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

FORM 10-Q

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

For the quarterly period ended September 30, 2022

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 001-35023

iBio, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**26-2797813**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
8800 HSC Parkway, Bryan, TX	**77807-1107**
(Address of principal executive offices)	(Zip Code)

(979) 446-0027
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Ticker symbol(s)	Name of each exchange on which registered
Common Stock	IBIO	NYSE American

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 ☒

Shares of Common Stock outstanding as of November 7, 2022: 8,988,782.

iBio, Inc.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited).

iBio, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
(In Thousands, except share and per share amounts)

	September 30, 2022 (Unaudited)	June 30, 2022 (See Note 2)
Assets		
Current assets:		
Cash and cash equivalents	$ 9,887	$ 22,676
Investments in debt securities	7,599	10,845
Accounts receivable - trade	1,055	1,000
Settlement receivable - current portion	5,100	5,100
Prepaid expenses and other current assets	1,146	1,549
Current assets held for sale	38,778	3,900
Total Current Assets	63,565	45,070
Restricted cash	5,996	5,996
Noncurrent assets held for sale	—	37,314
Convertible promissory note receivable and accrued interest	1,650	1,631
Finance lease right-of-use assets, net of accumulated amortization	875	—
Operating lease right-of-use asset	2,928	3,068
Fixed assets, net of accumulated depreciation	3,464	1,373
Intangible assets, net of accumulated amortization	6,013	4,851
Prepaid expenses - noncurrent	44	74
Security deposits	29	29
Total Assets	$ 84,564	$ 99,406
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 4,807	$ 4,264
Accrued expenses	2,595	3,764
Finance lease obligations - current portion	303	—
Operating lease obligation - current portion	183	91
Current liabilities related to assets held for sale	1,949	56
Term note payable - net of deferred financing costs	22,201	22,161
Contract liabilities	161	100
Total Current Liabilities	32,199	30,436
Finance lease obligations - net of current portion	576	—
Operating lease obligation - net of current portion	3,421	3,514
Noncurrent liabilities related to assets held for sale	—	1,971
Total Liabilities	36,196	35,921
Equity		
iBio, Inc. Stockholders' Equity:		
Series 2022 Convertible Preferred Stock – $0.001 par value; 1,000,000 shares authorized; 0 and 1,000 shares issued and outstanding as of September 30, 2022 and June 30, 2022, respectively	—	—
Common stock - $0.001 par value; 275,000,000 shares authorized at September 30, 2022 and June 30, 2022; 9,006,582 and 8,727,158 shares issued and outstanding as of September 30, 2022 and June 30, 2022, respectively	9	9
Additional paid-in capital	290,642	287,619
Accumulated other comprehensive loss	(223)	(213)
Accumulated deficit	(242,060)	(223,930)
Total iBio, Inc. Stockholders' Equity	48,368	63,485
Total Liabilities and Equity	$ 84,564	$ 99,406

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

iBio, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations and Comprehensive Loss
(Unaudited; in Thousands, except per share amounts)

	Three Months Ended September 30,	
	2022	**2021**
Revenues	$ —	$ 84
Operating expenses:		
Research and development	2,548	1,134
General and administrative (related party of $0 and $189)	5,088	4,175
Total operating expenses	7,636	5,309
Operating loss	(7,636)	(5,225)
Other income:		
Interest income	99	36
Consolidated net loss from continuing operations	(7,537)	(5,189)
Net loss attributable to noncontrolling interest	—	1
Net loss attributable to iBio, Inc. from continuing operations	(7,537)	(5,188)
Preferred stock dividends - iBio CDMO Tracking Stock	—	(66)
Net loss available to iBio, Inc. stockholders from continuing operations	(7,537)	(5,254)
Loss from discontinued operations	(10,593)	(3,751)
Net loss available to iBio, Inc. stockholders	$ (18,130)	$ (9,005)
Comprehensive loss:		
Consolidated net loss	$ (18,130)	$ (8,940)
Other comprehensive loss - unrealized loss on debt securities	(10)	(1)
Comprehensive loss	$ (18,140)	$ (8,941)
Loss per common share attributable to iBio, Inc. stockholders - basic and diluted - continuing operations	$ (0.85)	$ (0.60)
Loss per common share attributable to iBio, Inc. stockholders - basic and diluted - discontinued operations	$ (1.20)	$ (0.43)
Loss per common share attributable to iBio, Inc. stockholders - basic and diluted - total	$ (2.05)	$ (1.03)
Weighted-average common shares outstanding - basic and diluted	8,842	8,715

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

iBio, Inc. and Subsidiaries
Condensed Consolidated Statements of Equity
(Unaudited; in thousands)

Three Months Ended September 30, 2022

	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount				
Balance as of July 1, 2022	1	$ —	8,727	$ 9	$ 287,619	$ (213)	$ (223,930)	$ 63,485
Capital raise	—	—	176	—	1,151	—	—	1,151
Conversion of preferred stock to common stock	(1)	—	—	—	—	—	—	—
Common stock issued - RubrYc transaction	—	—	102	—	650	—	—	650
Vesting of RSUs	—	—	1	—	—	—	—	—
Share-based compensation	—	—	—	—	1,222	—	—	1,222
Unrealized loss on available-for-sale debt securities	—	—	—	—	—	(10)	—	(10)
Net loss	—	—	—	—	—	—	(18,130)	(18,130)
Balance as of September 30, 2022	—	$ —	9,006	$ 9	$ 290,642	$ (223)	$ (242,060)	$ 48,368

Three Months Ended September 30, 2021

	Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Noncontrolling Interest	Total
	Shares	Amount	Shares	Amount					
Balance as of July 1, 2021	—	$ —	8,715	$ 9	$ 282,266	$ (63)	$ (173,627)	$ (17)	$ 108,568
Exercise of stock options	—	—	3	—	77	—	—	—	77
Share-based compensation	—	—	—	—	821	—	—	—	821
Unrealized loss on debt securities	—	—	—	—	—	(1)	—	—	(1)
Net loss	—	—	—	—	—	—	(8,939)	(1)	(8,940)
Balance as of September 30, 2021	—	$ —	8,718	$ 9	$ 283,164	$ (64)	$ (182,566)	$ (18)	$ 100,525

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

iBio, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited; in Thousands)

	Three Months Ended September 30,	
	2022	**2021**
Cash flows from operating activities:		
Consolidated net loss	$ (18,130)	$ (8,940)
Adjustments to reconcile consolidated net loss to net cash used in operating activities:		
Share-based compensation	1,222	821
Amortization of intangible assets	67	88
Amortization of finance lease right-of-use assets	13	416
Amortization of operating lease right-of-use assets	143	—
Depreciation of fixed assets	271	306
Accrued interest receivable on convertible promissory note receivable	(19)	(19)
Amortization of premiums on debt securities	36	102
Amortization of deferred financing costs	40	—
Inventory reserve	4,100	—
Forgiveness of note payable and accrued interest - SBA loan	—	(607)
Settlement of revenue contract	—	(84)
Changes in operating assets and liabilities:		
Accounts receivable – trade	(54)	(93)
Inventory	(1,137)	(560)
Prepaid expenses and other current assets	403	325
Prepaid expenses - noncurrent	30	(912)
Accounts payable	166	79
Accrued expenses	(1,168)	(269)
Operating lease obligations	(3)	—
Contract liabilities	61	—
Net cash used in operating activities	(13,959)	(9,347)
Cash flows from investing activities:		
Purchases of debt securities	—	(2,386)
Redemption of debt securities	3,200	2,400
Purchase of equity security	—	(1,173)
Additions to intangible assets	—	(2,867)
Purchases of fixed assets	(2,479)	(1,123)
Payment for RubrYc asset acquisition	(692)	—
Net cash provided by (used in) investing activities	29	(5,149)
Cash flows from financing activities:		
Proceeds from sales of common stock	1,151	—
Payment of finance lease obligation	(10)	(88)
Net cash provided by (used in) provided by financing activities	1,141	(88)
Net decrease in cash, cash equivalents and restricted cash	(12,789)	(14,584)
Cash, cash equivalents and restricted cash - beginning	28,672	77,404
Cash, cash equivalents and restricted cash - end	$ 15,883	$ 62,820

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

iBio, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited; in Thousands)

	Three Months Ended September 30,	
	2022	**2021**
Schedule of non-cash activities:		
Increase in operating lease ROU assets for new lease - net of lease incentive	$ —	$ 3,487
Increase in operating lease obligation for new lease	$ —	$ 3,603
Increase in finance lease ROU assets for new leases	$ 814	$ —
Increase in finance lease obligation for new leases	$ 814	$ —
Fixed assets included in accounts payable in prior period, paid in current period	$ 1,769	$ 383
Unpaid fixed assets included in accounts payable	$ 2,143	$ 750
Unpaid portion of RubrYc transaction	$ —	$ 2,500
Unrealized loss on available-for-sale debt securities	$ 10	$ 1
Lease incentive for construction in progress	$ —	$ 82
Settlement of revenue contract	$ —	$ 580
RubrYc asset acquisition by issuance of common stock	$ 650	$ —
Proceeds from options exercised included in prepaid expenses and OCA	$ —	$ 77
Supplemental cash flow information:		
Cash paid during the period for interest	$ 187	$ 610

