

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 September 30, 2021

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
(State or other jurisdiction of incorporation or organization)

13-3632859
(I.R.S. Employer Identification No.)

11555 SORRENTO VALLEY ROAD, SUITE 203, SAN DIEGO, CA
(Address of principal executive office)

92121
(Zip Code)

(619) 941-0360
(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 November 5, 2021, the registrant had outstanding 15,397,299 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

	September 30, 2021 (Unaudited)	March 31, 2021
ASSETS		
Current assets		
Cash	\$ 23,224,925	\$ 9,861,575
Accounts receivable	131,966	149,082
Prepaid expenses and other current assets	212,308	341,081
Total current assets	<u>23,569,199</u>	<u>10,351,738</u>
Property and equipment, net	213,625	160,976
Right-of-use lease asset	–	40,363
Patents, net	2,476	56,954
Restricted cash	46,726	46,726
Deposits	42,159	12,159
Total assets	<u>\$ 23,874,185</u>	<u>\$ 10,668,916</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 254,176	\$ 337,678
Due to related parties	134,207	118,520
Deferred revenue	114,849	114,849
Lease liability, current portion	–	42,543
Other current liabilities	471,117	761,636
Total current liabilities	<u>974,349</u>	<u>1,375,226</u>
Commitments and Contingencies (Note 12)	–	–
Stockholders' Equity		
Common stock, par value \$0.001 per share; 30,000,000 shares authorized; 15,397,299 and 12,150,597 shares issued and outstanding as of September 30, 2021 and March 31, 2021, respectively	15,399	12,152
Additional paid-in capital	147,041,683	129,331,542
Accumulated deficit	(124,018,372)	(119,913,090)
Total Aethlon Medical, Inc. stockholders' equity before noncontrolling interests	<u>23,038,710</u>	<u>9,430,604</u>
Noncontrolling interests	<u>(138,874)</u>	<u>(136,914)</u>
Total stockholders' equity	<u>22,899,836</u>	<u>9,293,690</u>
Total liabilities and stockholders' equity	<u>\$ 23,874,185</u>	<u>\$ 10,668,916</u>

See accompanying notes.

AETHLON MEDICAL, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Three and Six Month Periods Ended September 30, 2021 and 2020
(Unaudited)

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Six Months Ended September 30, 2021	Six Months Ended September 30, 2020
REVENUES				
Government contract revenue	\$ 131,966	\$ –	\$ 263,932	\$ –
OPERATING EXPENSES				
Professional fees	649,460	656,396	1,232,929	1,220,680
Payroll and related expenses	805,608	560,244	1,822,350	997,155
General and administrative	685,702	554,749	1,315,895	964,700
Total operating expenses	<u>2,140,770</u>	<u>1,771,389</u>	<u>4,371,174</u>	<u>3,182,535</u>
OPERATING LOSS	<u>(2,008,804)</u>	<u>(1,771,389)</u>	<u>(4,107,242)</u>	<u>(3,182,535)</u>
NET LOSS	<u>(2,008,804)</u>	<u>(1,771,389)</u>	<u>(4,107,242)</u>	<u>(3,182,535)</u>
LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	<u>(825)</u>	<u>(825)</u>	<u>(1,960)</u>	<u>(1,688)</u>
NET LOSS ATTRIBUTABLE TO AETHLON MEDICAL, INC.	<u>\$ (2,007,979)</u>	<u>\$ (1,770,564)</u>	<u>\$ (4,105,282)</u>	<u>\$ (3,180,847)</u>
BASIC AND DILUTED LOSS PER COMMON SHARE	<u>\$ (0.13)</u>	<u>\$ (0.15)</u>	<u>\$ (0.29)</u>	<u>\$ (0.29)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED				
	<u>15,386,486</u>	<u>12,070,592</u>	<u>14,114,639</u>	<u>10,845,049</u>

See accompanying notes.

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AETHLON MEDICAL, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the Six Months Ended September 30, 2021 and 2020
(Unaudited)

	COMMON STOCK		ADDITIONAL PAID IN CAPITAL	ACCUMULATED DEFICIT	NON- CONTROLLING INTERESTS	TOTAL STOCKHOLDERS' EQUITY
	SHARES	AMOUNT				
BALANCE - MARCH 31, 2021	12,150,597	\$ 12,152	\$ 129,331,542	\$ (119,913,090)	\$ (136,914)	\$ 9,293,690
Issuances of common stock for cash under at the market program	626,000	626	4,947,159	–	–	4,947,785
Issuances of common stock for cash in registered direct financing	1,380,555	1,381	11,657,663	–	–	11,659,044
Issuances of common stock for cash under warrant exercises	531,167	531	820,407	–	–	820,938
Issuances of common stock for cash under stock option exercises	11,562	11	28,314	–	–	28,325
Issuances of common stock under cashless warrant exercises	675,554	676	(676)	–	–	–
Issuance of common shares upon vesting of restricted stock units	10,932	11	(35,797)	–	–	(35,786)
Stock-based compensation expense	–	–	120,154	–	–	120,154
Net loss	<u>–</u>	<u>–</u>	<u>–</u>	<u>(2,097,303)</u>	<u>(1,135)</u>	<u>(2,098,438)</u>
BALANCE - June 30, 2021	15,386,367	15,388	146,868,766	(122,010,393)	(138,049)	24,735,712
Issuance of common shares upon vesting of restricted stock units	10,932	11	(28,145)	–	–	(28,134)
Stock-based compensation expense	–	–	201,062	–	–	201,062
Net loss	<u>–</u>	<u>–</u>	<u>–</u>	<u>(2,007,979)</u>	<u>(825)</u>	<u>(2,008,804)</u>
BALANCE - September 30, 2021	<u>15,397,299</u>	<u>\$ 15,399</u>	<u>\$ 147,041,683</u>	<u>\$ (124,018,372)</u>	<u>\$ (138,874)</u>	<u>\$ 22,899,836</u>

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, 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

See accompanying notes.

AETHLON MEDICAL, INC. AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended September 30, 2021 and 2020
(Unaudited)

	Six Months Ended September 30, 2021	Six Months Ended September 30, 2020
Cash flows used in operating activities:		
Net loss	\$ (4,107,242)	\$ (3,182,535)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	80,690	18,041
Stock based compensation	321,216	251,249
Accretion of right-of-use lease asset	(2,180)	(956)
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	98,772	62,426
Accounts receivable	17,116	94,880
Accounts payable and other current liabilities	(374,020)	(24,230)
Deferred revenue	-	407,022
Due to related parties	15,687	45,202
Net cash used in operating activities	<u>(3,949,961)</u>	<u>(2,328,901)</u>
Cash flows used in investing activities:		
Purchases of property and equipment	(78,861)	(23,137)
Net cash used in investing activities	<u>(78,861)</u>	<u>(23,137)</u>
Cash flows provided by financing activities:		
Proceeds from the issuance of common stock, net	17,456,092	7,260,869
Tax withholding payments or tax equivalent payments for net share settlement of restricted stock units	(63,920)	(40,379)
Net cash provided by financing activities	<u>17,392,172</u>	<u>7,220,490</u>
Net increase in cash	13,363,350	4,868,452
Cash at beginning of period	<u>9,861,575</u>	<u>9,604,780</u>
Cash at end of period	<u>\$ 23,224,925</u>	<u>\$ 14,473,232</u>
Supplemental disclosures of cash flow information:		
Supplemental disclosures of non-cash investing and financing activities:		
Issuance of common stock under cashless warrant exercises	\$ 676	\$ -
Par value of shares issued for vested restricted stock units	<u>\$ 22</u>	<u>\$ 35</u>

AETHLON MEDICAL, INC. AND SUBSIDIARY
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
September 30, 2021

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 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 conducting a clinical trial in patients with advanced and metastatic head and neck cancer. 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). The primary endpoint for the EFS, which is designed to enroll 10 to 12 subjects at a single center, is safety, with secondary endpoints including measures of exosome clearance and characterization, as well as response and survival rates. This study, which is being conducted at the UPMC Hillman Cancer Center in Pittsburgh, PA, has treated one patient and is in the process of recruiting additional patients.

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 studies were conducted in collaboration with leading government or non-government research institutes.

On June 17, 2020, the FDA approved a supplement to our 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 is designed 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). Under Single Patient Emergency Use regulations, the Company has also treated two patients with COVID-19 with the Hemopurifier.

In September 2021, we entered into an agreement with PPD, Inc., or PPD, a leading global contract research organization, or CRO, to oversee our U.S. clinical studies investigating the Hemopurifier for critically ill COVID-19 patients. Together with PPD, we are currently advancing site readiness for Cooper Medical Center, Loma Linda Medical Center, Hoag Hospitals in Southern California, University of California Davis, Virginia Commonwealth University Medical Center, University of Miami Medical Center, and Thomas Jefferson Medical Center. Additionally, we obtained institutional research board approval and have entered into a clinical trial agreement with Stanford Hospital and we are in discussions to bring on board other key U.S. medical centers.

We also obtained ethics review board approval and entered into a clinical trial agreement with Medanta Medicity Hospital, a multi-specialty hospital in Delhi NCR, India, for a COVID-19 clinical trial at that location.

We are also the majority owner of Exosome Sciences, Inc., or ESI, a company formed to focus on the discovery of exosomal biomarkers to diagnose and monitor life-threatening diseases. 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 11555 Sorrento Valley Road, Suite 203, San Diego, California 92121. Our telephone number is (619) 941-0360. Our website address is www.aethlonmedical.com.

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

During the three months ended September 30, 2021, 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, 2021.

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, 2021, included in the Company's Annual Report on Form 10-K filed with the SEC on June 24, 2021. 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 six months ended September 30, 2021, and the condensed consolidated statement of cash flows for the six months ended September 30, 2021. 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, 2021 has been derived from the audited consolidated balance sheet at March 31, 2021, contained in the above referenced 10-K. The results of operations for the six months ended September 30, 2021 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.

LIQUIDITY AND GOING CONCERN

Management expects existing cash as of September 30, 2021 to be sufficient to fund the Company's operations for at least twelve months from the issuance date of these condensed consolidated financial statements.

Restricted Cash

To comply with the terms of our laboratory and office lease, we caused our bank to issue a standby letter of credit, or the L/C, in the amount of \$6,726 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.

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 September 30, 2021 and 2020, an aggregate of 1,616,866 and 2,620,567 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 six month periods ended September 30, 2021 and 2020, 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:

	September 30, 2021	September 30, 2020
Three months ended	\$ 478,201	\$ 508,897
Six months ended	\$ 1,045,539	\$ 884,985

4. RECENT ACCOUNTING PRONOUNCEMENTS

None.

5. EQUITY TRANSACTIONS IN THE SIX MONTHS ENDED SEPTEMBER 30, 2021

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

On March 22, 2021, we entered into an At the Market Offering Agreement, or the Offering Agreement, with H.C. Wainwright & Co., LLC, or Wainwright, as sales agent, pursuant to which we may offer and sell shares of our common stock, from time to time as set forth in the Offering Agreement.

The offering was registered under the Securities Act of 1933, as amended, or Securities Act, pursuant to our shelf registration statement on Form S-3 (Registration Statement No. 333-237269), as previously filed with the SEC and declared effective on March 30, 2020. We filed a prospectus supplement with the SEC, dated March 22, 2021, in connection with the offer and sale of the shares of common stock, pursuant to which we may offer and sell shares of common stock having an aggregate offering price of up to

\$5,080,000 from time to time.

Subject to the terms and conditions set forth in the Offering Agreement, Wainwright agreed to use its commercially reasonable efforts consistent with its normal trading and sales practices to sell the shares under the Offering Agreement from time to time, based upon our instructions. We provided Wainwright with customary indemnification rights under the Offering 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 reimburse Wainwright for certain specified expenses in connection with entering into the Offering Agreement. The Offering Agreement will terminate upon the written termination by either party as permitted thereunder.

Sales of the shares, if any, under the Offering 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 under the Offering Agreement to sell any of the shares, and, at any time, we may suspend offers under the Offering Agreement or terminate the agreement.

In the six months ended September 30, 2021, we raised aggregate net proceeds under the Offering Agreement described above of \$4,947,785, net of \$126,922 in commissions to Wainwright and \$2,154 in other offering expense through the sale of 626,000 shares of our common stock at an average price of \$7.90 per share of net proceeds. No further sales can be made under the Offering Agreement.

Registered Direct Financing

In the six months ended September 30, 2021, we sold an aggregate of 1,380,555 shares of our common stock at a purchase price per share of \$9.00, for aggregate net proceeds to us of \$11,659,044 after deducting fees payable to Maxim Group LLC, the placement agent and other offering expenses. These shares were sold through a securities purchase agreement with certain institutional investors. The shares were issued pursuant to an effective shelf registration statement on Form S-3, which was originally filed with the SEC on March 19, 2020, and was declared effective on March 30, 2020 (File No. 333-237269) and a prospectus supplement thereunder.

Warrant Exercises

In the six months ended September 30, 2021, pursuant to the exercise of outstanding warrants to purchase 531,167 shares of our common stock, we received proceeds in the amount of \$820,938 from institutional investors.

Also in the six months ended September 30, 2021, pursuant to the exercise of 874,664 outstanding warrants on a cashless basis, we issued 675,554 shares of our common stock. The difference of 199,110 shares of common stock issuable pursuant to the warrants were cancelled.

Stock Option Exercises

In the six months ended September 30, 2021, former employees paid us an aggregate of \$28,325 for the exercise of outstanding options to purchase 11,562 shares of our common stock.

Restricted Stock Unit Grants

In 2012, as amended through October 30, 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 1, 2021, pursuant to the terms of the Company’s 2012 Non-Employee Directors Compensation Program, as amended, or the Directors Plan, the Compensation Committee of the Board granted RSUs under the Company’s 2020 Equity Incentive Plan, or the 2020 Plan, to each non-employee director of the Company. The Director’s Plan provides for a grant of \$50,000 worth of RSUs at the beginning of each fiscal year, priced at the average for the closing prices for the five days preceding and including the date of grant, or \$2.06 per share as of April 1, 2021. Each eligible director was granted an RSU in the amount of 24,295 shares under the 2020 Plan. The RSU’s are subject to vesting in four equal quarterly installments on June 30, September 30, December 31, 2021, and March 31, 2022, subject to the recipient’s continued service with the Company on each such vesting date.

In June 2021, 18,221 vested RSUs held by our non-employee directors were exchanged into the same number of shares of our common stock. All three 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 7,289 of the vested RSUs being cancelled in exchange for \$35,786 in aggregate cash proceeds to those independent directors.

In September 2021, 18,221 vested RSUs held by our non-employee directors were exchanged into the same number of shares of our common stock. All three 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 7,289 of the vested RSUs being cancelled in exchange for \$28,134 in aggregate cash proceeds to those independent directors.

RSUs outstanding that have vested as of, and are expected to vest subsequent to, September 30, 2021 are as follows:

	<u>Number of RSUs</u>
Vested	—
Expected to vest	36,443
Total	<u>36,443</u>

6. RELATED PARTY TRANSACTIONS

During the three months ended September 30, 2021, we accrued unpaid fees of \$2,000 owed to our non-employee directors as of September 30, 2021. Amounts due to related parties were comprised of the following items:

	September 30, 2021	March 31, 2021
Accrued Board fees	\$ 52,000	\$ 52,000
Accrued vacation to all employees	82,207	66,520

Total due to related parties	\$ 134,207	\$ 118,520
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7. OTHER CURRENT LIABILITIES

Other current liabilities were comprised of the following items:

	September 30, 2021	March 31, 2021
Accrued separation expenses for former executive (see Note 12)	\$ 50,249	\$ 284,270
Accrued professional fees	420,868	477,366
Total other current liabilities	<u>\$ 471,117</u>	<u>\$ 761,636</u>

8. 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 six month periods ended September 30, 2021 and 2020:

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Six Months Ended September 30, 2021	Six Months Ended September 30, 2020
Vesting of stock options and restricted stock units	\$ 201,061	\$ 167,042	\$ 321,216	\$ 251,249
Total stock-based compensation expense	<u>\$ 201,061</u>	<u>\$ 167,042</u>	<u>\$ 321,216</u>	<u>\$ 251,249</u>
Weighted average number of common shares outstanding – basic and diluted	<u>15,386,486</u>	<u>12,070,592</u>	<u>14,114,639</u>	<u>10,845,049</u>
Basic and diluted loss per common share attributable to stock-based compensation expense	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>

All of the stock-based compensation expense recorded during the six months ended September 30, 2021 and 2020, an aggregate of \$21,216 and \$251,249, respectively, is included in payroll and related expense in the accompanying condensed consolidated statements of operations. Stock-based compensation expense recorded during the six months ended September 30, 2021 and 2020 represented an impact on basic and diluted loss per common share of \$(0.02) and \$(0.02), 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 six months ended September 30, 2021 was insignificant.

Stock Option Activity

During the six months ended September 30, 2021, we issued a stock option grant to our Chief Executive Officer, or CEO, for the purchase of 266,888 shares of our common stock under our 2020 Plan. The purchase price for the shares subject to the option is \$5.17 per share, the fair market value of the common stock on the date of the grant. The shares subject to the option are subject to vesting over four years, commencing on the date of grant, or Vesting Commencement Date, with twenty-five percent (25%) of the shares subject to the option vesting on the first anniversary of the Vesting Commencement Date and the remaining shares vesting in equal monthly installments over the following thirty-six (36) months, in each case subject to Dr. Fisher's Continuous Service (as defined in the 2020 Plan) through each vesting date.

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

Under the 2020 Plan, up to 1,842,556 shares of common stock are authorized for issuance, pursuant to the grant of stock options, RSUs or other forms of stock-based compensation.

Stock options outstanding that have vested as of September 30, 2021 and stock options that are expected to vest subsequent to September 30, 2021 are as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years
Vested	87,685	\$ 8.10	7.98
Expected to vest	908,896	\$ 2.78	9.19
Total	<u>996,581</u>		

A summary of stock option activity during the six months ended September 30, 2021 is presented below:

	Amount	Range of Exercise Price	Weighted Average Exercise Price
Stock options outstanding at March 31, 2021	844,089	\$ 1.28 - 142.50	\$ 3.07
Exercised	(11,562)	\$ 2.45	\$ 2.45
Granted	266,888	\$ 5.17	\$ 5.17
Cancelled/Expired	(102,834)	\$ 2.45 - 25.20	\$ 6.83
Stock options outstanding at September 30, 2021	996,581	\$ 1.28 - 142.50	\$ 3.25
Stock options exercisable at September 30, 2021	87,685	\$ 1.28 - 142.50	\$ 7.98

On September 30, 2021, our outstanding stock options had an intrinsic value of approximately \$10,000 based on our closing share price of \$3.86 on that date.

At September 30, 2021, there was approximately \$3,521,000 of unrecognized compensation cost related to share-based payments, which is expected to be recognized over a weighted average period of 4.4 years.

9. WARRANTS

During the six months ended September 30, 2021 and 2020, we did not issue any warrants.

A summary of warrant activity during the six months ended September 30, 2021 is presented below:

	Amount	Range of Exercise Price	Weighted Average Exercise Price
Warrants outstanding at March 31, 2021	1,991,973	\$ 1.50 - 99.00	\$ 5.23
Exercised	(1,206,721)	\$ 1.50 - 2.50	\$ 2.21
Cancelled/Expired	(201,410)	\$ 2.50 - 99.00	\$ 3.73
Warrants outstanding at September 30, 2021	583,842	\$ 1.50 - 91.50	\$ 11.97
Warrants exercisable at September 30, 2021	583,842	\$ 1.50 - 91.50	\$ 11.97

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10. GOVERNMENT CONTRACTS AND RELATED REVENUE RECOGNITION

We entered into the following contract 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, as amended, runs for the period from September 16, 2019 through September 15, 2022.

The work to be performed pursuant to this Award Contract will focus 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.

We recorded \$229,698 of government contract revenue on the Phase 2 Melanoma Cancer Contract in the six months ended September 30, 2021. That revenue related to work performed in the three months ended March 31, 2021 and June 30, 2021 that had previously been recorded as deferred revenue as a result of falling short on certain milestones. We then achieved those March period milestones in the June quarter and the June period milestones in the September quarter and therefore recorded the previously deferred revenue as government contract revenue in the quarter ended September 30, 2021. We recorded the invoice related to the September 30, 2021 period as deferred revenue, since we fell short of certain milestones related to that period.

