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Intarcia Pre-Commercial Royalty Financing: the Start of a New Trend or One-Off Deal?

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Boston-based biotech Intarcia Therapeutics announced this week that it had secured $225 million in a private synthetic royalty financing. The financing is in the form of limited recourse notes that entitle the holders to 1.5% of future net sales of Intarcia's lead product candidate until the borrowed amounts have been repaid in full or the notes mature. The notes are convertible into Intarcia common stock at a conversion price corresponding to an equity valuation of $5.5 billion, commencing on U.S. regulatory approval of the lead product candidate and ending on the later of the second anniversary of approval or December 31, 2019. The investors were not disclosed, and only summary terms of the deal were released.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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