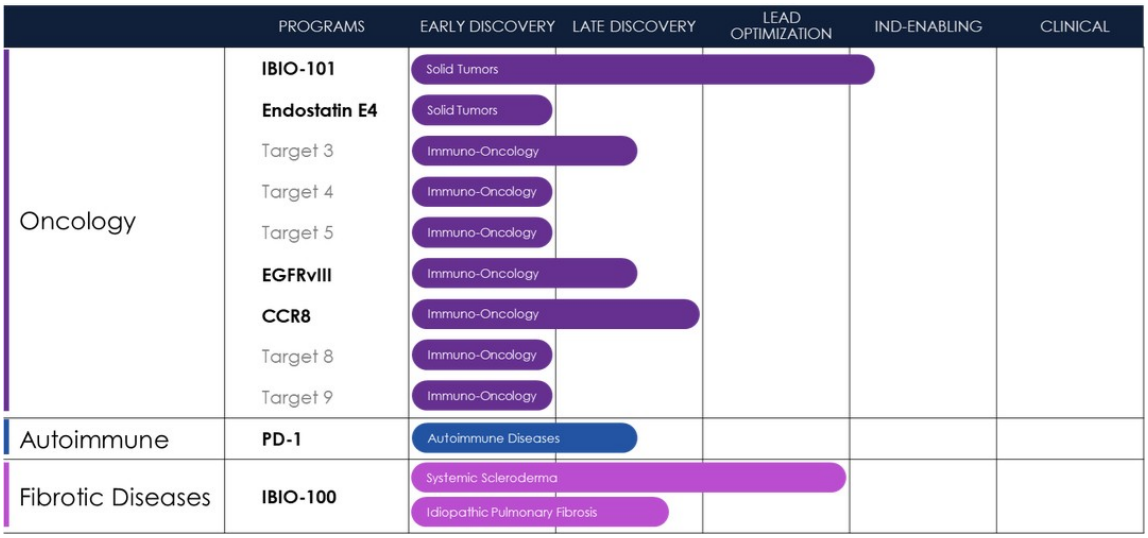
The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

iBio, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Nature of Business

iBio, Inc. ("we", "us", "our", "iBio", "iBio, Inc" or the "Company") is an Artificial Intelligence ("AI")-driven innovator of precision antibody immunotherapies. The Company has a pipeline of innovative primarily immuno-oncology antibodies against hard-to-drug targets where we may face reduced competition and with antibodies that may be more selective. The Company plans to use its AI-driven discovery platform to continue adding antibodies against hard-to-drug targets or to work with partners on AI-driven drug development.

Therapeutics Pipeline



IBIO-101: an anti-CD25 molecule that works by depletion of immunosuppressive T-regulatory cells (Tregs) via antibody-dependent cellular cytotoxicity ("ADCC"), without disrupting activation of effector T-cells (Teffs) in the tumor microenvironment. IBIO-101 could potentially be used to treat solid tumors, hairy cell leukemia, relapsed multiple myeloma, lymphoma, or head and neck cancer.

EGFRvIII: binds a tumor-specific mutation of EGFR variant III with an afucosylated antibody for high ADCC. Because of its specificity binding to the tumor-specific mutation, it could potentially reduce toxicity and/or expand the therapeutic window compared to simple broad EGFR-targeted alternatives. . EGFRvIII is constantly "switched on" which can lead to the development of a range of different cancers. An EGFRvIII antibody could potentially be used to treat glioblastoma, head and neck cancer or non-small cell lung cancer.

CCR8: targets depletion of highly immunosuppressive CCR8+ Tregs in the tumor microenvironment via an ADCC mechanism with selective binding to CCR8 over its closely related cousin, CCR4, to avoid off-target effects. A CCR8 program could potentially be broadly applicable in solid tumors and/or as a prospective combination therapy.

PD-1 Agonist: Selectively binds PD-1 to suppress auto-reactive T-cells without PD-L1/PD-L2 blocking. A PD-1 agonist could potentially be used to treat inflammatory bowel disease, systemic lupus erythematosus, multiple sclerosis or other inflammatory diseases.

In addition to the programs described above, the Company also has six additional early discovery programs that have the potential to advance into later stages of preclinical development and are designed to tackle hard-to-drug targets.

IBIO-100 and Endostatin E4

Our lead anti-fibrotic candidate is IBIO-100, and its design is based in part upon work by Dr. Carol Feghali-Bostwick, Professor of Medicine at the Medical University of South Carolina and Vice-Chair of the Scleroderma Foundation. Her initial work was conducted at the University of Pittsburgh, and we have licensed the patents relevant for the continued development of the molecule from the university.

As part of the Company's review of potential options, the Company intends to continue to review the data from its research and development efforts and determine how to proceed with the development of IBIO-100 in Fibrosis.

To align with the Company's focus on the immuno-oncology pipeline, the Company also intends to continue to pursue the E4 endostatin peptide, from which IBIO-100 is derived, as an oncology target in collaboration with University of Texas Southwestern.

AI Drug Discovery Platform

In September 2022, iBio purchased substantially all of the assets of RubrYc Therapeutics (for a complete description of the transaction please see Note 6 – Significant Transactions). The AI Drug Discovery platform technology is designed to be used to discover antibodies that bind to hard-to-target subdominant and conformational epitopes for further development within our existing portfolio or in partnership with outside entities. The RubrYc AI platform is built upon 3 key technologies.

1. **Epitope Targeting Engine:** A proprietary machine-learning platform that combines computational biology and 3D-modeling to identify molecules that mimic hard-to-target binding sites on target proteins, specifically, subdominant and conformational epitopes. The creation of these small mimics enables the engineering of therapeutic antibody candidates that can selectively bind immune and cancer cells better than "trial and error" antibody engineering and screening methods that are traditionally focused on dominant epitopes.

2. ***RubrYcHu*™ Library:** An AI-generated human antibody library free of significant sequence liabilities that provides a unique pool of antibodies to screen. The combination of the Epitope Targeting Engine and screening with the *RubrYcHu* Library has been shown to reduce the discovery time from ideation to *in vivo* proof-of-concept (PoC) by up to 4 months. This has the potential to enable more, and better, therapeutic candidates to reach the clinic, faster.

3. ***StableHu*™ Library:** An AI-powered sequence optimization library used to improve antibody performance. Once an antibody has been advanced to the lead optimization stage, *StableHu* allows precise and rapid optimization of the antibody binding regions to rapidly move a candidate molecule into the IND-enabling stage.

2. Basis of Presentation

Interim Financial Statements

The accompanying unaudited condensed consolidated financial statements have been prepared from the books and records of the Company and include all normal and recurring adjustments which, in the opinion of management, are necessary for a fair presentation in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and Rule 8-03 of Regulation S-X promulgated by the U.S. Securities and Exchange Commission (the "SEC"). Accordingly, these interim financial statements do not include all of the information and footnotes required for complete annual financial statements. Interim results are not necessarily indicative of the results that may be expected for the full year. Interim unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended June 30, 2022, filed with the SEC on October 11, 2022 (the "Annual Report"), from which the accompanying condensed consolidated balance sheet dated June 30, 2022 was derived.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated as part of the consolidation. Non-controlling interest in the consolidated financial statements represented the share of the loss in iBio CDMO, LLC ("iBio CDMO") for an affiliate of Eastern Capital Limited ("Eastern Capital") through November 1, 2021, the date the Company acquired the remaining interest in iBio CDMO. See Note 6 – Significant Transactions.

Going Concern

The history of significant losses, the negative cash flow from operations, the limited cash resources on hand and the dependence by the Company on its ability to obtain additional financing to fund its operations after the current cash resources are exhausted raises substantial doubt about the Company's ability to continue as a going concern. In an effort to remain a going concern and increase cash reserves, the Company recently announced it was selling its CDMO business and facility, reducing its work force by approximately 60% (a reduction of approximately 69 positions), and ceasing operations of its CDMO thereby reducing annual spending by approximately 50%. (See Note 3 – Discontinued Operations for more information.) Potential options being considered to further increase liquidity include lowering the Company's expenses further, focusing product development on a select number of product candidates, the sale or out-licensing of certain product candidates, raising money from capital markets, grant revenue or collaborations, or a combination thereof. During the first quarter of fiscal year 2023, the Company completed at-the-market ("ATM") offerings and raised $1.1M selling approximately 176,000 shares of common stock. (See Note 16 – Stockholder's Equity for more information.)

The Company's cash, cash equivalents, restricted cash and investments in debt securities of $23.5 million as of September 30, 2022, is not anticipated to be sufficient to support operations beyond Q3 of Fiscal 2023 unless the Company reduces its burn rate further or increases its capital as described above. Regardless of whether the Company is able to reduce its burn rate or sell or out-license certain assets or parts of the business, the Company will need to raise additional capital in order to fully execute its longer-term business plan. It is the Company's goal to implement one or more potential options described above to allow the Company to have a cash runway for at least 12 months from the date of the filing of this Quarterly Report on Form 10-Q. However, there can be no assurance that the Company will be successful in implementing any of the options that we are evaluating.

