UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2020

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____to_____

COMMISSION FILE NUMBER 001-37487

AETHLON MEDICAL, INC.

(Exact name of registrant as specified in its charter)

NEVADA	13-3632859
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

9635 GRANITE RIDGE DRIVE, SUITE 100, SAN DIEGO, CA 92123
(Address of principal executive offices, including Zip Code)

(858) 459-7800
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock	AEMD	The Nasdaq Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer”, “smaller reporting company”, and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐
Non-accelerated filer ☐
Accelerated filer ☐
Smaller reporting company ☒
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

As of February 4, 2021, the registrant had outstanding 12,123,524 shares of common stock, $0.001 par value.

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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AETHLON MEDICAL, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS

	December 31, 2020 (Unaudited)	March 31, 2020
ASSETS		
Current assets		
Cash	$ 12,131,593	$ 9,604,780
Accounts receivable	114,849	206,729
Prepaid expenses and other current assets	75,829	229,604
Total current assets	12,322,271	10,041,113
Property and equipment, net	166,751	140,484
Right-of-use lease asset	64,750	136,426
Patents, net	57,092	57,504
Restricted cash	46,726	–
Deposits	12,159	12,159
Total assets	$ 12,669,749	$ 10,387,686
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 175,422	$ 285,036
Due to related parties	131,746	111,707
Deferred revenue	–	100,000
Lease liability, current portion	67,698	98,557
Other current liabilities	860,697	472,420
Total current liabilities	1,235,563	1,067,720
Lease liability, less current portion	–	42,540
Total liabilities	1,235,563	1,110,260
Commitments and Contingencies (Note 13)		
Stockholders' Equity		
Common stock, par value $0.001 per share; 30,000,000 shares authorized; 12,123,524 and 9,366,873 shares issued and outstanding as of December 31, 2020 and March 31, 2020, respectively	12,125	9,368
Additional paid-in capital	129,207,491	121,426,563
Accumulated deficit	(117,650,120)	(112,026,381)
Total Aethlon Medical, Inc. stockholders' equity before noncontrolling interests	11,569,496	9,409,550
Noncontrolling interests	(135,310)	(132,124)
Total stockholders' equity	11,434,186	9,277,426
Total liabilities and stockholders' equity	$ 12,669,749	$ 10,387,686

See accompanying notes.

AETHLON MEDICAL, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three and Nine Month Periods Ended December 31, 2020 and 2019
(Unaudited)

	Three Months Ended December 31, 2020	Three Months Ended December 31, 2019	Nine Months Ended December 31, 2020	Nine Months Ended December 31, 2019
REVENUES				
Government contract revenue	$ 624,871	$ 413,458	$ 624,871	$ 443,458
OPERATING EXPENSES				
Professional fees	624,979	609,933	1,845,659	1,979,848
Payroll and related expenses	1,523,650	406,421	2,520,805	1,609,942
General and administrative	919,830	273,510	1,883,802	998,465
Total operating expenses	3,068,459	1,289,864	6,250,266	4,588,255
OPERATING LOSS	(2,443,588)	(876,406)	(5,625,395)	(4,144,797)
OTHER EXPENSE				
Interest and other debt expenses	802	126	1,530	54,232
(Gain) on share for warrant exchanges	–	(55,593)	–	(51,190)
Loss on debt extinguishment	–	–	–	447,011
Total other expense	802	(55,467)	1,530	450,053
NET LOSS	(2,444,390)	(820,939)	(5,626,925)	(4,594,850)
LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(1,498)	(1,358)	(3,186)	(3,808)
NET LOSS ATTRIBUTABLE TO AETHLON MEDICAL, INC.	$ (2,442,892)	$ (819,581)	$ (5,623,739)	$ (4,591,042)
BASIC AND DILUTED LOSS PER COMMON SHARE	$ (0.20)	$ (0.28)	$ (0.50)	$ (2.52)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED	12,093,361	2,887,883	11,265,725	1,821,557

See accompanying notes.

AETHLON MEDICAL, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Three and Nine Months Ended December 31, 2020 and 2019
(Unaudited)

	ATTRIBUTABLE TO AETHLON MEDICAL, INC.					
	COMMON STOCK		ADDITIONAL PAID IN	ACCUMULATED	NON-CONTROLLING	TOTAL
	SHARES	AMOUNT	CAPITAL	DEFICIT	INTERESTS	EQUITY
BALANCE - MARCH 31, 2020	9,366,873	$ 9,368	$ 121,426,563	$ (112,026,381)	$ (132,124)	$ 9,277,426
Issuances of common stock for cash under at the market program	2,685,600	2,686	7,258,183	–	–	7,260,869
Issuance of common shares upon vesting of restricted stock units	17,920	18	(24,269)	–	–	(24,251)
Stock-based compensation expense	–	–	84,207	–	–	84,207
Net loss	–	–	–	(1,410,283)	(863)	(1,411,146)
BALANCE - JUNE 30, 2020	12,070,393	$ 12,072	$ 128,744,684	$ (113,436,664)	$ (132,987)	$ 15,187,105

Issuance of common shares upon vesting of restricted stock units	17,920	$ 17	$ (16,145)	$ –	$ –	$ (16,128)
Stock-based compensation expense	–	–	167,042		–	167,042
Net loss	–	–	–	(1,770,564)	(825)	(1,771,389)
BALANCE - SEPTEMBER 30, 2020	12,088,313	$ 12,089	$ 128,895,581	$ (115,207,228)	$ (133,812)	$ 13,566,630
Issuance of common shares upon vesting of restricted stock units and net stock option exercise	35,211	$ 36	$ (66,048)	$ –	$ –	(66,012)
Stock-based compensation expense	–	–	377,958		–	377,958
Net loss	–	–	–	(2,442,892)	(1,498)	(2,444,390)
BALANCE - DECEMBER 31, 2020	12,123,524	$ 12,125	$ 129,207,491	$ (117,650,120)	$ (135,310)	$ 11,434,186

Continued on following page

	ATTRIBUTABLE TO AETHLON MEDICAL, INC.					
	COMMON STOCK		ADDITIONAL PAID IN	ACCUMULATED	NON-CONTROLLING	TOTAL
	SHARES	AMOUNT	CAPITAL	DEFICIT	INTERESTS	EQUITY
BALANCE - MARCH 31, 2019	1,266,979	$ 1,267	$ 108,076,275	$ (105,652,433)	$ (126,031)	$ 2,299,078
Issuances of common stock for cash under at the market program	3,087	3	36,619	–	–	36,622
Loss on debt extinguishment	–	–	447,011	–	–	447,011
Issuance of common shares upon vesting of restricted stock units	3,539	4	(23,775)	–	–	(23,771)
Stock-based compensation expense	–	–	326,536	–	–	326,536
Net loss	–	–	–	(2,066,424)	(860)	(2,067,284)
BALANCE - JUNE 30, 2019	1,273,605	$ 1,274	$ 108,862,666	$ (107,718,857)	$ (126,891)	$ 1,018,192
Issuances of common stock for cash under at the market program	59,340	$ 60	$ 386,552	$ –	$ –	$ 386,612
Issuance of common shares upon vesting of restricted stock units	3,236	4	(8,448)	–	–	(8,445)
Issuance of common shares upon warrant exchanges	1,078	1	4,402	–	–	4,403
Stock-based compensation expense	–	–	326,536	–	–	326,536
Net loss	–	–	–	(1,705,037)	(1,589)	(1,706,626)
BALANCE - SEPTEMBER 30, 2019	1,337,259	$ 1,339	$ 109,571,708	$ (109,423,894)	$ (128,480)	$ 20,672
Proceeds from the issuance of common stock, net	3,432,056	$ 3,432	$ 4,560,802	$ –	$ –	$ 4,564,234
Issuance of common shares upon vesting of restricted stock units	3,439	3	(6,772)	–	–	(6,769)
Issuances of common stock upon warrant exchanges	2,914	3	(55,596)	–	–	(55,593)
Par value of DTC roundup of shares following reverse split	3,946	4	(4)	–	–	–
Stock-based compensation expense	–	–	102,576	–	–	102,576
Net loss	–	–	–	(819,581)	(1,358)	(820,939)

BALANCE – DECEMBER 31, 2019	4,779,614	$ 4,781	$ 114,172,714	$ (110,243,475)	$ (129,838)	$ 3,804,182

See accompanying notes.

AETHLON MEDICAL, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Nine Months Ended December 31, 2020 and 2019
(Unaudited)

	Nine Months Ended December 31, 2020	Nine Months Ended December 31, 2019
Cash flows used in operating activities:		
Net loss	$ (5,626,925)	$ (4,594,850)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	28,775	15,992
Stock based compensation	629,207	755,648
Loss on debt extinguishment	–	447,011
Gain on share for warrant exchanges	–	(51,190)
Accretion of right-of-use lease asset	(1,723)	862
Amortization of debt discount	–	30,287
Changes in operating assets and liabilities:		
Accounts receivable	91,880	(206,729)
Prepaid expenses and other current assets	153,775	169,691
Accounts payable and other current liabilities	278,663	(271,533)
Deferred revenue	(100,000)	100,000
Due to related parties	20,039	27,558
Net cash used in operating activities	(4,526,309)	(3,577,253)
Cash flows used in investing activities:		
Purchases of property and equipment	(54,630)	(148,064)
Net cash used in investing activities	(54,630)	(148,064)
Cash flows provided by (used in) financing activities:		
Proceeds from the issuance of common stock, net	7,260,869	4,987,468
Principal payments on convertible notes	–	(992,591)
Tax withholding payments or tax equivalent payments for net share settlement of restricted stock units and net stock option exercise	(106,391)	(38,981)
Net cash provided by financing activities	7,154,478	3,955,896
Net increase in cash and restricted cash	2,573,539	230,579
Cash and restricted cash at beginning of period	9,604,780	3,828,074
Cash and restricted cash at end of period	$ 12,178,319	$ 4,058,653
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$ –	$ 83,332
Supplemental disclosures of non-cash investing and financing activities:		
Initial recognition of right-of-use lease asset and lease liability	$ –	$ 228,694
Par value of shares issued for round up following reverse stock split	$ –	$ 4
Par value of shares issued for vested restricted stock units and net stock option exercise	$ 71	$ 10
Reconciliation of cash, cash equivalents and restricted cash to the condensed consolidated balance sheets:		
Cash and cash equivalents	$ 12,131,593	$ 4,058,653
Restricted cash	46,726	–
Cash and restricted cash	$ 12,178,319	$ 4,058,653

See accompanying notes.

AETHLON MEDICAL, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
December 31, 2020

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

ORGANIZATION

Aethlon Medical, Inc. and its subsidiary (collectively, "Aethlon", the "Company", "we" or "us"), is a medical technology company focused on developing products to diagnose and treat life and organ threatening diseases. The Aethlon Hemopurifier®, or Hemopurifier, is a clinical-stage immunotherapeutic device designed to combat cancer and life-threatening viral infections. In cancer, the Hemopurifier is designed to deplete the presence of circulating tumor-derived exosomes that promote immune suppression, seed the spread of metastasis and inhibit the benefit of leading cancer therapies. The U.S. Food and Drug Administration, or FDA, has designated the Hemopurifier as a "Breakthrough Device" for two independent indications:

- the treatment of individuals with advanced or metastatic cancer who are either unresponsive to or intolerant of standard of care therapy, and with cancer types in which exosomes have been shown to participate in the development or severity of the disease; and

- the treatment of life-threatening viruses that are not addressed with approved therapies.

We believe the Hemopurifier can be a substantial advance in the treatment of patients with advanced and metastatic cancer through the clearance of exosomes that promote the growth and spread of tumors through multiple mechanisms. We are currently preparing for the initiation of clinical trials in patients with advanced and metastatic cancers. We are initially focused on the treatment of solid tumors, including head and neck cancer, gastrointestinal cancers and other cancers. As we advance our clinical trials, we are in close contact with our clinical sites to navigate and assess the impact of the COVID-19 global pandemic on our clinical trials and current timelines.

On October 4, 2019, the FDA approved our Investigational Device Exemption, or IDE, application to initiate an Early Feasibility Study, or EFS, of the Hemopurifier in patients with head and neck cancer in combination with standard of care pembrolizumab (Keytruda) (NCT # 04453046). The primary endpoint for the EFS, which is designed to enroll 10-12 subjects at a single center, will be safety, with secondary endpoints including measures of exosome clearance and characterization, as well as response and survival rates. This study, which will be conducted at the UPMC Hillman Cancer Center in Pittsburgh, PA, has been approved by the Institutional Review Board, or IRB, and is now open for patient enrollment.

We also believe the Hemopurifier can be a part of the broad-spectrum treatment of life-threatening highly glycosylated, or carbohydrate coated, viruses that are not addressed with an already approved treatment. In small-scale or early feasibility human studies, the Hemopurifier has been used to treat individuals infected with human immunodeficiency virus, or HIV, Hepatitis C, and Ebola.

Additionally, *in vitro,* the Hemopurifier has been demonstrated to capture Zika virus, Lassa virus, MERS-CoV, cytomegalovirus, Epstein-Barr virus, Herpes simplex virus, Chikungunya virus, Dengue virus, West Nile virus, smallpox-related viruses, H1N1 swine flu virus, H5N1 bird flu virus, and the reconstructed Spanish flu virus of 1918. In several cases, these studies were conducted in collaboration with leading government or non-government research institutes.

On June 17, 2020, the FDA approved a supplement to the Company's open IDE for the Hemopurifier in viral disease to allow for the testing of the Hemopurifier in patients with SARS-CoV-2/COVID-19 in a New Feasibility Study. That study's plan is to enroll up to 40 subjects at up to 20 centers in the U.S. Subjects will have established laboratory diagnosis of COVID-19, be admitted to an intensive care unit, or ICU and will have acute lung injury and/or severe or life threatening disease, among other criteria. Endpoints for this study, in addition to safety, will include reduction in circulating virus as well as clinical outcomes (NCT # 04595903). The first sites for this trial, Hoag Memorial Hospital Presbyterian in Newport Beach, CA and Hoag Hospital – Irvine in Irvine, CA now have IRB approval and are preparing to open for patient enrollment. Under Single Patient Emergency Use regulations, the Company has also recently treated a patient with COVID-19 who successfully completed eight daily treatments with the Hemopurifier.

We are also the majority owner of Exosome Sciences, Inc., or ESI, a company focused on the discovery of exosomal biomarkers to diagnose and monitor life-threatening diseases. Included among ESI's activities is the advancement of a TauSome™ biomarker candidate to diagnose chronic traumatic encephalopathy, or CTE, in the living. ESI previously documented TauSome levels in former NFL players to be nine times higher than same age-group control subjects. Through ESI, we are also developing exosome based biomarkers in patients with, or at risk for, a number of cancers. We consolidate ESI's activities in our consolidated financial statements.

Successful outcomes of human trials will also be required by the regulatory agencies of certain foreign countries where we plan to sell the Hemopurifier. Some of our patents may expire before FDA approval or approval in a foreign country, if any, is obtained. However, we believe that certain patent applications and/or other patents issued more recently will help protect the proprietary nature of the Hemopurifier treatment technology.

In addition to the foregoing, we are monitoring closely the impact of the COVID-19 global pandemic on our business and have taken steps designed to protect the health and safety of our employees while continuing our operations. Given the level of uncertainty regarding the duration and impact of the COVID-19 pandemic on capital markets and the U.S. economy, we are unable to assess the impact of the worldwide spread of SARS-CoV-2 and the resulting COVID-19 pandemic on our timelines and future access to capital. We are continuing to monitor the spread of COVID-19 and its potential impact on our operations. The full extent to which the COVID-19 pandemic will impact our business, results of operations, financial condition, clinical trials, and preclinical research will depend on future developments that are highly uncertain, including actions taken to contain or treat COVID-19 and their effectiveness, as well as the economic impact on national and international markets.

Our executive offices are located at 9635 Granite Ridge Drive, Suite 100, San Diego, California 92123. Our telephone number is (858) 459-7800. Our website address is www.aethlonmedical.com.

Our common stock is listed on the Nasdaq Capital Market under the symbol "AEMD."

REVERSE STOCK SPLIT

Following the approval of a reverse stock split at our 2019 Annual Meeting of Stockholders' held on October 14, 2019, our Board of Directors approved a 1-for-15 reverse stock split. Accordingly, 15 shares of outstanding common stock then held by stockholders were combined into one share of common stock. Any fractional shares resulting from the reverse split were rounded up to the next whole share. Authorized common stock remained at 30,000,000 shares. The accompanying unaudited condensed consolidated financial statements and accompanying notes have been retroactively revised to reflect such reverse stock split as if it had occurred on April 1, 2019. All shares and per share amounts have been revised accordingly.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

During the nine months ended December 31, 2020, there were no changes to our significant accounting policies as described in our Annual Report on Form 10-K for the fiscal year ended March 31, 2020.

Basis of Presentation and Use of Estimates

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP, for interim financial information and with the instructions to Form 10-Q and Article 8 of the Securities and Exchange Commission, or SEC Regulation S-X. Accordingly, they should be read in conjunction with the audited financial statements and notes thereto for the fiscal year ended March 31, 2020, included in the Company's Annual Report on Form 10-K filed with the SEC on June 25, 2020. The accompanying unaudited condensed consolidated financial statements include the accounts of Aethlon Medical, Inc. and its majority-owned subsidiary. All significant inter-company transactions and balances have been eliminated in consolidation. The unaudited condensed consolidated financial statements contain all normal recurring accruals and adjustments that, in the opinion of management, are necessary to present fairly the condensed consolidated financial statements as of and for the three and nine months ended December 31, 2020, and the condensed consolidated statement of cash flows for the nine months ended December 31, 2020. Estimates were made relating to useful lives of fixed assets, impairment of assets, share-based compensation expense and accruals for clinical trial and research and development expenses. Actual results could differ materially from those estimates. The accompanying condensed consolidated balance sheet at March 31, 2020 has been derived from the audited consolidated balance sheet at March 31, 2020, contained in the above referenced 10-K. The results of operations for the three and nine months ended December 31, 2020 are not necessarily indicative of the results to be expected for the full year or any future interim periods.

Reclassifications

Certain prior year balances within the unaudited condensed consolidated financial statements have been reclassified to conform to the current year presentation.

Restricted Cash

To comply with the terms of our new laboratory and office lease (see Note 13), we caused our bank to issue a standby letter of credit, or the L/C, in the amount of $46,726 in favor of the landlord. The L/C is in lieu of a security deposit. In order to support the L/C, we agreed to have our bank withdraw $46,726 from our operating accounts and to place that amount in a restricted certificate of deposit. We have classified that amount as restricted cash, a long-term asset, on our balance sheet.

LIQUIDITY AND GOING CONCERN

Management expects existing cash as of December 31, 2020 to be sufficient to fund the Company’s operations for at least twelve months from the issuance date of these condensed consolidated financial statements.

2. LOSS PER COMMON SHARE

Basic loss per share is computed by dividing net loss by the weighted average number of common shares outstanding during the period of computation. Diluted loss per share is computed similar to basic loss per share, except that the denominator is increased to include the number of additional dilutive common shares that would have been outstanding if potential common shares had been issued, if such additional common shares were dilutive. Since we had net losses for all periods presented, basic and diluted loss per share are the same, and additional potential common shares have been excluded, as their effect would be antidilutive.

As of December 31, 2020, and 2019, an aggregate of 2,626,485 and 3,779,301 potential common shares, respectively, consisting of shares underlying outstanding stock options, warrants and unvested restricted stock units, were excluded, as their inclusion would be antidilutive.

3. RESEARCH AND DEVELOPMENT EXPENSES

Our research and development costs are expensed as incurred. We incurred research and development expenses during the three and nine month periods ended December 31, 2020 and 2019, which are included in various operating expense line items in the accompanying condensed consolidated statements of operations. Our research and development expenses in those periods were as follows:

	December 31, 2020	December 31, 2019
Three months ended	$ 461,176	$ 218,571
Nine months ended	$ 1,367,333	$ 692,022

4. RECENT ACCOUNTING PRONOUNCEMENTS

We do not expect the adoption of any recent accounting pronouncement to have a material impact on our financial statements.

5. CONVERTIBLE NOTES PAYABLE, NET

In July 2019, all of our previously outstanding convertible notes, in the aggregate amount of $992,591, were paid in full.

For the nine months ended December 31, 2019, we recorded interest expense of $23,759 related to the contractual interest rates of our convertible notes and interest expense of $30,287 related to the amortization of the note discount for a total interest expense of $54,046 related to our convertible notes.

During the nine months ended December 31, 2019, prior to paying off the notes, we reduced the conversion price on the convertible notes from $45.00 per share to $10.20 per share. The modification of the convertible notes was evaluated under ASC 470-50-40 and the instruments were determined to be substantially different, and the transaction qualified for extinguishment accounting. Under the extinguishment accounting we recorded a loss on debt extinguishment of $447,011.

6. EQUITY TRANSACTIONS IN THE NINE MONTHS ENDED DECEMBER 31, 2020

Common Stock Sales Agreement with H.C. Wainwright & Co., LLC

On June 28, 2016, we entered into a Common Stock Sales Agreement, or the Agreement, with H.C. Wainwright & Co., LLC, or Wainwright, which established an at-the-market equity program pursuant to which we may offer and sell shares of our common stock from time to time as set forth in the Agreement. The Agreement provided for the sale of shares of our common stock having an aggregate offering price of up to $12,500,000.

On March 30, 2020, we executed Amendment No. 2 to the Agreement with Wainwright, effective as of the same date. The amendment provides that references in the Agreement to the registration statement shall refer to the registration statement on Form S-3 (File No. 333-237269), originally filed with the SEC on March 19, 2020, declared effective by the SEC on March 30, 2020.

Subject to the terms and conditions set forth in the Agreement, Wainwright agreed to use its commercially reasonable efforts consistent with its normal trading and sales practices to sell the shares under the Agreement from time to time, based upon our instructions. We provided Wainwright with customary indemnification rights under the Agreement, and Wainwright is entitled to a commission at a fixed rate equal to three percent of the gross proceeds per share sold. In addition, we agreed to pay certain expenses incurred by Wainwright in connection with the Agreement, including up to $50,000 of the fees and disbursements of their counsel. The Agreement will terminate upon the sale of all of the shares under the Agreement, unless terminated earlier by either party as permitted under the Agreement.

Sales of the shares, if any, under the Agreement will be made in transactions that are deemed to be "at the market offerings" as defined in Rule 415 under the Securities Act of 1933, as amended, or the Securities Act, including sales made by means of ordinary brokers' transactions, including on the Nasdaq Capital Market, at market prices or as otherwise agreed with Wainwright. We have no obligation to sell any of the shares, and, at any time, we may suspend offers under the Agreement or terminate the Agreement.

In the three months ended June 30, 2020, we raised aggregate net proceeds of $7,260,869, net of $224,825 in commissions to Wainwright and $8,472 in other offering expenses, under the Agreement, through the sale of 2,685,600 shares at an average price of $2.70 per share of net proceeds.

Restricted Stock Unit Grants

In 2012, as amended through July 16, 2020, our Board of Directors established the Non-Employee Directors Compensation Program, to provide for cash and equity compensation for persons serving as non-employee directors of the Company. Under this program, each new director receives either stock options or a grant of restricted stock units, or RSUs, as well as an annual grant of RSUs at the beginning of each fiscal year. The RSUs are subject to vesting and represent the right to be issued on a future date shares of our common stock upon vesting.

On April 3, 2020, pursuant to the terms of the Company's Non-Employee Directors Compensation Program, the Compensation Committee of the Board of Directors granted RSUs to each non-employee director of the Company. The Non-Employee Directors Compensation Program provided for a grant of RSUs with a grant date fair value of $35,000, priced at the average of the closing prices for the five trading days ending on the date of grant, which was $1.41 per share, so that the total number of RSUs to be granted to each non-employee director for fiscal year 2020 would be 24,822 shares of our common stock. On April 3, 2020, each eligible director was granted an RSU for 23,893 shares under the Company's 2010 Stock Plan, or the 2010 Plan, as the number of shares that remained available for grant under the 2010 Plan was not sufficient for each director's full RSU grant. The Compensation Committee also granted to each eligible director a contingent grant under our 2020 Equity Incentive Plan, or the 2020 Plan, for the remaining portion of the annual RSU grants, or 929 RSU's to each eligible director, contingent upon stockholder approval of the 2020 Plan at the Company's 2020 Annual Meeting of Stockholders, or the Annual Meeting. These grants are subject to vesting as follows: 50% of the RSUs subject to the grants will vest on December 31, 2020 and 50% of the RSUs will vest on March 31, 2021, subject in each case to the continuous service of each director, through such vesting dates, as well as approval of the 2020 Plan by the stockholders at the Annual Meeting, which was obtained at the Annual Meeting.

In June 2020, 29,866 vested RSUs held by our non-employee directors were exchanged into the same number of shares of our common stock. All five non-employee directors elected to return 40% of their vested RSUs in exchange for cash, in order to pay their withholding taxes on the share issuances, resulting in 11,947 of the vested RSUs being cancelled in exchange for $24,251 in aggregate cash proceeds to those independent directors.

In September 2020, 29,866 vested RSUs held by our non-employee directors were exchanged into the same number of shares of our common stock. All five non-employee directors elected to return 40% of their vested RSUs in exchange for cash, in order to pay their withholding taxes on the share issuances, resulting in 11,947 of the vested RSUs being cancelled in exchange for $16,128 in aggregate cash proceeds to those independent directors.

Also in September 2020, our stockholders approved the 2020 Plan at the Annual Meeting, at which point the grants of 929 RSUs to each of our eligible independent directors for a total of 4,645 RSUs were considered effective and no longer contingent as of that date (See Note 9).

In December 2020, 32,189 vested RSUs held by our non-employee directors were exchanged into the same number of shares of our common stock. All five non-employee directors elected to return 40% of their vested RSUs in exchange for cash, in order to pay their withholding taxes on the share issuances, resulting in 12,876 of the vested RSUs being cancelled in exchange for $31,802 in aggregate cash proceeds to those independent directors.

RSUs outstanding that have vested as of, and are expected to vest subsequent to, December 31, 2020 are as follows:

	Number of RSUs
Vested	–
Expected to vest	32,189
Total	32,189

7. RELATED PARTY TRANSACTIONS

During the three months ended December 31, 2020, we accrued unpaid fees of $69,292 owed to our non-employee directors as of December 31, 2020.

As a result of entering into a Separation Agreement on October 30, 2020 with our former Chief Executive Officer, or CEO, Timothy Rodell, M.D., or the Separation Agreement, we paid out accrued vacation of $20,260 to Dr. Rodell in the three months ended December 2020 (see Note 8 and Note 13). That accrued vacation was previously recorded in the due to related parties account.

Amounts due to related parties were comprised of the following items:

	December 31, 2020	March 31, 2020
Accrued Board fees	$ 69,292	$ 69,750
Accrued vacation to all employees	62,454	41,957
Total due to related parties	$ 131,746	$ 111,707

8. OTHER CURRENT LIABILITIES

Other current liabilities were comprised of the following items:

	December 31, 2020	March 31, 2020
Accrued separation expenses for former executive	$ 400,578	$ –
Accrued professional fees	460,119	472,420
Total other current liabilities	$ 860,697	$ 472,420

9. STOCK COMPENSATION

The following tables summarize share-based compensation expenses relating to RSUs and stock options and the effect on basic and diluted loss per common share during the three and nine month periods ended December 31, 2020 and 2019:

	Three Months Ended December 31, 2020	Three Months Ended December 31, 2019	Nine Months Ended December 31, 2020	Nine Months Ended December 31, 2019
Vesting of stock options and restricted stock units	$ 377,958	$ 102,576	$ 629,207	$ 755,648
Total stock-based compensation expense	$ 377,958	$ 102,576	$ 629,207	$ 755,648
Weighted average number of common shares outstanding – basic and diluted	12,093,361	2,887,883	11,265,725	1,821,557
Basic and diluted loss per common share attributable to stock-based compensation expense	$ (0.03)	$ (0.04)	$ (0.06)	$ (0.41)

All of the stock-based compensation expense recorded during the nine months ended December 31, 2020 and 2019, which totaled $629,207 and $755,648, respectively, is included in payroll and related expense in the accompanying condensed consolidated statements of operations. Stock-based compensation expense recorded during the nine months ended December 31, 2020 and 2019 represented an impact on basic and diluted loss per common share of $(0.06) and $(0.41), respectively.

We review share-based compensation on a quarterly basis for changes to the estimate of expected award forfeitures based on actual forfeiture experience. The cumulative effect of adjusting the forfeiture rate for all expense amortization is recognized in the period the forfeiture estimate is changed. The effect of forfeiture adjustments for the nine months ended December 31, 2020 was insignificant.

Stock Option Activity and Approval of 2020 Plan

From February 2020 through May 2020, our compensation committee granted options to purchase 521,476 shares of our common stock that were contingent upon stockholder approval of the 2020 Plan. Upon approval of the 2020 Plan at the Annual Meeting, these option grants were considered effective and no longer contingent as of that date.

The 2020 Plan approved by our stockholders at the Annual Meeting, authorizes up to 1,842,556 shares for issuance pursuant to stock option grants, RSUs or other forms of stock-based compensation. No future grants will be made under the 2010 Plan.

We issued an option to purchase shares 239,122 shares of our common stock pursuant to the 2020 Plan to our Chief Executive Officer during the three months ended December 31, 2020, in connection with the appointment of Dr. Fisher as our Chief Executive Officer, effective as of October 30, 2020.

In connection with the Separation Agreement and pursuant to Dr. Rodell's employment agreement with the Company, the vesting was accelerated on 50% of outstanding and unvested options to purchase shares of our common stock held by Dr. Rodell as of the Separation Date of October 30, 2020, such that the accelerated stock options were fully vested and exercisable as of the Separation Date.

In December 2020, Dr. Rodell elected to net exercise a portion of his stock options. As a result, we issued Dr. Rodell an aggregate of 15,896 shares of our common stock and we paid the estimated withholding taxes of $34,209 related to the net exercise.

Options outstanding that were vested as of December 31, 2020 and options that are expected to vest subsequent to December 31, 2020 are as follows:

	Number of Shares	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Term in Years**
Vested	34,509	$ 32.53	5.84
Expected to vest	567,814	$ 1.51	9.67
Total	602,323		

A summary of stock option activity during the nine months ended December 31, 2020 is presented below:

	Amount	Range of Exercise Price	Weighted Average Exercise Price
Stock options outstanding at March 31, 2020	51,124	$18.75 - $187.50	$ 44.12
Exercised	(15,896)	$1.28	$ 1.28
Granted	770,094	$1.28 – $2.45	$ 1.45
Cancelled/Expired	(202,999)	$1.28 - $187.50	$ 6.76
Stock options outstanding at December 31, 2020	602,323	$1.28 - $187.50	$ 3.29
Stock options exercisable at December 31, 2020	34,509	$1.28 - $187.50	$ 32.53

On December 31, 2020, our outstanding stock options had no intrinsic value since the closing price on that date of $2.47 per share was below the weighted average exercise price of our outstanding stock options.

At December 31, 2020, there was approximately $2,240,000 of unrecognized compensation cost related to share-based payments, which is expected to be recognized over a weighted average period of 1.48 years.

10. WARRANTS

During the nine months ended December 31, 2020 and 2019, we did not issue any warrants.

A summary of warrant activity during the nine months ended December 31, 2020 is presented below:

	Amount	Range of Exercise Price	Weighted Average Exercise Price
Warrants outstanding at March 31, 2020	2,021,368	$1.50 - $125.25	$ 5.21
Cancelled/Expired	(29,395)	$90.75 – $135.00	$ 97.17
Warrants outstanding at December 31, 2020	1,991,973	$1.50 – $99.00	$ 5.23
Warrants exercisable at December 31, 2020	1,991,973	$1.50 – $99.00	$ 5.23

11. GOVERNMENT CONTRACTS AND RELATED REVENUE RECOGNITION

We have recognized revenue under the following two contracts/grants with the National Cancer Institute, or NCI, part of the National Institutes of Health, or NIH, over the past two years:

Phase 2 Melanoma Cancer Contract

On September 12, 2019, the NCI awarded to us an SBIR Phase II Award Contract, for NIH/NCI Topic 359, entitled "A Device Prototype for Isolation of Melanoma Exosomes for Diagnostics and Treatment Monitoring", or the Award Contract. The Award Contract amount is $1,860,561 and runs for the period from September 16, 2019 through September 15, 2021.

The work to be performed pursuant to this Award Contract focuses on melanoma exosomes. This work follows from our completion of a phase I contract for the Topic 359 solicitation that ran from September 2017 through June 2018, as described below. Following on the phase I work, the deliverables in the phase II program involve the design and testing of a pre-commercial prototype of a more advanced version of the exosome isolation platform.

During the period ended December 31, 2020, we completed all of the milestones relevant to that time period. As a result, we recorded $436,427 of government contract revenue on the Phase 2 Melanoma Cancer Contract in the nine months ended December 31, 2020. Of the total revenue recognized during the current period relating to this grant, a total of $117,849 was invoiced to the NCI during the three months ended December 31, 2020 and we recorded $318,578 which had previously been recognized as deferred revenue.

Breast Cancer Grant

In the nine months ended December 31, 2020, we completed and submitted the final reports applicable to this NCI grant (number 1R43CA232977-01). The title of this Small Business Innovation Research, or SBIR, Phase I grant is "The Hemopurifier Device for Targeted Removal of Breast Cancer Exosomes from the Blood Circulation," or the Breast Cancer Grant.

This NCI Phase I grant period originally ran from September 14, 2018 through August 31, 2019. In August 2019, we applied for and received a no cost, twelve month extension on this grant; through August 31, 2020. The total amount of the firm grant was $298,444. The grant called for two subcontractors to work with us. Those subcontractors were University of Pittsburgh and Massachusetts General Hospital. As of December 31, 2020, we have received all of the funds allocated to the Breast Cancer Grant.

During the nine months ended December 31, 2020, we recorded the remaining $188,444 of revenue related to the Breast Cancer Grant, as we achieved two of the three milestones related to the Breast Cancer Grant. We concluded in our final report to the SBIR that our pre-clinical results demonstrated that our work under the grant provided support that the Hemopurifier has the capacity to clear exosomes from breast cancer patients. That amount previously was recorded as deferred revenue.

As of December 31, 2020, we received all of the funds allocated to the Breast Cancer Grant and have submitted the final reports applicable to this grant.

Subaward with University of Pittsburgh

In addition, we are completing the logistical elements of documentation and billing the University of Pittsburgh in connection with a cost reimbursable subaward arrangement under an NIH project entitled "Depleting Exosomes to Improve Responses to Immune Therapy in HNNCC." Our share of the award is $256,750. We have not recorded any revenues as of December 31, 2020 related to the subaward. We anticipate billing and recognizing revenue under this subaward in future periods.

12. SEGMENTS

We operate our businesses principally through two reportable segments: Aethlon, which represents our therapeutic business activities, and ESI, which represents our diagnostic business activities. Our reportable segments have been determined based on the nature of the potential products being developed. We record discrete financial information for ESI and our chief operating decision maker reviews ESI's operating results in order to make decisions about resources to be allocated to the ESI segment and to assess its performance.

Aethlon's revenue is generated primarily from government contracts to date and ESI does not yet have any revenues. We have not included any allocation of corporate overhead to the ESI segment.

The following tables set forth certain information regarding our segments:

	Nine Months Ended December 31,	
	2020	2019
Revenues:		
Aethlon	$ 624,871	$ 443,458
ESI	–	–
Total Revenues	$ 624,871	$ 443,458
Operating Losses:		
Aethlon	$ (5,609,464)	$ (4,125,758)
ESI	(15,931)	(19,039)
Total Operating Loss	$ (5,625,395)	$ (4,144,797)
Net Losses:		
Aethlon	$ (5,610,994)	$ (4,575,811)
ESI	(15,931)	(19,039)
Net Loss Before Non-Controlling Interests	$ (5,626,925)	$ (4,594,850)
Cash:		
Aethlon	$ 12,131,396	$ 4,058,456
ESI	197	197
Total Cash	$ 12,131,593	$ 4,058,653
Total Assets:		
Aethlon	$ 12,669,552	$ 4,682,294
ESI	197	197
Total Assets	$ 12,669,749	$ 4,682,491
Capital Expenditures:		
Aethlon	$ 54,630	$ 148,064
ESI	–	–
Capital Expenditures	$ 54,630	$ 148,064
Depreciation and Amortization:		
Aethlon	$ 28,775	$ 15,992
ESI	–	–
Total Depreciation and Amortization	$ 28,775	$ 15,992
Interest Expense:		
Aethlon	$ (1,530)	$ (54,232)
ESI	–	–
Total Interest Expense	$ (1,530)	$ (54,232)

13. COMMITMENTS AND CONTINGENCIES

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

There have been no material changes to our contractual obligations and commitments outside the ordinary course of business from those disclosed under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations-Contractual Obligations and Commitments" as contained in our Annual Report on Form 10-K for the year ended March 31, 2020, filed by us with the SEC on June 25, 2020.

On October 30, 2020, we entered into a Separation Agreement with Timothy Rodell, M.D., our former Chief Executive Officer, or the Separation Agreement. Under this agreement, we agreed to pay Dr. Rodell a total of $444,729 and to cover his medical insurance costs over a twelve-month period that began on November 1, 2020, all in accordance with the terms of his employment agreement with the Company. We also paid Dr. Rodell accrued vacation in the amount of $20,260 in November 2020.

The total expense accrued at December 31, 2020 relating to the Separation Agreement, was $400,578 (see Note 7 and Note 8).

On October 30, 2020, we entered into an Executive Employment Agreement, or Agreement, with Charles J. Fisher Jr., M.D. The Agreement provides Dr. Fisher with (i) an initial annualized base salary of $430,000 per year; (ii) eligibility for a discretionary annual cash bonus, (iii) eligibility for a one-time cash bonus and additional equity grant upon attaining a specified performance goal, (iv) eligibility to participate in and receive additional stock options or equity award grants under the Company's equity incentive plans from time to time, in the discretion of the Board or the Compensation Committee, and in accordance with the terms and conditions of such plans; and (iv) severance payments in the event that Dr. Fisher's employment is terminated by the Company for any reason other than Cause (as defined in the Agreement) or if it is terminated by Dr. Fisher for Good Reason (as defined in the Agreement).

LEASE COMMITMENTS

We currently lease approximately 2,600 square feet of executive office space at 9635 Granite Ridge Drive, Suite 100, San Diego, California 92123 under a 39-month gross plus utilities lease that commenced on December 1, 2014 and expires on August 31, 2021. The current rental rate under the lease extension is $8,265 per month.

We also rent approximately 1,700 square feet of laboratory space at 11585 Sorrento Valley Road, Suite 109, San Diego, California 92121 at the rate of $6,148 per month on a one-year lease that originally was to expire on November 30, 2020. In December 2020, we entered into a short-term lease extension running from December 1, 2020 through the completion date of our construction of our planned new laboratory space which is adjacent to our current laboratory.

Rent expense, which is included in general and administrative expenses, approximated $50,000 and $44,000 for the three month periods ended December 31, 2020 and 2019, respectively. For the nine month periods ended December 31, 2020 and 2019, rent expense approximated $144,000 and $130,000, respectively.

Future minimum lease payments under the Granite Ridge Lease as of December 31, 2020, are as follows:

January 1, 2021 through March 31, 2021	$	25,663
April 1, 2021 through August 31, 2021		43,670
Total future minimum lease payments		69,333
Less: discount		(1,635)
Total lease liability	$	67,698

During the fiscal year ended March 31, 2020, we adopted ASU Topic 842 on April 1, 2019 utilizing the alternative transition method allowed for under this guidance. As a result, we recorded lease liabilities and right-of-use lease assets of $228,694 on our balance sheet as of April 1, 2019. The lease liabilities represent the present value of the remaining lease payments of our corporate headquarters lease, discounted using our incremental borrowing rate as of April 1, 2019. The corresponding right-of-use lease assets are recorded based on the lease liabilities and the cumulative difference between rent expense and amounts paid under its corporate headquarters lease. We also elected the short-term lease recognition exemption for its laboratory lease. For the laboratory lease that qualified as short-term, we did not recognize right-of-use assets or lease liabilities at adoption.

In December 2020, we entered into an agreement to lease approximately 2,823 square feet of office space and 1,807 square feet of laboratory space. The agreement carries a term of 63 months and we will commence paying rent when we take occupancy of those spaces, which is expected to occur in the second quarter of 2021. Upon taking occupancy of the space, we will record lease liabilities and right-of-use lease assets related to this agreement on our balance sheet. We estimate that the present value of the contractual payments under the lease agreement to be approximately $806,000.

In addition, the new lease agreement required us to post a standby letter of credit in favor of the landlord in the amount of $46,726 in lieu of a security deposit. We arranged for our bank to issue the standby letter of credit in the three months ended December 31, 2020 and transferred a like amount to a restricted certificate of deposit which secured the bank's risk in issuing that letter of credit. We have classified that restricted certificate of deposit on our balance sheet as restricted cash .

LEGAL MATTERS

From time to time, claims are made against us in the ordinary course of business, which could result in litigation. Claims and associated litigation are subject to inherent uncertainties and unfavorable outcomes could occur, such as monetary damages, fines, penalties or injunctions prohibiting us from selling one or more products or engaging in other activities.

The occurrence of an unfavorable outcome in any specific period could have a material adverse effect on our results of operations for that period or future periods. We are not presently a party to any pending or threatened legal proceedings.

14. SUBSEQUENT EVENTS

Management has evaluated events subsequent to December 31, 2020 through the date that the accompanying condensed consolidated financial statements were filed with the SEC for transactions and other events which may require adjustment of and/or disclosure in such financial statements.

In January 2021, we hired two senior executives, Guy Cipriani as Senior Vice President, Chief Business Officer, and Steven LaRosa, M.D., as Chief Medical Officer and entered into employment agreements with each executive. Mr. Cipriani will oversee business development and partnerships, while also contributing to fundraising and corporate development. Mr. Cipriani's initial annual base salary is $340,000 and Mr. Cipriani also is eligible for a discretionary annual cash bonus. Mr. Cipriani also is eligible for reimbursement of relocation expenses in the aggregate amount of up to $75,000. Dr. LaRosa will be responsible for the clinical development of Aethlon's Hemopurifier®, including leading clinical operations and regulatory strategy. In addition to a one-time signing bonus of $100,000, subject to repayment if Dr. LaRosa leaves Aethlon prior to two years with the Company, Dr. LaRosa's initial annual base salary is $400,000. Dr. LaRosa also is eligible for a discretionary annual cash bonus and relocation expense reimbursement of up to $50,000. Upon commencement of employment each of Mr. Cipriani and Dr. LaRosa was granted an option to purchase 120,883 shares of the Company's Common Stock, with an exercise price equal to the fair market value on the date of grant, subject to a four-year vesting schedule and other terms and conditions of the Company's 2020 Equity Incentive Plan.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion of our financial condition and results of operations should be read in conjunction with, and is qualified in its entirety by, the condensed consolidated financial statements and notes thereto included in Item 1 in this Quarterly Report on Form 10-Q. This item contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those indicated in such forward-looking statements.

FORWARD LOOKING STATEMENTS

All statements, other than statements of historical fact, included in this Form 10-Q are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Such forward-looking statements involve assumptions, known and unknown risks, uncertainties and other factors which may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements contained in this Form 10-Q. Potential risks and uncertainties include, without limitation, completion of our capital-raising activities, our ability to maintain our Nasdaq listing, U.S. Food and Drug Administration, approval of our products, other regulations, patent protection of our proprietary technology, product liability exposure, uncertainty of market acceptance, competition, technological change, and other risk factors detailed herein and in other of our filings with the Securities and Exchange Commission, or the Commission. The forward-looking statements are made as of the date of this Form 10-Q, and we assume no obligation to update the forward-looking statements, or to update the reasons actual results could differ from those projected in such forward-looking statements.

Overview

We are a medical technology company focused on developing products to diagnose and treat life and organ threatening diseases. The Aethlon Hemopurifier®, or Hemopurifier, is a clinical-stage immunotherapeutic device designed to combat cancer and life-threatening viral infections. In cancer, the Hemopurifier is designed to deplete the presence of circulating tumor-derived exosomes that promote immune suppression, seed the spread of metastasis and inhibit the benefit of leading cancer therapies. The U.S. Food and Drug Administration, or FDA, has designated the Hemopurifier as a "Breakthrough Device" for two independent indications:

- the treatment of individuals with advanced or metastatic cancer who are either unresponsive to or intolerant of standard of care therapy, and with cancer types in which exosomes have been shown to participate in the development or severity of the disease; and
- the treatment of life-threatening viruses that are not addressed with approved therapies.

We believe the Hemopurifier can be a substantial advance in the treatment of patients with advanced and metastatic cancer through the clearance of exosomes that promote the growth and spread of tumors through multiple mechanisms. We are currently preparing for the initiation of clinical trials in patients with advanced and metastatic cancers. We are initially focused on the treatment of solid tumors, including head and neck cancer, gastrointestinal cancers and other cancers. As we advance our clinical trials, we are in close contact with our clinical sites to navigate and assess the impact of the global COVID-19 pandemic on our clinical trials and current timelines.

On October 4, 2019, the FDA approved our Investigational Device Exemption, or IDE, application to initiate an Early Feasibility Study, or EFS, of the Hemopurifier in patients with head and neck cancer in combination with standard of care pembrolizumab (Keytruda) (NCT # 04453046). The primary endpoint for the EFS, which is designed to enroll 10-12 subjects at a single center, will be safety, with secondary endpoints including measures of exosome clearance and characterization, as well as response and survival rates. This study, which will be conducted at the UPMC Hillman Cancer Center in Pittsburgh, PA, has been approved by the Institutional Review Board, or IRB, and is now open for patient enrollment.

We also believe the Hemopurifier can be part of the broad-spectrum treatment of life-threatening highly glycosylated, or carbohydrate coated, viruses that are not addressed with an already approved treatment. In small-scale or early feasibility human studies, the Hemopurifier has been used to treat individuals infected with human immunodeficiency virus, or HIV, Hepatitis-C, and Ebola.

Additionally, *in-vitro*, the Hemopurifier has been demonstrated to capture Zika virus, Lassa virus, MERS-CoV, cytomegalovirus, Epstein-Barr virus, Herpes simplex virus, Chikungunya virus, Dengue virus, West Nile virus, smallpox-related viruses, H1N1 swine flu virus, H5N1 bird flu virus, and the reconstructed Spanish flu virus of 1918. In several cases, these validations were conducted in collaboration with leading government or non-government research institutes.

On June 17, 2020, the FDA approved a supplement to the Company's open IDE for the Company's Hemopurifier in viral disease to allow for the testing of the Hemopurifier in patients with SARS-CoV-2/COVID-19 in a New Feasibility Study. That study's plan is to enroll up to 40 subjects at up to 20 centers in the U.S. Subjects will have established laboratory diagnosis of COVID-19, be admitted to an intensive care unit, or ICU and will have acute lung injury and/or severe or life threatening disease among other criteria. Endpoints for this study, in addition to safety, will include reduction in circulating virus as well as clinical outcomes (NCT # 04595903). The first sites for this trial, Hoag Memorial Hospital Presbyterian in Newport Beach, CA and Hoag Hospital – Irvine in Irvine, CA now have IRB approval and are preparing to open for patient enrollment. Under Single Patient Emergency Use regulations, the Company has also recently treated a patient with COVID-19, who successfully completed eight daily treatments with the Hemopurifier.

We are also the majority owner of Exosome Sciences, Inc., or ESI, a company focused on the discovery of exosomal biomarkers to diagnose and monitor life-threatening diseases. Included among ESI's activities is the advancement of a TauSome™ biomarker candidate to diagnose chronic traumatic encephalopathy, or CTE, in the living. ESI previously documented TauSome levels in former NFL players to be nine times higher than same age-group control subjects. Through ESI, we are also developing exosome

based biomarkers in patients with, or at risk for, a number of cancers. We consolidate ESI's activities in our consolidated financial statements.

Successful outcomes of human trials will also be required by the regulatory agencies of certain foreign countries where we plan to sell the Hemopurifier. Some of our patents may expire before FDA approval or approval in a foreign country, if any, is obtained. However, we believe that certain patent applications and/or other patents issued more recently will help protect the proprietary nature of the Hemopurifier treatment technology.

We were formed on March 10, 1999. Our executive offices are located at 9635 Granite Ridge Drive, Suite 100, San Diego, California 92123. Our telephone number is (858) 459-7800. Our website address is www.aethlonmedical.com.

Our common stock is listed on the Nasdaq Capital Market under the symbol "AEMD."

COVID-19 Update

In March 2020, the World Health Organization declared COVID-19 a global pandemic. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains and created significant volatility and disruption of financial markets.

We are monitoring closely the impact of the COVID-19 global pandemic on our business and have taken steps designed to protect the health and safety of our employees while continuing our operations, including clinical trials. Given the level of uncertainty regarding the duration and impact of the COVID-19 pandemic on capital markets and the U.S. economy, we are unable to assess the impact of the worldwide spread of SARS-CoV-2 and the resulting COVID-19 pandemic on our future access to capital. Further, while we have not experienced significant disruptions to our manufacturing supply chain, business, results of operations, financial condition, clinical trials, or preclinical research to date, we are unable to assess the potential impact this pandemic could have on our manufacturing supply chain, business, results of operations, financial condition, clinical trials, or preclinical research in the future.