We did not record any government contract revenue during the six months ended September 30, 2020 as we did not achieve certain milestones for that period.

Subaward with University of Pittsburgh

In 2020, we entered into a cost reimbursable subaward arrangement with the University of Pittsburgh in connection with an NIH contract entitled "Depleting Exosomes to Improve Responses to Immune Therapy in HNNCC." Our share of the award is \$256,750. We recorded \$34,234 of revenue related to this subaward in the six months ended September 30, 2021.

11. 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 have any revenues. We have not included any allocation of corporate overhead to the ESI segment.

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The following tables set forth certain information regarding our segments:

	Six Months Ended September 30,	
	2021	2020
Revenues:		
Aethlon	\$ 263,932	\$ —
ESI	—	—
Total Revenues	<u>\$ 263,932</u>	<u>\$ —</u>
Operating Losses:		
Aethlon	\$ (4,097,441)	\$ (3,174,095)
ESI	(9,801)	(8,440)
Total Operating Loss	<u>\$ (4,107,242)</u>	<u>\$ (3,182,535)</u>
Net Losses:		
Aethlon	\$ (4,097,441)	\$ (3,174,095)
ESI	(9,801)	(8,440)
Net Loss Before Non-Controlling Interests	<u>\$ (4,107,242)</u>	<u>\$ (3,182,535)</u>
Cash:		
Aethlon	\$ 23,224,728	\$ 14,473,035
ESI	197	197
Total Cash	<u>\$ 23,224,925</u>	<u>\$ 14,473,232</u>
Total Assets:		
Aethlon	\$ 23,873,988	\$ 15,056,193
ESI	197	197
Total Assets	<u>\$ 23,874,185</u>	<u>\$ 15,056,390</u>
Capital Expenditures:		
Aethlon	\$ 78,861	\$ 23,137
ESI	—	—
Capital Expenditures	<u>\$ 78,861</u>	<u>\$ 23,137</u>
Depreciation and Amortization:		
Aethlon	\$ 80,690	\$ 18,041
ESI	—	—
Total Depreciation and Amortization	<u>\$ 80,690</u>	<u>\$ 18,041</u>

12. COMMITMENTS AND CONTINGENCIES

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

On September 29, 2021, we entered into an agreement with PPD, Inc., a leading global contract research organization, for PPD to oversee our clinical studies investigating the Hemopurifier (the PPD Agreement). Pursuant to the PPD Agreement, PPD agreed to manage our ongoing study of the Hemopurifier for patients who are critically ill with COVID-19 (NCT04595903), with the option for the parties to agree to include additional studies under the PPD Agreement. The agreement has a five year term, but may be extended by mutual agreement. The PPD Agreement also may be terminated by Aethlon without cause upon 30 days' prior written notice and may be terminated by either party following notice for breach or insolvency of the other party.

SEPARATION AGREEMENT

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 the Separation 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.

The total expense accrued at September 30, 2021 relating to the Separation Agreement, was \$50,249 (see Note 7).

LEASE COMMITMENTS

In September 2021, our lease of approximately 2,600 square feet of executive office space at 9635 Granite Ridge Drive, Suite 100, San Diego California 92123 expired.

We 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 new laboratory space which is adjacent to our current laboratory and is expected to be completed in the December 2021 quarter.

In addition, we rent a mobile clean room on a short term basis where we will house our manufacturing operations until our permanent manufacturing space is completed. We paid approximately \$59,000 in rent expense to lease the mobile clean room during the three months ended September 30, 2021.

Overall, our rent expense, which is included in general and administrative expenses, approximated \$ 67,000 and \$94,000 for the six month periods ended September 30, 2021 and 2020, respectively.

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 related to our former office located at 9635 Granite Ridge Drive, Suite 100, San Diego, California 92123. 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 our corporate headquarters lease.

We also elected the short-term lease recognition exemption for our laboratory lease and therefore, we did not recognize right-of-use assets or lease liabilities at adoption.

As the corporate office lease has ended, as of September 30, 2021, we no longer carried any right-of-use lease assets or lease liabilities.

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 fourth quarter of 2021. We are currently operating out of the office space located at 11555 Sorrento Valley Road, Suite 203, San Diego, CA 92121, while construction is being completed.

Upon taking occupancy of the new lab and office spaces, 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 \$16,726 in lieu of a security deposit. We arranged for our bank to issue the standby letter of credit in the fiscal year ended March 31, 2021 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.

In October 2021, we entered into another lease for an initial period of 58 months for (i) approximately 22,260 square feet of space located at 11588 Sorrento Valley Road, San Diego, California 92121 (the "Building") and (ii) 2,655 square feet of space located in the Building and commonly known as Suite 18 to house our manufacturing operations (see Note 13). That manufacturing space is located at 11588 Sorrento Valley Road, San Diego, California 92121 and it is near our new lab and office locations. We anticipate that the landlord will complete construction on this new space in the second or third quarter of 2022 and we will take occupancy at that time. The initial base rent for the manufacturing space will be \$12,080 per month.

The lease for the manufacturing space required us to post a standby letter of credit in favor of the landlord in the amount of \$40,780 in lieu of a security deposit. We arranged for our bank to issue the standby letter of credit in October 2021 and transferred a like amount to a restricted certificate of deposit which secured the bank's risk in issuing that letter of credit. We will classify 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.

13. SUBSEQUENT EVENTS

Management has evaluated events subsequent to September 30, 2021 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.

New Lease Arrangement

In October 2021, we entered into another lease for an initial period of 58 months for (i) approximately 22,260 square feet of space located at 11588 Sorrento Valley Road, San Diego, California 92121 (the "Building") and (ii) 2,655 square feet of space located in the Building and commonly known as Suite 18 to house our manufacturing operations (see Note 12). That manufacturing space is located near our new lab and office locations. We anticipate that the landlord will complete construction on this new space in the second or third quarter of 2022 and we will take occupancy at that time. The initial base rent for the manufacturing space will be \$12,080 per month.

The lease for the manufacturing space required us to post a standby letter of credit in favor of the landlord in the amount of \$40,780 in lieu of a security deposit. We arranged for our bank to issue the standby letter of credit in October 2021 and transferred a like amount to a restricted certificate of deposit which secured the bank's risk in issuing that letter of credit. We will classify that restricted certificate of deposit on our balance sheet as restricted cash.

Clinical Trial in India

In October 2021, we obtained ethics review board approval and entered into a clinical trial agreement with Medanta Medicity Hospital, a multi-specialty hospital in Delhi NCR, India for a Covid-19 clinical trial at that location.

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, 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. Such potential risks and uncertainties include, without limitation, completion of our capital-raising activities, our ability to maintain our Nasdaq listing, FDA, 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 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 conducting a clinical trial in patients with advanced and metastatic head and neck cancer. 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). The primary endpoint for the EFS, which is designed to enroll 10-12 subjects at a single center, is 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 treated one patient and is in the process of recruiting additional patients.

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 HIV, hepatitis-C, and Ebola.

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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 our 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 is designed 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). Under Single Patient Emergency Use regulations, the Company has also treated two patients with COVID-19 with the Hemopurifier.

In September 2021, we entered into an agreement with PPD, Inc., a leading global contract research organization (CRO), to oversee our US clinical studies investigating the Hemopurifier for critically ill COVID-19 patients. Together with PPD, we are currently advancing site readiness for Cooper Medical Center, Loma Linda Medical Center, Hoag Hospitals in Southern California, University of California Davis, Virginia Commonwealth University Medical Center, University of Miami Medical Center, and Thomas Jefferson Medical Center. Additionally, we obtained institutional research board approval and have entered into a clinical trial agreement with Stanford Hospital and we are in discussions to bring on board other key U.S. medical centers.

We also obtained ethics review board approval and entered into a clinical trial agreement with Medanta Medicity Hospital, a multi-specialty hospital in Delhi NCR, India, for a COVID-19 clinical trial at that location.

We are also the majority owner of ESI, a company formed to focus on the discovery of exosomal biomarkers to diagnose and monitor life-threatening diseases. 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 11555 Sorrento Valley Road, Suite 203, San Diego, California 92121. Our telephone number is (619) 941-0360. 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 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.

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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 11555 Sorrento Valley Road, Suite 203, San Diego, CA 92121. Our phone number at that address is (858) 459-7800. Our website is <http://www.aethlonmedical.com>.

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2021 COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 2020

Government Contract Revenues

We entered into the following contract with the NCI, part of the 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, as amended, runs for the period from September 16, 2019 through September 15, 2022.

The work to be performed pursuant to this Award Contract will focus 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.

We recorded \$114,849 of government contract revenue on the Phase 2 Melanoma Cancer Contract in the three months ended September 30, 2021. That revenue related to work performed in the three months ended June 30, 2021 that had previously been recorded as deferred revenue as a result of falling short on certain milestones. We then achieved those June period milestones during the three months ended September 30, 2021 and therefore recorded the previously deferred revenue as government contract revenue in the quarter ended September 30, 2021. We recorded the invoice related to the September 30, 2021 period as deferred revenue, since we fell short of certain milestones related to that period.

We did not record any government contract revenue during the three months ended September 30, 2020 as we did not achieve certain milestones for that period.

Subaward with University of Pittsburgh

In 2020, we entered into a cost reimbursable subaward arrangement with the University of Pittsburgh in connection with an NIH contract entitled “Depleting Exosomes to Improve Responses to Immune Therapy in HNNCC.” Our share of the award is \$256,750. We recorded \$17,117 of revenue related to this subaward in the six months ended September 30, 2021.

Operating Expenses

Consolidated operating expenses for the three months ended September 30, 2021 were \$2,140,770, compared to \$1,771,389 for the three months ended September 30, 2020. This increase of \$369,381, or 20.9%, in the 2021 period was due to increases in payroll and related expenses of \$245,364 and in general and administrative expenses of \$130,953, which were partially offset by a decrease in professional fees of \$6,936.

The \$245,364 increase in payroll and related expenses was primarily due to the combination of a \$101,089 increase in our research and development payroll as the result of hiring additional scientists, a \$92,537 increase in general and administrative payroll expense as the result of additional headcount and approximately \$18,000 in relocation expenses coupled with a \$34,019 increase in our stock-based compensation.

The \$130,953 increase in general and administrative expenses was primarily due to a \$72,075 increase in our rent expense, a \$54,203 increase in our amortization expense and a \$45,621 increase in our insurance expenses, which were partially offset by a \$57,260 decrease in our clinical trial expenses.

The \$6,936 decrease in our professional fees was primarily due to \$61,774 decrease in our scientific consulting expenses and a \$34,375 decrease in our directors' compensation, which were partially offset by a \$38,993 increase in our legal fees, a \$31,875 increase in recruiting fees and a \$14,802 increase in contract labor costs.

Net Loss

As a result of the changes in revenues and expenses noted above, our net loss increased to approximately \$2,008,000 in the three months ended September 30, 2021, from approximately \$1,771,000 in the three months ended September 30, 2020.

Basic and diluted loss attributable to common stockholders were (\$0.13) for the three months ended September 30, 2021, compared to (\$0.15) for the three month period ended September 30, 2020.

SIX MONTHS ENDED SEPTEMBER 30, 2021 COMPARED TO THE SIX MONTHS ENDED SEPTEMBER 30, 2020

Government Contract Revenues

We entered into the following contract with the NCI, part of the 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, as amended, runs for the period from September 16, 2019 through September 15, 2022.

The work to be performed pursuant to this Award Contract will focus 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.

We recorded \$229,698 of government contract revenue on the Phase 2 Melanoma Cancer Contract in the six months ended September 30, 2021. That revenue related to work performed in the three months ended March 31, 2021 and June 30, 2021 that had previously been recorded as deferred revenue as a result of falling short on certain milestones. We then achieved those March period milestones in the June quarter and the June period milestones in the September quarter and therefore recorded the previously deferred revenue as government contract revenue in the quarter ended September 30, 2021. We recorded the invoice related to the September 30, 2021 period as deferred revenue, since we fell short of certain milestones related to that period.

We did not record any government contract revenue during the six months ended September 30, 2020 as we did not achieve certain milestones for that period.

Subaward with University of Pittsburgh

In 2020, we entered into a cost reimbursable subaward arrangement with the University of Pittsburgh in connection with an NIH contract entitled “Depleting Exosomes to Improve Responses to Immune Therapy in HNNCC.” Our share of the award is \$256,750. We recorded \$34,234 of revenue related to this subaward in the six months ended September 30, 2021.

Operating Expenses

Consolidated operating expenses for the six months ended September 30, 2021 were \$4,371,174, compared to \$3,182,535 for the six months ended September 30, 2020. This increase of \$1,188,639, or 37.3%, in the 2021 period was due to increases in payroll and related expenses of \$825,195, in general and administrative expenses of \$351,182, and in professional fees of \$12,249.

The \$825,195 increase in payroll and related expenses was primarily due to the combination of a \$334,947 increase in our research and development payroll as the result of hiring additional scientists, a \$210,216 bonus payment to our CEO as the result of achieving certain milestones in his employment contract, a \$156,422 increase in general and administrative payroll expense as the result of additional headcount and a \$69,966 increase in our stock-based compensation.

The \$351,182 increase in general and administrative expenses was primarily due to a \$132,542 increase in our subcontractor expenses related to our government contracts, a \$119,431 increase in our insurance expenses, a \$72,737 increase in our rent expense and a \$54,203 increase in our amortization expense.

The \$12,249 increase in our professional fees was primarily due to a \$89,298 increase in our legal fees, a \$31,875 increase in recruiting fees, a \$21,788 increase in marketing and investor relations expenses and a \$10,898 increase in contract labor costs, which were partially offset by a \$83,736 decrease in our scientific consulting expenses, a \$52,125 decrease in directors’ fees and a \$6,614 decrease in our accounting expenses.

Net Loss

As a result of the changes in revenues and expenses noted above, our net loss increased to approximately \$4,107,000 in the six months ended September 30, 2021, from approximately \$3,183,000 in the six months ended September 30, 2020.

Basic and diluted loss attributable to common stockholders were (\$0.29) for both six month periods ended September 30, 2021 and 2020.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2021, we had a cash balance of \$23,224,925 and working capital of \$22,594,850. This compares to a cash balance of \$9,861,575 and working capital of \$8,976,512 at March 31, 2021. We expect our existing cash as of September 30, 2021 to be sufficient to fund the Company’s operations for at least twelve months from the issuance date of these financial statements.

The primary sources of our increase in cash during the six months ended September 30, 2021 resulted from our Common Stock Sales Agreement with Wainwright and our registered direct financing through Maxim Group LLC. The cash raised from those activities is noted below:

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

On March 22, 2021, we entered into the Offering Agreement, with Wainwright as sales agent, pursuant to which we may offer and sell shares of our common stock, from time to time as set forth in the Offering Agreement.

The offering has been registered under the Securities Act pursuant to our shelf registration statement on Form S-3 (Registration Statement No. 333-237269), as previously filed with the SEC and declared effective on March 30, 2020. We filed a prospectus supplement, dated March 22, 2021, with the SEC in connection with the offer and sale of the shares of common stock, pursuant to which we may offer and sell shares of common stock having an aggregate offering price of up to \$5,080,000 from time to time.

Subject to the terms and conditions set forth in the Offering Agreement, Wainwright agreed to use its commercially reasonable efforts consistent with its normal trading and sales practices to sell the shares under the Offering Agreement from time to time, based upon our instructions. We provided Wainwright with customary indemnification rights under the Offering 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 reimburse Wainwright for certain specified expenses in connection with entering into the Offering Agreement. The Offering Agreement will terminate upon the written termination by either party as permitted thereunder.

Sales of the shares, if any, under the Offering 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 Offering Agreement or terminate the agreement.

In the six months ended September 30, 2021, we raised aggregate net proceeds under the Offering Agreement described above of \$4,947,785, net of \$126,922 in commissions to Wainwright and \$2,154 in other offering expense through the sale of 626,000 shares of our common stock at an average price of \$7.90 per share of net proceeds. No further sales may be made under the agreement.

Registered Direct Financing

In the six months ended September 30, 2021, we sold an aggregate of 1,380,555 shares of our common stock at a purchase price per share of \$9.00, for aggregate net proceeds to us of \$11,659,044 after deducting fees payable to Maxim Group LLC, the placement agent and other offering expenses. These shares were sold through a securities purchase agreement with certain institutional investors. The shares were issued pursuant to an effective shelf registration statement on Form S-3, which was originally filed with the SEC on March 19, 2020, and was declared effective on March 30, 2020 (File No. 333-237269) and a prospectus supplement thereunder.

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 three months ended	
	September 30, 2021	September 30, 2020
Cash provided by (used in):		
Operating activities	\$ (3,950)	\$ (2,329)
Investing activities	(79)	(23)
Financing activities	17,392	7,220
Net increase (decrease) in cash	<u>\$ 13,363</u>	<u>\$ 4,868</u>

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 \$3,950,000 in the six months ended September 30, 2021, compared to approximately \$2,329,000 in the six months ended September 30, 2020.

NET CASH USED IN INVESTING ACTIVITIES. We used approximately \$79,000 of cash to purchase laboratory and office equipment in the six months ended September 30, 2021, compared to approximately \$23,000 in the six months ended September 30, 2020.

NET CASH PROVIDED BY FINANCING ACTIVITIES. During the six months ended September 30, 2021, we raised approximately \$17,456,000 from the issuance of common stock. That source of cash from our financing activities was partially offset by the use of approximately \$64,000 to pay for the tax withholding on restricted stock units, for an aggregate increase of cash provided by financing activities of approximately \$17,392,000.

During the six months ended September 30, 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 \$41,000 to pay for the tax withholding on restricted stock units, for an aggregate increase of cash provided by financing activities of approximately \$7,220,000.

As of the date of this filing, we plan to invest significantly into purchases of our raw materials and in our internal manufacturing facility for our clinical trials.

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, 2021.

OFF-BALANCE SHEET ARRANGEMENTS

As of September 30, 2021, 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.

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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 Exchange Act and are effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act 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.

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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.

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, 2021.

**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 legislation enacted in 2017, informally titled the Tax Cuts and Jobs Act of 2017. Additionally, on June 17, 2021, the U.S. Supreme Court dismissed a challenge on procedural grounds that argued the ACA is unconstitutional in its entirety because the “individual mandate” was repealed by Congress. Thus, the ACA will remain in effect in its current form. Further, prior to the U.S. Supreme Court ruling, on January 28, 2021, President Biden issued an executive order that initiated a special enrollment period for purposes of obtaining health insurance coverage through the ACA marketplace, which began on February 15, 2021 and remained open through August 15, 2021. The executive order also instructed certain governmental agencies to review and reconsider their existing policies and rules that limit access to healthcare, including among others, reexamining Medicaid demonstration projects and waiver programs that include work requirements, and policies that create unnecessary barriers to obtaining access to health insurance coverage through Medicaid or the ACA. It is possible that the ACA will be subject to judicial or Congressional challenges in the future. It is unclear how any such challenges and litigation, and the healthcare reform measures of the Biden administration will impact the ACA and our business. 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. However, COVID-19 relief legislation suspended the two percent Medicare sequester from May 1, 2020 through December 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. In addition, Congress is considering additional health reform measures as part of the current budget reconciliation process. It is also possible that additional governmental action is taken to address the COVID-19 pandemic. 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 September 30, 2021.

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	Form	Incorporated by Reference		
			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 Warrant Agreement dated March 27, 2017.	8-K	001-37487	4.1	March 22, 2017	
4.3	Form of Warrant dated _____, 2017.	S-1/A	333-219589	4.29	September 18, 2017	
4.4	Form of Placement Agent Warrant dated _____, 2017.	S-1/A	333-219589	4.30	September 22, 2017	
4.5	Form of Warrant to Purchase Common Stock.	S-1/A	333-234712	4.14	December 11, 2019	
4.6	Form of Underwriter Warrant.	S-1/A	333-234712	4.15	December 11, 2019	
4.7	Form of Common Stock Purchase Warrant.	8-K	001-37487	4.1	January 17, 2020	
10.1¶	Lease between Aethlon Medical, Inc. and San Diego Inspire 5, LLC, effective as of October 27, 2021.					X

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Exhibit Number	Exhibit Description	Form	Incorporated by Reference			Filed Herewith
			SEC File No.	Exhibit Number	Date	
10.2	Amendment to SBIR Phase II Award Contract, effective as of July 1, 2020, by and among Aethlon Medical, Inc., the National Institutes of Health and the National Cancer Institute.					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	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted in iXBRL, and included in exhibit 101).					X

¶ Schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The registrant undertakes to furnish supplemental copies of any of the omitted schedules upon request by the SEC.