The accompanying financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

Reverse Stock Split

On September 22, 2022, the Company's Board of Directors approved the implementation of a reverse stock split at a ratio of one-for-twenty five (1:25) shares of the Company's Common Stock (the "Reverse Split"). The Reverse Split was effective as of October 7, 2022. All share and per share amounts of our common stock presented have been retroactively adjusted to reflect the Reverse Split. See Note 16 – Stockholders' Equity for more information.

3. Discontinued Operations

In November 2022, the Company announced it is seeking to divest its contract development and manufacturing organization (iBio CDMO, LLC) in order to complete its transformation into an antibody discovery and development company. In conjunction with the divestment, the Company commenced a workforce reduction of approximately 60% of the current Company staffing levels (a reduction of approximately 69 positions). The Company expects to substantially complete the employee reduction by January 2, 2023. The Company expects it may be able to complete a transaction for the sale of its contract development and manufacturing organization in calendar 2023, although there is no assurance as to when, or for how much, the Company may be able to sell the iBio CDMO, LLC organization, including the 130,000-square-foot cGMP facility location in Bryan, Texas. The Company expects to incur pre-tax charges of approximately $1.7 million for the employee reduction, most of which is expected to be incurred in the second and third quarter of fiscal year 2023. These charges will be substantially settled in cash and almost entirely consist of severance obligations, continuation of salaries and benefits over a 60-day transitional period during which impacted employees remain employed but are not expected to provide active service, and other customary employee benefit payments in connection with an employee reduction. The transition to a focused AI-Biotech business is expected to reduce the Company's monthly burn rate by approximately half, with an approximate range of $2.5-3.0 million per month. The Company recorded a charge in discontinued operations for $4.1 million for the three months ended September 30, 2022, due to inventory write offs resulting from the winding down of the CDMO business and depending upon the sale price of the facility, the Company may have to incur additional write offs.

As such, the results of iBio CDMO's operations are reported as discontinued operations for the three months ended September 30, 2022. The Company has retrospectively recast its consolidated statement of operations for the three months ended September 30, 2021 presented. In addition, those assets and liabilities associated with the discontinued operations of the CDMO that the Company intends to sell have been classified as "held for sale" as of September 30, 2022. The Company has retrospectively recast its consolidated balance sheet as of June 30, 2022 for assets and liabilities held for sale. The Company has chosen not to segregate the cash flows of iBio CDMO in the consolidated statement of cash flows. Supplemental disclosures related to discontinued operations for the statements of cash flows has been provided below. Unless noted otherwise, discussion in the Notes to the Condensed Consolidated Financial Statements refers to the Company's continuing operations.

The following table presents a reconciliation of the major financial lines constituting the results of operations for discontinued operations to the loss from discontinued operations presented separately in the consolidated statements of operations (in thousands):

	September 30, 2022	September 30, 2021
Revenues	$ 56	$ 127
Cost of goods sold	5	40
Gross profit	51	87
Operating expenses:		
Research and development	3,062	1,378
General and administrative	7,355	2,458
Total operating expenses	10,417	3,836
Other income (expenses):		
Interest expense - term note payable	(226)	—
Interest expense - related party	—	(608)
Forgiveness of note payable and accrued interest - SBA loan	—	607
Other	(1)	(1)
Total other expenses	(227)	(2)
Loss from discontinued operation	$ (10,593)	$ (3,751)

The following table presents net carrying values related to the major classes of assets that were classified as held for sale at September 30, 2022 and June 30, 2022 (in thousands):

	September 30, 2022	June 30 2022
Current assets:		
Inventory	$ 937	$ 3,900
Operating lease right-of-use assets	1,949	—
Property and equipment, net	35,892	—
Total current assets	$ 38,778	$ 3,900
Other assets:		
Property and equipment, net	$ —	$ 35,289
Operating lease right-of-use assets	—	1,951
Total other assets	$ —	$ 37,240
Current liabilities:		
Operating lease obligation	$ 1,949	$ 10
Long-term liabilities:		
Operating lease obligation	$ —	$ 1,941

The following table presents the supplemental disclosures related to discontinued operations for the statements of cash flows (in thousands):

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
Depreciation expense	$ 271	$ 306
Amortization of finance lease ROU assets	13	416
Purchase of fixed assets	875	1,082
Investing noncash transactions:		
Fixed assets included in accounts payable in prior period, paid in current period	1,542	383
Unpaid fixed assets included in accounts payable	229	750

4. Summary of Significant Accounting Policies

The Company's significant accounting policies are described in Note 3 of the Notes to Financial Statements in the Annual Report.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates include liquidity assertions, the valuation of intellectual property, legal and contractual contingencies and share-based compensation. Although management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, actual results could differ from these estimates.

Accounts Receivable

Accounts receivable are reported at their outstanding unpaid principal balances net of allowances for uncollectible accounts. The Company provides for allowances for uncollectible receivables based on its estimate of uncollectible amounts considering age, collection history, and other factors considered appropriate. Management's policy is to write off accounts receivable against the allowance for doubtful accounts when a balance is determined to be uncollectible. At September 30, 2022 and June 30, 2022, the Company determined that an allowance for doubtful accounts was not needed.

Revenue Recognition

The Company accounts for its revenue recognition under Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers*. Under this standard, the Company recognizes revenue when a customer obtains control of promised services or goods in an amount that reflects the consideration to which the Company expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts.

The Company's contract revenue consists primarily of amounts earned under contracts with third-party customers and reimbursed expenses under such contracts. The Company analyzes its agreements to determine whether the elements can be separated and accounted for individually or as a single unit of accounting. Allocation of revenue to individual elements that qualify for separate accounting is based on the separate selling prices determined for each component, and total contract consideration is then allocated pro rata across the components of the arrangement. If separate selling prices are not available, the Company will use its best estimate of such selling prices, consistent with the overall pricing strategy and after consideration of relevant market factors.

In general, the Company applies the following steps when recognizing revenue from contracts with customers: (i) identify the contract, (ii) identify the performance obligations, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations and (v) recognize revenue when a performance obligation is satisfied. The nature of the Company's contracts with customers generally falls within the three key elements of the Company's business plan: CDMO Facility Activities; Product Candidate Pipeline, and Facility Design and Build-out /Technology Transfer services.

Recognition of revenue is driven by satisfaction of the performance obligations using one of two methods: revenue is either recognized over time or at a point in time. Contracts containing multiple performance obligations classify those performance obligations into separate units of accounting either as standalone or combined units of accounting. For those performance obligations treated as a standalone unit of accounting, revenue is generally recognized based on the method appropriate for each standalone unit. For those performance obligations treated as a combined unit of accounting, revenue is generally recognized as the performance obligations are satisfied, which generally occurs when control of the goods or services have been transferred to the customer or client or once the client or customer is able to direct the use of those goods and/or services as well as obtaining substantially all of its benefits. As such, revenue for a combined unit of accounting is generally recognized based on the method appropriate for the last delivered item but due to the specific nature of certain project and contract items, management may determine an alternative revenue recognition method as appropriate, such as a contract whereby one deliverable in the arrangement clearly comprises the overwhelming majority of the value of the overall combined unit of accounting. Under this circumstance, management may determine revenue recognition for the combined unit of accounting based on the revenue recognition guidance otherwise applicable to the predominant deliverable.

If a loss on a contract is anticipated, such loss is recognized in its entirety when the loss becomes evident. When the current estimates of the amount of consideration that is expected to be received in exchange for transferring promised goods or services to the customer indicates a loss will be incurred, a provision for the entire loss on the contract is made. At September 30, 2022 and June 30, 2022, the Company had no contract loss provisions.

The Company generates (or may generate in the future) contract revenue under the following types of contracts:

Fixed-Fee

Under a fixed-fee contract, the Company charges a fixed agreed upon amount for a deliverable. Fixed-fee contracts have fixed deliverables upon completion of the project. Typically, the Company recognizes revenue for fixed-fee contracts after projects are completed, delivery is made and title transfers to the customer, and collection is reasonably assured.

Revenue can be recognized either 1) over time or 2) at a point in time. All revenue was recognized at a point in time for all periods presented.

For the three months ended September 30, 2021, revenue was from the settlement of a revenue contract.

Time and Materials

Under a time and materials contract, the Company charges customers an hourly rate plus reimbursement for other project specific costs. The Company recognizes revenue for time and material contracts based on the number of hours devoted to the project multiplied by the customer's billing rate plus other project specific costs incurred.

Contract Assets

A contract asset is an entity's right to payment for goods and services already transferred to a customer if that right to payment is conditional on something other than the passage of time. Generally, an entity will recognize a contract asset when it has fulfilled a contract obligation but must perform other obligations before being entitled to payment.

Contract assets consist primarily of the cost of project contract work performed by third parties for which the Company expects to recognize any related revenue at a later date, upon satisfaction of the contract obligations. At both September 30, 2022 and June 30, 2022, contract assets were $0.