As we continue to actively advance our clinical trials, we remain in close contact with our clinical sites and are assessing the impact of COVID-19 on our trials, expected timelines and costs on an ongoing basis. We will assess any potential delays in our ability to timely ship clinical trial materials, including internationally, due to transportation interruptions. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our clinical trials, employees and vendors, all of which are uncertain and cannot be predicted. Given these uncertainties, we cannot reasonably estimate the related impact to our business, operating results and financial condition, if any.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act, and must file reports, proxy statements and other information with the Commission. The Commission maintains a web site (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding registrants, like us, which file electronically with the Commission. Our headquarters are located at 9635 Granite Ridge Drive, Suite 100, San Diego, CA 92123. Our phone number at that address is (858) 459-7800. Our website is http://www.aethlonmedical.com.

RESULTS OF OPERATIONS

THREE MONTHS ENDED DECEMBER 31, 2020 COMPARED TO THE THREE MONTHS ENDED DECEMBER 31, 2019

Government Contract Revenues

We recorded $624,871 in government contract revenue in the three months ended December 31, 2020. This revenue resulted from work performed under our government contracts with NIH as follows:

	Three Months Ended 12/31/20	Three Months Ended 12/31/19	Change in Dollars
Phase 2 Melanoma Cancer Contract	$ 436,427	$ 413,458	$ 22,969
Breast Cancer Grant	188,444	30,000	158,444
Total Government Contract and Grant Revenue	$ 624,871	$ 443,458	$ 181,413

We have recognized revenue under the following two contracts/grants with the National Cancer Institute, or NCI, part of the National Institutes of Health, or NIH, over the past two years:

Phase 2 Melanoma Cancer Contract

On September 12, 2019, the NCI awarded to us an SBIR Phase II Award Contract, for NIH/NCI Topic 359, entitled "A Device Prototype for Isolation of Melanoma Exosomes for Diagnostics and Treatment Monitoring", or the Award Contract. The Award Contract amount is $1,860,561 and runs for the period from September 16, 2019 through September 15, 2021.

The work to be performed pursuant to this Award Contract focuses on melanoma exosomes. This work follows from our completion of a phase I contract for the Topic 359 solicitation that ran from September 2017 through June 2018, as described below. Following on the phase I work, the deliverables in the phase II program involve the design and testing of a pre-commercial prototype of a more advanced version of the exosome isolation platform.

During the period ended December 31, 2020, we completed all of the milestones relevant to that time period. As a result, we recorded $436,427 of government contract revenue on the Phase 2 Melanoma Cancer Contract in the three months ended December 31, 2020. Of the total revenue recognized during the current period relating to this grant, a total of $117,849 was invoiced to the NCI during the three months ended December 31, 2020 and we recorded $318,578 which had previously been recognized as deferred revenue.

Breast Cancer Grant

In the three months ended December 31, 2020, we completed and submitted the final reports applicable to this NCI grant (number 1R43CA232977-01). The title of this Small Business Innovation Research, or SBIR, Phase I grant is "The Hemopurifier Device for Targeted Removal of Breast Cancer Exosomes from the Blood Circulation," or the Breast Cancer Grant.

This NCI Phase I grant period originally ran from September 14, 2018 through August 31, 2019. In August 2019, we applied for and received a no cost, twelve-month extension on this grant; through August 31, 2020. The total amount of the firm grant was $298,444. The grant called for two subcontractors to work with us. Those subcontractors were University of Pittsburgh and Massachusetts General Hospital. As of December 31, 2020, we have received all of the funds allocated to the Breast Cancer Grant.

During the three months ended December 31, 2020, we recorded the remaining $188,444 of revenue related to the Breast Cancer Grant as we achieved two of the three milestones related to the Breast Cancer Grant and concluded in our final report that our work under the grant provided nonclinical support that the Hemopurifier has the capacity to clear exosomes from breast cancer patients. That amount previously was recorded as deferred revenue.

Subaward with University of Pittsburgh

In addition, we are completing the logistical elements of documentation and billing the University of Pittsburgh in connection with a cost reimbursable subaward arrangement under an NIH project entitled "Depleting Exosomes to Improve Responses to Immune Therapy in HNNCC." Our share of the award is $256,750. We have not recorded any revenues as of December 31, 2020 related to the subaward. We anticipate billing and recognizing revenue under this subaward in future periods.

Operating Expenses

Consolidated operating expenses for the three months ended December 31, 2020 were $3,068,459, compared to $1,289,864 for the three months ended December 31, 2019. This increase of $1,778,595, or 137.9%, in the 2020 period was due to increases in payroll and related expenses of $1,117,229, in general and administrative expenses of $646,320, and in professional fees of $15,046.

The $1,117,229 increase in payroll and related expenses was due to the combination of an $841,847 increase in our cash-based compensation expense and a $275,382 increase in stock-based compensation expense. The largest factor in the cash-based compensation increase was a result of recording an aggregate of $593,272 related to severance costs associated with the Separation Agreement. Additional factors were a $125,000 increase in year-end bonus payments, increased headcount and salary increases.

The $646,320 increase in general and administrative expenses was primarily due to a $360,703 increase in our clinical trial expenses, a $132,542 increase in subcontractor expenses associated with our government contracts and grants, a $130,019 increase in lab supplies, in connection with our ongoing effort to continue to build an inventory of Hemopurifiers for our clinical trials, and to a $39,667 increase in our insurance expenses.

The $15,046 increase in our professional fees was primarily due to a $28,421 increase in contract labor, predominantly research scientists hired on a consulting basis, and a $23,151 increase in our legal fees, which were partially offset by a $35,189 decrease in our accounting fees.

Other Income (Expense)

We had $802 of other expense during the three months ended December 31, 2020. In the three months ended December 31, 2019, other expense consisted of interest expense and a gain on share for warrant exchanges.

The following table breaks out the various components of our other expense for both periods:

	Three Months Ended 12/31/20	Three Months Ended 12/31/19	Change
(Gain) on Share for Warrant Exchanges	$ –	$ (55,593)	$ 55,593
Interest Expense	802	126	676
Total Other Expense	$ 802	$ (55,467)	$ 56,269

Gain on Share for Warrant Exchanges

There was no warrant exchange activity during the three months ended December 31, 2020. During the three months ended December 31, 2019, we agreed with two accredited investors to issue 2,914 shares of our common stock to these investors in exchange for the cancellation of outstanding warrants then held by the investors to purchase 29,141 shares of our common stock. We measured the fair value of the shares issued and the fair value of the warrants exchanged for those shares and recorded a gain of $55,593 on those exchanges based on the changes in fair value between the instruments exchanged.

Interest Expense

We had $802 in interest expense in the three months ended December 31, 2020. Interest expense was $126 for the three months ended December 31, 2019. The various components of our interest expense are shown in the following table:

	Three Months Ended 12/31/20	Three Months Ended 12/31/19	Change
Interest Expense	$ 802	$ 126	$ 676

Net Loss

As a result of the changes in revenues and expenses noted above, our net loss increased to approximately $2,447,000 in the three month period ended December 31, 2020, from approximately $821,000 in the three month period ended December 31, 2019.

Basic and diluted loss attributable to common stockholders were ($0.20) for the three month period ended December 31, 2020, compared to ($0.28) for the three month period ended December 31, 2019.

NINE MONTHS ENDED DECEMBER 31, 2020 COMPARED TO THE NINE MONTHS ENDED DECEMBER 31, 2019

Government Contract Revenues

We recorded $624,871 in government contract revenue in the nine months ended December 31, 2020. This revenue resulted from work performed under our government contracts with NIH as follows:

	Nine Months Ended 12/31/20	Nine Months Ended 12/31/19	Change in Dollars
Phase 2 Melanoma Cancer Contract	$ 436,427	$ 413,458	$ 22969
Breast Cancer Grant	188,444	30,000	158,444
Total Government Contract and Grant Revenue	$ 624,871	$ 443,458	$ 181,413

We have recognized revenue under the following two contracts/grants with the National Cancer Institute, or NCI, part of the National Institutes of Health, or NIH, over the past two years:

Phase 2 Melanoma Cancer Contract

On September 12, 2019, the NCI awarded to us an SBIR Phase II Award Contract, for NIH/NCI Topic 359, entitled "A Device Prototype for Isolation of Melanoma Exosomes for Diagnostics and Treatment Monitoring", or the Award Contract. The Award Contract amount is $1,860,561 and runs for the period from September 16, 2019 through September 15, 2021. The work to be performed pursuant to this Award Contract focuses on melanoma exosomes. This work follows from our completion of a phase I contract for the Topic 359 solicitation that ran from September 2017 through June 2018, as described below. Following on the phase I work, the deliverables in the phase II program involve the design and testing of a pre-commercial prototype of a more advanced version of the exosome isolation platform.

During the period ended December 31, 2020, we completed all of the milestones relevant to that time period. As a result, we recorded $436,427 of government contract revenue on the Phase 2 Melanoma Cancer Contract in the nine months ended December 31, 2020. Of the total revenue recognized during the current period relating to this grant, a total of $117,849 was invoiced to the NCI during the three months ended December 31, 2020 and we recorded $318,578 which had previously been recognized as deferred revenue.

Breast Cancer Grant

In the nine months ended December 31, 2020, we completed and submitted the final reports applicable to this NCI grant (number 1R43CA232977-01). The title of this Small Business Innovation Research, or SBIR, Phase I grant is "The Hemopurifier Device for Targeted Removal of Breast Cancer Exosomes from the Blood Circulation," or the Breast Cancer Grant.

This NCI Phase I grant period originally ran from September 14, 2018 through August 31, 2019. In August 2019, we applied for and received a no cost, twelve month extension on this grant; through August 31, 2020. The total amount of the firm grant was $298,444. The grant called for two subcontractors to work with us. Those subcontractors were University of Pittsburgh and Massachusetts General Hospital. As of December 31, 2020, we have received all of the funds allocated to the Breast Cancer Grant.

During the nine months ended December 31, 2020, we recorded the remaining $188,444 of revenue related to the Breast Cancer Grant as we achieved two of the three milestones related to the Breast Cancer Grant and concluded in our final report that our work under the grant provided nonclinical support that the Hemopurifier has the capacity to clear exosomes from breast cancer patients. That amount previously was recorded as deferred revenue.

Subaward with University of Pittsburgh

In addition, we are completing the logistical elements of documentation and billing the University of Pittsburgh in connection with a cost reimbursable subaward arrangement under an NIH project entitled "Depleting Exosomes to Improve Responses to Immune Therapy in HNNCC." Our share of the award is $256,750. We have not recorded any revenues as of December 31, 2020 related to the subaward. We anticipate billing and recognizing revenue under this subaward in future periods.

Operating Expenses

Consolidated operating expenses for the nine months ended December 31, 2020 were $6,250,266, compared to $4,588,255 for the nine months ended December 31, 2019. This increase of $1,662,011, or 36.2%, in the 2020 period was due to increases in payroll and related expenses of $910,863 and in general and administrative expenses of $885,337, which were partially offset by a decrease in professional fees of $134,189.

The $910,863 increase in payroll and related expenses in the nine months ended December 31, 2020 was due to a $934,726 increase in our cash-based compensation expense, which was partially offset by a $23,865 reduction in stock-based compensation expense. The largest factor in the cash-based compensation increase was a result of recording an aggregate of $593,272 related to severance costs associated with the Separation Agreement. Additional factors were a $125,000 increase in year-end bonus payments and our headcount and salary increases.

The $885,337 increase in general and administrative expenses in the nine months ended December 31, 2020 was primarily due to a $441,246 increase in our clinical trial expenses, a $67,542 increase in subcontractor expenses associated with our government contracts and grants, a $318,100 increase in lab supplies, in connection with our ongoing effort to continue to build an inventory of Hemopurifiers for our clinical trials, and to a $60,958 increase in our insurance expenses.

The $134,189 decrease in our professional fees was due to a $116,432 decrease in our accounting fees, a $92,820 decrease in our legal fees, and a $23,610 decrease in other consulting fees, which were partially offset by a $102,243 increase in contact labor, predominantly research scientists hired on a consulting basis.

Other Expense

Other expense during the nine months ended December 31, 2020 consisted of interest expense and during the nine months ended December 31, 2019, consisted of interest expense, a gain on share for warrant exchanges and a loss on debt extinguishment. Other expense for the nine months ended December 31, 2020 was $1,530, compared to other expense of $450,053 for the nine months ended December 31, 2019.

The following table breaks out the various components of our other expense for both periods:

	Nine Months Ended 12/31/20	Nine Months Ended 12/31/19	Change
Loss on Debt Extinguishment	$ –	$ 447,011	$ (447,011)
Gain on Share for Warrant Exchanges	$ –	$ (51,190)	$ 51,190
Interest Expense	$ 1,530	$ 54,232	$ (52,702)
Total Other Expense	$ 1,530	$ 450,053	$ (448,523)

Loss on Debt Extinguishment

There were no losses on debt extinguishment during the nine months ended December 31, 2020. During the nine months ended December 31, 2019, we reduced the conversion price on our then outstanding convertible notes from $45.00 per share to $10.20 per share. The modification of the convertible notes was evaluated under ASC 470-50-40 and the instruments were determined to be substantially different, and the transaction qualified for extinguishment accounting. Under the extinguishment accounting we recorded a loss on debt extinguishment of $447,011.

Gain on Share for Warrant Exchanges

There was no warrant exchange activity during the nine months ended December 31, 2020. During the nine months ended December 31, 2019, we agreed with seven accredited investors to issue 3,992 shares of our common stock to these investors in exchange for the cancellation of outstanding warrants then held by the investors to purchase 39,900 shares of our common stock. We measured the fair value of the shares issued and the fair value of the warrants exchanged for those shares and recorded a gain of $51,190 on those exchanges based on the changes in fair value between the instruments exchanged.

Interest Expense

Total interest expense was $1,530 for the nine months ended December 31, 2020, and $54,232 for the nine months ended December 31, 2019, a decrease of $52,702. The various components of our interest expense are shown in the following table:

	Nine Months Ended 12/31/20	Nine Months Ended 12/31/19	Change
Interest Expense	$ 1,530	$ 23,945	$ (22,415)
Amortization of Note Discounts	$ –	$ 30,287	$ (30,287)
Total Interest Expense	$ 1,530	$ 54,232	$ (52,702)

The $52,702 decrease in our total interest expense in the nine months ended December 2020 was due to the payment in full of our convertible notes in July 2019.

Net Loss

As a result of the changes in revenues and expenses noted above, our net loss increased to approximately $5,630,000 in the nine month period ended December 31, 2020, from approximately $4,595,000 in the nine month period ended December 31, 2019.

Basic and diluted loss attributable to common stockholders were ($0.50) for the nine month period ended December 31, 2020, compared to ($2.52) for the nine month period ended December 31, 2019.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2020, we had a cash balance of $12,131,593 and current working capital of $11,086,708. This compares to a cash balance of $9,604,780 and working capital of $8,973,393 at March 31, 2020. We expect our existing cash as of December 31, 2020 to be sufficient to fund the Company's operations for at least twelve months from the issuance date of these financial statements.

The primary source of our increase in cash during the nine months ended December 31, 2020 resulted from our Common Stock Sales Agreement with H.C. Wainwright & Co., LLC, or Wainwright. The cash raised from that activity is described below:

Common Stock Sales Agreement with Wainwright

On June 28, 2016, we entered into a Common Stock Sales Agreement, or the Agreement, with Wainwright, which established an at-the-market equity program pursuant to which we may offer and sell shares of our common stock from time to time as set forth in the Agreement. The Agreement provided for the sale of shares of our common stock having an aggregate offering price of up to $12,500,000.

On March 30, 2020, we executed Amendment No. 2 to the Agreement with Wainwright, effective as of the same date. The amendment provides that references in the Agreement to the registration statement shall refer to the registration statement on Form S-3 (File No. 333-237269), originally filed with the SEC on March 19, 2020, declared effective by the SEC on March 30, 2020.

Subject to the terms and conditions set forth in the Agreement Wainwright agreed to use its commercially reasonable efforts consistent with its normal trading and sales practices to sell the shares under the Agreement from time to time, based upon our instructions. We provided Wainwright with customary indemnification rights under the Agreement, and Wainwright is entitled to a commission at a fixed rate equal to three percent of the gross proceeds per share sold. In addition, we agreed to pay certain expenses incurred by Wainwright in connection with the Agreement, including up to $50,000 of the fees and disbursements of their counsel. The Agreement will terminate upon the sale of all of the shares under the Agreement, unless terminated earlier by either party as permitted under the Agreement.

Sales of the Shares, if any, under the Agreement will be made in transactions that are deemed to be "at the market offerings" as defined in Rule 415 under the Securities Act, including sales made by means of ordinary brokers' transactions, including on the Nasdaq Capital Market, at market prices or as otherwise agreed with Wainwright. We have no obligation to sell any of the Shares, and, at any time, we may suspend offers under the Agreement or terminate the Agreement.

In the nine months ended December 31, 2020, we raised aggregate net proceeds of $7,260,869, net of $224,825 in commissions to Wainwright and $8,472 in other offering expenses, under the Agreement through the sale of 2,685,600 shares at an average price of $2.70 per share of net proceeds.

Future capital requirements will depend upon many factors, including progress with pre-clinical testing and clinical trials, the number and breadth of our clinical programs, the time and costs involved in preparing, filing, prosecuting, maintaining and enforcing patent claims and other proprietary rights, the time and costs involved in obtaining regulatory approvals, competing technological and market developments, as well as our ability to establish collaborative arrangements, effective commercialization, marketing activities and other arrangements. We expect to continue to incur increasing negative cash flows and net losses for the foreseeable future.

Cash Flows

Cash flows from operating, investing and financing activities, as reflected in the accompanying Condensed Consolidated Statements of Cash Flows, are summarized as follows:

	(In thousands) For the nine months ended	
	December 31, 2020	December 31, 2019
Cash provided by (used in):		
Operating activities	$ (4,526)	$ (3,577)
Investing activities	$ (55)	$ (148)
Financing activities	$ 7,154	$ 3,956
Net increase (decrease) in cash and cash equivalents	$ 2,573	$ 231

NET CASH USED IN OPERATING ACTIVITIES. We used cash in our operating activities due to our losses from operations. Net cash used in operating activities was approximately $4,526,000 in the nine month period ended December 31, 2020, compared to approximately $3,577,000 in the nine month period ended December 31, 2019.

NET CASH USED IN INVESTING ACTIVITIES. We used approximately $55,000 of cash to purchase laboratory and office equipment in the nine months ended December 31, 2020, compared to approximately $148,000 in the nine month period ended December 31, 2019.

NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES. During the nine months ended December 31, 2020, we raised approximately $7,261,000 from the issuance of common stock. That source of cash from our financing activities was partially offset by the use of approximately $106,000 to pay for the tax withholding on restricted stock units and on a net stock option exercise by our former Chief Executive Officer, for an aggregate increase of cash provided by financing activities of approximately $7,154,000. During the nine months ended December 31, 2019, we raised approximately $4,987,000 from the issuance of common stock, which was offset by the use of approximately $993,000 to pay off our then outstanding convertible notes and approximately $39,000 to pay for the tax withholding on restricted stock units.

As of the date of this filing, we plan to invest significantly into purchases of our raw materials and in our contract manufacturing arrangement, subject to successfully raising additional capital.

CRITICAL ACCOUNTING POLICIES

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, or GAAP, requires us to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. These estimates and assumptions affect the reported amounts of expenses during the reporting period. On an ongoing basis, we evaluate estimates and assumptions based upon historical experience and various other factors and circumstances. We believe our estimates and assumptions are reasonable in the circumstances; however, actual results may differ from these estimates under different future conditions.

We believe that the estimates and assumptions that are most important to the portrayal of our financial condition and results of operations, in that they require the most difficult, subjective or complex judgments, form the basis for the accounting policies deemed to be most critical to us. These critical accounting estimates relate to revenue recognition, stock purchase warrants issued with notes payable, beneficial conversion feature of convertible notes payable, impairment of intangible assets and long lived assets, stock compensation, deferred tax asset valuation allowance, and contingencies.

There have been no changes to our critical accounting policies as disclosed in our Form 10-K for the year ended March 31, 2020.

OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2020, we did not have any off-balance sheet arrangements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

As a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and in Item 10(f)(1) of Regulation S-K, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information requested by this item.

ITEM 4. CONTROLS AND PROCEDURES.

DISCLOSURE CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this Quarterly Report.

Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of such period, our disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, and are effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in our internal control over financial reporting during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

From time to time, claims are made against us in the ordinary course of business, which could result in litigation. Claims and associated litigation are subject to inherent uncertainties and unfavorable outcomes could occur, such as monetary damages, fines, penalties or injunctions prohibiting us from selling one or more products or engaging in other activities.

The occurrence of an unfavorable outcome in any specific period could have a material adverse effect on our results of operations for that period or future periods. We are not presently a party to any pending or threatened legal proceedings.

ITEM 1A. RISK FACTORS.

RISK FACTOR SUMMARY

Below is a summary of the principal factors that make an investment in our securities speculative or risky. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, and other risks that we face, can be found below under the heading "*Risk Factors*" and should be carefully considered, together with other information in this Quarterly Report on Form 10-Q and our other filings with the SEC before making investment decisions regarding our securities.

- We have incurred significant operating losses since our inception and have not generated any revenue. We expect to incur continued losses for the foreseeable future and may never achieve or maintain profitability.
- We will require substantial additional funding to sustain our operations. If we are unable to raise capital on favorable terms when needed, we could be forced to delay, reduce or eliminate our research or device development programs or any future commercialization efforts.
- To achieve the levels of production necessary to commercialize our Hemopurifier and any other future products, we will need to secure large-scale manufacturing agreements with contract manufacturers which comply with good manufacturing practice standards and other standards prescribed by various federal, state and local regulatory agencies in the U.S. and any other country of use. We have limited experience coordinating and overseeing the manufacture of medical device products on a large-scale.
- Our Hemopurifier product may be made unmarketable prior to commercialization by us by new scientific or technological developments by others with new treatment modalities that are more efficacious and/or more economical than our products. Any one of our competitors could develop a more effective product which would render our technology obsolete.
- Our Hemopurifier product is subject to extensive government regulations related to development, testing, manufacturing and commercialization in the U.S. and other countries. If we fail to comply with these extensive regulations of the U.S. and foreign agencies, the commercialization of our products could be delayed or prevented entirely.
- As a public company with limited financial resources undertaking the launch of new medical technologies, we may have difficulty attracting and retaining executive management and directors.
- We will need to significantly expand our operations to implement our longer-term business plan and growth strategies. We will also be required to manage multiple relationships with various strategic partners, technology licensors, customers, manufacturers and suppliers, consultants and other third parties. The time and costs to effectuate these steps may place a significant strain on our management personnel, systems and resources, particularly given the limited amount of financial resources and skilled employees that may be available at the time.
- Our business prospects will depend on our ability to complete studies, clinical trials, obtain satisfactory results, obtain required regulatory approvals and successfully commercialize our Hemopurifier product candidate. Delays in successfully completing the clinical trials could jeopardize our ability to obtain regulatory approval.
- If we are unable to adequately address these and other risks we face, our business, financial condition, operating results and prospects may be adversely affected.
- Our business could be adversely affected by the effects of health pandemics or epidemics, including the COVID-19 pandemic.

RISK FACTORS

As a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and in Item 10(f)(1) of Regulation S-K, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information requested by this item. For a discussion of our potential risks and uncertainties, please see the information listed in the item captioned "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended March 31, 2020.

Delays in successfully completing our planned clinical trials could jeopardize our ability to obtain regulatory approval.

Our business prospects will depend on our ability to complete studies, clinical trials, including our EFS trial in 10 to 12 patients, obtain satisfactory results, obtain required

regulatory approvals and successfully commercialize our Hemopurifier product candidate. Completion of our clinical trials, announcement of results of the trials and our ability to obtain regulatory approvals could be delayed for a variety of reasons, including:

- slow patient enrollment;
- serious adverse events related to our medical device candidates;
- unsatisfactory results of any clinical trial;
- the failure of our principal third-party investigators to perform our clinical trials on our anticipated schedules;
- different interpretations of our pre-clinical and clinical data, which could initially lead to inconclusive results; and
- delays resulting from the coronavirus pandemic.

Our development costs will increase if we have material delays in any clinical trial or if we need to perform more or larger clinical trials than planned. If the delays are significant, or if any of our product candidates do not prove to be safe or effective or do not receive required regulatory approvals, our financial results and the commercial prospects for our product candidates will be harmed. Furthermore, our inability to complete our clinical trials in a timely manner could jeopardize our ability to obtain regulatory approval.

The approval requirements for medical products used to fight bioterrorism are still evolving, and any products we develop for such uses may not meet these requirements.

We are advancing product candidates under governmental policies that regulate the development and commercialization of medical treatment countermeasures against bioterror and pandemic threats. While we intend to pursue FDA market clearance to treat infectious bioterror and pandemic threats, it is often not feasible to conduct human studies against these deadly high threat pathogens. For example, the Hemopurifier is an investigational device that has not yet received FDA approval for any indication. We continue to investigate the potential for the use of the Hemopurifier in viral diseases under an open IDE and our FDA Breakthrough Designation for "…the treatment of life-threatening glycosylated viruses that are not addressed with an approved therapy." We currently have an open FDA approved Expanded Access Protocol for the treatment of Ebola infected patients in the U.S. and a corresponding HealthCanada approval in Canada. Based on our studies to date, the Hemopurifier can potentially clear many viruses that are pathogenic in humans, including HCV, HIV and Ebola. We do have preclinical data suggesting that it could clear a closely related coronavirus (MERS). Additionally, we have a very limited supply of Hemopurifiers and therefore any use in this pandemic will be only investigational in a very small number of patients, even if it appears that the device can help those patients.

Thus, we may not be able to demonstrate the effectiveness of our treatment countermeasures through controlled human efficacy studies. Additionally, a change in government policies could impair our ability to obtain regulatory approval and the FDA may not approve any of our product candidates.

Should any of our potential products, including the Hemopurifier, be approved for commercialization, adverse changes in reimbursement policies and procedures by payors may impact our ability to market and sell our products.

Healthcare costs have risen significantly over the past decade, and there have been and continue to be proposals by legislators, regulators and third-party payors to decrease costs. Third-party payors are increasingly challenging the prices charged for medical products and services and instituting cost containment measures to control or significantly influence the purchase of medical products and services.

For example, in the U.S., the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, or collectively, PPACA, among other things, reduced and/or limited Medicare reimbursement to certain providers. However, on December 14, 2018, a Texas U.S. District Court Judge ruled that the Affordable Care Act is unconstitutional in its entirety because the "individual mandate" was repealed by Congress as part of the Tax Cuts and Jobs Act of 2017. Additionally, on December 18, 2019, the U.S. Court of Appeals for the 5th Circuit upheld the District Court ruling that the individual mandate was unconstitutional and remanded the case back to the District Court to determine whether the remaining provisions of the PPACA are invalid as well. The United States Supreme Court is currently reviewing this case, but it is unclear when a decision will be made. The Budget Control Act of 2011, as amended by subsequent legislation, further reduces Medicare's payments to providers by two percent through fiscal year 2030. The Coronavirus Aid, Relief and Economic Security Act, or CARES Act, and other COVID-19 relief legislation have, among other things, temporarily suspended the two percent Medicare sequester from May 1, 2020 through March 31,2021. These reductions may reduce providers' revenues or profits, which could affect their ability to purchase new technologies. Furthermore, the healthcare industry in the U.S. has experienced a trend toward cost containment as government and private insurers seek to control healthcare costs by imposing lower payment rates and negotiating reduced contract rates with service providers. Legislation could be adopted in the future that limits payments for our products from governmental payors. It is possible that additional governmental action is taken to address the COVID-19 pandemic. It is also possible that additional health reform measures will be implemented as a result of the new Presidential administration. In addition, commercial payors such as insurance companies, could adopt similar policies that limit reimbursement for medical device manufacturers' products. Therefore, it is possible that our product or the procedures or patient care performed using our product will not be reimbursed at a cost-effective level. We face similar risks relating to adverse changes in reimbursement procedures and policies in other countries where we may market our products. Reimbursement and healthcare payment systems vary significantly among international markets. Our inability to obtain international reimbursement approval, or any adverse changes in the reimbursement policies of foreign payors, could negatively affect our ability to sell our products and have a material adverse effect on our business and financial condition.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

We did not issue or sell any unregistered securities during the three months ended December 31, 2020.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

We have no disclosure applicable to this item.

ITEM 4. MINE SAFETY DISCLOSURES.

We have no disclosure applicable to this item.

ITEM 5. OTHER INFORMATION.

We have no disclosure applicable to this item.

ITEM 6. EXHIBITS.

(a) Exhibits. The following documents are filed as part of this report:

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	SEC File No.	Exhibit Number	Date	
3.1	Articles of Incorporation.	S-3	333-211151	3.1	May 5, 2016	
3.2	Amended and Restated Bylaws of the Company.	8-K	001-37487	3.1	September 12, 2019	
4.1	Form of Common Stock Certificate.	S-1	333-201334	4.1	December 31, 2014	
4.2	Form of Common Stock Purchase Warrant dated August 29, 2012.	8-K	000-21846	4.1	September 6, 2012	
4.3	Form of Common Stock Purchase Warrant dated October, November and December 2012.	10-Q	000-21846	4.1	February 12, 2013	
4.4	Form of Common Stock Purchase Warrant dated June 14, 2013.	10-Q	000-21846	4.1	August 13, 2013	
4.5	Form of Common Stock Purchase Warrant dated June 24, 2014.	8-K	000-21846	4.1	June 30, 2014	
4.6	Form of Common Stock Purchase Warrant dated July 24, 2014.	8-K	000-21846	4.1	July 28, 2014	
4.7	Form of Common Stock Purchase Warrant dated August and September 2014.	10-Q	000-21846	4.3	November 10, 2014	
4.8	Form of Warrant to Purchase Common Stock dated June 25, 2015.	8-K	000-21846	4.1	June 24, 2015	
4.9	Form of Purchase Agent Warrant dated June 25, 2015.	8-K	000-21846	4.1	June 26, 2015	
4.10	Form of Warrant Agreement dated March 27, 2017.	8-K	001-37487	4.1	March 22, 2017	
4.11	Form of Warrant dated _____, 2017.	S-1/A	333-219589	4.29	September 18, 2017	
4.12	Form of Placement Agent Warrant dated _____, 2017.	S-1/A	333-219589	4.30	September 22, 2017	
4.13	Form of Warrant to Purchase Common Stock.	S-1/A	333-234712	4.14	December 11, 2019	
4.14	Form of Underwriter Warrant.	S-1/A	333-234712	4.15	December 11, 2019	
4.15	Form of Common Stock Purchase Warrant.	8-K	001-37487	4.1	January 17, 2020	

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	SEC File No.	Exhibit Number	Date	
10.1	Separation Agreement between the Company and Dr. Rodell, dated October 30, 2020.	8-K	001-37487	10.1	November 3, 2020	
10.2*	Employment Agreement between the Company and Dr. Fisher, dated October 30, 2020.	8-K	001-37487	10.2	November 3, 2020	
10.3	Lease, by and between the Company and San Diego Inspire 1, LLC. and San Diego Inspire 2, LLC, effective December 7, 2020.					X
10.4	Eighth Amendment to Standard Industrial Net Lease, by and between the Company and San Diego Inspire 1, LLC., effective December 7, 2020.					X
10.5	Executive Employment Agreement between the Company and Guy Cipriani, dated January 1, 2021.					X

10.6	Executive Employment Agreement between the Company and Steven P. LaRosa, MD, dated January 4, 2021.	X
31.1	Certification of our Chief Executive Officer, pursuant to Securities Exchange Act rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002.	X
31.2	Certification of our Chief Financial Officer, pursuant to Securities Exchange Act rules 13a-14(a) and 15d-14(a) as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002.	X
32.1	Statement of our Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).	X
32.2	Statement of our Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350).	X
101.INS	XBRL Instance Document	X
101.SCH	XBRL Schema Document	X
101.CAL	XBRL Calculation Linkbase Document	X
101.DEF	XBRL Definition Linkbase Document	X
101.LAB	XBRL Label Linkbase Document	X
101.PRE	XBRL Presentation Linkbase Document	X

++Schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedules will be furnished to the SEC upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AETHLON MEDICAL, INC.

Date: February 10, 2021

By: /s/ JAMES B. FRAKES
JAMES B. FRAKES
CHIEF FINANCIAL OFFICER
CHIEF ACCOUNTING OFFICER

Exhibit 10.3

LEASE

SOVA CENTRAL SCIENCE DISTRICT

SAN DIEGO INSPIRE 1, LLC,

a Delaware limited liability company

and

SAN DIEGO INSPIRE 2, LLC,

a Delaware limited liability company

collectively, as Landlord,

and

AETHLON MEDICAL, INC.,

a Nevada corporation,

as Tenant.

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SOVA SCIENCE DISTRICT

LEASE

This Lease (the "**Lease**"), dated as of the date set forth in Section 1 of the Summary of Basic Lease Information (the "**Summary**"), below, is made by and between **SAN DIEGO INSPIRE 1, LLC,** a Delaware limited liability company, and **SAN DIEGO INSPIRE 2, LLC,** a Delaware limited liability company (collectively, "**Landlord**"), and **AETHLON MEDICAL, INC.**, a Nevada corporation ("**Tenant**").

SUMMARY OF BASIC LEASE INFORMATION

TERMS OF LEASE		DESCRIPTION
1.	Dated as of:	November 24, 2020
2.	Premises (Article 1).	
2.1	Buildings:	That (i) certain life sciences building containing approximately 26,486 rentable square feet of space located at 11555 Sorrento Valley Road, San Diego, California 92121 (the "**11555 Building**"), and (ii) certain life sciences building containing approximately 22,131 rentable square feet of space located at 11575 Sorrento Valley Road, San Diego, California 92121 (the "**11575 Building**").
2.2	Premises:	Approximately 4,630 rentable square feet of space, consisting of (i) approximately 2,823 rentable square feet in the 11555 Building and commonly known as Suite 203 (the "**Office Premises**"), and (ii) 1,807 rentable square feet in the 11575 Building and commonly known as Suite 200 (the "**Lab Premises**"), as further set forth in **Exhibit 1.1.1-1** to the Lease. The Office Premises and the Lab Premises are hereinafter referred to together as the "**Premises**."
3.	Lease Term (Article 2).	
3.1	Length of Term:	Five (5) years, three (3) months (i.e., sixty-three (63) months).
3.2	Intentionally Blank:	
3.3	Rent Commencement Date:	The date upon which the Premises (both the Office Premises and the Lab Premises) are Ready for Occupancy (as defined in the Work Letter attached as **Exhibit 1.1.1-2**); provided, however, if Tenant commences to conduct business from either the Office Premises or the Lab Premises before such date, the Rent Commencement Date as to that portion of the Premises will occur on such date Tenant commences to conduct business therefrom.

3.3	Lease Expiration Date:	The last day of the sixty-third (63rd) full calendar month after the Rent Commencement Date of the Lab Premises. If, at Tenant's election, the Rent Commencement Date is different for the Office Premises and the Lab Premises (e.g., Tenant decides to commence business from the Office Premises before the Lab Premises are Ready for Occupancy), the Lease Expiration Date will nevertheless be co-terminous as stated in the preceding sentence
3.4	Option Term:	One (1) renewal term of five (5) years.
4.	Base Rent (Article 3):	The sum of the Base Rent payable for the Office Premises and the Lab Premises, as follows:

Base Rent for Office Premises: Lease Year [1]	Annual Base Rent	Monthly Installment of Base Rent	Monthly Base Rent per Rentable Square Foot [2]
1[3]	$72,155.88	$6,012.99	$2.13
2	$74,188.44	$6,182.37	$2.19
3	$76,221.00	$6,351.75	$2.25
4	$78,592.32	$6,549.36	$2.32
5	$80,963.64	$6,746.97	$2.39
6 (mos. 61, 62 and 63)	$83,334.96	$6,944.58	$2.46

---

[1] If the Rent Commencement Date does not occur on the first day of a calendar month, then Lease Year 1 shall include the first twelve (12) full calendar months of the Lease Term and any partial calendar month in which the Rent Commencement Date occurs, and the Base Rent for such partial calendar month shall be prorated in accordance with Section 3.1 below.

[2] Monthly Base Rent per rentable square foot has been rounded off to the nearest cent using conventional rounding principles. In addition, in order to amortize (at an interest rate of 8%) the cost of the emergency generator allocated to Tenant based on 10% usage of such generator, the amount of $0.08 has been added to the Monthly Base Rate per Rentable Square Foot.

[3] Provided Tenant is not in default of the terms of this Lease after expiration of any applicable notice and cure period, Tenant shall be entitled to receive a Base Rent abatement for the second (2nd), third (3rd) and fourth (4th) full calendar months of the Lease Term (the "**Abatement Period**") in an aggregate amount not to exceed Seventeen Thousand, Three Hundred Sixty-One Dollars and Forty-Five Cents ($17,361.45); the abatement amount does not include the amortized cost of the generator. Tenant shall be obligated to pay Tenant's Share of Direct Expenses attributable to such period, and Tenant shall pay to Landlord the sum of $225.84 for each month within such period for the amortized cost of the emergency generator allocated to Tenant.

Base Rent for Lab Premises: Lease Year [4]	Annual Base Rent	Monthly Installment of Base Rent	Monthly Base Rent per Rentable Square Foot [5]
1 [6]	$88,470.72	$7,372.56	$4.08
2	$91,072.80	$7,589.40	$4.20
3	$93,674.88	$7,806.24	$4.32
4	$96,493.80	$8,041.15	$4.45
5	$99,312.72	$8,276.06	$4.58
6 (mos. 61, 62 and 63)	$102,348.48	$8,529.04	$4.72

4.1	Payment of Rent:	Rent checks shall be made payable to and sent to the following lockbox address: San Diego Inspire 1, LLC and San Diego Inspire 2, LLC P.O. Box 894412 Los Angeles, CA 90189-4422 Or wired or sent via ACH to: Citibank, N. A. New York Account Name: San Diego Inspire Holdings, LLC Account Number 6794041847 Routing Number: 021000089 Origin is outside of U.S.: Swift code CITIUS33
5.	Tenant Improvement Allowance:	Landlord shall construct improvements in the Premises in accordance with the terms of the Tenant Work Letter attached hereto as **Exhibit 1.1.1-2**.

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[4] If the Rent Commencement Date does not occur on the first day of a calendar month, then Lease Year 1 shall include the first twelve (12) full calendar months of the Lease Term and any partial calendar month in which the Rent Commencement Date occurs, and the Base Rent for such partial calendar month shall be prorated in accordance with Section 3.1 below.

[5] Monthly Base Rent per rentable square foot has been rounded off to the nearest cent using conventional rounding principles. In addition, in order to amortize (at an interest rate of 8%) the cost of the emergency generator allocated to Tenant based on 10% usage of such generator, the amount of $0.08 has been added to the Monthly Base Rate per Rentable Square Foot.

[6] Provided Tenant is not in default of the terms of this Lease after expiration of any applicable notice and cure period, Tenant shall be entitled to receive a Base Rent abatement for the second (2nd), third (3rd) and fourth (4th) full calendar months of the Lease Term (the "**Abatement Period**") in an aggregate amount not to exceed Twenty-One Thousand, Six Hundred Eighty-Four Dollars ($21,684.00)); the abatement amount does not include the amortized cost of the generator. Tenant shall be obligated to pay Tenant's Share of Direct Expenses attributable to such period, and Tenant shall pay to Landlord the sum of $144.56 for each month within such period for the amortized cost of the emergency generator allocated to Tenant.

6.	NNN Lease:	In addition to the Base Rent, Tenant shall be responsible to pay Tenant's Share of Direct Expenses in accordance with the terms of Article 4 of the Lease.
7.	Tenant's Share (Article 4):	Approximately (i) 10.66% of the 11555 Building, (ii) 8.17% of the 11575 Building, and (iii) 3.58% of the Project, based on the calculations set forth in Section 4.2.6 below of this Lease.
8.	Permitted Use (Article 5):	The Premises shall be used only for general office, laboratory, research and development, administrative offices and, incidental and accessory thereto, storage uses and other lawful uses reasonably related to and incidental to such specified uses, all (i) consistent with comparable life sciences projects in the San Diego, California area, and (ii) in compliance with, and subject to, Applicable Laws (as defined below).
9.	Security Deposit (Article 21):	A letter of credit in the amount of Forty-Six Thousand, Seven Hundred Twenty-Six Dollars ($46,726.00)
10.	Guarantor	None
11.	Parking Pass Ratio (Article 28):	Two and one-half (2.5) unreserved parking spaces for every 1,000 rentable square feet of the Premises (i.e., 12 parking spaces), subject to the terms of Article 28 of the Lease.
12.	Address of Tenant (Section 29.18):	For periods prior to the Rent Commencement Date: Aethlon Medical, Inc. 9635 Granite Ridge Drive, Suite 100 San Diego, CA 92123 Attention CFO After the Rent Commencement Date: Aethlon Medical, Inc. 11555 Sorrento Valley Road, Suite 203 San Diego, CA 92121 Attention CFO And in each case, with a copy to: Cooley LLP 4401 Eastgate Mall San Diego, California 92121-1909 Attention: Michael Levinson

13.	Address of Landlord (Section 29.18):	See Section 29.18 of the Lease.
14.	Broker(s) (Section 29.24):	Newmark of Southern California, Inc. dba Newmark Knight Frank (representing Landlord exclusively) and JLL Life Sciences Group (representing Tenant exclusively)

1. PREMISES, BUILDING, PROJECT, AND COMMON AREAS

1.1 **Premises, Building, Project and Common Areas**

1.1.1 **The Premises**. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the premises set forth in Section 2.2 of the Summary (the "**Premises**"). The outline of the Premises is set forth in **Exhibit 1.1.1-1** attached hereto. The parties hereto agree that the lease of the Premises is upon and subject to the terms, covenants and conditions herein set forth, and Tenant covenants as a material part of the consideration for this Lease to keep and perform each and all of such terms, covenants and conditions by it to be kept and performed and that this Lease is made upon the condition of such performance. The parties hereto hereby acknowledge that the purpose of **Exhibit 1.1.1-1** is to show the approximate location of the Office Premises in the 11555 Building and the Lab Premises in the 11575 Building only, and such Exhibit is not meant to constitute an agreement, representation or warranty as to the construction of the Premises, the precise area thereof or the specific location of the "Common Areas," as that term is defined in Section 1.1.3 below, or the elements thereof or of the accessways to the Premises or the "Project", as that term is defined in Section 1.1.2 below. Tenant shall accept the Premises in its presently existing "as-is" condition and Landlord shall not be obligated to provide or pay for any improvement work or services related to the improvement of the Premises except as otherwise expressly set forth in this Lease or in the Tenant Work Letter attached hereto as **Exhibit 1.1.1-2**. The Premises shall exclude Common Areas, including without limitation exterior faces of exterior walls, the entry, vestibules and main lobby of the Building, elevator lobbies and common lavatories, the common stairways and stairwells, elevators and elevator wells, boiler room, sprinkler rooms, elevator rooms, mechanical rooms, loading and receiving areas, electric and telephone closets, janitor closets, and pipes, ducts, conduits, wires and appurtenant fixtures and equipment serving exclusively or in common with other parts of the Building. Notwithstanding anything to the contrary in this Lease, Landlord shall, at its sole expense, deliver the Premises to Tenant with the plumbing, electrical systems, fire sprinkler system, lighting, air conditioning and heating systems and all other building systems serving the Premises in good operating condition and repair. If it is determined that either the Premises or the Project, or both, are not in compliance with Applicable Laws when the Premises are, or were, delivered to Tenant, Landlord shall thereafter promptly make such alterations as is necessary to cause the Premises and the Project, as applicable, to be in compliance with Applicable Laws (other than the lack of an elevator to the Office Premises). Any expenses incurred by Landlord to comply with the provisions of the two preceding sentences shall not be included in any Operating Expenses that may be charged to Tenant in any manner under this Lease.

1.1.2 **The Building and The Project**. The Premises are a part of the buildings set forth in Section 2.1 of the Summary (collectively, the "**Building**"). The term "**Project**", as used in this Lease, shall mean (i) the Building and the Common Areas, (ii) the land (which is improved with landscaping, parking facilities and other improvements) upon which the Building and the Common Areas are located, and (iii) the other buildings (i.e., 11535, 11545 and 11585 Sorrento Valley Road) located in a

portion of the project known as "SOVA Central Science District", and the land upon which such adjacent buildings are located. Tenant acknowledges and understands that (i) San Diego Inspire 1, LLC is the owner of the 11575 Building in which the Lab Premises is located, and it is a party to this Lease solely with respect to its ownership of the 11575 Building, and (ii) San Diego Inspire 2, LLC is the owner of the 11555 Building in which the Office Premises is located, and it is a party to this Lease solely with respect to its ownership of the 11555 Building.

1.1.3 **Common Areas**. Tenant shall have the non-exclusive right to use in common with other tenants in the Project, and subject to the rules and regulations referred to in Article 5 of this Lease, those portions of the Project which are provided, from time to time, for use in common by Landlord, Tenant and any other tenants of the Project (such areas, together with such other portions of the Project designated by Landlord, in its discretion, including certain areas designated for the exclusive use of certain tenants, including Tenant, or to be shared by Landlord and certain tenants, including Tenant, are collectively referred to herein as the "**Common Areas**"). The Common Areas shall consist of the "**Project Common Areas**" and the "**Building Common Areas**". The term "**Project Common Areas**", as used in this Lease, shall mean the portion of the Project designated as such by Landlord. The term "**Building Common Areas**", as used in this Lease, shall mean the portions of the Common Areas located within the Building designated as such by Landlord. The manner in which the Common Areas are maintained and operated shall be at the sole discretion of Landlord and the use thereof shall be subject to such rules, regulations and restrictions as Landlord may make from time to time in accordance with Section 5.2, below; provided that, notwithstanding anything to the contrary in this Lease, Landlord shall operate the Project as a first class life sciences project comparable to other first class life sciences projects in San Diego. Landlord reserves the right to close temporarily, make alterations or additions to, or change the location of elements of the Project and the Common Areas, provided that, in connection therewith, Landlord shall perform such closures, alterations, additions or changes in a commercially reasonable manner and, in connection therewith, shall use commercially reasonable efforts to minimize any material interference with Tenant's use of and access to the Premises. Notwithstanding anything to the contrary in this Lease, in no event shall Landlord operate, maintain or make any changes to the Project or any portion thereof that will unreasonably interfere with or limit (a) Tenant's access to or from the Premises, (b) Tenant's use of the Premises, or (c) Tenant's parking rights under this Lease.

1.2 **Stipulation of Rentable Square Feet of Premises**. For purposes of this Lease, "rentable square feet" of the Premises shall be deemed to be as set forth in Section 2.2 of the Summary. For purposes of this Lease, the "rentable square feet" of the Premises and the Building and the other buildings in the Project shall be calculated by Landlord pursuant to the Standard Method for measuring Floor Area in Office Buildings, ANSI Z65.1-2017,or any subsequent updated standard as may be used by Landlord **(**"**BOMA**"), as modified for the Project pursuant to Landlord's standard rental area measurements for the Project, to include, among other calculations, a portion of the common areas and service areas of the Building and other buildings in the Project.

1.3 **Right of First Offer**. Landlord hereby grants to the Tenant named in the Summary (the "**Original Tenant**") a one-time right of first offer with respect to certain space located in the Building as more particularly described on **Exhibit 1.3** (the "**First Offer Space")**. Notwithstanding the foregoing, such first offer right of Tenant shall commence only following the expiration or earlier termination of the initial lease (including renewals) of the First Offer Space. Tenant's right of first offer shall not be applicable during any Option Term. Tenant's right of first offer shall be on the terms and conditions set forth in this Section 1.3.

1.3.1 **Procedure for Offer**. Prior to entering into any lease for all or any portion of the First Offer Space, other than a lease pursuant to rights held by a Superior Right Holder, Landlord shall provide a written notice to Tenant (the "**First Offer Notice**"), offering to lease to Tenant the applicable portion of the First Offer Space. The First Offer Notice shall describe the First Offer Space so offered to Tenant and shall set forth the rent, commencement date, rent commencement date and the other material economic terms upon which Landlord is willing to lease such space to Tenant.