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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: November 9, 2021

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

LEASE

SOVA CENTRAL SCIENCE DISTRICT

SAN DIEGO INSPIRE 5, LLC,
 a Delaware limited liability company
 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 5, LLC**, a Delaware limited liability company ("**Landlord**"), and **AETHLON MEDICAL, INC.**, a Nevada corporation ("**Tenant**"), with respect to the following:

A. Tenant presently leases certain premises in the SOVA Science District pursuant to that certain lease dated November 24, 2020, by and among San Diego Inspire 1, LLC, a Delaware limited liability company, and San Diego Inspire 2, LLC, a Delaware limited liability company (collectively, the "**Existing Landlord**") and Tenant (the "**Existing Lease**").

B. Subject to the terms and conditions of this Lease, Tenant desires to lease additional space for use as a clean room in another building within the SOVA Science District, which building is owned by Landlord, an affiliate of the Existing Landlord.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the parties hereto hereby agree as follows:

SUMMARY OF BASIC LEASE INFORMATION

TERMS OF LEASE	DESCRIPTION
1. Dated as of:	October 20, 2021
2. Premises (<u>Article 1</u>).	
2.1 Buildings:	That certain life sciences building containing approximately 22,260 rentable square feet of space located at 11588 Sorrento Valley Road, San Diego, California 92121 (the " Building ").

2.2 Premises: Approximately 2,655 rentable square feet of space (including mezzanine area) in the Building and commonly known as Suite 18 (the “Premises”), as further set forth in Exhibit 1.1.1-1 to the Lease.

3. Lease Term
(Article 2).

3.1 Length of Term: Approximately 58 months.

3.2 Intentionally Blank:

3.3 Rent Commencement Date: The date upon which the Premises are Ready for Occupancy (as defined in the Work Letter attached as Exhibit 1.1.1-2) (estimated to be on or about June 9, 2022).

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3.3 Lease Expiration Date: The same date as the scheduled expiration date of the Existing Lease, which expiration date is projected to be February 28, 2027 (assuming a commencement date of the Existing Lease occurs in November 2021). In any event, the Lease Expiration Date will be co-terminous with the Existing Lease.

3.4 Option Term: One (1) renewal term of five (5) years.

4. Base Rent (Article 3):

<u>Lease Year</u> ^[1]	<u>Annual Base Rent</u>	<u>Monthly Installment of Base Rent</u>	<u>Monthly Base Rent per Rentable Square Foot</u> ^[2]
1 ^[3]	\$144,963.00	\$12,080.25	\$4.55
2	\$149,411.40	\$12,451.95	\$4.69
3	\$153,883.80	\$12,823.65	\$4.83
4	\$158,344.20	\$13,195.35	\$4.97
5 (mos. 49 – Lease Expiration Date)	\$163,123.20	\$13,593.60	\$5.12

4.1 Payment of Rent: Rent checks shall be made payable to and sent to the following lockbox address:

San Diego Inspire 5, 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

^[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.

^[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) full calendar month of the Lease Term (the “**Abatement Period**”) in the amount of \$12,080.25; the abatement amount does not include the amortized cost of any Additional Allowance. Tenant shall be obligated to pay Tenant’s Share of Direct Expenses attributable to such period.

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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.

6. NNN Lease: In addition to the Base Rent, Tenant shall be responsible to pay separately metered utilities, janitorial expenses with respect to the Premises and Tenant’s Share of Direct Expenses in accordance with the terms of Article 4 of the Lease. Initially, Tenant’s Share of Direct Expenses is estimated as \$0.79 per rentable square feet per month.

7. Tenant’s Share (Article 4): Approximately (i) 11.93% of the Building, and (ii) 3.08% 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 manufacturing, general office laboratory, 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. Credit Enhancement
(Article 21): A letter of credit in the amount of Forty Thousand, Seven Hundred Eighty Dollars (\$40,780.00)
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., 6 parking spaces), subject to the terms of Article 28 of the Lease.
12. Address of Tenant
(Section 29.18): 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

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13. Address of Landlord
(Section 29.18): San Diego Inspire 5, LLC
c/o Longfellow Real Estate Partners
260 Franklin Street, Suite 1920
Boston, MA 02110
Attention: Asset Management
- and
- San Diego Inspire 5, LLC
c/o Longfellow Property Management Services CA Inc.
11772 Sorrento Valley Road, Suite 250
San Diego, CA 92121
Attention: Property Management.
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)

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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 Premises in the 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. 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., 11558, 11568 and 11585 Sorrento Valley Road) located in a portion of the project known as either the “SOVA Central Science District” or simply the “SOVA Science District” and the land upon which such adjacent buildings are located. For the sake of clarity, the SOVA Science District, as of the date of this Lease, is a 17-building campus comprising more buildings than the buildings comprising the Project as defined herein.

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.

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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 Industrial Buildings: Standard Method for Measurement ANSI/BOMA Z65.2-2019, 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.

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; (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, and (v) Tenant concurrently exercises its option to extend the term of the Existing Lease when Tenant exercises this option. 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.

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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 JAMS San Diego to appoint such Neutral 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 If 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.

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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 3.2 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.

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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 (i) the Project, or any portion thereof, and (ii) the amenities within the SOVA Science District (including, without limitation, a market rent for the fitness and conference centers) to which Tenant enjoys a right to use in common with other tenants of buildings within the SOVA Science District. 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**

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- (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;

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(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.

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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) the ratio that the rentable square feet of the Premises bears to the rentable square feet of the Building (i.e., 2,655 ÷ 22,260), 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., 2,655 ÷ 87,409). 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.

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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 thereof) 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 thereof) 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.

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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 in Section 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.

Any use or storage of Hazardous Materials by Tenant permitted pursuant to his Article 5 shall not exceed Tenant’s proportionate share (measured on a per floor basis) of similarly classed Hazardous Materials. 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.

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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.

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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](#).

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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 this [Section 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. § 12101, 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 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.

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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 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 Electric energy to the Premises 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, for the sake of clarity, the Premises has its own dedicated electrical meter. Tenant shall pay for electric energy directly from the utility provider prior to the delinquency of any bills related thereto. If any electricity is furnished to the Premises through one or more meters in the Landlord's name, the amount charged for electric energy furnished to the Premises 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, (c) 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 metered or submetered to the 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 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 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

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 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. Further, Tenant shall be required to remove the modular clean room improvements (installed as part of the Tenant Improvements) 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.

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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.

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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 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

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 the 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 of Section 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.

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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 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.

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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.

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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.

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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; or

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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; or

19.1.6 Any event of default by Tenant beyond any applicable notice and cure period under the Existing Lease.

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.

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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.

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21. CREDIT ENHANCEMENT

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 21A attached hereto issued by an issuer reasonably satisfactory to Landlord in the amount set forth in Section 9 of the Summary; provided however, Landlord hereby approves First Republic Bank as an issuer of the letter of credit with such letter of credit being in the form of Exhibit 21B attached hereto. 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.

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(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. INTENTIONALLY OMITTED

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 the 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.

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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.

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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 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.

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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 Intentionally Omitted.

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 12 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 in Section 13 of the Summary, 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.

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.

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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. Landlord and Tenant agree that any disputes arising in connection with this Lease (including but not limited to a determination of any and all of the issues in such dispute, whether of fact or of law) shall be resolved (and a decision shall be rendered) by way of a general reference as provided for in Part 2, Title 8, Chapter 6 (§§ 638 et. seq.) of the California Code of Civil Procedure, or any successor California statute governing resolution of disputes by a court appointed referee. Nothing within this Section 29.22 shall apply to an unlawful detainer action. LANDLORD AND TENANT EACH ACKNOWLEDGES THAT IT IS AWARE OF AND HAS HAD THE ADVICE OF COUNSEL OF ITS CHOICE WITH RESPECT TO ITS RIGHT TO TRIAL BY JURY, AND, TO THE EXTENT PERMITTED BY LAW, EACH PARTY DOES HEREBY EXPRESSLY AND KNOWINGLY WAIVE AND RELEASE ALL SUCH RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE. The waiver of trial by jury in the immediately preceding Section 29.22 is voluntary and intentionally made by Landlord and Tenant. 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, and this Lease may be executed by Landlord and/or Tenant using electronic signing technology (e.g., DocuSign or other similar electronic signing technology). 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 ("wet signature") instrument.

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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.

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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 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., 11.93%) of the capacity available to tenants of any such Special System; provided, however, so long as the adjacent tenant (Cellics Therapeutics, Inc.) remains in occupancy of the space adjacent to the Premises (i.e., its lease term, as of the date of this Lease, is scheduled to expire November 2023), Landlord hereby grants to Tenant a license to use the Special System (up to the capacity otherwise available to such tenant, which capacity is 36%). For the sake of clarity, so long as Cellics Therapeutics, Inc remains in occupancy of the space adjacent to the Premises, Tenant's use of the Special System shall not exceed 47.93%. If Tenant's right to use such additional capacity changes during the Lease Term, Landlord shall give to Tenant at least sixty (60) days written notice thereof, and Landlord shall cooperate with Tenant in connection with Tenant's obtaining additional emergency power to offset the loss of such additional capacity. For so long as Tenant enjoys the right to use such additional capacity during the Lease Term, Tenant shall pay to Landlord, concurrently with the payment of Base Rent and during the Abatement Period, a monthly fee of \$566.00 for the right to such additional capacity, and Tenant shall be obligated to pay Tenant's Share of Operating Expenses pertaining solely to the Special System (i.e., allocated by Landlord among Tenant and the other tenants connected to the Special System as a cost pool) that reflects the additional 36% capacity allocated to Tenant.

(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.

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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 5, LLC,
a Delaware limited liability company

By: /s/ Jessica Brock

Name: Jessica Brock

Its: Authorized Signatory

TENANT:

AETHLON MEDICAL, INC.,
a Nevada corporation

By: /s/ Chuck Fisher

Name: Chuck Fisher

Its: Chief Executive Officer

By: /s/ Jim Frakes

Name: Jim Frakes

Its: Chief Financial Officer

EXHIBIT 1.1.1-1

PREMISES

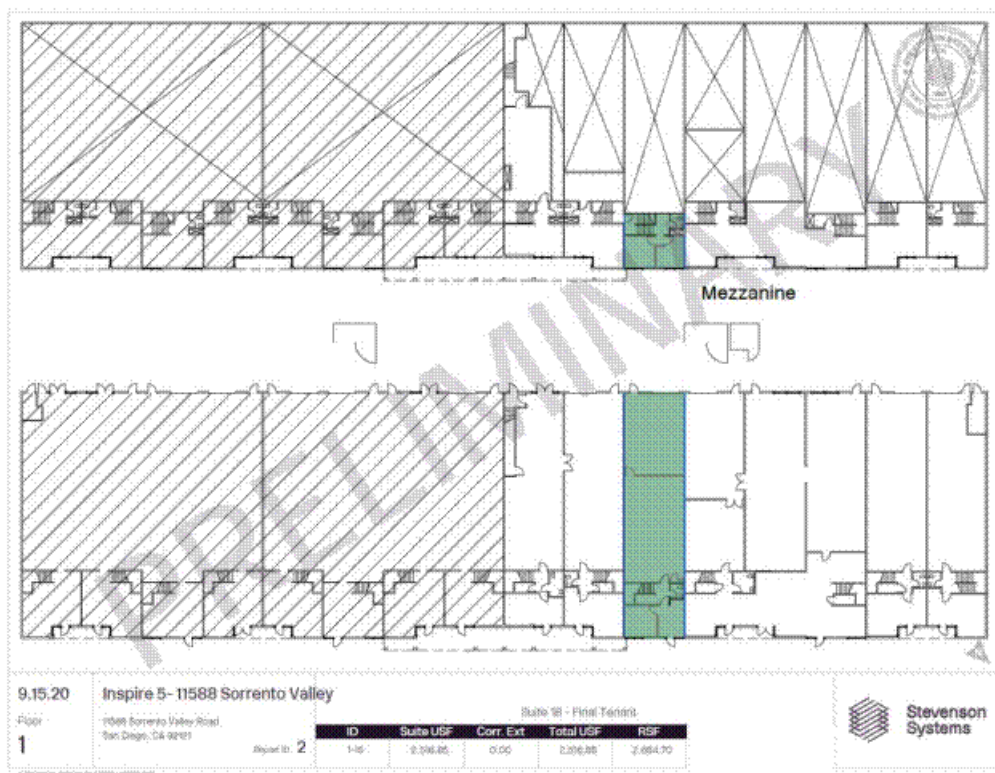


EXHIBIT 1.1.1-2

TENANT WORK LETTER

This Tenant Work Letter (or simply “**Work Letter**”) sets forth the terms and conditions relating to the construction of the initial tenant improvements in the Premises. This Work Letter is essentially organized chronologically and addresses the issues of the construction of the Premises, in sequence, as such issues will arise during the actual construction of the Premises. All references to “Lease” shall mean the relevant portions of the Lease to which this Work Letter is attached as Exhibit 1.1.1-2A.

1. LANDLORD’S INITIAL CONSTRUCTION IN THE PREMISES

1.1 **Landlord Base Building Work.** Landlord shall, at Landlord’s sole cost and expense, cause the construction or installation of an emergency generator for the Building; the emergency generator is more particularly described in the attached Attachment 1 (collectively, the “Landlord Base Building Work”). Except for the Landlord Base Building Work and the Tenant Improvement Allowance (and, if applicable, the Additional Allowance) set forth below, Landlord shall not be obligated to make or to pay for any alterations or improvements to the Premises, the Building or the Project. The Landlord Base Building Work shall be performed in a first-class, workmanlike manner

using new materials of good quality and in accordance with all Applicable Laws.

2. TENANT IMPROVEMENTS

2.1 **Tenant Improvement Allowance.** Tenant shall be entitled to a tenant improvement allowance (the "**Tenant Improvement Allowance**") in the maximum aggregate amount of Four Hundred Twenty Four Thousand, Eight Hundred Dollars (\$424,800.00) (i.e., One Hundred Sixty Dollars (\$160.00) per rentable square foot of the Premises) (the "**Maximum Allowance Amount**") for the hard costs and customary soft costs incurred by Landlord including, without limitation out-of-pocket architectural and engineering fees and a five percent (5%) project management fee payable to Landlord or its affiliates and permits, relating to the initial design and construction of Tenant's improvements which are to be permanently affixed to the Premises in accordance with this Work Letter (the "**Tenant Improvements**"). For the avoidance of any doubt, the purchase and installation of data and telecommunications cabling shall not be included in the definition of Tenant Improvements. Landlord agrees to keep Tenant advised as to the progress of the work by providing copies of the Contractor's applications for payment. The Tenant Improvements are described narratively in Attachment 2 as supported by the project budget for the Tenant Improvements set forth in Attachment 3 (the "**TI Requirements**"), and Landlord and Tenant acknowledge and agree that the Tenant Improvements Allowance shall be used subject to and pursuant to this Tenant Work Letter to construct the Tenant Improvements as described in the TI Requirements. In no event shall Landlord be obligated to make disbursements pursuant to this Work Letter in a total amount which exceeds the Maximum Allowance, subject to Tenant electing to use the Additional Allowance in accordance with Section 2.3 below. All Tenant Improvements for which the Tenant Improvement Allowance has been made available shall be deemed Landlord's property under the terms of the Lease.

2.2 **Disbursement of the Tenant Improvement Allowance.** Except as otherwise set forth in this Work Letter, the Tenant Improvement Allowance shall be disbursed by Landlord (each of which disbursements shall be made pursuant to Landlord's reasonable disbursement process) for costs incurred by Landlord related to the construction of the Tenant Improvements and for the following items and costs (collectively, the "**Tenant Improvement Allowance Items**"): (i) payment of the fees of the "**Architect**" as that term is defined in Section 3.1 of this Tenant Work Letter in connection with the preparation and review of the "**Construction Documents**" (as that term is defined in Section 3.1 of this Work Letter); (ii) payment of the project management fee described above and a management fee (not to exceed two percent (2%) of the hard construction costs payable to a project manager hired by Tenant, (iii) the cost of any changes to the Construction Documents or Tenant Improvements required by all applicable building codes (the "**Code**") enacted after approval of the Construction Documents, (iv) costs payable to the Contractor and any subcontractors, and (v) other costs incurred in connection with the Tenant Improvements to the extent the same can be paid using the Tenant Improvement Allowance pursuant to the specific provisions of this Work Letter.

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Following the completion of the Tenant Improvements, Landlord shall disburse funds remaining in the Tenant Improvement Allowance, if any, to reimburse Tenant for Tenant's out-of-pocket costs to purchase and install data and telecommunications cabling in the Premises in one lump sum payment made within forty-five (45) days after Tenant's request if the following conditions have been fully satisfied: (a) no Event of Default then exists, (b) Landlord shall have no reason to believe that any work for which payment is requisitioned has not been properly completed, and (c) Tenant shall have complied with any other reasonable requirements for disbursement of Tenant Improvement Allowance Items that are comparable to requirements applicable to disbursements of institutional construction loans, such as the provision of mechanics lien waivers where applicable. Notwithstanding anything herein to the contrary, the Tenant Improvements Allowance must be requested by Tenant, if at all, in accordance with this paragraph on or before the date that is one year following the Rent Commencement Date, and any portion not requested by such date may no longer be used by Tenant.

2.3 **Additional Allowance.** Tenant shall, by written notice given to Landlord (the "**Allowance Increase Notice**") no later than the Cost Proposal Delivery Date (as defined below), have the one-time right to increase the amount of the Tenant Improvement Allowance by an amount not to exceed Seventy Nine Thousand, Six Hundred Fifty Dollars (\$79,650.00) (i.e., \$30.00 per rentable square foot of the Premises) (the "**Additional Allowance**"). The Additional Allowance, if elected by Tenant, shall be added to the Tenant Improvement Allowance and used on the terms and conditions set forth herein with respect to the Tenant Improvement Allowance (and the Tenant Improvement Allowance shall be deemed to have been increased accordingly). If Tenant gives the Allowance Increase Notice, Tenant shall repay the amount of the Additional Allowance used by Tenant to Landlord in equal monthly installments determined by amortizing the amount of the Additional Allowance used by Tenant over the initial term of the Lease (excluding any Abatement Period), together with interest at eight percent (8%) per annum (such monthly payments, the "**Supplemental Base Rent**"), on the first calendar day of each month commencing on the Rent Commencement Date and continuing thereafter during the initial Lease Term with Tenant's regular payments of Base Rent (and the parties shall enter into an amendment to the Lease to confirm the same promptly following the giving of the Additional Allowance Notice).

3. CONSTRUCTION DOCUMENTS

3.1 **Selection of Architect/Construction Documents.** Landlord shall cause Landlord's design/build contractor to retain Ferguson Pape Baldwin Architects (the "**Architect**") as subcontractors to prepare the "Construction Documents", as that term is defined in Section 3.1 for the Tenant Improvements, together with the consulting engineers selected by the Architect and reasonably approved by Landlord. Landlord acknowledges and agrees that a third-party clean room vendor will be required to prepare the plans and specifications for the clean room improvements, and such third-party clean room vendor will be selected by Tenant and reasonably approved by Landlord. Landlord may cause Landlord's design/build contractor to retain another Architect or Architects from time to time, provided, however, that any such other Architects shall be subject to Tenant's reasonable approval. The plans and drawings to be prepared by Architect hereunder shall be known collectively as the "**Construction Documents**". All Construction Documents shall comply with the drawing format and specifications as determined by Landlord, and shall be subject to Landlord's and Tenant's approval. Tenant may hire an architectural firm reasonably approved by Landlord to conduct a peer review, and the fees associated with this peer review shall be paid solely by Tenant.