Contract Liabilities

A contract liability is an entity's obligation to transfer goods or services to a customer at the earlier of (1) when the customer prepays consideration or (2) the time that the customer's consideration is due for goods and services the entity will yet provide. Generally, an entity will recognize a contract liability when it receives a prepayment.

Contract liabilities consist primarily of consideration received, usually in the form of payment, on project work to be performed whereby the Company expects to recognize any related revenue at a later date, upon satisfaction of the contract obligations. At September 30, 2022 and June 30, 2022, contract liabilities were $161,000 and $100,000 respectively. The Company recognized revenue of $56,000 during the three months ended September 30, 2022 that was included in the contract liabilities balance as of June 30, 2022 and was reported in discontinued operations. The Company recognized revenue of $84,000 during the three months ended September 30, 2021 that was included in the contract liabilities balance as of June 30, 2021 and reported as part of continuing operations.

Leases

The Company accounts for leases under the guidance of Accounting Standards Codification ("ASC") 842, "Leases" ("ASC 842"). The standard established a right-of-use ("ROU") model requiring a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months and classified as either an operating or finance lease. The adoption of ASC 842 had a significant effect on the Company's balance sheet, resulting in an increase in non-current assets and both current and non-current liabilities.

In accordance with ASC 842, at the inception of an arrangement, the Company determines whether the arrangement is or contains a lease based on the unique facts and circumstances present and the classification of the lease including whether the contract involves the use of a distinct identified asset, whether the Company obtains the right to substantially all the economic benefit from the use of the asset, and whether the Company has the right to direct the use of the asset. Leases with a term greater than one year are recognized on the balance sheet as ROU assets, lease liabilities and, if applicable, long-term lease liabilities. The Company has elected not to recognize on the balance sheet leases with terms of one year or less under practical expedient in paragraph ASC 842-20-25-2. For contracts with lease and non-lease components, the Company has elected not to allocate the contract consideration and to account for the lease and non-lease components as a single lease component.

The lease liabilities and the corresponding ROU assets are recorded based on the present value of lease payments over the expected remaining lease term. The implicit rate within the Company's existing finance (capital) lease was determinable and, therefore, used at the adoption date of ASC 842 to determine the present value of lease payments under the finance lease. The implicit rate within the Company's operating lease was not determinable and, therefore, the Company used the incremental borrowing rate at the lease commencement date to determine the present value of lease payments. The determination of the Company's incremental borrowing rate requires judgment. The Company will determine the incremental borrowing rate for each new lease using its estimated borrowing rate.

An option to extend the lease is considered in connection with determining the ROU asset and lease liability when it is reasonably certain the Company will exercise that option. An option to terminate is considered unless it is reasonably certain the Company will not exercise the option.

Cash, Cash Equivalents and Restricted Cash

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents at September 30, 2022 and June 30, 2022 consisted of money market accounts. Restricted cash consisted of collateral held for letters of credit obtained to the term note payable for the purchase of the 130,000 square foot cGMP manufacturing facility in Bryan, Texas located at 8800 HSC Parkway, Bryan, Texas 77807 (the "Facility") (see Note 6 – Significant Transactions) and the San Diego operating lease (see Note 15 – Operating Lease Obligations) and a Company purchasing card. The Company's bank required an additional 5% collateral held above the actual letters of credit issued. Restricted cash was approximately $6 million at both September 30, 2022 and June 30, 2022. On October 11, 2022, the Company, as part of the First Amendment to the Credit Agreement with Woodforest, paid down $5.5M of the term loan and subsequently Woodforest cancelled the irrevocable letter of credit issued by JPMorgan Chase Bank upon closing of the amendment. The change in restricted cash will be reflected in second quarter of fiscal year 2023 financials.

The following table summarizes the components of total cash, cash equivalents and restricted cash in the condensed consolidated statements of cash flows (in thousands):

	September 30, 2022	June 30, 2021
Cash and equivalents	$ 9,887	$ 22,676
Collateral held for letter of credit - term note payable	5,743	5,743
Collateral held for letter of credit - San Diego lease	198	198
Collateral held for Company purchasing card	55	55
Total cash, cash equivalents and restricted cash	$ 15,883	$ 28,672

Investments in Debt Securities

Debt investments are classified as available-for-sale. Changes in fair value are recorded in other comprehensive income (loss). Fair value is calculated based on publicly available market information. Discounts and/or premiums paid when the debt securities are acquired are amortized to interest income over the terms of the debt securities. See Note 8 – Investments in Debt Securities.

Inventory

Inventory is stated at the lower of cost or net realizable value on the first-in, first-out basis. Inventory held is related to the CDMO business and has been classified as held for sale.

Research and Development

The Company accounts for research and development costs in accordance with the Financial Accounting Standards Board ("FASB") ASC 730-10, *Research and Development* ("ASC 730-10"). Under ASC 730-10, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and development costs are expensed when the contracted work has been performed or as milestone results have been achieved. For the three month periods ending September 30, 2022 and 2021 research and development expense was reported in both continuing and discontinued operations.

Right-of-Use Assets

Assets held under the terms of finance (capital) leases are amortized on a straight-line basis over the terms of the leases or the economic lives of the assets. Obligations for future lease payments under finance (capital) leases are shown within liabilities and are analyzed between amounts falling due within and after one year. See Note 9 - Finance Lease ROU Assets and Note 14 - Finance Lease Obligations for additional information.

Fixed Assets

Fixed assets are stated at cost net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from three to 39 years.

Intangible Assets

The Company accounts for intangible assets at either their historical cost or allocated purchase price at asset acquisition and records amortization utilizing the straight-line method based upon their estimated useful lives. Patents are amortized over a period of 10 years and other intellectual property is amortized over periods from 16 to 23 years. The Company reviews the carrying value of its intangible assets for impairment whenever events or changes in business circumstances indicate the carrying amount of such assets may not be fully recoverable. Evaluating for impairment requires judgment, and recoverability is assessed by comparing the projected undiscounted net cash flows of the assets over the remaining useful life to the carrying amount. Impairments, if any, are based on the excess of the carrying amount over the fair value of the assets. There were no impairment charges for the three months ended September 30, 2022 and 2021.

Share-based Compensation

The Company recognizes the cost of all share-based payment transactions at fair value. Compensation cost, measured by the fair value of the equity instruments issued, adjusted for estimated forfeitures, is recognized in the financial statements as the respective awards are earned over the performance or service period. The Company uses historical data to estimate forfeiture rates.

The impact that share-based payment awards will have on the Company's results of operations is a function of the number of shares awarded, the trading price of the Company's stock at the date of grant or modification, the vesting schedule and forfeitures. Furthermore, the application of the Black-Scholes option pricing model employs weighted-average assumptions for expected volatility of the Company's stock, expected term until exercise of the options, the risk-free interest rate, and dividends, if any, to determine fair value.

Expected volatility is based on historical volatility of the Company's common stock (the "Common Stock"); the expected term until exercise represents the weighted-average period of time that options granted are expected to be outstanding giving consideration to vesting schedules and the Company's historical exercise patterns; and the risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for periods corresponding with the expected life of the option. The Company has not paid any dividends since its inception and does not anticipate paying any dividends for the foreseeable future, so the dividend yield is assumed to be zero. In addition, the Company estimates forfeitures at each reporting period, rather than electing to record the impact of such forfeitures as they occur. See Note 17 - Share-Based Compensation for additional information.

Concentrations of Credit Risk

Cash

The Company maintains principally all cash balances in two financial institutions which, at times, may exceed the insured amounts. The exposure to the Company is solely dependent upon daily balances and the strength of the financial institutions. The Company has not incurred any losses on these accounts. At September 30, 2022 and June 30, 2022, amounts in excess of insured limits were approximately $15,372,000 and $18,200,000, respectively.

Revenue

During the three months ended September 30, 2022, the Company reported no revenue from continuing operations and generated 100% of its revenue reported in discontinued operations from one customer.

During the three months ended September 30, 2021, the Company reported revenue from continuing operations from one customer related to the settlement of a revenue contract and generated 100% of revenue reported in discontinued operations from three customers, each of whom individually accounted for more than 10% of revenue.

Recently Issued Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which requires an entity to assess impairment of its financial instruments based on its estimate of expected credit losses. Since the issuance of ASU 2016-13, the FASB released several amendments to improve and clarify the implementation guidance. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates*, which amended the effective date of the various topics. As the Company is a smaller reporting company, the provisions of ASU 2016-13 and the related amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2022 (quarter ending September 30, 2023, for the Company). Entities are required to apply these changes through a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The Company does not expect the adoption of ASU 2016-13 to have a significant impact on the Company's consolidated financial statements.

Management does not believe that any other recently issued, but not yet effective, accounting standard if currently adopted would have a material effect on the accompanying condensed consolidated financial statements. Most of the newer standards issued represent technical corrections to the accounting literature or application to specific industries which have no effect on the Company's condensed consolidated financial statements.

5. Financial Instruments and Fair Value Measurement

The carrying values of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and term note payable in the Company's condensed consolidated balance sheets approximated their fair values as of September 30, 2022 and June 30, 2022 due to their short-term nature. The carrying value of the convertible promissory note receivable, the term note payable and finance lease obligation approximated fair value as of September 30, 2022 and June 30, 2022 as the interest rates related to the financial instruments approximated market value.