1.3.2 **Procedure for Acceptance**. If Tenant wishes to exercise Tenant's right of first offer with respect to the space described in the First Offer Notice, then within ten (10) business days of delivery of the First Offer Notice to Tenant, Tenant shall deliver notice to Landlord of Tenant's election to exercise its right of first offer with respect to the entire space described in the First Offer Notice on the terms contained in such notice. If Tenant does not so notify Landlord within the ten (10) business day period, then Landlord shall be free to lease the space described in the First Offer Notice to anyone to whom Landlord desires on any terms Landlord desires, provided that, prior to entering into a lease of such space on material economic terms that are more than 3% more favorable to the tenant than the Base Rent set forth in the First Offer Notice, Landlord shall first deliver another First Offer Notice to Tenant offering such space to Tenant on such reduced terms. Tenant shall respond to any such "re-offer" within five (5) business days after delivery of such "re-offer" notice. Notwithstanding anything to the contrary contained herein, Tenant must elect to exercise its right of first offer, if at all, with respect to all of the space offered by Landlord to Tenant at any particular time, and Tenant may not elect to lease only a portion thereof. The First Offer Space shall be leased by Tenant on all of the terms and conditions of this Lease except as set forth in the First Offer Notice and this Section 1.3.

1.3.3 **Construction In First Offer Space**. Tenant shall take the First Offer Space in its "as is" condition unless otherwise set forth in the First Offer Notice.

1.3.4 **Amendment to Lease**. If Tenant timely exercises Tenant's right to lease the First Offer Space as set forth herein, then the First Offer Space shall be added to the Premises on the terms set forth herein and, at the election of Landlord or Tenant, the parties shall promptly thereafter execute an amendment to this Lease for such First Offer Space (but the execution of such amendment shall not be required for the lease of the First Offer Space to become effective). Tenant shall commence payment of Rent for the First Offer Space, and the term of the First Offer Space shall commence upon the date (or mechanism for establishing such date) set forth in the First Offer Notice (the "**First Offer Commencement Date**") and terminate on the date set forth in the First Offer Notice.

1.3.5 **Termination of Right of First Offer**. The rights contained in this Section 1.2 shall be personal to the Original Tenant, and may only be exercised by the Original Tenant and any Permitted Transferee (as defined in Section 14.8) (and not any other assignee, sublessee or other transferee of the Original Tenant's interest in this Lease) if the Original Tenant or any Permitted Transferee occupies the entire Lab Premises. Except as expressly set forth in this Section 1.3, the right of first offer granted herein shall terminate as to particular First Offer Space upon the failure by Tenant to exercise its right of first offer with respect to such First Offer Space as offered by Landlord. Tenant shall not have the right to lease First Offer Space, as provided in this Section 1.3, if, as of the date of the attempted exercise of any right of first offer by Tenant, or as of the scheduled date of delivery of such First Offer Space to Tenant, Tenant is in default under this Lease, after the expiration of any applicable notice and cure period, or Tenant has previously been in default, after the expiration of any applicable notice an cure period, under this Lease more than once in the twelve (12) months preceding the date Landlord would otherwise be obligated to give to Tenant the First Offer Notice.

2. LEASE TERM; OPTION TERM

2.1 **Lease Term**. The terms and provisions of this Lease shall be effective as of the date of this Lease, except that in no event shall Tenant have any obligations under this Lease prior to the Rent Commencement Date except as expressly set forth in this Lease. The term of this Lease (the "**Lease Term**") shall be as set forth in Section 3.1 of the Summary, shall commence on the date set forth in Section 3.3 of the Summary (the "**Rent Commencement Date**"), and shall terminate on the date set forth in Section 3.4 of the Summary (the "**Lease Expiration Date**") unless this Lease is sooner terminated as hereinafter provided. For purposes of this Lease, the term "**Lease Year**" shall mean the consecutive twelve (12) month period following and including the Rent Commencement Date and each subsequent twelve (12) month period during the Lease

Term. At any time during the Lease Term, Landlord may deliver to Tenant a notice in the form as set forth in **Exhibit 2.1** attached hereto, as a confirmation only of the information set forth therein, which Tenant shall (absent manifest error) execute and return to Landlord within ten (10) business days of receipt thereof, but execution of such instrument shall not be a condition to Lease commencement or Tenant's obligations hereunder.

2.2 **Option Term**.

2.2.1 **Option Right**. Landlord hereby grants to the originally named Tenant herein (the "**Original Tenant**") and any Permitted Transferee (as defined in Section 14.8) the option to extend the Lease Term for a period of five (5) years (the "**Option Term**"), which option shall be irrevocably exercised only by written notice delivered by Tenant to Landlord not more than twelve (12) months nor less than nine (9) months prior to the expiration of the initial Lease Term, provided that the following conditions (the "**Option Conditions**") are satisfied: (i) as of the date of delivery of such notice, Tenant is not in default under this Lease after the expiration of any applicable notice and cure period; (ii) as of the end of the Lease Term, Tenant is not in default under this Lease, after the expiration of any applicable notice and cure period; (iii) Tenant has not previously been in default under this Lease, after the expiration of any applicable notice and cure period, more than twice; and (iv) the Lease then remains in full force and effect and the Original Tenant or any Permitted Transferee occupies at least seventy-five (75%) of the Premises at the time the option to extend is exercised and as of the commencement of the Option Term. Landlord may, at Landlord's option, exercised in Landlord's sole and absolute discretion, waive any of the Option Conditions in which case the option, if otherwise properly exercised by Tenant, shall remain in full force and effect. Upon the proper exercise of such option to extend, and provided that Tenant satisfies all of the Option Conditions (except those, if any, which are waived by Landlord), the Lease Term, as it applies to the Premises, shall be extended for a period of five (5) years. The rights contained in this Section 2.2 shall be personal to Original Tenant, and may be exercised by Original Tenant or any Permitted Transferee occupying the entire Premises (and not by any other assignee, sublessee or other "Transferee" (as defined in Section 14.1 of this Lease) of Tenant's interest in this Lease).

2.2.2 **Option Rent**. The annual Base Rent payable by Tenant during the Option Term (the "**Option Rent**") shall be equal to the "Fair Rental Value", as that term is defined below, for the Premises as of the commencement date of the Option Term. The "**Fair Rental Value**", as used in this Lease, shall be equal to the annual fixed base rent per rentable square foot at which tenants (pursuant to leases consummated within the twelve (12) month period preceding the first day of the Option Term), are leasing non-sublease, non-encumbered, non-equity space which is not significantly greater or smaller in size than the subject space, for a comparable lease term, in an arm's length transaction, which comparable space is located in the "Comparable Buildings", as that term is defined below (transactions satisfying the foregoing criteria shall be known as the "**Comparable Transactions**"), taking into consideration all reasonable factors considered by landlords and tenants in the determination of fixed annual rent. The term "**Comparable Buildings**" shall mean the Building and those other life sciences buildings which are comparable to the Building in terms of age (based upon the date of completion of construction or major renovation of to the building), quality of construction, level of services and amenities, size and appearance, and are located in Sorrento Valley submarket within the City of San Diego, California.

2.2.3 **Determination of Option Rent**. In the event Tenant timely and appropriately exercises an option to extend the Lease Term, Landlord shall notify Tenant of Landlord's determination of the Option Rent no later than five (5) months prior to the Lease Expiration Date. If Tenant, on or before the date which is ten (10) days following the date upon which Tenant receives Landlord's determination of the Option Rent, in good faith objects to Landlord's determination of the Option Rent, then Landlord and Tenant shall attempt to agree upon the Option Rent using their best good-faith efforts. If Landlord and Tenant fail to reach agreement within ten (10) days following Tenant's objection to the Option Rent (the "**Outside Agreement Date**"), then each party shall make a separate determination of the Option Rent, as the case may be, within five (5) days, and such determinations shall be submitted to arbitration in accordance with Sections 2.2.3.1 through 2.2.3.7, below. If Tenant fails to object to Landlord's determination of the Option Rent within the time period set forth herein, then Tenant shall be deemed to have accepted Landlord's determination of Option Rent.

2.2.3.1 If Landlord and Tenant fail to reach agreement prior to the Outside Agreement Date, then Landlord and Tenant shall each appoint one arbitrator who shall be, at the option of the appointing party, a qualified real estate broker or appraiser who shall have been active over the ten (10) year period ending on the date of such appointment in the leasing of other comparable life sciences buildings located in the city of San Diego. The determination of the arbitrators shall be limited solely to the issue of whether Landlord's or Tenant's submitted Option Rent is the closest to the actual Option Rent, taking into account the requirements of Section 2.2.2 of this Lease, as determined by the arbitrators. Each such arbitrator shall be appointed within fifteen (15) days after the Outside Agreement Date. Landlord and Tenant may consult with their selected arbitrators prior to appointment and may select an arbitrator who is favorable to their respective positions. The arbitrators so selected by Landlord and Tenant shall be deemed "**Advocate Arbitrators**".

2.2.3.2 The two (2) Advocate Arbitrators so appointed shall be specifically required pursuant to an engagement letter to, within ten (10) days of the date of the appointment of the last appointed Advocate Arbitrator, agree upon and appoint a third arbitrator (" **Neutral Arbitrator**") who shall be qualified under the same criteria set forth hereinabove for qualification of the two Advocate Arbitrators, except that neither Landlord or Tenant or either party's Advocate Arbitrator may, directly or indirectly, consult with the Neutral Arbitrator prior or subsequent to his or her appearance. The Neutral Arbitrator shall be retained via an engagement letter jointly prepared by Landlord's counsel and Tenant's counsel.

2.2.3.3 The three arbitrators shall, within thirty (30) days of the appointment of the Neutral Arbitrator, reach a decision as to whether the parties shall use Landlord's or Tenant's submitted Option Rent, and shall notify Landlord and Tenant thereof.

2.2.3.4 The decision of the majority of the three arbitrators shall be binding upon Landlord and Tenant.

2.2.3.5 Intentionally Blank.

2.2.3.6 If the two (2) Advocate Arbitrators fail to agree upon and appoint the Neutral Arbitrator, then either party may petition the then-President of the San Diego Real Estate Board to appoint such Advocate Arbitrator subject to the criteria in Section 2.2.3.1 of this Lease.

2.2.3.7 The cost of the Neutral Arbitrator shall be paid by Landlord and Tenant equally and each of Landlord and Tenant shall pay the cost of its respective Advocate Arbitrator.

2.2.3.8 In the event that the Option Rent shall not have been determined pursuant to the terms hereof prior to the commencement of the Option Term, Tenant shall be required to pay the Option Rent initially provided by Landlord to Tenant, and upon the final determination of the Option Rent, the payments made by Tenant shall be reconciled with the actual amounts of Option Rent due, and the appropriate party shall make any corresponding payment to the other party.

2.2.3.9 The terms of the Lease during any Option Term shall be the same as the terms during the initial Lease Term, other than as expressly set forth in this Section 2.2.

3. BASE RENT

3.1 **Payment of Rent**. Tenant shall pay, without prior notice or demand, in accordance with Section 4.1 of the Summary or at such place as Landlord may from time to time designate in writing, by a check for currency which, at the time of payment, is legal tender for private or public debts in the United States of America or pursuant to wire or electronic payment instructions provided by Landlord, base rent ("**Base Rent**") as set forth in Section 4 of the Summary, payable in equal monthly installments as set forth in Section 4 of the Summary, in advance, on or before the first day of each and every calendar month during the Lease Term, without any setoff or deduction whatsoever. Base Rent for the first full month of the Lease Term shall be paid at the time of Tenant's execution of this Lease. If any Rent payment date (including the Rent Commencement Date) falls on a day of the month other than the first day of such month or if any payment of Rent is for a period which is shorter than one month, the Rent for any fractional month shall accrue on a daily basis for the period from the date such payment is due to the end of such calendar month or to the end of the Lease Term at a rate per day which is equal to 1/365 of the applicable annual Rent. All other payments or adjustments required to be made under the terms of this Lease that require proration on a time basis shall be prorated on the same basis. Base Rent and Additional Rent shall together be denominated "**Rent**". Without limiting the foregoing, Tenant's obligation to pay Rent shall be absolute, unconditional and independent of any Landlord covenants and shall not be discharged or otherwise affected by any law or regulation now or hereafter applicable to the Premises, or any other restriction on Tenant's use, or (except as expressly provided herein) any casualty or taking, or any failure by Landlord to perform any covenant contained herein, or any other occurrence; and Tenant assumes the risk of the foregoing and waives all rights now or hereafter existing to terminate or cancel this Lease or quit or surrender the Premises or any part thereof, or to assert any defense in the nature of constructive eviction to any action seeking to recover rent. Tenant's covenants contained herein are independent and not dependent, and Tenant hereby waives the benefit of any statute or judicial law to the contrary. Notwithstanding anything to the contrary in this Lease, Tenant may at its election pay any Rent (as defined below) to Landlord by electronic transfer (including ACH), and Tenant shall use the ACH information set forth in Section 4 of the Summary in order to effect such payments of Rent using electronic transfer of funds through its bank.

3.2 **Rents from Real Property**. Landlord and Tenant hereby agree that it is their intent that all Base Rent, Additional Rent and other rent and charges payable to the Landlord under this Lease (hereinafter individually and collectively referred to as "**Rent**") shall qualify as "rents from real property" within the meaning of Section 856(d) of the Internal Revenue Code of 1986, as amended (the "**Code**"), and the Department of the U.S. Treasury Regulations promulgated thereunder (the "**Regulations**"). Should the Code or the Regulations, or interpretations thereof by the Internal Revenue Service contained in revenue rulings or other similar public pronouncements, be changed so that any Rent no longer so qualifies as "rent from real property" for purposes of Section 856(d) of the Code and the Regulations promulgated thereunder, such Rent shall be adjusted in such manner as the Landlord may require so that it will so qualify; provided, however, that any adjustments required pursuant to this Section 7.3 shall be made so as to produce the equivalent (in economic terms) Rent as payable prior to such adjustment and in no event shall Tenant be obligated to incur any additional Rent by virtue of such adjustments.

4. ADDITIONAL RENT

4.1 **General Terms**. In addition to paying the Base Rent specified in Article 3 of this Lease, Tenant shall pay "**Tenant's Share**" of the annual "**Direct Expenses**" as those terms are defined in Sections 4.2.6 and 4.2.2 of this Lease, respectively. Such payments by Tenant, together with any and all other amounts payable by Tenant to Landlord pursuant to the terms of this Lease other than Base Rent, are hereinafter collectively referred to as the "**Additional Rent**". All amounts due under this Article 4 as Additional Rent shall be payable for the same periods and in the same manner as the Base Rent. Without limitation on other obligations of Tenant which survive the expiration of the Lease Term, the obligations of Tenant to pay the Additional Rent provided for in this Article 4 shall survive the expiration of the Lease Term.

4.2 **Definitions of Key Terms Relating to Additional Rent**. As used in this Article 4, the following terms shall have the meanings hereinafter set forth:

4.2.1 Intentionally Omitted.

4.2.2 "**Direct Expenses**" shall mean "**Operating Expenses**" and "**Tax Expenses**".

4.2.3 "**Expense Year**" shall mean each calendar year in which any portion of the Lease Term falls, through and including the calendar year in which the Lease Term expires, provided that Landlord, upon notice to Tenant, may change the Expense Year from time to time to any other twelve (12) consecutive month period, and, in the event of any such change, Tenant's Share of Direct Expenses shall be equitably adjusted for any Expense Year involved in any such change.

4.2.4 "**Operating Expenses**" shall mean all expenses, costs and amounts of every kind and nature which Landlord pays or accrues during any Expense Year because of or in connection with the ownership, management, maintenance, security, repair, replacement, restoration or operation of the Project, or any portion thereof. Without limiting the generality of the foregoing, Operating Expenses shall specifically include any and all of the following: (i) the cost of supplying all utilities, the cost of operating, repairing, maintaining, and renovating the utility, telephone, mechanical, sanitary, storm drainage, and elevator systems, and the cost of maintenance and service contracts in connection therewith; (ii) the cost of licenses, certificates, permits and inspections and the cost of contesting any governmental enactments which may affect Operating Expenses, and the costs incurred in connection with any federal, state or municipal governmentally mandated transportation demand management program or similar program; (iii) the cost of all insurance carried by Landlord in connection with the Project; (iv) the cost of landscaping, re-lamping, and all supplies, tools, equipment and materials used in the operation, repair and maintenance of the Project, or any portion thereof; (v) the cost of parking area operation, repair, restoration, and maintenance; (vi) fees and other costs, including management, consulting fees, legal fees and accounting fees, of all contractors and consultants in connection with the management, operation, maintenance and repair of the Project; (vii) payments under any equipment rental agreements and the fair rental value of any management office space; (viii) subject to item (f), below, wages, salaries and other compensation and benefits, including taxes levied thereon, of all persons engaged in the operation, maintenance and security of the Project; (ix) intentionally omitted (x) operation, repair, maintenance and replacement of all systems and equipment and components thereof of the Project; (xi) the cost of janitorial, alarm, security and other services, replacement of wall and floor coverings, ceiling tiles and fixtures in common areas, maintenance and replacement of curbs and walkways, repair to roofs and re-roofing; (xii) amortization (including reasonable interest on the unamortized cost) over such period of time as Landlord shall reasonably determine, of the cost of acquiring or the rental expense of personal property used in the maintenance, operation and repair of the Project, or any portion thereof; (xiii) the cost of capital improvements or other costs incurred in connection with the Project (A) which are, in good faith, intended to reduce expenses in the operation or maintenance of the Project, or any portion thereof, or to reduce current or future Operating Expenses or to enhance the safety or security of the Project or its occupants, (B) that are required to comply with any mandatory energy conservation programs, (C) which are replacements or modifications of nonstructural items located in the Common Areas required to keep the Common Areas in the same good order or condition as on the Lease Commencement Date, or (D) that are required under any federal, state or municipal governmental law or regulation that was not in force or effect as of the Rent Commencement Date; provided, however, that the costs of any capital improvement shall be amortized (including reasonable interest on the amortized cost as reasonably determined by Landlord) over such period of time as Landlord shall reasonably determine; and (xiv) costs, fees, charges or assessments imposed by, or resulting from any mandate imposed on Landlord by, any federal, state or municipal government for fire and police protection, trash removal, community services, or other services which do not constitute "Tax Expenses" as that term is defined in Section 4.2.5, below, (xv) cost of tenant relation programs reasonably established by Landlord, and (xvi) payments under any easement, license, operating agreement, declaration, restrictive covenant, or instrument pertaining to the sharing of costs by the Building, including, without limitation, any covenants, conditions, restrictions, and reciprocal easement agreements affecting the Project, and any agreements with governmental agencies affecting the Project (any of the foregoing that now or hereafter affect the Property, collectively, the "**Underlying Documents**"). In the event that Landlord or Landlord's managers or agents perform services for the benefit of the Building off-site which would otherwise be performed on-site (e.g., accounting), the cost of such services shall be reasonably allocated among the properties benefitting from such service and shall be included in Operating Expenses. Notwithstanding the foregoing, for purposes of this Lease, **Operating Expenses shall not, however, include**

(a) costs, including legal fees, space planners' fees, advertising and promotional expenses, and brokerage fees incurred in connection with the original construction or development (or any defects), or original or future leasing of the Project, and costs, including permit, license and inspection costs, incurred with respect to the installation of tenant improvements made for tenants or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for tenants of the Project (excluding, however, such costs relating to any common areas of the Project);

(b) except as set forth in items (xii), (xiii), and (xiv) above, depreciation, interest and principal payments on mortgages and other debt costs, if any, penalties and interest, and costs of capital improvements (as distinguished from repairs or replacements);

(c) costs for which Landlord is reimbursed by any tenant or occupant of the Project (other than as Direct Expenses) or by insurance by its carrier or any tenant's carrier or by anyone else, and electric power costs for which any tenant directly contracts with the local public service company;

(d) any bad debt loss, rent loss, or reserves for bad debts or rent loss;

(e) costs associated with the operation of the business of the partnership or entity which constitutes Landlord, as the same are distinguished from the costs of operation of the Project (which shall specifically include, but not be limited to, accounting costs associated with the operation of the Project). Costs associated with the operation of the business of the partnership or entity which constitutes Landlord include without limitation costs of partnership accounting and legal matters, costs of defending any lawsuits with any mortgagee (except as the actions of Tenant may be in issue), costs of selling, syndicating, financing, mortgaging or hypothecating any of Landlord's interest in the Project, and costs incurred in connection with any disputes between Landlord and its employees, between Landlord and Project management, or between Landlord and other tenants or occupants;

(f) the wages and benefits of any employee who does not devote substantially all of his or her employed time to the Project unless such wages and benefits are prorated to reflect time spent on operating and managing the Project vis-a-vis time spent on matters unrelated to operating and managing the Project; provided, that in no event shall Operating Expenses for purposes of this Lease include wages and/or benefits attributable to personnel above the level of Project manager;

(g) amount paid as ground rental for the Project by Landlord;

(h) except for a property management fee, overhead and profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for services in the Project to the extent the same exceeds the costs of such services rendered by qualified, first-class unaffiliated third parties on a competitive basis;

(i) any compensation paid to clerks, attendants or other persons in commercial concessions operated by Landlord, provided that any compensation paid to any concierge at the Project shall be includable as an Operating Expense;

(j) all items and services for which Tenant or any other tenant in the Project reimburses Landlord (other than as Direct Expenses) or which Landlord provides selectively to one or more tenants (other than Tenant) without reimbursement;

(k) rent for any office space occupied by Project management personnel to the extent the size or rental rate of such office space exceeds the size or fair market rental value of office space occupied by management personnel of comparable buildings in the vicinity of the Building, with adjustment where appropriate for the size of the applicable project;

(l) costs incurred to comply with laws relating to the removal of Hazardous Materials;

(m) Landlord's general overhead expenses not related to the Project;

(n) legal fees, accountants' fees (other than normal bookkeeping expenses) and other expenses incurred in connection with disputes of tenants or other occupants of the Project or associated with the enforcement of the terms of any leases with tenants or the defense of Landlord's title to or interest in the Project or any part thereof;

(o) any reserves;

(p) capital expenditures except as expressly set forth above and then only to the extent that they are capitalized over the useful life of such item (as such useful life is reasonably determined by Landlord).

(q) costs of Landlord's charitable or political contributions, or of fine art maintained at the Project.

(r) costs incurred in the sale or refinancing of the Project.

(s) penalties, fines, interest or other similar charges incurred by Landlord (1) due to the violation by Landlord, its employees, agents or contractors or any tenant of the terms and conditions of any lease of space in the Project or any legal requirement, (2) incurred as a result of Landlord's inability or failure to make payment of taxes and/or to file any tax or informational returns when due or (3) due to the gross negligence or willful misconduct of Landlord or its employees, officers, directors, contractors or agents.

(t) any costs incurred to remove, study, test or remediate hazardous materials that exist in or about the Project prior to the date of this Lease; and costs incurred to remove, remedy, contain, or treat hazardous material, which hazardous material is brought into the Project or onto the Project after the date hereof by Landlord or any other tenant of the Project.

If Landlord is not furnishing any particular work or service (the cost of which, if performed by Landlord, would be included in Operating Expenses) to a tenant who has undertaken to perform such work or service in lieu of the performance thereof by Landlord, Operating Expenses shall be deemed to be increased by an amount equal to the additional Operating Expenses which would reasonably have been incurred during such period by Landlord if it had at its own expense furnished such work or service to such tenant. If the Project is not at least one hundred percent (100%) occupied during all or a portion of any Expense Year, Landlord shall make an appropriate adjustment to the components of Operating Expenses for such year to determine the amount of Operating Expenses that would have been incurred had the Project been one hundred percent (100%) occupied; and the amount so determined shall be deemed to have been the amount of Operating Expenses for such year.

4.2.5 **Taxes**.

4.2.5.1 "**Tax Expenses**" shall mean all federal, state, county, or local governmental or municipal taxes, fees, charges or other impositions of every kind and nature, whether general, special, ordinary or extraordinary (including, without limitation, real estate taxes, general and special assessments, transit taxes, payments in lieu of taxes, business improvement district charges, leasehold taxes or taxes based upon the receipt of rent, including gross receipts or sales taxes applicable to the receipt of rent, unless required to be paid by Tenant, personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and equipment, appurtenances, furniture and other personal property used in connection with the Project, or any portion thereof), which shall be paid or accrued during any Expense Year (without regard to any different fiscal year used by such governmental or municipal authority) because of or in connection with the ownership, leasing and operation of the Project, or any portion thereof.

4.2.5.2 Tax Expenses shall include, without limitation: (i) Any tax on the rent, right to rent or other income from the Project, or any portion thereof, or as against the business of leasing the Project, or any portion thereof; (ii) any assessment, tax, fee, levy or charge in addition to, or in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax, it being acknowledged by Tenant and Landlord that Proposition 13 was adopted by the voters of the State of California in the June 1978 election ("**Proposition 13**") and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants, and, in further recognition of the decrease in the level and quality of governmental services and amenities as a result of Proposition 13, Tax Expenses shall also include any governmental or private assessments or the Project's contribution towards a governmental or private cost-sharing agreement for the purpose of augmenting or improving the quality of services and amenities normally provided by governmental agencies; and it being further acknowledged that the voters of the State of California may amend, modify or reject Proposition 13 during the Lease Term resulting in increases in real property taxes assessed or levied against the Project, (iii) any assessment, tax, fee, levy, or charge allocable to or measured by the area of the Premises or the Rent payable hereunder, including, without limitation, any business or gross income tax or excise tax with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof; and (iv) any assessment, tax, fee, levy or charge, upon this transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Premises or the improvements thereon. If at any time during the Lease Term there shall be assessed on Landlord, in addition to or lieu of the whole or any part of the ad valorem tax on real or personal property, a capital levy or other tax on the gross rents or other measures of building operations, or a governmental income, franchise, excise or similar tax, assessment, levy, charge or fee measured by or based, in whole or in part, upon building valuation, gross rents or other measures of building operations or benefits of governmental services furnished to the Building, then any and all of such taxes, assessments, levies, charges and fees, to the extent so measured or based, shall be included within the term Tax Expenses, but only to the extent that the same would be payable if the Building and Land were the only property of Landlord.

4.2.5.3 Any costs and expenses (including, without limitation, reasonable and actual attorneys' and consultants' fees) incurred in attempting to protest, reduce or minimize Tax Expenses shall be included in Tax Expenses in the Expense Year such expenses are incurred. Tax refunds shall be credited against Tax Expenses and refunded to Tenant regardless of when received, based on the Expense Year to which the refund is applicable, provided that in no event shall the amount to be refunded to Tenant for any such Expense Year exceed the total amount paid by Tenant as on account of Tax Expenses under this Article 4 for such Expense Year. The foregoing sentence shall survive the expiration or earlier termination of this Lease. If Tax Expenses for any period during the Lease Term or any extension thereof are increased after payment thereof for any reason, including, without limitation, error or reassessment by applicable governmental or municipal authorities, Tenant shall pay Landlord upon demand Tenant's Share of any such increased Tax Expenses. Notwithstanding anything to the contrary contained in this Lease, there shall be excluded from Tax Expenses (i) all excess profits taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, transfer tax or fee, federal and state income taxes, and other taxes to the extent applicable to Landlord's general or net income (as opposed to rents, receipts or income attributable to operations at the Project), (ii) any items included as Operating Expenses, and (iii) any items paid by Tenant under Section 4.5 of this Lease.

4.2.6 "**Tenant's Share**" is based upon the following, as applicable: (i) for the 11555 Building, the ratio that the rentable square feet of the Premises bears to the rentable square feet of the 11555 Building (i.e., 2,823 ÷ 26,486), (ii) for the 11575 Building, the ratio that the rentable square feet of the Premises bears to the rentable square feet of the 11575 Building (i.e., 1,807 ÷ 22,131) and (ii) for the Project, the ratio that the rentable square feet of the Premises bears to the rentable square feet of the Project (i.e., 4,630 ÷ 129,411). Initially, Tenant's Share shall mean the applicable percentages set forth in Section 7 of the Summary, subject to adjustment in the event that Tenant expands the Premises within the Building.

4.3 **Allocation of Direct Expenses**. The parties acknowledge that the Building is a part of a multi-building project and that the costs and expenses incurred in connection with the Project (i.e., the Direct Expenses) should be shared among the tenants of the Building and the tenants of the other buildings in the Project. Accordingly, as set forth in Section 4.2 above, Direct Expenses (which consist of Operating Expenses and Tax Expenses) are determined annually for the Project as a whole, and a portion of the Direct Expenses, which portion shall be determined by Landlord on an equitable basis, shall be allocated to the tenants of the Building (as opposed to the tenants of any other buildings in the Project). Such portion of Direct Expenses allocated to the tenants of the Building shall include all Direct Expenses attributable solely to the Building and an equitable portion of the Direct Expenses attributable to the Project as a whole. Further, Landlord shall have the right, from time to time, to allocate equitably some or all of the Direct Expenses for the Building or the Project among different portions or occupants of the Building or Project, in Landlord's reasonable discretion, in a manner reflecting commercially reasonable cost pools for such Direct Expenses so allocated. The Direct Expenses within each cost pool shall be allocated and charged to the tenants within such cost pool in an equitable manner.

4.4 **Calculation and Payment of Additional Rent**. Tenant shall pay to Landlord, in the manner set forth in Section 4.4.1 below and as Additional Rent, Tenant's Share of Direct Expenses for each Expense Year.

4.4.1 **Statement of Actual Direct Expenses and Payment by Tenant**. Landlord shall endeavor to give to Tenant within six (6) months following the end of each Expense Year, a statement (the "**Statement**") which shall state the Direct Expenses (and itemized details therefor) incurred or accrued for such preceding Expense Year, and which shall indicate the amount of Tenant's Share of Direct Expenses. Upon receipt of the Statement for each Expense Year commencing or ending during the Lease Term, Tenant shall pay, with its next installment of Base Rent due, the full amount of Tenant's Share of Direct Expenses for such Expense Year, less the amounts, if any, paid during such Expense Year as "**Estimated Direct Expenses**", as that term is defined in Section 4.4.2, below, and if Tenant paid more as Estimated Direct Expenses than the actual Tenant's Share of Direct Expenses, Tenant shall receive a credit in the amount of Tenant's overpayment against Rent next due under this Lease or, if Landlord elects, Landlord shall reimburse such overpayment amount to Tenant. The failure of Landlord to timely furnish the Statement for any Expense Year shall not prejudice Landlord or Tenant from enforcing its rights under this Article 4. Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's Share of Direct Expenses for the Expense Year in which this Lease terminates, Tenant shall pay to Landlord such amount within thirty (30) days, and if Tenant paid more as Estimated Direct Expenses than the actual Tenant's Share of Direct Expenses, Landlord shall, within thirty (30) days, pay to Tenant the amount of the overpayment. The provisions of this Section 4.4.1 shall survive the expiration or earlier termination of the Lease Term except that in no event shall Tenant owe any Additional Rent to Landlord with respect to any statement first delivered more than twelve (12) months after the end of the calendar year in which this Lease terminates.

4.4.2 **Statement of Estimated Direct Expenses**. In addition, Landlord shall endeavor to give Tenant a yearly expense estimate statement (the "**Estimate**

Statement") which shall set forth Landlord's reasonable estimate (the "**Estimate**") of what the total amount of Direct Expenses (and itemized details therefor) for the then-current Expense Year shall be and the estimated Tenant's Share of Direct Expenses (the " **Estimated Direct Expenses**"). The failure of Landlord to timely furnish the Estimate Statement for any Expense Year shall not preclude Landlord from enforcing its rights to collect any Estimated Direct Expenses under this Article 4, nor shall Landlord be prohibited from revising any Estimate Statement or Estimated Direct Expenses theretofore delivered to the extent necessary. Thereafter, Tenant shall pay, with its next installment of Base Rent due, a fraction of the Estimated Direct Expenses for the then-current Expense Year (reduced by any amounts paid pursuant to the last sentence of this Section 4.4.2). Such fraction shall have as its numerator the number of months which have elapsed in such current Expense Year, including the month of such payment, and twelve (12) as its denominator. Until a new Estimate Statement is furnished (which Landlord shall have the right to deliver to Tenant at any time), Tenant shall pay monthly, with the monthly Base Rent installments, an amount equal to one-twelfth (1/12) of the total Estimated Direct Expenses set forth in the previous Estimate Statement delivered by Landlord to Tenant.

4.4.3 **Audit Rights**. Tenant shall have the right, at Tenant's cost, after reasonable notice to Landlord, to have Tenant's authorized employees or agents inspect, at Landlord's or its property manager's California office during normal business hours, Landlord's books, records and supporting documents concerning the Direct Expenses set forth in any statement delivered by Landlord to Tenant for a particular calendar year pursuant to Section 4.4.1 above; provided, however, Tenant shall have no right to conduct such inspection or object to or otherwise dispute the amount of the Direct Expenses set forth in any such statement, unless Tenant notifies Landlord of such inspection request, completes such inspection, and demands an audit as set forth below within six (6) months immediately following Landlord's delivery of the particular statement in question (the "**Review Period**"); provided, further, that notwithstanding any such timely inspection, objection, dispute, and/or audit, and as a condition precedent to Tenant's exercise of its right of inspection, objection, dispute, and/or audit as set forth in this Section 4.4.3, Tenant shall not be permitted to withhold payment of, and Tenant shall timely pay to Landlord, the full amounts as required by the provisions of this Article 4 in accordance with such statement. However, such payment may be made under protest pending the outcome of any audit. In connection with any such inspection by Tenant, Landlord and Tenant shall reasonably cooperate with each other so that such inspection can be performed pursuant to a mutually acceptable schedule, in an expeditious manner and without undue interference with Landlord's operation and management of the Project. If, after such inspection and/or request for documentation, Tenant disputes the amount of the Direct Expenses set forth in the statement, Tenant shall have the right, but not the obligation, within the Review Period, to cause an independent certified public accountant which is not paid on a contingency basis and which is mutually approved by Landlord and Tenant (the "**Accountant**") to complete an audit of Landlord's books and records to determine the proper amount of the disputed Direct Expenses incurred and amounts payable by Tenant for the calendar year which is the subject of such statement. Such audit by the Accountant shall be final and binding upon Landlord and Tenant. If Landlord and Tenant cannot mutually agree as to the identity of the Accountant within thirty (30) days after Tenant notifies Landlord that Tenant desires an audit to be performed, then Landlord may submit to Tenant the names of at least three (3) certified public accountants with at least ten (10) years of experience in auditing life science office and research and development buildings in the San Diego market and who do not currently represent Landlord or any of its affiliates ("**Independent Accountants**") and Tenant shall select one (1) of the Independent Accountants as the Accountant within ten (10) days thereafter. The cost of the Accountant shall be paid by Tenant unless it is subsequently determined that Landlord's original statement which was the subject of such audit was in error to Tenant's disadvantage by five percent (5%) or more of the total Operating Expenses which was the subject of such audit. If the Additional Rent due with respect to Operating Expenses is finally determined to be less or more than the Additional Rent paid by Tenant on account of Landlord's calculation of Operating Expenses, Landlord shall either promptly refund to Tenant the difference or credit same against Rent next due from Tenant or Tenant shall promptly pay to Landlord the difference, as applicable. The payment by Tenant of any amounts pursuant to this Article 4 shall not preclude Tenant from questioning the correctness of any statement provided by Landlord at any time during the Review Period, but the failure of Tenant to object thereto, conduct and complete its inspection and have the Accountant conduct and complete the audit as described above prior to the expiration of the Review Period shall be conclusively deemed Tenant's approval of the statement in question and the amount of Operating Expenses shown thereon. In connection with any inspection and/or audit conducted by Tenant pursuant to this Section 4.4.3. Tenant agrees to keep, and to cause all of Tenant's employees and consultants and the Accountant to keep, all of Landlord's books and records and the audit, and all information pertaining thereto and the results thereof, strictly confidential (except to the extent disclosure is required in accordance with applicable law), and in connection therewith, Tenant shall cause such employees, consultants and the Accountant to execute such reasonable confidentiality agreements as Landlord may require prior to conducting any such inspections and/or audits.

4.5 **Taxes and Other Charges for Which Tenant Is Directly Responsible**. Tenant shall be liable for and shall pay ten (10) days before delinquency, taxes levied against Tenant's equipment, furniture, fixtures and any other personal property located in or about the Premises. If any such taxes on Tenant's equipment, furniture, fixtures and any other personal property are levied against Landlord or Landlord's property or if the assessed value of Landlord's property is increased by the inclusion therein of a value placed upon such equipment, furniture, fixtures or any other personal property and if Landlord pays the taxes based upon such increased assessment, which Landlord shall have the right to do regardless of the validity thereof but only under proper protest if requested by Tenant, Tenant shall upon demand (together with reasonable back-up evidencing the same) repay to Landlord the taxes so levied against Landlord or the proportion of such taxes resulting from such increase in the assessment, as the case may be.

5. USE OF PREMISES

5.1 **Permitted Use**. Tenant shall use the Premises solely for the Permitted Use set forth inSection 8 of the Summary ("**Permitted Use**") and Tenant shall not use or permit the Premises or the Project to be used for any other purpose or purposes whatsoever.

5.2 **Prohibited Uses**. Tenant further covenants and agrees that Tenant shall not use, or suffer or permit any person or persons claiming by, through, or under Tenant to use, the Premises or any part thereof for any use or purpose contrary to the provisions of the Rules and Regulations attached hereto as **Exhibit 5.2**, as the same may be amended by Landlord from time to time in a non-discriminatory, commercially reasonable manner (the "**Rules and Regulations**"), or in violation of Applicable Laws or any Underlying Documents (with respect to which a copy was furnished to Tenant prior thereto). Tenant shall not do or permit anything to be done in or about the Premises which will in any way damage the reputation of the Project or obstruct or interfere with the rights of other tenants or occupants of the Building, or injure or annoy them or use or allow the Premises to be used for any improper, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall comply with, and Tenant's rights and obligations under the Lease and Tenant's use of the Premises shall be subject and subordinate to, all Underlying Documents (with respect to which a copy was furnished to Tenant prior thereto). Tenant shall only place equipment within the Premises with floor loading consistent with the Building's structural design, and such equipment shall be placed in a location designed to carry the weight of such equipment. Tenant shall cause any equipment or machinery to be installed in the Premises so as to reasonably prevent sounds or vibrations therefrom from extending into the Common Areas or other offices in the Project.

5.3 **Hazardous Materials**.

5.3.1 **Tenant's Obligations**.

5.3.1.1 **Prohibitions**. As a material inducement to Landlord to enter into this Lease with Tenant, Tenant has fully and accurately completed Landlord's Pre-Leasing Environmental Exposure Questionnaire (the "**Environmental Questionnaire**"), which is attached as **Exhibit 5.3.1.1**. Tenant hereby represents, warrants and covenants that except for general office supplies within the Premises which are of a kind typically used in normal office areas in the ordinary course of business,

for use in the manner for which they were designed and only in accordance with all Applicable Laws, and then only in such amounts as may be normal for general office use, Tenant shall not use or allow another person or entity to use any part of the Premises for the storage, use, treatment, manufacture or sale of Hazardous Materials and except for those chemicals or materials, and their respective quantities, specifically listed on the Environmental Questionnaire, and neither Tenant nor Tenant's subtenants or assigns, or any of their respective employees, contractors and subcontractors of any tier, entities with a contractual relationship with such parties (other than Landlord), or any entity acting as an agent or sub-agent of such parties or any of the foregoing (collectively, "**Tenant Parties**") will produce, use, store or generate any "Hazardous Materials", as that term is defined below, on, under or about the Premises, nor cause or permit any Hazardous Material to be brought upon, placed, stored, manufactured, generated, blended, handled, recycled, used or "Released", as that term is defined below, on, in, under or about the Premises or Project. If any information provided to Landlord by Tenant on the Environmental Questionnaire, or otherwise relating to information concerning Hazardous Materials is false, incomplete, or misleading in any material respect, the same shall be deemed a default by Tenant under this Lease. Upon Landlord's request, or in the event of any material change in Tenant's use of Hazardous Materials at the Premises, Tenant shall deliver to Landlord an updated Environmental Questionnaire. Landlord's prior written consent shall be required for any Hazardous Materials use for the Premises not described on the initial Environmental Questionnaire, such consent not to be unreasonably withheld, conditioned or delayed. Tenant shall not install or permit any underground storage tank on the Premises. In addition, Tenant agrees that it: (i) shall not cause or suffer to occur, the Release (as defined below) of any Hazardous Materials at, upon, under or within the Premises or any contiguous or adjacent premises; and (ii) shall not engage in activities at the Premises that give rise to, or lead to the imposition of, liability upon Tenant or Landlord or the creation of an environmental lien or use restriction upon the Premises. For purposes of this Lease, "**Hazardous Materials**" means all flammable explosives, petroleum and petroleum products, oil, radon, radioactive materials, toxic pollutants, asbestos, polychlorinated biphenyls ("**PCBs**"), medical waste, chemicals known to cause cancer or reproductive toxicity, pollutants, contaminants, hazardous wastes, toxic substances or related materials, including without limitation any chemical, element, compound, mixture, solution, substance, object, waste or any combination thereof, which is or may hereafter be determined to be hazardous to human health, safety or to the environment due to its radioactivity, ignitability, corrosiveness, reactivity, explosiveness, toxicity, carcinogenicity, infectiousness or other harmful or potentially harmful properties or effects, or defined as, regulated as or included in, the definition of "hazardous substances", "hazardous wastes", "hazardous materials", or "toxic substances" under any Environmental Laws. The term "Hazardous Materials" for purposes of this Lease shall also include any mold, fungus or spores, whether or not the same is defined, listed, or otherwise classified as a "hazardous material" under any Environmental Laws, if such mold, fungus or spores may pose a risk to human health or the environment or negatively impact the value of the Premises. Hazardous Materials shall also include any "biohazardous waste," "medical waste," or other waste under California Health and Safety Code Division 20, Chapter 6.1 (Medical Waste Management Act). For purposes of this Lease, "**Release**" or "**Released**" or "**Releases**" shall mean any release, deposit, discharge, emission, leaking, spilling, seeping, migrating, injecting, pumping, pouring, emptying, escaping, dumping, disposing, or other movement of Hazardous Materials into the environment.

Notwithstanding anything contained herein to the contrary, in no event shall Tenant or anyone claiming by through or under Tenant perform work at or above the risk category Biosafety Level 2 as established by the Department of Health and Human Services ("**DHHS**") and as further described in the DHHS publication Biosafety in Microbiological and Biomedical Laboratories (5th Edition) (as it may be or may have been further revised, the "**BMBL**") or such nationally recognized new or replacement standards as Landlord may reasonable designate. Tenant shall comply with all applicable provisions of the standards of the BMBL to the extent applicable to Tenant's operations in the Premises.

5.3.1.2 **Notices to Landlord**. Unless Tenant is required by Applicable Laws to give earlier notice to Landlord, Tenant shall notify Landlord in writing as soon as possible but in no event later than five (5) days after (i) Tenant becomes aware of any actual, alleged or threatened Release of any Hazardous Material in, on, under, from, about or in the vicinity of the Premises (whether past or present), regardless of the source or quantity of any such Release, or (ii) Tenant becomes aware of any regulatory actions, inquiries, inspections, investigations, directives, or any cleanup, compliance, enforcement or abatement proceedings (including any threatened or contemplated investigations or proceedings) relating to or potentially affecting the Premises, or (iii) Tenant becomes aware of any claims by any person or entity relating to any Hazardous Materials in, on, under, from, about or in the vicinity of the Premises, whether relating to damage, contribution, cost recovery, compensation, loss or injury. Collectively, the matters set forth in clauses (i), (ii) and (iii) above are hereinafter referred to as "**Hazardous Materials Claims**". Tenant shall promptly forward to Landlord copies of all orders, notices, permits, applications and other communications and reports in connection with any Hazardous Materials Claims. Additionally, Tenant shall promptly advise Landlord in writing of Tenant's discovery of any occurrence or condition on, in, under or about the Premises that could subject Tenant or Landlord to any liability, or restrictions on ownership, occupancy, transferability or use of the Premises under any "Environmental Laws", as that term is defined below. Tenant shall not enter into any legal proceeding or other action, settlement, consent decree or other compromise with respect to any Hazardous Materials Claims without first notifying Landlord of Tenant's intention to do so and affording Landlord the opportunity to join and participate, as a party if Landlord so elects, in such proceedings and in no event shall Tenant enter into any agreements which are binding on Landlord or the Project without Landlord's prior written consent. Landlord shall have the right to appear at and participate in, any and all legal or other administrative proceedings concerning any Hazardous Materials Claim. For purposes of this Lease, "**Environmental Laws**" means all applicable present and future laws relating to the protection of human health, safety, wildlife or the environment, including, without limitation, (i) all requirements pertaining to reporting, licensing, permitting, investigation and/or remediation of emissions, discharges, Releases, or threatened Releases of Hazardous Materials, whether solid, liquid, or gaseous in nature, into the air, surface water, groundwater, or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of Hazardous Materials; and (ii) all requirements pertaining to the health and safety of employees or the public. Environmental Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 USC § 9601, et seq., the Hazardous Materials Transportation Authorization Act of 1994, 49 USC § 5101, et seq., the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, and Hazardous and Solid Waste Amendments of 1984, 42 USC § 6901, et seq., the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 USC § 1251, et seq., the Clean Air Act of 1966, 42 USC § 7401, et seq., the Toxic Substances Control Act of 1976, 15 USC § 2601, et seq., the Safe Drinking Water Act of 1974, 42 USC §§ 300f through 300j, the Occupational Safety and Health Act of 1970, as amended, 29 USC § 651 et seq., the Oil Pollution Act of 1990, 33 USC § 2701 et seq., the Emergency Planning and Community Right-To-Know Act of 1986, 42 USC § 11001 et seq., the National Environmental Policy Act of 1969, 42 USC § 4321 et seq.; oil and hazardous materials as defined in any federal, state or local law, as such Applicable Laws are in effect as of the Rent Commencement Date, or thereafter amended, adopted, published or promulgated.

5.3.1.3 **Releases of Hazardous Materials**. If any Release of any Hazardous Material in, on, under, from or about the Premises by Tenant or any one acting under Tenant (e.g., employees of Tenant or any subtenant) in violation of, or requiring any Clean-Up (as defined below), in addition to notifying Landlord as specified above, Tenant, at its own sole cost and expense, shall (i) immediately comply with any and all reporting requirements imposed pursuant to any and all Environmental Laws, (ii) provide a written certification to Landlord indicating that Tenant has complied with all applicable reporting requirements, (iii) take any and all necessary investigation, corrective, remedial and other Clean-up action in accordance with any and all applicable Environmental Laws, utilizing an environmental consultant approved by Landlord, all in accordance with the provisions and requirements of this Section 5.3, including, without limitation, Section 5.3.4, and (iv) take any such additional investigative, remedial and corrective actions as Landlord shall in its reasonable discretion deem necessary such that the Premises and Project are remediated to a condition allowing unrestricted use of the Premises (i.e., to a level that will allow any future use of the Premises, including residential, without any engineering controls or deed restrictions), all in accordance with the provisions and requirements of this Section 5.3. Landlord may, as required by any and all Environmental Laws, report the Release of any Hazardous Material to the appropriate governmental authority, identifying Tenant as the responsible party. Tenant shall deliver to Landlord copies of all administrative orders, notices, demands, directives or other communications directed to Tenant from any governmental authority with respect to any Release of Hazardous Materials in, on, under, from, or about the Premises, together with copies of all investigation, assessment, and remediation plans and reports prepared by or on behalf of Tenant in response to any such regulatory order or directive.

5.3.1.4 **Indemnification**.

5.3.1.4.1 **In General**. Without limiting in any way Tenant's obligations under any other provision of this Lease, Tenant shall be solely responsible for and shall protect, defend, indemnify and hold the Landlord Parties harmless from and against any and all claims, judgments, losses, damages, costs, expenses, penalties, enforcement actions, taxes, fines, remedial actions, liabilities (including, without limitation, actual attorneys' fees, litigation, arbitration and administrative proceeding costs, expert and consultant fees and laboratory costs) including, without limitation, consequential damages and sums paid in settlement of claims, which arise during or after the Lease Term, whether foreseeable or unforeseeable, directly or indirectly arising out of or attributable to the presence, use, generation, manufacture, treatment, handling, refining, production, processing, storage, Release or presence of Hazardous Materials in, on, under or about the Premises or Project by any Tenant Party, except to the extent such liabilities result from the negligence or willful misconduct of Landlord following the Rent Commencement Date. The foregoing obligations of Tenant shall include, without limitation: (i) the costs of any required or necessary removal, repair, cleanup or remediation of the Premises and Project, and the preparation and implementation of any closure, removal, remedial or other required plans; (ii) judgments for personal injury or property damages; and (iii) all costs and expenses incurred by Landlord in connection therewith. It is the express intention of the parties to this Lease that Tenant assumes all such liabilities, and holds Landlord harmless from all such liabilities, associated with the environmental condition of the Premises, arising on or after the date Tenant takes possession of the Premises.

5.3.1.4.2 **Limitations**. Notwithstanding anything in this Lease to the contrary, Tenant's indemnity of Landlord shall not be applicable to claims based upon, and in no event shall Tenant have any liability for or be deemed to be in default because of, Existing Hazardous Materials except to the extent that Tenant's acts caused or exacerbated the subject claim. "**Existing Hazardous Materials**" shall mean Hazardous Materials located on the Property as of the Rent Commencement Date.

