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CONFERENCE CALL PARTICIPANTS

Chris Shibutani *Goldman Sachs - Analyst*

PRESENTATION

Chris Shibutani - *Goldman Sachs - Analyst*

Welcome, everybody. My name is Chris Shibutani. I'm a member of the Goldman Sachs Healthcare Research team. We are very happy to have Royalty Pharma join us once again this year. I was just telling Terry that actually, we've had a couple of inbounds this morning and then this week, folks paying attention to thinking about the second half of the year. You screen intriguingly, so I think this will be a very interesting conversation. And perhaps just introduce yourselves, your titles, your roles, and what brought you to Royalty Pharma, we'll start with you, Chris.

Christopher Hite - *Royalty Pharma PLC - Vice Chairman, Executive Vice President*

Okay. Chris Hite, I'm a Vice Chairman at Royalty Pharma. I've been at the company four and a half years. Prior to that, I was the Global Head of Healthcare Investment Banking at Citigroup. Prior to that, I was Global Head of Healthcare Investment Banking at Lehman Brothers. And I had known Royalty Pharma for 20 years prior to joining. I've always really admired the team and their thoroughness and ability to find great assets and decided to join.

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

Terry Coyne, I'm the Chief Financial Officer. Been at Royalty Pharma for 14 years and in this role for five. I was on the research and investment team for the first nine years at Royalty Pharma, and worked on a bunch of really exciting deals over that period and transitioned over to this role ahead of our IPO in 2020. And prior to Royalty Pharma, I worked on the sell side, I worked at JPMorgan.

Chris Shibutani - *Goldman Sachs - Analyst*

That's right. We were colleagues.

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

And so yeah.

Chris Shibutani - *Goldman Sachs - Analyst*

We're still recovering from that process.

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

Still recovering, yeah. (laughter)

Chris Shibutani - *Goldman Sachs - Analyst*

Actually, I think people at the entire C-suite is full of people who have sort of run in the same terrain. And so I would think that the engagement with conversations, we have Dana from the Investor Relations team is a former Goldman Sachs colleague as well. So this is an interesting environment to be in overall.

QUESTIONS AND ANSWERS

Chris Shibutani - *Goldman Sachs - Analyst*

And what always strikes me is when people ask, it's often just all sorts of investors, right? And they're trying to figure out, what is the business model? And it's really unique. And unique is fantastic. I think it's been one of the reasons that it was one of the most meaningful and significant sizable and attention-drawing IPOs during (technical difficulty). Also has another side of the coin where people are trying to figure out, I'm one of the six blind men, which part of the elephant am I touching? How do I measure this and all that sort of stuff. So kind of a mixed blessing.

What's the best way that you think that people, particularly, let's say, for this audience, institutional investors, this is a healthcare conference, what's the right way to think about you guys? And I think about that because here I am, pharma and biotech analyst, most of the sell side are that way as well. Your C-suite is composed of those people, so you're good at messaging. Who are you?

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

So we are an N of one. Clearly, we don't fit squarely in any bucket. There are elements to our business that are very similar to pharma, the things that drive our business are the same things that drive pharma. We like to think that there are elements to our business that are advantages versus traditional pharma, particularly sort of the cost structure, the ability to be totally therapeutic area agnostic, the efficiency of the business and sort of our track record of making what we consider value-enhancing investments.

But I think that is one of the challenges in communicating the business. At times it is exactly what you're asking. I think the best way we would describe ourselves though, ultimately, is we're a compounder. And I think that this is a business that we're going to make investments year in and year out. We're going to be very efficient with our capital. We're efficient in how we fund ourselves. And over time, this is a business that we think will continue to deliver value year in and year out on the investments that we make.

Chris Shibutani - *Goldman Sachs - Analyst*

I think that oftentimes, I speak with investors, and they think of you, and if I'm trying to get a sense for describing your portfolio, it's almost like sneaking a peak over someone's shoulder, looking at their homework, and a bunch of smart guys have this book, and you're getting the chance to sort of see where are they? Where are they going? What is their interpretation?

Because you're very forward looking. You tend to be thinking about long term kinds of returns. And a lot of the portfolio is testament to the fact that you were in the right place at the right time in a lot of key areas. And the portfolio has been going through progression here. What areas are you finding, at this point here, June 2024, going forward, to be interesting?