The Company accounts for its investments in debt securities at fair value. The following provides a description of the three levels of inputs that may be used to measure fair value under the standard, the types of investments that fall under each category, and the valuation methodologies used to measure these investments at fair value.

- *Level 1* – Inputs are based upon unadjusted quoted prices for identical instruments in active markets.
- *Level 2* – Inputs to the valuation include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. All debt securities were valued using Level 2 inputs.
- *Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

6. Significant Transactions

Affiliates of Eastern Capital Limited

On November 1, 2021, the Company and its subsidiary, iBio CDMO ("iBio CDMO", and collectively with the Company, the "Purchaser") entered into a series of agreements (the "Transaction") with College Station Investors LLC ("College Station"), and Bryan Capital Investors LLC ("Bryan Capital" and, collectively with College Station, "Seller"), each affiliates of Eastern Capital Limited ("Eastern," a former significant stockholder of the Company) described in more detail below whereby in exchange for a certain cash payment and a warrant the Company:

(i) acquired both the Facility where iBio CDMO at that time and currently conducts business and also the rights as the tenant in the Facility's ground lease;

(ii) acquired all of the equity owned by one of the affiliates of Eastern in the Company and iBio CDMO; and

(iii) otherwise terminated all agreements between the Company and the affiliates of Eastern.

The Facility is a life sciences building located on land owned by the Board of Regents of the Texas A&M University System ("Texas A&M") and is designed and equipped for the manufacture of plant-made biopharmaceuticals. iBio CDMO had held a sublease for the Facility through 2050, subject to extension until 2060 (the "Sublease") until the purchase of the Facility described below.

The Purchase and Sale Agreement

On November 1, 2021, the Purchaser entered into a Purchase and Sale Agreement (the "Purchase and Sale Agreement") with the Seller pursuant to which: (i) the Seller sold to Purchaser all of its rights, title and interest as the tenant in the Ground Lease Agreement (the "Ground Lease Agreement") that it entered into with Texas A&M (the "Landlord'') related to the property at which the Facility is located together with all improvements pertaining thereto (the "Property"), which previously had been the subject of the Sublease; (ii) the Seller sold to Purchaser all of its rights, title and interest to any tangible personal property owned by Seller and located on the Property including the Facility; (iii) the Seller sold to Purchaser all of its rights, title and interest to all licensed, permits and authorization for use of the Property; and (iv) College Station and iBio CDMO terminated the Sublease. The total purchase price for the Property, the termination of the Sublease and other agreements among the parties, and the equity described below is $28,750,000, which was paid $28,000,000 in cash and by the issuance to Seller of warrants (the "Warrant") described below. As part of the transaction, iBio CDMO became the tenant under the Ground Lease Agreement for the Property until 2060 upon exercise of available extensions. The base rent payable under the Ground Lease Agreement, which was $151,450 for the prior year, is 6.5% of the Fair Market Value (as defined in the Ground Lease Agreement) of the Property. The Ground Lease Agreement includes various covenants, indemnities, defaults, termination rights, and other provisions customary for lease transactions of this nature.

As discussed above, iBio CDMO is being accounted for as a discontinued operation. As such, the assets acquired and/or leased are now classified as assets held for sale on the September 30, 2022 and June 30, 2022 condensed consolidated balance sheets.

The Equity Purchase Agreement

The Company also entered into an Equity Purchase Agreement with Bryan Capital on November 1, 2021 (the "Equity Purchase Agreement") pursuant to which the Company acquired for $50,000 cash, plus the Warrant, the one (1) share of iBio CMO Preferred Tracking Stock and the 0.01% interest in iBio CDMO owned by Bryan Capital. As a result, iBio CDMO is now a wholly-owned subsidiary of the Company.

The Credit Agreement

In connection with the Purchase and Sale Agreement, iBio CDMO entered into a Credit Agreement, dated November 1, 2021, with Woodforest pursuant to which Woodforest provided iBio CDMO a $22,375,000 secured term loan (the "Term Loan") to purchase the Facility, which Term Loan is evidenced by a Term Note (the "Term Note"). The Term Loan was advanced in full on the closing date. The Term Loan bears interest at a rate of 3.25%, with higher interest rates upon an event of default, which interest is payable monthly beginning November 5, 2021. Principal on the Term Loan was originally payable on November 1, 2023, subject to early termination upon events of default. The Term Loan provides that it may be prepaid by iBio CDMO at any time and provides for mandatory prepayment upon certain circumstances.

The Credit Agreement contains customary events of default (which are in some cases subject to certain exceptions, thresholds, notice requirements and grace periods), including, but not limited to, nonpayment of principal or interest, failure to perform or observe covenants, breaches of representations and warranties, cross-defaults with certain other indebtedness, certain bankruptcy-related events or proceedings, final monetary judgments or orders and certain change of control events. The covenants include a prohibition on the incurrence of Debt (as defined in the Credit Agreement) except permitted Debt (as defined in the Credit Agreement) and Liens (as defined in the Credit Agreement) and termination of the Ground Lease Agreement. In addition, the Company initially was required to maintain unrestricted cash of no less than $10,000,000 which amount has been reduced (see below).

The Company opened an irrevocable letter of credit in the amount of approximately $5,469,000 in favor of Woodforest. The letter of credit was scheduled to expire on October 29, 2022, but was cancelled (see below).

The proceeds of the Term Loan were used (a) to fund a portion of the purchase price under the Purchase Agreement, and (b) to pay closing costs in connection with the Credit Agreement. The term loan is secured by (a) a leasehold deed of trust on the Facility, (b) a letter of credit issued by JPMorgan Chase Bank, and (c) a first lien on all assets of iBio CDMO including the Facility.

On October 11, 2022, we and Woodforest amended the Credit Agreement to: (i) include a payment of $5,500,000 of the outstanding principal balance owed under the Credit Agreement on the date of the amendment, (ii) include a payment of $5,100,000 of the outstanding principal balance owed under the Credit Agreement within two (2) business days upon our receipt of such amount owed to us by Fraunhofer as part of our legal settlement with them (see Note 19 – Fraunhofer Settlement for more information), (iii) include

principal payments of $250,000 per month in debt amortization for a 6 month period commencing the date of the amendment through March 2023, (iv) include an amendment fee of $22,375 and all costs and expenses, (v) require delivery of a report detailing cash flow expenditures every two (2) weeks for the period prior to the delivery of the last report and a monthly 12-month forecast (vi) reduce the liquidity covenant in the Guaranty (as defined in the Credit Agreement) from $10 million to $7.5 million with the ability to lower the liquidity covenant to $5.0 million upon the occurrence of a specific milestone in the Credit Agreement, and (vii) change the annual filing requirement solely for the fiscal year ended June 30, 2022, such that the filing is acceptable with or without a "going concern" designation. In addition, Woodforest cancelled the irrevocable letter of credit issued by JPMorgan Chase Bank upon closing of the amendment. If we fail to successfully extend our cash runway via strategic options or other alternatives as described, we would be in violation of the liquidity covenant on December 31, 2022.

As a result of the foregoing, at both September 30, 2022 and June 30, 2022, the Term Loan has been classified as short term. At September 30, 2022, the balance was $22,201,000 which consisted of the Term note of $22,375,000, net of approximately $174,000 of deferred finance costs. At June 30, 2022, the balance was $22,161,000 which consisted of the Term Note of $22,375,000, net of approximately $214,000 of deferred finance costs. Interest expense incurred under the Credit Agreement for the three months ended September 30, 2022 amounted to $186,000. Amortization of deferred finance costs amounted to $40,000 for the three months ended September 30, 2022 and is included in interest expense. Both interest expense amounts are classified under loss from discontinued operations.

Security and Pledge Agreements, Guaranties and Deed of Trust

iBio CDMO also entered into a Security Agreement on November 1, 2021 with Woodforest (the "Security Agreement") providing Woodforest a security interest in the following assets of iBio CDMO (subject to certain exclusions): all personal and fixture property of every kind and nature, including, without limitation, all goods (including, but not limited to, all equipment and any accessions thereto), all inventory, instruments (including promissory notes), documents, accounts, chattel paper (whether tangible or electronic), deposit accounts, securities accounts, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), money, commercial tort claims, securities and all other investment property, supporting obligations, contracts, contract rights, other rights to the payment of money, insurance claims and proceeds, software, fixtures, vehicles and rolling stock (whether or not subject to a certificate of title statute), leasehold improvements, general intangibles (including all payment intangibles), and all of iBio CDMO's company and other business books, reports, memoranda, customer lists, credit files, data compilations, and computer software, in any form, including, without limitation, whether on tape, disk, card, strip, cartridge, or any other form, pertaining to any and all of the foregoing property, and all products and proceeds of the foregoing.

The Company also entered into a Guaranty for the benefit of Woodforest (the "Guaranty") pursuant to which it guaranteed all of the obligations of iBio CDMO to Woodforest.

In addition, iBio CDMO entered into a Leasehold Deed of Trust, Assignment of Rents, Security Agreement and UCC Financing Statement for Fixture Filing (the "Deed of Trust") with the trustee named therein and Woodforest as beneficiary, securing all of iBio CDMO's obligations to Woodforest by a senior priority security interest in the Property.