5.3.1.5 **Compliance with Environmental Laws**. Without limiting the generality of Tenant's obligation to comply with Applicable Laws as otherwise provided in this Lease, Tenant shall, at its sole cost and expense, comply with all Environmental Laws with respect to its use of the Premises other than with respect to any Existing Hazardous Materials. Tenant shall obtain and maintain any and all necessary permits, licenses, certifications and approvals appropriate or required for the use, handling, storage, and disposal of any Hazardous Materials used, stored, generated, transported, handled, blended, or recycled by Tenant on the Premises. Landlord shall have a continuing right, without obligation, to require Tenant to obtain, and to review and inspect any and all such permits, licenses, certifications and approvals, together with copies of any and all Hazardous Materials management plans and programs, any and all Hazardous Materials risk management and pollution prevention programs, and any and all Hazardous Materials emergency response and employee training programs respecting Tenant's use of Hazardous Materials. Upon request of Landlord, Tenant shall deliver to Landlord a narrative description explaining the nature and scope of Tenant's activities involving Hazardous Materials and showing to Landlord's satisfaction compliance with all Environmental Laws and the terms of this Lease.

5.3.2 **Assurance of Performance**.

5.3.2.1 **Environmental Assessments In General**. Landlord may, but shall not be required to, engage from time to time such contractors as Landlord determines to be appropriate to perform "Environmental Assessments", as that term is defined below, to ensure Tenant's compliance with the requirements of this Lease with respect to Hazardous Materials. For purposes of this Lease, "**Environmental Assessment**" means an assessment including, without limitation: (i) an environmental site assessment conducted in accordance with the then-current standards of the American Society for Testing and Materials and meeting the requirements for satisfying the "all appropriate inquiries" requirements; and (ii) sampling and testing of the Premises based upon potential recognized environmental conditions or areas of concern or inquiry identified by the environmental site assessment.

5.3.2.2 **Costs of Environmental Assessments**. All costs and expenses incurred by Landlord in connection with any such Environmental Assessment initially shall be paid by Landlord; provided that if any such Environmental Assessment shows that Tenant has failed to comply with the provisions of this Section 5.3, then all of the reasonable costs and expenses of such Environmental Assessment shall be reimbursed by Tenant as Additional Rent within thirty (30) days after receipt of written demand therefor.

5.3.3 **Tenant's Obligations upon Surrender**. At the expiration or earlier termination of the Lease Term, Tenant, at Tenant's sole cost and expense, shall: (i) cause an Environmental Assessment of the Premises to be conducted in accordance with Section 15.3; (ii) cause all Hazardous Materials to be removed from the Premises and disposed of in accordance with all Environmental Laws and as necessary to allow the Premises to be used for any purpose; and (iii) cause to be removed all containers installed or used by any Tenant Parties to store any Hazardous Materials on the Premises, and cause to be repaired any damage to the Premises caused by such removal.

5.3.4 **Clean-up**.

5.3.4.1 **Environmental Reports; Clean-Up**. If any written report, including any report containing results of any Environmental Assessment (an "**Environmental Report**") shall indicate (i) the presence of any Hazardous Materials brought into the Premises by Tenant as to which Tenant has a removal or remediation obligation under this Section 5.3, and (ii) that as a result of same, the investigation, characterization, monitoring, assessment, repair, closure, remediation, removal, or other clean-up (the "**Clean-up**") of any Hazardous Materials is required, Tenant shall immediately prepare and submit to Landlord within thirty (30) days after receipt of the Environmental Report a comprehensive plan, subject to Landlord's written approval, specifying the actions to be taken by Tenant to perform the Clean-up so that the Premises are restored to the conditions required by this Lease. Upon Landlord's approval of the Clean-up plan, Tenant shall, at Tenant's sole cost and expense, without limitation of any rights and remedies of Landlord under this Lease, immediately implement such plan with a consultant reasonably acceptable to Landlord and proceed to Clean-Up Hazardous Materials in accordance with all applicable laws and as required by such plan and this Lease. If, within thirty (30) days after receiving a copy of such Environmental Report, Tenant fails either (a) to complete such Clean-up, or (b) with respect to any Clean-up that cannot be completed within such 30-day period, fails to proceed with diligence to prepare the Clean-up plan and complete the Clean-up as promptly as practicable, then Landlord shall have the right, but not the obligation, and without waiving any other rights under this Lease, to carry out any Clean-up recommended by the Environmental Report or required by any governmental authority having jurisdiction over the Premises, and recover all of the costs and expenses thereof from Tenant as Additional Rent, payable within ten (10) days after receipt of written demand therefor.

5.3.4.2 **No Rent Abatement**. Tenant shall continue to pay all Rent due or accruing under this Lease during any Clean-up, and shall not be entitled to any reduction, offset or deferral of any Base Rent or Additional Rent due or accruing under this Lease during any such Clean-up.

5.3.4.3 **Surrender of Premises**. Tenant shall complete any Clean-up prior to surrender of the Premises upon the expiration or earlier termination of this Lease, and shall fully comply with all Environmental Laws and requirements of any governmental authority with respect to such completion, including, without limitation, fully comply with any requirement to file a risk assessment, mitigation plan or other information with any such governmental authority in conjunction with the Clean-up prior to such surrender. Tenant shall obtain and deliver to Landlord a letter or other written determination from the overseeing governmental authority confirming that the Clean-up has been completed in accordance with all requirements of such governmental authority and that no further response action of any kind is required for the unrestricted use of the Premises ("**Closure Letter**"). Upon the expiration or earlier termination of this Lease, Tenant shall also be obligated to close all permits obtained in connection with Hazardous Materials in accordance with Applicable Laws.

5.3.4.4 **Failure to Timely Clean-Up**. Should any Clean-up for which Tenant is responsible not be completed, or should Tenant not receive the Closure Letter and any governmental approvals required under Environmental Laws in conjunction with such Clean-up prior to the expiration or earlier termination of this

Lease, and Tenant's failure to receive the Closure Letter is prohibiting Landlord from leasing the Premises or any part thereof to a third party, or prevents the occupancy or use of the Premises or any part thereof by a third party, then Tenant shall be liable to Landlord as a holdover tenant (as more particularly provided in Article 16) until Tenant has fully complied with its obligations under this Section 5.3.

5.3.5 **Confidentiality**. Unless compelled to do so by applicable law, Tenant agrees that Tenant shall not disclose, discuss, disseminate or copy any information, data, findings, communications, conclusions and reports regarding the environmental condition of the Premises to any Person (other than Tenant's consultants, attorneys, property managers and employees that have a need to know such information), including any governmental authority, without the prior written consent of Landlord. In the event Tenant reasonably believes that disclosure is compelled by Applicable Laws, it shall provide Landlord ten (10) days' advance notice of disclosure of confidential information so that Landlord may attempt to obtain a protective order. Tenant may additionally release such information to bona fide prospective purchasers or lenders or investors, directors, shareholders and consultants, subject to any such parties' written agreement to be bound by the terms of this Section 5.3.

5.3.6 **Copies of Environmental Reports**. Within thirty (30) days of receipt thereof, Tenant shall provide Landlord with a copy of any and all environmental assessments, audits, studies and reports regarding Tenant's activities with respect to the Premises, or ground water beneath the Land, or the environmental condition or Clean-up thereof. Tenant shall be obligated to provide Landlord with a copy of such materials without regard to whether such materials are generated by Tenant or prepared for Tenant, or how Tenant comes into possession of such materials.

5.3.7 **Signs, Response Plans, Etc**. Tenant shall be responsible for posting on the Premises any signs required under applicable Environmental Laws. Tenant shall also complete and file any business response plans or inventories required by any applicable Environmental Laws. Tenant shall concurrently file a copy of any such business response plan or inventory with Landlord.

5.3.8 **Survival**. Each covenant, agreement, representation, warranty and indemnification made by Tenant set forth in thisSection 5.3 shall survive the expiration or earlier termination of this Lease and shall remain effective until all of Tenant's obligations under this Section 5.3 have been completely performed and satisfied.

5.4 **Premises Compliance with ADA**. Notwithstanding any other provision herein to the contrary, Tenant shall be responsible for all liabilities, costs and expenses arising out of or in connection with the compliance of the Premises with the Americans with Disabilities Act, 42 U.S.C. § 1210 I, et seq., and any state and local accessibility laws, codes, ordinances and rules (collectively, and together with regulations promulgated pursuant thereto, the "**ADA**"), and Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold Landlord and its affiliates, employees, agents and contractors; and any lender, mortgagee or beneficiary (each, a "**Lender**" and, collectively with Landlord its partners and subpartners, and their respective officers, members, directors, shareholders, agents, property managers, employees and independent contractors, the "**Landlord Indemnitees**") harmless from and against any demands, claims, liabilities, losses, costs, expenses, actions, causes of action, damages or judgments, and all reasonable expenses (including reasonable attorneys' fees, charges and disbursements) incurred in investigating or resisting the same (collectively, "**Claims**") arising out of any such failure of the Premises to comply with the ADA. Notwithstanding anything to the contrary in this Lease, in no event shall Tenant be obligated to make any physical alterations to the Premises or the Project, or any portion thereof, in order to comply with Applicable Laws except to the extent caused by voluntary Alterations made by Tenant to the Premises after the Rent Commencement Date. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

5.5 **Rules and Regulations, CC&Rs, Parking Facilities and Common Areas**

5.5.1 Tenant shall have the non-exclusive right, in common with others, to use the Common Areas, subject to the Rules and Regulations. The manner in which the Common Areas are maintained and operated shall be at the sole discretion of Landlord and the use thereof shall be subject to the Rules and Regulations, as Landlord may make from time to time in a non-discriminatory, commercially reasonable manner.

5.5.2 This Lease is subject to any recorded covenants, conditions or restrictions on the Project or Property (the "**CC&Rs**"), as the same may be amended, amended and restated, supplemented or otherwise modified from time to time; provided that any such amendments, restatements, supplements or modifications do not materially modify Tenant's rights or obligations hereunder. Tenant shall comply with the CC&Rs.

5.5.3 Tenant shall have a non-exclusive, irrevocable license to use throughout the Lease Term the number of unreserved parking passes set forth in Section 2.11 of the Summary in at such locations in the parking facilities serving the Building as may be determined by Landlord from time to time in common with the other occupants of the Building, on an unreserved basis at no cost to Tenant. Tenant shall use only such parking facilities to park Tenant's vehicles. In no event shall Tenant park or store any items other than automotive vehicles at such parking facilities.

5.5.4 Tenant agrees not to unreasonably overburden the parking facilities and agrees to cooperate with Landlord and other tenants in the use of the parking facilities. Landlord may reasonably allocate parking spaces among Tenant and other tenants of the Building or the Project provided that Tenant shall be entitled to use throughout the Lease Term the number of unreserved parking passes set forth in Section 2.11 of the Summary. Nothing in this Section, however, is intended to create an affirmative duty on Landlord's part to monitor parking.

5.5.5 Landlord reserves the right to modify the Common Areas, including the right to add or remove exterior and interior landscaping and to subdivide real property, in accordance with the terms and conditions of this Lease. Tenant acknowledges that Landlord specifically reserves the right to allow the exclusive use of corridors and restroom facilities located on specific floors to one or more tenants occupying such floors; provided, however, that Tenant shall not be deprived of the use of the corridors reasonably required to serve the Premises or of restroom facilities serving the floor upon which the Premises are located. Landlord reserves the right to close temporarily, make alterations or additions to, or change the location of elements of the Project and the Common Areas; provided, however, Landlord will give to Tenant prior reasonable notice of any closure necessitated by such alterations, additions or changes and use commercially reasonable efforts to minimize any disruption to Tenant's use of the Premises.

6. SERVICES AND UTILITIES

6.1 **Landlord Provided Services**. Landlord shall provide the following services on all days (unless otherwise stated below) during the Lease Term.

6.1.1 Landlord shall provide HVAC when necessary for normal comfort in the Building Common Areas from 8:00 A.M. to 6:00 P.M. Monday through Friday, and on Saturdays from 9:00 A.M. to 1:00 P.M. (collectively, the " **Building Hours**"), except for the date of observance of New Year's Day, Independence Day, Labor Day, Memorial Day, Thanksgiving Day, Christmas Day and, at Landlord's discretion, other locally or nationally recognized holidays which are observed by other buildings comparable to and in the vicinity of the Building (collectively, the "**Holidays**").

6.1.2 Landlord shall provide adequate electrical wiring and facilities for connection to Tenant's lighting fixtures and incidental use equipment, provided that the connected electrical load of the incidental use equipment and the connected electrical load of Tenant's lighting fixtures does not exceed Tenant's Share of the per floor limits of the electrical system of the Building. Tenant shall bear the cost of replacement of lamps, starters and ballasts for non-Building standard lighting fixtures within the Premises.

6.1.3 Landlord shall provide city water from the regular Building outlets for drinking, lavatory and toilet purposes in the Building Common Areas.

6.1.4 Landlord shall provide a dumpster and/or trash compactor at the Building for use by Tenant and other tenants for ordinary office waste (and not for Hazardous Materials) and janitorial, trash services and cleaning to Building Common Areas consistent with Comparable Buildings.

6.1.5 Intentionally Omitted.

6.1.6 Landlord agrees to provide and maintain utility connections to the Building and, where applicable, Common Areas, for electricity, water and sewer.

6.1.7 Subject to the provisions of this Article, Landlord shall furnish the electric energy that Tenant shall reasonably require in the Premises for the purposes permitted under this Lease. Except for electric energy required to operate motors on the air handlers providing HVAC (the "**HVAC Electric**"), such electric energy shall be furnished through a meter or meters and related equipment installed, serviced, maintained, monitored and, as appropriate from time to time, upgraded by Landlord, in each case at Tenant's expense, measuring the amount of electric energy furnished to the Premises; provided, however, that Landlord shall pay for the cost of installing any such new meters for the Premises. Tenant shall pay for electric energy (for which it is liable for payment under this Article) within ten (10) days after receipt of any bills related thereto. The amount charged for electric energy furnished to the Premises, excluding HVAC Electric, shall be one hundred percent (100%) of Landlord's cost (including those charges applicable to or computed on the basis of electric consumption, demand and hours of use, any sales or other taxes regularly passed on to Landlord by such public utility company, fuel rate adjustments and surcharges, weighted in each case to reflect differences in consumption or demand applicable to each rate level). Tenant and its authorized representatives may have access to such meter or meters (if any) on at least three (3) days' prior notice to Landlord for the purpose of verifying Landlord's meter readings (if any). From time to time during the Lease Term, Landlord may, in its sole discretion, (a) install or eliminate such meters, (b) increase or reduce the number of such meters, (e) vary the portions of the Premises that such meters serve or (d) replace any or all of such meters.

6.2 **Tenant Provided Services and Utilities**. Except as otherwise expressly set forth in Section 6.1, above, Tenant will be responsible, at its sole cost and expense, for the furnishing of all services and utilities to the Premises, including without limitation electricity, water, telephone, janitorial and Premises security services. Tenant acknowledges that (i) electricity is, or will be, separately submetered to the Office Premises and the Lab Premises, and (ii) water will not be separately submetered and will be charged to Tenant as part of Tenant's Share of Operating Expenses.

6.2.1 Tenant shall be solely responsible for performing all janitorial and trash services and other cleaning of the Premises, all in compliance with Applicable Laws. In the event such service is provided by a third party janitorial service, and not by employees of Tenant, such service shall be a janitorial service approved in advance by Landlord (Landlord shall provide Tenant with a list of approved vendors upon Tenant's request). The janitorial and cleaning of the Premises shall be adequate to maintain the Premises in a manner consistent with Comparable Buildings.

6.2.2 Subject to Applicable Laws and except in the event of an emergency, Tenant shall have access to the Building, the Premises and the Common Areas of the Building, other than Common Areas requiring access with a Building engineer, twenty-four (24) hours per day, seven (7) days per week, every day of the year; provided, however, that Tenant shall only be permitted to have access to and use of the limited-access areas of the Building during the normal operating hours of such portions of the Building.

Tenant shall cooperate fully with Landlord at all times and abide by all non-discriminatory, commercially reasonable regulations and requirements that Landlord may reasonably prescribe for the proper functioning and protection of the HVAC, electrical, mechanical and plumbing systems.

6.2.3 Tenant shall pay for all water (including the cost to service, repair and replace reverse osmosis, de-ionized and other treated water), gas, heat, light, power, telephone, internet service, cable television, other telecommunications and other utilities supplied to the Premises, together with any fees, surcharges and taxes thereon, utilities and services provided to the Premises that are separately metered shall be paid by Tenant directly to the supplier of such utility or service. If any such utility is not separately metered to Tenant, Tenant shall pay Tenant's Share of all charges of such utility jointly metered with other premises as Additional Rent or, in the alternative, Landlord may, at its option, monitor the usage of such utilities by Tenant and charge Tenant with the cost of monitoring such metering equipment, provided that Landlord shall pay for the cost of the initial purchase and installation (only) of any such metering equipment. To the extent that Tenant uses more than Tenant's Pro Rata Share of any utilities that are not separately metered and billed directly to Tenant, then Tenant shall pay Landlord the cost of such excess consumption as reasonably determined by Landlord. In the event that the Building or the Project is less than fully occupied, Tenant acknowledges that Landlord may extrapolate utility usage that vary depending on the occupancy of the Building or Project, as applicable, by dividing (a) the total cost of utility usage by (b) the Rentable Area of the Building or Project (as applicable) that is occupied, then multiplying (y) the resulting quotient by (z) ninety-five percent (95%) of the total Rentable Area of the Building or Project (as applicable). Tenant shall pay Tenant's Share of the product of (y) and (z), subject to adjustment based on actual usage as reasonably determined by Landlord; provided, however, that Landlord shall not recover more than one hundred percent (100%) of such utility costs.

6.2.4 For the Office Premises, Landlord shall furnish the heating, ventilating and air conditioning used for the Office Premises as reasonably required (except as this Lease otherwise provides in Sections 6.2.8 and 6.4 below) for Tenant's reasonably comfortable occupancy of the Office Premises. For the Lab Premises, Tenant shall (a) maintain and operate the heating, ventilating and air conditioning systems used for the Permitted Use only ("**HVAC**") and (b) subject to clause (a) above, furnish HVAC as reasonably required (except as this Lease otherwise provides) for reasonably comfortable occupancy of the Lab Premises twenty-four (24) hours a day, every day during the Lease Term, subject to casualty, eminent domain or as otherwise specified in this Article. Notwithstanding anything to the contrary in this Section (other than as expressly set forth in Section 6.4 below), Landlord shall have no liability, and Tenant shall have no right or remedy, on account of any interruption or impairment in HVAC services. If requested in writing by Landlord, Tenant shall provide Landlord copies of HVAC maintenance contracts and HVAC maintenance reports on a quarterly basis. In the event Landlord determines that Tenant is not properly maintaining the HVAC, Landlord may take over the responsibilities in (a) and (b) above.

6.2.5 For any utilities serving the Premises for which Tenant is billed directly by such utility provider, Tenant agrees to furnish to Landlord (a) if expressly requested by Landlord from time to time, any invoices or statements for such utilities within thirty (30) days after Tenant's receipt thereof and (b) within thirty (30) days after Landlord's request, any other utility usage information reasonably requested by Landlord. Tenant shall retain records of utility usage at the Premises, including invoices and statements from the utility provider, for at least sixty (60) months, or such other shorter period of time as may be requested by Landlord. Tenant acknowledges that

any utility information for the Premises, the Building and the Project may be shared with third parties, including Landlord's consultants and governmental authorities. In the event that Tenant fails to comply with this Section, Tenant hereby authorizes Landlord to collect utility usage information directly from the applicable utility providers.

6.2.6 Tenant, at its sole cost, shall furnish and install all replacement lighting tubes, lamps, bulbs and ballasts required in the Premises.

6.2.7 Tenant's use of electric energy in the Premises shall not at any time exceed the capacity of any of the electrical conductors and equipment in or otherwise serving the Premises. In order to ensure that such capacity is not exceeded, and to avert a possible adverse effect upon the Project's distribution of electricity via the Project's electric system, Tenant shall not, without Landlord's prior written consent in each instance (which consent Landlord may condition upon the availability of electric energy in the Project as allocated by Landlord to various areas of the Project) connect any fixtures, appliances or equipment (other than normal business machines) to the Building's or Project's electric system or make any alterations or additions to the electric system of the Premises existing on the date hereof. Should Landlord grant such consent, all additional risers, distribution cables or other equipment required therefor shall be provided by Landlord and the cost thereof shall be paid by Tenant to Landlord on demand (or, at Tenant's option, shall be provided by Tenant pursuant to plans and contractors approved by Landlord, and otherwise in accordance with the provisions of this Lease). Landlord shall have the right to require Tenant to pay sums on account of such cost prior to the installation of any such risers or equipment.

6.2.8 Landlord reserves the right, upon at least two (2) business days' prior written notice to Tenant absent exigent circumstances in which the giving of such notice is not reasonably possible, to stop service of the elevator, plumbing, ventilation, air conditioning and electric systems, when Landlord deems any such stoppage as reasonably necessary due to accident, emergency or the need to make repairs, alterations or improvements, until such repairs, alterations or improvements shall have been completed, and Landlord shall further have no responsibility or liability for failure to supply elevator facilities, plumbing, ventilation, air conditioning or electric service when prevented from doing so by Force Majeure or Landlord's negligence; a failure by a third party to deliver gas, oil or another suitable fuel supply; or Landlord's inability by exercise of reasonable diligence to obtain gas, oil or another suitable fuel. If any such repairs, alterations or improvements might require or cause an interruption in electrical service to the Premises or any portion thereof, Landlord will give to Tenant at least three (3) business days prior written notice whenever practicable. Without limiting the foregoing, it is expressly understood and agreed that any covenants on Landlord's part to furnish any service pursuant to any of the terms, covenants, conditions, provisions or agreements of this Lease, or to perform any act or thing for the benefit of Tenant, shall not be deemed breached if Landlord is unable to furnish or perform the same by virtue of Force Majeure or Landlord's negligence.

6.3 **Capacities; Overstandard Tenant Use**. Tenant's use of electricity and any other utility serving the Premises shall never exceed the capacity of the feeders to the Project. If Tenant desires to use heat, ventilation or air conditioning with respect to the Office Premises during hours other than those for which Landlord is obligated to supply such utilities pursuant to the terms of Section 6.1 of this Lease, Tenant shall give Landlord such prior notice, if any, as Landlord shall from time to time reasonably establish as appropriate, of Tenant's desired use in order to supply such utilities, and Landlord shall supply such utilities to Tenant at such hourly cost per zone to Tenant (which shall be treated as Additional Rent) as Landlord shall from time to time establish based upon its reasonably estimated out-of-pocket costs.

6.4 **Interruption of Use**. Tenant agrees that, to the extent permitted pursuant to Applicable Laws, Landlord shall not be liable for damages, by abatement of Rent or otherwise, for failure to furnish or delay in furnishing any service required to be provided by Landlord under this Lease, or for any diminution in the quality or quantity thereof, when such failure or delay or diminution is occasioned, in whole or in part, by breakage, repairs, replacements, or improvements, by any strike, lockout or other labor trouble, by inability to secure electricity, gas, water, or other fuel at the Building or Project after reasonable effort to do so, by any riot or other dangerous condition, emergency, accident or casualty whatsoever, by act or default of Tenant or other parties, or by any other cause; and such failures or delays or diminution shall never be deemed to constitute an eviction or disturbance of Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease. Furthermore, Landlord shall not be liable under any circumstances for a loss of, or injury to, property or for injury to, or interference with, Tenant's business, including, without limitation, loss of profits, however occurring, through or in connection with or incidental to a failure to furnish any of the services or utilities as set forth in this Article 6. Notwithstanding anything to the contrary in this Lease, in the event that there shall be an interruption, curtailment or suspension of any service required to be provided by Landlord pursuant to Section 6.1 (and no reasonably equivalent alternative service or supply is provided by Landlord) that shall materially interfere with Tenant's use and enjoyment of a material portion of the Premises, or if Tenant is unable to use the Premises or its parking rights hereunder (whether by lack of services, lack of utilities, lack of access, repairs or construction, or any other reason, and provided that such inability to use is not caused by Tenant and provided that such inability to use is caused by the acts or omissions of Landlord) and Tenant actually ceases to use the affected portion of the Premises or parking (any such event, a "**Service Interruption**"), and if (i) such Service Interruption shall continue for eight (8) consecutive business days following receipt by Landlord of written notice from Tenant describing such Service Interruption (the "**Service Interruption Notice**"), and (ii) such Service Interruption shall not have been caused, in whole or in part, by reasons beyond Landlord's reasonable control or by an act or omission in violation of this Lease by any Tenant Party or by any negligence of Tenant any Tenant Parties, (a Service Interruption that satisfies the foregoing conditions being referred to hereinafter as a "**Material Service Interruption**") then, as liquidated damages and Tenant's sole remedy at law or equity, Tenant shall be entitled to an equitable abatement of Base Rent and Tenant's Share of Direct Expenses, based on the nature and duration of the Material Service Interruption, the area of the Premises or parking affected, and the then current Rent amounts, for the period that shall begin on the commencement of such Material Service Interruption and that shall end on the day such Material Service Interruption shall cease. To the extent a Material Service Interruption is caused by an event covered by Articles 11 or 13 of this Lease, then Tenant's right to abate rent shall be governed by the terms of such Article 11 or 13, as applicable, and the provisions of this paragraph shall not apply.

6.5 **Intentionally Blank**.

7. REPAIRS

Tenant shall, at Tenant's own expense, keep the Premises, including all improvements, fixtures, furnishings, and systems and equipment within the Premises (or, provided that Landlord provides access to Tenant, any systems and equipment outside of the Premises but exclusively serving the Premises), in good order, repair and condition at all times during the Lease Term. In addition, Tenant shall, at Tenant's own expense, but under the supervision and subject to the prior reasonable approval of Landlord, and within any reasonable period of time specified by Landlord, promptly and adequately repair all damage to the Premises and replace or repair all damaged, broken, or worn fixtures and appurtenances, except for damage caused by ordinary wear and tear; provided however, that if Tenant fails to make such repairs within applicable notice and cure periods, Landlord may, but need not, make such repairs and replacements, and Tenant shall pay Landlord the cost thereof, including a management fee of five percent (5%) of such costs. Without limitation, Tenant shall be responsible for repair and maintenance of all electrical, plumbing, heating, ventilating and air-conditioning systems and other utility services serving the Premises from the Building connection point to the Premises (but only to the extent such electrical, plumbing, heating, ventilating and air-conditioning systems and other utility services serve Tenant exclusively and only to the extent that Landlord provides access to Tenant), and Tenant shall secure, pay for, and keep in force contracts with appropriate and reputable service companies reasonably approved by Landlord providing for the regular maintenance of such systems. Notwithstanding the foregoing, Landlord shall be responsible for repairs to the exterior walls, foundation and roof (including roof membrane) of the Building, the structural portions of the floors of the Building, and the base building systems and equipment of the Building and Common Areas, and all portions of the Project outside the Premises and not exclusively leased to other tenants, except to the extent that such repairs are required due to the negligence or willful misconduct of Tenant; provided, however, that if such repairs are due to the negligence or willful misconduct of Tenant, Landlord shall nevertheless make such repairs at Tenant's expense, or, if covered by Landlord's insurance, Tenant shall only be obligated to pay any deductible in connection therewith. Subject to the terms of Article 27, below, Landlord may, but shall not be required to, enter the Premises at all reasonable times and upon reasonable prior notice to make such repairs, alterations, improvements or additions to the Premises or to the Project or to any equipment located in the Project as Landlord shall desire or deem necessary or as Landlord may be required to do by governmental or quasi-governmental authority or court order or decree. Tenant hereby waives and releases its right to make repairs at Landlord's expense under Sections 1941 and 1942 of the California Civil Code or under any similar law, statute or ordinance now or hereafter in effect. Tenant's obligation hereunder shall include maintenance and repair of all telecommunications wire and cabling with the Building's network cabling.

8. ADDITIONS AND ALTERATIONS

8.1 **Landlord's Consent to Alterations**. Tenant may not make any improvements, alterations, additions or changes to the Premises or any mechanical, plumbing, HVAC facilities or other utility or Building systems pertaining to the Premises (collectively, the " **Alterations**") without first procuring the prior written consent of Landlord to such Alterations, which consent shall be requested by Tenant not less than fifteen (15) business days prior to the commencement thereof. Landlord shall not unreasonably withhold or delay its consent to any proposed Alterations, provided that such Alterations (1) are not visible from the outside of the Building, (2) do not violate any certificate of occupancy for the Building or any other permits or licenses relating to the Project and (3) do not materially adversely affect any service required to be furnished to Tenant or to any other tenant or occupant of the Building (4) do not adversely affect any Building systems or Common Areas, (5) do not reduce the value or utility of the Building, and (6) otherwise comply with the terms and conditions of this Article 8.. Notwithstanding the foregoing, Tenant shall be permitted to make Alterations following ten (10) business days' notice to Landlord, but without Landlord's prior consent, to the extent that such Alterations (i) are purely cosmetic in nature (such as painting, carpeting and the like), (ii) do not affect the Building systems or equipment, (iii) are not visible from the exterior of the Building, and (iv) cost less than $35,000.00 for a particular job of work.

8.2 **Work Affecting Air Distribution or Ventilation Systems** . Prior to commencing any Alterations affecting air distribution or disbursement from ventilation systems serving Tenant or the Building, including without limitation the installation of Tenant's exhaust systems, Tenant shall provide Landlord with a third party report from a consultant, and in a form reasonably acceptable to Landlord, showing that such work will not adversely affect the ventilation systems or air quality of the Building (or of any other tenant in the Building) and shall, upon completion of such work, provide Landlord with a certification reasonably satisfactory to Landlord from such consultant confirming that no such adverse effects have resulted from such work.

8.3 **Manner of Construction**. Landlord may impose, as a condition of its consent to any and all Alterations or repairs of the Premises or about the Premises, such commercially reasonable, non-discriminatory requirements as Landlord in its reasonable discretion may deem desirable, including, but not limited to, the requirement that Tenant utilize for such purposes only contractors, subcontractors, materials, mechanics and materialmen selected by Tenant and approved by Landlord (which approval shall not be unreasonably withheld, conditioned or delayed) and the requirement that upon Landlord's request (subject to the terms of Section 8.5, below), Tenant shall, at Tenant's expense, remove such Alterations upon the expiration or any early termination of the Lease Term. Tenant shall construct such Alterations and perform such repairs in a good and workmanlike manner, in conformance with any and all Applicable Laws and, where required by Applicable Law, pursuant to a valid building permit. Tenant shall not use (and upon notice from Landlord shall cease using) contractors, services, workmen, labor, materials or equipment that, in Landlord's reasonable judgment, would disturb labor harmony with the workforce or trades engaged in performing other work, labor or services in or about the Building or the Common Areas. Upon completion of any Alterations (or repairs), Tenant shall deliver to Landlord final lien waivers from all contractors, subcontractors, design professionals, service providers, suppliers and materialmen who performed such work and whose labor, supplies or services give rise to a lien under California law. In addition to Tenant's obligations under Article 9 of this Lease, upon completion of any Alterations that cost more than $35,000, Tenant shall deliver to the Project construction manager a reproducible copy of the " **as built**" drawings of the Alterations in CAD format as well as copies of all permits, approvals and other documents issued by any governmental agency in connection with the Alterations.

8.4 **Payment for Improvements**. If Tenant orders any work directly from Landlord, Tenant shall pay to Landlord an amount equal to five percent (5%) of the cost of such work to compensate Landlord for all overhead, general conditions, fees and other costs and expenses arising from Landlord's involvement with such work. If Tenant does not order any work directly from Landlord, Tenant shall reimburse Landlord for Landlord's reasonable, actual, out-of-pocket costs and expenses actually incurred in connection with Landlord's review of any proposed Alterations.

8.5 **Construction Insurance**. In addition to the requirements of Article 10 of this Lease, in the event that Tenant makes any Alterations, prior to the commencement of such Alterations, Tenant shall provide Landlord with evidence that Tenant or Tenant's general contractor carries " **Builder's All Risk**" insurance (to the extent that the cost of the work shall exceed $100,000.00) in an amount reasonably approved by Landlord covering the construction of such Alterations, and such other insurance as Landlord may reasonably require, it being understood and agreed that all of such Alterations shall be insured by Tenant pursuant to Article 10 of this Lease immediately upon completion thereof. In addition, Tenant's contractors and subcontractors shall be required to carry Commercial General Liability Insurance, Auto Liability Insurance, and Workers' Compensation Insurance in amounts reasonably approved by Landlord and otherwise in accordance with the requirements of Article 10 of this Lease and such Commercial General Liability and Auto Liability insurance shall name Tenant and the Landlord Parties (as defined below) as additional insureds on a primary and non-contributory basis for both ongoing and completed operations. If commercially reasonable under the circumstances, Tenant shall maintain and require its contractors and subcontractors to maintain products-completed operations coverage for not less than the greater of ten (10) years after substantial completion of any Alterations or the greater time under which a claim may be properly brought under the applicable statute of limitations or repose. Landlord may, in its discretion, require Tenant to obtain and record a statutory form of lien bond, or obtain performance and payment bonds, or some alternate form of security satisfactory to Landlord in an amount sufficient to ensure the lien-free completion of such Alterations and naming Landlord as a co-obligee, in each case in form and substance reasonably satisfactory to Landlord. In addition, Tenant's contractors and subcontractors shall be required to carry workers compensation insurance with a waiver of subrogation in favor of Landlord Parties.

8.6 **Landlord's Property**. All Alterations which may be installed or placed in or about the Premises, from time to time, shall be at the sole cost of Tenant and shall be and become the property of Landlord and remain in place at the Premises following the expiration or earlier termination of this Lease. Notwithstanding the foregoing to the contrary, Landlord may, by written notice to Tenant given at the time that Landlord consents to the Alterations , require Tenant, at Tenant's expense, to remove any such Alterations within the Premises and to repair any damage to the Premises and Building caused by such removal and return the affected portion of the Premises to a building standard tenant improved condition as determined by Landlord. If Tenant fails to complete any required removal and/or to repair any damage caused by the removal of any Alterations in the Premises and return the affected portion of the Premises to a building standard tenant improved condition as reasonably determined by Landlord, Landlord may do so and may charge the actual and reasonable cost thereof to Tenant. Tenant hereby protects, defends, indemnifies and holds Landlord harmless from any liability, cost, obligation, expense or claim of lien in any manner relating to the installation, placement, removal or financing of any such Alterations, improvements, fixtures and/or equipment in, on or about the Premises, which obligations of Tenant shall survive the expiration or earlier termination of this Lease.

9. COVENANT AGAINST LIENS

Within ten (10) business days following a request in writing by Landlord, Tenant shall keep the Project and Premises free from any liens or encumbrances arising out of the work performed, materials or services furnished or obligations incurred by or on behalf of Tenant (which expressly excludes the Landlord Work), and shall protect, defend, indemnify and hold Landlord harmless from and against any claims, liabilities, judgments or costs (including, without limitation, reasonable attorneys' fees and costs) arising out of same or in connection therewith. Tenant shall give Landlord notice at least twenty (20) days prior to the commencement of any work, services or obligations related to the Premises giving rise to any such liens or encumbrances (or such additional time as may be necessary under Applicable Laws) to afford Landlord the opportunity of posting and recording appropriate notices of non-responsibility (to the extent applicable pursuant to then Applicable Laws). Tenant shall remove any such lien or encumbrance by statutory lien bond or otherwise within ten (10) business days after notice by Landlord, and if Tenant shall fail to do so, Landlord may pay the amount necessary to remove such lien or encumbrance, without being responsible for investigating the validity thereof.

10. INSURANCE

10.1 **Indemnification and Waiver**. To the maximum extent permitted pursuant to Applicable Laws, Tenant hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises from any cause whatsoever (including, but not limited to, any personal injuries resulting from a slip and fall in, upon or about the Premises) and agrees that, to the extent permitted pursuant to Applicable Laws, Landlord, its lenders, partners, subpartners, the Additional Insureds, and each of their respective officers, agents, servants, employees, and independent contractors (collectively, "**Landlord Parties**") shall not be liable for, and are hereby released from any responsibility for, any damage either to person or property or resulting from the loss of use thereof, which damage is sustained by Tenant or by other persons claiming through Tenant. Tenant shall indemnify, defend, protect, and hold harmless the Landlord Parties from any and all loss, cost, damage, injury, expense and liability (including without limitation court costs and reasonable attorneys' fees) during the Lease Term, or any period of Tenant's occupancy of the Premises prior to the commencement or after the expiration of the Lease Term, incurred in connection with or arising from (i) any cause in, on or about the Premises (including, but not limited to, a slip and fall), provided that the terms of the foregoing indemnity shall not apply to the extent of any gross negligence or willful misconduct of Landlord, (ii) any negligent acts or omissions of Tenant or of any person claiming by, through or under Tenant, or of the contractors, agents, servants, employees, invitees, guests or licensees of Tenant or any such person, in, on or about the Project, or (iii) any breach of the terms of this Lease by Tenant, either prior to, during, or after the expiration of the Lease Term. Should Landlord be named as a defendant in any suit brought against Tenant in connection with or arising out of Tenant's occupancy of the Premises, Tenant shall pay to Landlord its reasonable costs and expenses incurred in such suit, including without limitation, its actual professional fees such as reasonable appraisers', accountants' and attorneys' fees. Notwithstanding anything to the contrary in this Lease, (a) except for Section 10.5 below, in no event shall Landlord be exculpated in any manner to the extent of the gross negligence, willful misconduct or breach of this Lease by or of Landlord or any officer, employee, director, manager, tenant, contractor or agent of Landlord, and (b) neither Landlord nor Tenant shall have any liability to the other for any consequential, indirect, special or punitive damages, except for the indemnification obligation of Tenant set forth in Article 16. The provisions of this Section 10.1 shall survive the expiration or sooner termination of this Lease.

10.2 **Tenant's Compliance With Landlord's Property Insurance**. Tenant shall, at Tenant's expense, comply with all commercially reasonable, non-discriminatory insurance company requirements pertaining to the use of the Premises. If Tenant's conduct or use of the Premises for any purpose other than a Permitted Use causes any increase in the premium for such insurance policies then Tenant shall reimburse Landlord for any such increase. Tenant, at Tenant's expense, shall comply with all rules, orders, regulations or requirements of the American Insurance Association (formerly the National Board of Fire Underwriters) and with any similar body.

10.3 **Tenant's Insurance**. Tenant shall maintain, at its cost and expense, the following coverages with limits of not less than the greater of (i) those set forth hereunder, and (ii) those required by law.

10.3.1 Commercial General Liability Insurance issued on terms no less broad than the most current ISO CG 00 01 occurrence form covering the insured against claims of bodily injury, personal and advertising injury and property damage (including loss of use thereof) arising out of Tenant's operations, products/completed operations, social or host liquor liability (if applicable), and "insured contracts" (as defined by the most current ISO CG 00 01 form), including a Separation of Insureds provision with no exclusion for cross-liability, and including the Additional Insureds (as defined hereunder) as additional insureds with respect to both ongoing and completed operations coverage on a primary and non-contributory basis, for limits of liability of not less than:

$1,000,000 each occurrence
$2,000,000 annual aggregate
per location

$1,000,000 personal and advertising injury
$2,000,000 products-completed operations
Commercially reasonable deductible or self-insured
retention (but not in excess of $25,000).
$25,000 self-insured retention on product liability.

10.3.2 Property Insurance covering (i) all office furniture, business and trade fixtures, office equipment, free-standing cabinet work, movable partitions, merchandise and all other items of Tenant's property on the Premises installed by, for, or at the expense of Tenant, and (ii) the Tenant Improvements described in **Exhibit 1.1.1-2** and any other tenant improvements that exist in the Premises as of the Rent Commencement Date (the "**New Improvements**"). Such insurance shall be written on an "**all risks**" of physical loss or damage basis, for the full replacement cost value (subject to reasonable deductible amounts) new without deduction for depreciation of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance and shall include coverage for damage or other loss caused by fire or other peril including, but not limited to, hail, windstorm, flood, earthquake, terrorism, vandalism and malicious mischief, theft, water damage of any type, including sprinkler leakage, earthquake sprinkler leakage, bursting or stoppage of pipes, and explosion.

10.3.3 Business Income Interruption for one (1) year plus Extra Expense insurance in such amounts as will reimburse Tenant for actual direct or indirect loss of earnings and continuing expenses, including rent, attributable to the risks outlined in Section 10.3.2 above.

10.3.4 Auto Liability Insurance covering liability arising out of any auto, including owned (if any), non-owned, leased, and hired autos, with a limit of not less than $1,000,000 combined single limit each accident for bodily injury and property damage.

10.3.5 Worker's Compensation and Employer's Liability or other similar insurance pursuant to all applicable state and local statutes and regulations, together with Employer's Liability Insurance with limits of not less than $1,000,000 bodily injury (each accident), $1,000,000 bodily injury by disease (each employee), and $1,000,000 bodily injury by disease (policy limit) or such greater amounts as may be required by Tenant's Umbrella/Excess Liability policy in order to effect such coverage. The policy will include a waiver of subrogation in favor of the Landlord Parties.

10.3.6 Umbrella and/or Excess Liability Insurance policy in excess of Commercial General Liability, Auto Liability, and Employer's Liability Insurance policies, concurrent to, and at least as broad as the underlying primary insurance policies, which must "drop down" over reduced or exhausted aggregate limits as to such underlying policies and contain a "follow form" statement. The limits must be no less than $1,000,000 each occurrence and $1,000,000 in the aggregate. Such Umbrella/Excess Liability policy must be endorsed to provide that this insurance is primary to, and non-contributory with, any other insurance on which the Additional Insureds are an insured, whether such other insurance is primary, excess, contingent, self-insurance, or insurance on any other basis. This endorsement must cause the Umbrella/Excess coverage to be vertically exhausted, whereby such coverage is not subject to any "Other Insurance" clause under this Umbrella and/or Excess Liability policy.

10.3.7 Tenant's Agents/Contractors. In the case of Tenant's contractors, subcontractors, and any vendors/consultants brought on to the property for any Alterations (collectively, for purposes of this Article 10, Tenant's "**Third Parties**"), Tenant shall cause such Third Parties to obtain and maintain such insurance as is required under Sections 10.3.1, 10.3.4, and 10.3.5 herein, unless granted written approval from Landlord to waive such requirements. Such Third Parties' coverage under Sections 10.3.1 and 10.3.4 shall include Tenant and the Additional Insureds each as additional insureds on a primary and non-contributory basis for both ongoing and completed operations. Additionally, the commercial general liability limit required to be carried by any contractor or subcontractors of Tenant shall be not less than the following: (x) general contractors – $5,000,000, (y) any subcontractors for work costing $250,000 or more – $2,000,000, and (z) any subcontractors for work costing less than $250,000 – $1,000,000. The foregoing limits may be satisfied by a combination of primary and/or excess policies.

10.4 **Form of Policies**. The minimum limits of policies of insurance required of Tenant and its agents/contractors under this Lease shall in no event limit the liability of Tenant under this Lease. Such insurance shall name Landlord, its subsidiaries and affiliates, Longfellow Property Management Services CA Inc.; Longfellow Strategic Value Fund, LLC; San Diego Inspire Holdings, LLC; LSVF Americas, LP; LSVF Pacific, LP; Longfellow Capital Partners II, LP; Longfellow Real Estate Partners, LLC; Invesco CMI Investments, LP; and any other party the Landlord so specifies (collectively, the "**Additional Insureds**"), as additional insureds under the policies listed in Sections 10.3.1, 10.3.2, 10.3.3, 10.3.4 and 10.3.6. All insurance policies required to be maintained by Tenant shall (i) be issued by an insurance company having a rating of not less than A:VIII in Best's Insurance Guide or which is otherwise acceptable to Landlord and licensed to do business in the State of California; (ii) be primary insurance as to all claims thereunder and provide that any insurance carried by Landlord is excess and is non-contributing with any insurance required of Tenant; (iii) be in form and content reasonably acceptable to Landlord (Tenant shall provide full and complete copies of any policies that Landlord reasonably requests); (iv) be endorsed with waiver of subrogation endorsements in favor of the Additional Insureds; (v) not contain deductible or self-insured retention in excess of $25,000 unless otherwise approved by Landlord in writing; and (vi) if generally commercially available in California, provide that said insurer shall provide thirty (30) days' written notice to Landlord and any mortgagee of Landlord, to the extent such names are furnished to Tenant prior to the cancellation of such policy (ten (10) days' for non-payment of premium). Tenant shall deliver said policy or policies or certificates thereof to Landlord on or before the earlier to occur of (A) the Rent Commencement Date, and (B) the date upon which Tenant is first provided access to the Premises, and at least ten (10) days before the expiration dates thereof. In the event Tenant shall fail to procure such insurance, or to deliver such policies or certificate within ten (10) days after written notice from Landlord, Landlord may, at its option, procure such policies for the account of Tenant, and the cost thereof shall be paid to Landlord within five (5) days after delivery to Tenant of bills therefor. Landlord and the Additional Insureds will not be responsible for any deductibles or self-insured retentions related to any insurance under this Article 10.

10.5 **Subrogation**. Landlord and Tenant intend that their respective property loss risks shall be borne by reasonable insurance carriers to the extent above provided, and Landlord and Tenant hereby agree to look solely to, and seek recovery only from, their respective insurance carriers in the event of a property loss to the extent that such coverage is agreed to be provided hereunder. The parties each hereby waive all rights and claims against each other for such losses, and waive all rights of subrogation of their respective insurers, provided such waiver of subrogation shall not affect the right of the insured to recover thereunder. The parties agree that their respective insurance policies are now, or shall specify that the waiver of subrogation shall not affect the right of the insured to recover thereunder. Tenant will waive, and cause its Third Parties to waive, all causes of action or claims they may have against the Additional Insureds for any liability and workers compensation claims they incur in relation to the Lease or any Alterations, or any other work or activities performed in connection with the Project.

10.6 **Additional Insurance Obligations**. Landlord reserves the right to require such other insurance, written in such other amounts, terms, and conditions, against other insurable hazards that at the time are commonly insured against in the case of projects similar in nature, construction type, and geographic location to the Project and/or as otherwise required by any mortgage lender provided that any such lender requirements are consistent with the requirements of other landlords of comparable life science projects in the Sorrento Valley market. Tenant shall carry and maintain during the entire Lease Term, at Tenant's sole cost and expense, such increased amounts of insurance provided they are consistent with the requirements of other landlords of comparable life science projects in the Sorrento Valley market.

10.7 **Landlord's Insurance.** Landlord shall maintain its usual liability insurance as well as property insurance for the Building (excluding any Alterations and Tenant Improvements).

11. DAMAGE AND DESTRUCTION

11.1 **Repair of Damage to Premises by Landlord**. Tenant shall promptly notify Landlord of any damage to the Premises resulting from fire or any other casualty. If the Premises or any Common Areas serving or providing access to the Premises shall be damaged by fire or other casualty, Landlord shall promptly and diligently, subject to reasonable delays for insurance adjustment or other matters beyond Landlord's reasonable control, and subject to all other terms of this Article 11, restore such Common Areas and the Premises to substantially the same condition as existed prior to the casualty, except for modifications required by zoning and building codes and other laws or by the holder of a mortgage on the Building or Project or any other modifications to the Common Areas deemed desirable by Landlord, which are consistent with the character of the Project, provided that access to the Premises shall not be materially impaired. To the extent permitted pursuant to Applicable Laws, Landlord shall not be liable for any inconvenience or annoyance to Tenant or its visitors, or injury to Tenant's business resulting in any way from such damage or the repair thereof; provided however, that if such fire or other casualty shall have damaged the Premises or Common Areas necessary to Tenant's occupancy, and the Premises are not occupied by Tenant as a result thereof, then during the time and to the extent the Premises are unfit for occupancy, the Rent shall be abated in proportion to the ratio that the amount of rentable square feet of the Premises which is unfit for occupancy for the Permitted Use bears to the total rentable square feet of the Premises.

11.2 **Landlord's Option to Repair**. Notwithstanding the terms of Section 11.1 of this Lease, Landlord may elect not to rebuild and/or restore the Premises, Building and/or Project, and instead terminate this Lease, by notifying Tenant in writing of such termination within sixty (60) days after the date of discovery of the damage, such notice to include a termination date giving Tenant sixty (60) days to vacate the Premises, but Landlord may so elect only if the Building or Project shall be damaged by fire or other casualty or cause, whether or not the Premises are affected, and one or more of the following conditions is present: (i) in Landlord's reasonable judgment, repairs cannot reasonably be completed within one hundred eighty (180) days after the date of discovery of the damage (when such repairs are made without the payment of overtime or other premiums); (ii) the holder of any mortgage on the Building or Project or ground lessor with respect to the Building or Project shall require that the insurance proceeds or any portion thereof be used to retire the mortgage debt, or shall terminate the ground lease, as the case may be; (iii) such damage is not fully covered by Landlord's insurance policies; (iv) Landlord decides to rebuild the Building or Common Areas so that they will be substantially different structurally or architecturally; (v) the damage occurs during the last twelve (12*)* months of the Lease Term; or (vi) any owner of any other portion of the Project, other than Landlord, does not intend to repair the damage to such portion of the Project; provided, however, that if Landlord does not elect to terminate this Lease pursuant to Landlord's termination right as provided above, and the repairs cannot, in the reasonable opinion of Landlord, be completed within one hundred eighty (180) days after being commenced, Tenant may elect, no earlier than sixty (60) days after the date of the damage and not later than ninety (90) days after the date of such damage, to terminate this Lease by written notice to Landlord effective as of the date specified in the notice, which date shall not be less than thirty (30) days nor more than sixty (60) days after the date such notice is given by Tenant. Notwithstanding the provisions of this Section 11.2, Tenant shall have the right to terminate this Lease under this Section 11.2 only if each of the following conditions is satisfied: (a) the damage to the Project by fire or other casualty was not caused by the negligence or intentional act of Tenant or any Tenant Party; (b) as a result of the damage, Tenant cannot reasonably conduct business from the Premises; and, (c) as a result of the damage to the Project, Tenant does not occupy or use the Premises at all. In addition, Tenant may terminate this Lease if the damage to the Premises occurs during the last twelve (12) months of the Lease Term, and, as a result of such damage, Tenant cannot reasonably conduct business from the Premises for a period of at least one-half (1/2*)* of the then-remaining term. In no event shall Landlord have any obligation to undertake restoration on account of any casualty except to the extent of the insurance proceeds actually received by Landlord.