Landlord has no obligation to approve or perform any Tenant Change or any Tenant Improvements not shown on the plans previously approved by Landlord and Tenant or reasonably inferable therefrom if, in Landlord's reasonable judgment, such Tenant Improvements (i) would delay completion of the Tenant Improvements beyond June 9, 2022, unless Tenant agrees in writing that such work constitutes a Tenant Delay (to the extent such work causes Substantial Completion to be delayed beyond such date) and Landlord and Tenant agree in writing to the amount of such Tenant Delay, (ii) would materially increase the cost of performing any other work in the Building, unless in each case Tenant agrees to pay such costs based on Landlord's Change Estimate Notice (as defined below), (iii) are incompatible with the design, quality, equipment or systems of the Building or otherwise require a change to the existing Building systems or structure, each in a manner that would not otherwise be required in connection with the improvements contemplated by the Fit Plan (as defined below) and would have a material adverse affect on the Building structure or systems, or (iv) otherwise do not comply with the provisions of the Lease.

3.2 **Final Space Plan.** Tenant has approved the preliminary space plan prepared by the Architect, on behalf of the Contractor, attached as Attachment 4 hereto (the "**Fit Plan**"). On or before the date set forth in Attachment 4 attached hereto, Landlord shall use commercially reasonable efforts to cause the Contractor to have the Architect prepare a space plan for Tenant for the Premises which space plan shall be reasonably consistent with the Fit Plan and shall include a layout and designation of all labs, offices, rooms and other partitioning, their intended use, and equipment to be contained therein, and shall deliver the space plan to Landlord and Tenant for their approval. Landlord and Tenant shall review and provide any changes to the space plan within five (5) Business Days of receipt thereof (and if Tenant shall fail to object thereto within such five Business Day period, then such space plan shall be deemed approved by Tenant), and Landlord shall use reasonable efforts to cause the Architect to prepare and circulate a modified plan within five (5) Business Days after its receipt of any requested changes from Tenant or Landlord. Such process of submittal and response within the time frame specified in the preceding sentence shall continue until each of Landlord and Tenant gives written approval to such space plan, with the understanding that Landlord and Tenant shall use commercially reasonable efforts to cause the Final Space Plan to be approved no later than the date set forth for such approval on Attachment 5. Once Landlord and Tenant approve the final space plan, the space plan shall be considered final (the "**Final Space Plan**").

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3.3 Construction Documents. On or before the date set forth in Attachment 5, Landlord shall use commercially reasonable efforts to cause Landlord's design/build contractor to cause the Architect to complete final Construction Documents consistent with the Final Space Plan and shall submit the same to Landlord and Tenant for their approval. Landlord and Tenant shall review and provide any changes to the construction documents within five (5) Business Days of receipt thereof, and Landlord shall use reasonable efforts to cause the Architect to prepare and circulate modified documents within five (5) Business Days of its receipt of any requested changes from Tenant or Landlord. Such process of submittal and response within the time frame specified in the preceding sentence shall continue until each of Landlord and Tenant gives written approval to such documents, and the Construction Documents shall be considered final once approved by Landlord and Tenant, with the understanding that Landlord and Tenant shall use commercially reasonable efforts to cause the Construction Documents to be approved no later than the date set forth for such approval on Attachment 5. In no event may either Tenant or Landlord require any changes that are inconsistent with the Final Space Plan. The Construction Documents shall comply with Applicable Laws existing on the date of this Tenant Work Letter and which may be enacted prior to Tenant's approval of completed Construction Documents. Subject to the provisions of Sections 3.1 and 5.4 of this Work Letter, Tenant may, from time to time, by written order to Landlord on a form reasonably specified by Landlord ("Tenant Change"), request a change in the Tenant Improvements shown on the Construction Documents, which approval shall not be unreasonably withheld or conditioned, and shall be granted or denied within five (5) business days after delivery of such Tenant Change to Landlord. The Over-Allowance Amount shall be adjusted for any Tenant Change as further contemplated by Section 5.4 below.

3.4 Permits: Approved Working Drawings. The Construction Documents as approved (or deemed approved) pursuant to Section 3.3 shall be the "Approved Working Drawings". Following Tenant's approval or deemed approval of the Cost Proposal, as described below, Landlord shall promptly thereafter submit or cause to be submitted, the Approved Working Drawings to the appropriate municipal authorities for all applicable building permits necessary to allow "Contractor" (as that term is defined in Section 4.1 below), to commence and fully complete the construction of the applicable Tenant Improvements (the "Permits").

3.5 Time Deadlines. The applicable dates for approval of items, plans and drawings as described in this Section 3, Section 4 below, and in this Tenant Work Letter are set forth and further elaborated upon in Attachment 5 (the "Time Deadlines") attached hereto.

4. CONSTRUCTION OF THE TENANT IMPROVEMENTS

4.1 Contractor. A design/build contractor designated by Landlord and approved by Tenant ("Contractor") shall construct the Tenant Improvements. Tenant acknowledges that JB Pacific is hereby approved as the initial Contractor.

4.2 Cost Proposal. After the Approved Working Drawings are approved by Landlord and Tenant, Landlord shall provide Tenant with a cost proposal (or cost proposals) in accordance with the Approved Working Drawings, which cost proposal(s) shall include, as nearly as possible, the cost of all Tenant Improvements Allowance Items to be incurred in connection with the design and construction of the Tenant Improvements and shall include a so-called guaranteed maximum price proposal from Landlord's Contractor together with a construction schedule (collectively, the "Cost Proposal"), which Cost Proposal shall include, among other things, the Contractor's fee, general conditions, and a reasonable contingency. The Cost Proposal may include early trade release packages for long lead time matters such as mechanical equipment. Tenant shall have the right to propose one subcontractor to be included in the bidding for each trade, subject to Landlord's reasonable approval. Landlord will consult with Tenant prior to approving the subcontractors to whom it will be bid and Tenant may review bid packages at Tenant's request. In the case of each bid request, Landlord will accept the lowest responsible bid, unless Landlord and Tenant reasonably determine otherwise. Tenant shall approve (or reasonably disapprove) and deliver the Cost Proposal to Landlord within five (5) Business Days after the receipt of the same, provided, however, Tenant shall have the right to request Tenant Changes to the Approved Working Drawings within such five (5) Business Days, following its receipt of the Cost Proposal for the purpose of value engineering (in which event Landlord will cause its contractor to provide a new Cost Proposal to Landlord and Tenant following its receipt and approval of modified drawing showing such Tenant Change (such approval not to be unreasonably withheld, conditioned or delayed)). Upon Tenant's approval of a Cost Proposal by Landlord, Landlord shall be released by Tenant to cause the Contractor to purchase the items set forth in the Cost Proposal and to commence the construction relating to such items (the date on which Tenant approves or is deemed to approve the Cost Proposal shall be known hereafter as the "Cost Proposal Delivery Date").

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4.3 Construction of Tenant Improvements by Contractor

4.3.1 Over-Allowance Amount. Tenant acknowledges that the Tenant Improvements are anticipated to cost approximately \$398/rsf of the Premises; therefore, the Over-Allowance Amount will be significant. Within three (3) days after the Cost Proposal Delivery Date, Tenant shall deliver to Landlord cash in an amount (the "Over-Allowance Amount"), if any, equal to 50% of the difference between (i) the amount of the Cost Proposal and (ii) the amount of the remaining unused Tenant Improvements Allowance. The Over-Allowance Amount shall be disbursed by Landlord prior to the disbursement of any then remaining portion of the Tenant Improvements Allowance, and such disbursement shall be pursuant to the same procedure as the Tenant Improvements Allowance. The remaining 50% of the Over-Allowance Amount shall be paid by Tenant to Landlord promptly once eighty percent (80%) of the Tenant Improvements Allowance is expended (other than any contingency amount withheld). In the event that, after the applicable Cost Proposal Delivery Date, any revisions, changes, or substitutions shall be made to the Construction Documents or the Tenant Improvements, then, subject to Section 5.4 below, to the extent that the amount of the Cost Proposal plus any additional costs which arise in connection with such revisions, changes or substitutions or any other additional costs exceeds the sum of the Tenant Improvements Allowance and any Over-Allowance Amounts previously funded by Tenant, such excess costs shall be paid by Tenant to Landlord immediately upon Landlord's request as an addition to the Over-Allowance Amount (whether or not the Tenant Improvements Allowance has then been fully used). Unless otherwise agreed by the parties, all Tenant Improvements paid for by the Over-Allowance Amount shall be deemed Landlord's property under the terms of the Lease. Tenant hereby acknowledges and agrees that Tenant shall be responsible for all costs associated with the Tenant Improvements to the extent the same exceed the Tenant Improvements Allowance (notwithstanding the content of the Cost Proposal).

4.3.2 Landlord's Retention of Contractor. Except as provided in Section 2, Landlord shall independently retain Contractor to construct the Tenant Improvements in accordance with the applicable Approved Working Drawings and the applicable Cost Proposal. Tenant shall be entitled to review Landlord's construction contract with the Contractor upon Tenant's written request. Landlord shall manage the Contractor in its performance of the construction work and endeavor to oversee the Contractor's performance of its work to protect Tenant from construction defects. The Tenant Improvements shall be constructed by Landlord in a good and workmanlike manner, in accordance with all Applicable Laws and the Approved Working Drawings.

5. COMPLETION OF THE TENANT IMPROVEMENTS; LEASE COMMENCEMENT DATE

5.1 Substantial Completion of the Premises. When Substantial Completion of the Premises occurs, the Premises shall be "Ready for Occupancy." For purposes of this Lease, "Substantial Completion" shall occur upon the completion of the last of the following to occur: (i) the completion of construction of the Landlord Base Building Work and the Tenant Improvements in conformance with the Approved Working Drawings for such Tenant Improvements (each as reasonably determined by Landlord), with the exception of any Punch List Items (as defined below), (ii) the acquisition of a certificate of occupancy or its legal equivalent allowing occupancy of the Premises (a "Sign Off"), (iii) all base building systems are operational and fully-commissioned, (iv) delivery of the Premises to Tenant, and (v) delivery of a certificate of substantial completion from the Architect on behalf of the Contractor confirming the matters set forth in the foregoing clause (i). "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. In the event that the Sign Off is not a final certificate of occupancy, Landlord shall diligently prosecute the work necessary to achieve a full certificate of occupancy and use commercially reasonable efforts to obtain such full certificate of occupancy as soon as reasonably practicable following Substantial Completion. Notwithstanding anything to the contrary contained in this Work Letter or the Lease, if any equipment ordered by Tenant for the Tenant Improvements or otherwise is not delivered to accommodate the Estimated Delivery Date, Substantial Completion shall nevertheless be deemed to have occurred. Tenant acknowledges and agrees that the Rent Commencement Date shall not be delayed or deferred due to equipment failing to be delivered by dates that facilitate the achieving of the Estimated Delivery Date.

5.2 Delay of the Substantial Completion of the Premises. Except as provided in this Section 5.2, the Rent Commencement Date shall occur as set forth in the Lease and Section 5.1 above. Each of the following shall constitute a "Tenant Delay" to the extent such matter actually causes a delay in Substantial Completion beyond June 9, 2022 (the "Estimated Delivery Date"), and cannot reasonably be avoided without additional cost:

- 5.2.1 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
- 5.2.2 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
- 5.2.3 A Change Order; or
- 5.2.4 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
- 5.2.5 Any written request by Tenant that Landlord delay the completion of any component of Landlord's Work; or
- 5.2.6 Tenant's failure to pay any amounts as and when due under this Work Letter;
- 5.2.7 Any delay resulting from Tenant's having taken possession of the Premises for any reason prior to substantial completion of Landlord's Work; or
- 5.2.8 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 date that the Tenant Improvements would have been substantially completed absent any such Tenant Delay.

Any increased costs of the Tenant Improvements resulting from Tenant Delay shall be paid by Tenant. Notwithstanding anything to the contrary contained in this Work Letter, no delay shall constitute a Tenant Delay unless Landlord has given to Tenant reasonably detailed written notice of such delay and Tenant fails to correct the cause thereof within one (1) business day after receipt thereof (but Landlord shall not be required to give more than one (1) such written notice as to delays under Sections 5.2.7 and 5.2.8).

5.3 Walk-through and Punchlist. After the Tenant Improvements are Substantially Completed and prior to Tenant's move-in into the Premises, following no less than two (2) days' advance written notice from Tenant to Landlord, Landlord shall cause the Contractor to inspect the Premises with a representative of Tenant and complete a punch list of unfinished or defective items of construction of the Tenant Improvements. The items listed on such punch list shall be completed by the Contractor within thirty (30) days after the approval of such punch list or as soon thereafter as reasonably practicable, provided that in the event a punch list item reasonably requires longer than thirty (30) days to complete, then Landlord shall cause Contractor to commence the completion of such particular item within thirty (30) days and diligently pursue the same to completion. The terms of this Section 5.3 will not affect the occurrence of the Substantial Completion of the Premises or the occurrence of the Rent Commencement Date.

5.4 Tenant Changes. Landlord may, but shall not be obligated to, approve any Tenant Change on the condition that Tenant shall pay in full, in advance (or cause to be paid in full from the Tenant Improvements Allowance), any and all additional costs or expenses associated with the approval of said Tenant Change. If Tenant shall request any Tenant Change, Landlord shall provide Tenant in writing (a "Landlord's Change Estimate Notice") the estimated costs of design and/or construction of the Tenant Improvements or Landlord Base Building Work that Landlord determines will be incurred as a consequence of such Tenant Change on an order of magnitude basis and shall provide Tenant with the estimated Tenant Delay, if any, on account of such proposed Tenant Change. Tenant shall, within three (3) Business Days following receipt of Landlord's Change Estimate Notice, notify Landlord in writing whether it desires to proceed with the applicable Tenant Change or withdraw such Tenant Change. Tenant's failure to respond in such three (3) Business Day period shall be deemed to be a withdrawal of the applicable Tenant Change. The cost of any Tenant Change shall be determined on a net basis; i.e. taking into account the savings, if any, resulting from such Tenant Change. To the extent that there is no remaining unused Tenant Improvements Allowance, the Over-Allowance Amount shall be adjusted for any Tenant Change. If and to the extent that Landlord initiates any change orders in the Tenant Improvements, such change orders shall be at Landlord's sole cost and expense to the extent that the net cost of such changes exceed the costs that would have been incurred but for such change. Without limiting the generality of any provisions of this Tenant Work Letter, Tenant acknowledges that any extension of time due to a Tenant Change will not cause an extension of any Rent Commencement Date. Landlord shall be authorized to proceed with work described in a Tenant Change upon receipt of Tenant's notice to proceed following the giving of Landlord's Change Estimate Notice. All change orders shall specify any change in the Cost Proposal and the amount of any delay in the substantial completion of the Tenant Improvements as a consequence of the change order.

5.5 Delay Not Caused by Parties Neither Landlord nor Tenant shall be considered to be in default of the provisions of this Tenant Work Letter for delays in performance due to Force Majeure.

5.6 Warranty. Except for uncompleted items of Tenant Improvements specified in the punchlist described in Section 5.3 above, and for latent defects, Tenant shall be deemed to have accepted all elements of Tenant Improvements on the date thirty (30) days after the date of Substantial Completion. In the case of a dispute concerning the completion of items of Tenant Improvements specified in the punchlist, such items shall be deemed completed and accepted by Tenant upon the delivery to Tenant of a certificate of the Architect on behalf of the Contractor that such items have been completed unless the certification reasonably is disputed by Tenant by a notice to Landlord given within ten (10) Business Days of Landlord's delivery of the certification to Tenant. In the case of latent defects in Tenant Improvements appearing after the Rent Commencement Date, Tenant shall be deemed to have waived any claim for correction or cure thereof on the date that is eleven (11) months following the date of Substantial Completion of the applicable work if Tenant has not then given notice of such defect to Landlord. For the purposes of this Lease, "latent defects" shall mean defects in the construction of the Landlord Base Building Work or Tenant Improvements that are not readily observable by visible inspection at the time the punchlist is prepared or cannot be ascertained by reason of seasonality. Landlord shall cause Landlord's contractor so to remedy, repair or replace any such latent defects identified by Tenant within the foregoing time periods, together with any damage caused to the Landlord Base Building Work or Tenant Improvements on account of such defects, such action to occur as soon as practicable during normal working hours and so as to avoid any unreasonable interruption of Tenant's use of the Premises. If timely and adequate notice has been given and if Landlord has other guarantees, contract rights, or other claims against contractors, materialmen, architects, suppliers or manufacturers with respect to the Tenant Improvements or any portion thereof, Landlord shall also exercise commercially reasonable efforts to enforce such guarantees or contract rights for Tenant's benefit upon its request. The foregoing shall constitute Landlord's entire obligation with respect to all latent defects in the Tenant Improvements. The Tenant Improvements shall be constructed by Landlord in a good and workmanlike manner, in accordance with all Applicable Laws and in substantial conformanc with the Approved working Drawings as amended. Landlord shall

cause Contractor to agree that all warranties and guaranties by Contractor relating to the Tenant Improvements shall inure to the benefit of both Landlord and Tenant and shall be enforceable by Tenant if Landlord fails to enforce the same or delegates, at Tenant's request, such enforcement.

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5.7 Delivery. Landlord's failure to Substantially Complete the Landlord Base Building Work or Tenant Improvements on or before the Estimated Delivery Date, or to substantially complete any element of the Landlord Base Building Work or Tenant Improvements by any particular time, shall not give rise to any liability of Landlord hereunder, shall not constitute Landlord's default, and shall not affect the validity of this Lease, except as expressly provided in this Section 5.7.

6. MISCELLANEOUS

6.1 Tenant's Entry Into the Premises Prior to Substantial Completion. Provided that Tenant and its agents do not interfere with Contractor's work in the Building and the Premises, Contractor shall allow Tenant ten (10) days early access to the Premises prior to Substantial Completion for the purpose of Tenant installing Tenant's furniture, fixtures and equipment (including Tenant's data and telephone equipment) in the Premises. Prior to Tenant's entry into the Premises as permitted by the terms of this Section 6.1, Tenant shall submit a schedule to Landlord and Contractor, for their approval, which schedule shall detail the timing and purpose of Tenant's entry. Tenant's entry pursuant to this Section 6.1 shall be subject to all applicable provisions of the Lease other than the obligation to pay Base Rent and Additional Rent for Tenant's Share of Direct Expenses.

As a condition to Tenant's entry into the Premises prior to the Rent Commencement Date, Tenant shall comply with and perform, and shall cause its employees, agents, contractors, subcontractors, material suppliers and laborers to comply with and perform, all of Tenant's insurance and indemnity obligations and other obligations governing the conduct of Tenant at the Property under this Lease.

Any independent contractor of Tenant (or any employee or agent of Tenant) performing any work or inspections in the Premises prior to the Rent Commencement Date shall be subject to all of the terms, conditions and requirements contained in the Lease (including without limitation the provisions of Article 10) and, prior to such entry, Tenant shall provide Landlord with evidence of the insurance coverages required pursuant to Article 10. Tenant and any Tenant contractor performing any work or inspections in the Premises prior to the Rent Commencement Date shall use reasonable efforts not to interfere in any way with construction of, and shall not damage the Landlord Base Building Work or the common areas or other parts of the Building. Without limiting the generality of the foregoing, to the extent that the commencement or performance of Landlord Base Building Work or Tenant Improvements is delayed on account in whole or in part of any act or negligent omission, neglect, or default by Tenant or any Tenant contractor, then such delay shall constitute a Tenant Delay to the extent set forth in Section 5.2 above.

Any requirements of any Tenant contractor performing any work or inspections in the Premises prior to the Rent Commencement Date for services from Landlord or Landlord's contractor, such as hoisting, electrical or mechanical needs, shall be paid for by Tenant and arranged between such Tenant contractor and Landlord or Landlord's contractor based on the actual, reasonable cost thereof determined on a time and materials basis. Should the work of any Tenant contractor performing any work or inspections in the Premises prior to the Rent Commencement Date depend on the installed field conditions of any item of Landlord Base Building Work or Tenant Improvements, such Tenant contractor shall ascertain such field conditions after installation of such item of Landlord Base Building Work or Tenant Improvements, provided, however, both parties shall cooperate with each other in order to maximize cost and scheduling efficiencies wherever reasonably practicable so long as Landlord is not delayed in the performance of the Tenant Improvements or Landlord Base Building Work or required to incur any additional expense not borne by Tenant hereunder. Neither Landlord nor Landlord's contractor shall ever be required or obliged to alter the method, time or manner for performing Landlord Base Building Work or Tenant Improvements or work elsewhere in the Building, on account of the work of any such Tenant contractor. Tenant shall cause each Tenant contractor performing work on the Premises prior to the Rent Commencement Date to clean up regularly and remove its debris from the Premises and Building. Any work performed by Tenant pursuant to this Section 6.1 shall be performed in accordance with the applicable provisions of Article 8 of the Lease.