And it's a bit of a provocative question because certainly, the market has this magnanimous fascination with things like three things: obesity, obesity, and obesity, right? And so I have some buddies on the sell side who are just like, why aren't you doing something there? So what's intriguing to you in the context of the royalty model, which does tend to have a longer arc?

Christopher Hite - *Royalty Pharma PLC - Vice Chairman, Executive Vice President*

Well, look, I mean, I think one thing is that we are therapeutically agnostic. What we really try to do is focus on drugs that are for unmet needs that are going to be in the hands of great marketers that have blockbuster potential. And that, by definition, can be a lot of different therapeutic areas. Obviously, we would like to have -- we don't have something currently in obesity, but we're always looking. But I think what we did just in the last month or so has been a great testament of the ability to find really unique assets, really great assets that have the promise to fulfill all of those things I talked about, which is unmet medical needs, large indications, large potential products, great marketers.

So for us, it's really -- it's a unique thing that we really can bring to the table of going out and not being burdened by being a cardiovascular company or an oncology company. We can do really everything. And we've really shown the ability to do that over 27 years.

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

I don't think -- I think there are times in the industry where the crowd is all focused in one area. And we're getting lots of questions about why we're not invested in this area. There are so many opportunities. And so while everyone may be looking over here, there's all of these other things that we're looking at on the other side. And some great, great assets that we've added to the portfolio.

Like Chris mentioned, just in the last month, we have MS products that we think could be really important long term, and a brain cancer drug. So that's how we have operated historically. We don't feel like we need to follow everyone else. We can kind of chart our own course. And I think we have the track record of identifying amazing assets that might not be obvious the day we make an investment.

Chris Shibutani - *Goldman Sachs - Analyst*

Right. And I think it is the exact opposite of an ETF or some sort of index, right? It's that combined opinion and thinking base of the team. And that team has been very consistent and loyal and dedicated. There really is this core cadre and people sort of saying, where is the value here? And we always talk about the C-suite, but it's especially so with you guys. I think you give Marshall a benign title like head of R&D, it's like they're just making some very important decisions, right? And so that are very defining and shaping. So from that standpoint, it's interesting.

Let's talk about the process. You have your signature funnel, right? And it talks about all the different stuff that can come inbound your way. Curious about that funnel. How much is that you're seeking versus stuff that's coming towards you? And I ask that because you guys are the 900-pound gorilla in the space. So what's the percentage of stuff that's coming at you versus things that you're hunting down and finding? Because the history of the company was with Pablo, when he was a real pioneer, he was sort of like igniting the idea of the royalty concept across a bunch of smart people at institutions that couldn't figure out that there was an abacus or an Excel sheet somewhere down in that future, right?

Christopher Hite - *Royalty Pharma PLC - Vice Chairman, Executive Vice President*

Yeah. I would say last year, we had -- Chris talked about our funnels, over 400 opportunities at the top of the funnel. And a couple of years ago, we had our Analyst Day and we actually gave the statistics around how many outbounds versus how many inbounds. And it was -- the vast majority were inbound opportunities. But the vast majority of the deals we did are outbound. And I would say that would probably hold true today. A lot of what we actually end up executing on is us doing outbound calls to potential partners.

But I would say what has really dramatically changed, certainly, I've been there 4.5 years, but even really before I joined, is the profile of doing a transaction with Royalty Pharma. An R&D deal with Royalty Pharma, a synthetic royalty with Royalty Pharma. And thinking about royalty financing as a piece of the capital structure is really, I think, mainstream now. And so you have large pharma calling us, talking about funding, helping them fund their R&D, helping them fund R&D at an M&A target, as an example. I don't think that existed at all five years ago.

And we are really now sort of mainstream in the thinking of how we can partner within the ecosystem. And a lot of that is also great relationships. We've been at it, as you point out, a lot of us a long time, multiple decades. And within that period, you're building fantastic relationships, both inside of RP and outside of RP. But what you see is people trust us. They like to work with us. I think we're easy to work with. I think we're generally nice people.

And we try to do things in a way where it's win-win. We don't want to do deals where it's not a win-win transaction. And I think that breeds upon itself. So that's really -- I think it's a long-winded answer for you, but I think for us, we try to identify really exciting assets and we go talk to the counterparties about helping them in a way that they raise capital in various ways.

Chris Shibutani - *Goldman Sachs - Analyst*

I have never been in a period of time in my career on the street where we're all like armchair economists and thinking about interest rates and macro factors. And the whole group is floating up and down based upon a lot of these sort of forces that clearly influence risk parameters and the willingness of investors to act.