11.3 **Waiver of Statutory Provisions**. The provisions of this Lease, including this Article 11, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, the Building or the Project, and any statute or regulation of the State of California, including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code, with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises, the Building or the Project.

12. NONWAIVER

No provision of this Lease shall be deemed waived by either party hereto unless expressly waived in a writing signed thereby. The waiver by either party hereto of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of same or any other term, covenant or condition herein contained. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance of a lesser amount than the Rent herein stipulated shall be deemed a waiver of Landlord's right to receive the full amount due, nor shall any endorsement or statement on any check or payment or any letter accompanying such check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the full amount due. No receipt of monies by Landlord from Tenant after the termination of this Lease shall in any way alter the length of the Lease Term or of Tenant's right of possession hereunder, or after the giving of any notice shall reinstate, continue or extend the Lease Term or affect any notice given Tenant prior to the receipt of such monies, it being agreed that after the service of notice or the commencement of a suit, or after final judgment for possession of the Premises, Landlord may receive and collect any Rent due, and the payment of said Rent shall not waive or affect said notice, suit or judgment.

13. CONDEMNATION

13.1 If the whole or substantially all of the Premises, Building or Project shall be taken by power of eminent domain or condemned by any competent authority for any public or quasi-public use or purpose, or if all reasonable access to the Building is so taken or condemned, or if Landlord shall grant a deed or other instrument in lieu of such taking by eminent domain or condemnation, Landlord shall have the option to terminate this Lease effective as of the date possession is required to be surrendered to the authority. Tenant shall not because of such taking assert any claim against Landlord or the authority for any compensation because of such taking and Landlord shall be entitled to the entire award or payment in connection therewith, except that Tenant shall have the right to file any separate claim available to Tenant for any taking of Tenant's personal property and fixtures belonging to Tenant and removable by Tenant upon expiration of the Lease Term pursuant to the terms of this Lease, and for moving expenses, so long as such claims do not diminish the award available to Landlord, its ground lessor with respect to the Building or Project or its mortgagee, and such claim is payable separately to Tenant. All Rent shall be apportioned as of the date of such termination. If any part of the Premises shall be taken, and this Lease shall not be so terminated, the Rent shall be proportionately abated. Notwithstanding anything to the contrary contained in this Article 13, in the event of a temporary taking of all or any portion of the Premises for a period of one hundred and eighty (180) days or less, and provided that such temporary taking does not materially preclude or unreasonably diminish Tenant's ability to conduct business from the Premises, then this Lease shall not terminate but the Base Rent and Tenant's Share of Direct Expenses shall be abated for the period of such taking in proportion to the ratio that the amount of rentable square feet of the Premises taken bears to the total rentable square feet of the Premises. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of The California Code of Civil Procedure. Landlord shall be entitled to receive the entire award made in connection with any such temporary taking, provided, however, that Tenant shall be entitled to a share of the award for any loss of fixtures and improvements and for moving and other reasonable expenses that do not otherwise reduce Landlord's recovery. If this Lease does not terminate on account of any such eminent domain or condemnation proceeding, then Landlord shall, to the extent practicable, restore the affected area of the Premises, Building or Project. In no event shall Landlord have any obligation to undertake restoration on account of any condemnation or eminent domain proceeding except to the extent of the award actually received by Landlord.

14. ASSIGNMENT AND SUBLETTING

14.1 **Transfers**. Tenant shall not, without the prior written consent of Landlord, assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, permit any assignment, or other transfer of this Lease or any interest hereunder by operation of law, sublet the Premises or any part thereof, or enter into any license or concession agreements or otherwise permit the occupancy or use of the Premises or any part thereof by any persons other than Tenant and its employees and contractors (all of the foregoing are hereinafter sometimes referred to collectively as "**Transfers**" and any person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a "**Transferee**"). If Tenant desires Landlord's consent to any Transfer, Tenant shall notify Landlord in writing, which notice (the "**Transfer Notice**") shall include (i) the proposed effective date of the Transfer, which shall not be less than twenty (20) days nor more than one hundred eighty (180) days after the date of delivery of the Transfer Notice, (ii) a description of the portion of the Premises to be transferred (the "**Subject Space**"), (iii) all of the terms of the proposed Transfer and the consideration therefor, including calculation of the "**Transfer Premium**", as that term is defined in Section 14.3 below, in connection with such Transfer, the name and address of the proposed Transferee, and a copy of all existing executed and/or proposed documentation pertaining to the proposed Transfer, and (iv) provided that Landlord executes a commercially reasonable non-disclosure agreement, current financial statements of the proposed Transferee certified by an officer, partner or owner thereof, business credit and personal references and history of the proposed Transferee and any other information reasonably required by Landlord which will enable Landlord to determine the financial responsibility, character, and reputation of the proposed Transferee, nature of such Transferee's business and proposed use of the Subject Space. Any Transfer made without Landlord's prior written consent shall, at Landlord's option, be null, void and of no effect, and shall, at Landlord's option, constitute a default by Tenant under this Lease. Whether or not Landlord consents to any proposed Transfer, Tenant shall pay Landlord's reasonable review and processing fees, as well as any reasonable professional fees (including, without limitation, attorneys', accountants', architects', engineers' and consultants' fees) incurred by Landlord, not to exceed the sum of $4,000, within thirty (30) days after written request by Landlord.

14.2 **Landlord's Consent**. Landlord shall not unreasonably withhold, condition or delay its consent to any proposed sublet of the Subject Space or assignment of this Lease on the terms specified in the Transfer Notice. If Landlord fails to reasonably object to a proposed assignment, sublease or other Transfer within twenty (20) days after Tenant's request, and provided that Tenant provides Landlord with a reminder notice and Landlord fails to reasonably object within two (2) business days after the giving of such reminder notice, then Landlord shall be deemed to have consented thereto. Without limitation as to other reasonable grounds for withholding consent, the parties hereby agree that it shall be reasonable under this Lease and under any Applicable Law for Landlord to withhold consent to any proposed sublet or assignment where one or more of the following apply:

14.2.1 The Transferee is of a character or reputation or engaged in a business which is not consistent with the quality of the Building or the Project;

14.2.2 The Transferee is either a governmental agency or instrumentality thereof;

14.2.3 The Transferee is not a party of reasonable financial worth and/or financial stability in light of the responsibilities to be undertaken in connection with the Transfer on the date consent is requested;

14.2.4 The proposed Transfer would cause a violation of another lease for space in the Project, or would give an occupant of the Project a right to cancel its lease (provided that Landlord notifies Tenant in writing of any such restriction upon request from Tenant from time to time); or

14.2.5 Either the proposed Transferee, or any person or entity which directly or indirectly, controls, is controlled by, or is under common control with, the proposed Transferee, is negotiating with Landlord or has negotiated with Landlord during the three (3) month period immediately preceding the date Landlord receives the Transfer Notice to lease space in the Project and Landlord (or an affiliate within the SOVA Science District) has space available for such proposed Transferee.

14.2.6 In Landlord's reasonable determination, the sub-rent, additional rent or other amounts received or accrued by Tenant from subleasing, assigning or otherwise Transferring all or any portion of the Premises is based on the income or profits of any person, or the assignment or sublease could cause any portion of the amounts received by Landlord pursuant to this Lease to fail to qualify as "rents from real property" within the meaning of section 856(d) of the Internal Revenue Code of 1986, as amended (the "**Code**"), or any similar or successor provision thereto or which would cause any other income of Landlord to fail to qualify as income described in section 856(c)(2) of the Code.

If Landlord consents to any Transfer pursuant to the terms of this Section 14.2 (and does not exercise any recapture rights Landlord may have under Section 14.4 of this Lease), Tenant may within six (6) months after Landlord's consent, but not later than the expiration of said six-month period, enter into such Transfer of the Premises or portion thereof, upon substantially the same terms and conditions as are set forth in the Transfer Notice furnished by Tenant to Landlord pursuant to Section 14.1 of this Lease, provided that if there are any changes in the terms and conditions from those specified in the Transfer Notice (i) such that Landlord would initially have been entitled to refuse its consent to such Transfer under this Section 14.2, Tenant shall again submit the Transfer to Landlord for its approval and other action under this Article 14 (including Landlord's right of recapture, if any, under Section 14.4 of this Lease). Notwithstanding anything to the contrary in this Lease, if Tenant or any proposed Transferee claims that Landlord has withheld or delayed its consent in violation of this Section 14.2 or otherwise has breached its obligations under this Article 14, their sole remedies shall be a suit for contract damages (other than damages for injury to, or interference with, Tenant's business including, without limitation, loss of profits, however occurring) or declaratory judgment and an injunction for the relief sought, and Tenant hereby waives all other remedies, including, without limitation, any right at law or equity to terminate this Lease, on its own behalf and, to the extent permitted under all Applicable Laws, on behalf of the proposed Transferee.

14.3 **Transfer Premium**. If Landlord consents to a Transfer, as a condition thereto which the parties hereby agree is reasonable, Tenant shall pay to Landlord fifty percent (50%) of any "**Transfer Premium**", as that term is defined in this Section 14.3, received by Tenant from such Transferee. "**Transfer Premium**" shall mean all rent, additional rent or other consideration payable by such Transferee in connection with the Transfer in excess of the Rent and Additional Rent payable by Tenant under this Lease during the term of the Transfer on a per rentable square foot basis if less than all of the Premises is transferred, after deducting the reasonable third party expenses incurred by Tenant for (i) any design and construction costs incurred on account of changes, alterations and improvements to the Premises in connection with the Transfer, (ii) any free base rent and tenant improvement allowances reasonably provided to the Transferee in connection with the Transfer (provided that such free rent and tenant improvement allowances shall be deducted only to the extent the same is included in the calculation of total consideration payable by such Transferee), (iii) any brokerage commissions and/or marketing expenses in connection with the Transfer, and (iv) legal fees and disbursements reasonably incurred in connection with the Transfer (collectively, "**Tenant's Subleasing Costs**"). "**Transfer Premium**" shall also include, but not be limited to, any lump sum payment, key money, bonus money or other cash consideration paid by Transferee to Tenant in connection with such Transfer, and any payment in excess of fair market value for services rendered by Tenant to Transferee or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to Transferee in connection with such Transfer. The determination of the amount of Landlord's applicable share of the Transfer Premium shall be made on a monthly basis as rent or other consideration is received by Tenant under the Transfer.

14.4 **Landlord's Option as to Subject Space**. Notwithstanding anything to the contrary contained in this Article 14, in the event Tenant contemplates a Transfer of more than twenty-five percent (25%) of either the Office Premises or the Lab Premises for a proposed term (including options to extend) of more than twenty-four (24) months (unless such Transfer is proposed during the final twenty-four (24) months of the Lease Term, in which case it is proposed for all or substantially all of the balance of the Lease Term), Tenant shall give Landlord notice (the "**Intention to Transfer Notice**") of such contemplated Transfer (whether or not the contemplated Transferee or the terms of such contemplated Transfer have been determined). The Intention to Transfer Notice shall specify the portion of and amount of rentable square feet of the Premises which Tenant intends to Transfer (the "**Contemplated Transfer Space**"), the contemplated date of commencement of the Contemplated Transfer (the "**Contemplated Effective Date**"), and the contemplated length of the term of such contemplated Transfer, and shall specify that such Intention to Transfer Notice is delivered to Landlord pursuant to this Section 14.4 in order to allow Landlord to elect to recapture the Contemplated Transfer Space. Thereafter, Landlord shall have the option, by giving written notice to Tenant (a "**Recapture Notice**") within fifteen (15) days after receipt of any Intention to Transfer Notice, to recapture the Contemplated Transfer Space. Such recapture shall cancel and terminate this Lease with respect to such Contemplated Transfer Space as of the Contemplated Effective Date. In the event of a recapture by Landlord, if this Lease shall be canceled with respect to less than the entire Premises, the Rent reserved herein shall be prorated on the basis of the number of rentable square feet retained by Tenant in proportion to the number of rentable square feet contained in the Premises, and this Lease as so amended shall continue thereafter in full force and effect, and upon request of either party, the parties shall execute written confirmation of the same. Landlord and Tenant shall share equally in the costs to demise any such portion of the Premises recaptured by Landlord pursuant to this Section 14.4.

14.5 **Effect of Transfer**. If Landlord consents to a Transfer, (i) the terms and conditions of this Lease shall in no way be deemed to have been waived or modified, (ii) such consent shall not be deemed consent to any further Transfer by either Tenant or a Transferee, (iii) Tenant shall deliver to Landlord, promptly after execution, an original executed copy of all documentation pertaining to the Transfer in form reasonably acceptable to Landlord, (iv) Tenant shall furnish upon Landlord's request a complete statement, certified by an independent certified public accountant, or Tenant's chief financial officer, setting forth in detail the computation of any Transfer Premium

Tenant has derived and shall derive from such Transfer, and (v) no Transfer relating to this Lease or agreement entered into with respect thereto, whether with or without Landlord's consent, shall relieve Tenant or any guarantor of the Lease from any liability under this Lease, including, without limitation, in connection with the Subject Space. Landlord or its authorized representatives shall have the right at all reasonable times to audit the books, records and papers of Tenant relating to any Transfer, and shall have the right to make copies thereof. If the Transfer Premium respecting any Transfer shall be found understated, Tenant shall, within thirty (30) days after demand, pay the deficiency, and if understated by more than two percent (2%), Tenant shall pay Landlord's costs of such audit.

14.6 **Sublease/Transfer Restrictions**. Notwithstanding anything contained herein to the contrary and without limiting the generality ofSection 14.1 above, Tenant shall not: (a) sublet all or part of the Premises or assign or otherwise Transfer this Lease on any basis such that the rental or other amounts to be paid by the subtenant or assignee thereunder would be based, in whole or in part, on the income or profits derived by the business activities of the subtenant or assignee; (b) sublet all or part of the Premises or assign this Lease to any person or entity in which, under Section 856(d)(2)(B) of the Code, Longfellow Atlantic REIT, Inc., a Delaware corporation (the "**Company**"), or any affiliate of the Company owns, directly or indirectly (by applying constructive ownership rules set forth in Section 856(d) (5) of the Code), a ten percent (10%) or greater interest; or (c) sublet all or part of the Premises or assign this Lease in any other manner or otherwise derive any income which could cause any portion of the amounts received by Landlord pursuant hereto or any sublease to fail to qualify as "rents from real property" within the meaning of Section 856(d) of the Code, or which could cause any other income received by Landlord to fail to qualify as income described in Section 856(c) (2) of the Code. The requirements of this Section 14.4 shall likewise apply to any further subleasing, assignment or other Transfer by any subtenant or assignee. All references herein to Section 856 of the Code also shall refer to any amendments thereof or successor provisions thereto.

14.7 **Occurrence of Default**. Any Transfer hereunder shall be subordinate and subject to the provisions of this Lease, and if this Lease shall be terminated during the term of any Transfer, Landlord shall have the right to (and each sublease shall provide Landlord with the ability to): (i) treat such Transfer as cancelled and repossess the Subject Space by any lawful means, or (ii) require that such Transferee attorn to and recognize Landlord as its landlord under any such Transfer. If Tenant shall be in default under this Lease, Landlord is hereby irrevocably authorized, as Tenant's agent and attorney-in-fact, to direct any Transferee to make all payments under or in connection with the Transfer directly to Landlord (which Landlord shall apply towards Tenant's obligations under this Lease) until such default is cured. Such Transferee shall rely on any representation by Landlord that Tenant is in default hereunder, without any need for confirmation thereof by Tenant. Upon any assignment, the assignee shall assume in writing all obligations and covenants of Tenant thereafter to be performed or observed under this Lease. No collection or acceptance of rent by Landlord from any Transferee shall be deemed a waiver of any provision of this Article 14 or the approval of any Transferee or a release of Tenant from any obligation under this Lease, whether theretofore or thereafter accruing. In no event shall Landlord's enforcement of any provision of this Lease against any Transferee be deemed a waiver of Landlord's right to enforce any term of this Lease against Tenant or any other person. If Tenant's obligations hereunder have been guaranteed, Landlord's consent to any Transfer shall not be effective unless the guarantor also consents to such Transfer.

14.8 **Permitted Transfers**. "**Permitted Transfer**" means (a) an assignment of this Lease or a subletting of all or a portion of the Premises to an affiliate of Tenant (an entity which controls (as defined below), is controlled by or is under common control with, Tenant), (b) an assignment of this Lease to an entity which acquires all or substantially all of the assets of Tenant, and (c) an assignment of this Lease to an entity which is the resulting entity of a merger or consolidation of Tenant. The term "control" and similar phrases, as used in this subsection, means the ownership, directly or indirectly, of more than fifty percent (50%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, of more than fifty percent (50%) of the voting interest in, any person or entity. "**Permitted Transferee**" means (i) any transferee with respect to a Permitted Transfer pursuant to Clauses (a) or (b) above, and (ii) the resulting Tenant arising from or in connection with a Permitted Transfer pursuant to Clause (c) above. Notwithstanding anything to the contrary in this Lease, a Permitted Transfer shall not be deemed an assignment, sublease or Transfer under this Lease, shall not require Landlord's consent and shall not trigger any recapture or rent-sharing provisions of this Lease, provided that (A) following the closing of such Permitted Transfer, Tenant notifies Landlord of such Permitted Transfer and promptly supplies Landlord with any documents or information reasonably requested by Landlord regarding such Permitted Transfer or such Permitted Transferee, (B) such Permitted Transfer is not a subterfuge by Tenant to avoid its obligations under this Lease, (C) with respect to a Permitted Transfer pursuant to clauses (b) or (c) above, the Permitted Transferee shall have a tangible net worth (not including goodwill as an asset) computed in accordance with generally accepted accounting principles ("**Net Worth**") at least equal to the Net Worth of Tenant on the day preceding the effective date of such Permitted Transfer. No such permitted assignment or subletting or other Transfer permitted with or without Landlord's consent pursuant to this Article 14 shall serve to release Tenant from any of its obligations under this Lease. Any Permitted Transferee in connection with a Permitted Transfer shall be deemed the original Tenant for all purposes of this Lease (including without limitation options to renew or expand, right of first offer and signage rights).

15. SURRENDER OF PREMISES; OWNERSHIP AND REMOVAL OF TRADE FIXTURES

15.1 **Surrender of Premises**. No act or thing done by Landlord or any agent or employee of Landlord during the Lease Term shall be deemed to constitute an acceptance by Landlord of a surrender of the Premises unless such intent is specifically acknowledged in writing by Landlord. The delivery of keys to the Premises to Landlord or any agent or employee of Landlord shall not constitute a surrender of the Premises or effect a termination of this Lease, whether or not the keys are thereafter retained by Landlord, and notwithstanding such delivery Tenant shall be entitled to the return of such keys at any reasonable time upon request until this Lease shall have been properly terminated. The voluntary or other surrender of this Lease by Tenant, whether accepted by Landlord or not, or a mutual termination hereof, shall not work a merger, and at the option of Landlord shall operate as an assignment to Landlord of all subleases or subtenancies affecting the Premises or terminate any or all such sublessees or subtenancies.

15.2 **Removal of Tenant Property by Tenant**. Upon the expiration of the Lease Term, or upon any earlier termination of this Lease, Tenant shall, subject to the provisions of this Article 15, quit and surrender possession of the Premises to Landlord in as good order and condition as when Tenant took possession and as thereafter improved by Landlord and/or Tenant, reasonable wear and tear and repairs which are specifically made the responsibility of Landlord hereunder, and casualty, excepted. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all Alterations that Tenant is required to remove in accordance with Section 8.3 of this Lease, any debris and rubbish, and such items of furniture, equipment, free-standing cabinet work, movable partitions and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises, and such similar articles of any other persons claiming under Tenant (unless Landlord, in its sole discretion, waives the requirement that any item of personal property be removed), and Tenant shall repair at its own expense all damage to the Premises and Building resulting from such removal. Tenant's personal property includes only those items that are not built into the Premises and that have not been constructed or installed by Landlord.

15.3 **Environmental Assessment**. Prior to the expiration of the Lease (or within thirty (30) days after any earlier termination), Tenant shall clean and otherwise

decommission all interior surfaces (including floors, walls, ceilings, and counters), piping, supply lines, waste lines and plumbing in or serving the Premises, and all exhaust or other ductwork in or serving the Premises, in each case that has carried, released or otherwise been exposed to any Hazardous Materials due to Tenant's use or occupancy of the Premises, and shall otherwise clean the Premises so as to permit the Environmental Assessment called for by this Section 15.3 to be issued. Prior to the expiration of this Lease (or within thirty (30) days after any earlier termination), Tenant, at Tenant's expense, shall obtain for Landlord a report (an "**Environmental Assessment**") addressed to Landlord (and, at Tenant's election, Tenant) by a reputable licensed environmental engineer or industrial hygienist that is designated by Tenant and acceptable to Landlord in Landlord's reasonable discretion, which report shall be based on the environmental engineer's inspection of the Premises and shall state, to Landlord's reasonable satisfaction, that (a) the Hazardous Materials described in the first sentence of this paragraph, to the extent, if any, existing prior to such decommissioning, have been removed in accordance with Applicable Laws; (b) all Hazardous Materials described in the first sentence of this paragraph, if any, have been removed in accordance with Applicable Laws from the interior surfaces of the Premises (including floors, walls, ceilings, and counters), piping, supply lines, waste lines and plumbing, and all such exhaust or other ductwork in the Premises, may be reused by a subsequent tenant or disposed of in compliance with Applicable Laws without incurring special costs or undertaking special procedures for demolition, disposal, investigation, assessment, cleaning or removal of such Hazardous Materials and without giving notice in connection with such Hazardous Materials; and (c) the Premises may be reoccupied for office, research and development, or laboratory use, demolished or renovated without incurring special costs or undertaking special procedures for disposal, investigation, assessment, cleaning or removal of Hazardous Materials described in the first sentence of this paragraph and without giving notice in connection with Hazardous Materials. Further, for purposes of clauses (b) and (c), "special costs" or "special procedures" shall mean costs or procedures, as the case may be, that would not be incurred but for the nature of the Hazardous Materials as Hazardous Materials instead of non-hazardous materials. The report shall also include reasonable detail concerning the clean-up measures taken, the clean-up locations, the tests run and the analytic results. Tenant shall submit to Landlord the identity of the applicable consultants and the scope of the proposed Environmental Assessment for Landlord's reasonable review and approval at least 30 days prior to commencing the work described therein or at least 60 days prior to the expiration of the Lease Term, whichever is earlier.

If Tenant fails to perform its obligations under this Section 15.3, without limiting any other right or remedy, Landlord may, on five (5) business days' prior written notice to Tenant perform such obligations at Tenant's expense if Tenant has not commenced to do so within said five day period, and Tenant shall within 10 days of written demand reimburse Landlord for all reasonable out-of-pocket costs and expenses incurred by Landlord in connection with such work. Tenant's obligations under this Section 15.2 shall survive the expiration or earlier termination of this Lease. In addition, at Landlord's election, Landlord may inspect the Premises and/or the Project for Hazardous Materials at Landlord's cost and expense within sixty (60) days of Tenant's surrender of the Premises at the expiration or earlier termination of this Lease. Tenant shall pay for all such costs and expenses incurred by Landlord in connection with such inspection if such inspection reveals that a release or threat of release of Hazardous Materials exists at the Project or Premises as a result of the acts or omission of Tenant, its officers, employees, contractors, and agents (except to the extent resulting from (i) Hazardous Materials existing in the Premises as at the delivery of possession to Tenant (in which event Landlord shall be responsible for any Clean-up, as provided in this Lease), or (ii) the acts or omissions of Landlord or Landlord's agents, employees or contractors).

16. HOLDING OVER

If Tenant holds over after the expiration of the Lease Term or earlier termination thereof, with the express written consent of Landlord, such tenancy shall be from month-to-month only, and shall not constitute a renewal hereof or an extension for any further term. If Tenant holds over after the expiration of the Lease Term of earlier termination thereof, without the express written consent of Landlord, such tenancy shall be deemed to be a tenancy by sufferance only, and shall not constitute a renewal hereof or an extension for any further term. In either case, Base Rent shall be payable at a monthly rate equal to (x) one twenty five percent (125%) of the Base Rent applicable during the last rental period of the Lease Term for the first thirty (30) days of such hold over, and (y) one hundred fifty percent (150%) of the Base Rent applicable during the last rental period of the Lease Term for each day thereafter. Such month-to-month tenancy or tenancy by sufferance, as the case may be, shall be subject to every other applicable term, covenant and agreement contained herein, including without limitation the obligation to pay Additional Rent. Nothing contained in this Article 16 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Article 16 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law. If Tenant fails to surrender the Premises on or before thirty (30) days after the expiration or earlier termination of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all loss, costs (including reasonable attorneys' fees) and liability resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender and/or any lost profits and consequential or indirect damages to Landlord resulting therefrom.

17. ESTOPPEL CERTIFICATES

Tenant shall execute, acknowledge and deliver to Landlord an estoppel certificate, which, as submitted by Landlord, shall be substantially in the form of**Exhibit 17**, attached hereto (or such other form as may be reasonably required by any prospective mortgagee or purchaser of the Project, or any portion thereof), indicating therein any exceptions thereto that may exist at that time, and shall also contain any other information reasonably requested by Landlord or Landlord's mortgagee or prospective mortgagee. Any such certificate may be relied upon by any prospective mortgagee or purchaser of all or any portion of the Project. Tenant shall execute and deliver whatever other instruments may be reasonably required for such purposes. Failure of Tenant to timely execute, acknowledge and deliver such estoppel certificate or other instruments shall constitute an acceptance of the Premises and an acknowledgment by Tenant that statements included in the estoppel certificate are true and correct, without exception. At any time during the Lease Term, within ten (10) business days following a request in writing by Landlord, provided that Landlord executes a commercially reasonable non-disclosure agreement, Landlord may require Tenant to provide Landlord with a current financial statement and financial statements of the two (2) years prior to the current financial statement year. Such statements shall be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Tenant, shall be audited by an independent certified public accountant. If no audited financial statement is prepared, such statement will be certified by the CFO or Treasurer of Tenant. Upon request from Tenant from time to time, Landlord shall promptly furnish a similar commercially reasonable estoppel certificate to Tenant.

18. SUBORDINATION

This Lease shall be subject and subordinate to all future ground or underlying leases of the Building or Project and to the lien of any mortgage, trust deed or other encumbrances now or hereafter in force against the Building or Project or any part thereof, if any, and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security of such mortgages or trust deeds, unless the holders of such mortgages, trust deeds or other encumbrances, or the lessors under such ground lease or underlying leases require in writing that this Lease be superior thereto. Tenant covenants and agrees that in the event any proceedings are brought for the foreclosure of any such mortgage or deed in lieu thereof (or if any ground lease is terminated), to attorn, without any deductions or set-offs whatsoever, to the lienholder or purchaser or any successors thereto upon any such foreclosure sale or deed in lieu thereof (or to the ground lessor), if so requested to do so by such purchaser or lienholder or ground lessor. Notwithstanding any other provision of this Lease to the contrary, no holder of any such mortgage, trustee deed or other encumbrance and no such ground lessor, shall be obligated to perform or liable in damages for failure to perform any of Landlord's obligations under this Lease unless and until such holder shall foreclose such mortgage, trust deed or other encumbrance, or the lessors under such ground lease or underlying leases otherwise acquire title to the Property, and then shall only be liable for Landlord's obligations arising or accruing after such foreclosure or acquisition of title, provided the foregoing shall not release any such holder or ground lessor from performing ongoing obligations of Landlord from and after the date of such foreclosure or acquisition of title, such as repair and maintenance obligations. No such holder shall ever be obligated to perform or be liable in damages for any of Landlord's obligations arising or accruing before such foreclosure or acquisition of title. Tenant shall, within ten (10) business days of request by Landlord, execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm the subordination or superiority of this Lease to any such mortgages, trust deeds, ground leases or underlying leases. Tenant waives the provisions of any current or future statute, rule or law which may give or purport to give Tenant any right or election to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event of any foreclosure proceeding or sale. The subordination of this Lease to future mortgages, deeds of trust, master leases or similar instruments shall be subject to Tenant's receipt of a commercially reasonable non-disturbance agreement from the beneficiary or lessor thereunder which provides in substance that so long as

Tenant is not in default under this Lease past applicable cure periods, its use and occupancy of the Premises shall not be disturbed notwithstanding any default of Landlord under such mortgage, deed of trust, master lease or similar instrument.

Landlord's interest herein may be assigned as security at any time to any Mortgagee. Notwithstanding the foregoing or anything to the contrary herein, no Mortgagee succeeding to the interest of Landlord hereunder shall be (i) liable in any way to Tenant for any act or omission, neglect or default on the part of Landlord under this Lease, (ii) responsible for any monies owing by or on deposit with Landlord to the credit of Tenant (except to the extent any such deposit is actually received by such mortgagee or ground lessor), (iii) subject to any counterclaim or setoff which theretofore accrued to Tenant against Landlord, (iv) bound by any amendment or modification of this Lease subsequent to such mortgage (provided that Landlord notifies Tenant of such mortgage prior to such amendment or modification), or by any previous prepayment of Rent for more than one (1) month, which was not approved in writing by the Mortgagee, (v) liable beyond such Mortgagee's interest in the Project, or (vi) responsible for the payment or performance of any work to be done by Landlord under this Lease to render the Premises ready for occupancy by Tenant or for the payment of any tenant improvements allowances. Nothing in clause (i), above, shall be deemed to relieve any Mortgagee succeeding to the interest of Landlord hereunder of its obligation to comply with the obligations of Landlord under this Lease from and after the date of such succession.

No Mortgagee shall, either by virtue of the Mortgage or any assignment of leases executed by Landlord for the benefit of such Mortgagee, be or become a mortgagee in possession or be or become subject to any liability or obligation under the Lease or otherwise until such Mortgagee shall have acquired the interest of Landlord in the Property, by foreclosure or otherwise, or in fact have taken possession of the Property as a mortgagee in possession and then such liability or obligation of Mortgagee under the Lease shall extend only to those liability or obligations accruing subsequent to the date that such Mortgagee has acquired the interest of Landlord in the Premises, or in fact taken possession of the Property as a mortgagee in possession.

19. DEFAULTS; REMEDIES

19.1 **Events of Default**. The occurrence of any of the following shall constitute a default of this Lease by Tenant:

19.1.1 Any failure by Tenant to pay any Rent or any other charge required to be paid under this Lease, or any part thereof, when due and such failure shall continue for five (5) business days after notice of such failure is given to Tenant, except that if Landlord shall have given two (2) such notices in any twelve (12) month period, Tenant shall not be entitled to any further notice of its delinquency in the payment of Rent or any other charge required to be paid under this Lease until such time as twelve (12) consecutive months shall have elapsed without Tenant having defaulted in any such payment; or

19.1.2 Any failure by Tenant to observe or perform any other provision, covenant or condition of this Lease to be observed or performed by Tenant where such failure continues for thirty (30) days after written notice thereof from Landlord to Tenant; provided that if the nature of such default is such that the same cannot reasonably be cured within a thirty (30) day period, Tenant shall not be deemed to be in default if it diligently commences such cure within such period and thereafter diligently proceeds to rectify and cure such default; or

19.1.3 Abandonment of the Premises by Tenant pursuant to Section 1951.35 of the California Civil Code; or

19.1.4 The failure by Tenant to observe or perform according to the provisions of Sections 5.1 or 5.2 or Articles 14, 17 or 18 of this Lease where such failure continues for more than two (2) business days after notice from Landlord;

19.1.5 If a receiver, guardian, conservator, trustee in bankruptcy or similar officer shall be appointed by a court of competent jurisdiction to take charge of all or any part of Tenant's or any guarantor's property and such appointment is not discharged within 90 days thereafter or if a petition including, without limitation, a petition for reorganization or arrangement is filed by Tenant or any guarantor under any bankruptcy law or is filed against Tenant or any guarantor and, in the case of a filing against Tenant only, the same shall not be dismissed within 90 days from the date upon which it is filed.

The notice periods provided herein are in lieu of, and not in addition to, any notice periods provided by law.

19.2 **Remedies Upon Default**. Upon the occurrence of any event of default by Tenant beyond applicable notice and cure periods, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity (all of which remedies shall be distinct, separate and cumulative), the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever. Tenant hereby waives, for Tenant and for all those claiming under Tenant, any and all rights now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Tenant's right of occupancy of the Premises after any termination of this Lease.

19.2.1 Terminate this Lease (pursuant to Section 1951.2 of the California Civil Code), in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim or damages therefor; and Landlord may recover from Tenant the following:

(i) The worth at the time of award of the unpaid rent which has been earned at the time of such termination; plus

(ii) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of award of the amount by which the unpaid rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, specifically including but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

The term "**rent**" as used in this Section 19.2 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Sections 19.2.1(i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the rate set forth in Article 25 of this Lease, but in no case greater than the maximum amount of such interest permitted by law. As used in Section 19.2.1(iii) above, the "**worth at the time of award**" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

19.2.2 Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.

19.2.3 Landlord shall at all times have the rights and remedies (which shall be cumulative with each other and cumulative and in addition to those rights and remedies available under this Section 19.2, or any law or other provision of this Lease), without prior demand or notice except as required by Applicable Law, to seek any declaratory, injunctive or other equitable relief, and specifically enforce this Lease, or restrain or enjoin a violation or breach of any provision hereof. The provisions of this Section 19.2.6 are not dependent upon the occurrence of a default.

19.2.4 Any obligation imposed by law upon Landlord to relet the Premises after any termination of the Lease shall be subject to the reasonable requirements of Landlord to lease to high quality tenants on such terms as Landlord may from time to time deem appropriate and to develop the Building in a harmonious manner with an appropriate mix of uses, tenants, floor areas and terms of tenancies, and the like, and Landlord shall not be obligated to relet the Premises to any party to whom Landlord or its affiliate may desire to lease other available space in the Building.

19.2.5 Nothing herein shall limit or prejudice the right of Landlord to prove and obtain in a proceeding for bankruptcy, insolvency, arrangement or reorganization, by reason of the termination, an amount equal to the maximum allowed by a statute of law in effect at the time when, and governing the proceedings in which, the damages are to be proved, whether or not the amount is greater to, equal to, or less than the amount of the loss or damage which Landlord has suffered.

19.3 **Subleases of Tenant**. Whether or not Landlord elects to terminate this Lease on account of any default by Tenant, as set forth in this Article 19, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. In the event of Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

19.4 **Efforts to Relet**. No re-entry or repossession, repairs, maintenance, changes, alterations and additions, reletting, appointment of a receiver to protect Landlord's interests hereunder, or any other action or omission by Landlord shall be construed as an election by Landlord to terminate this Lease or Tenant's right to possession, or to accept a surrender of the Premises, nor shall same operate to release Tenant in whole or in part from any of Tenant's obligations hereunder, unless express written notice of such intention is sent by Landlord to Tenant. Tenant hereby irrevocably waives any right otherwise available under any law to redeem or reinstate this Lease.

19.5 **Landlord Default**.

19.5.1 **General**. Notwithstanding anything to the contrary set forth in this Lease, Landlord shall not be in default in the performance of any obligation required to be performed by Landlord pursuant to this Lease unless Landlord fails to perform such obligation within thirty (30) days after the receipt of notice from Tenant specifying in detail Landlord's failure to perform; provided, however, if the nature of Landlord's obligation is such that more than thirty (30) days are required for its performance, then Landlord shall not be in default under this Lease if it shall commence such performance within such thirty (30) day period and thereafter diligently pursue the same to completion.

20. COVENANT OF QUIET ENJOYMENT

Landlord covenants that Tenant, on paying the Rent, charges for services and other payments herein reserved and on keeping, observing and performing all the other terms, covenants, conditions, provisions and agreements herein contained on the part of Tenant to be kept, observed and performed, shall, during the Lease Term, peaceably and quietly have, hold and enjoy the Premises subject to the terms, covenants, conditions, provisions and agreements hereof without interference by any persons lawfully claiming by or through Landlord. The foregoing covenant is in lieu of any other covenant express or implied.

21. SECURITY DEPOSIT

21.1 Concurrently with Tenant's execution of this Lease, Tenant shall deposit with Landlord a letter of credit (the "**L/C Security**") in the amount set forth in Section 9 of the Summary as security for the faithful performance by Tenant of all of its obligations under this Lease as follows:

(a) Tenant shall provide Landlord, and maintain in full force and effect throughout the Term and until the date that is ninety (90) days after the Lease Expiration Date, an evergreen letter of credit substantially in the form of **Exhibit 21.1** issued by an issuer reasonably satisfactory to Landlord (and Landlord hereby approves First Republic Bank as an issuer), in the amount set forth in Section 9 of the Summary. If at any time during the Term (i) Landlord determines in its reasonable discretion that the financial condition of such issuer has changed in any materially adverse way from the financial condition of such issuer as of the date of execution of this

Lease including, without limitation, if such issuer is declared insolvent or is placed into receivership or conservatorship by the Federal Deposit Insurance Corporation, or any successor or similar entity, if a trustee, receiver or liquidator is appointed for such issuer, if the credit rating of the long-term debt of the issuer of the letter of credit (according to Moody's, Standard & Poor's or similar national rating agency reasonably identified by Landlord) is downgraded to a grade below investment grade, if the issuer enters into any supervisory agreement with any governmental authority or fails to meet any capital requirements imposed by applicable law, Landlord may require the L/C Security to be replaced by an L/C Security issued by a different issuer, in which event Tenant shall within twenty (20) days after written notice from Landlord deliver to Landlord a replacement L/C Security issued by a commercial bank or savings and loan association reasonably acceptable to Landlord and that meets all other requirements of this Article. If Tenant has actual notice, or Landlord notifies Tenant at any time, that any issuer of the L/C Security has become insolvent or placed into FDIC receivership, then Tenant shall promptly deliver to Landlord (without the requirement of further notice from Landlord) substitute L/C Security issued by a commercial bank or savings and loan association reasonably acceptable to Landlord and that meets all other requirements of this Article. As used herein with respect to the issuer of the L/C Security, "insolvent" shall mean the determination of insolvency as made by such issuer's primary bank regulator (i.e., the state bank supervisor for state chartered banks; the OCC or OTS, respectively, for federally chartered banks or thrifts; or the Federal Reserve for its member banks).

(b) Landlord may draw upon the L/C Security, and hold and apply the proceeds for the payment of any Rent or any other sum in default, or to compensate Landlord for any other loss or damage that Landlord may suffer by reason of Tenant's default, if: (i) a default beyond applicable notice and cure periods exists (or would have existed with the giving of notice and passage of applicable cure periods, but only if transmittal of a default notice is stayed or barred by applicable bankruptcy or other similar law); (ii) as of the date forty-five (45) days before any L/C Security expires Tenant has not delivered to Landlord an amendment or replacement for such L/C Security, reasonably satisfactory to Landlord, extending the expiry date to the date that is sixty (60) days after the then-current Lease Expiration Date; (iii) Tenant fails to pay any bank charges for Landlord's transfer of the L/C Security when due, after the expiration of any applicable notice and cure period; or (iv) the issuer of the L/C Security ceases, or announces that it will cease, to maintain an office in the city where Landlord may present drafts under the L/C Security (and fails to permit drawing upon the L/C Security by overnight courier or facsimile). This Section does not limit any other provisions of this Lease allowing Landlord to draw the L/C Security under specified circumstances. In the event of any such draw upon the L/C Security, Tenant shall within 10 business days thereafter provide Landlord with a replacement letter of credit, or amendment to the existing letter of credit increasing the amount of such letter of credit, in the amount of L/C Security, and in the form, required hereunder, and Tenant's failure to do so shall be a material breach of this Lease. Landlord shall hold the proceeds of any draw not applied as set forth above as a cash Security Deposit as further described below.

(c) If Landlord transfers its interest in the Premises, then Landlord shall transfer the L/C Security to the transferee of its interest and notify Tenant of such transfer, and Tenant shall at Tenant's expense, within fifteen (15) business days after receiving a request from Landlord, deliver (and, if the issuer requires, Landlord shall consent to) an amendment to the L/C Security naming Landlord's grantee as substitute beneficiary. If the required Security Deposit changes while L/C Security is in force, then Tenant shall deliver (and, if the issuer requires, Landlord shall consent to) a corresponding amendment to the L/C Security.

(d) If and to the extent Landlord is holding the proceeds of the L/C Security in cash from time to time, such cash shall be held by Landlord as security for the faithful performance by Tenant of all of the terms, covenants and conditions of this Lease to be kept and performed by Tenant during the period commencing on the Execution Date and ending upon the expiration or termination of Tenant's obligations under this Lease. If Tenant defaults (beyond applicable notice and cure periods) with respect to any provision of this Lease, including any provision relating to the payment of Rent, then Landlord may (but shall not be required to) use, apply or retain all or any part of the Security Deposit for the payment of any Rent or any other sum in default, or to compensate Landlord for any other loss or damage that Landlord may suffer by reason of Tenant's default as provided in this Lease. The provisions of this Article shall survive the expiration or earlier termination of this Lease. In the event of bankruptcy or other debtor-creditor proceedings against Tenant, any cash security then being held by Landlord shall be deemed to be applied first to the payment of Rent and other charges due Landlord for all periods prior to the filing of such proceedings. Landlord shall deliver or credit to any purchaser of Landlord's interest in the Premises the funds then held hereunder by Landlord, and thereupon (and upon confirmation by the transferee of such funds, whether expressly or by written assumption of this Lease, generally) Landlord shall be discharged from any further liability with respect to such funds. This provision shall also apply to any subsequent transfers. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, then the cash security, if any, or any balance thereof, shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) within sixty (60) days after the expiration or earlier termination of this Lease. If and to the extent the security held by Landlord hereunder shall be in cash, Landlord shall hold such cash in an account at a banking organization selected by Landlord; provided, however, that Landlord shall not be required to maintain a separate account for the cash security, but may intermingle it with other funds of Landlord. Landlord shall be entitled to all interest and/or dividends, if any, accruing on such cash security.

(e) If, at any time, Tenant is obligated to deliver to Landlord a replacement letter of credit pursuant to the terms of this Section 21 but Tenant is unable to do so despite its good faith, commercially reasonable efforts to deliver a replacement letter of credit, then Tenant shall be permitted (in lieu thereof) to deliver to Landlord a cash security deposit to Landlord in such amount. In such event, Landlord shall hold such security deposit in accordance with Section 21(d) above and this Section 21(e). Further, Tenant hereby waives the provisions of Section 1950.7 of the California Civil Code, or any successor statute, and all other provisions of law, now or hereafter in effect, which (i) establish the time frame by which a landlord must refund a security deposit under a lease, and/or (ii) provide that a landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by a tenant or to clean the premises, it being agreed that Landlord may, in addition, claim those sums specified in this Section above and/or those sums reasonably necessary to compensate Landlord for any loss or damage caused by Tenant's default of this Lease (beyond applicable notice and cure periods), as amended hereby, including, but not limited to, all damages or rent due upon termination of Lease pursuant to Section 1951.2 of the California Civil Code. Notwithstanding anything to the contrary contained in this Section 21(e), Landlord may, from time to time (but not more often than once in any twelve (12) month period), require Tenant to attempt to obtain a replacement letter of credit in lieu of a cash security deposit, and Tenant will use good faith, commercially reasonable efforts to deliver a replacement letter of credit in lieu of a cash security deposit.

22. SUBSTITUTION OF OTHER PREMISES (AS TO OFFICE PREMISES ONLY)

Landlord shall have the right at any time **as to the Office Premises only**, upon giving Tenant not less than thirty (30) days' prior written notice, to provide and furnish Tenant with comparable space elsewhere in the 11555 Building of at least the same size as the Office Premises with at least the same number of private offices and to place Tenant in such space. If the total rentable square footage of the new space exceeds the total of the original Office Premises, Tenant's Rent shall not be increased. The total rentable square footage of the new space shall not be less than the total of the original Office Premises. In the event of any such relocation of Tenant, Landlord shall pay for all of the following verified reasonable direct costs actually incurred solely due to any such relocation: the costs of relocating furniture, files and equipment, telephone installation, computer wiring and cabling, and reasonable costs of new stationery and business cards; provided, however, Tenant shall not be entitled to any compensation for damages for any interference with or interruption of its business during or resulting from such relocation. However, Landlord shall make reasonable efforts to minimize such interference. If Landlord relocates Tenant to such new space, this Lease and each and all of its terms, covenants and conditions shall remain in full force and effect and be deemed applicable to such new space, and such new space shall thereafter be deemed to be the "Office Premises".

23. SIGNS

23.1 **Signage**. Tenant shall not install any signage (including, without limitation, any signs identifying Tenant's name or advertising Tenant's merchandise or otherwise) in or about the Premises that is visible from the exterior of the Premises or in any other part of the Project except as expressly permitted in this Section 23.1. Landlord shall add Tenant to any relevant multi-tenant lobby directories. Such signage shall comply with Landlord's then-current Building standard signage program. Subject to Landlord's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed, and provided all signs are in keeping with the quality, design and style of the Building and Project, Tenant, at its sole cost and expense, may install one sign identifying Tenant (and Tenant's subsidiary, Exosome Sciences, Inc., so long as such subsidiary does not have any employees and remains an affiliate of Tenant) at the entry to each of the Office Premises and Lab Premises, which identification signs shall be consistent with building standard signage as determined by Landlord. All permitted signs shall be maintained by Tenant at its expense in a first-class and safe condition and appearance. Upon the expiration or earlier termination of this Lease, Tenant shall remove all of its signs at Tenant's sole cost and expense. Tenant shall repair any damage to the Premises or Project, inside or outside, resulting from the erection, maintenance or removal of any signs. Tenant's signage must also comply with all Applicable Laws.

23.2 **Prohibited Signage and Other Items**. Any signs, notices, logos, pictures, names or advertisements which are installed and that have not been separately approved by Landlord may be removed without notice by Landlord at the sole expense of Tenant. Except as expressly permitted pursuant to Section 23.1, above, Tenant may not install any signs on the exterior or roof of the Project or the Common Areas. Any signs, displays, window coverings, window lettering, or blinds (even if the same are located behind the Landlord-approved window coverings for the Building), or other items or Alterations visible from the exterior of the Premises or Building, shall be subject to the prior approval of Landlord, in its sole reasonable discretion. Tenant shall not place or install any projections, antennae, aerials, or similar devices inside or outside of the Building, without the prior written approval of Landlord.

24. COMPLIANCE WITH LAW

Tenant shall not do anything or suffer anything to be done by any Tenant Party in or about the Premises or the Project which will in any way conflict with any law, statute, ordinance or other federal, state or local governmental rule, regulation or requirement now in force or which may hereafter be enacted or promulgated (collectively, "**Applicable Laws**"). At its sole cost and expense, Tenant shall promptly comply with all such Applicable Laws which relate to (i) Tenant's use of the Premises, (ii) any Alterations, or (iii) the Building, but in no event shall Tenant be obligated to make any alterations outside of the Premises to the extent such obligations are triggered by Tenant's particular use of the Premises as opposed to office and laboratory use, generally. Tenant shall be responsible, at its sole cost and expense, to make all alterations to the Premises as are required to comply with the Applicable Laws to the extent required in this Article 24. Notwithstanding the foregoing terms of this Article 24 to the contrary, Tenant may defer such compliance with Applicable Laws while Tenant contests, in a court of proper jurisdiction, in good faith, the applicability of such Applicable Laws to the Premises or Tenant's specific use or occupancy of the Premises; provided, however, Tenant may only defer such compliance if such deferral shall not (a) prohibit Tenant from obtaining or maintaining a certificate of occupancy for the Premises, (b) prohibit Landlord from obtaining or maintaining a certificate of occupancy for the Building or any portion thereof, (c) unreasonably and materially affect the safety of the employees and/or invitees of Landlord or of any tenant in the Building (including Tenant), (d) create a significant health hazard for the employees and/or invitees of Landlord or of any tenant in the Building (including Tenant), (e) otherwise materially and adversely affect Tenant's use of or access to the Buildings or the Premises, or (f) impose material obligations, liability, fines, or penalties upon Landlord or any other tenant of the Building, or would materially and adversely affect the use of or access to the Building by Landlord or other tenants or invitees of the Building. The judgment of any court of competent jurisdiction or the admission of Tenant in any judicial action, regardless of whether Landlord is a party thereto, that Tenant has violated any of said governmental measures, shall be conclusive of that fact as between Landlord and Tenant. Landlord shall comply with all Applicable Laws relating to the Common Areas of the Building, provided that compliance with such Applicable Laws is not the responsibility of Tenant under this Lease, and provided further that Landlord's failure to comply therewith would prohibit Tenant from obtaining or maintaining a certificate of occupancy for the Premises, or would unreasonably and materially affect the safety of Tenant's employees or create a significant health hazard for Tenant's employees, or would otherwise materially and adversely affect Tenant's use of or access to the Premises. Landlord shall be permitted to include in Operating Expenses any costs or expenses incurred by Landlord under this Article 24 to the extent not prohibited by the terms of Section 4.2.7 above.

