year period with a minimum draw of \$150 million
Equity Purchase	\$100 million
Total Funding	Up to \$2.025 billion

1. In phase 3 development by Johnson & Johnson.
2. Dates shown represent management's estimates of when a royalty will substantially end, which may depend on patent expiration dates (which may include patent term extensions) or other factors and may vary by geography. Royalty expiration dates can change due to patent, regulatory, commercial or other developments. There can be no assurances that our royalties will expire when expected.
3. The royalties in our portfolio are subject to the underlying contractual agreements from which they arise and may be subject to reductions or other adjustments in accordance with the terms of such agreements.