Clarify, to some extent, there's this whole notion that with the interest rate environment, how that sort of changes, there's this overly simplistic sense that it's a favorable environment for you versus an unfavorable environment for you. And I would ironically think that in an unfavorable environment for lots of small cap biotechs, actually, you guys maybe crystallize more in the picture because you have certain ability to be a little bit more dynamic with your structures and to be more creative in ways that like a strict financing might not enable you to. So I get the base case assumption that is like in this interest rate environment, there's going to be a challenge for you to execute deals and for you to get the kind of returns above that. But I think that's something that you frequently have to sort of help people understand, the level of that.

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

Yeah, I think we really feel like our business is rate agnostic because the reality is we're making -- we're reinvesting every day, or maybe not every day, but we're looking at things every day. And as rates ticked up, the return expectations kind of ticked up a little bit as well. So we feel that the spread that we're earning above our cost of capital has been maintained. There has been -- we don't feel like we've given anything up there as the rate environment has evolved.

Now on the other hand, the opportunity set has grown dramatically. And royalties, as a way that the industry funds itself, has been growing a lot. And so that's a huge tailwind. And so if you think about our business, we have a portfolio that we own today and that has clear value. Our debt, the duration of our debt is matched really well to the duration of the portfolio. And then you look at the new investments that we're going to make, and we think that that opportunity set is growing consistently. And we are able to maintain really attractive spreads above our cost of capital and even our incremental cost of capital.

So just last week, we raised $1.5 billion of new investment grade debt. And the interest rate on that is like around 5.5% coupon on that. It's certainly higher than it was before. But you look at the investments that we've been making, and we said pretty clearly with the Agios and sorry - with the vorasidenib investment that we made in a product for low-grade glioma that we think is going to be a blockbuster and going to have a great launch. We said that we're going to generate a teens return there. Well, we think we will generate a teens return.

And so you look at that and you look at funding that with 5.5% debt and it's not complicated math to sort of figure out that the return on the equity is going to be really attractive from that perspective, in the teens or high teens or better. And we've been able to consistently do that regardless of the rate environment. And so we really feel like it's noise. It's something we think about, of course, but I think that it's a dynamic business because we're reinvesting all the time.

Chris Shibutani - *Goldman Sachs - Analyst*

Talk a little bit about the mix of the deals. Historically or traditionally, people think about it in terms like approved products, therefore scientific and regulatory derisked, it is about commercial execution and how big do you think that peak sales is going to be? There's been more of a blend recently where you've taken on a little bit more risk where you're actually bringing to bear your insights into knowing where perhaps a Phase 2 asset, you have some ability to have confidence and therefore acting as if investors in -- through certain key rites of passage, the regulatory process, even just before saying it's already a percentage of revenue kind of calculation. Where is that mix now, where is that going to go in terms of commercial versus the development stage?

Christopher Hite - *Royalty Pharma PLC - Vice Chairman, Executive Vice President*

Yeah, I think over the last 10-plus years, maybe 12 years, the mix has been roughly 60% on approved drugs, 40% unapproved. And we don't see that mix necessarily changing. Now when I say unapproved, people might say, wow, I mean, I didn't realize that you're doing early-stage. And it's really not early-stage. It's really post proof of principle. So it's proof-of-concept data and beyond. And so that can be Phase 3, that can be during the regulatory review process. But that's that 40% bucket. And we see that as a very good blend. And I think it ebbs and flows. I mean, you've seen this year, we've done a lot of investing on pre-approved products. So frexalimab, which is a Sanofi drug that's in Phase 3 development in MS. Vorasidenib that Terry mentioned, which is hopefully going to get approved here relatively quickly.

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

We don't fund that, actually, until it's approved, so it's not really a--

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Christopher Hite - *Royalty Pharma PLC - Vice Chairman, Executive Vice President*

Right. And then the Cytokinetics transaction, which is all obviously all unapproved products. But those are various stages of risk, right? I mean some of them are obviously very close to approval, but those all would go in that unapproved bucket. And so we do try to weigh that with transactions where we're buying very well-established products. So over the last couple of years, we've done deals on Tremfya, which was a blockbuster, and Trelegy, which was a blockbuster, but nice growing blockbusters with potential, especially with Tremfya, additional indications which could grow the drugs even more. So it's a very healthy mix. And the return profile of that is also very healthy because obviously, on some of the unapproved products, you're able to strive to get higher returns.