For purposes of Section 1938 of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that neither the Premises, the Building nor the Common Areas have undergone inspection by a Certified Access Specialist (CASp). Pursuant to California Civil Code Section 1938, Tenant is hereby notified as follows: **"A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of any CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the subject premises."** If Tenant requests to perform a CASp inspection of the Premises, Tenant shall, at its cost, retain a CASp approved by Landlord (provided that Landlord may designate the CASp, at Landlord's option) to perform the inspection of the Premises at a time agreed upon by the parties. Tenant shall provide Landlord with a copy of any report or certificate issued by the CASp (the "**CASp Report**"). Landlord and Tenant agree that any modifications necessary to correct violations of construction related accessibility standards identified in the CASp Report shall be the responsibility of Tenant. Tenant agrees to keep the information in the CASp Report confidential except as necessary for the Tenant to complete such modifications.

25. LATE CHARGES

If any installment of Rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee within five (5) business days after the date due, then Tenant shall pay to Landlord a late charge equal to five percent (5%) of the overdue amount plus any reasonable attorneys' fees incurred by Landlord by reason of Tenant's failure to pay Rent and/or other charges when due hereunder. Notwithstanding the foregoing, Landlord shall not charge Tenant a late charge for the first (1st) late payment in any twelve (12) month period unless Tenant fails to timely pay such amount within five (5) business days following notice from Landlord that such amount is past due. The late charge shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner. In addition to the late charge described above, any Rent or other amounts owing hereunder which are not paid when due shall bear interest from the date when due until paid at a rate per annum equal to the lesser of (i) the annual "**Bank Prime Loan**" rate cited in the Federal Reserve Statistical Release Publication H.15, published on the first Tuesday of each calendar month (or such other comparable index as Landlord and Tenant shall reasonably agree upon if such rate ceases to be published) plus three (3) percentage points, and (ii) the highest rate permitted by Applicable Law.

26. LANDLORD'S RIGHT TO CURE DEFAULT; PAYMENTS BY TENANT

26.1 **Landlord's Cure**. All covenants and agreements to be kept or performed by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any reduction of Rent, except to the extent, if any, otherwise expressly provided herein. If Tenant shall fail to perform any obligation under this Lease, and such failure shall continue in excess of the time allowed under Section 19.1.2 above, unless a specific time period is otherwise stated in this Lease, Landlord may, but shall not be obligated to, make any such payment or perform any such act on Tenant's part without waiving its rights based upon any default of Tenant after the expiration of any applicable notice and cure period and without releasing Tenant from any obligations hereunder. Tenant's obligations under this Section 26.1 shall survive the expiration or sooner termination of the Lease Term. Except as may be specifically provided to the contrary in this Lease, Tenant shall pay to Landlord, within twenty (20) days after delivery by Landlord to Tenant of statements therefor: (i) sums equal to expenditures reasonably made and obligations incurred by Landlord in connection with the remedying by Landlord of Tenant's defaults pursuant to the provisions of Section 26.1; (ii) sums equal to all losses, costs, liabilities, damages and expenses referred to in Article 10 of this Lease; and (iii) sums equal to all expenditures made and obligations incurred by Landlord in collecting or attempting to collect the Rent or in enforcing or attempting to enforce any rights of Landlord under this Lease or pursuant to law, including, without limitation, all reasonable legal fees and other amounts so expended. Tenant's obligations under this Section 26.1 shall survive the expiration or sooner termination of the Lease Term.

27. PROJECT CONTROL BY LANDLORD; ENTRY BY LANDLORD

27.1 **Project Control**. Landlord reserves full control over the Building and the Project to the extent not inconsistent with Tenant's enjoyment of the Premises as provided by this Lease. This reservation includes Landlord's right to subdivide the Project; convert the Building to condominium units; change the size of the Project by selling all or a portion of the Project or adding real property and any improvements thereon to the Project; grant assessments and licenses to third parties; maintain or establish ownership of the Building separate from fee title to the Property; make additions to or reconstruct portions of the Building and the Project; install, use, maintain, repair, replace and relocate for service to the Premises and other parts of the Building or the Project pipes, ducts, conduits, wires and appurtenant fixtures, wherever located in the Premises, the Building or elsewhere at the Project; and alter or relocate any other Common Area or facility, including private drives, lobbies and entrances. Landlord's right pursuant to this Section 27.1, including without limitation the rights to construct, maintain, relocate, alter, improve, or adjust the Building or the Project shall be subject to the condition that (i) the exercise of any of such rights shall not materially and adversely interfere with Tenant's use of the Premises or materially decrease the number of Tenant's parking spaces, (ii) Landlord shall provide reasonable prior notice to Tenant before exercising any such rights which may materially and adversely interfere with Tenant's use of the Premises, provided that such use of the Premises is in accordance with the Permitted Use, and (iii) Landlord shall use reasonable efforts to minimize to the extent possible any interference with Tenant's business, provided that such business is in accordance with the Permitted Use, including, when reasonable, scheduling such work after business hours or on weekends. Possession of areas of the Premises necessary for utilities, services, safety and operation of the Building is reserved to Landlord. Notwithstanding the foregoing, Landlord shall provide Tenant reasonable prior notice of required access to the Premises for such activities.

27.2 **Entry by Landlord**. Landlord reserves the right at all reasonable times and upon not less than one (1) business day's prior notice to Tenant which may be given by telephone or electronic mail (except in the case of an emergency or with respect to regularly scheduled services) to enter the Premises to (i) inspect them; (ii) show the Premises to prospective purchasers, or to current or prospective mortgagees, ground or underlying lessors or insurers or, during the last twelve (12) months of the Lease Term, to prospective tenants; (iii) post notices of nonresponsibility (to the extent applicable pursuant to then Applicable Law); or (iv) provided that it is in accordance with the express provisions of this Lease, alter, improve or repair the Premises or the Building, or for structural alterations, repairs or improvements to the Building or the Building's systems and equipment. Provided that Landlord employs commercially reasonable efforts to minimize interference with the conduct of Tenant's business in connection with entries into the Premises, Landlord may make any such entries without creating a default by Landlord and shall take such reasonable steps as required to accomplish the stated purposes. In an emergency, Landlord shall have the right to use any means that Landlord may deem proper to open the doors in and to the Premises. Landlord also shall have the right at any time, without the same constituting an actual or constructive eviction and without incurring any liability to Tenant therefor, to change the arrangement or location of entrances or passageways, doors and doorways, and corridors, elevators, stairs, toilets, or other public parts of the Building and to change the name, address, number or designation by which the Premises is commonly known, provided any such change does not (A) unreasonably reduce, interfere with or deprive Tenant of access to the Premises, or (B) reduce the rentable area (except by a *de minimis* amount) of the Premises. Any entry into the Premises by Landlord in the manner hereinbefore described shall not be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an actual or constructive eviction of Tenant from any portion of the Premises and the Base Rent (and any other item of Rent) shall under no circumstances abate while said repairs, alterations, improvements, additions or restorations are being made, by reason of loss or interruption of business of Tenant, or otherwise. If Tenant shall not be present when for any reason entry into the Premises shall be necessary or permissible, Landlord or Landlord's agents, representatives, contractors or employees may enter the same without rendering Landlord or such agents liable therefor if during such entry Landlord or Landlord's agents shall accord reasonable care under the circumstances to Tenant's Property, and without in any manner affecting this Lease. Tenant shall, at all times during the Term, be responsible for ensuring that Landlord has any and all keys, cards, codes or other means necessary to access the Premises.

27.3 **Restricted Shaft Space**. Landlord further reserves the right to the areas designated as "**Restricted Shaft Space**" and "**Future Shaft Wall**" on **Exhibit 27.3** attached hereto, within the Office Premises for the future installation of additional shaft walls and risers for the tenants or occupants of floors beneath the applicable floor of the Office Premises. Upon the giving of such notice, the designated areas on **Exhibit 27.3** (the "**Future Shaft Areas**") shall be treated as Common Areas. Tenant shall not make any Alterations in the Future Shaft Areas and shall remove any of Tenant's property from the same upon reasonable prior notice from Landlord.

28. TENANT PARKING

During the Term, Landlord shall provide Tenant with parking passes for use by standard size automobiles and small utility vehicles in an amount equal to the number of parking passes set forth in Section 10 of the Summary, which parking passes shall pertain to the on-site and/or off-site, as the case may be, parking facility (or facilities) which serve the Project. All such parking shall be on a first-come, first-serve basis in common with others entitled to use the same. Tenant's continued right to use the parking passes is conditioned upon Tenant abiding by all rules and regulations which are prescribed from time to time for the orderly operation and use of the parking facility where the parking passes provide access (including any sticker or other identification system established by Landlord and the prohibition of vehicle repair and maintenance activities in the parking facilities), and Tenant shall cooperate in seeing that any Tenant Parties and Tenant visitors also comply with such rules and regulations. Tenant's use of the parking passes for parking at the Project shall be at Tenant's sole risk and Tenant acknowledges and agrees that Landlord shall have no liability whatsoever for damage to the vehicles of Tenant, its employees and/or visitors, or for other personal injury or property damage or theft relating to or connected with the parking rights granted herein or any of Tenant's, its employees' and/or visitors' use of the parking facilities. Landlord shall have the right to assign its obligations under this Article 28 to an affiliate of Landlord or a third-party parking manager or operator, in which case Tenant shall make any payments due under this Article 28 directly to such other entity.

29. MISCELLANEOUS PROVISIONS

29.1 **Terms; Captions**. The words "**Landlord**" and "**Tenant**" as used herein shall include the plural as well as the singular. The necessary grammatical changes required to make the provisions hereof apply either to corporations or partnerships or individuals, men or women, as the case may require, shall in all cases be assumed as though in each case fully expressed. The captions of Articles and Sections are for convenience only and shall not be deemed to limit, construe, affect or alter the meaning of such Articles and Sections.

29.2 **Binding Effect**. Subject to all other provisions of this Lease, each of the covenants, conditions and provisions of this Lease shall extend to and shall, as the case may require, bind or inure to the benefit not only of Landlord and of Tenant, but also of their respective heirs, personal representatives, successors or assigns, provided this clause shall not permit any assignment by Tenant contrary to the provisions of Article 14 of this Lease.

29.3 **No Air Rights**. No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease. If at any time any windows of the Premises are temporarily darkened or the light or view therefrom is obstructed by reason of any repairs, improvements, maintenance or cleaning in or about the Project, the same shall be without liability to Landlord and without any reduction or diminution of Tenant's obligations under this Lease.

29.4 **Modification of Lease**. Should any current or prospective mortgagee or ground lessor for the Building or Project require a modification of this Lease, which modification will not cause an increased cost or expense to Tenant or in any other way adversely change the rights or obligations of Tenant hereunder, then and in such event,

Tenant agrees that this Lease may be so modified and agrees to execute whatever documents are reasonably required therefor and to deliver the same to Landlord within ten (10) business days following a request therefor.

29.5 **Transfer of Landlord's Interest**. Tenant acknowledges that Landlord has the right to transfer all or any portion of its interest in the Project or Building and in this Lease, and Tenant agrees that in the event of any such transfer, Landlord shall automatically be released from all liability under this Lease and Tenant agrees to look solely to such transferee for the performance of Landlord's obligations hereunder after the date of transfer and such transferee shall be deemed to have fully assumed and be liable for all obligations of this Lease to be performed by Landlord and Tenant shall attorn to such transferee.

29.6 **Prohibition Against Recording**. Landlord and Tenant agree not to record this Lease.

29.7 **Landlord's Title**. Landlord's title is and always shall be paramount to the title of Tenant. Nothing herein contained shall empower Tenant to do any act which can, shall or may encumber the title of Landlord.

29.8 **Relationship of Parties**. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venturer or any association between Landlord and Tenant.

29.9 **Application of Payments**. Landlord shall have the right to apply payments received from Tenant pursuant to this Lease, regardless of Tenant's designation of such payments, to satisfy any obligations of Tenant hereunder, in such order and amounts as Landlord, in its sole discretion, may elect.

29.10 **Time of Essence**. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

29.11 **Partial Invalidity**. If any term, provision or condition contained in this Lease shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, provision or condition to persons or circumstances other than those with respect to which it is invalid or unenforceable, shall not be affected thereby, and each and every other term, provision and condition of this Lease shall be valid and enforceable to the fullest extent possible permitted by law.

29.12 **No Warranty**. In executing and delivering this Lease, Tenant has not relied on any representations, including, but not limited to, any representation as to the amount of any item comprising Additional Rent or the amount of the Additional Rent in the aggregate or that Landlord is furnishing the same services to other tenants, at all, on the same level or on the same basis, or any warranty or any statement of Landlord which is not expressly set forth herein.

29.13 **Landlord Exculpation**. The liability of Landlord or the Landlord Parties to Tenant for any default by Landlord under this Lease or arising in connection herewith or with Landlord's operation, management, leasing, repair, renovation, alteration or any other matter relating to the Project or the Premises shall be limited solely and exclusively to an amount which is equal to the interest of Landlord in the Project. Neither Landlord, nor any of the Landlord Parties shall have any personal liability therefor, and Tenant hereby expressly waives and releases such personal liability on behalf of itself and all persons claiming by, through or under Tenant. The limitations of liability contained in this Section 29.13 shall inure to the benefit of Landlord's and the Landlord Parties' present and future partners, beneficiaries, officers, directors, trustees, shareholders, agents and employees, and their respective partners, heirs, successors and assigns. Under no circumstances shall any present or future partner of Landlord (if Landlord is a partnership), or trustee or beneficiary (if Landlord or any partner of Landlord is a trust), have any liability for the performance of Landlord's obligations under this Lease. Notwithstanding any contrary provision herein, neither Landlord nor the Landlord Parties shall be liable under any circumstances for consequential or indirect damages, including without limitation injury or damage to, or interference with, Tenant's business, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use, in each case, however occurring.

29.14 **Entire Agreement**. It is understood and acknowledged that there are no oral agreements between the parties hereto affecting this Lease and this Lease constitutes the parties' entire agreement with respect to the leasing of the Premises and supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between the parties hereto or displayed by Landlord to Tenant with respect to the subject matter thereof, and none thereof shall be used to interpret or construe this Lease. None of the terms, covenants, conditions or provisions of this Lease can be modified, deleted or added to except in writing signed by the parties hereto.

29.15 **REIT.** Tenant acknowledges that the Company, an affiliate of Landlord, elects to be taxed as a real estate investment trust (a "**REIT**") under the Code. Tenant hereby agrees to modifications of this Lease required to retain or clarify the Company's status as a REIT, provided such modifications: (a) are reasonable, (b) do not adversely affect Tenant's use of the Premises as herein permitted or any rights or obligations of Tenant hereunder, and (c) do not increase the Base Rent, Additional Rent and other sums to be paid by Tenant or Tenant's other obligations pursuant to this Lease, or reduce any rights of Tenant under this Lease, then Landlord may submit to Tenant an amendment to this Lease incorporating such required modifications, and Tenant shall execute, acknowledge and deliver such amendment to Landlord within ten (10) days after Tenant's receipt thereof.

29.16 **Right to Lease**. Landlord reserves the absolute right to effect such other tenancies in the Project as Landlord in the exercise of its sole business judgment shall determine to best promote the interests of the Building or Project. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall, during the Lease Term, occupy any space in the Building or Project.

29.17 **Force Majeure**. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, acts of war, terrorist acts, governmental action or inaction, inability to obtain services, labor, or materials or reasonable substitutes therefor, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease (collectively, a "**Force Majeure**"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure.

29.18 **Notices**. All notices, demands, statements, designations, approvals or other communications (collectively, "**Notices**") given or required to be given by either party to the other hereunder or by law shall be in writing, shall be (A) sent by United States certified or registered mail, postage prepaid, return receipt requested ("**Mail**"), (B) delivered by a nationally recognized overnight courier, or (D) delivered personally. Any Notice shall be sent, transmitted, or delivered, as the case may be, to Tenant at the appropriate address set forth in Section 11 of the Summary, or to such other place as Tenant may from time to time designate in a Notice to Landlord, and to Landlord at the addresses set forth below, or to such other places as Landlord may from time to time designate in a Notice to Tenant. Any Notice will be deemed given the date of actual or attempted but refused or failed delivery. As of the date of this Lease, any Notices to Landlord must be sent, transmitted, or delivered, as the case may be, to the following addresses:

San Diego Inspire 1, LLC/San Diego Inspire 2, LLC
c/o Longfellow Real Estate Partners
260 Franklin Street, Suite 1920
Boston, MA 02110
Attention: Asset Management

and

San Diego Inspire 1, LLC/San Diego Inspire 2, LLC
c/o Longfellow Property Management Services CA Inc.
11772 Sorrento Valley Road, Suite 250
San Diego, CA 92121
Attention: Property Management

DLA Piper LLP (US)
401 B Street, Suite 1700
San Diego, CA 92101
Attention: Joseph A. Delaney, Esq.

29.19 **Joint and Several**. If there is more than one Tenant, the obligations imposed upon Tenant under this Lease shall be joint and several.

29.20 **Authority**. If Tenant is a corporation, trust or partnership, Tenant hereby represents and warrants that Tenant (a) is a duly formed and existing entity qualified to do business in the State of Nevada and is qualified as a foreign entity authorized to do business in the State of California and (b) has full right and authority to execute and deliver this Lease, and (c) each person signing on behalf of Tenant is authorized to do so.

29.21 **Attorneys' Fees**. In the event that either Landlord or Tenant should bring suit for the possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provision of this Lease or for any other relief against the other, then all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party therein shall be paid by the other party.

29.22 **Governing Law; WAIVER OF TRIAL BY JURY**. This Lease shall be construed and enforced in accordance with the laws of the State of California. IN ANY ACTION OR PROCEEDING ARISING HEREFROM, LANDLORD AND TENANT HEREBY CONSENT TO (I) THE JURISDICTION OF ANY COMPETENT COURT WITHIN THE STATE OF CALIFORNIA, (II) SERVICE OF PROCESS BY ANY MEANS AUTHORIZED BY CALIFORNIA LAW, AND (III) IN THE INTEREST OF SAVING TIME AND EXPENSE, TRIAL WITHOUT A JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER OR THEIR SUCCESSORS IN RESPECT OF ANY MATTER ARISING OUT OF OR IN CONNECTION WITH THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE, OR ANY EMERGENCY OR STATUTORY REMEDY. IN THE EVENT LANDLORD COMMENCES ANY SUMMARY PROCEEDINGS OR ACTION FOR NONPAYMENT OF BASE RENT OR ADDITIONAL RENT, TENANT SHALL NOT INTERPOSE ANY COUNTERCLAIM OF ANY NATURE OR DESCRIPTION (UNLESS SUCH COUNTERCLAIM SHALL BE MANDATORY) IN ANY SUCH PROCEEDING OR ACTION, BUT SHALL BE RELEGATED TO AN INDEPENDENT ACTION AT LAW.

29.23 **Submission of Lease**. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of, option for or option to lease, and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

29.24 **Brokers**. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the real estate brokers or agents specified in Section 14 of the Summary (the "**Brokers**"), whose commissions shall be paid by Landlord, and that they know of no other real estate broker or agent who is entitled to a commission in connection with this Lease. Each party agrees to indemnify and defend the other party against and hold the other party harmless from any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation reasonable attorneys' fees) with respect to any leasing commission or equivalent compensation alleged to be owing on account of any dealings with any real estate broker or agent, other than the Brokers, occurring by, through, or under the indemnifying party. The terms of this Section 29.24 shall survive the expiration or earlier termination of the Lease Term. Landlord shall pay a commission to the Brokers pursuant to a separate written agreement between Landlord and the Brokers.

29.25 **Project or Building Name, Address and Signage**. Landlord shall have the right at any time to change the name and/or address of the Project or Building and to install, affix and maintain any and all signs on the exterior and on the interior of the Project or Building as Landlord may, in Landlord's sole discretion, desire. Tenant shall not use the name of the Project or Building or use pictures or illustrations of the Project or Building in advertising or other publicity or for any purpose other than as the address of the business to be conducted by Tenant in the Premises, without the prior written consent of Landlord.

29.26 **Counterparts**. This Lease may be executed in counterparts with the same effect as if both parties hereto had executed the same document. Both counterparts shall be construed together and shall constitute a single lease. Delivery by fax or by electronic mail file attachment of any executed counterpart to this Lease will be deemed the equivalent of the delivery of the original executed instrument.

29.27 **Intentionally Blank**.

29.28 **Development of the Project**.

29.28.1 **Subdivision**. Landlord reserves the right to subdivide all or a portion of the Building or Project. Tenant agrees to execute and deliver, upon demand by Landlord and in the form requested by Landlord, any additional documents needed to conform this Lease to the circumstances resulting from a subdivision and any all maps in connection therewith. Notwithstanding anything to the contrary set forth in this Lease, the separate ownership of any buildings and/or Common Areas by an entity other than Landlord shall not affect the calculation of Direct Expenses or Tenant's payment of Tenant's Share of Direct Expenses.

29.28.2 **Construction of Property and Other Improvements**. Tenant acknowledges that portions of the Project may be under construction following

Tenant's occupancy of the Premises, and that such construction may result in levels of noise, dust, obstruction of access, etc. which are in excess of that present in a fully constructed project. Tenant hereby waives any and all rent offsets or claims of constructive eviction which may arise in connection with such construction. However, Tenant hereby acknowledges that Landlord is currently renovating or may during the Lease Term renovate, improve, alter, or modify (collectively, the " **Renovations**") the Project, the Building and/or the Premises. Landlord shall use commercially reasonable efforts to complete any Renovations in a manner which does not materially, adversely affect Tenant's use of or access to the Premises. Notwithstanding the foregoing, Tenant hereby agrees that such Renovations shall in no way constitute a constructive eviction of Tenant nor entitle Tenant to any abatement of Rent. Landlord shall have no responsibility and shall not be liable to Tenant for any injury to or interference with Tenant's business arising from the Renovations, nor shall Tenant be entitled to any compensation or damages from Landlord for loss of the use of the whole or any part of the Premises or of Tenant's personal property or improvements resulting from the Renovations, or for any inconvenience or annoyance occasioned by such Renovations, provided that the foregoing shall not limit Landlord's liability, if any, pursuant to applicable law for personal injury and property damage to the extent caused by the gross negligence or willful misconduct of Landlord, its agents, employees or contractors.

29.29 **No Violation**. Tenant hereby warrants and represents that neither its execution of nor performance under this Lease shall cause Tenant to be in violation of any agreement, instrument, contract, law, rule or regulation by which Tenant is bound, and Tenant shall protect, defend, indemnify and hold Landlord harmless against any claims, demands, losses, damages, liabilities, costs and expenses, including, without limitation, reasonable attorneys' fees and costs, arising from Tenant's breach of this warranty and representation.

29.30 **Communications and Computer Lines**. Tenant may install, maintain, replace, remove or use any communications or computer wires and cables serving the Premises (collectively, the "**Lines**"), provided that Tenant shall obtain Landlord's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed), use an experienced and qualified contractor approved in writing by Landlord, and comply with all of the other provisions of Articles 7 and 8 of this Lease. Tenant shall pay all costs in connection therewith. Landlord reserves the right, upon notice to Tenant prior to the expiration or earlier termination of this Lease, to require that Tenant, at Tenant's sole cost and expense, remove any Lines located in or serving the Premises (that would adversely affect any future tenant of the Premises) prior to the expiration or earlier termination of this Lease.

29.31 **Transportation Management**. Tenant shall fully comply with all present or future mandatory governmental programs intended to manage parking, transportation or traffic in and around the Project and/or the Building, and in connection therewith, Tenant shall take responsible action for the transportation planning and management of all employees located at the Premises by working directly with Landlord, any governmental transportation management organization or any other transportation-related committees or entities. Such programs may include, without limitation: (i) restrictions on the number of peak-hour vehicle trips generated by Tenant; (ii) increased vehicle occupancy; (iii) implementation of an in-house ridesharing program and an employee transportation coordinator; (iv) working with employees and any Project, Building or area-wide ridesharing program manager; (v) instituting employer-sponsored incentives (financial or in-kind) to encourage employees to rideshare; and (vi) utilizing flexible work shifts for employees.

29.32 **Special Appurtenant Right**. Tenant shall have the right in common with others to connect to and use the following system:

(a) 100 KW emergency generator (the "**Special System**") to be located adjacent to the Building (in a location as reasonably determined by Landlord), subject to the following provisions. Landlord shall use its best efforts to cause, on or before the Rent Commencement Date, the Special System to be installed and the Lab Premises connected to the central distribution point for the Special System.

(1) Tenant's use of the Special System shall be at Tenant's sole risk to the extent permitted pursuant to Applicable Laws (Landlord making no representation or warranty regarding the sufficiency of the Special System for Tenant's use);

(2) Tenant's use of the Special System shall be undertaken by Tenant in compliance with all Applicable Laws, including Environmental Laws, and Tenant shall obtain any and all permits required in connection with such use by Tenant (but Landlord shall obtain and maintain all required permits (e.g., APCD permit) for the installation of the emergency generator);

(3) Landlord shall be responsible for connecting to the central distribution point for the Special System in connection with the Tenant Improvements.

(4) The costs to operate and maintain the Special System shall be included in Operating Expenses. Tenant use of the Special System shall not exceed Tenant's Share (i.e., ten percent (10%) since Tenant will occupy approximately ten percent (10%) of the Building) of the capacity available to tenants of any such Special System;

(5) The use of the Special System shall be subject to the Rules and Regulations.

(6) Tenant acknowledges and agrees, except as expressly set forth in this Lease, that there are no warranties of any kind, whether express or implied, made by Landlord or otherwise with respect to the Special Systems or any services (if any) provided in the Special System, and Tenant disclaims any and all such warranties.

(7) Landlord shall maintain the Special System and any equipment connection with the Special System to Tenant's automatic transfer switch in good working condition, and Landlord shall from time to time, as recommended by the manufacturer, test the operational and electrical load capacity of the Special System.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed the day and date first above written as a sealed California instrument.

LANDLORD:

SAN DIEGO INSPIRE 1, LLC,
a Delaware limited liability company

By:_____

Name: _____

Its:_____

and

SAN DIEGO INSPIRE 2, LLC,
a Delaware limited liability company

By:_____

Name: _____

Its:_____

TENANT:

AETHLON MEDICAL, INC.,
a Nevada corporation

By: /s/ Charles Fisher

Name: Charles Fisher

Its: CEO

By: /s/ Jim Frakes

Name: Jim Frakes

Its: Chief Financial Officer

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed the day and date first above written as a sealed California instrument.

LANDLORD:

SAN DIEGO INSPIRE 1, LLC,
a Delaware limited liability company

By: /s/ Jamison Peschel

Name: Jamison Peschel

Its: Authorized Signatory

and

SAN DIEGO INSPIRE 2, LLC,
a Delaware limited liability company

By: /s/ Jamison Peschel

Name: Jamison Peschel

Its: Authorized Signatory

TENANT:

AETHLON MEDICAL, INC.,
a Nevada corporation

By: _____

Name: _____

Its: _____

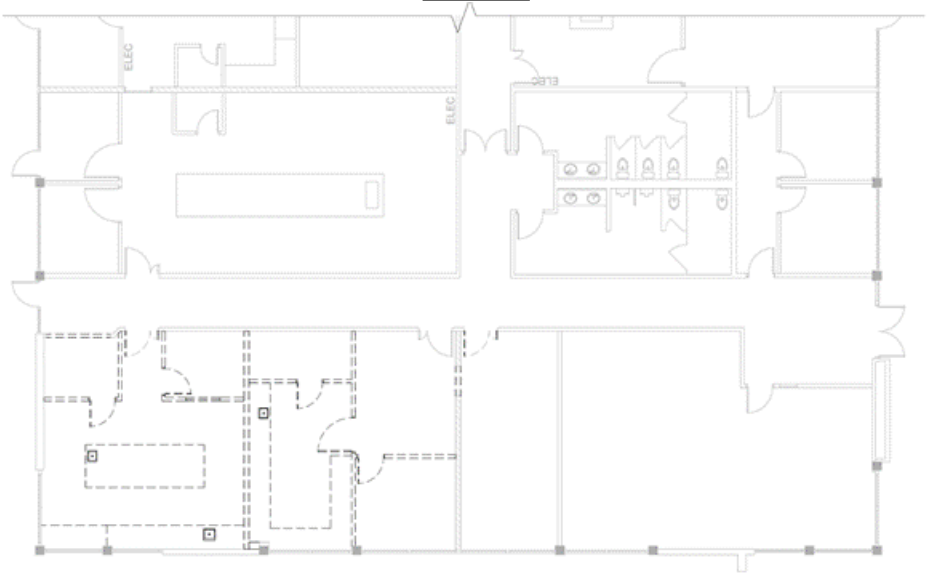
By: _____

Name: _____

Its: _____

EXHIBIT 1.1.1-1

PREMISES



Demo Plan

Conceptual Plan

***

EXHIBIT 1.1.1-2

WORK LETTER

(i) Landlord at Landlord's sole cost (whether or not the cost estimates set forth on **Attachment #1** hereto, solely for the scope of work covered thereby, are exceeded) shall (i) perform improvements to the Premises in accordance with the improvements described and budgeted in **Attachment #1** hereto (the "**Tenant Improvements**"), in accordance with Applicable Laws, (ii) cause all mechanical, plumbing, electrical, HVAC and life-safety systems serving the Premises and the Buildings to be in good working order and condition at the time of Landlord's delivery of the Premises to Tenant, (iii) cause all window blinds within the Office Premises to be in good working order and condition, and (iv) include new interior paint and carpet within the Office Premises (collectively, "**Landlord's Work**"). Landlord shall enter into a direct contract for Landlord's Work with a general contractor selected by Landlord. In addition, Landlord shall have the right to select and approve of any subcontractors used in connection with Landlord's Work. Tenant acknowledges that Landlord may complete the Landlord's Work for the Lab Premises prior to the Landlord's Work for the Office Premises.

(ii) Landlord may, but shall not be obligated to, approve any changes to Landlord's Work ("**Change Orders**") that are requested by Tenant. Landlord shall have any necessary revisions to the plans for Landlord's Work for a Change Order prepared at Tenant's sole cost and expense (provided that Landlord furnishes Tenant with a reasonable estimate of the cost and expense thereof prior to incurring any cost or expense, and Tenant does not retract its request for such Change Order within one (1) business day after Tenant's receipt of such estimate), and Tenant shall reimburse Landlord upon demand for the cost of preparing any such revisions. In addition, Landlord shall notify Tenant in writing of Landlord's estimate of the cost of completing the work set forth in the Change Orders ("**Excess Cost**"), which shall be subject to Tenant's approval (in its sole and absolute discretion), and if Tenant fails to approve such Excess Cost within two (2) business days; then such Change Order shall be deemed retracted by Tenant. Landlord reserves the right to require Tenant to pay to Landlord the amount of the estimated Excess Cost before continuing with Landlord's Work, and any delay in the completion of Landlord's Work due to a delay by Tenant in making such payment shall be deemed a Delay (as hereinafter defined). If Tenant fails to pay the amount so demanded by Landlord within two (2) business days after such demand, Landlord reserves the right to withdraw its approval of the applicable Change Order and to proceed with Landlord's Work without regard to any changes encompassed by such Change Order. Furthermore, if upon completion of Landlord's Work, Landlord determines that the Excess Cost in connection with Change Orders exceeds the amount of Excess Cost theretofore paid by Tenant to Landlord, Tenant shall, within five (5) business days after Landlord's demand, pay the balance of the Excess Cost to Landlord. Subject to the notice and opportunity to cure described in subparagraph (iv) below, any delay in Tenant's approval of any Change Orders or the completion of Landlord's Work caused by Change Orders shall be deemed a Delay.

(iii) If and as long as Tenant does not interfere in any way with the construction process (by causing disharmony, scheduling or coordination difficulties, etc.), Tenant may, with prior approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed, and at Tenant's sole risk and expense, enter the Premises prior to the Rent Commencement Date for the purpose of installing Tenant's movable furnishings, business fixtures and equipment. Any independent contractor of Tenant (or any employee or agent of Tenant) performing any work in the Premises prior to the Rent Commencement Date shall subject to the insurance provisions of the Lease. Neither Tenant nor any Tenant independent contractor shall interfere in any way with construction of, nor damage, Landlord's Work or the common areas or other parts of the Project, and each shall do all things reasonably requested by Landlord to expedite construction of Landlord's Work. Without limitation, Tenant shall require each Tenant independent contractor to adjust and coordinate any work or installation in or to the Premises to meet the schedule or requirements of other work being performed by or for Landlord throughout the Project which shall in all cases have precedence. If Tenant or any Tenant independent contractor fails so to adjust to the schedule or requirements of Landlord, then Landlord may immediately by notice to Tenant terminate permission previously granted to Tenant to enter the Premises prior to the Rent Commencement Date. Neither Tenant nor any Tenant independent contractor shall cause any labor disharmony. In all events, Tenant shall indemnify Landlord against any claim, loss or cost arising out of any interference with, or damage to, Landlord's Work or any other work in the Building, or any delay thereto, or any increase in the cost thereof on account in whole or in part of any act, omission, neglect or default by Tenant or any Tenant independent contractor. Without limiting the generality of the foregoing, to the extent that the commencement or performance of Landlord's Work is delayed on account in whole or in part of any act, omission, neglect, or default by Tenant or any Tenant independent contractor (and provided that Landlord notifies Tenant of such potential delay in accordance with subparagraph (iv) below and Tenant fails to cure same within one (1) business day), then such delay shall constitute a Delay (as defined below).

Any requirements of any such Tenant independent contractor for services from Landlord or Landlord's Contractor, such as hoisting, electrical or mechanical needs, shall be paid for in advance by Tenant and arranged between such Tenant independent contractor and Landlord or Landlord's contractor. Should the work of any Tenant independent contractor depend on the installed field conditions of any item of Landlord's Work, such Tenant independent contractor shall ascertain such field conditions after installation of such item of Landlord's Work. Neither Landlord nor Landlord's contractor shall ever be required or obliged to alter the method, time or manner for performing Landlord's Work or work elsewhere in the Project, on account of the work of any such Tenant independent contractor. Should Landlord's contractor, including subcontractors working under such contractor, damage or delay the work of any Tenant independent contractor, then such Tenant independent contractor, by entering on the Premises, shall be deemed to have agreed not to prosecute any claim against Landlord, but shall look solely to Landlord's contractor (or such contractor's subcontractors) that allegedly caused the damage or delay. If any such Tenant independent contractor ever makes a claim against any Indemnitee directly, then Tenant shall indemnify such Indemnitee in the manner provided in the Lease against such claim so long as such Tenant independent contractor's loss was not caused solely and directly by the negligence or willful and wrongful act of such Indemnitee. Tenant shall cause each Tenant independent contractor performing work on the Premises to clean up regularly and remove its debris from the Premises. If any Tenant independent contractor fails so to clean up, then Landlord may cause its contractor to clean up and remove debris, and a Change Order shall be issued requiring Tenant to pay all actual, reasonable costs (including administrative costs) of such cleanup and removal.

(iv) If Landlord shall be delayed in substantially completing Landlord's Work as a result of the occurrence of any of the following (provided that in each such case Landlord notifies Tenant of such potential delay and Tenant fails to cure same with one (1) business day) (a "**Delay**"):

(a) Tenant's failure to furnish information in accordance with this Work Letter or to respond to any request by Landlord for any approval or information within any time period prescribed, or if no time period is prescribed, then within two (2) business days of such request; or

(b) Tenant's request for materials, finishes or installations that have long lead times after having first been informed by Landlord that such materials, finishes or installations will cause a Delay; or

(c) A Change Order; or

(d) The performance or nonperformance by a person or entity employed by on or behalf of Tenant in the completion of any work in the Premises (all such work and such persons or entities being subject to prior approval of Landlord); or

(e) Any written request by Tenant that Landlord delay the completion of any component of Landlord's Work; or

(f) Tenant's failure to pay any amounts as and when due under this Work Letter;

(g) Any delay resulting from Tenant's having taken possession of the Premises for any reason prior to substantial completion of Landlord's Work; or

(h) Any other delay appropriately chargeable to Tenant, its agents, employees or independent contractors and for which Landlord gives to Tenant written notice of such delay and two (2) business days' opportunity for Tenant to cure or resolve such delay (but any such other delay will be limited to the extent of any delay following such the two (2) business days without any cure or resolution of such delay).

then, for purposes of determining the Rent Commencement Date, the date of substantial completion shall be deemed to be the day that Landlord's Work would have been substantially completed absent any such Delay.

(v) Landlord's Work shall be deemed to be substantially completed on the date that Landlord's Work has been completed pursuant to the Plans (or would have been so completed absent any Delay), with the exception of any Punch List Items (as defined below), and the acquisition of a certificate of occupancy or its legal equivalent allowing occupancy of the Premises (such date "**Ready For Occupancy**"). "**Punch List Items**" shall mean only commercially reasonable punch list items, the non-completion of which does not unreasonably interfere with Tenant's use or occupancy of the Premises, and which punch list items shall be corrected promptly by Landlord (within thirty (30) days following Landlord's receipt of written notice thereof from Tenant) without unreasonable interference with Tenant's use of or access to or from the Premises.

The Rent Commencement Date for the Office Premises and the Lab Premises shall be the same date, unless Tenant decides or elects to commence the conduct of its business from either the Office Premises or the Lab Premises on an earlier date than the other. In this regard, Tenant acknowledges and agrees that the dates upon which the Office Premises and Lab Premises are Ready For Occupancy may not be the same date, but the Rent Commencement Date will nevertheless be the same for both the Office Premises and the Lab Premises unless Tenant commences to conduct business from one of the Premises--either the Office Premises or Lab Premises—before the date upon which both the Office Premises and Lab Premises are Ready For Occupancy. The adjustment of the Rent Commencement Date and, accordingly, the postponement of Tenant's obligation to pay Base Rent and other sums due under the Lease shall be Tenant's sole remedy that Tenant might otherwise have against Landlord by reason of the Premises not being Ready For Occupancy by Tenant on the Estimated Delivery Date (as defined below). Landlord shall give Tenant at least ten (10) days prior written notice of the date that Landlord reasonably anticipates that the Landlord's Work will be substantially complete; provided, however, Landlord's failure to accurately estimate such date shall in no event affect the actual date of substantial completion or any other obligations of Landlord or Tenant under the Lease. After the Landlord's Work is substantially completed and prior to Tenant's move-in into the Premises, following two (2) days' advance written notice from Tenant to Landlord, Landlord shall cause the contractor to inspect the Premises and complete a punch list of unfinished items of the Landlord's Work. Authorized representatives for Landlord and Tenant shall execute said punch list.

(vi) Tenant has designated James Frakes as its sole representative with respect to the matters set forth in this Work Letter, who, until further notice to Landlord, shall have full authority and responsibility to act on behalf of Tenant as required in this Work Letter. Landlord has designated Peter Fritz as its sole representative with respect to the matters set forth in this Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of Landlord as required in this Work Letter.

(vii) This Work Letter shall not be deemed applicable to any additional space added to the original Premises at any time or from time to time, whether by any options under the Lease or otherwise, or to any portion of the original Premises or any additions to the Premises in the event of a renewal or extension of the original Lease Term, whether by any options under the Lease or otherwise, unless expressly so provided in the Lease or any written amendment or supplement to the Lease. All capitalized terms used in this Work Letter but not defined herein shall have the same meanings ascribed to such terms in the Lease.

Exhibit 1.1.1-2-3

Attachment #1 to

WORK LETTER

LONGFELLOW	Aethlon Tenant Improvements	TI Allowance $ -	11555 SVR Suite 203	Square Feet 2,853	11575 SVR Suite 203/200	Square Feet 1,652
Category	**Remarks**			**$ / SF**		**$ / SF**
Hard Costs						
Construction Costs	JBP Conceptual Estimate dated 7/29/2020 per McFarlane Conceptual Plan B 11575 SVR and minor improvement scope for 11555 SVR 203		$ 44,478	$ 16	$ 407,069	$ 246
Other	Ref bid for exclusions		$ -	$ -	$ -	$ -
Hard Costs Contingency	10% or higher until GMP or bids received		$ 4,448	$ 2	$ 40,707	$ 25
Sub-Total Hard Costs			**$ 48,926**	**$ 17**	**$ 447,776**	**$ 271**
Soft Costs						
Architect/Engineer Services	Per MA proposal dated 7/28/2020 (CD/Permit/CA)		$ -	$ -	$ 32,000	$ 19
Architect/Engineer Reimbursables	Per MA proposal dated 7/28/2020 (CD/Permit/CA)		$ -	$ -	$ 2,000	$ 1
Building Permit	Per MA proposal dated 7/28/2020 (CD/Permit/CA)		$ -	$ -	$ 13,000	$ 8
Other	N/A		$ -	$ -	$ -	$ -
Soft Costs Contingency	10% or higher until GMP or bids received		$ -	$ -	$ 4,700	$ 3
Sub-Total Soft Costs			**$ -**	**$ -**	**$ 51,700**	**$ 31**
Other Vendor Contracts						
Security System		Provided by Tenant				
Telecom and Network Wiring		Provided by Tenant				
Audio-Visual Systems		Provided by Tenant				
Signage		Provided by Tenant				
Furniture		Provided by Tenant				
Miscellaneous		Provided by Tenant				
Artwork		Provided by Tenant				
Branding/Graphics		Provided by Tenant				
Cable TV		Provided by Tenant				
Appliances		Provided by Tenant				
Relocation Moving Services		Provided by Tenant				
Project Management Fee	5%		**$ 2,446**	**$ 1**	**$ 24,974**	**$ 15**
Sub Total Project Costs			**$ 51,372**	**$ 18**	**$ 524,450**	**$ 317**
						$ / SF
				Total Project Cost	**$ 575,822**	**$ 128**

Exhibit 1.1.1-2-4

JB PACIFIC

PROJECT: 11555 & 11575 SVR - Aethlon

OWNER: Longfellow

ARCHITECT: MA

DATE: July 29, 2020 - R1

DRAWING REFERENCE: MAS Floorplan Dated 5/24/2020

Aethlon Tenant Relocation

Building System Breakdown		11555 - Ste 203 Budget	11575 - Ste 200-3 Budget	BUDGET SUBTOTAL
SITEWORK		$ -	$ 800	$ 800
DEMOLITION		$ 4,708	$ 11,691	$ 16,399
FOUNDATION		$ -	$ -	$ -
STRUCTURE		$ -	$ 14,200	$ 14,200
ENCLOSURE		$ -	$ -	$ -
ROOF		$ -	$ 5,000	$ 5,000
INTERIOR CONSTRUCTION		$ 26,197	$ 57,847	$ 84,044
EQUIPMENT / FURNISHINGS		$ -	$ 66,618	$ 66,618
CONVEYING SYSTEMS		$ -	$ -	$ -
FIRE PROTECTION		$ -	$ -	$ -
PLUMBING		$ -	$ 45,511	$ 45,511
HVAC		$ -	$ 60,160	$ 60,160
ELECTRICAL		$ -	$ 56,601	$ 56,601
SITE MANAGEMENT		$ 6,938	$ 39,318	$ 46,256
TEMP SITE SERVICES		$ 2,081	$ 8,323	$ 10,404
DIRECT CONSTRUCTION COST	$ -	$ 39,924	$ 366,069	$ 405,993
Design/Estimating Contingency	3.000%	$ 1,198	$ 10,982	$ 12,180
Preconstruction Services	0.000%	$ -	$ -	$ -
Sub Default Insurance	0.000%	Not Required	Not Required	Not Required
GC Performance & Payment Bonds	0.000%	Excluded	Excluded	Excluded
Course of Construction Contingency	3.000%	$ 1,198	$ 10,982	$ 12,180
Insurance	1.200%	$ 493	$ 4,393	$ 4,886
Contractors Fee	4.000%	$ 1,665	$ 14,643	$ 16,307
INDIRECT CONSTRUCTION COSTS		$ 4,554	$ 41,000	$ 45,553
TOTAL CONSTRUCTION COST		$ 44,478	$ 407,069	$ 451,546
Civil/Landscape/Architectural/Structural Design	By Owner	$ -	$ -	$ -
Mechanical/Electrical Design	Excluded	$ -	$ -	$ -
DESIGN FEES		$ -	$ -	$ -
Builders Risk Insurance	By Owner	$ -	$ -	$ -
Moving / Relocation Costs	By Owner	$ -	$ -	$ -
Building Permit / Plan Check	By Owner	$ -	$ -	$ -
Testing / Inspection Service	By Owner	$ -	$ -	$ -
Owner Fixtures / Furnishings / Equipment (FF&E)	By Owner	$ -	$ -	$ -
OTHER COSTS		$ -	$ -	$ -
TOTAL PROJECT COST		$ 44,478	$ 407,069	$ 451,546
Replace Approx 600SF of Ceiling Tile	ADD:	$1,634.00		

Description	Cost Code	Takeoff Quantity	Cost / Unit	Total Amount
SITEWORK			- /sf	0
Demo Flooring		2,290.00 sf	0.75 /sf	**1,718**
Demo Rubber Base		501.00 lf	0.50 /lf	**251**
Demo Dumpsters		1.00 ea	960.00 /ea	**960**
Interim Clean-up		32.00 hr	55.00 /hr	**1,760**
DEMOLITION			4.71 /sf	4,708
FOUNDATION	Excluded		- /sf	0
STRUCTURE	Excluded		- /sf	0
ENCLOSURE	Excluded		- /sf	0
ROOF	Excluded		- /sf	0
Final Clean		2,290.00 sf	0.50 /sf	**1,145**
Drywall				
Patch and Repair Drywall & Base Removal		510.00 lf	4.00 /lf	**2,040**
Patch and Repair - General Walls		4,590.00 lf	0.50 /lf	**2,295**
Painting				
Paint Walls/Ceilings		4,590.00 sf	1.00 /sf	**4,590**
Paint Touch Allowance		4,590.00 ls	0.10 /ls	**459**
Paint Door Frames		5.00 ea	75.00 /ea	**375**
Acoustical Ceiling				
ACT Ceiling - Patch & Repair	Excluded	0.00 LS	- /LS	**0**
Flooring/Tile				
Floor Prep		2,290.00 sf	1.00 /sf	**2,290**
Office Carpet		2,290.00 sf	5.00 /sf	**11,450**
Break Room LVT	Excluded	0.00 sf	- /sf	**0**
Rubber Cove Base		501.00 lf	1.50 /lf	**752**
Moisture Barrier at VCT/LVT	Excluded	0.00	- /	**0**
Floor Protection		2,290.00 ls	0.35 /ls	**802**
Millwork	Excluded			
Window Coverings	Excluded			
Misc Specialties	Excluded			
		ea	- /ea	**0**
INTERIOR CONSTRUCTION			26.20 /sf	26,197
EQUIPMENT/FURNISHINGS	Excluded		- /sf	0
CONVEYING	Excluded		- /sf	0
FIRE PROTECTION	Excluded		- /sf	0
PLUMBING	Excluded		- /sf	0
HVAC	Excluded		- /sf	0

Exhibit 1.1.1-2-6

Description	Cost Code	Takeoff Quantity	Cost / Unit	Total Amount
ELECTRICAL	Excluded		- /sf	0
		ESTIMATE SUBTOTAL		**30,905**

