Aquinox and Astellas Announce Exclusive Licensing Agreement for Rosiptor in the Asia-Pacific Region Including Japan

-Aquinox to Receive $25M in Upfront Payment, Potentially Over $100M in Additional Milestone Payments and Royalties-

-Astellas to Obtain Development and Commercialization Rights to Rosiptor, Aquinox's Lead Drug Candidate, in Japan and Certain Other Countries in the Asia-Pacific Region-

VANCOUVER, British Columbia, May 9, 2018 and TOKYO, Japan, May 10, 2018 – Aquinox Pharmaceuticals, Inc. (NASDAQ:AQXP, "Aquinox"), a clinical-stage pharmaceutical company discovering and developing novel drug candidates to treat inflammation, inflammatory pain, and blood cancers, and Astellas Pharma Inc. (TSE: 4503, "Astellas") today announced an exclusive license agreement ("Agreement") for Japan and certain other countries in the Asia-Pacific region for Astellas to develop and commercialize rosiptor, Aquinox's lead drug candidate, a first-in-class, once-daily oral treatment currently in Phase 3 clinical development for interstitial cystitis/bladder pain syndrome (IC/BPS) in North America and Europe.

Under the Agreement, Astellas will have the exclusive right to research, develop, and commercialize rosiptor for all human diseases and conditions in Japan and additional countries in the Asia-Pacific region, including major markets such as South Korea, Australia, Taiwan, Indonesia, and Malaysia, but excluding China and India.

"Astellas has a deep appreciation for the unmet need and potential market opportunity in interstitial cystitis/bladder pain syndrome," said David Main, President and CEO of Aquinox. "We believe this partnership will accelerate rosiptor's development in the Asia-Pacific region and increase its commercial potential given Astellas' strong presence and experience in these markets, leading commercial portfolio in urology, and track record of successfully introducing new treatments."

Aquinox will receive an upfront payment of $25 million in connection with entry into the Agreement, and may also receive up to an additional $60 million in development milestone payments and $70 million in commercial milestone payments, as well as royalties on any future sales of rosiptor within the licensed territory.

"The agreement fits with our strategy to deliver innovative drugs in therapeutic areas with high unmet medical needs. Rosiptor has a novel mechanism of action, activation of SHIP1," said Naoki Okamura, Chief Strategy Officer of Astellas. "Astellas has a history of discovery and development of the unique medical treatments to improve patients' quality of life. By leveraging this strength, we aim to deliver this potential new therapeutic option to those patients who are suffering from IC/BPS."

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IC/BPS involves pain, pressure, and/or discomfort perceived to be related to the urinary bladder and is also associated with lower urinary tract symptoms in the absence of infection.

Aquinox will host a conference call later today for investors regarding this announcement with details as follows:

Conference Call and Webcast Details:
Date: Thursday May 10, 2018
Time: 8:30 AM EDT / 5:30 AM PDT
Toll-free: 1.866.357.7878
International: 1.315.625.3088
Audience Passcode 7989475
Webcast URL: https://edge.media-server.com/m6/p/94pfk32j

The archived webcast will also be available on Aquinox's website at www.aqxpharma.com approximately two hours after the event and will be available for replay for at least 30 days after the event.

About Rosiptor
Rosiptor (AQX-1125), Aquinox's lead drug candidate, is a first-in-class, once-daily, oral treatment being studied for its effects on inflammation and inflammatory pain. Rosiptor has a novel mechanism of action, activating SHIP1 (SH2-containing inositol-5'-phosphatase 1), an enzyme that serves to down-regulate inflammation through its role in the PI3K signaling pathway. Rosiptor has been generally well tolerated in multiple completed clinical studies, with more than 395 subjects dosed.

About Aquinox Pharmaceuticals, Inc.
Aquinox Pharmaceuticals, Inc. is a clinical-stage pharmaceutical company developing novel therapeutics for chronic urological conditions marked by inflammation and pain. Aquinox's lead drug candidate, rosiptor (AQX-1125), is in Phase 3 development for the treatment of patients with interstitial cystitis/bladder pain syndrome (IC/BPS), a debilitating condition marked by chronic pain and urinary symptoms, for which there are currently few FDA approved and/or effective treatment options. Aquinox is focused on leveraging its library of novel compounds that activate SHIP1 to develop therapeutics for application in inflammation, inflammatory pain, and blood cancers. For more information, please visit www.aqxpharma.com.

About Astellas Pharma Inc.
Astellas Pharma Inc., based in Tokyo, Japan, is a company dedicated to improving the health of people around the world through the provision of innovative and reliable pharmaceutical products. We focus on Urology, Oncology, Immunology, Nephrology and Neuroscience as prioritized therapeutic areas while advancing new therapeutic areas and discovery research leveraging new technologies/modalities. We are also creating new value by combining internal capabilities and external expertise in the medical/healthcare business. Astellas is on the forefront of healthcare change to turn innovative science into value for patients. For more information, please visit our website at https://www.astellas.com/en.

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Cautionary Note on Forward-Looking Statements (Aquinox)

Certain of the statements made in this press release are forward looking, such as those, among others, relating to: development of rosiptor and potential future payments to Aquinox under the Agreement. These statements are subject to risks and uncertainties that could cause actual results and events to differ materially from those anticipated, including, but not limited to, risks and uncertainties related to: clinical drug development is a lengthy and expensive process with an uncertain outcome; the size and growth of the potential markets for rosiptor; Astellas's ability to obtain and maintain regulatory approval of rosiptor and our expectations regarding the potential safety, efficacy or clinical utility of rosiptor. Actual results or developments may differ materially from those projected or implied in these forward-looking statements. More information about the risks and uncertainties faced by Aquinox is contained in Aquinox's Annual Report on Form 10-K for the year ended December 31, 2017, and subsequent reports, filed with the Securities and Exchange Commission. Aquinox disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Cautionary Notes (Astellas)

In this press release, statements made with respect to current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Astellas. These statements are based on management's current assumptions and beliefs in light of the information currently available to it and involve known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from those discussed in the forward-looking statements. Such factors include, but are not limited to: (i) changes in general economic conditions and in laws and regulations, relating to pharmaceutical markets, (ii) currency exchange rate fluctuations, (iii) delays in new product launches, (iv) the inability of Astellas to market existing and new products effectively, (v) the inability of Astellas to continue to effectively research and develop products accepted by customers in highly competitive markets, and (vi) infringements of Astellas' intellectual property rights by third parties. Information about pharmaceutical products (including products currently in development) which is included in this press release is not intended to constitute an advertisement or medical advice.

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