

Royalty Pharma Announces Agreement to Purchase Future Royalties on Tazemetostat from Eisai for \$330 Million and a \$100 Million Initial Investment in Epizyme

Pharmakon Funds to Invest Up to \$70 Million in Senior-Secured Loans to Epizyme

NEW YORK, November 5, 2019 -- Royalty Pharma announced today that it has agreed to pay \$330 million to purchase Eisai Co., Ltd.'s royalties on future worldwide sales of tazemetostat, Epizyme Inc.'s (Nasdaq: EPZM) lead investigational agent, outside of Japan, and made an equity investment in Epizyme of \$100 million, with options to invest up to an additional \$100 million in Epizyme common stock. In addition, investment funds managed by Pharmakon Advisors agreed to provide \$70 million in senior-secured loans with the possibility to fund up to \$370 million over time.

Tazemetostat is a first-in-class, oral EZH2 inhibitor in clinical development for certain oncology indications, including epithelioid sarcoma and follicular lymphoma. Under a collaboration agreement between Epizyme and Eisai, Epizyme is responsible for the development and worldwide commercialization of tazemetostat (outside of Japan) and Eisai is responsible for the development and commercialization of tazemetostat in Japan. As part of the agreement, Epizyme owes milestones and royalties on sales of tazemetostat outside of Japan to Eisai, and Eisai owes royalties on sales of tazemetostat in Japan to Epizyme.

Under the terms of its agreement with Eisai, Royalty Pharma has acquired Eisai's future worldwide royalties on net sales by Epizyme of tazemetostat outside of Japan, for an upfront payment of \$110 million plus up to an additional \$220 million for the remainder of the royalty upon FDA approval of tazemetostat for certain indications.

Under the terms of its agreement with Epizyme, Royalty Pharma will make an upfront payment of \$100 million for shares of Epizyme common stock based on a price of \$15 per share. Epizyme has an 18-month option to sell an additional \$50 million of its common stock to Royalty Pharma at then prevailing prices, not to exceed \$20 per share, and Royalty Pharma has a three-year option to purchase an additional 2.5 million shares of Epizyme common stock at \$20 per share.

In addition, Royalty Pharma will make additional payments to Epizyme if annual net sales of tazemetostat outside of Japan exceed certain thresholds, and Epizyme has assigned to Royalty Pharma the future royalty streams on tazemetostat sales in Japan previously owed to Epizyme by Eisai. Epizyme has also agreed to appoint a representative from Royalty Pharma to its board of directors.

Under the terms of the loan agreement with Epizyme, investment funds managed by Pharmakon Advisors will fund \$25 million at closing and up to an additional \$45 million in two tranches. In addition, the loan agreement contemplates the potential for an additional \$300 million, subject to mutual agreement of the parties. The loans will have a coupon of LIBOR + 7.75% and a 5-year maturity.

"We believe tazemetostat will become an important new option for the treatment of several cancers with high unmet need and are honored to partner with Eisai and Epizyme in these important transactions. The sale of Eisai's tazemetostat royalty, a non-strategic passive financial asset, for up to \$330 million, will provide Eisai with significant capital to fund their broad pipeline, which is among the most exciting and promising of any global pharmaceutical company,"

said Pablo Legorreta, Founder & CEO of Royalty Pharma. “We share Epizyme’s excitement for tazemetostat’s impressive data in treating both solid tumors and hematologic malignancies and are delighted to commit to invest up to \$200 million in Epizyme to support tazemetostat’s further development and anticipated launches to fully maximize its commercial opportunity. Providing strategic funding to Eisai and Epizyme while adding this novel clinical candidate to our growing portfolio of royalties is a tremendous outcome for all three parties, in our view. Royalty Pharma strives to identify creative solutions for the continually evolving challenges faced by our partners in the healthcare industry, and this win-win-win transaction with Eisai and Epizyme is an excellent illustration of the strength and flexibility of Royalty Pharma’s business model and our long-term partnership mentality,” added Mr. Legorreta.

“This investment, Pharmakon’s first loan pre-approval, demonstrates our strong support of tazemetostat and Epizyme’s management team. The transaction contemplates an additional \$300 million in loans setting the stage for a long-term partnership with Epizyme”, said Pedro Gonzalez de Cosio, CEO of Pharmakon Advisors.