Exhibit 1.1.1-2-7

Description	Cost Code	Takeoff Quantity	Cost / Unit	Total Amount
Temp Site Fencing		1.00 ls	800.00 /ls	**800**
ADA Upgrades	Excluded		- /	**0**
SITEWORK			0.80 /sf	800
Demo Framed/Drywall Walls		1,332.00 sf	1.50 /sf	**1,998**
Demo Flooring		1,541.00 sf	1.25 /sf	**1,926**
Demo Ceilings		1,541.00 sf	1.00 /sf	**1,541**
Demo Overhead		1,541.00 sf	1.00 /sf	**1,541**
Demo Casework		50.00 lf	15.00 /lf	**750**
Demo Doors/Frames		5.00 ea	25.00 /ea	**125**
Demo Roof at HVAC Equipment		2.00 ea	350.00 /ea	**700**
Demo Roof Openings		2.00 ea	200.00 /ea	**400**
Demo Protection		1.00 ea	750.00 /ea	**750**
Demo Dumpster		2.00 pulls	980.00 /pulls	**1,960**
DEMOLITION			11.69 /sf	11,691
FOUNDATION			- /sf	0
10-Ton Lab Make-Up Air Pad & Support		1.00 ea	8,000.00 /ea	**8,000**
Exhaust Fan Pad & Support		1.00 ea	5,000.00 /ea	**5,000**
Large Roof HVAC Openings		1.00 ea	1,200.00 /ea	**1,200**
STRUCTURE			14.20 /sf	14,200
ENCLOSURE			- /sf	0
Patch Roof Allowance		1.00 ls	5,000.00 /ls	**5,000**
ROOF			5.00 /sf	5,000
Final Clean		1,541.00 sf	0.80 /sf	**1,233**
Interim Clean		64.00 hr	55.00 /hr	**3,520**
Doors/Frame/Hardware				
3080 WI Frame/Wood Door		3.00 ea	2,250.00 /ea	**6,750**
3680 WI Frame/Wood Door		1.00 ea	3,200.00 /ea	**3,200**
3080 WI Frame/Wood Suite Entrance Door		1.00 ea	2,800.00 /ea	**2,800**
Card Reader Electronic Hardware		1.00 ea	650.00 /ea	**650**
Glazing				
False Mullion Allowance		2.00	750.00 /	**1,500**
Drywall				
Drywall Walls Full Height		516.00 sf	13.50 /sf	**6,966**
Patch and Repair Drywall @ MEP		1.00 ls	200.00 /ls	**200**
Skim Existing to Remain		1,800.00 sf	1.50 /sf	**2,700**
Framed Door Openings		4.00 ea	250.00 /ea	**1,000**

Exhibit 1.1.1-2-8

Description	Cost Code	Takeoff Quantity	Cost / Unit	Total Amount
Infill Existing Doors		1.00 ea	450.00 /ea	**450**
End Wall Receivers @ False Mullions		2.00 ea	250.00 /ea	**500**
Backing		1.00 ls	500.00 /ls	**500**
Soffit Allowance	Excluded	0.00 ls	- /ls	**0**
Column Wraps		0.00 ea	- /ea	**0**
Drywall Patch Allowance at 1 Hr Ceiling Rating		1.00 ls	1,500.00 /ls	**1,500**
Painting				
Paint Walls/Ceilings		2,316.00 sf	1.00 /sf	**2,316**
Paint Touch Allowance		2,316.00 ls	0.35 /ls	**811**
Insulation				
Insulation at 100% Walls		516.00 sf	1.25 /sf	**645**
Lay-Over Office		136.00 sf	2.75 /sf	**374**
Acoustical Ceiling				
2x2 ACT for Office and Lobby		214.00 sf	5.75 /sf	**1,231**
2x4 ACT at Labs		1,337.00 sf	5.00 /sf	**6,685**
Under Suite Repair Allowance		1.00 ea	1,500.00 /ea	**1,500**
Decorative Ceilings - Not Included	Excluded		- /	**0**
Flooring				
Floor Prep		1,541.00 sf	1.25 /sf	**1,926**
Office Carpet		214.00 sf	5.00 /sf	**1,070**
12x12 VCT		1,337.00 sf	3.75 /sf	**5,014**
Rubber Cove Base		470.00 lf	1.50 /lf	**705**
Floor Protection		1,541.00 ls	0.65 /ls	**1,002**
Millwork				
Reception Desk	Excluded		- /	**0**
Systems Furniture	Excluded		- /	**0**
Window Coverings				
Window Coverings-Roller Shades	Excluded	0.00 ea	- /ea	**0**
Misc Specialties				
Corner Guard Allowance		4.00 ea	150.00 /ea	**600**
Code Signage		1.00 ls	500.00 /ls	**500**
INTERIOR CONSTRUCTION			57.85 /sf	57,847
5' Wide Island, Metal Lower and 2 Tier Reagent		39.00 lf	1,250.00 /lf	**48,750**
Sink Cabinets		1.00 ea	2,500.00 /ea	**2,500**
Wall Base Cabinets with Trespa Tops		20.00 lf	400.00 /lf	**8,000**
Umbilical		3.00 ea	1,502.00 /ea	**4,506**
Drying Rack		3.00 ea	954.00 /ea	**2,862**
Wall Shelving	Excluded	0.00 lf	- /lf	**0**
6' Fume Hood	Excluded	0.00 ea	- /ea	**0**

Exhibit 1.1.1-2-9

JB PACIFIC

PROJECT: 11575 SVR Suite(s) 200-203
OWNER: Longfellow
ARCHITECT: MA

ISSUE DATE: 7/29/2020
ESTIMATE TYPE: Conceptual
JOB NUMBER: 20.082

Description	Cost Code	Takeoff Quantity	Cost / Unit		Total Amount
Fume Hood Cup Sinks	Excluded	0.00 ea	-	/ea	**0**
EQUIPMENT/FURNISHINGS			66.62	/sf	66,618
CONVEYING			-	/sf	0
TI Wet Fire Sprinklers	Excluded	0.00 sf	-	/sf	**0**
FIRE PROTECTION			-	/sf	0
Plumbing		1.00 ls	45,511.00	/ls	**45,511**
U/G Industrial Waste Vent	Included		-	/	**0**
Domestic & Industrial Water Systems	Included		-	/	**0**
Waste & Vent Piping	Included		-	/	**0**
Lab Air and Vac, CO2, N2 Pricing	Excluded		-	/	**0**
Condensate Drain	Included		-	/	**0**
Natural Gas	Included		-	/	**0**
Lab Sink	Included	3.00 ea	-	/ea	**0**
Combo Eyewash Shower	Included	1.00 ea	-	/ea	**0**
Design & Engineering	Included		-	/	**0**
	Included		-	/	**0**
		ls	-	/ls	**0**
PLUMBING			45.51	/sf	45,511
HVAC	Included	1.00 ls	60,160.00	/ls	**60,160**
Ductwork Demo	Included		-	/	**0**
Reduct Existing Office Rooftop Unit	Included		-	/	**0**
Lab Exhaust System	Included		-	/	**0**
10-Ton Make-Up Singe Pass Air System	Included	1.00 ea	-	/ea	**0**
Smoke Detector	Included	1.00 ea	-	/ea	**0**
Mag Guage	Included	1.00 ea	-	/ea	**0**
Controls	Included		-	/	**0**
Mechanical Design	Included		-	/	**0**
HVAC			60.16	/sf	60,160
Electrical		1.00 ls	51,978.00	/ls	**51,978**
Lighting	Included		-	/	**0**
Office Power Devices	Included		-	/	**0**
Laboratory Power Devices	Included		-	/	**0**
Equipment Connections	Included		-	/	**0**
Feeders	Included		-	/	**0**
Panel Relocation	Included	3.00 ea			
Fire Alarm System	Included	1,541.00 sf	3.00	/sf	**4,623**
Voice Data	Excluded		-	/	**0**
Card Access	Excluded		-	/	**0**
Electrical Design	Included		-	/	**0**
ELECTRICAL			56.60	/sf	56,601

Exhibit 1.1.1-2-10

CONFIDENTIAL

PACIFIC

PROJECT: 11575 SVR Suite(s) 200-203
OWNER: Longfellow
ARCHITECT: MA

ISSUE DATE: 7/29/2020
ESTIMATE TYPE: Conceptual
JOB NUMBER: 20.082

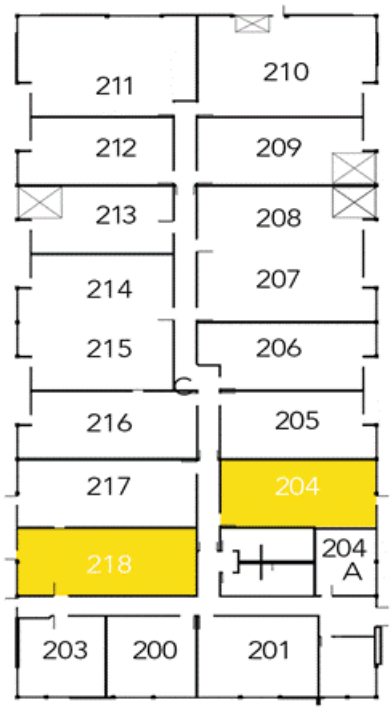
Description	Cost Code	Takeoff Quantity	Cost / Unit	Total Amount
			ESTIMATE SUBTOTAL	**318,428**

Exhibit 1.1.1-2-11

EXHIBIT 1.3

FIRST OFFER SPACE

Suites 204 (excluding 204A) and 218 in the 11575 Building, as depicted below:



Note: The Lab Premises are designated as Suite 200 but constitute Suites 200, 201 and 203 in the above depiction.

EXHIBIT 2.1

FORM OF NOTICE OF LEASE TERM DATES

To: _____
_____
_____
_____

Re: Lease dated _____, 20__ between _____, a _____ ("**Landlord**"), and _____, a _____ ("**Tenant**") concerning Suite _____ on floor(s) _____ of the building located at **[INSERT BUILDING ADDRESS]**.

Gentlemen:

In accordance with the Lease (the "**Lease**"), we wish to advise you and/or confirm as follows:

1. The Lease Term shall commence on or has commenced on _____ for a term of _____ ending on _____.

2. The Rent Commencement Date occurred on _____..

3. Your rent checks should be made payable to _____ at _____.

"Landlord":

SAN DIEGO INSPIRE 1, LLC,
a Delaware limited liability company

By: _____

Its: _____

Agreed to and Accepted as
of _____, 20__.

"Tenant":

_____
a _____

By:_____

Its: _____

EXHIBIT 5.2

RULES AND REGULATIONS

Tenant shall faithfully observe and comply with the following Rules and Regulations. Landlord shall not be responsible to Tenant for the nonperformance of any of said Rules and Regulations by or otherwise with respect to the acts or omissions of any other tenants or occupants of the Project. In the event of any conflict between the Rules and Regulations and the other provisions of this Lease, the latter shall control. Any consent, approval or waiver required of Landlord under these rules and regulations shall not be unreasonably withheld, conditioned or delayed.

1. Tenant shall not alter any lock or install any new or additional locks or bolts on any doors or windows of the Premises without obtaining Landlord's prior written consent, which shall not be unreasonably withheld, conditioned or delayed. If Tenant shall affix additional locks on doors then Tenant shall furnish Landlord with copies of keys or pass cards or similar devices for said locks. Tenant shall bear the cost of any lock changes or repairs required by Tenant. Initial keys will be furnished by Landlord for the Premises, and any additional keys required by Tenant must be obtained from Landlord at a reasonable cost to be established by Landlord. Upon the termination of this Lease, Tenant shall restore to Landlord all keys of stores, offices, and toilet rooms, either furnished to, or otherwise procured by, Tenant and in the event of the loss of keys so furnished, Tenant shall pay to Landlord the cost of replacing same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such changes.

2. All doors opening to public corridors shall be kept closed at all times except for normal ingress and egress to the Premises.

3. Landlord reserves the right to close and keep locked all entrance and exit doors of the Building during such hours as are customary for comparable buildings in the vicinity of the Building. Tenant, its employees and agents must be sure that the doors to the Building are securely closed and locked when leaving the Premises if it is after the normal hours of business for the Building. Any tenant, its employees, agents or any other persons entering or leaving the Building at any time when it is so locked, or any time when it is considered to be after normal business hours for the Building, may be required to sign the Building register. Access to the Building may be refused unless the person seeking access has proper identification or has a previously arranged pass for access to the Building. Landlord will furnish passes to persons for whom Tenant requests same in writing. Tenant shall be responsible for all persons for whom Tenant requests passes and shall be liable to Landlord for all acts of such persons. Landlord and its agents shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, Landlord reserves the right to prevent access to the Building or the Project during the continuance thereof by any means it deems appropriate for the safety and protection of life and property.

4. No furniture, freight or equipment of any kind shall be brought into the Building without prior notice to Landlord. All moving activity into or out of the Building shall be scheduled with Landlord and done only at such time and in such manner as Landlord designates. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy property brought into the Building and also the times and manner of moving the same in and out of the Building. Safes and other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property in any case. Any damage to any part of the Building, its contents, occupants or visitors by moving or maintaining any such safe or other property shall be the sole responsibility and expense of Tenant.

5. No furniture, packages, supplies, equipment or merchandise will be received in the Building or carried up or down in the elevators, except between such hours, in such specific elevator and by such personnel as shall be designated by Landlord.

6. The requirements of Tenant will be attended to only upon application at the management office for the Project or at such office location designated by Landlord. Employees of Landlord shall not perform any work or do anything outside their regular duties unless under special instructions from Landlord.

7. No sign, advertisement, notice or handbill shall be exhibited, distributed, painted or affixed by Tenant on any part of the Premises or the Building without the prior written consent of Landlord. Tenant shall not disturb, solicit, peddle, or canvass any occupant of the Project and shall cooperate with Landlord and its agents of Landlord to prevent same.

8. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign

substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose servants, employees, agents, visitors or licensees shall have caused same.

9. Discharge of industrial sewage to the Building plumbing system shall only be permitted if Tenant, at its sole expense, shall have obtained all necessary permits and licenses therefor, including without limitation permits from state and local authorities having jurisdiction thereof.

10. Tenant shall not overload the floor of the Premises, nor mark, drive nails or screws, or drill into the partitions, woodwork or drywall or in any way deface the Premises or any part thereof without Landlord's prior written consent; provided, however, that Landlord's prior written consent shall not be required for the hanging of normal and customary office artwork and personal items. Tenant shall not purchase spring water, ice, towel, linen, maintenance or other like services from any person or persons not included on an approved list that Landlord shall provide to Tenant upon request. Landlord reserves the right to have Landlord's structural engineer review Tenant's floor loads on the Building at Landlord's expense, unless such study reveals that Tenant has exceeded the floor loads, in which case Tenant shall pay the cost of such survey.

11. Except for vending machines intended for the sole use of Tenant's employees and invitees, no vending machine or machines other than fractional horsepower office machines shall be installed, maintained or operated upon the Premises without the written consent of Landlord.

12. Tenant shall not use or keep in or on the Premises, the Building, or the Project any kerosene, gasoline or other inflammable or combustible fluid, chemical, substance or material.

13. Tenant shall not without the prior written consent of Landlord use any method of heating or air conditioning other than that supplied by Landlord.

14. Tenant shall not use, keep or permit to be used or kept, any foul or noxious gas or substance in or on the Premises, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Project by reason of noise, odors, or vibrations, or interfere with other tenants or those having business therein, whether by the use of any musical instrument, radio, phonograph, or in any other way. Tenant shall not throw anything out of doors, windows or skylights or down passageways.

15. Tenant shall not bring into or keep within the Project, the Building or the Premises any animals, birds, aquariums, or, except in areas designated by Landlord, bicycles or other vehicles.

16. No cooking shall be done or permitted on the Premises, nor shall the Premises be used for the storage of merchandise, for lodging or for any improper, objectionable or immoral purposes. Notwithstanding the foregoing, Underwriters' laboratory-approved equipment and microwave ovens may be used in the Premises for heating food and brewing coffee, tea, hot chocolate and similar beverages for employees and visitors, provided that such use is in accordance with all applicable federal, state, county and city laws, codes, ordinances, rules and regulations.

17. The Premises shall not be used for manufacturing or for the storage of merchandise except as such storage may be incidental to the use of the Premises provided for in the Summary. Tenant shall not occupy or permit any portion of the Premises to be occupied as an office for a messenger-type operation or dispatch office, public stenographer or typist, or for the manufacture or sale of liquor, narcotics, or tobacco in any form, or as a medical office, or as a barber or manicure shop, or as an employment bureau without the express prior written consent of Landlord. Tenant shall not engage or pay any employees on the Premises except those actually working for such tenant on the Premises nor advertise for laborers giving an address at the Premises.

18. Landlord reserves the right to exclude or expel from the Project any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of these Rules and Regulations.

19. Tenant, its employees and agents shall not loiter in or on the entrances, corridors, sidewalks, lobbies, courts, halls, stairways, elevators, vestibules or any Common Areas for the purpose of smoking tobacco products or for any other purpose, nor in any way obstruct such areas, and shall use them only as a means of ingress and egress for the Premises.

20. Tenant shall not waste electricity, water or air conditioning and agrees to cooperate fully with Landlord to ensure the most effective operation of the Building's heating and air conditioning system, and shall refrain from attempting to adjust any controls.

21. Tenant shall store all its trash and garbage within the interior of the Premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in San Diego, California without violation of any law or ordinance governing such disposal. All trash, garbage and refuse disposal shall be made only through entry-ways and elevators provided for such purposes at such times as Landlord shall designate.

22. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

23. Any persons employed by Tenant to do janitorial work shall be subject to the prior written approval of Landlord, and while in the Building and outside of the Premises, shall be subject to and under the control and direction of the Building manager (but not as an agent or servant of such manager or of Landlord), and Tenant shall be responsible for all acts of such persons.

24. No awnings or other projection shall be attached to the outside walls of the Building without the prior written consent of Landlord, and no curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises other than Landlord standard drapes. All electrical ceiling fixtures hung in the Premises or spaces along the perimeter of the Building must be fluorescent and/or of a quality, type, design and a warm white bulb color approved in advance in writing by Landlord. Neither the interior nor exterior of any windows shall be coated or otherwise sunscreened without the prior written consent of Landlord. Tenant shall abide by Landlord's regulations concerning the opening and closing of window coverings which are attached to the windows in the Premises, if any, which have a view of any interior portion of the Building or Building Common Areas.

25. The sashes, sash doors, skylights, windows, and doors that reflect or admit light and air into the halls, passageways or other public places in the Building shall not be covered or obstructed by Tenant, nor shall any bottles, parcels or other articles be placed on the windowsills.

26. Tenant must comply with requests by Landlord concerning the informing of their employees of items of importance to Landlord.

27. No smoking is permitted in the Building or on the Project. Tenant must comply with the State of California "No-Smoking" law set forth in California Labor Code Section 6404.5, and any local "No-Smoking" ordinance which may be in effect from time to time and which is not superseded by such state law.

28. Tenant hereby acknowledges that Landlord shall have no obligation to provide guard service or other security measures for the benefit of the Premises, the Building or the Project. Tenant hereby assumes all responsibility for the protection of Tenant and its agents, employees, contractors, invitees and guests, and the property thereof, from acts of third parties, including keeping doors locked and other means of entry to the Premises closed, whether or not Landlord, at its option, elects to provide

security protection for the Project or any portion thereof. Tenant further assumes the risk that any safety and security devices, services and programs which Landlord elects, in its sole discretion, to provide may not be effective, or may malfunction or be circumvented by an unauthorized third party, and Tenant shall, in addition to its other insurance obligations under this Lease, obtain its own insurance coverage to the extent Tenant desires protection against losses related to such occurrences. Tenant shall cooperate in any reasonable safety or security program developed by Landlord or required by law.

29. All non-standard office equipment of any electrical or mechanical nature shall be placed by Tenant in the Premises in settings approved by Landlord, to absorb or prevent any vibration, noise and annoyance.

30. Tenant shall not use in any space or in the public halls of the Building, any hand trucks except those equipped with rubber tires and rubber side guards.

31. No auction, liquidation, fire sale, going-out-of-business or bankruptcy sale shall be conducted in the Premises without the prior written consent of Landlord.

32. No tenant shall use or permit the use of any portion of the Premises for living quarters, sleeping apartments or lodging rooms.

Landlord reserves the right at any time to change or rescind any one or more of these Rules and Regulations, or to make such other and further reasonable Rules and Regulations as in Landlord's judgment, acting in a non-discriminatory and commercially reasonable manner, may from time to time be necessary for the management, safety, care and cleanliness of the Premises, Building, the Common Areas and the Project, and for the preservation of good order therein, as well as for the convenience of other occupants and tenants therein. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant, nor prevent Landlord from thereafter enforcing any such Rules or Regulations against any or all tenants of the Project. Tenant shall be deemed to have read these Rules and Regulations and to have agreed to abide by them as a condition of its occupancy of the Premises.

EXHIBIT 5.3.1.1

ENVIRONMENTAL QUESTIONNAIRE

ENVIRONMENTAL QUESTIONNAIRE
FOR COMMERCIAL AND INDUSTRIAL PROPERTIES

Property Name:_____

Property Address:_____

Instructions: The following questionnaire is to be completed by the Lessee representative with knowledge of the planned operations for the specified building/location. Please print clearly and attach additional sheets as necessary.

1.0 PROCESS INFORMATION

Describe planned use, and include brief description of manufacturing processes employed.

_____
_____

2.0 HAZARDOUS MATERIALS

Are hazardous materials used or stored? If so, continue with the next question. If not, go to Section 3.0.

2.1 Are any of the following materials handled on the Property? Yes No

(A material is handled if it is used, generated, processed, produced, packaged, treated, stored, emitted, discharged, or disposed.) If so, complete this section. If this question is not applicable, skip this section and go on to Section 5.0.

Explosives	Fuels	Oils
Solvents	Oxidizers	Organics/Inorganics
Acids	Bases	Pesticides
Gases	PCBs	Radioactive Materials
Other (please specify)		

2-2. If any of the groups of materials checked in Section 2.1, please list the specific material(s), use(s), and quantity of each chemical used or stored on the site in the Table below. If convenient, you may substitute a chemical inventory and list the uses of each of the chemicals in each category separately.

Exhibit 5.3.1-1

Material	Physical State (Solid, Liquid, or Gas)	Usage	Container Size	Number of Containers	Total Quantity

2-3. Describe the planned storage area location(s) for these materials. Please include site maps and drawings as appropriate.

3.0 HAZARDOUS WASTES

Are hazardous wastes generated? Yes No

If yes, continue with the next question. If not, skip this section and go to Section 4.0.

3.1 Are any of the following wastes generated, handled, or disposed of (where applicable) on the Property?

Hazardous wastes	Industrial Wastewater
Waste oils	PCBs
Air emissions	Sludges
Regulated Wastes	Other (please specify)

3-2. List and quantify the materials identified in Question 3-1 of this section.

WASTE GENERATED	RCRA listed Waste?	SOURCE	APPROXIMATE MONTHLY QUANTITY	WASTE CHARACTERIZATION	DISPOSITION

3-3 Please include name, location, and permit number (e.g. EPA ID No.) for transporter and disposal facility, if applicable). Attach separate pages as necessary.

Transporter/Disposal Facility Name	Facility Location	Transporter (T) or Disposal (D) Facility	Permit Number

3-4. Are pollution controls or monitoring employed in the process to prevent or minimize the release of wastes into the environment? Yes No

Exhibit 5.3.1-2

3-5. If so, please describe.

4.0 USTS/ASTS

4.1 Are underground storage tanks (USTs), aboveground storage tanks (ASTs), or associated pipelines used for the storage of petroleum products, chemicals, or liquid wastes present on site (lease renewals) or required for planned operations (new tenants)? Yes___ No___

If not, continue with Section 5.0. If yes, please describe capacity, contents, age, type of the USTs or ASTs, as well any associated leak detection/spill prevention measures. Please attach additional pages if necessary.

Capacity	Contents	Year Installed	Type (Steel, Fiberglass, etc.)	Associated Leak Detection / Spill Prevention Measures*

*Note: The following are examples of leak detection / spill prevention measures:
Integrity testing Inventory reconciliation Leak detection system
Overfill spill protection Secondary containment Cathodic protection

4-2. Please provide copies of written tank integrity test results and/or monitoring documentation, if available.

4-3. Is the UST/AST registered and permitted with the appropriate regulatory agencies? Yes No
If so, please attach a copy of the required permits.

4-4. If this Questionnaire is being completed for a lease renewal, and if any of the USTs/ASTs have leaked, please state the substance released, the media(s) impacted (e.g., soil, water, asphalt, etc.), the actions taken, and all remedial responses to the incident.

_____
_____
_____

4-5. If this Questionnaire is being completed for a lease renewal, have USTs/ASTs been removed from the Property? Yes No

If yes, please provide any official closure letters or reports and supporting documentation (e.g., analytical test results, remediation report results, etc.).

4-6. For Lease renewals, are there any above or below ground pipelines on site used to transfer chemicals or wastes? Yes No

For new tenants, are installations of this type required for the planned operations? Yes No

If yes to either question, please describe.

_____
_____
_____

5.0 ASBESTOS CONTAINING BUILDING MATERIALS

Please be advised that an asbestos survey may have been performed at the Property. If provided, please review the information that identifies the locations of known asbestos containing material or presumed asbestos containing material. All personnel and appropriate subcontractors should be notified of the presence of these materials, and informed not to disturb these materials. Any activity that involves the disturbance or removal of these materials must be done by an appropriately trained individual/contractor.

6.0 REGULATORY

6-1. Does the operation have or require a National Pollutant Discharge Elimination System (NPDES) or equivalent permit? Yes No
If so, please attach a copy of this permit.

6-2. a Hazardous Materials Business Plan been developed for the site? Yes No
If so, please attach a copy.

CERTIFICATION

I am familiar with the real property described in this questionnaire. By signing below, I represent and warrant that the answers to the above questions are complete and accurate to the best of my knowledge. I also understand that Lessor will rely on the completeness and accuracy of my answers in assessing any environmental liability risks associated with the property.

Signature: _____

Name: _____

Title: _____

Date: _____

Telephone: _____

EXHIBIT 17

SOVA Science District

FORM OF TENANT'S ESTOPPEL CERTIFICATE

The undersigned as Tenant under that certain Lease (the "**Lease**") made and entered into as of _____, 20__ by and between _____ as Landlord, and the undersigned as Tenant, for Premises on the _____ floor(s) of the office building located at **[INSERT BUILDING ADDRESS]**, San Diego, California, certifies as follows:

1. Attached hereto as **Exhibit A** is a true and correct copy of the Lease and all amendments and modifications thereto. The documents contained in **Exhibit A** represent the entire agreement between the parties as to the Premises.

2. The undersigned currently occupies the Premises described in the Lease, the Lease Term commenced on _____, and the Lease Term expires on _____, and the undersigned has no option to terminate or cancel the Lease or to purchase all or any part of the Premises, the Building and/or the Project, except as expressly set forth therein.

3. Base Rent became payable on _____.

4. The Lease is in full force and effect and has not been modified, supplemented or amended in any way except as provided in **Exhibit A**.

5. Tenant has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect thereto except as follows:

6. Intentionally Omitted.

7. All monthly installments of Base Rent, all Additional Rent and all monthly installments of estimated Additional Rent have been paid when due through _____. The current monthly installment of Base Rent is $_____.

8. To the best of the undersigned's knowledge, all conditions of the Lease to be performed by Landlord necessary to the enforceability of the Lease have been satisfied and Landlord is not in default thereunder. In addition, the undersigned has not delivered any notice to Landlord regarding a default by Landlord thereunder.

9. No rental has been paid more than thirty (30) days in advance and no security has been deposited with Landlord except as provided in the Lease.

10. As of the date hereof, to the undersigned's knowledge, there are no existing defenses or offsets or claims or any basis for a claim, that the undersigned has against Landlord.

11. If Tenant is a corporation or partnership, each individual executing this Estoppel Certificate on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in California and that Tenant has full right and authority to execute and deliver this Estoppel Certificate and that each person signing on behalf of Tenant is authorized to do so.

12. There are no actions pending against the undersigned under the bankruptcy or similar laws of the United States or any state.

13. To the undersigned's knowledge, (a) all tenant improvement work to be performed by Landlord under the Lease has been completed in accordance with the Lease and has been accepted by the undersigned and all reimbursements and allowances due to the undersigned under the Lease in connection with any tenant improvement work have been paid in full and (b) all work (if any) in the common areas required by the Lease to be completed by Landlord has been completed and all parking spaces required by the Lease have been furnished and/or all parking ratios required by the Lease have been met.

The undersigned acknowledges that this Estoppel Certificate may be delivered to Landlord or to a prospective mortgagee or prospective purchaser, and acknowledges that said prospective mortgagee or prospective purchaser will be relying upon the statements contained herein in making the loan or acquiring the property of which the Premises are a part and that receipt by it of this certificate is a condition of making such loan or acquiring such property.

Executed at _____ on the ____day of _____, 20__.

"Tenant":

_____,
a _____

By: _____

Its: _____

By: _____

Its: _____

EXHIBIT 21.1

FORM LETTER OF CREDIT

Note: Landlord acknowledges that (i) Tenant intends to use First Republic Bank as the issuer of the Letter of Credit, and (ii) Landlord has reviewed and approved a proposed form of Letter of Credit to be issued by First Republic Bank.

IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____

DATE: _____, 20___

BENEFICIARY:

_____

_____

_____

APPLICANT:

_____

_____

_____

AMOUNT: US$_____ ($_____and 00/100 U.S. DOLLARS)

EXPIRATION DATE: _____, 20____

LOCATION: AT OUR COUNTERS IN _____

DEAR SIR/MADAM:

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____ IN YOUR FAVOR AVAILABLE BY YOUR DRAFT IN THE FORM OF "ANNEX 1" ATTACHED DRAWN ON US AT SIGHT AND ACCOMPANIED BY THE FOLLOWING DOCUMENTS:

A DATED STATEMENT SIGNED BY AN AUTHORIZED OFFICER OF THE BENEFICIARY READING AS FOLLOWS:

(A) WE ARE ENTITLED TO DRAW ON THE LETTER OF CREDIT PURSUANT TO THE TERMS OF THAT CERTAIN LEASE BY AND BETWEEN _____, AS LANDLORD, AND _____, AS TENANT

OR

(B) _____ HEREBY CERTIFIES THAT IT HAS RECEIVED NOTICE FROM _____THAT THE LETTER OF CREDIT NO. _____ WILL NOT BE RENEWED, AND THAT IT HAS NOT RECEIVED A REPLACEMENT OF THIS LETTER OF CREDIT FROM _____ SATISFACTORY TO _____ AT LEAST FORTY-FIVE (45) DAYS PRIOR TO THE EXPIRATION DATE OF THIS LETTER OF CREDIT.

THE LEASE MENTIONED IN THIS LETTER OF CREDIT IS FOR IDENTIFICATION PURPOSES ONLY AND IT IS NOT INTENDED THAT SAID

AGREEMENT BE INCORPORATED HEREIN OR FORM PART OF THIS LETTER OF CREDIT.

DRAFT(S) AND DOCUMENTS MUST INDICATE THE NUMBER AND DATE OF THIS LETTER OF CREDIT. PARTIAL DRAWINGS ARE PERMITTED.

THIS LETTER OF CREDIT SHALL BE AUTOMATICALLY EXTENDED FOR AN ADDITIONAL PERIOD OF ONE YEAR, WITHOUT AMENDMENT OR CONDITION, FROM THE PRESENT OR EACH FUTURE EXPIRATION DATE UNLESS AT LEAST FORTY-FIVE (45) DAYS PRIOR TO THE THEN CURRENT EXPIRATION DATE WE NOTIFY YOU AND THE APPLICANT BY REGISTERED MAIL/OVERNIGHT COURIER SERVICE AT THE ABOVE ADDRESSES THAT THIS LETTER OF CREDIT WILL NOT BE EXTENDED BEYOND THE CURRENT EXPIRATION DATE.

THIS LETTER OF CREDIT MAY BE TRANSFERRED (AND THE PROCEEDS HEREOF ASSIGNED), AT THE EXPENSE OF THE APPLICANT (WHICH PAYMENT SHALL NOT BE A CONDITION TO ANY TRANSFER), ONE OR MORE TIMES BUT IN EACH INSTANCE ONLY IN THE FULL AMOUNT AVAILABLE TO BE DRAWN UNDER THE LETTER OF CREDIT.

ALL DEMANDS FOR PAYMENT SHALL BE MADE BY PRESENTATION OF THE DATED CERTIFICATION PRIOR TO _____ A.M. _____ TIME, ON A BUSINESS DAY AT OUR OFFICE (THE "BANK'S OFFICE") AT: _____, ATTENTION: STANDBY LETTER OF CREDIT SECTION OR BY FACSIMILE TRANSMISSION AT: (___) _____; AND SIMULTANEOUSLY UNDER TELEPHONE ADVICE TO: (___) _____, ATTENTION: STANDBY LETTER OF CREDIT NEGOTIATION SECTION WITH ORIGINALS TO FOLLOW BY OVERNIGHT COURIER SERVICE.

PAYMENT AGAINST CONFORMING PRESENTATIONS HEREUNDER SHALL BE MADE BY BANK IN IMMEDIATELY AVAILABLE U.S. FUNDS DURING NORMAL BUSINESS HOURS OF THE BANK'S OFFICE WITHIN TWO (2) BUSINESS DAYS AFTER PRESENTATION NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1997 REVISION), INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 600.

WE HEREBY CERTIFY THAT THIS IS AN UNCONDITIONAL AND IRREVOCABLE CREDIT AND AGREE WITH THE DRAWERS, ENDORSERS AND BONAFIDE HOLDERS THAT THE DRAFTS DRAWN UNDER AND IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT SHALL BE DULY HONORED UPON PRESENTATION TO THE DRAWEE, IF NEGOTIATED ON OR BEFORE THE EXPIRATION DATE OF THIS CREDIT.

EXCEPT TO THE EXTENT INCONSISTENT WITH THE EXPRESS TERMS HEREOF, THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1997 REVISION), INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 600.

_____ AUTHORIZED SIGNATURE

_____ AUTHORIZED SIGNATURE

ANNEX 1

BILL OF EXCHANGE

DATE:

AT SIGHT OF THIS BILL OF EXCHANGE

PAY TO THE ORDER OF _____

US _____DOLLARS (US $_____)

DRAWN UNDER

CREDIT NUMBER NO. **DATED**

TO:

.....
Authorized Signature

EXHIBIT “A”

DATE:

TO: _____ RE: STANDBY LETTER OF CREDIT

_____ NO._____

ISSUED BY _____

LADIES AND GENTLEMEN:

FOR VALUE RECEIVED, THE UNDERSIGNED BENEFICIARY HEREBY IRREVOCABLY TRANSFERS TO:

(NAME OF TRANSFEREE) _____

(ADDRESS) _____

_____

ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY TO DRAW UNDER THE ABOVE LETTER OF CREDIT UP TO ITS AVAILABLE AMOUNT AS SHOWN ABOVE AS OF THE DATE OF THIS TRANSFER.

BY THIS TRANSFER, ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY IN SUCH LETTER OF CREDIT ARE TRANSFERRED TO THE TRANSFEREE. TRANSFEREE SHALL HAVE THE SOLE RIGHTS AS BENEFICIARY THEREOF, INCLUDING SOLE RIGHTS RELATING TO ANY AMENDMENTS, WHETHER INCREASES OR EXTENSIONS OR OTHER AMENDMENTS, AND WHETHER NOW EXISTING OR HEREAFTER MADE. ALL AMENDMENTS ARE TO BE ADVISED DIRECT TO THE TRANSFEREE WITHOUT NECESSITY OF ANY CONSENT OF OR NOTICE TO THE UNDERSIGNED BENEFICIARY.

THE ORIGINAL OF SUCH LETTER OF CREDIT IS RETURNED HEREWITH, AND WE ASK YOU TO ENDORSE THE TRANSFER ON THE REVERSE THEREOF, AND

FORWARD IT DIRECTLY TO THE TRANSFEREE WITH YOUR CUSTOMARY NOTICE OF TRANSFER.

SINCERELY, SIGNATURE AUTHENTICATED

_____ _____

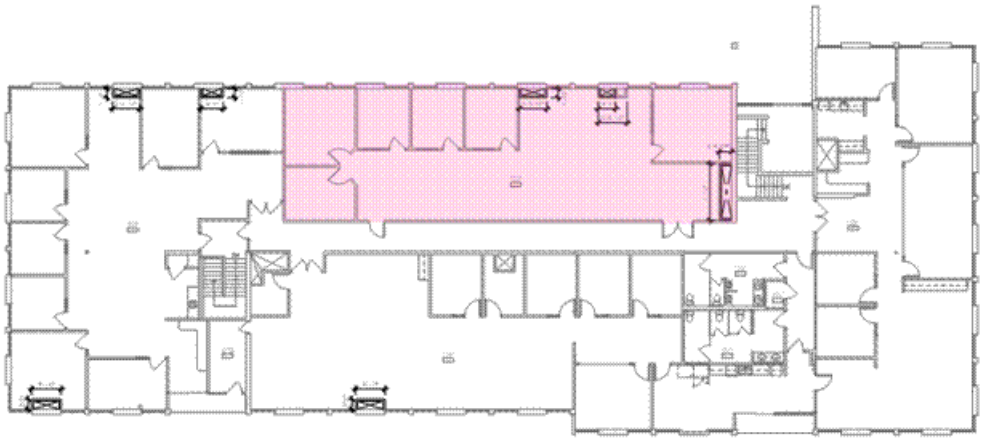
(BENEFICIARY’S NAME) (Name of Bank)

_____ _____

SIGNATURE OF BENEFICIARY (authorized signature)

EXHIBIT 27.3

Restricted Shaft Space



OVERALL FLOOR PLAN : SECOND LEVEL

Note: Two (2) Future Shaft Areas are depicted (marked by an elongated x) along the exterior wall within the Premises

Exhibit 10.4

EIGHTH AMENDMENT TO STANDARD INDUSTRIAL NET LEASE
BETWEEN
SAN DIEGO INSPIRE 1, LLC
AND
AETHLON MEDICAL, INC.

THIS EIGHTH AMENDMENT TO STANDARD INDUSTRIAL NET LEASE (this "**Eighth Amendment**") is dated as of November 9, 2020, by and between **SAN DIEGO INSPIRE 1, LLC**, a Delaware limited liability company ("**Landlord**"), and **AETHLON MEDICAL, INC.**, a Nevada corporation ("**Tenant**").

RECITALS

A. Landlord (as successor-in-interest to AGP Sorrento Business Complex, L.P., a Delaware limited partnership, who, in turn, is successor-in-interest to Sorrento Business Complex, a California limited partnership) and Tenant are parties to that certain Standard Industrial Net Lease dated as of September 28, 2009 (the "**Original Lease**"), as amended by that certain (i) First Amendment to Standard Industrial Net Lease dated as of October 4, 2011 (the "**First Amendment**"), (ii) Second Amendment to Standard Industrial Net Lease dated as of October 10, 2014 (the "**Second Amendment**"), (iii) Third Amendment to Standard Industrial Net Lease dated as of October 21, 2015 (the "**Third Amendment**"), (iv) Fourth Amendment to Standard Industrial Net Lease dated as of October 5, 2016 (the "**Fourth Amendment**"), (v) Fifth Amendment to Standard Industrial Net Lease dated October 16, 2017 (the "**Fifth Amendment**"), (vi) Sixth Amendment to Standard Industrial Net Lease dated September 18, 2018 (the "**Sixth Amendment**"), and (vi) Seventh Amendment to Standard Industrial Net Lease dated September 9, 2019 (the "**Seventh Amendment**") (all such lease amendments together with the Original Lease, hereinafter simply the "**Lease**"), with respect to certain premises containing approximately 1,703 rentable square feet (the "**Existing Premises**") identified as Suite 109 in that certain building located at 11585 Sorrento Valley Road, San Diego, California 92121 (the "**Building**"), which is part of a larger complex known as Inspire 1 consisting of the Building and other buildings (the "**Project**").

B. Pursuant to the Seventh Amendment, the Expiration Date was previously extended from December 1, 2019 to November 30, 2020 (such extended term referred to in the Seventh Amendment as the "**Seventh Amendment Extended Term**").

C. Contemporaneously with this Eighth Amendment, Landlord and Tenant have executed and delivered a certain new lease (the "**New Lease**") whereby Landlord is leasing to Tenant, and Tenant is leasing from Landlord, certain premises consisting of approximately (i) 2,833 rentable square feet in the building located at 11555 Sorrento Valley Road, San Diego, California 92121, and a Building, and (ii) 1,807 rentable square feet in the building located at 11575 Sorrento Valley Road, San Diego, California 92121 (collectively, the "**New Premises**").

D. Landlord and Tenant now desire to amend the Lease to extend the Lease Term until the New Premises are Ready for Occupancy (as defined in the New Lease) so that Tenant may relocate from the Existing Premises to the New Premises and modify other provisions of the Lease, all as more particularly set forth herein. Landlord and Tenant estimate that the Lease Term will be extended approximately seven (7) months in order to afford Landlord time to build out the New Premises as contemplated by the New Lease.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree that the Lease is amended as follows:

1. **Defined Terms**. Capitalized terms used and not otherwise defined herein shall have the same meanings ascribed to them in the Lease.

2. **Term of the Lease**. Effective as of the date hereof, the Lease Term is hereby extended to the date upon which the New Premises are Ready for Occupancy (which period may be referred to as the "**Eighth Amendment Extended Term**") so that the Eighth Amendment Extended Term shall commence December 1, 2020 and expire unless terminated sooner pursuant to the terms of the Existing Lease, on the date four (4) days after the New Premises are Ready for Occupancy (the "**Eighth Amendment Extended Expiration Date**"). All references to "**Lease Term**" in the Lease and this Eighth Amendment shall be deemed references to the Lease Term as extended by this Eighth Amendment and all references to "**Expiration Date**" shall be deemed references to the Eighth Amendment Extended Expiration Date. Tenant shall not have any right to extend the Lease Term beyond the Eighth Amendment Extended Expiration Date.

3. **Condition of the Premises**. Landlord shall have no obligation whatsoever to construct leasehold improvements for Tenant or to repair or refurbish the Premises. Tenant hereby agrees to continue to accept the Premises in its "**AS IS**" condition, and Tenant hereby acknowledges that the Premises is suited for the use intended by Tenant and is in good and satisfactory condition as of the date of this Amendment. Tenant acknowledges that neither Landlord nor Landlord's agents has made any representation or warranty as to the condition of the Premises or the Building or its suitability for Tenant's purposes. Tenant represents and warrants to Landlord that (a) its sole intended use of the Premises is for uses set forth in Section 1.8 of the Original Lease, and (b) it does not intend to use the Premises for any other purpose.

4. **Base Rent**. In addition to Additional Rent and all other costs and expenses payable by Tenant pursuant to the Lease, Tenant shall pay the following Minimum Monthly Rent (as defined in the Lease) for the Premises during the Eighth Amendment Extended Term in accordance with the terms of Article 4 of the Original Lease:

EIGHTH AMENDMENT EXTENDED TERM	MINIMUM MONTHLY INSTALLMENT OF RENT	MINIMUM MONTHLY RENT PER RENTABLE SQUARE FOOT
12/1/2020 – 6/30/21 (estimated)	$6,147.83	$3.61

5. **Additional Rent**. During the Eighth Amendment Extended Term and in addition to the monthly Base Rent set forth in Section 4 of this Eighth Amendment, Tenant shall continue to pay all Additional Rent for the Premises, including without limitation, Tenant's Share of Operating Costs in accordance with the terms of Article 6 of the Original Lease.

6. **Security Deposit**. Tenant has previously deposited with Landlord the sum of Three Thousand Two Hundred Fifty Dollars and Sixty-Five Cents ($3,250.65) as a Security Deposit under the Lease. Landlord shall continue to hold such Security Deposit during the Eighth Amendment Extended Term in accordance with the terms and conditions of Article 5 of the Original Lease.

7. **Address for Rent Payment**. Section 4.5 of the Original Lease is hereby amended and restated as follows: Tenant shall make all payments of Minimum Monthly Rent, Additional Rent and other amounts due under the Lease in immediately available funds or by wire transfer of funds. Such payments all be initiated by Tenant to an account designated from time to time by Landlord no later than 12:00 noon, San Diego, California time on the date such sums or payments are respectively due. Any payment received after such time shall be deemed to have been made after the due date. Tenant shall use the following address for rent payments:

San Diego Inspire 1, LLC
P.O. Box 894412
Los Angeles, CA 90189-4412

Or Tenant may wire rent payments to:

Citibank NA, New York
Account Name: San Diego Inspire Holdings, LLC
Account Number: 6794041847
Routing Number: 021000089
Origin is outside the U.S.: Swift code CITIUS33

8. **Address**. Section 1.1 and Section 24.19 of the Original Lease are hereby amended to provide that notices to Landlord shall be given at the following addresses:

Address of Landlord:

SAN DIEGO INSPIRE 1, LLC
c/o Longfellow Real Estate Partners
260 Franklin Street, Suite 1920
Boston, MA 02110
Attn: Asset Management

With copies to:

San Diego Inspire 1, LLC
c/o Longfellow Property Management Services CA Inc.
11772 Sorrento Valley Rd., Suite 250
San Diego, CA 92121
Attn: Property Management

9. **Brokers**. Tenant represents and warrants to Landlord that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Eighth Amendment, other than Newmark of Southern California, Inc., dba Newmark Knight Frank ("**Newmark Knight Frank**") serving exclusively as Landlord's agent and JLL Life Sciences Group ("**JLL**") serving exclusively as Tenant's agent and whose commissions shall be paid by Landlord pursuant to a separate agreement based on the New Lease and without any commissions attributable to this Eight Amendment. Tenant shall indemnify, defend and hold harmless Landlord against any loss, cost, liability or expense incurred by Landlord as a result of any claim asserted by any broker (other than Newmark Knight Frank and JLL), finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Tenant.

10. **Disclosures and Utility Usage Information**. For purposes of Section 1938(a) of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that the Premises have not undergone inspection by a Certified Access Specialist (CASp). As required by Section 1938(e) of the California Civil Code, Landlord hereby states as follows: "**A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.**" In furtherance of the foregoing, Landlord and Tenant hereby agree as follows: (a) any CASp inspection requested by Tenant shall be conducted, at Tenant's sole cost and expense, by a CASp designated by Landlord, subject to Landlord's reasonable rules and requirements; (b) Tenant, at its sole cost and expense, shall be responsible for making any improvements or repairs within the Premises to correct violations of construction-related accessibility standards; and (c) if anything done by or for Tenant in its use or occupancy of the Premises shall require any improvements or repairs to the Building or the Center (outside the Premises) to correct violations of construction-related accessibility standards, then Tenant shall reimburse Landlord upon demand, as Additional Rent, for the cost to Landlord of performing such improvements or repairs. If Tenant is billed directly by a public utility with respect to Tenant's electrical usage at the Premises, upon request, Tenant shall provide monthly electrical utility usage for the Premises to Landlord for the period of time requested by Landlord (in electronic or paper format) or, at Landlord's option, provide any written authorization or other documentation required for Landlord to request information regarding Tenant's electricity usage with respect to the Premises directly from the applicable utility company.

11. **Continuing Effectiveness**. The Lease, except as amended hereby, remains unamended, and, as amended hereby, remains in full force and effect.

12. **Counterparts**. This Eighth Amendment may be executed in counterparts, each of which shall constitute an original, and all of which, together, shall constitute one document. Either party may execute this Eighth Amendment using electronic signature technology (i.e., via DocuSign or other electronic signature technology) or by such party's signature transmitted by facsimile ("**fax**") or email. Copies of this Eighth Amendment executed and delivered by means of faxed or emailed signatures shall have the same force and effect as copies hereof executed and delivered with original signatures. All parties hereto may rely upon faxed or emailed signatures as if such signatures were originals. All parties hereto agree that a faxed or emailed signature page may be introduced into evidence in any proceeding arising out of or related to this Eighth Amendment as if it were an original signature page.

13. **Execution by Both Parties**. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option to lease, and it is not effective as an amendment to lease or otherwise until execution by and delivery to both Landlord and Tenant, and execution and delivery hereof.

14. **No Further Modification**. Except as set forth in this Eighth Amendment, all of the terms and provisions of the Lease shall remain unmodified and in full force and effect. This Eighth Amendment contains the entire understanding between the parties with respect to the matters contained herein. In the event of any conflict between the terms and conditions of the Lease and the terms and conditions of this Eighth Amendment, the terms and conditions of this Eighth Amendment shall prevail. No representations, warranties, covenants or agreements have been made concerning or affecting the subject matter of this Eighth Amendment, except as are contained herein and in the Lease. This Eighth Amendment may not be changed orally, but only by an agreement in writing signed by the party against whom enforcement of any waiver, change or modification or discharge is sought.

15. **Authorization**. The parties signing on behalf of Tenant each hereby represents and warrants that such party has the capacity set forth on the signature pages hereof and has full power and authority to bind Tenant to the terms hereof. Two (2) authorized officers must sign on behalf of the Tenant and this Amendment must be executed by the president or vice-president and the secretary or assistant secretary of Tenant, unless the bylaws or a resolution of the board of directors shall otherwise provide. In such case, the bylaws or a certified copy of the resolution of Tenant, as the case may be, must be furnished to Landlord.

(SIGNATURES ON NEXT PAGE)

IN WITNESS WHEREOF, the parties hereto have executed this Eighth Amendment as of the date first above written.

"LANDLORD"

SAN DIEGO INSPIRE 1, LLC,
a Delaware limited liability company

By: */s/ Jamison Peschel*

Print Name: Jamison Peschel

Title: Authorized Signatory

"**TENANT"**

AETHLON MEDICAL, INC.,
a Nevada corporation

By: */s/ Charles Fisher*

Print Name: Charles Fisher

Title: CEO

By: */s/ Jim Frakes*

Print Name: Jim Frakes

Title: Chief Financial Officer

Exhibit 10.5

AETHLON MEDICAL, INC.