The Company and iBio CDMO also entered into an Environmental Indemnity Agreement in favor of Woodforest (the "Environmental Indemnity Agreement").

The Warrant

As part of the consideration for the purchase and sale of the rights set forth above, the Company issued to Bryan Capital a Warrant to purchase 51,583 shares of the Common Stock at an exercise price of $33.25 per share. The Warrant expires October 10, 2026, is exercisable immediately, provides for a cashless exercise at any time and automatic cashless exercise on the expiration date if on such date the exercise price of the Warrant exceeds its fair market value as determined in accordance with the terms of the Warrant and adjustments in the case of stock dividends and stock splits. Of the shares issued under the Warrant, 11,583, which were originally valued at $217,255, reflected the final payment of rent due under the Sublease. The Warrant, as shown on the condensed consolidated statements of equity, was recorded in additional paid in capital with the corresponding activity included in the basis of the purchase price allocation of the property acquired. See Note 16 – Stockholders' Equity for additional information.

RubrYc

On August 23, 2021, the Company entered into a series of agreements with RubrYc Therapeutics, Inc. ("RubrYc") described in more detail below:

Collaboration and License Agreement

The Company entered into a collaboration and licensing agreement (the "RTX-003 License Agreement") with RubrYc to further develop RubrYc's immune-oncology antibodies in its RTX-003 campaign. Under the terms of the agreement, the Company is solely responsible for worldwide research and development activities for development of the RTX-003 antibodies for use in pharmaceutical products in all fields. RubrYc was also entitled to receive royalties in the mid-single digits on net sales of RTX-003 antibodies, subject to adjustment under certain circumstances. The RTX-003 License Agreement was terminated when the Company acquired substantially all of the assets of RubrYc in September 2022.

Collaboration, Option and License Agreement

The Company entered into an agreement with RubrYc (the "Collaboration, Option and License Agreement") to collaborate for up to five years to discover and develop novel antibody therapeutics using RubrYc's artificial intelligence discovery platform. The Company agreed to pay RubrYc for each Selected Compound as it achieves various milestones in addition to royalties if the Selected Compounds are commercialized. RubrYc was also entitled to receive tiered royalties ranging from low- to mid-single digits on net sales of Collaboration Products, subject to adjustment under certain circumstances. Royalties are payable on a country-by-country and collaboration product-by-collaboration product basis until the latest to occur of: (i) the last-to-expire of specified patent rights in such country; (ii) expiration of marketing or regulatory exclusivity in such country; or (iii) ten (10) years after the first commercial sale of a product in such country, provided that no biosimilar product has been approved in such country. The Collaboration, Option and License Agreement was mostly terminated when the Company acquired substantially all of the assets of RubrYc in September 2022.

Stock Purchase Agreement

In connection with the entry into the Collaboration Agreement and RTX-003 License Agreement, the Company also entered into a Stock Purchase Agreement ("Stock Purchase Agreement") with RubrYc whereby the Company purchased a total of 2,864,345 shares of RubrYc's Series A-2 preferred stock "Series A-2 Preferred") for $7,500,000.

The Company accounted for the agreements as an asset purchase and allocated the purchase price of $7,500,000 as follows:

Preferred stock	$	1,760,000
Intangible assets		4,300,000
Prepaid expenses		1,440,000
	$	7,500,000

RubrYc ceased its operations, and the Company recorded an impairment of the investment in the amount of $1,760,000 in 2022. The amount was recorded in the consolidated statement of operations and comprehensive loss under general and administrative expense. The Company also recorded an impairment of current and non-current prepaid expense of $288,000 and $864,000, respectively, in 2022. The amount was recorded in the consolidated statement of operations and comprehensive loss under research and development expense.

On September 16, 2022, the Company entered an Asset Purchase Agreement with RubrYc pursuant to which it acquired substantially all of the assets of RubrYc. The Company issued 102,354 shares of the Company's common stock with an approximate market value of $1,000,000 (the "Closing Shares"). Pursuant to the Asset Purchase Agreement, the shares are subject to an initial lockup period and the estimated fair value was calculated as $650,000. The Company also agreed to make potential additional payments of up to $5,000,000 upon the achievement of specified developmental milestones on or before the fifth anniversary of the closing date, payable in cash or shares of the Company's common stock, at the Company's option. In addition, the Company had advanced RubrYc $484,000 to support their operation costs during the negotiation period and incurred transaction costs totaling $208,000, which were also capitalized as part of the assets acquired. The assets acquired include an AI drug discovery platform, all rights with no future milestone payments or royalty obligations, to IBIO-101, in addition to CCR8, EGFRvIII, and two additional immuno-oncology candidates plus a partnership-ready PD-1 agonist. The Purchase Agreement contained representations, warranties and covenants of RubrYc and the Company. The acquisition closed on September 19, 2022 after receipt of approval of the NYSE American.

The Company accounted for the agreements as an asset purchase and allocated the purchase price of approximately $1,342,000 as follows:

Intangible assets	$	1,228,000
Fixed assets		114,000
	$	1,342,000

In addition, the Company assumed three equipment leases that were accounted for as finance leases totaling approximately $814,000. See Note 9 – Finance Lease ROU Assets and Note 14 – Finance Lease Obligations.

7. Convertible Promissory Note Receivable

On October 1, 2020, the Company entered into a master services agreement with Safi Biosolutions, Inc. (“Safi”). In addition, the Company invested $1.5 million in Safi in the form of a convertible promissory note (the "Note"). The Note bears interest at the rate of 5% per annum and is convertible into shares of Safi’s common stock (as defined). Principal and accrued interest mature on October 1, 2023. For both of the three months ended September 30, 2022 and 2021, interest income amounted to $19,000. As of September 30, 2022 and June 30, 2022, the Note balance and accrued interest totaled $1,650,000 and $1,631,000, respectively.

8. Investments in Debt and Equity Securities

Debt Securities

Investments in debt securities consist of AA and A rated corporate bonds bearing interest at rates from 0.25% to 3.5% with maturities from December 2022 to February 2024. The components of investments in debt securities are as follows (in thousands):

		September 30, 2022		June 30, 2022
Adjusted cost	$	7,793	$	11,029
Gross unrealized losses		(194)		(184)
Fair value	$	7,599	$	10,845

The fair value of available-for-sale debt securities, by contractual maturity, was as follows (in thousands):

Fiscal period ending:		September 30, 2022		June 30 2021
2023	$	5,341	$	8,054
2024		2,258		2,791
	$	7,599	$	10,845

Amortization of premiums paid on the debt securities amounted to $36,000 and $102,000 for the three months ended September 30, 2022 and 2021, respectively.

9. Finance Lease ROU Assets

As discussed above, the Company assumed three equipment leases as part of the RubrYc asset acquisition. In addition, the Company also leases a mobile office trailer.

See Note 14 – Finance Lease Obligation for more details of the terms of the leases.

The following table summarizes by category the gross carrying value and accumulated amortization of finance lease ROU (in thousands):

	September 30, 2022	June 30, 2022
ROU - Equipment	$ 960	$ 146
Accumulated amortization	(85)	(72)
Net finance lease ROU	$ 875	$ 74

Amortization of finance lease ROU assets was approximately $13,000 and $12,000 for three months ended September 30, 2022 and 2021, respectively.

10. Operating Lease ROU Assets

San Diego, California

On September 10, 2021, the Company entered into a lease for approximately 11,383 square feet of space in San Diego, California. Based on the terms of the lease payments, the Company recorded an operating lease right-of-use asset of $3,603,000. The net carrying amount of this ROU operating lease asset was $2,928,000 and $3,068,000 at September 30, 2022 and June 30, 2022, respectively.

Bryan, Texas

On November 1, 2021, as discussed above, iBio CDMO acquired the Facility and became the tenant under the ground lease for the Property upon which the Facility is located. Based on the terms of the lease payments, the Company recorded an operating lease right of use asset of $1,967,000. The net amount of this ROU operating lease asset is included in assets held for sale.

See Note 15 - Operating Lease Obligation for additional information.

11. Fixed Assets

Substantially all of the fixed assets at September 30, 2022 are included in assets held for sale. The depreciation expense for the three months ended September 30, 2022 and 2021 is classified as part of loss from discontinued operations.

Fixed assets at September 30, 2022 and June 30, 2022 reported in continuing operations represents the construction in progress for the new San Diego research facility. These assets were placed into service on October 1, 2022.

12. Intangible Assets

The Company has two categories of intangible assets – intellectual property and patents. Intellectual property consists of all technology, know-how, data, and protocols for producing targeted proteins in plants and related to any products and product formulations for pharmaceutical uses and for other applications. Intellectual property includes, but is not limited to, certain technology for the development and manufacture of novel vaccines and therapeutics for humans and certain veterinary applications acquired in December 2003 from Fraunhofer USA Inc., acting through its Center for Molecular Biotechnology ("Fraunhofer"), pursuant to a Technology Transfer Agreement, as amended (the "TTA"). The Company designates such technology further developed and acquired from Fraunhofer as *iBioLaunch*™ or *LicKM*™ or *FastPharming* Technology. The value on the Company's books attributed to patents owned or controlled by the Company is based only on payments for services and fees related to the protection of the Company's patent portfolio. The intellectual property also includes certain trademarks.