Chris Shibutani - *Goldman Sachs - Analyst*

There is a tendency for investors to give credit for what we can see and a wait and see -- not give you credit for stuff that we cannot see. And that's probably objective, but a little unfair, because if you look at your track record, you guys talk about, a traditional pharma company may have something literally on the pipeline. And we have like a certain milestone events. We love that sort of stuff. 3Q readout, details, medical conference, all these, probability of success waiting.

There's a bit of a mystery that's associated where you can go. There's an element of trust that is necessary. And you certainly think about how established your organization is and the track record that you've had and your hit rate, so there should be some belief. But I think one of the elements that is probably -- makes George feel as if things are unfair a little bit is that people aren't willing to give you the credit for the things that are on the come here. So how would you respond to that, separate from just the notion of like you've seen what we've done. And it's like, I know, but I live in the future and if I can't put it in my model, it's hard. So how do you think about that?

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

Yes, I mean, I think we would say at these levels, we don't think we're even getting appropriate value for what we already own.

Chris Shibutani - *Goldman Sachs - Analyst*

Well-trained by George, yeah.

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

And we've highlighted the -- we have a pipeline of unapproved products that there are some that have some risks, but some that are really already pretty significantly derisked, like something like KarXT or aficamten. Seltorexant, which J&J has talked about recently for depression.

And so we don't feel like we're getting credit for even that. And so -- but let alone the team and the platform that we built and the huge, huge moat that we've built around this business that makes it so hard for others to compete. I think all we can control right now is execution, doing great investments. We feel like we're confident we'll continue to do that. And we're just going to grow the intrinsic value of the business year in and year out. I sure hope that eventually we start to get credit for that.

Chris Shibutani - *Goldman Sachs - Analyst*

We started this conversation talking about the N of one and the uniqueness, et cetera. There's this element of interest in trying to figure out how you may find some parallels with competitors within your sector. And there really isn't, right? I mean, I think your market share, you have that famous pie chart that talks about that. You've had a pretty big chunk of that pie for a while and that hasn't been moving around too much. Who else are relevant competitors when you're -- as you're walking in the building, who's walking out? Is that ever the case? Actually, you're probably walking out first -- I bet you guys get the first meeting.

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

I could start, and maybe Chris -- competition, it depends on the deal, but it's there. It depends on the stage and the profile of the investment that we're looking at. But no, competition's there, but we think we have major competitive advantages.

We talked about the cost of capital. It's tough for somebody else to compete with us on our cost of capital because we can fund the business with investment grade debt. And the business is really efficient in terms of -- most of what we invest goes to the bottom line to get reinvested. And so the cost of capital is a major advantage, and the scale of the business, the portfolio that we've assembled that we can do the biggest deals. It doesn't concentrate us like it would someone else. It diversifies us.

And then the team and the brand are really powerful. And we're known in the industry, if you were to ask anyone that we've ever worked with, I think it would be hard to find somebody that has, those guys were really difficult to be partners with, we're very unhappy with them. And I think it's a testament to the amount of repeat business that we get. We do multiple -- we've done multiple transactions with Cytokinetics, Agios, these are just in the last month, Biohaven, and the list goes on and on of places where we've made -- done multiple transactions. And that, I think, speaks to the power and the quality of the team and the relationships and just being good partners.

So competition is there. It's not a bad thing. The more companies that are out there talking or people that are out there talking about royalties, that's going to be great for us because maybe they'll shake something loose and they're going to still come to us to find out if we're willing to pay more.

Chris Shibutani - *Goldman Sachs - Analyst*

Okay, that makes sense.

Christopher Hite - *Royalty Pharma PLC - Vice Chairman, Executive Vice President*

And the only thing I would add to that, Chris, is competition, in a lot of ways, if you're at a large pharmaceutical company, thinking of an R&D funding deal, it's do you partner with another large pharma and share the risk of the product, of the clinical development program, but you're also sharing in the marketing, right?

And same thing with a mid-cap biotech. So if you think of Biohaven, Vlad could have partnered with large pharma earlier on instead of us. But what would he have given up in exchange for that, right? Would he have had to give up half the United States? How would that have made him look to a potential acquirer? Less attractive? And so a lot of the competition isn't really what you would think is -- two football teams are competitive, right, or whatever. It's really, what's the alternative to large pharma internally, right? What's the alternative to biotech on partnering earlier, giving up more value earlier? That's really, I think, that --

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Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

(multiple speakers) Or doing a really dilutive equity deal. The capital markets are really our competition, and we have a -- (laughter).