“This transaction allows Eisai to transform its passive financial interest in sales of tazemetostat outside of Japan into near-term strategic capital for its portfolio of innovative therapies. Working with Royalty Pharma is yet another example of Eisai’s creative approach to maximizing R&D while maintaining a sound financial policy,” commented Dr. Takashi Owa, Vice President, Chief Medicine Creation Officer and Chief Discovery Officer of Eisai.

“The transactions with Royalty Pharma and Pharmakon support our multi-year vision to rewrite therapy for cancer and other serious diseases and to become a fully integrated commercial-stage biopharmaceutical company,” commented Robert Bazemore, President and Chief Executive Officer of Epizyme. “These agreements extend our runway beyond the approval and initial launches of tazemetostat for epithelioid sarcoma and follicular lymphoma, and exemplify our creative approach to using multiple avenues of capital to fund the growth of our business. Royalty Pharma has a strong track record of identifying outstanding products, and we look forward to working with them as we continue to advance tazemetostat.”

Goodwin Procter LLP, Dechert LLP, and Maiwald Patentanwalts- und Rechtsanwälts GmbH acted as legal advisors to Royalty Pharma and Akin Gump Strauss Hauer & Feld LLP acted as legal advisor to Pharmakon.

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About Royalty Pharma

Founded in 1996, Royalty Pharma is the industry leader in acquiring pharmaceutical royalties, with over \$16 billion in royalty assets. Royalty Pharma funds innovation in life sciences both directly and indirectly: directly when it partners with life sciences companies to co-develop and co-fund products in late-stage clinical trials, and indirectly when it acquires existing royalty interests from the original innovators (academic institutions, research hospitals, foundations and inventors). The company's portfolio includes royalty interests in over 50 approved products including AbbVie and J&J's Imbruvica, Astellas and Pfizer's Xtandi, Biogen's Tysabri, Gilead's HIV franchise, Merck's Januvia, Novartis' Promacta, and Vertex's Kalydeco, Symdeko and Trikafta. Royalty Pharma is also a leading investor in pre-approval royalties, having since 2011 invested over \$4 billion in royalties on pre-approval products and committed over \$900 million to direct R&D funding in exchange for royalties. For more information, visit www.royaltypharma.com

About Pharmakon Advisors

Pharmakon Advisors, LP is the investment manager of the BioPharma Credit funds. Established in 2009, Pharmakon has raised a total of \$3.6 billion and has committed \$3.7 billion across 36 different financing transactions for companies in the life sciences.

About Epizyme

Epizyme, Inc. is a late-stage biopharmaceutical company committed to rewriting treatment for cancer and other serious diseases through novel epigenetic medicines. Epizyme is broadly developing its lead product candidate, tazemetostat, an oral, first-in-class EZH2 inhibitor, with studies underway in both solid tumors and hematological malignancies, as a monotherapy and combination therapy in relapsed and front-line disease. The company is also exploring additional molecules in its novel G9a inhibitor program. By focusing on the genetic drivers of disease, Epizyme's science seeks to match targeted medicines with the patients who need them. For more information, visit www.epizyme.com

About Eisai

Eisai Co., Ltd. is a leading global research and development-based pharmaceutical company headquartered in Japan. Eisai's corporate philosophy is to give first thought to patients and their families, and to increase the benefits that health care provides to them. Under this philosophy, the company endeavors to become a human health care (hhc) company. With approximately 10,000 employees working across our global network of R&D facilities, manufacturing sites and marketing subsidiaries, we strive to realize our hhc philosophy by delivering innovative products to address unmet medical needs, with a particular focus in our strategic areas of Neurology and Oncology. Leveraging the experience gained from the development and marketing of Aricept®, a treatment for Alzheimer's disease and dementia with Lewy bodies, Eisai has been working to establish a social environment that involves patients in each community in cooperation with various stakeholders including the government, healthcare professionals and care workers, and is estimated to have held over ten thousand dementia awareness events worldwide. As a pioneer in the field of dementia treatment, Eisai is striving to not only develop next generation treatments but also to develop diagnosis methods and provide solutions. For more information, visit www.eisai.com