EXECUTIVE EMPLOYMENT AGREEMENT

for

GUY F. CIPRIANI

This Executive Employment Agreement (this "**Agreement**") is made and entered into as of January 1, 2020 (the "**Effective Date**"), by and between **Guy F. Cipriani** ("**Employee**") and Aethlon Medical, Inc. (the "**Company**").

1. Employment by the Company.

1.1 Start Date and Position. Employee's employment with the Company shall begin on January 4, 2020 or such date as otherwise agreed to by Employee and the Company (such actual date employment begins (the "**Start Date**")). Employee shall serve as the Company's Senior Vice President, Chief Business Officer, reporting to the Chief Executive Officer. During the term of Employee's employment with the Company, Employee will devote Employee's best efforts and substantially all of Employee's business time and attention to the business of the Company, except for as permitted in Section 4.1 below and except for approved vacation periods and reasonable periods of illness or other incapacities permitted by the Company's general employment policies.

1.2 Duties and Location. Employee shall perform such duties as are customarily associated with the position of Senior Vice President, Chief Business Officer and such other duties as are assigned to Employee by the Company. Employee's primary office location will be initially be Employee's residence in Bellingham, Washington; provided that Employee will be required to relocate to and primarily work at the Company's office located in San Diego, California by no later than September 1, 2021 (or such other time as mutually agreed between Employee and the CEO). Subject to the terms of this Agreement, the Company reserves the right to (i) reasonably require Employee to perform Employee's duties at places other than Employee's primary office location from time to time and to require reasonable business travel, and (ii) modify Employee's job title and duties as it deems necessary and appropriate in light of the Company's needs and interests from time to time.

1.3 Board of Directors. Employee will continue to serve as a director on the Company's Board of Directors ("***Board***") until such time the Company engages a new independent director, or earlier if requested by the Company. Employee agrees that, upon the Company's request, Employee will resign from the Board and take all steps necessary to effectuate such resignation from the Board.

1.4 Policies and Procedures. The employment relationship between the parties shall be governed by the general employment policies and practices of the Company, except that when the terms of this Agreement differ from or are in conflict with the Company's general employment policies or practices, this Agreement shall control.

2. Compensation.

2.1 Base Salary. For services to be rendered hereunder, Employee shall receive a base salary at the rate of $340,000 per year, less standard payroll deductions and withholdings and payable in accordance with the Company's regular payroll schedule.

2.2 Annual Bonus. Employee will be eligible for an annual discretionary bonus with a target amount of 40% of Employee's then-current annual base salary (the "**Annual Bonus**"). Whether Employee receives an Annual Bonus for any given year, and the amount of any such Annual Bonus, will be determined in the discretion of the Board (or the Compensation Committee thereof), based upon the Company's and Employee's achievement of objectives and milestones to be determined on an annual basis by the Board (or Compensation Committee thereof). No Annual Bonus is guaranteed and, in addition to the other conditions for earning such compensation, Employee must remain an employee in good standing of the Company on the scheduled Annual Bonus payment date in order to be eligible for any Annual Bonus.

2.3 Relocation Assistance. Subject to Employee's relocation to San Diego, California by no later than September 1, 2021, Employee will be eligible to receive relocation benefits as specified herein (the "***Relocation Assistance***"). The Relocation Assistance is provided subject to the terms of the Company's reimbursement policies and procedures. Employee will be reimbursed an aggregate amount of up to $75,000 of relocation expenses, including, without limitation, reimbursement for documented moving expenses, temporary housing costs and commuting costs, and for the selling commission and closing costs in connection with the sale of Employee's current residence that Employee incurs, which will become payable to Employee in accordance with the Company's reimbursement policies and procedures. The taxable relocation costs pursuant to this paragraph shall be "grossed up" to compensate Employee in full for taxes incurred on such costs. If Employee's employment terminates under any circumstances other than due to Employee's resignation for Good Reason or a termination without Cause by the Company, Employee agrees to repay to the Company, within thirty (30) days of Employee's employment termination date: (i) 100% of the the Relocation Assistance if such termination occurs before the first anniversary of the Start Date, and (ii) 50% of the gross amount of the Relocation Assistance if such termination occurs before the second anniversary of the Start Date.

2.4 Standard Company Benefits. Employee shall, in accordance with Company policy and the terms and conditions of the applicable Company benefit plan documents, be eligible to participate in the benefit, fringe, and retirement benefit programs provided by the Company to its executive employees from time to time. Any such benefits shall be subject to the terms and conditions of the governing benefit plans and policies and may be changed by the Company in its discretion. To the extent Employee is not eligible for the Company's healthcare benefits on the Start Date, Company will reimburse Employee for the cost of COBRA to maintain his healthcare benefits from his prior employer until such time as Employee is eligible for the Company's benefits.

2.5 Expenses. The Company will reimburse Employee for reasonable travel, entertainment or other expenses incurred by Employee in furtherance or in connection with the performance of Employee's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time.

2.6 Equity; Change in Control Acceleration. Subject to approval by the Board, under the Company's 2020 Equity Incentive Plan (the "**Plan**"), the Company will grant Employee an option to purchase 120,883 shares (the "**Option**") of the Company's Common Stock, at fair market value as determined by the Board as of the date of grant. The Option will be subject to the terms and conditions of the Plan and Employee's Option grant agreement. Employee's Option grant agreement will include a four-year vesting schedule, under which 25% of Employee's shares will vest after twelve months of employment, with the remaining shares vesting monthly thereafter, subject to Employee's continuous service with the Company on each such vesting date. Notwithstanding anything to the contrary set forth in the Plan, any prior equity incentive plans or any award agreement, effective upon consummation of a Change in Control (as defined under the Plan), the vesting and exercisability of all unvested time-based vesting

equity awards then held by Employee shall accelerate such that all shares subject to the Option, and any additional unvested time-based equity awards granted to Employee, shall become immediately vested and exercisable by Employee upon such Change in Control and shall remain exercisable, if applicable, following the Change in Control, as set forth in the applicable equity award documents. With respect to any performance-based vesting equity award, such award, if any, shall continue to be governed in all respects by the terms of the applicable equity award documents.

3. Confidential Information Obligations.

3.1 Confidential Information Agreement. As a condition of employment, Employee shall execute and abide by the Company's standard form of Confidential Information and Invention Assignment Agreement (the "**Confidential Information Agreement**").

3.2 Third-Party Agreements and Information. Employee represents and warrants that Employee's employment by the Company does not conflict with any prior employment or consulting agreement or other agreement with any third party, and that Employee will perform Employee's duties to the Company without violating any such agreement. Employee represents and warrants that Employee does not possess confidential information arising out of prior employment, consulting, or other third party relationships, that would be used in connection with Employee's employment by the Company, except as expressly authorized by that third party. During Employee's employment by the Company, Employee will use in the performance of Employee's duties only information that is generally known and used by persons with training and experience comparable to Employee's own, common knowledge in the industry, otherwise legally in the public domain, or obtained or developed by the Company or by Employee in the course of Employee's work for the Company.

4. Outside Activities and Non-Competition During Employment

4.1 Outside Activities. During Employee's employment with the Company, Employee may engage in civic and not-for-profit activities so long as such activities do not interfere with the performance of Employee's duties hereunder or present a conflict of interest with the Company or its affiliates. Subject to the restrictions set forth herein, and only with prior written disclosure to and consent of the Board, Employee may engage in other types of business or public activities. The Board may rescind such consent, if the Board determines, in its sole discretion, that such activities compromise or threaten to compromise the Company's or its affiliates' business interests or conflict with Employee's duties to the Company or its affiliates. Employee and Company agree that Employee may from time to time provide consulting services to his former employer, Microbion Corporation. Such consulting services to Microbion Corporation are anticipated to constitute five (5) hours or less of Employee's time on a monthly basis. Such consulting services shall not interfere, individually or in the aggregate, with the performance of Employee's obligations, duties and responsibilities hereunder or under the Confidential Information Agreement.

4.2 Non-Competition During Employment. During Employee's employment with the Company, Employee will not, without the express written consent of the Board, directly or indirectly serve as an officer, director, stockholder, employee, partner, proprietor, investor, joint ventures, associate, representative or consultant of any person or entity engaged in, or planning or preparing to engage in, business activity competitive with any line of business engaged in (or planned to be engaged in) by the Company or its affiliates; provided, however, that Employee may purchase or otherwise acquire up to (but not more than) one percent (1%) of any class of securities of any enterprise (without participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange. In addition, Employee will be subject to certain restrictions (including restrictions continuing after Employee's employment ends) under the terms of the Confidential Information Agreement.

5. Termination of Employment; Severance Benefits.

5.1 At-Will Employment. Employee's employment relationship is at-will. Either Employee or the Company may terminate the employment relationship at any time, with or without Cause (as defined below) or advance notice. Upon termination of Employee's employment for any reason, Employee shall resign from all positions and terminate any relationships as an employee, advisor, officer or director with the Company and any of its affiliates, each effective on the employment termination date.

5.2 Termination Without Cause or Resignation for Good Reason. In the event Employee's employment with the Company is terminated by the Company without Cause (and other than as a result of Employee's death or disability) or Employee resigns for Good Reason, then provided such termination constitutes a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h), without regard to any alternative definition thereunder, a "**Separation from Service**"), and provided that Employee satisfies the Release Requirement in Section 6 below, and remains in compliance with the terms of this Agreement and the Confidential Information Agreement, the Company shall provide Employee with the following severance benefits (collectively, the "**Severance Benefits**"):

(i) Severance Payments. Severance pay in the form of continuation of Employee's final monthly base salary for a period of twelve (12) months following termination, subject to required payroll deductions and tax withholdings (the "**Severance Payments**"). Subject to Section 7 below, the Severance Payments shall be made on the Company's regular payroll schedule in effect following Employee's employment termination date; provided, however that any such payments that are otherwise scheduled to be made prior to the Release Effective Date (as defined below) shall instead accrue and be made on the first regular payroll date following the Release Effective Date. For such purposes, Employee's final base salary will be calculated prior to giving effect to any reduction in base salary that would give rise to Employee's right to resign for Good Reason.

(ii) Health Care Continuation Coverage Payments.

(a) COBRA Premiums. If Employee timely elects continued coverage under COBRA, the Company will pay Employee's COBRA premiums to continue Employee's coverage (including coverage for Employee's eligible dependents, if applicable) ("**COBRA Premiums**") through the period starting on the employment termination date and ending twelve (12) months after the employment termination date (the "**COBRA Premium Period**"); provided, however, that the Company's provision of such COBRA Premium benefits will immediately cease if during the COBRA Premium Period Employee becomes eligible for group health insurance coverage through a new employer or Employee ceases to be eligible for COBRA continuation coverage for any reason, including plan termination. In the event Employee becomes covered under another employer's group health plan or otherwise ceases to be eligible for COBRA during the COBRA Premium Period, Employee must immediately notify the Company of such event.

(b) Special Cash Payments in Lieu of COBRA Premiums. Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay the COBRA Premiums without potentially incurring financial costs or penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), regardless of whether Employee or Employee's dependents elect or are eligible for COBRA coverage, the Company instead shall pay to Employee, on the first day of each calendar month following the employment termination date, a fully taxable cash payment equal to the applicable COBRA premiums for that month (including the amount of COBRA premiums for Employee's eligible dependents), subject to applicable tax withholdings (such amount, the "**Special Cash Payment**"), for the remainder of the COBRA Premium Period. Employee may, but is not obligated to, use such Special Cash Payments toward the cost of COBRA premiums or toward premium costs under an individual health plan.

5.3 Termination for Cause; Resignation Without Good Reason; Death or Disability. Employee will not be eligible for, or entitled to any severance benefits, including (without limitation) the Severance Benefits listed in Section 5.2 above, if the Company terminates Employee's employment for Cause, Employee resigns Employee's employment without Good Reason, or Employee's employment terminates due to Employee's death or disability.

6. Conditions to Receipt of Severance Benefits. To be eligible for the Severance Benefits pursuant to Section 5.2 above, Employee must satisfy the following release requirement (the "**Release Requirement**"): return to the Company a signed and dated general release of all known and unknown claims in a termination agreement acceptable to the Company (the "**Release**") within the applicable deadline set forth therein, but in no event later than forty-five (45) calendar days following Employee's employment termination date, and permit the Release to become effective and irrevocable in accordance with its terms (such effective date of the Release, the "**Release Effective Date**"). No Severance Benefits will be paid hereunder prior to the Release Effective Date. Accordingly, if Employee breaches the preceding sentence and/or refuses to sign and deliver to the Company an executed Release or signs and delivers to the Company the Release but exercises Employee's right, if any, under applicable law to revoke the Release (or any portion thereof), then Employee will not be entitled to any severance, payment or benefit under this Agreement. Employee shall also resign from all positions and terminate any relationships as an employee, advisor, officer or director with the Company and any of its affiliates, each effective on the employment termination date.

7. Section 409A. It is intended that all of the severance benefits and other payments payable under this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Code Section 409A provided under Treasury Regulations 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9), and this Agreement will be construed to the greatest extent possible as consistent with those provisions, and to the extent not so exempt, this Agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A. For purposes of Code Section 409A (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), Employee's right to receive any installment payments under this Agreement (whether severance payments, reimbursements or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment. Notwithstanding any provision to the contrary in this Agreement, if Employee is deemed by the Company at the time of Employee's Separation from Service to be a "specified employee" for purposes of Code Section 409A(a)(2)(B)(i), and if any of the payments upon Separation from Service set forth herein and/or under any other agreement with the Company are deemed to be "deferred compensation", then to the extent delayed commencement of any portion of such payments is required in order to avoid a prohibited distribution under Code Section 409A(a)(2)(B)(i) and the related adverse taxation under Section 409A, such payments shall not be provided to Employee prior to the earliest of (i) the expiration of the six-month and one day period measured from the date of Employee's Separation from Service with the Company, (ii) the date of Employee's death or (iii) such earlier date as permitted under Section 409A without the imposition of adverse taxation. Upon the first business day following the expiration of such applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this Section shall be paid in a lump sum to Employee, and any remaining payments due shall be paid as otherwise provided herein or in the applicable agreement. No interest shall be due on any amounts so deferred. If the Company determines that any severance benefits provided under this Agreement constitutes "deferred compensation" under Section 409A, for purposes of determining the schedule for payment of the severance benefits, the effective date of the Release will not be deemed to have occurred any earlier than the sixtieth (60th) date following the Separation From Service, regardless of when the Release actually becomes effective. In addition to the above, to the extent required to comply with Section 409A and the applicable regulations and guidance issued thereunder, if the applicable deadline for Employee to execute (and not revoke) the applicable Release spans two calendar years, payment of the applicable severance benefits shall not commence until the beginning of the second calendar year. To the extent required to avoid accelerated taxation and/or tax penalties under Code Section 409A, amounts reimbursable to Employee under this Agreement shall be paid to Employee on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in-kind benefits provided to Employee) during any one year may not effect amounts reimbursable or provided in any subsequent year. The Company makes no representation that any or all of the payments described in this Agreement will be exempt from or comply with Code Section 409A and makes no undertaking to preclude Code Section 409A from applying to any such payment.

8. Definitions.

8.1 Cause. For purposes of this Agreement, "**Cause**" means the occurrence of any one or more of the following: (i) Employee's conviction of or plea of guilty or *nolo contendere* to any felony or a crime of moral turpitude; (ii) Employee's willful and continued failure or refusal to follow lawful and reasonable instructions of the Board and/or the Company or lawful and reasonable policies and regulations of the Company or its affiliates; (iii) Employee's willful and continued failure to faithfully and diligently perform the assigned duties of Employee's employment with the Company or its affiliates; (iv) unprofessional, unethical, immoral or fraudulent conduct by Employee; (v) conduct by Employee that materially discredits the Company or any affiliate or is materially detrimental to the reputation, character and standing of the Company or any affiliate; or (vi) Employee's material breach of this Agreement, the Confidential Information Agreement, or any applicable Company policies. An event described in Section 8.1(ii) through Section 8.1(vi) herein shall not be treated as "Cause" until after Employee has been given written notice of such event, failure, conduct or breach and Employee fails to cure such event, failure, conduct or breach within 30 calendar days from such written notice; provided, however, that such 30-day cure period shall not be required if the event, failure, conduct or breach is incapable of being cured.

8.2 Good Reason. For purposes of this Agreement, Employee shall have "**Good Reason**" for resignation from employment with the Company if any of the following actions are taken by the Company without Employee's prior written consent: (i) a material reduction in Employee's base salary, unless pursuant to a salary reduction program applicable generally to the Company's senior executives; (ii) a material reduction in Employee's duties (including responsibilities and/or authorities), provided, however, that a change in job position (including a change in title) or reporting line shall not be deemed a "material reduction" in and of itself unless Employee's new duties are materially reduced from the prior duties; or (iii) relocation of Employee's principal place of employment to a place that increases Employee's one-way commute by more than fifty (50) miles as compared to Employee's then-current principal place of employment immediately prior to such relocation, provided, however, that Employee's relocation from Bellingham, Washington to San Diego, California as contemplated in Section 1.2 will not be considered a relocation of Employee's principal place of employment with the Company for purposes of this definition). In order for Employee to resign for Good Reason, each of the following requirements must be met: (iv) Employee must provide written notice to the Board within 30 calendar days after the first occurrence of the event giving rise to Good Reason setting forth the basis for Employee's resignation, (v) Employee must allow the Company at least 30 calendar days from receipt of such written notice to cure such event, (vi) such event is not reasonably cured by the Company within such 30 calendar day period (the "**Cure Period**"), and (vii) Employee must resign from all positions Employee then holds with the Company not later than 30 calendar days after the expiration of the Cure Period.

9. Dispute Resolution.

9.1 Agreement to Arbitrate. To ensure the timely and economical resolution of disputes that may arise between Employee and the Company, both Employee and the Company mutually agree that pursuant to the Federal Arbitration Act, 9 U.S.C. §1-16, and to the fullest extent permitted by applicable law, Employee and the Company will submit solely to final, binding and confidential arbitration any and all disputes, claims, or causes of action arising from or relating to: **(i)** the negotiation, execution, interpretation, performance, breach or enforcement of this Agreement; or **(ii)** Employee's employment with the Company (including but not limited to all statutory claims); or **(iii)** the termination of Employee's employment with the Company (including but not limited to all statutory claims).**BY AGREEING TO THIS ARBITRATION PROCEDURE, BOTH EMPLOYEE AND THE COMPANY WAIVE THE RIGHT TO RESOLVE ANY SUCH DISPUTES THROUGH A TRIAL BY JURY OR JUDGE OR THROUGH AN ADMINISTRATIVE PROCEEDING.**

9.2 Arbitrator Authority. The arbitrator shall have the sole and exclusive authority to determine whether a dispute, claim or cause of action is subject to arbitration under this Section and to determine any procedural questions which grow out of such disputes, claims or causes of action and bear on their final disposition.

9.3 Individual Capacity Only. All claims, disputes, or causes of action under this Section, whether by Employee or the Company, must be brought solely in an individual capacity, and shall not be brought as a plaintiff (or claimant) or class member in any purported class or representative proceeding, nor joined or consolidated with the claims of any other person or entity. The arbitrator may not consolidate the claims of more than one person or entity, and may not preside over any form of representative or class proceeding. To the extent that the preceding sentences in this Section are found to violate applicable law or are otherwise found unenforceable, any claim(s) alleged or brought on behalf of a class shall proceed in a court of law rather than by arbitration.

9.4 Arbitration Process. Any arbitration proceeding under this Section shall be presided over by a single arbitrator and conducted by Judicial Arbitration and Mediation Services, Inc. ("**JAMS**") in San Diego, California, or as otherwise agreed to by Employee and the Company, under the then applicable JAMS rules for the resolution of employment disputes (available upon request and also currently available at http://www.jamsadr.com/rules-employment-arbitration/). Employee and the Company both have the right to be represented by legal counsel at any arbitration proceeding, at each party's own expense. The arbitrator shall: **(i)** have the authority to compel adequate discovery for the resolution of the dispute; **(ii)** issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award; and **(iii)** be authorized to award any or all remedies that Employee or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS arbitration fees in excess of the amount of court fees that would be required of Employee if the dispute were decided in a court of law.

9.5 Excluded Claims. This Section shall not apply to any action or claim that cannot be subject to mandatory arbitration as a matter of law, including, without limitation, claims brought pursuant to the California Private Attorneys General Act of 2004, as amended, the California Fair Employment and Housing Act, as amended, and the California Labor Code, as amended, to the extent such claims are not permitted by applicable law to be submitted to mandatory arbitration and such applicable law is not preempted by the Federal Arbitration Act or otherwise invalid (collectively, the " **Excluded Claims**"). In the event Employee intends to bring multiple claims, including one of the Excluded Claims listed above, the Excluded Claims may be filed with a court, while any other claims will remain subject to mandatory arbitration.

9.6 Injunctive Relief and Final Orders. Nothing in this Section is intended to prevent either Employee or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any final award in any arbitration proceeding hereunder may be entered as a judgment in the federal and state courts of any competent jurisdiction and enforced accordingly.

10. General Provisions.

10.1 Notices. Any notices provided must be in writing and will be deemed effective upon the earlier of personal delivery (including personal delivery by fax) or the next day after sending by overnight carrier, to the Company at its primary office location and to Employee at the address as listed on the Company payroll.

10.2 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction to the extent possible in keeping with the intent of the Parties.

10.3 Waiver. Any waiver of any breach of any provisions of this Agreement must be in writing to be effective, and it shall not thereby be deemed to have waived any preceding or succeeding breach of the same or any other provision of this Agreement.

10.4 Complete Agreement. This Agreement, together with the Confidential Information Agreement, constitutes the entire agreement between Employee and the Company with regard to the subject matter hereof and is the complete, final, and exclusive embodiment of the Company's and Employee's agreement with regard to this subject matter. This Agreement is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes, extinguishes, and replaces in their entirety all other or prior agreements, whether oral or written, with respect to Employee's employment compensation, benefits, and terms with the Company or its affiliates or predecessors. It cannot be modified or amended except in a writing signed by a duly authorized member of the Board, with the exception of those changes expressly reserved to the Company's discretion in this Agreement.

10.5 Counterparts. This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but both of which taken together will constitute one and the same Agreement.

10.6 Headings. The headings of the sections hereof are inserted for convenience only and shall not be deemed to constitute a part hereof nor to affect the meaning thereof.

10.7 Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by Employee and the Company, and their respective successors, assigns, heirs, executors and administrators, except that Employee may not assign any of Employee's duties hereunder and Employee may not assign any of Employee's rights hereunder without the written consent of the Company, which shall not be withheld unreasonably.

10.8 Tax Withholding. All payments and awards contemplated or made pursuant to this Agreement will be subject to withholdings of applicable taxes in compliance with all relevant laws and regulations of all appropriate government authorities. Employee acknowledges and agrees that the Company has neither made any assurances nor any guarantees concerning the tax treatment of any payments or awards contemplated by or made pursuant to this Agreement. Employee has had the opportunity to retain a tax and financial advisor and fully understands the tax and economic consequences of all payments and awards made pursuant to this Agreement.

10.9 Choice of Law. All questions concerning the construction, validity and interpretation of this Agreement will be governed by the laws of the State of California.

10.10 Conditions Precedent. This offer is subject to satisfactory proof of Employee's identity and right to work in the United States and other applicable pre-employment screenings.

[***Signature Page to Follow***]

In Witness Whereof, the Parties have executed this Agreement to become effective as of the Effective Date written above.

AETHLON MEDICAL, INC.

By: /s/ Charles J. Fisher, Jr.
Charles J. Fisher, Jr., MD
Chief Executive Officer

EMPLOYEE

Signature: /s/ Guy F. Cipriani
Guy F. Cipriani

Exhibit 10.6

AETHLON MEDICAL, INC.

EXECUTIVE EMPLOYMENT AGREEMENT

for

STEVEN P. LAROSA, MD

This Executive Employment Agreement (this "**Agreement**") is made and entered into as of January 4, 2021 (the "**Effective Date**"), by and between **Steven P. LaRosa, MD** ("**Employee**") and Aethlon Medical, Inc. (the "**Company**").

1. Employment by the Company.

1.1 Start Date and Position. Employee's employment with the Company shall begin on January 4, 2021 or such date as otherwise agreed to by Employee and the Company (such actual date employment begins (the "**Start Date**")). Employee shall serve as the Company's Chief Medical Officer, reporting to the Chief Executive Officer. During the term of Employee's employment with the Company, Employee will devote Employee's best efforts and substantially all of Employee's business time and attention to the business of the Company, except for as permitted in Section 7.1 below and except for approved vacation periods and reasonable periods of illness or other incapacities permitted by the Company's general employment policies.

1.2 Duties and Location. Employee shall perform such duties as are customarily associated with the position of Chief Medical Officer and such other duties as are assigned to Employee by the Company. Employee's primary office location will be initially be Employee's residence in Boston, Massachusetts; provided that Employee will be required to relocate to and primarily work at the Company's office located in San Diego, California by no later than September 1, 2021 (or such other time as mutually agreed between Employee and the Company). Subject to the terms of this Agreement, the Company reserves the right to (i) reasonably require Employee to perform Employee's duties at places other than Employee's primary office location from time to time and to require reasonable business travel, and (ii) modify Employee's job title and duties as it deems necessary and appropriate in light of the Company's needs and interests from time to time.

1.3 Policies and Procedures. The employment relationship between the parties shall be governed by the general employment policies and practices of the Company, except that when the terms of this Agreement differ from or are in conflict with the Company's general employment policies or practices, this Agreement shall control.

2. Compensation.

2.1 Base Salary. For services to be rendered hereunder, Employee shall receive a base salary at the rate of $400,000 per year, less standard payroll deductions and withholdings and payable in accordance with the Company's regular payroll schedule.

2.2 Annual Bonus. Employee will be eligible for an annual discretionary bonus with a target amount of 40% of Employee's then-current annual base salary (the "**Annual Bonus**"). Whether Employee receives an Annual Bonus for any given year, and the amount of any such Annual Bonus, will be determined in the discretion of the Company's Board of Director's (or the Compensation Committee thereof) (the "***Board***"), based upon the Company's and Employee's achievement of objectives and milestones to be determined on an annual basis by the Board (or Compensation Committee thereof). No Annual Bonus is guaranteed and, in addition to the other conditions for earning such compensation, Employee must remain an employee in good standing of the Company on the scheduled Annual Bonus payment date in order to be eligible for any Annual Bonus.

2.3 Relocation Assistance. Subject to Employee's relocation to San Diego, California by no later than September 1, 2021, Employee will be eligible to receive relocation benefits as specified herein (the "***Relocation Assistance***"). The Relocation Assistance is provided subject to the terms of the Company's reimbursement policies and procedures. Employee will be reimbursed a gross amount of up to $50,000 of documented relocation expenses that Employee incurs and which are eligible for reimbursement (as specified under the Company's reimbursement policies and procedures), which will become payable to Employee in accordance with the Company's reimbursement policies and procedures. Relocation Assistance benefits are taxable income, subject to withholding, such that Employee's net Relocation Assistance benefit received may be less than Employee's incurred expense.

2.4 Signing Bonus. Upon the commencement of Employee's employment with the Company, Employee will receive a one-time signing bonus in the amount of $100,000 (the "**Signing Bonus**"), subject to applicable payroll deductions and withholdings. The Signing Bonus will be paid to Employee as an advance in a single lump sum in accordance with the Company's standard payroll processes within 30 days after the Start Date, and is provided to Employee prior to Employee's earning of such Signing Bonus. Employee will not earn the Signing Bonus unless Employee remains actively and continuously employed with the Company through the second anniversary of the Start Date. If Employee's employment terminates under any circumstances, Employee agrees to repay to the Company, within thirty (30) days of Employee's employment termination date: (i) 100% of the gross amount of the Signing Bonus if such termination occurs before the first year anniversary of the Start Date, and (ii) 50% of the gross amount of the Signing Bonus if such termination occurs before the second year anniversary of the Start Date.

3. Standard Company Benefits. Employee shall, in accordance with Company policy and the terms and conditions of the applicable Company benefit plan documents, be eligible to participate in the benefit and fringe benefit programs provided by the Company to its employees from time to time. Any such benefits shall be subject to the terms and conditions of the governing benefit plans and policies and may be changed by the Company in its discretion. To the extent Employee is not eligible for the Company's healthcare benefits on the Start Date, Company will reimburse Employee for the cost of COBRA to maintain his healthcare benefits from his prior employer until such time as Employee is eligible for the Company's benefits.

4. Expenses. The Company will reimburse Employee for reasonable travel, entertainment or other expenses incurred by Employee in furtherance or in connection with the performance of Employee's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time.

5. Equity; Change in Control Acceleration. Subject to approval by the Board, under the Company's 2020 Equity Incentive Plan (the "**Plan**"), the Company will grant Employee an option to purchase 120,883 shares (the "**Option**") of the Company's Common Stock, at fair market value as determined by the Board as of the date of grant. The Option will be subject to the terms and conditions of the Plan and Employee's Option grant agreement. Employee's Option grant agreement will include a four-year vesting schedule, under which 25% of Employee's shares will vest after twelve months of employment, with the remaining shares vesting monthly thereafter, subject to Employee's continuous service with the Company on each such vesting date. Notwithstanding anything to the contrary set forth in the Plan, any prior equity incentive plans or any award agreement, effective upon consummation of a Change in Control (as defined under the Plan), the vesting and exercisability of all unvested time-based vesting equity awards then held by Employee shall accelerate such that all shares subject to the Option, and any additional unvested time-based equity awards granted to Employee, shall become immediately vested and exercisable by Employee upon such Change in Control and shall remain exercisable, if applicable, following the Change in Control, as set forth in the applicable equity award documents. With respect to any performance-based vesting equity award, such award, if any, shall continue to be governed in all respects by the terms of the applicable equity award documents.

6. Confidential Information Obligations.

6.1 Confidential Information Agreement. As a condition of employment, Employee shall execute and abide by the Company's standard form of Confidential Information and Invention Assignment Agreement (the "**Confidential Information Agreement**").

6.2 Third-Party Agreements and Information. Employee represents and warrants that Employee's employment by the Company does not conflict with any prior employment or consulting agreement or other agreement with any third party, and that Employee will perform Employee's duties to the Company without violating any such agreement. Employee represents and warrants that Employee does not possess confidential information arising out of prior employment, consulting, or other third party relationships, that would be used in connection with Employee's employment by the Company, except as expressly authorized by that third party. During Employee's employment by the Company, Employee will use in the performance of Employee's duties only information that is generally known and used by persons with training and experience comparable to Employee's own, common knowledge in the industry, otherwise legally in the public domain, or obtained or developed by the Company or by Employee in the course of Employee's work for the Company.

7. Outside Activities and Non-Competition During Employment

7.1 Outside Activities. During Employee's employment with the Company, Employee may engage in civic and not-for-profit activities so long as such activities do not interfere with the performance of Employee's duties hereunder or present a conflict of interest with the Company or its affiliates. Subject to the restrictions set forth herein, and only with prior written disclosure to and consent of the Board, Employee may engage in other types of business or public activities. The Board may rescind such consent, if the Board determines, in its sole discretion, that such activities compromise or threaten to compromise the Company's or its affiliates' business interests or conflict with Employee's duties to the Company or its affiliates.

7.2 Non-Competition During Employment. During Employee's employment with the Company, Employee will not, without the express written consent of the Board, directly or indirectly serve as an officer, director, stockholder, employee, partner, proprietor, investor, joint ventures, associate, representative or consultant of any person or entity engaged in, or planning or preparing to engage in, business activity competitive with any line of business engaged in (or planned to be engaged in) by the Company or its affiliates; provided, however, that Employee may purchase or otherwise acquire up to (but not more than) one percent (1%) of any class of securities of any enterprise (without participating in the activities of such enterprise) if such securities are listed on any national or regional securities exchange. In addition, Employee will be subject to certain restrictions (including restrictions continuing after Employee's employment ends) under the terms of the Confidential Information Agreement.

8. Termination of Employment; Severance Benefits.

8.1 At-Will Employment. Employee's employment relationship is at-will. Either Employee or the Company may terminate the employment relationship at any time, with or without Cause (as defined below) or advance notice. Upon termination of Employee's employment for any reason, Employee shall resign from all positions and terminate any relationships as an employee, advisor, officer or director with the Company and any of its affiliates, each effective on the employment termination date.

8.2 Termination Without Cause or Resignation for Good Reason. In the event Employee's employment with the Company is terminated by the Company without Cause (and other than as a result of Employee's death or disability) or Employee resigns for Good Reason, then provided such termination constitutes a "separation from service" (as defined under Treasury Regulation Section 1.409A-1(h), without regard to any alternative definition thereunder, a "**Separation from Service**"), and provided that Employee satisfies the Release Requirement in Section 9 below, and remains in compliance with the terms of this Agreement and the Confidential Information Agreement, the Company shall provide Employee with the following severance benefits (collectively, the "**Severance Benefits**"):

8.2.1 Severance Payments. Severance pay in the form of continuation of Employee's final monthly base salary for a period of twelve (12) months following termination, subject to required payroll deductions and tax withholdings (the "**Severance Payments**"). Subject to Section 10 below, the Severance Payments shall be made on the Company's regular payroll schedule in effect following Employee's employment termination date; provided, however that any such payments that are otherwise scheduled to be made prior to the Release Effective Date (as defined below) shall instead accrue and be made on the first regular payroll date following the Release Effective Date. For such purposes, Employee's final base salary will be calculated prior to giving effect to any reduction in base salary that would give rise to Employee's right to resign for Good Reason.

8.2.2 Health Care Continuation Coverage Payments.

(i) COBRA Premiums. If Employee timely elects continued coverage under COBRA, the Company will pay Employee's COBRA premiums to continue Employee's coverage (including coverage for Employee's eligible dependents, if applicable) ("**COBRA Premiums**") through the period starting on the employment termination date and ending twelve (12) months after the employment termination date (the "**COBRA Premium Period**"); provided, however, that the Company's provision of such COBRA Premium benefits will immediately cease if during the COBRA Premium Period Employee becomes eligible for group health insurance coverage through a new employer or Employee ceases to be eligible for COBRA continuation coverage for any reason, including plan termination. In the event Employee becomes covered under another employer's group health plan or otherwise ceases to be eligible for COBRA during the COBRA Premium Period, Employee must immediately notify the Company of such event.

(ii) Special Cash Payments in Lieu of COBRA Premiums. Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay the COBRA Premiums without potentially incurring financial costs or penalties under applicable law (including, without limitation, Section 2716 of the Public Health Service Act), regardless of whether Employee or Employee's dependents elect or are eligible for COBRA coverage, the Company instead shall pay to Employee, on the first day of each calendar month following the employment termination date, a fully taxable cash payment equal to the applicable COBRA premiums for that month (including the amount of COBRA premiums for Employee's eligible dependents), subject to applicable tax withholdings (such amount, the "**Special Cash Payment**"), for the remainder of the COBRA Premium Period. Employee may, but is not obligated to, use such Special Cash Payments toward the cost of COBRA premiums or toward premium costs under an individual health plan.

8.3 Termination for Cause; Resignation Without Good Reason; Death or Disability. Employee will not be eligible for, or entitled to any severance benefits, including (without limitation) the Severance Benefits listed in Section 8.2 above, if the Company terminates Employee's employment for Cause, Employee resigns Employee's employment without Good Reason, or Employee's employment terminates due to Employee's death or disability.

9. Conditions to Receipt of Severance Benefits. To be eligible for the Severance Benefits pursuant to Section 8.2 above, Employee must satisfy the following release requirement (the "**Release Requirement**"): return to the Company a signed and dated general release of all known and unknown claims in a termination agreement acceptable to the Company (the "**Release**") within the applicable deadline set forth therein, but in no event later than forty-five (45) calendar days following Employee's employment termination date, and permit the Release to become effective and irrevocable in accordance with its terms (such effective date of the Release, the "**Release Effective Date**"). No Severance Benefits will be paid hereunder prior to the Release Effective Date. Accordingly, if Employee breaches the preceding sentence and/or refuses to sign and deliver to the Company an executed Release or signs and delivers to the Company the Release but exercises Employee's right, if any, under applicable law to revoke the Release (or any portion thereof), then Employee will not be entitled to any severance, payment or benefit under this Agreement. Employee shall also resign from all positions and terminate any relationships as an employee, advisor, officer or director with the Company and any of its affiliates, each effective on the employment termination date.

10. Section 409A. It is intended that all of the severance benefits and other payments payable under this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Code Section 409A provided under Treasury Regulations 1.409A-1(b)(4), 1.409A-1(b)(5) and 1.409A-1(b)(9), and this Agreement will be construed to the greatest extent possible as consistent with those provisions, and to the extent not so exempt, this Agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A. For purposes of Code Section 409A (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), Employee's right to receive any installment payments under this Agreement (whether severance payments, reimbursements or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment. Notwithstanding any provision to the contrary in this Agreement, if Employee is deemed by the Company at the time of Employee's Separation from Service to be a "specified employee" for purposes of Code Section 409A(a)(2)(B)(i), and if any of the payments upon Separation from Service set forth herein and/or under any other agreement with the Company are deemed to be "deferred compensation", then to the extent delayed commencement of any portion of such payments is required in order to avoid a prohibited distribution under Code Section 409A(a)(2)(B)(i) and the related adverse taxation under Section 409A, such payments shall not be provided to Employee prior to the earliest of (i) the expiration of the six-month and one day period measured from the date of Employee's Separation from Service with the Company, (ii) the date of Employee's death or (iii) such earlier date as permitted under Section 409A without the imposition of adverse taxation. Upon the first business day following the expiration of such applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this Section shall be paid in a lump sum to Employee, and any remaining payments due shall be paid as otherwise provided herein or in the applicable agreement. No interest shall be due on any amounts so deferred. If the Company determines that any severance benefits provided under this Agreement constitutes "deferred compensation" under Section 409A, for purposes of determining the schedule for payment of the severance benefits, the effective date of the Release will not be deemed to have occurred any earlier than the sixtieth (60th) date following the Separation From Service, regardless of when the Release actually becomes effective. In addition to the above, to the extent required to comply with Section 409A and the applicable regulations and guidance issued thereunder, if the applicable deadline for Employee to execute (and not revoke) the applicable Release spans two calendar years, payment of the applicable severance benefits shall not commence until the beginning of the second calendar year. To the extent required to avoid accelerated taxation and/or tax penalties under Code Section 409A, amounts reimbursable to Employee under this Agreement shall be paid to Employee on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in-kind benefits provided to Employee) during any one year may not effect amounts reimbursable or provided in any subsequent year. The Company makes no representation that any or all of the payments described in this Agreement will be exempt from or comply with Code Section 409A and makes no undertaking to preclude Code Section 409A from applying to any such payment.

11. Definitions.

11.1 Cause. For purposes of this Agreement, "**Cause**" means the occurrence of any one or more of the following: (i) Employee's conviction of or plea of guilty or *nolo contendere* to any felony or a crime of moral turpitude; (ii) Employee's willful and continued failure or refusal to follow lawful and reasonable instructions of the Board and/or the Company or lawful and reasonable policies and regulations of the Company or its affiliates; (iii) Employee's willful and continued failure to faithfully and diligently perform the assigned duties of Employee's employment with the Company or its affiliates; (iv) unprofessional, unethical, immoral or fraudulent conduct by Employee; (v) conduct by Employee that materially discredits the Company or any affiliate or is materially detrimental to the reputation, character and standing of the Company or any affiliate; or (vi) Employee's material breach of this Agreement, the Confidential Information Agreement, or any applicable Company policies. An event described in Section 11.1(ii) through Section 11.1(vi) herein shall not be treated as "Cause" until after Employee has been given written notice of such event, failure, conduct or breach and Employee fails to cure such event, failure, conduct or breach within 30 calendar days from such written notice; provided, however, that such 30-day cure period shall not be required if the event, failure, conduct or breach is incapable of being cured.

11.2 Good Reason. For purposes of this Agreement, Employee shall have "**Good Reason**" for resignation from employment with the Company if any of the following actions are taken by the Company without Employee's prior written consent: (i) a material reduction in Employee's base salary, unless pursuant to a salary reduction program applicable generally to the Company's senior executives; (ii) a material reduction in Employee's duties (including responsibilities and/or authorities), provided, however, that a change in job position (including a change in title) or reporting line shall not be deemed a "material reduction" in and of itself unless Employee's new duties are materially reduced from the prior duties; or (iii) relocation of Employee's principal place of employment to a place that increases Employee's one-way commute by more than fifty (50) miles as compared to Employee's then-current principal place of employment immediately prior to such relocation, provided, however, that Employee's relocation from Boston, Massachusetts to San Diego, California as contemplated in Section 1.2 will not be considered a relocation of Employee's principal place of employment with the Company for purposes of this definition). In order for Employee to resign for Good Reason, each of the following requirements must be met: (iv) Employee must provide written notice to the Board within 30 calendar days after the first occurrence of the event giving rise to Good Reason setting forth the basis for Employee's resignation, (v) Employee must allow the Company at least 30 calendar days from receipt of such written notice to cure such event, (vi) such event is not reasonably cured by the Company within such 30 calendar day period (the "**Cure Period**"), and (vii) Employee must resign from all positions Employee then holds with the Company not later than 30 calendar days after the expiration of the Cure Period.

12. Dispute Resolution.

12.1 Agreement to Arbitrate. To ensure the timely and economical resolution of disputes that may arise between Employee and the Company, both Employee and the Company mutually agree that pursuant to the Federal Arbitration Act, 9 U.S.C. §1-16, and to the fullest extent permitted by applicable law, Employee and the Company will submit solely to final, binding and confidential arbitration any and all disputes, claims, or causes of action arising from or relating to: **(i)** the negotiation, execution, interpretation, performance, breach or enforcement of this Agreement; or **(ii)** Employee's employment with the Company (including but not limited to all statutory claims); or **(iii)** the termination of Employee's employment with the Company (including but not limited to all statutory claims).**BY AGREEING TO THIS ARBITRATION PROCEDURE, BOTH EMPLOYEE AND THE COMPANY WAIVE THE RIGHT TO RESOLVE ANY SUCH DISPUTES THROUGH A TRIAL BY JURY OR JUDGE OR THROUGH AN ADMINISTRATIVE PROCEEDING.**

12.2 Arbitrator Authority. The arbitrator shall have the sole and exclusive authority to determine whether a dispute, claim or cause of action is subject to arbitration under this Section and to determine any procedural questions which grow out of such disputes, claims or causes of action and bear on their final disposition.

12.3 Individual Capacity Only. All claims, disputes, or causes of action under this Section, whether by Employee or the Company, must be brought solely in an individual capacity, and shall not be brought as a plaintiff (or claimant) or class member in any purported class or representative proceeding, nor joined or consolidated with the claims of any other person or entity. The arbitrator may not consolidate the claims of more than one person or entity, and may not preside over any form of representative or class proceeding. To the extent that the preceding sentences in this Section are found to violate applicable law or are otherwise found unenforceable, any claim(s) alleged or brought on behalf of a class shall proceed in a court of law rather than by arbitration.

12.4 Arbitration Process. Any arbitration proceeding under this Section shall be presided over by a single arbitrator and conducted by Judicial Arbitration and Mediation Services, Inc. ("**JAMS**") in San Diego, California, or as otherwise agreed to by Employee and the Company, under the then applicable JAMS rules for the resolution of employment disputes (available upon request and also currently available at http://www.jamsadr.com/rules-employment-arbitration/). Employee and the Company both have the right to be represented by legal counsel at any arbitration proceeding, at each party's own expense. The arbitrator shall: **(i)** have the authority to compel adequate discovery for the resolution of the dispute; **(ii)** issue a written arbitration decision, to include the arbitrator's essential findings and conclusions and a statement of the award; and **(iii)** be authorized to award any or all remedies that Employee or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS arbitration fees in excess of the amount of court fees that would be required of Employee if the dispute were decided in a court of law.

12.5 Excluded Claims. This Section shall not apply to any action or claim that cannot be subject to mandatory arbitration as a matter of law, including, without limitation, claims brought pursuant to the California Private Attorneys General Act of 2004, as amended, the California Fair Employment and Housing Act, as amended, and the California Labor Code, as amended, to the extent such claims are not permitted by applicable law to be submitted to mandatory arbitration and such applicable law is not preempted by the Federal Arbitration Act or otherwise invalid (collectively, the " **Excluded Claims**"). In the event Employee intends to bring multiple claims, including one of the Excluded Claims listed above, the Excluded Claims may be filed with a court, while any other claims will remain subject to mandatory arbitration.

12.6 Injunctive Relief and Final Orders. Nothing in this Section is intended to prevent either Employee or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration. Any final award in any arbitration proceeding hereunder may be entered as a judgment in the federal and state courts of any competent jurisdiction and enforced accordingly.

13. General Provisions.

13.1 Notices. Any notices provided must be in writing and will be deemed effective upon the earlier of personal delivery (including personal delivery by fax) or the next day after sending by overnight carrier, to the Company at its primary office location and to Employee at the address as listed on the Company payroll.

13.2 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction to the extent possible in keeping with the intent of the Parties.

13.3 Waiver. Any waiver of any breach of any provisions of this Agreement must be in writing to be effective, and it shall not thereby be deemed to have waived any preceding or succeeding breach of the same or any other provision of this Agreement.

13.4 Complete Agreement. This Agreement, together with the Confidential Information Agreement, constitutes the entire agreement between Employee and the Company with regard to the subject matter hereof and is the complete, final, and exclusive embodiment of the Company's and Employee's agreement with regard to this subject matter. This Agreement is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes, extinguishes, and replaces in their entirety all other or prior agreements, whether oral or written, with respect to Employee's employment compensation, benefits, and terms with the Company or its affiliates or predecessors. It cannot be modified or amended except in a writing signed by a duly authorized member of the Board, with the exception of those changes expressly reserved to the Company's discretion in this Agreement.

13.5 Counterparts. This Agreement may be executed in separate counterparts, any one of which need not contain signatures of more than one party, but both of which taken together will constitute one and the same Agreement.

13.6 Headings. The headings of the sections hereof are inserted for convenience only and shall not be deemed to constitute a part hereof nor to affect the meaning thereof.

13.7 Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by Employee and the Company, and their respective successors, assigns, heirs, executors and administrators, except that Employee may not assign any of Employee's duties hereunder and Employee may not assign any of Employee's rights hereunder without the written consent of the Company, which shall not be withheld unreasonably.

13.8 Tax Withholding. All payments and awards contemplated or made pursuant to this Agreement will be subject to withholdings of applicable taxes in compliance with all relevant laws and regulations of all appropriate government authorities. Employee acknowledges and agrees that the Company has neither made any assurances nor any guarantees concerning the tax treatment of any payments or awards contemplated by or made pursuant to this Agreement. Employee has had the opportunity to retain a tax and financial advisor and fully understands the tax and economic consequences of all payments and awards made pursuant to this Agreement.

13.9 Choice of Law. All questions concerning the construction, validity and interpretation of this Agreement will be governed by the laws of the State of California.

13.10 Conditions Precedent. This offer is subject to satisfactory proof of Employee's identity and right to work in the United States and other applicable pre-employment screenings.

[***Signature Page to Follow***]

In Witness Whereof, the Parties have executed this Agreement to become effective as of the Effective Date written above.

AETHLON MEDICAL, INC.

By: /s/ Charles J. Fisher, Jr.
Charles J. Fisher, Jr., MD
Chief Executive Officer

EMPLOYEE

Signature: /s/ Steven P. LaRosa
Steven P. LaRosa, MD

EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a), AS ADOPTED
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Charles J. Fisher, Jr., MD certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Aethlon Medical, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 10, 2021

/s/ CHARLES J. FISHER, JR., MD
CHARLES J. FISHER, JR., MD
CHIEF EXECUTIVE OFFICER
(PRINCIPAL EXECUTIVE OFFICER)

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a), AS ADOPTED
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James Frakes, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Aethlon Medical, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 10, 2021

/s/ JAMES B. FRAKES
JAMES B. FRAKES
CHIEF FINANCIAL OFFICER
(PRINCIPAL FINANCIAL OFFICER)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO RULE 13a-14(b) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED
AND SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE (18 U.S.C. SECTION 1350),
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Aethlon Medical, Inc., or the Registrant, on Form 10-Q for the fiscal quarter ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof, I, Charles J. Fisher, Jr., MD, Chief Executive Officer of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Quarterly Report on Form 10-Q, to which this Certification is attached as Exhibit 32.1, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and

2. The information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Dated: February 10, 2021

/s/ CHARLES J. FISHER, JR., MD
Charles J. Fisher, Jr.
Chief Executive Officer
Aethlon Medical, Inc.

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Aethlon Medical, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO RULE 13a-14(b) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED
AND SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE (18 U.S.C. SECTION 1350),
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Aethlon Medical, Inc., or the Registrant, on Form 10-Q for the fiscal quarter ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof, I, James B. Frakes, Chief Financial Officer of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Quarterly Report on Form 10-Q, to which this Certification is attached as Exhibit 32.2, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and

2. The information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Aethlon Medical, Inc.

Dated: February 10, 2021

/s/ JAMES B. FRAKES
James B. Frakes
Chief Financial Officer
Aethlon Medical, Inc.

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Aethlon Medical, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.