Chris Shibutani - *Goldman Sachs - Analyst*

At least we know the evil from which we speak. Okay. So let's do a couple of quick hits. Three things that are typically clouds in the sky, and then I'll let you pick three of the more recent deals or things that you'd like to cap off at the end to highlight and think of things to watch. So three familiar clouds in the sky, one is IRA exposure, people bring up that as a worry. How do you respond?

Christopher Hite - *Royalty Pharma PLC - Vice Chairman, Executive Vice President*

Yeah, we have very limited IRA exposure currently in our existing portfolio. Imbruvica, Trelegy, and Xtandi. And it's very limited headwinds, both -- Imbruvica obviously has some competitive headwinds already, and the other two are relatively short on the duration anyway. So, we're very fortunate that our existing portfolio -- and new investments, we do a really, I think, conservative view of how the IRA is going to impact potential new investments. So we build it into every new investment dollar going forward.

Chris Shibutani - *Goldman Sachs - Analyst*

Item number two, cloud in the sky, the Vertex dispute over CF. Anything to know? Particularly, I think people just are familiar enough now, but some sense of getting asymptoting towards resolution might be helpful.

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

Yeah, so just to take a step back for anyone who's not -- who doesn't know the background. Vertex has four products on the market. We're entitled to royalties on all of the components of all four products right now. And the biggest of those is Trikafta. The royalty rate on Trikafta is around 9%. And they are developing a new triple combination. They had data earlier this year. I think that our view is it looks more like -- it looks more like Trikafta than not, but it is once daily and there are going to be patients that switch over time.

For that new combination, we know we're entitled to a royalty on the tezacaftor component. That would bring our royalty on that new triple combination to around 4%. And the question is, there is a component deuterated ivacaftor. We believe that deuterated ivacaftor is the same as ivacaftor, and we know we're entitled to a royalty on ivacaftor. Vertex has a different opinion there. And so that's the area of debate. If we are right, then the royalty rate would be, on the new triple combination, be about 8%. If we are wrong, it would be 4%.

And so those are kind of the bookends. And what we've done is we said, look, let's assume worst-case scenario here. It's not our in our view, we actually feel still good about our legal position. But let's assume worst case scenario and it's only a 4% royalty, and 50% to 75% of patients switch. What's the impact on our business? And if you look at -- if you run that scenario, it's a couple of hundred million dollars by 2030. And when you put that in the context of the growth that we see ahead of ourselves, where we've guided to grow around 10% or more throughout this decade on the top line, it brings us to about $4.7 billion by 2030. And that assumes a worst-case scenario. That takes into account the potential for a worst-case scenario for this Trikafta or this CF outcome.

In terms of timing, we can't really give an update there. And I think we're trying to be very smart about this. And I recognize that investors are very focused on it and want to know, but I think that we have to sort of take the long view and be thoughtful about how we approach.

Chris Shibutani - *Goldman Sachs - Analyst*

I might even say a different f word, fatigued. (laughter) Yeah, third cloud in the sky, the original IPO's ownership, and there was little bit of turnover in the shareholder base. Sometimes, there were periods where we get calls in the last two years and people say, why is the stock down? I'd say more sellers than buyers. And it's like really, I'm not being a jerk. There is this process where you've had the shareholder base. And then we brought this up in discussions previously. Where are we in that? Are we kind of at a steady-state stable point so people don't have to feel like something's being sold out from underneath them?

Christopher Hite - *Royalty Pharma PLC - Vice Chairman, Executive Vice President*

Yeah, for folks out there that aren't aware, I mean, the company is 27 years old. We went public in June of 2020. The investors, a lot of the investors when we were private were endowments, a lot of endowments and universities that -- universities have specific allocations to private equity or private investment managers, which we were one of. And a lot of those endowments aren't really permitted to hold single stocks. So when we went public, a large percentage of our shares had to be sold by those endowments. And that took time. That has run its course. And all of those pre-IPO shareholders are gone. I do think that was a headwind.

It was really incumbent upon -- when you think about, frankly, the biopharma companies going public, they go public in their $400 million equity value, and venture capital might own 50% of the pie. But when they are selling within six months or a year, maybe the biotech company's $500 million or maybe $1 billion. We can find $500 million of new shareholders.