6.2 Tenant's Representative. Tenant has designated James Frakes and Michelle Bowman as its sole representatives with respect to the matters set forth in this Tenant Work Letter, each of whom (acting alone), until further notice to Landlord, shall have full authority and responsibility to act on behalf of the Tenant as required in this Tenant Work Letter.

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

6.4 Time of the Essence in This Tenant Work Letter. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days.

6.5 General. This Work Letter shall not be deemed applicable to any additional space added to the Premises at any time or from time to time, whether by any options under the Lease or otherwise, or to 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. Further, Tenant acknowledges and understands that pursuant to Section 8.6 of the Lease Landlord has reserved the right to require Tenant, at its sole cost and expense, to remove the modular clean room improvements (installed as part of the Tenant Improvements) 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.

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Attachment 1 to Work Letter

Landlord Base Building Work

100 KW generator to serve building located at 11588 Sorrento Valley Road, San Diego.

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Attachment 2 to Work Letter

TI Requirements^[4]

The scope of work for the Tenant Improvements encompasses all of the following:

Demo Existing Lab Ceiling
Demo Ceiling Tile/Flooring
Demo Existing Casework
Demo Dumpster Allowance
Misc. Demo Allowance
Roof Patch Allowance

Structural Support/Opening for Clean Room Make Up Air
Structural Support/Opening for Clean Room Exhaust Fan
Structural Support for Clean Room Humidification System
Structural Support RR/Break Room Exhaust System
Misc. MEP Structural Supports

Insulation at New Walls
Insulation / Scrim at Ceiling
New Ceiling Tile in Office/Break Room
New 2X4 Vinyl Wrapped Cleanable Ceiling Tiles at Lab
Drywall Ceiling at Restroom

Moisture Mitigation
New Sheet Vinyl Flooring at Restrooms/Clean Room
New Sheet Vinyl Flooring Cove Base
New Sealed Concrete at S/R
New Carpet at Office and Stairs
LVT at Break Room

Break Room Base Cabinets / Upper Shelves
Window Coverings

Refurbished 6' Fume Hoods (2)
Install Allowance for Terra Clean Room
Terra Clean Room Furnished by Tenant

Plumbing:

RO Unit for Humidifier
(3) Instahots
Break Room Sink/Garbage Disposal/Water Filter
Combination Eye Wash Shower
Condensation Drain Piping from RTU's

[4] This list of TI Requirements described in this Attachment is not final and is subject to change.

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HVAC / Mechanical:

Mechanical -New Office AC Unit
Mechanical -Office Exhaust and Re-duct
Mechanical - Clean Room
Qty (1) 8 Ton Clean Room Make Up Air Unit
Qty (1) Clean Room Humidification System
Qty (1) Clean Room Exhaust Fan
Qty (1) Restroom/Break Room Exhaust Fan
Replace (1) Existing Rooftop Package Unit
Install HEPAs/Mag Gauges Provide by Clean Room Vendor
DDC Controls for Clean Room System

Electrical:

Allowance for Final Connections at Clean Room
Conduit from MPOE to Suite
New Lighting Entire Suite
Standby Power Distribution from Existing 100KW Emergency Generator to Suite
Power to Mechanical Units
Distribution
Lab Equipment Power
Lighting Control Commissioning
Fire Alarm

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Attachment 3 to Work Letter

Project Budget for Tenant Improvements

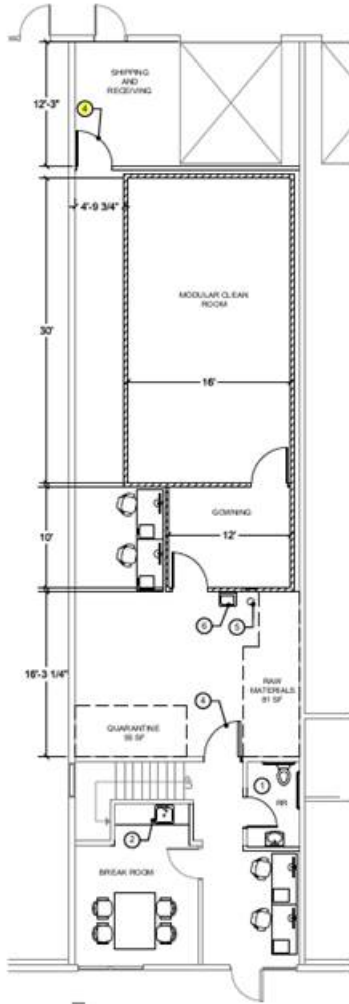
Landscape		Aurilion T1 - Modular Classroom		11588 SWV Suite 18		2,000 RSF		Comments	
Summary									
Equipment T1 per Section 2.1 of the Work Letter	\$	425,000	\$ 140	\$	425,000	\$ 140			To Address SDCS 200-10
Hardware T1 per Section 2.2 of the Work Letter	\$	-	\$ -	\$	-	\$ -			Hardware T1 per SDCS 200-10 NOT included per Project 2023-10 Update
Total Contributions		\$ 425,000	\$ 140		\$ 425,000	\$ 140			
Total Sources		\$ 872,880	\$ 240		\$ 872,880	\$ 240			
Costs									
Hard Costs									
Base Building Construction	\$	-	\$ -	\$	584,000	\$	584,000	\$ 220	Per 20 Pacific not estimate detail SDCS
General Conditions and Design/Development	\$	-	\$ -	\$	19,000	\$	19,000	\$ 30	Per 20 Pacific not estimate detail SDCS
Jobite Requirements	\$	-	\$ -	\$	10,740	\$	10,740	\$ 4	Per 20 Pacific not estimate detail SDCS
Procurement Services	\$	-	\$ -	\$	8,000	\$	8,000	\$ 3	Per 20 Pacific not estimate detail SDCS
Security Services	\$	-	\$ -	\$	-	\$	-	\$ -	SDCM emergency generator provided in outside project Site Sale (20-22 to serve 11588 SWV building)
Design Contingency	\$	-	\$ -	\$	10,770	\$	10,770	\$ 11	Per 20 Pacific not estimate detail SDCS
Contingency	1%	\$	-	\$	10,000	\$	10,000	\$ 4	Per 20 Pacific not estimate detail SDCS
Contractor Liability Ins	1%	\$	-	\$	8,811	\$	8,811	\$ 3	Per 20 Pacific not estimate detail SDCS
Subcontractor Payment and Performance Bonds	3%	\$	-	\$	5,844	\$	5,844	\$ 2	Per 20 Pacific not estimate detail SDCS
Construction Fee	3%	\$	-	\$	20,000	\$	20,000	\$ 11	Per 20 Pacific not estimate detail SDCS
Sub-Total Hard Costs					\$ 778,365		\$ 778,365	\$ 281	
Soft Costs									
Architect/Engineer Services - R	8%	\$	-	\$	30,000	\$	30,000	\$ 11	Per 1988 proposed
Architect/Engineer CA	\$	-	\$ -	\$	10,000	\$	10,000	\$ 4	Per 1988 proposed
Structural Engineer	\$	-	\$ -	\$	8,000	\$	8,000	\$ 3	Per 1988 proposed
Landscape Architect	\$	-	\$ -	\$	-	\$	-	\$ -	N/A
CEA Engineer	\$	-	\$ -	\$	-	\$	-	\$ -	N/A
Building Plans - R	\$	-	\$ -	\$	10,000	\$	10,000	\$ 4	Per 1988 proposed
Testing and Inspection	\$	-	\$ -	\$	-	\$	-	\$ -	N/A
Maintenance	\$	-	\$ -	\$	3,000	\$	3,000	\$ 1	Per 1988 proposed
Sub-Total Soft Costs					\$ 63,000		\$ 63,000	\$ 24	
Others									
IT/AV					PROVIDED BY TENANT				
Audiovisual Systems					PROVIDED BY TENANT				
Storage & Backing					PROVIDED BY TENANT				
Security System					PROVIDED BY TENANT				
IT Systems					PROVIDED BY TENANT				
Data Center					PROVIDED BY TENANT				
Internet Service Provider					PROVIDED BY TENANT				
Equipment					PROVIDED BY TENANT				
Access					PROVIDED BY TENANT				
Security Services					PROVIDED BY TENANT				
Other					PROVIDED BY TENANT				
Sub-Total Other Variable Costs					\$ -		\$ -	\$ -	
Project Contingency	\$	-	\$ -	\$	84,238	\$	84,238	\$ 33	
Project Management Fee	\$	-	\$ -	\$	48,297	\$	48,297	\$ 17	
Total Project Costs					\$ 972,880		\$ 972,880	\$ 344	
									Variance to Estimate

GENERAL NOTES:

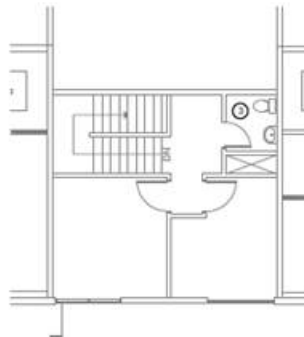
1. FINISHES
 - A. PROVIDE NEW FINISHES IN ALL SPACES. ALL FINISHES TO MATCH LOWFELLOW STANDARDS.
2. CEILING
 - A. AREA SURROUNDING CLEAN ROOM. PROVIDE VINYL WRAPPED CLEANABLE CEILING TILES AND RECESSED 2'x4' LIGHTING.
 - B. OFFICES, BREAK AND ENTRY - PROVIDE ACOUSTICAL CEILING, TILE AND LIGHTING.
 - C. RESTROOM - HANGLED CEILING WITH CAN LIGHTING.
 - D. SHIPPING & RECEIVING - OPS.
3. PROVIDE ROLLER SHADES AT ALL EXTERIOR WINDOWS PER LOWFELLOW STANDARDS.
4. IF NOT EXISTING PROVIDE ROOF INSULATION IN OCCUPIED AREAS.

KEYNOTES:

1. PROVIDE ACCESSIBLE SINGLE OCCUPANCY RESTROOM.
2. NEW PLASTIC LAMINATE CASEWORK, SS SINK AND QUARTZ SURFACE.
3. UPGRADE EXISTING FIXTURES AND FINISHES WHERE NEEDED.
4. NEW 42" W DOOR HEIGHT TO MATCH EXISTING.
5. PROVIDE RECI SIZED ENDS.
6. PROVIDE SS HANDBASH SINK.



FIRST FLOOR



SECOND FLOOR



7 May 2021

JB Pacific
11633 Sorrento Valley Road, Suite 103
San Diego, CA 92121

Attn : Grant Davis

Re : Aethlon 11588 Clean Room – HVAC and Plumbing Proposal

Grant :

We appreciate the opportunity to provide you with our proposal for the above referenced project. The following letter shall serve to clarify our scope of work. Pricing based on email clarifications from Aethlon dated 4/9/21.

HVAC SCOPE AND CLARIFICATIONS

- Engineering and design, including plan check drawings and Title 24 documentation.
- Furnish and install clean room exhaust system, including roof mounted upblast utility fan with VFD, (1) constant volume venturi valve (Phoenix), pvc coated ductwork, and (2) fume hood connections.
- Furnish and install clean room makeup air system, including 8 ton curb mounted AAON on roof, (1) constant volume venturi valve (Phoenix), ductwork, and terminations in clean room ceiling plenum.
- Furnish and install clean room humidification system, including roof mounted electric humidifier, and duct mounted steam injection grid.
- Install (9) fan powered hepas furnished by clean room vendor.
- Install of (2) mag gauges furnished by clean room vendor.
- Demo (1) existing 2 ton rooftop package heat pump and replace with new, reuse (1) existing 4 ton rooftop package heat pump (2006 vintage), and furnish/install new ductwork and registers in office areas.
- Furnish and install exhaust system for Restroom/Break, including curb mounted fan on roof, ductwork, and registers.
- Furnish and install (1) smoke detector.
- Furnish and install (2) stand alone programmable thermostats for Office/Support.
- Furnish and install DDC controls for Clean Room systems.
- Startup and air balance.
- Crane and rigging.
- Validation support, including material receipts, cleaning reports, inspection reports, and turnover package with submittals, record drawings, typed TAB report, and O&Ms.

7440 Trade St., Suite A • San Diego, CA 92121 • (858)536-8700 • Fax (858)536-8777

PLUMBING SCOPE AND CLARIFICATIONS

- Engineering and design, including plan check drawings and Title 24 documentation.
- Furnish and install the following fixtures:
 - (1) hand sink.
 - (1) combination eyewash shower.
 - (1) break sink.
 - (1) water closet.
 - (1) lavatory.
 - (1) roof receptor.
- Furnish and install the following equipment:
 - (1) RO unit for humidifier.
 - (1) backflow preventer.
 - (3) instahots.
 - (1) garbage disposer.
 - (1) water filter (at break sink).
- Furnish and install the following piping systems:
 - Above and below ground industrial (lab) waste and vent, Acid Resistant pipe and fittings with heat fused joints, Fuseal or equal.
 - Above and below ground sanitary waste and vent, Schedule 40 PVW-DWV pipe and fittings with glued joints.
 - Domestic cold and hot water piping, Type L copper pipe and fittings with lead-free soldered joints.
 - Condensate drains, Type M copper pipe and fittings with soldered joints.
 - Natural gas, Schedule 40 Black Iron pipe and fittings with 150# threaded joints.
- Sawcut, break, and removal of concrete.
- Trenching and backfilling.
- Coring and fire-safing.
- Validation support, including material receipts, cleaning reports, inspection reports, and turnover package with submittals, record drawings, typed TAB report, and O&Ms.

EXCLUSIONS

The following items are not included in our proposal and should not be considered as part of our base scope of work:

- Validation of DDC controls – we assume a third party system will provide this function.
- Third party monitoring and alarm system.
- Furnish of mag gauges and hepa filters.
- Furnish and install of clean room envelope.
- Direct connect BSCs.
- VAV fume hoods.
- Hepa challenge and repair.
- Clean room testing and certification.
- Purified water systems, other than the small RO unit for humidifier.
- Lab air or lab vac systems. No air required, local vac pump by tenant.
- Specialty gases, such as CO2 or N2.
- Fire Marshall TA permit fees, application/drawings, and inspection coordination.
- Mechanical and Plumbing inspection permit fees.
- Leveling of curbs.
- Final roofing.
- Ceiling and wall demo and repair.
- 3rd Party independent test and balance.
- Final connections to owner furnished and/or installed equipment.
- Trenching beyond the capacity of a backhoe (Case 580 or equal), including rock removal, blasting, and drilling.
- Dewatering of soil.
- Import or export of soils.
- Concrete doweling and patch back.
- Structural engineering and members beyond equipment and material hangers. We shall attach our hangers to the existing structures. Seismic engineering to be done by others.
- Electrical utilities, such as power wiring or line voltage thermostats.
- Fire protection piping and alarm systems.
- Bond and or bond fees.
- Temporary services.
- Lighting and lights.
- Dust barrier walls.
- General jobsite dust and noise control.
- Dumpster or dumpster fees
- After hours and overtime work. Our proposal includes working during the normal business hours of 6:30am – 3:00pm / M – F.
- Modifications to the existing systems other than what is specifically identified above.
- Warranty, capacity or repair of existing equipment, piping and plumbing systems.
- Unforeseeable conditions. These include additional scope items that could not in any way have been identified during the time of submitting our proposal.

PRICING

SEE PRICING BREAKDOWNS

Should you have any questions or need any further clarification please feel free to call.

Sincerely,

Scott Olsen, P.E.
Apex Mechanical Systems Inc.

**AETHLON 11588 CLEAN ROOM
PLUMBING PRICING BREAKDOWN
5/7/21**



DESCRIPTION	QTY	MEASURE	UNIT COST	4/20/21 PLAN UPDATE
FIELD SUPERVISION				
FIELD SUPERVISION	1	LOT	\$ 3,164	\$ 3,164
FIELD SUPPORT				
FIELD INVESTIGATION	1	LOT	\$ 633	\$ 633
FIELD LAYOUT	1	LOT	\$ 1,266	\$ 1,266
RUNNER	1	LOT	\$ 633	\$ 633
MATERIAL STAGING	1	LOT	\$ 633	\$ 633
FIELD "REDLINE" AS-BUILT DRAWINGS	1	LOT	\$ 158	\$ 158
GENERAL CLEANING	1	LOT	\$ 316	\$ 316
SAFETY	1	LOT	\$ 158	\$ 158
EQUIPMENT				
RO/SOFTENER	1	EA	\$ 1,985	\$ 1,985
BACKFLOW	1	EA	\$ 1,056	\$ 1,056
INSTAHOT	3	EA	\$ 436	\$ 1,309
GARBAGE DISPOSER	1	EA	\$ 263	\$ 263
WATER FILTER	1	EA	\$ 687	\$ 687
UNDERGROUND				
UG SAN WASTE VENT	50	LF	\$ 51	\$ 2,550
TOP-OUT				
DEMO	1	LOT	\$ 1,406	\$ 1,406
SAN WASTE VENT	160	LF	\$ 43	\$ 6,862
IND WASTE VENT	0	LF	\$ -	\$ -
DCW	150	LF	\$ 44	\$ 6,546
HUM MAKEUP WATER	60	LF	\$ 24	\$ 1,450
HUM STEAM	20	LF	\$ 36	\$ 721
HUM DRAINS	80	LF	\$ 24	\$ 1,933
RO TO HUM	20	LF	\$ 59	\$ 1,177
LAB AIR	0	LF	\$ -	\$ -
LAB VAC	0	LF	\$ -	\$ -
Co2	0	LF	\$ -	\$ -
N2	0	LF	\$ -	\$ -
CONDENSATION DRAINS	180	LF	\$ 24	\$ 4,349
NATURAL GAS	200	LF	\$ 51	\$ 10,249
STORM DRAINS	0	LF	\$ -	\$ -
FIRE CAULKING	1	LOT	\$ 212	\$ 212
PRESSURE TESTING	1	LOT	\$ 592	\$ 592
IDENTIFICATION	43.5	EA	\$ 17	\$ 738

**AETHLON 11588 CLEAN ROOM
PLUMBING PRICING BREAKDOWN
5/7/21**



DESCRIPTION	QTY	MEASURE	UNIT COST	4/20/21 PLAN UPDATE
FIXTURES				
HAND SINK	1	EA	\$ 1,027	\$ 1,027
MOP SINK	0	EA	\$ -	\$ -
COMBINATION EM EYEWASH SHOWER	1	EA	\$ 2,545	\$ 2,545
WATER CLOSET	1	EA	\$ 1,058	\$ 1,058
LAVATORY	1	EA	\$ 935	\$ 935
BREAK SINK	1	EA	\$ 904	\$ 904
ICE MAKER CONNECTION	0	EA	\$ -	\$ -
ROOF RECEPTOR	1	EA	\$ 343	\$ 343
COMMISSIONING				
START-UP EQUIPMENT	1	LOT	\$ 253	\$ 253
OFFICE SUPPORT				
SUBMITTALS	1	LOT	\$ 204	\$ 204
AS BUILT DRAFTING	1	LOT	\$ 204	\$ 204
OWNER TRAINING	1	LOT	\$ 204	\$ 204
CLOSEOUT PACKAGE	1	LOT	\$ 204	\$ 204
SUBCONTRACTS				
UNDERGROUND UTILITIES LOCATING	1	LOT	\$ 368	\$ 368
SAWCUT, BREAK & REMOVAL - ELECTRIC W/ BOBCAT	50	LF	\$ 17	\$ 840
TRENCH & BACKFILL - MINI EX AND BOBCAT HAULOFF	50	LF	\$ 19	\$ 945
CORING	1	EA	\$ 278	\$ 278
INSULATION	100	LF	\$ 6	\$ 630
WATER STERILIZATION	1	LOT	\$ 1,575	\$ 1,575
OTHER DIRECT COST				
DESIGN & ENGINEERING SERVICES	1	LOT	\$ 4,410	\$ 4,410
PERMITS	0	LOT	\$ -	\$ -
FIRE MARSHALL PERMITS	0	LOT	\$ -	\$ -
EQUIPMENT RENTAL	1	LOT	\$ 525	\$ 525
TOTAL				\$ 72,277