On August 23, 2021, the Company entered into a series of agreements with RubrYc described in more detail above (see Note 6 – Significant Transactions) whereby in exchange for a $7.5 million investment in RubrYc, the Company acquired a worldwide exclusive license to certain antibodies that RubrYc develops under what it calls its RTX-003 campaign, which are promising immuno-oncology antibodies that bind to the CD25 protein without interfering with the IL-2 signaling pathway thereby potentially depleting T regulatory (T reg) cells while enhancing T effector (T eff) cells and encouraging the immune system to attack cancer cells. The Company accounted for this license as an indefinite-lived intangible asset until the completion or abandonment of the associated research and development efforts. In addition, the Company also received preferred shares and an option for future collaboration licenses.

On September 16, 2022, the Company entered an Asset Purchase Agreement with RubrYc described in more detail above (see Note 6 – Significant Transactions) pursuant to which it acquired substantially all of the assets of RubrYc. The assets acquired include an AI drug discovery platform, all rights with no future milestone payments or royalty obligations, to IBIO-101, in addition to CCR8, EGFRvIII, and two additional immuno-oncology candidates, plus a partnership-ready PD-1 agonist.

In January 2014, the Company entered into a license agreement with the University of Pittsburgh whereby iBio acquired exclusive worldwide rights to certain issued and pending patents covering specific candidate products for the treatment of fibrosis (the "Licensed Technology") which license agreement was amended in August 2016 and again in December 2020 and February 2022. The license agreement provides for payment by the Company of a license issue fee, annual license maintenance fees, reimbursement of prior patent costs incurred by the university, payment of a milestone payment upon regulatory approval for sale of a first product, and annual royalties on product sales. In addition, the Company has agreed to meet certain diligence milestones related to product development benchmarks. As part of its commitment to the diligence milestones, the Company successfully commenced production of a plant-made peptide comprising the Licensed Technology before March 31, 2014. The next milestone – filing an Investigational New Drug Application with the FDA or foreign equivalent covering the Licensed Technology ("IND") – initially was required to be met by December 1, 2015, and on November 2, 2020, was extended to be required to be met by December 31, 2021 and on February 8, 2022 was further extended to December 31, 2023. In addition, the amounts of the annual license maintenance fee and payment upon completion of various regulatory milestones were amended.

The Company accounts for intangible assets at their historical cost and records amortization utilizing the straight-line method based upon their estimated useful lives. Patents are amortized over a period of 10 years and other intellectual property is amortized over periods from 16 to 23 years unless they were determined to have indefinite lives. The Company reviews the carrying value of its intangible assets for impairment whenever events or changes in business circumstances indicate the carrying amount of such assets may not be fully recoverable. Evaluating for impairment requires judgment, and recoverability is assessed by comparing the projected undiscounted net cash flows of the assets over the remaining useful life to the carrying amount. Impairments, if any, are based on the excess of the carrying amount over the fair value of the assets.

There were no impairments for the three months ended September 30, 2022 and 2021.

The following table summarizes by category the gross carrying value and accumulated amortization of intangible assets (in thousands):

	September 30, 2022	June 30, 2022
Intellectual property – gross carrying value	$ 3,500	$ 3,100
Patents and licenses – gross carrying value	2,720	2,846
	6,220	5,946
Intellectual property – accumulated amortization	(2,905)	(2,867)
Patents and licenses – accumulated amortization	(2,305)	(2,403)
	(5,210)	(5,270)
Total definite lived intangible assets, net of accumulated amortization	1,010	676
License - indefinite lived	5,003	4,175
Total net intangible assets	$ 6,013	$ 4,851

Amortization expense of intangible assets was approximately $67,000 and $88,000 for the three months ended September 30, 2022 and 2021, respectively.

13. Note Payable – PPP Loan

On April 16, 2020, the Company received $600,000 related to its filing under the Paycheck Protection Program and Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The Company elected to treat the SBA Loans as debt under ASC 470, “Debt”.

On July 21, 2021, iBio was granted forgiveness in repaying the loan. In accordance with ASC 405-20-40, “*Liabilities - Extinguishments of Liabilities – Derecognition*”, the Company derecognized the liability and accrued interest of approximately $7,000 in the first quarter of Fiscal 2022. The forgiveness is included in loss from discontinued operations (see Note 3 – Discontinued Operations).

14. Finance Lease Obligation

Sublease

As discussed above, until November 1, 2021, iBio CDMO leased the Facility as well as certain equipment from College Station under the Sublease.

The Sublease was terminated on November 1, 2021, when iBio CDMO acquired the Facility and became the tenant under the ground lease for the property upon which the Facility is located. See Note 15 – Operating Lease Obligations for additional information related to the ground lease.

General and administrative expenses related to College Station, including rent related to the increases in CPI and real estate taxes, were approximately $189,000 for the three months ended September 30, 2021. Interest expense related to College Station was approximately $608,000 for the three months ended September 30, 2021. Such expenses were classified as part of loss from discontinued operations.

Equipment

As discussed above, the Company assumed three equipment leases that were accounted for as finance leases totaling $813,822 as part of the RubrYc Asset Purchase Agreement. The monthly rental for the three leases is approximately $14,000 per month and all three expire on August 1, 2025.

Mobile Office Trailer

Commencing April 1, 2021, the Company is leasing a mobile office trailer at a monthly rental of $3,819 through March 31, 2024.

The following tables present the components of lease expense and supplemental balance sheet information related to the finance lease obligation (in thousands).

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
Finance lease cost:		
Amortization of ROU assets	$ 13	$ 12
Interest on lease liabilities	1	2
Total lease cost	$ 14	$ 14
Other information:		
Cash paid for amounts included in the measurement lease liabilities:		
Operating cash flows from finance lease	$ —	$ —
Financing cash flows from finance lease obligations	$ 10	$ 10

	September 30, 2022	June 30, 2022
Finance lease ROU assets	$ 875	$ 74
Finance lease obligation - current portion	$ 303	$ 46
Finance lease obligation - noncurrent portion	$ 576	$ 30
Weighted average remaining lease term - finance lease	2.74 years	1.76 years
Weighted average discount rate - finance lease obligation	9.26 %	6.250 %

Future minimum payments under the finance lease obligation are due as follows (in thousands):

Fiscal period ending on September 30:	**Principal**	**Interest**	**Total**
2023	$ 303	$ 66	$ 369
2024	297	41	338
2025	279	14	293
Total minimum lease payments	879	$ 121	$ 1,000
Less: current portion	(303)		
Long-term portion of minimum lease obligations	$ 576		

15. Operating Lease Obligation

Texas Ground Lease

As discussed above, as part of the Transaction, iBio CDMO became the tenant under the Ground Lease Agreement for the Property until 2060 upon exercise of available extensions. The base rent payable under the Ground Lease Agreement, which was $151,450 for the prior year, is 6.5% of the Fair Market Value (as defined in the Ground Lease Agreement) of the Property. The Ground Lease Agreement includes various covenants, indemnities, defaults, termination rights, and other provisions customary for lease transactions of this nature.

San Diego

On September 10, 2021, the Company entered into a lease for approximately 11,383 square feet of space in San Diego, California. Terms of the lease include the following:

- The length of term of the lease is 88 months from the lease commencement date (as defined).
- The lease commencement date was estimated to be on or around January 1, 2022.
- The monthly rent for the first year of the lease is $51,223 and increases approximately 3% per year.
- The lease provides for a base rent abatement for months two through five in the first year of the lease.
- The landlord is providing a tenant improvement allowance of $81,860 to be used for improvements as specified in the lease.
- The Company is responsible for other expenses such as electric, janitorial, etc.
- The Company opened an irrevocable letter of credit in the amount of $188,844 in favor of the landlord. The letter of credit expires on October 8, 2022 and renews annually as required.

As discussed above, the lease provides for scheduled increases in base rent and scheduled rent abatements. Rent expense is charged to operations using the straight-line method over the term of the lease which results in rent expense being charged to operations at inception of the lease in excess of required lease payments. This excess (formerly classified as deferred rent) is shown as a reduction of the operating lease ROU asset in the accompanying balance sheet. As the Company has already started making improvements to the facility, the rent expense will be recognized.

The following tables present the components of lease expense and supplemental balance sheet information related to the operating lease obligation (in thousands).

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
Operating lease cost:	$ 141	$ 35
Total lease cost	$ 141	$ 35
Other information:		
Cash paid for amounts included in the measurement lease liability:		
Operating cash flows from operating lease	$ 141	$ 35
Operating cash flows from operating lease obligation	$ 3	$ —

Future minimum payments under the operating lease obligation are due as follows (in thousands):

Fiscal period ending on September 30:	Principal	Imputed Interest	Total
2023	$ 183	$ 281	$ 464
2024	400	235	635
2025	449	204	653
2026	504	170	674
2027	562	132	694
Thereafter	1,506	132	1,638
Total minimum lease payments	3,604	$ 1,154	$ 4,758
Less: current portion	(183)		
Long-term portion of minimum lease obligation	$ 3,421		

16. Stockholders' Equity

Preferred Stock

The Company's Board of Directors is authorized to issue, at any time, without further stockholder approval, up to 1 million shares of preferred stock. The Board of Directors has the authority to fix and determine the voting rights, rights of redemption and other rights and preferences of preferred stock.