I mean, we were $20 billion equity value. So here, losing 50% of your share base or turning over, that requires you to find $10 billion of new shareholders. I think we've done a really good job finding those shareholders. That's a process that needs to happen, and it’s happening. It's really incumbent upon us to go out and tell the story. We are an N of one, as we've talked about. We're unique. It takes time, but I think we're really excited about the shareholders that have come into the story. And we -- it's a daily, a daily thing we're very focused on.

Chris Shibutani - *Goldman Sachs - Analyst*

So classic of me, I was watching the clock, I was thinking three clouds, three things as sunshine here. We're a little bit short on time, but I'll let you still I do want -- and make some emphasis, and you can choose, but what are your recent deals? What are the things that people should be paying attention to and sharpening their pencils on? Name at least two for us.

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

Yes, I would say that the frexalimab investment that we just made and vorasidenib investment that we just made is emblematic of the things that we do as a firm. Frexalimab, for those of you that don't know is a drug in development by Sanofi for multiple sclerosis, other autoimmune diseases. Sanofi has talked about peak potential there of over EUR5 billion. And we've said that we think MS alone can be north of $3 billion. It's a space we know extremely well. We've made around $4 billion of investments in MS and have had a lot of success in MS with Tysabri and Tecfidera.

The data, for anyone that wants to dig in, the data for frexalimab is really pretty striking, published in the New England Journal. The imaging data looks phenomenal. There were almost no relapses. It's not lymphocyte depleting. It is a differentiated product in a land of drugs that are lymphocyte depleting.

So it's really exciting. We're very excited. Using those Sanofi numbers, it could be over $400 million of royalties to us. It's going to take a little longer to play out, but we're happy to make those types of investments because we have (technical difficulty) and that's going to be what drives us well into the next decade.

And then vorasidenib is one that we just announced a couple of weeks ago. That's a drug for low-grade glioma in development. It's one of those ones that's sort of, I would say, a classic Royalty Pharma investment because it's a little bit under the radar. And that's partially because it's going to be marketed by Servier, which is a private French company. But super excited now for people who are at (technical difficulty). But last year, my understanding was it was in the plenary session, got a standing ovation, and it's -- the data is --

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Christopher Hite - *Royalty Pharma PLC - Vice Chairman, Executive Vice President*

(technical difficulty) And a great example of how we look at things and follow them for a long time, because we were very focused on vorasidenib back in 2020 when we did a deal with Agios back then. And then Agios sold their oncology assets to Servier, but we have followed it and continue to follow it, and we were super excited to get that.

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

That's one that we think is going to -- can generate north of $150 million in royalties. Just in the last couple of weeks, you put those two deals together, and you're talking about mid $100 million of collective royalties. We're doing things like that all the time. So that's why we're so excited about it.

Chris Shibutani - *Goldman Sachs - Analyst*

Yeah, and your history going back with a lot of the traditional blue-chip players, whether it was David or Jackie. With a name like Agios, you know that there's credibility underlying the science and that opportunity for you to capture that value. There's another high-profile deal that we particularly find intriguing. That is the KarXT. You managed to get that one in there before they got scooped up. What are the economics there?

Terrance Coyne - *Royalty Pharma PLC - Chief Financial Officer, Executive Vice President*

A 3% royalty on sales up to $2 billion, and that's down to a 1% royalty on sales over $2 billion. Yeah, that's one where we're really excited about -- looking at $100 million or so upfront on that.

Christopher Hite - *Royalty Pharma PLC - Vice Chairman, Executive Vice President*

It's a great example of fragmentation in the sector, because we got that from PureTech, not from Karuna. But that happens all the time. People forget about those licensing deals.

Chris Shibutani - *Goldman Sachs - Analyst*

Exactly. Yeah. Definitely some really creative and terrific things there. So that's the network effect, I think, of your knowledge base and the people there. So if anyone's getting mileage out of attending an event like JPMorgan, it's certainly you guys, so.

Well, I think we're out of time here, but I really appreciate you addressing many different touch points that I think are just commonly discussed, often not well understood. And I think the reason why we started here was how often you guys are coming up in a screen. So I think it's some exciting opportunities, particularly the recent flurry of deals. So carry on. Thank you.

Christopher Hite - *Royalty Pharma PLC - Vice Chairman, Executive Vice President*

Thank you very much.