

UCLA sells royalty rights connected with cancer drug to Royalty Pharma

Proceeds will fund research and scholarships; will also be shared with inventors

LOS ANGELES (CA) and NEW YORK (NY), March 4, 2016 – UCLA and Royalty Pharma announced today that UCLA has sold its royalty interest connected with a leading prostate cancer medication, Xtandi, whose development was based on discoveries by campus researchers.

Royalty Pharma has acquired rights to a portion of the future Xtandi royalties co-owned by UCLA, researchers working at the university at the time of the discoveries and a research organization. The transaction includes a cash payment of \$1.14 billion and potential additional payments based on future Xtandi sales.

UCLA will use its share of the proceeds — approximately \$520 million — to support research programs aimed at generating additional discoveries that lead to medications and other products that serve the public good. UCLA also will support undergraduate scholarships and graduate student fellowships, a campus priority.

“Xtandi is the result of a unique collaboration between researchers from various academic units across campus and an outstanding example of basic science leading to a therapy that is bringing extraordinary benefits to prostate cancer patients worldwide,” said UCLA Chancellor Gene Block. “By selling future royalty rights to Royalty Pharma, we are strategically supporting one of our essential missions — funding and generating research with practical applications that serve the public good. Facilitating equal access to education also is a campus priority, and we will use a portion of the sale proceeds to support scholarships and fellowships.”

“We have great admiration for UCLA’s scientists and physicians,” said Royalty Pharma founder and CEO Pablo Legorreta. “Through their discovery of Xtandi, they have improved the lives of hundreds of thousands of prostate cancer patients who suffer from this deadly disease. Royalty Pharma’s mission is to make the life sciences research and development ecosystem more efficient and productive, and to accelerate research through innovative transactions such as this one.”

By selling the royalty interest and prudently investing proceeds, UCLA seeks to provide stability and minimize risk associated with the volatility of the pharmaceutical industry marketplace.

UCLA will hold its share of the proceeds in a broadly diversified portfolio managed by the University of California’s office of the chief investment officer. Based on the pool’s average annual returns, UCLA anticipates it will receive approximately \$60 million annually until 2027.

Campus officials said they anticipated proceeds of the sale will contribute a small percent incrementally to UCLA’s total budget.

“Given ongoing funding pressures, we are pleased to have these much-needed additional resources to invest in programs that directly serve the public by fostering research that leads to commercially viable products and by educating students,” said Steve Olsen, UCLA’s vice chancellor and chief financial officer.

Xtandi is based on a chemical compound that was developed at UCLA. The oral medication inhibits the androgen receptor, the engine of prostate cancer progression. Where other treatments have failed, Xtandi has extended the lives of men with metastatic castration-resistant prostate cancer. In one phase 3 clinical study of patients previously treated with chemotherapy, Xtandi reduced the risk of death by 37 percent and increased median survival by 4.8 months, compared to those who took a placebo. In a separate phase 3 clinical study of patients not previously treated with chemotherapy, Xtandi reduced the risk of death by 23 percent and increased median survival by four months.

The research that began in the early 2000s and culminated in the creation of Xtandi was conducted by teams led by Michael Jung, a UCLA distinguished professor of chemistry and biochemistry, and Dr. Charles Sawyers, a former UCLA professor of medicine, urology and pharmacology and researcher at UCLA's Jonsson Comprehensive Cancer Center who now is at Memorial Sloan Kettering Cancer Center in New York.

Sawyers, who was an investigator of the Howard Hughes Medical Institute while at UCLA, initially identified the fundamental basis that underlies why prostate cancer fails to respond to first-generation anti-cancer drugs. This provided a new paradigm to discover next-generation therapies for the treatment of late-stage prostate cancer. He and his research colleagues set up a collaboration with Jung, a member of both the cancer center and the California NanoSystems Institute at UCLA who, along with his team, designed and synthesized Xtandi. Xtandi's discovery demonstrated that this second-generation anti-androgen functioned as an effective and safe anti-cancer therapy in preclinical models of early- and, importantly, late-stage prostate cancer.

In 2005, UCLA licensed the chemical compound's patent to pharmaceutical company Medivation Inc. of San Francisco. Medivation received FDA approval in 2012 to market Xtandi as a prostate cancer medication. Medivation and its sub-licensee, Astellas Pharma Inc. of Tokyo, are now selling Xtandi worldwide. UCLA has no role in the marketing or sale of Xtandi.

By virtue of patent and licensing agreements administered by UCLA, the campus, the researchers and Howard Hughes Medical Institute shared a royalty interest in worldwide net sales of Xtandi. UCLA owns 43.875 percent of the royalty interest.

The American Cancer Society estimates that 180,890 new cases of prostate cancer will be diagnosed in 2016, and that 26,120 men will die from the disease in 2016. About 1 in 7 men is likely to be diagnosed with prostate cancer, according to the American Cancer Society.

UCLA is a national leader in converting research discoveries into practical applications. The UCLA Office of Intellectual Property and Industry Sponsored Research manages nearly 3,000 active inventions and more than 1,000 U.S. patents.

The sale of royalty rights connected with Xtandi was facilitated by Westwood Technology Transfer, a nonprofit company that was formed in 2014 to help oversee the intellectual property office and optimize discoveries and inventions developed through campus research.

"Westwood Technology Transfer recommended this transaction to UCLA as a way to diversify risks associated with an asset and fund research programs in a more predictable way," said board chairman Tom Unterman. "UCLA has a strong culture of entrepreneurship, with incubators, accelerator programs, outstanding faculty, administrators and advisory boards collaborating in service to the university and the public."

Goldman Sachs acted as financial advisor to UCLA and Gibson Dunn acted as legal advisor. Goodwin Procter acted as legal advisor to Royalty Pharma. Heyman Biotech LLC acted as strategic advisor to the inventors, and Covington & Burling LLP acted as their legal advisor.

[UCLA](#) is an international leader in the breadth and quality of its academic, research, health care, cultural, continuing education and athletics programs. With more than 43,300 undergraduate and graduate students, it is the largest university in California. The UCLA College and 12 professional schools offer more than 5,000 courses, 124 undergraduate majors and 91 minors, 98 master's programs, and 109 doctoral and professional programs. Seven alumni and six faculty have been awarded the Nobel Prize. UCLA performs well in a wide variety of national and international university rankings.

[Royalty Pharma](#) is the industry leader in acquiring royalty interests in marketed and late stage biopharmaceutical products, with total assets of over \$15 billion. Royalty Pharma owns royalty interests in 40 products including Humira, Remicade, Lyrica, Prezista, Truvada, Januvia, Tecfidera, Imbruvica, Kalydeco and Orkambi. Royalty Pharma also funds late-stage clinical trials in exchange for royalty interests.

The [Howard Hughes Medical Institute](#) plays an important role in advancing scientific research and education in the United States. Its scientists, located across the country and around the world, have made important discoveries that advance both human health and our fundamental understanding of biology. The Institute also aims to transform science education into a creative, interdisciplinary endeavor that reflects the excitement of real research. Its headquarters are located in Chevy Chase, Maryland, just outside Washington, D.C.

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