**AETHLON 11588 CLEAN ROOM
HVAC PRICING BREAKDOWN
5/7/21**



DESCRIPTION	QTY	MEASURE	UNIT PRICE	CONTRACT PRICE
VALIDATION SUPPORT				
DUCT CLEANING/INSPECTIONS	1	LOT	\$ 6,846	\$ 6,846
DOCUMENTATION	1	LOT	\$ 1,838	\$ 1,838
FIELD SUPPORT (HVAC)				
FIELD COORDINATION & LAYOUT	1	LOT	\$ 845	\$ 845
MATERIAL ORDERING AND PROCUREMENT	1	LOT	\$ 845	\$ 845
MATERIAL PARTS RUNNER	1	LOT	\$ 845	\$ 845
MATL HANDLING/STAGING	1	LOT	\$ 1,689	\$ 1,689
TOOL HANDLING AND STAGING	1	LOT	\$ 422	\$ 422
FIELD "REDLINE" AS-BUILTS	1	LOT	\$ 211	\$ 211
GENERAL CLEAN UP	1	LOT	\$ 211	\$ 211
SAFETY	1	LOT	\$ 211	\$ 211
EQUIPMENT RENTAL	1	LOT	\$ 954	\$ 954
EQUIPMENT				
EXHAUST FAN - CLEAN ROOM	1	EA	\$ 3,970	\$ 3,970
MAKEUP AIR UNIT	1	EA	\$ 40,778	\$ 40,778
HUMIDIFIER AND GRID	1	EA	\$ 15,376	\$ 15,376
PHOENIX VALVE	2	EA	\$ 1,675	\$ 3,351
ROOFTOP PKG HEAT PUMP	1	EA	\$ 5,829	\$ 5,829
EXHAUST FAN - OFFICE/SUPPORT	1	EA	\$ 1,366	\$ 1,366
SUPPORTS & ANCHORS	7	EA	\$ 342	\$ 2,396
PLATFORM CAPS	2	EA	\$ 340	\$ 680
CRANE & RIGGING	1	LOT	\$ 4,634	\$ 4,634
DUCTWORK				
DEMOLITION	1	LOT	\$ 1,838	\$ 1,838
PLENUMS	4	EA	\$ 284	\$ 1,135
SUP CLN RM HANGERS	1	LOT	\$ 782	\$ 782
SUP CLN RM DUCT	1	LOT	\$ 17,643	\$ 17,643
SUP CLN RM INSULATION	1	LOT	\$ 1,650	\$ 1,650
S/R SUPPORT HANGERS	1	LOT	\$ 1,866	\$ 1,866
S/R SUPPORT DUCT	1	LOT	\$ 13,048	\$ 13,048
S/R SUPPORT INSULATION	1	LOT	\$ 4,928	\$ 4,928
DUCTWORK INSULATION	1	LOT	\$ -	\$ -
PVC EXH HANGERS	1	LOT	\$ 638	\$ 638
PVC EXH DUCT	1	LOT	\$ 8,967	\$ 8,967
GALV EXH HANGERS	1	LOT	\$ 666	\$ 666
GALV EXH DUCT	1	LOT	\$ 3,404	\$ 3,404
GALV EXH SNORKELS	0	EA	\$ -	\$ -
SMOKE/FIRE DAMPERS	0	EA	\$ -	\$ -
SMOKE DETECTORS	1	EA	\$ 340	\$ 340
FIRE CAULKING	1	LOT	\$ -	\$ -
PRESSURE TESTING PREP	1	LOT	\$ 685	\$ 685
PRESSURE TEST	1	LOT	\$ 2,861	\$ 2,861
IDENTIFICATION	1	LOT	\$ 685	\$ 685
FINISH				
AIR DISTRIBUTION - TBAR LAYIN	12	EA	\$ 136	\$ 1,635
AIR DISTRIBUTION - HARD LID	1	EA	\$ 165	\$ 165
AIR DISTRIBUTION - FPH INSTALL ONLY	9	EA	\$ 230	\$ 2,068
CONTROLS				
THERMOSTAT AND WIRING	2	LOT	\$ 281	\$ 563
DDC TEMPERATURE CONTROLS	1	LOT	\$ 22,260	\$ 22,260

**AETHLON 11588 CLEAN ROOM
HVAC PRICING BREAKDOWN
5/7/21**



DESCRIPTION	QTY	MEASURE	UNIT PRICE	CONTRACT PRICE
COMMISSIONING				
RECOVER REFRIGERANT	1	LOT	\$ 365	\$ 365
START-UP EQUIPMENT	1	LOT	\$ 919	\$ 919
AIR BALANCE	1	LOT	\$ 2,757	\$ 2,757
PRESSURE BALANCE	1	LOT	\$ 460	\$ 460
FUNCTIONAL TESTING - APEX SUPPORT	1	LOT	\$ 919	\$ 919
FUNCTIONAL TESTING - DDC CONTROLS	1	LOT	\$ 2,289	\$ 2,289
OFFICE SUPPORT				
DESIGN & ENGINEERING	1	LOT	\$ 10,710	\$ 10,710
PERMITS	1	LOT	\$ -	\$ -
SUBMITTALS	1	LOT	\$ 275	\$ 275
AIR BALANCE REPORTS	1	LOT	\$ 275	\$ 275
AS BUILT DRAFTING	1	LOT	\$ 275	\$ 275
CLOSEOUT PACKAGE	1	LOT	\$ 275	\$ 275
TOTAL				\$ 200,658
NEW OFFICE AC UNIT				\$ 6,694
OFFICE EXHAUST AND REDUCT				\$ 27,639
CLEAN ROOM				\$ 166,305
TOTAL				\$ 200,658



SUMMIT ELECTRICAL INC.
 8818 REDCO RD, SUITE B
 SAN DIEGO, CA 92121
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 658.822.8372

11588 AETHLON CLEANROOM BUDGET BREAKDOWN

TO: JB PACIFIC
 11433 SORRENTO VALLEY ROAD
 SUITE 103
 SAN DIEGO, CA 92121
 ATTN: GRANT DAVIS

DESCRIPTION	QUANTITY	UNIT PRICE	EXTENSION	SUB-TOTALS
PROJECT BUDGET RECAP				
<u>SUBTOTAL: LIGHTING FIXTURES</u>				\$16,246.00
<u>SUBTOTAL: LIGHTING DEVICES</u>				\$6,837.00
<u>SUBTOTAL: OFFICE AREA POWER DEVICES</u>				\$2,499.00
<u>SUBTOTAL: LABORATORY POWER DEVICES</u>				\$6,924.00
<u>SUBTOTAL: MECHANICAL, PLUMBING & EQUIPMENT CONNECTIONS</u>				\$6,417.00
<u>SUBTOTAL: FEEDERS</u>				\$5,163.00
<u>SUBTOTAL: DISTRIBUTION</u>				\$26,844.00
<u>SUBTOTAL: LOW-VOLTAGE ROUGH-IN</u>				\$400.00
<u>SUBTOTAL: SYSTEMS</u>				
<u>SUBTOTAL: MISCELLANEOUS</u>				\$14,165.00
PROJECT TOTAL				\$82,095.00
POTENTIAL VALUE ADDED / VALUE ENGINEERING ALTERNATES				
ALTERNATES				
INSTALL AND FINAL CONNECTIONS FOR CLEANROOM VENDOR PROVIDED FIXTURES, HEPA FILTERS/CONNECT, AND WALL DEVICES - ALLOWANCE	1	\$6,000.00	\$6,000.00	
2" LV PATHWAY FROM MPOE TO SUITE - ALLOWANCE - IF REQUIRED	1	\$2,000.00	\$2,000.00	
<u>SUBTOTAL-ALTERNATES</u>				\$8,000.00



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11588 AETHLON CLEANROOM BUDGET BREAKDOWN

TO: JB PACIFIC
 11433 SORRENTO VALLEY ROAD
 SUITE 103
 SAN DIEGO, CA 92121
 ATTN: GRANT DAVIS

DESCRIPTION	QUANTITY	UNIT PRICE	EXTENSION	SUB-TOTALS
<u>INCLUSIONS</u>				
1 STATE CERTIFIED LIGHTING COMMISSIONING				
2 DESIGN BUILD ENGINEERING AND DESIGN				
3 FULL PRE-CONSTRUCTION SERVICES				
4 NEW LIGHTING & CONTROLS THROUGHOUT				
5 ASSUMED POWER REQUIREMENTS AT CLEANROOM				
6 DISCONNECT/RECONNECT AT LIKE FOR LIKE REPLACEMENT @ 4 TON RTU				
7 NEW STANDBY DISTRIBUTION INCLUDING ATS FROM GENERATOR THAT IS PART OF A SEPARATE PROJECT				
<u>EXCLUSIONS</u>				
1 UTILITY FEES OR UTILITY DESIGN FEES				
2 STRUCTURAL OR SEISMIC ENGINEERING				
3 STRUCTURED CABLING				
4 CCTV, ACCESS CONTROL, SECURITY SYSTEMS				
5 PREMIUM TIME OR PREVAILING WAGE LABOR				
6 CEILING WIRES FOR RECESSED FIXTURES				
7 CONCRETE/ASPHALT CUT, BREAK, REMOVAL, AND PATCH				
8 SURVEYING, STAKING AND/OR X-RAY IMAGING				
9 TRASH REMOVAL / DUMPSTER (DAILY CLEAN UP INCLUDED)				
10 FORMED / FINISHED CONCRETE OR GROUT (E. FLOOR PATCHING)				
11 CONDUIT SYSTEM FOR FIRE ALARM WIRING NOT REQUIRED PER CODE				
12 PLYWOOD BACKBOARDS				
13 HVAC CONTROL WIRING, CONDUIT, AND DEVICES (E. DUCT DETECTORS & T-STATS)				
14 FM200 FIRE SUPPRESSION SYSTEM OR LIKE				
15 WARRANTY IN EXCESS OF 1 YEAR				
16 MDF BUILDOUT AND SERVER ROOM CABINETS / PATCH PANELS EQUIP.				
17 INSTALLATION OF TVs OR STRUCTURAL SUPPORTS				
18 POWER TO HEPA FILTERS - TO BE PROVIDED BY CLEAN ROOM VENDOR				
19 POWER TO ROLLER SHADES - PRICING ASSUMES MANUAL SHADES				
20 STANDBY GENERATOR				
<u>CLARIFICATIONS</u>				
1 TWO FULL SETS OF ALL CONSTRUCTION DRAWINGS TO BE PROVIDED BY GC				
2 WIRING METHOD SHALL BE MC CABLE FOR ALL WIRING IN WALLS AND CEILINGS				
3 PRICING IS BASED ON PLANS DATED 03/29/2021				
5 PRICING IS BASED ON FURRING BEING PROVIDED FOR WORK STATIONS OUTSIDE OF GOWNING				
6 PRICING IS BASED ON EXISTING POWER AND L.V ROUGH IN AT MEZZANINE TO REMAIN AS-IS				
7 FOR LIGHTING PURPOSES, PRICING ASSUME THE EXISTING STYLE OF COILING ROLL UP DOOR REMAINS				



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11588 AETHLON CLEANROOM BUDGET BREAKDOWN

TO: JB PACIFIC
 11433 SORRENTO VALLEY ROAD
 SUITE 103
 SAN DIEGO, CA 92121
 ATTN: GRANT DAVIS

DESCRIPTION	QUANTITY	UNIT PRICE	EXTENSION	SUB-TOTALS
PROJECT BUDGET DETAILED BREAKDOWN				
<u>LIGHTING FIXTURES</u>				
2X2 FIXTURE - LED DIMMABLE	5	\$337.00	\$1,685.00	
2X4 FIXTURE - LED DIMMABLE	20	\$337.00	\$6,740.00	
SQUARE DOWN LIGHT - LED DIMMABLE	3	\$541.00	\$1,623.00	
4' STRIP FIXTURE - LED	6	\$358.00	\$2,148.00	
BATTERY PACK FOR EGRESS LIGHTING	5	\$334.00	\$1,670.00	
EDGE-LIT EXIT SIGN	5	\$476.00	\$2,380.00	
SUBTOTAL: LIGHTING FIXTURES				\$16,246.00
<u>LIGHTING DEVICES</u>				
CEILING MOUNTED LOW-VOLTAGE OCCUPANCY SENSOR	6	\$370.00	\$2,220.00	
WALL MOUNTED LINE-VOLTAGE OCCUPANCY SENSOR SWITCH	5	\$244.00	\$1,220.00	
WALL MOUNTED LOW-VOLTAGE SWITCH (UP TO 4 CHANNEL)	5	\$381.00	\$1,905.00	
LOW-VOLTAGE DIMMING RELAY	4	\$248.00	\$992.00	
SUBTOTAL: LIGHTING DEVICES				\$6,837.00
<u>OFFICE AREA POWER DEVICES</u>				
DUPLEX OUTLET	13	\$123.00	\$1,599.00	
DUPLEX RECEPTACLE - GFI	3	\$182.00	\$546.00	
MODIFY FEEDS TO EXISTING DEVICES ON MEZANINE	1	\$354.00	\$354.00	
SUBTOTAL: OFFICE AREA POWER DEVICES				\$2,499.00
<u>LABORATORY POWER DEVICES</u>				
FUME HOOD 2-CIRCUIT CONNECTION	2	\$433.00	\$866.00	
35A 120V TO PDM - LIGHTS AND HEPAS	3	\$616.00	\$1,848.00	
DUPLEX OUTLET	3	\$188.00	\$564.00	
DUPLEX RECEPTACLE - DEDICATED	12	\$216.00	\$2,592.00	
30A 208V SINGLE RECEPTACLE	2	\$527.00	\$1,054.00	
SUBTOTAL: LABORATORY POWER DEVICES				\$6,924.00
<u>MECHANICAL, PLUMBING & EQUIPMENT CONNECTIONS</u>				
GARBAGE DISPOSAL & SWITCH	2	\$268.00	\$536.00	
CEILING EXHAUST FAN & SWITCH	1	\$358.00	\$358.00	
120V TO HVAC CONTROLS	3	\$216.00	\$648.00	
120V TO DUCT DETECTOR	1	\$280.00	\$280.00	
208V 20A NEMA1 3-PHASE TO RO UNIT	1	\$511.00	\$511.00	
INSTA-BOT 30A 277V	1	\$571.00	\$571.00	
208V 20A NEMA1 3-PHASE TO EF - VFD BY OTHERS	1	\$646.00	\$646.00	
DISCONNECT RECONNECT - 2TON ROOFTOP PACKAGE HEAT PUMP	1	\$646.00	\$646.00	
400V 30A NEMA1 3-PHASE TO HUMIDIFIER	1	\$970.00	\$970.00	
208V NEMA1 3-PHASE TO 8TON AAQN	1	\$1,251.00	\$1,251.00	
SUBTOTAL: MECHANICAL, PLUMBING & EQUIPMENT CONNECTIONS				\$6,417.00
<u>FEEDERS</u>				
30 AMP	250	\$8.00	\$1,840.00	
60 AMP	60	\$12.00	\$720.00	
125 AMP	210	\$20.00	\$4,200.00	
CORING	1	\$513.00	\$513.00	
SUBTOTAL: FEEDERS				\$6,163.00



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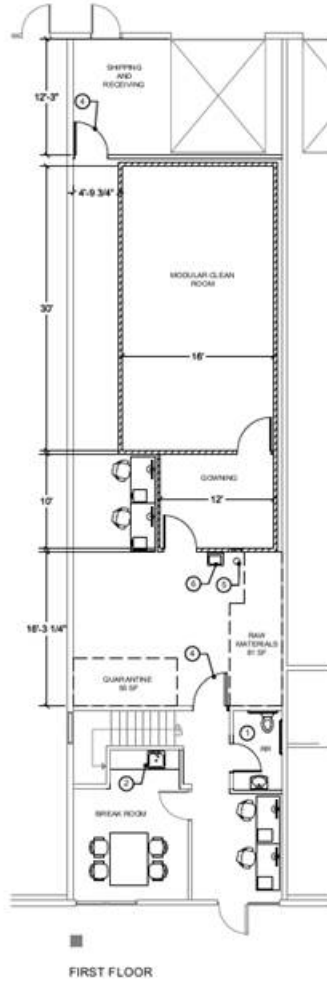
DESCRIPTION	QUANTITY	UNIT PRICE	EXTENSION	SUB-TOTALS
DISTRIBUTION				
225A 120/208 PANELBOARD	2	\$1,878.00	\$3,756.00	
225A 277/480 PANELBOARD	1	\$3,551.00	\$3,551.00	
15 KVA TRANSFORMER	1	\$2,159.00	\$2,159.00	
45 KVA TRANSFORMER	1	\$3,371.00	\$3,371.00	
ATS - 158A 277/480	1	\$6,827.00	\$6,827.00	
ADD TO EXISTING CIRCUIT BREAKERS/FUSES	1	\$380.00	\$380.00	
SUBTOTAL: DISTRIBUTION				\$26,844.00
LOW-VOLTAGE ROUGH-IN				
TELE DATA (RING & STRING)	4	\$28.00	\$112.00	
TELE DATA (1/4" STUB)	2	\$58.00	\$116.00	
CARD ACCESS ROUGH-IN (CARD READER & DOOR HARDWARE)	2	\$166.00	\$332.00	
SUBTOTAL: LOW-VOLTAGE ROUGH-IN				\$600.00
SYSTEMS				
FIRE ALARM				EXCLUDED
TELE DATA				EXCLUDED
AUDIO VISUAL				EXCLUDED
SUBTOTAL: SYSTEMS				
MISCELLANEOUS				
ELECTRICAL SAFE OFF FOR DEMO	1	\$811.00	\$811.00	
TEMPORARY POWER AND LIGHTING	1	\$1,303.00	\$1,303.00	
LIGHTING CONTROL, COMMISSIONING (T-24 REQUIRED)	1	\$1,080.00	\$1,080.00	
SHUT-DOWN COORDINATION AND AFTER HOURS WORK FOR THE IN @ EXISTING	1	\$1,216.00	\$1,216.00	
3D BIM COORDINATION				EXCLUDED
PRE-CONSTRUCTION SERVICES	1	\$883.00	\$883.00	
ELECTRICAL ENGINEERING FOR PERMIT	1	\$5,670.00	\$5,670.00	
PERMITS				EXCLUDED
JOB EXPENSE	1	\$3,200.00	\$3,200.00	
SUBTOTAL: MISCELLANEOUS				\$14,165.00
PROJECT TOTAL			\$82,095.00	\$82,095.00
ALTERNATES				
INSTALL AND FINAL CONNECTIONS FOR CLEANROOM VENDOR PROVIDED FIXTURES, HEPA FILTERS/CONNECT, AND WALL DEVICES - ALLOWANCE	1	\$6,000.00	\$6,000.00	
2" LV PATHWAY FROM MPOE TO SUITE - ALLOWANCE - IF REQUIRED	1	\$2,000.00	\$2,000.00	
SUBTOTAL: ALTERNATES				\$8,000.00

GENERAL NOTES

- 1 FINISHES:
 - A. PROVIDE NEW FINISHES IN ALL SPACES. ALL FINISHES TO MATCH LONGFELLOW SIGNATURE.
- 2 CEILING:
 - A. AREA SURROUNDING CLEAN ROOMS: PROVIDE VINYL WRAPPED CLEANABLE CEILING TILES AND RECESSED ZEN LIGHTING.
 - B. OFFICES, BREAK AND ENTRY: PROVIDE ACQUACERIAL CEILING TILE AND LIGHTING.
 - C. RESTROOM: PANEL CEILING WITH CAN LIGHTING.
 - D. SHIPPING & RECEIVING - OFF.
- 3 PROVIDE GLASS BRIKES AT ALL EXTERIOR WINDOWS PER LONGFELLOW STANDARD.
- 4 IF NOT EXISTING, PROVIDE ROOF INSULATION IN OCCUPIED AREAS.

KEYNOTES

- 1 PROVIDE ACCESSIBLE SINGLE OCCUPANCY RESTROOM.
- 2 NEW PLASTIC LAMINATE CASEWORK, SS SINK AND QUARTZ SURFACE.
- 3 UPGRADE EXISTING FIXTURES AND FINISHES WHERE NEEDED.
- 4 NEW 4" WOOD HEIGHT TO MATCH EXISTING.
- 5 PROVIDE RECESSED DIMS.
- 6 PROVIDE SS HAND WASH SINK.



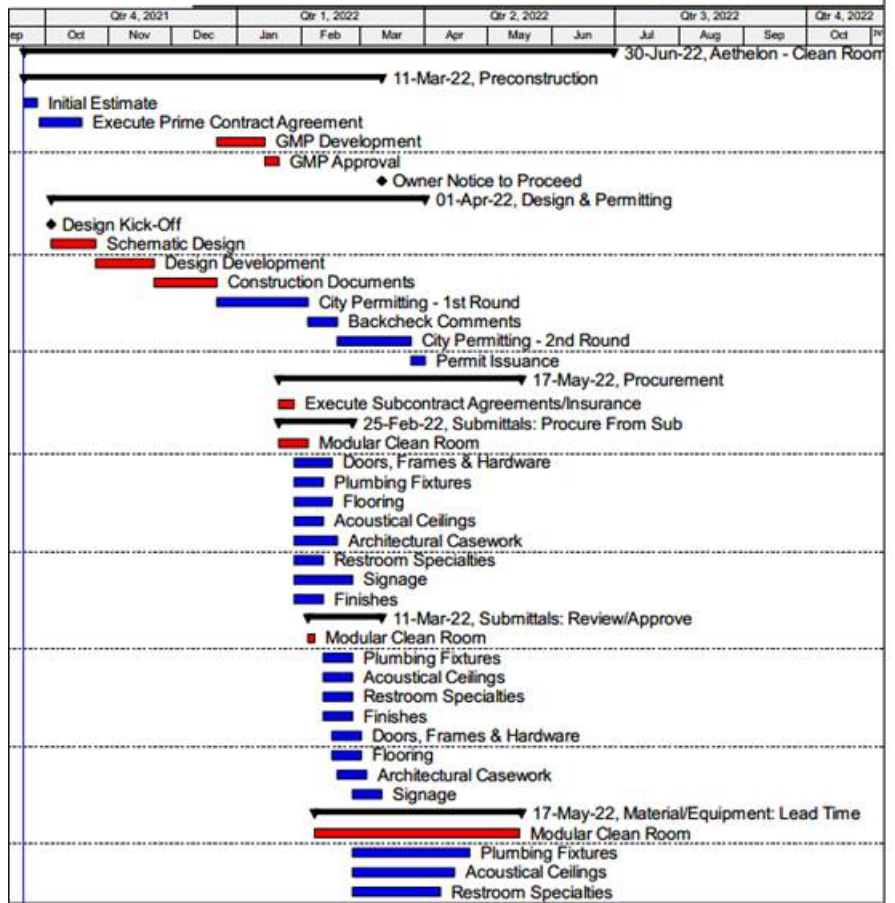
11588 SVR - SUITE 18 AETHLON CLEAN ROOM TEST FIT
 1/8" = 1'-0"

3A ARCHITECTURE
 04/29/2021

Activity ID	Activity Name	Original Duration	Start	Finish
Aethelon - Clean Room (11588 SVR)		199	21-Sep-21	30-Jun-22
Preconstruction		120	21-Sep-21	11-Mar-22
PRE.1020	Initial Estimate	5	21-Sep-21	27-Sep-21
PRE.1030	Execute Prime Contract Agreement	15	28-Sep-21	18-Oct-21
PRE.1000	GMP Development	15	22-Dec-21	14-Jan-22
PRE.1010	GMP Approval	5	14-Jan-22	21-Jan-22
PRE.1040	Owner Notice to Proceed	0	11-Mar-22	
Design & Permitting		126	04-Oct-21	01-Apr-22
DEP.1070	Design Kick-Off	0	04-Oct-21*	
DEP.1000	Schematic Design	15	04-Oct-21	25-Oct-21
DEP.1010	Design Development	20	25-Oct-21	22-Nov-21
DEP.1020	Construction Documents	20	22-Nov-21	22-Dec-21
DEP.1030	City Permitting - 1st Round	30	22-Dec-21	04-Feb-22
DEP.1040	Backcheck Comments	10	04-Feb-22	18-Feb-22
DEP.1050	City Permitting - 2nd Round	25	18-Feb-22	25-Mar-22
DEP.1060	Permit Issuance	5	25-Mar-22	01-Apr-22
Procurement		82	21-Jan-22	17-May-22
PRO.1000	Execute Subcontract Agreements/Ins	5	21-Jan-22	28-Jan-22
Submittals: Procure From Sub		25	21-Jan-22	25-Feb-22
PRO/A.1000	Modular Clean Room	10	21-Jan-22	04-Feb-22
PRO/A.1010	Doors, Frames & Hardware	12	28-Jan-22	15-Feb-22
PRO/A.1020	Plumbing Fixtures	10	28-Jan-22	11-Feb-22
PRO/A.1030	Flooring	12	28-Jan-22	15-Feb-22
PRO/A.1040	Acoustical Ceilings	10	28-Jan-22	11-Feb-22
PRO/A.1050	Architectural Casework	15	28-Jan-22	18-Feb-22
PRO/A.1060	Restroom Specialties	10	28-Jan-22	11-Feb-22
PRO/A.1070	Signage	20	28-Jan-22	25-Feb-22
PRO/A.1080	Finishes	10	28-Jan-22	11-Feb-22
Submittals: Review/Approve		25	04-Feb-22	11-Mar-22
PRO/B.1010	Modular Clean Room	1	04-Feb-22	07-Feb-22
PRO/B.1030	Plumbing Fixtures	10	11-Feb-22	25-Feb-22
PRO/B.1050	Acoustical Ceilings	10	11-Feb-22	25-Feb-22
PRO/B.1070	Restroom Specialties	10	11-Feb-22	25-Feb-22
PRO/B.1090	Finishes	10	11-Feb-22	25-Feb-22
PRO/B.1020	Doors, Frames & Hardware	10	15-Feb-22	01-Mar-22
PRO/B.1040	Flooring	10	15-Feb-22	01-Mar-22
PRO/B.1060	Architectural Casework	10	18-Feb-22	04-Mar-22
PRO/B.1080	Signage	10	25-Feb-22	11-Mar-22
Material/Equipment: Lead Time		71	07-Feb-22	17-May-22
PRO/C.1010	Modular Clean Room	70	07-Feb-22	16-May-22
PRO/C.1030	Plumbing Fixtures	40	25-Feb-22	22-Apr-22
PRO/C.1050	Acoustical Ceilings	35	25-Feb-22	15-Apr-22
PRO/C.1070	Restroom Specialties	30	25-Feb-22	08-Apr-22

Actual Work
 Critical Remaining Work
 Summary
 Remaining Work
 ◆ Milestone

PROJI



ECT SCHEDULE

9/23/2021

Activity ID	Activity Name	Original Duration	Start	Finish
PRO/C.1090	Finishes	20	25-Feb-22	25-Mar-22
PRO/C.1020	Doors, Frames & Hardware	55	01-Mar-22	17-May-22
PRO/C.1040	Flooring	40	01-Mar-22	26-Apr-22
PRO/C.1060	Architectural Casework	35	04-Mar-22	22-Apr-22
PRO/C.1080	Signage	20	11-Mar-22	08-Apr-22
Construction		62	11-Mar-22	07-Jun-22
CON.1000	Mobilization	1	11-Mar-22	14-Mar-22
CON.1010	ILSM/Safe-Off	3	11-Mar-22	16-Mar-22
CON.1020	Protection Installation	1	11-Mar-22	14-Mar-22
CON.1330	Selective Demolition	2	16-Mar-22	18-Mar-22
CON.1030	U/G: Saw-Cut Break and Remove	2	17-Mar-22	21-Mar-22
CON.1040	U/G: Excavate	3	21-Mar-22	24-Mar-22
CON.1050	U/G: Utility Install	3	24-Mar-22	29-Mar-22
CON.1060	U/G: Backfill	2	29-Mar-22	31-Mar-22
CON.1070	Slab on Grade - Patch & Repair	3	31-Mar-22	05-Apr-22
CON.1080	Light Gauge Metal Framing	3	05-Apr-22	08-Apr-22
CON.1350	O/H MEFP Rough-In	7	05-Apr-22	14-Apr-22
CON.1340	In-Wall MEP Rough-in	6	08-Apr-22	18-Apr-22
CON.1090	Wall Insulation	2	18-Apr-22	20-Apr-22
CON.1100	Backlog	1	20-Apr-22	21-Apr-22
CON.1110	Drywall - Hang	2	21-Apr-22	25-Apr-22
CON.1120	Drywall - Tape & Finish	7	25-Apr-22	04-May-22
CON.1130	Paint - Prime & 1st Coat	3	03-May-22	06-May-22
CON.1160	Install Grid Ceiling	3	06-May-22	11-May-22
CON.1300	Install FRP at Restrooms	2	06-May-22	10-May-22
CON.1310	Install Wall Hung Fixtures	2	10-May-22	12-May-22
CON.1140	Install Door/Window Frames	2	11-May-22	13-May-22
CON.1150	Install Architectural Casework	3	11-May-22	16-May-22
CON.1170	Install Lights & Registers at Grid Ceiling	3	11-May-22	16-May-22
CON.1180	Priority Devices	2	11-May-22	13-May-22
CON.1190	Drop Ceiling Tile	3	16-May-22	19-May-22
CON.1260	Template/Fabricate/Install Countertop	6	16-May-22	24-May-22
CON.1360	Install Modular Clean Room	10	16-May-22	30-May-22
CON.1200	Floor Prep (Standard)	1	18-May-22	19-May-22
CON.1210	Flooring Installation	5	19-May-22	26-May-22
CON.1230	Install Doors & Hardware	2	25-May-22	27-May-22
CON.1250	Trim MEP	3	26-May-22	31-May-22
CON.1280	Final Paint	2	26-May-22	30-May-22
CON.1320	Install Bathroom Specialties	2	26-May-22	30-May-22
CON.1220	Install Wall Base	2	30-May-22	01-Jun-22
CON.1270	Final Clean	2	30-May-22	01-Jun-22
CON.1290	Install Code Signage	1	30-May-22	31-May-22
CON.1370	MEFP Connections to Modular Clean	4	30-May-22	03-Jun-22
CON.1240	Test and Balance	2	03-Jun-22	07-Jun-22

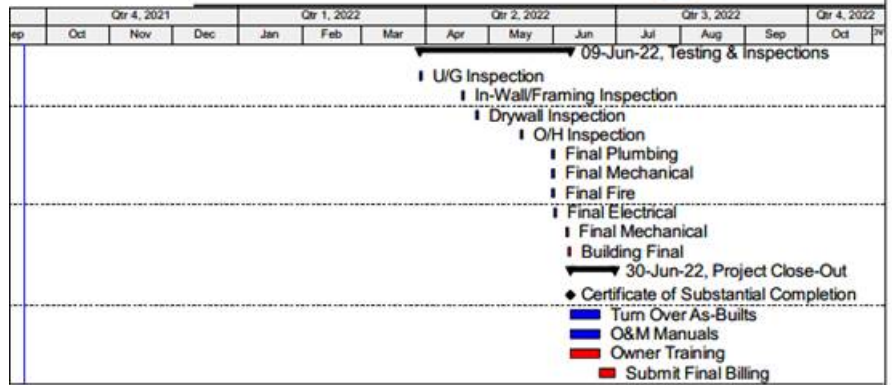
Actual Work
 Critical Remaining Work
 Summary
 Remaining Work
 ◆ Milestone

PROJ

Activity ID	Activity Name	Original Duration	Start	Finish
Testing & Inspections		52	29-Mar-22	09-Jun-22
INS.1010	U/G Inspection	1	29-Mar-22	30-Mar-22
INS.1020	In-Wall/Framing Inspection	1	18-Apr-22	19-Apr-22
INS.1030	Drywall Inspection	1	25-Apr-22	26-Apr-22
INS.1040	O/H Inspection	1	16-May-22	17-May-22
INS.1000	Final Plumbing	1	31-May-22	01-Jun-22
INS.1050	Final Mechanical	1	31-May-22	01-Jun-22
INS.1060	Final Fire	1	31-May-22	01-Jun-22
INS.1070	Final Electrical	1	01-Jun-22	02-Jun-22
INS.1080	Final Mechanical	1	07-Jun-22	08-Jun-22
INS.1090	Building Final	1	08-Jun-22	09-Jun-22
Project Close-Out		15	09-Jun-22	30-Jun-22
PCO.1000	Certificate of Substantial Completion	0		09-Jun-22
PCO.1010	Turn Over As-Builts	10	09-Jun-22	23-Jun-22
PCO.1020	O&M Manuals	10	09-Jun-22	23-Jun-22
PCO.1030	Owner Training	10	09-Jun-22	23-Jun-22
PCO.1040	Submit Final Billing	5	23-Jun-22	30-Jun-22

Actual Work
 Critical Remaining Work
 Summary
 Remaining Work
 ◆ Milestone

PROJ



PROJECT SCHEDULE

9/23/2021

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:

- The Lease Term shall commence on or has commenced on _____ for a term of _____ ending on _____.
- The Rent Commencement Date occurred on _____.
- Your rent checks should be made payable to _____ at _____.

“Landlord”:

SAN DIEGO INSPIRE 5, 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 freight or equipment of any kind shall be brought into the Building without prior notice to Landlord; Tenant may bring furniture into the Building without prior notice to Landlord provided it does so in the rear of the Building without disturbing other tenants of the Building. 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. Intentionally Omitted.

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 or for the installation of earthquake braces; provided however, any items weighing more than ten (10) pounds that Tenant desires to hang on any wall requires Landlord's prior approval and Tenant must repair any damage when such items are removed (regardless of whether they weigh more than ten (10) pounds). 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. Except as permitted in accordance with Section 5.3 of the Lease (including as disclosed by Tenant in the Environmental Questionnaire and approved by Landlord), 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. For the sake of clarity, Landlord acknowledges that it has approved Tenant's use of isopropanol, ethanol, aminopropyltriethoxysilane, ethanolamine and picrylsulfonic acid, provided the foregoing flammable substances or materials are used and stored at the Premises in compliance with all Applicable Laws.

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.

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17. 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.

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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.

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

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. Has 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: _____

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 21A

FORM LETTER OF CREDIT

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:

-1-

(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 INTERNATIONAL STANDBY PRACTICES OF THE INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 590 (ISP98).

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.

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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)

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EXHIBIT 21B

APPROVED FORM OF FIRST REPUBLIC BANK LETTER OF CREDIT

IRREVOCABLE STANDBY LETTER OF CREDIT

Letter of Credit No.: **21000000-2100000**

Dated: **September 27, 2021**

San Diego Inspire 5, LLC ("Beneficiary")
c/o Longfellow Real Estate Partners
260 Franklin Street, Suite 1920
Boston, MA 02110
Attn: Asset Management

Ladies and Gentlemen:

At the request and for the account of **Aethlon Medical Inc.** ("Applicant"), we hereby establish in your favor our irrevocable standby letter of credit in an aggregate amount not to exceed **Forty Thousand Seven Hundred Eighty and 00/100 US Dollars (US \$40,780.00)** available for payment by your draft upon presentation to us of the following:

1. This original letter of credit together with all executed written amendments hereto.
2. An original signed and dated drawing certificate from you addressed to us in the form annexed hereto as **Exhibit A** (after complying with all instructions in brackets contained therein).

Drawing certificates shall be drawn on us and presented to us at the Letter of Credit Office (as hereinafter defined) or before 5:00 p.m. local time of the Letter of Credit Office, on a Business Day (as hereinafter defined) occurring not later than the Expiration Date (as hereinafter defined). As used herein: "**Letter of Credit Office**" means our office located at 160 Federal Street, 8th Floor, Boston, MA 02110, Attn: Business Banking; and "**Business Day**" means any day other than a Saturday, Sunday or other day on which the Letter of Credit Office is not open for business or on which commercial banks are authorized or required to close, or are in fact closed, under the laws of Massachusetts.

All drawing certificates drawn under this letter of credit shall contain the above-referenced letter of credit number. We agree that all drawing certificates drawn on us under and in compliance with the terms of this letter of credit will be duly honored by us not later than three (3) Business Days following presentation to the Letter of Credit Office. Our obligation hereunder is our individual obligation and is not contingent upon reimbursement. We will pay all drawings under this Letter of Credit with our own funds and not with funds derived from Applicant or a subsidiary or affiliate thereof.

All demands for payment shall be made by presentation of original drawing documents and an original of this Letter of Credit and any Amendments, or by facsimile transmission of documents to 415-249-2870, Attention: Commercial Loan Servicing, with original drawing documents and the original Letter of Credit and any Amendments to follow by overnight mail. If presentation is made by facsimile transmission, you may contact us at 415-364-4410 to confirm our receipt of the transmission. Your failure to seek such a telephone confirmation does not affect our obligation to honor such a presentation.

This standby letter of credit expires on **September 27, 2022** (the date on which this standby letter of credit expires is referred to herein as the "**Expiration Date**"); however, the Expiration Date shall automatically be extended, without the necessity of any amendment to this letter of credit, to **September 27th** in each succeeding calendar year up to but not beyond **May 31, 2027**, unless you received from us written notice no later than **sixty (60)** days before the then existing Expiration Date that we have elected not to renew this letter of credit (the "**Non-Renewal Notice**"). The Non-Renewal Notice shall be sent to you by a nationally-recognized overnight courier service to the address set forth above or at such other address as you may have notified us in writing. Any Non-Renewal Notice shall be deemed received by you on the date of confirmed delivery to you or confirmed refusal by you to accept delivery.

Partial and multiple drawings under this letter of credit are permitted. If a partial drawing is made, we will promptly return the original letter of credit to Beneficiary to facilitate subsequent drawings; we at our option may note on the letter of credit the amount of such partial drawing. The amount of this letter of credit shall be automatically and permanently reduced, without amendment by the amount of each drawing paid hereunder.

FBR 425 E - rev. 010219

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This letter of credit may be reduced at the written request of the Beneficiary. Upon our receipt of each reduction certificate in the form annexed hereto as **Exhibit B** (after complying with all instructions in brackets contained therein.) the amount of this letter of credit shall be automatically and permanently reduced, without amendment, by the amount of the reduction requested.

This letter of credit is transferable in the full amount available for drawing hereunder at the time of such transfer and only to a single transferee. Transfer of this letter of credit by the existing Beneficiary is subject to our receipt of Beneficiary's notice of transfer in the form annexed hereto as **Exhibit C** (after complying with all instructions in brackets contained therein) along with the original of this letter of credit (and any amendments thereto).

Notwithstanding the foregoing, no transfer of this letter of credit may be made to a person or entity (a "transferee") who is, and we may refuse to honor any attempted transfer to any proposed transferee whom we determine to be, a specially designated national terrorist or narcotics trafficker, a blocked entity, or a person or entity with respect to which transactions are prohibited or otherwise restricted, or which is located in or a national of a country with respect to which transactions are prohibited or restricted, pursuant to the Foreign Assets Control Regulations of the United States Treasury Department.

Standard fees apply for each reduction, transfer, renewal and/or partial draw of this letter of credit (in each of the foregoing circumstances, solely to the extent expressly permitted hereby), which fees are payable by Applicant. Applicant's failure to pay such fees shall not delay or impede any of the above actions.

We may accept documents which appear on their face to be in order without responsibility for further investigation (even as regards any purported default by Applicant) regardless of any notice or information to the contrary.

This letter of credit is subject to and governed by the International Standby Practices 1998 of the International Chamber of Commerce, Publication 590 or to any subsequent version of such publication as in effect on the date hereof ("ISP98") and, as to matters not covered therein and not inconsistent therewith, the internal laws of Massachusetts, including, without limitation, the Uniform Commercial Code as from time to time in effect in such jurisdiction.

First Republic Bank

By: _____

Name: _____

Title: _____

**[EXHIBIT TO BE TYPED ON BENEFICIARY'S LETTERHEAD]
IRREVOCABLE STANDBY LETTER OF CREDIT DRAWING CERTIFICATE**

First Republic Bank
160 Federal Street, 8th Floor,
Boston, MA 02110,
Attn: Business Banking

Re: Irrevocable Standby Letter of Credit No. **[insert Letter of Credit No.]**, dated **[insert date]**, issued by First Republic Bank (the "Letter of Credit") for the account of **[insert name of applicant]** ("Applicant")
Ladies and Gentlemen:

The undersigned, being the beneficiary ("**Beneficiary**") (or a duly authorized representative thereof) of the Letter of Credit, hereby:

(a) demands payment from you in the amount of **[insert amount in words]** US Dollars (US\$**[insert amount in figures]**) under the Letter of Credit, and

(b) states that Beneficiary is entitled to draw on the Letter of Credit pursuant to the terms of a certain agreement/lease with Applicant.

Each capitalized term used but not otherwise defined herein has the meaning ascribed thereto in the Letter of Credit.

IN WITNESS WHEREOF, the undersigned has executed and delivered this original certificate as of **[insert date]**.

Very truly yours,

[insert name of Beneficiary and date of this Drawing Certificate]

By: **[insert signature]**

Name: **[insert name]**

Title: **[insert title]**

Date: **[insert date]**

[EXHIBIT TO BE TYPED ON BENEFICIARY'S LETTERHEAD]
IRREVOCABLE STANDBY LETTER OF CREDIT REDUCTION CERTIFICATE

First Republic Bank
160 Federal Street, 8th Floor,
Boston, MA 02110,
Attn: Business Banking

Re: Irrevocable Standby Letter of Credit No. [insert Letter of Credit No.], dated [insert date], issued by First Republic Bank (the "Letter of Credit") for the account of [insert name of applicant] ("Applicant"), with the current amount available for drawing thereunder being [insert in words current amount available for drawing under the Letter of Credit] US Dollars (US\$[insert in figures current amount available for drawing under the Letter of Credit]).

Ladies and Gentlemen:

The undersigned, being the beneficiary ("Beneficiary") (or a duly authorized representative thereof) of the Letter of Credit, hereby unconditionally and irrevocably requests that you decrease the amount available for drawing under the Letter of Credit by [insert amount in words] US Dollars (US\$[insert amount in figures]), resulting in the amount available for drawing under the Letter of Credit to be reduced to [insert in words reduced amount available for drawing under the Letter of Credit] US Dollars (US\$[insert in figures reduced amount available for drawing under the Letter of Credit]).

IN WITNESS WHEREOF, the undersigned has executed and delivered this original certificate as of the [insert date].

Very truly yours,

[insert name of Beneficiary and date of this Reduction Certificate]

By: [insert signature]

Name: [insert name]

Title: [insert title]

Date: [insert date]

Requested reduction hereby acknowledged:

FIRST REPUBLIC BANK

By: _____

Name: _____

Title: _____

Date: _____

[EXHIBIT TO BE TYPED ON BENEFICIARY'S LETTERHEAD]

NOTICE OF TRANSFER OF ENTIRE
IRREVOCABLE STANDBY LETTER OF CREDIT

First Republic Bank
160 Federal Street, 8th Floor,
Boston, MA 02110,
Attn: Business Banking

Re: Irrevocable Standby Letter of Credit No. [insert Letter of Credit No.], dated [insert date], issued by First Republic Bank (the "Letter of Credit") for the account of [insert name of applicant] ("Applicant")

Ladies and Gentlemen:

For value received, the undersigned, being the beneficiary ("Beneficiary") (or a duly authorized representative thereof) of the Letter of Credit, hereby irrevocably assigns and transfers all of the Beneficiary's rights under the Letter of Credit, as previously and hereafter amended, supplemented and/or otherwise modified, to:

[insert full name and address of transferee]

By this transfer, all of our rights in the Letter of Credit are transferred to the transferee, and the transferee shall have the sole rights as beneficiary under the Letter of Credit, including sole rights relating to any amendments, whether extensions or other amendments, and whether now existing or hereafter made. You are hereby irrevocably instructed to advise future amendment(s) of the Letter of Credit to the transferee without our consent or notice to us.

The original Letter of Credit is herewith returned with all amendments to this date. Please notify the transferee in such form as you deem advisable of this transfer and of the terms and conditions to this Letter of Credit, including amendments as transferred.

Very truly yours,

[insert name of Beneficiary and date of this Notice of Transfer]

By: [insert signature]
Name: [insert name]
Title: [insert title]
Date: [insert date]

Receipt of Instruction to Transfer acknowledged:

FIRST REPUBLIC BANK

By: _____
Name: _____
Title: _____
Date: _____

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE	PAGE OF PAGES 1 4	
2. AMENDMENT/MODIFICATION NO. P00001		3. EFFECTIVE DATE See Block 16C	4. REQUISITION/PURCHASE REG. NO.	
6. ISSUED BY National Institutes of Health National Cancer Institute Bethesda, MD 20892-7511		CODE NCI-EXEC	7. ADMINISTERED BY (if other than item 6) National Institutes of Health National Cancer Institute Bethesda, MD 20892-7511	
8. NAME AND ADDRESS OF CONTRACTOR (No. Street, county, State and ZIP Code) AETHLON MEDICAL, INC.:1296382 9635 GRANITE RIDGE DRIVE SUITE 100 SAN DIEGO CA 921232678		(x)	9A. AMENDMENT OF SOLICITATION NO.	
CODE			9B. DATED (SEE ITEM 11)	
FACILITY CODE		x	10A. MODIFICATION OF CONTRACT/ORDER NO. 75N91019C00042	
			10B. DATED (SEE ITEM 13) 09/12/2019	
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS				
<input type="checkbox"/> The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of offers. <input type="checkbox"/> is extended. <input type="checkbox"/> is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.				
12. ACCOUNTING AND APPROPRIATION DATA (if required) See Schedule				
13. THIS ITEM ONLY APPLIES TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14				
CHECK ONE				
A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.				
B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).				
X C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: FAR 1.602-1, Authority; FAR 43.102 (a) (3) Mutual Agreement of the parties.				
D. OTHER (Specify type of modification and authority)				
E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input checked="" type="checkbox"/> is required to sign this document and return <u>1</u> copy to the issuing office.				
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) The purpose of this modification is to 1) revise the period of performance, 2) revise the milestone schedules contained in the Statement of Work, and 3) update Articles B.2., F.1., C.1., and Section J, to reflect these changes. No changes are being made to the contract price and no funds are being obligated by this modification. PREVIOUS PERIOD OF PERFORMANCE: September 16, 2019 – September 15, 2021 (UNCHANGED) NEW PERIOD OF PERFORMANCE: September 16, 2019 – September 15, 2022 (CHANGED) FUNDS CURRENTLY OBLIGATED: \$ 1,860,561 (UNCHANGED) ALL OTHER CONTRACT TERMS AND CONDITIONS REMAIN UNCHANGED. Continued . . . Except as provided herein, all terms and conditions of the document referenced in item 8A or 10A, as heretofore changed, remains unchanged and in full force and effect.				
15A. NAME AND TITLE OF SIGNER (Type or print) James B. Frakes, Chief Financial Officer		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) CHRISTOPHER E. MILLS		
15B. CONTRACTOR/OFFEROR /s/ James B. Frakes (Signature of person authorized to sign)	15C. DATE SIGNED 10/16/20	16B. UNITED STATES OF AMERICA /s/ Christopher E. Mills (Signature of Contracting Officer)	16C. DATE SIGNED 10/28/2020	
NSN 7540-01-152-8070 Previous edition unusable		STANDARD FORM 30 (REV. 10-83) Prescribed by GSA FAR (48 CFR) 53.243		
259222465 v1				

CONTINUATION SHEET		REFERENCE NO. OF DOCUMENT BEING CONTINUED	PAGE	OF	
		75N91019C00042/P00001	2	4	
NAME OF OFFEROR OR CONTRACTOR					
AETHLON MEDICAL, INC.: 1296382					
ITEM NO (A)	SUPPLIES/SERVICES (B)	QUANTITY (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)
	Delivery: 09/15/2022 Delivery Location Code: MEDICAL CENTER DR 9609 Medical Center Drive, Rockvill 9609 Medical Center Drive Rockville MD 20850 US Payment: Approved By, NCI Branch A Invoices Paid By: NIH Commercial Accounts Br 2115 East Jefferson St, MSC 8500 Room 4B-432 Bethesda, MD 20892-8500 Change Item 1 to read as follows(amount shown is the obligated amount):				
1	Topic 359: A Device Prototype for Isolation of Melanoma Exosomes for Diagnostics and Treatment Monitoring Obligated Amount: \$0.00 Product/Service Code: AN13 Product/Service Description: R&D- MEDICAL: BIOMEDICAL (ADVANCED DEVELOPMENT) Project Data: 125132.1.HNC1 NCI OD OFFICE OF THE DIRECTOR.2555 RESEARCH AND DEVELOPMENT.09/03/2019 Accounting Info: 08024920191DA0.2019.03.C100.HNC1000000C.E.00014.40 6.SBIR.2550A.61000001.9999.9999.9999 Funded: \$0.00				0.00

Beginning with the effective date of this modification, the contractor and the government mutually agree as follows: (*bold, italicized text denotes modified contract language*):

ARTICLE B.2. PRICES, revised paragraph 2.

1. The total fixed price of this contract is \$1,860,561.
2. Upon delivery and acceptance of the services described in SECTION C of this contract and identified in the schedule of charges below, the Government shall pay to the Contractor the unit price(s) set forth below:

PAYMENT SCHEDULE, Revised

Description	Amount (\$)
Kick-Off Presentation	\$ 206,729
Quarterly Report 1	\$ 206,729
Quarterly Report 2	\$ 206,729
Quarterly Report 3	\$ 206,729
Quarterly Report 4, SBIR Program Life Cycle Certification, Annual Updated Commercialization Plan	\$ 206,729 <i>114,849.44</i>
Quarterly Report 5	\$ 206,729 <i>114,849.44</i>
Quarterly Report 6	\$ 206,729 <i>114,849.44</i>
Quarterly Report 7	\$ 206,729 <i>114,849.44</i>
Quarterly Report 8	<i>114,849.44</i>
Quarterly Report 9	<i>114,849.44</i>
Quarterly Report 10	<i>114,849.44</i>
Quarterly Report 11	<i>114,849.44</i>
Final Report, Contract Outcomes Report, Final presentation, and all other contract deliverables	\$ 206,729 <i>114,849.44</i>
TOTAL FIXED PRICE	\$ 1,860,561

ARTICLE F.1. PERIOD OF PERFORMANCE

The period of performance of this contract shall be from September 16, 2019 through September 15, ~~2021~~ *2022*.

ARTICLE C.1. STATEMENT OF WORK

a. Independently and not as an agent of the Government, the Contractor shall furnish all the necessary services, qualified personnel, material, equipment, and facilities, not otherwise provided by the Government as needed to perform the Statement of Work, dated ~~August 28, 2019~~ *July 1, 2020*, set forth in SECTION J-List of Attachments, attached hereto and made a part of this contract.

SECTION J - LIST OF ATTACHMENTS

The following documents are attached and incorporated in this contract:

1. Statement of Work

Statement of Work, dated ~~August 28, 2019~~ July 1, 2020, 3 pages.

End of Modification P00001

All other terms and conditions of this contract remain unchanged and in full force and effect.

TITLE: DEVICE PROTOTYPE FOR ISOLATION OF MELANOMA EXOSOMES FOR DIAGNOSTICS AND TREATMENT MONITORING

I. BACKGROUND INFORMATION

Both normal and cancer cells shed exosomes and other vesicles into body fluids. Exosomes that are found in body fluids such as plasma and urine can be collected from cancer patients, and have been shown to contain tumor antigens, growth factors, angiogenesis-promoting and immunosuppressive proteins, microRNA and genomic DNA. Accordingly, in cancer, exosomal trafficking and reciprocal exchange of molecular information among different organs and cell types contribute to cell-to-cell communication, horizontal cellular transformation, cellular reprogramming, functional alterations, inhibition of immune responses, and metastasis. Comparative molecular profiling of exosomes derived from normal tissue cells and tumor-derived TEX in blood and other body fluids may therefore offer a non-invasive means for assessing tumor initiation and progression, metastasis, and treatment responses of patients. This knowledge may lead to better cancer prevention and care.

The major bottleneck for using TEX in cancer research and clinical care is in obtaining enriched preparations of TEX from body fluids. Existing technologies are based on methods such as centrifugation, precipitation, and affinity purification, which are labor intensive, time consuming, and often are not standardized techniques, producing variable yields and purity of exosomes. Many of the existing approaches either produce poor yields of exosomes and/or impose significant stresses on these vesicles that compromise their biological integrity. There remains a need for advancement of new exosome isolation technologies that will produce sufficient yields and quality of exosomes for downstream proteomic and genomic profiling. Therefore, the goal of this proposal is to advance a technology for the differential isolation of TEX and tissue-derived exosomes (non-TEX) which will be useful for comparative molecular profiling. Given the potential of exosomes and TEX for basic research and clinical applications, the proposed technology will be advanced for the purpose of high-throughput exosome isolation from multiple body fluids and multiple cancer types.

The goal of the Topic 359 Contract is as follows: 1) to support the development of large scale or high-throughput technologies for differential isolation of tissue-specific exosomes and TEX from multiple body fluids, and 2) to obtain enriched, distinct preparations useful for downstream comparative molecular profiling or therapeutic use. Aethlon Medical Inc. proposes to develop an automated and high-throughput device for complete isolation and segregation of exosome populations, with particular emphasis on yielding TEX and non-TEX populations that are morphologically and functionally intact. The technology will establish automated workflows and reduce human intervention to obtain enriched distinct preparations of TEX and non-TEX.

II. SCOPE

In the Phase II contract, we expect to adapt the technology developed in phase I to isolating TEX and non-TEX from multiple biofluids (plasma & urine) in melanoma. Accomplishing this goal will lay the path for a commercial liquid biopsy workflow for isolating TEX in multiple cancer types.

III. **OBJECTIVES**

The objective of the proposed Phase II study is the development of a pre-commercial prototype of an exosome isolation device designed for use in clinical diagnostic laboratories that builds directly upon our results from the Phases I contract.

IV. **SERVICES TO BE PERFORMED**

The contractor shall independently perform all work and furnish all labor, materials, supplies, equipment, and services (except as otherwise specified in the contract; subcontractors are listed below).

University of Pittsburgh (UPMC):

Dr. Theresa Whiteside, Professor of Pathology, Immunology and Otolaryngology, is Co-Investigator. Dr. Whiteside's laboratory will perform the experiments described in related to immune profiling and functional testing of exosomes in Specific Aims 1, 2 and 3 of the proposed work. In the course of performing these experiments, Dr. Whiteside will be responsible for maintaining the results and for communicating the results to Aethlon.

Massachusetts General Hospital/Harvard University (MGH):

Dr. Soldano Ferrone, Professor in Residence at Massachusetts General Hospital, is Co-Investigator. Dr. Ferrone's laboratory will produce the monoclonal antibodies used for this study and supply them to Aethlon and to Dr. Whiteside's laboratory. These monoclonal antibodies are to be utilized in Specific Aims 2 and 3 of this work and, since they are unique reagents for selecting TEX, are an indispensable component of this project

The services performed under this contract, the Specific Aims and Milestones, are outlined in the tables provided below.

SPECIFIC AIM 1 (ORIGINAL SOW)

Specific Aims/Sub-Aims	Year 1												Year 2											
	9/19	10/19	11/19	12/19	01/20	02/20	03/20	04/20	05/20	06/20	07/20	08/20	09/20	10/20	11/20	12/20	01/21	02/21	03/21	04/21	05/21	06/21	07/21	08/21
Specific Aim #1: To develop and optimize a flow filtration system incorporating the GNA Hemopurifier for isolation of total exosomes from biofluids																								
1.1	Adaptation of an automated system for operation of the GNA Hemopurifier (Milestone 1.1)																							
1.2	Construction of GNA Hemopurifier cartridges (Milestone 1.2)																							
1.3	Comparison of the performance of different models of GNA Hemopurifier cartridges (Milestone 1.3)																							
1.4	Establishment of an optimized protocol for elution of total exosomes from the GNA Hemopurifier (Milestone 1.4)																							
1.5	Evaluation of the recovery of intact exosomes from the GNA Hemopurifier (Milestone 1.4)																							
1.6	Evaluation of the performance of the GNA Hemopurifier for depletion of exosomes from fresh vs. frozen plasma and urine (Milestones 1.3 & 1.4)																							
Specific Aim #1 Milestones																								
1.1 Adaptation of an automated flow filtration system for running the GNA Hemopurifier.																								
1.2 Optimizing the design of the GNA Hemopurifier cartridge.																								
1.3 Clearance of at least 80% of exosomes from each biofluid type.																								
1.4 Elution of exosomes defined by at least 80% positive expression of one or more exosomal surface markers: CD9, CD63, CD81, TSG101, Flotillin-1 or ALIX.																								

SPECIFIC AIM 2 ORIGINAL SOW

Specific Aims/Sub-Aims		Year 1												Year 2												
		9/19	10/19	11/19	12/19	01/20	02/20	03/20	04/20	05/20	06/20	07/20	08/20	09/20	10/20	11/20	12/20	01/21	02/21	03/21	04/21	05/21	06/21	07/21	08/21	
Specific Aim #2: To characterize the capabilities of the GNA Hemopurifier for isolating melanoma TEX and non-TEX from diverse biofluids																										
2.1	Identification and quantification of melanoma TEX in biofluids using monoclonal antibodies against CSPG4 (Milestones 2.2 & 2.3)																									
2.2	Assessment of the recovery of TEX and non-TEX populations from distinct biofluids using the GNA hemopurifier (Milestone 2.1)																									
Specific Aim #2 Milestones																										
2.1 Demonstration that the GNA Hemopurifier isolates TEX and non-TEX from different biofluids having equivalent antigen expression as exosomes from a control exosome isolation method.																										
2.2 Isolation of equivalent ratios of TEX:non-TEX from the GNA Hemopurifier as compared to a control exosome isolation method.																										
2.3 Demonstration of <20% variability in the concentrations of TEX or in the ratios of TEX:non-TEX that are recovered from replicate runs of a biofluid sample through the Hemopurifier.																										

SPECIFIC AIM 3 ORIGINAL SOW

Specific Aims/Sub-Aims		Year 1												Year 2													
		9/19	10/19	11/19	12/19	01/20	02/20	03/20	04/20	05/20	06/20	07/20	08/20	09/20	10/20	11/20	12/20	01/21	02/21	03/21	04/21	05/21	06/21	07/21	08/21		
Specific Aim #2: To construct a novel device, the CSPG4 cartridge, for isolation of TEX from total exosomes																											
3.1	Construction of CSPG4 cartridges (Milestones 3.1, 3.2, & 3.3)																										
3.2	Development of an elution protocol for TEX isolation from CSPG4 cartridges (Milestones 3.4, 3.5 & 3.6)																										
3.3	Evaluation of the recovery of intact TEX and non-TEX from the CSPG4 cartridge isolation procedure (Milestones 3.7 & 3.8)																										
Specific Aim #3 Milestones																											
3.1 Quantification of the capacity of the affinity resin for binding anti-CSPG4 mAb 3.2 Quantification of the exosome binding capacity of the anti-CSPG4 mAb affinity resin. 3.3 Clearance of at least 80% CSPG4+ exosomes from fluid samples by CSPG4 cartridges. 3.4 Elution of membrane-intact TEX from CSPG4 cartridges that are amenable to downstream phenotypic profiling. 3.5 Elution of exosome populations from CSPG4 cartridges that are >90% CSPG4-positive. 3.6 Recovery of exosomes that are <10% CSPG4+ in the uncaptured fraction from CSPG4 cartridges. 3.7 Completion of the TEX and non-TEX isolation procedure in <1 hour. 3.8 Isolation of melanoma patients' exosomes having immunosuppressive activity against lymphocytes as tested in one or more in vitro assays.																											

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: November 9, 2021

/s/ CHARLES J. FISHER, JR., MD
CHARLES J. FISHER, JR.
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: November 9, 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 three-month period ended September 30, 2021 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 Aethlon Medical, Inc.

Dated: November 9, 2021

/s/ CHARLES J. FISHER, JR., MD

Charles J. Fisher, Jr., MD
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 three-month period ended September 30, 2021 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: November 9, 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.