Series 2022 Convertible Preferred Stock ("Series 2022 Preferred")

On May 9, 2022, the Board of Directors of the Company created the Series 2022 Preferred, par value $0.001 per share, out of the Company's 1 million authorized shares of preferred stock. Each share of Series 2022 Preferred was convertible at a ratio of one-for-one (1:1) shares of the Company's Common Stock on a pre-split basis.

The Company issued 1,000 shares of Series 2022 Preferred and received proceeds of $270. Pursuant to the terms of the preferred stock, the Company's Board of Directors converted the Preferred Stock to 40 shares of Common Stock on July 19, 2022 on a post-split basis.

iBio CMO Preferred Tracking Stock

On February 23, 2017, the Company entered into an exchange agreement with Bryan Capital pursuant to which the Company acquired substantially all of the interest in iBio CDMO held by Bryan Capital and issued one share of a newly created Preferred Tracking Stock, in exchange for 29,990,000 units of limited liability company interests of iBio CDMO held by Bryan Capital at an original issue price of $13 million. After giving effect to the transaction, the Company owned 99.99% and Bryan Capital owned 0.01% of iBio CDMO.

On February 23, 2017, the Board of Directors of the Company created the Preferred Tracking Stock out of the Company's 1 million authorized shares of preferred stock. The Preferred Tracking Stock accrued dividends at the rate of 2% per annum on the original issue price. Accrued dividends were cumulative and were payable if and when declared by the Board of Directors, upon an exchange of the shares of Preferred Tracking Stock and upon a liquidation, winding up or deemed liquidation (such as a merger) of the Company. No dividends were declared through October 31, 2021.

On November 1, 2021, iBio purchased the iBio CMO Preferred Tracking Stock held by Bryan Capital. No iBio CMO Preferred Tracking Stock remains outstanding. As a result, the iBio CDMO subsidiary and its intellectual property are now wholly owned by iBio.

Common Stock

The number of authorized shares of the Company's common stock is 275 million. In addition, the Company has reserved 1,280,000 shares of Common Stock for issuance pursuant to the grant of new awards under the Company's 2020 Omnibus Incentive Plan (the "2020 Plan").

Reverse Stock Split

On June 30, 2022, the Company held a special meeting of its stockholders at which the stockholders approved a proposal to effect an amendment to the Company's certificate of incorporation, as amended, to implement a reverse stock split at a ratio of one-for-twenty

five (1:25). On September 22, 2022, the Company's Board of Directors approved the implementation of the reverse stock split of the Company's Common Stock. As a result of the reverse stock split, every twenty five (25) shares of the Company's Common Stock either issued and outstanding or held by the Company in its treasury immediately prior to the effective time was, automatically and without any action on the part of the respective holders thereof, combined and converted into one (1) share of the Company's common stock. No fractional shares were issued in connection with the reverse stock split. Stockholders who otherwise were entitled to receive a fractional share in connection with the reverse stock split instead were eligible to receive a cash payment, which was not material in the aggregate, instead of shares. On October 7, 2022, the Company filed a Certificate of Amendment of its Certificate of Incorporation, as amended with the Secretary of State of Delaware effecting a one-for-twenty five (1:25) reverse stock split of the shares of the Company's common stock, either issued or outstanding, effective October 7, 2022. The Company's Common Stock began trading on a reverse split adjusted basis when the market opened Monday, October 10, 2022.

Recent issuances of Common Stock include the following:

Cantor Fitzgerald Underwriting

On November 25, 2020, the Company entered into a Controlled Equity Offering SM Sales Agreement (the "Sales Agreement") with Cantor Fitzgerald & Co. ("Cantor Fitzgerald") to sell shares of common stock, from time to time, through an "at the market offering" program having an aggregate offering price of up to $100,000,000 through which Cantor Fitzgerald would act as sales agent. Between July 25, 2022, and August 17, 2022, Cantor Fitzgerald sold as sales agent pursuant to the Sales Agreement 175,973 shares of Common Stock. The Company received net proceeds of approximately $1.2 million.

RubrYc Transaction

On September 19, 2022, iBio issued 102,354 shares valued at approximately $1,000,000 to RubrYc Therapeutics as part of the payment for purchasing the assets of RubrYc Therapeutics.

Vesting of Restricted Stock Units "RSUs"

On August 23, 2022, RSUs for 1,057 shares of Common Stock were vested.

The Warrant

As discussed above, the Company issued to Bryan Capital a Warrant to purchase 51,583 shares of the Common Stock of the Company at an exercise price of $33.25 per share. The Warrant expires October 10, 2026, is exercisable immediately, provides for a cashless exercise at any time and automatic cashless exercise on the expiration date if on such date the exercise price of the Warrant exceeds its fair market value as determined in accordance with the terms of the Warrant and adjustments in the case of stock dividends and stock splits.

17. Earnings (Loss) Per Common Share

Basic earnings (loss) per common share is computed by dividing the net income (loss) allocated to common stockholders by the weighted-average number of shares of Common Stock outstanding during the period. For purposes of calculating diluted earnings (loss) per common share, the denominator includes both the weighted-average number of shares of common stock outstanding during the period and the number of common stock equivalents if the inclusion of such common stock equivalents is dilutive. Dilutive common stock equivalents potentially include stock options and warrants using the treasury stock method. The following table summarizes the components of the earnings (loss) per common share calculation (in thousands, except per share amounts):

	Three Months Ended September 30,	
	2022	2021
Basic and diluted numerator:		
Net loss attributable to iBio, Inc. from continuing operations	$ (7,537)	$ (5,188)
Preferred stock dividends – iBio CMO Preferred Tracking Stock	—	(66)
Net loss available to iBio, Inc. stockholders from continuing operations	$ (7,537)	$ (5,254)
Net loss available to iBio, Inc. stockholders from discontinued operations	$ (10,593)	$ (3,751)
Net loss available to iBio, Inc. stockholders - total	$ (18,130)	$ (9,005)
Basic and diluted denominator:		
Weighted-average common shares outstanding	8,842	8,715
Per share amount - continuing operations	$ (0.85)	$ (0.60)
Per share amount - discontinued operations	$ (1.20)	$ (0.43)
Per share amount - total	$ (2.05)	$ (1.03)

In Fiscal 2023 and Fiscal 2022, the Company incurred net losses which cannot be diluted; therefore, basic and diluted loss per common share is the same. As of September 30, 2022 and 2021, shares issuable which could potentially dilute future earnings were as follows:

	September 30,	
	2022	2021
	(in thousands)	
Stock options	923	576
Warrant issued under the Transaction	51	—
Restricted stock units	27	31
Shares excluded from the calculation of diluted loss per share	1,001	607

18. Share-Based Compensation

The following table summarizes the components of share-based compensation expense in the condensed consolidated statements of operations (in thousands):

	Three Months Ended September 30,	
	2022	2021
Research and development	$ 41	$ 14
General and administrative	1,085	706
Total	$ 1,126	$ 720

In addition, share-based compensation expense included in loss from discontinued operations totaled approximately $96,000 and $101,000 for the three months ended September 30, 2022 and 2021, respectively.

Stock Options

iBio, Inc. 2020 Omnibus Equity Incentive Plan (the "2020 Plan")

On December 9, 2020, the Company adopted the 2020 Plan for employees, officers, directors and external service providers. The total number of shares of Common Stock reserved under the 2020 Plan is 32 million shares of Common Stock for issuance pursuant to the grant of new awards under the 2020 Plan. The 2020 Plan allows for the award of stock options, stock appreciation rights, restricted stock, restricted stock units, unrestricted stock, cash-based awards, and dividend equivalent rights. The value of all awards awarded under the 2020 Plan and all other cash compensation paid by the Company to any non-employee director in any calendar year may not exceed $500,000; provided, however, that such amount shall be $750,000 for the calendar year in which the applicable non-employee director is initially elected or appointed to the Board of Directors and $1,500,000 for any non-executive chair of our Board of Directors should one be appointed. Notwithstanding the foregoing, the independent members of the Board of Directors may make exceptions to such limits in extraordinary circumstances. The term of the 2020 Plan will expire on the tenth anniversary of the date the Plan is approved by the stockholders.

Vesting of service awards are determined by the Board of Directors and stated in the award agreements. In general, vesting occurs ratably on the anniversary of the grant date over the service period, generally three or five years, as determined at the time of grant. Vesting of performance awards occurs when the performance criteria is satisfied. The Company uses historical data to estimate forfeiture rates.

Stock options issued

During the first quarter of Fiscal 2023, the Company granted stock option agreements to various employees to purchase 303,869 shares of the Company's common stock at exercise prices between $6.75 and $9.50 per share. The options vest 25% after one year and then in equal quarterly installments over a 36-month period and expire on the tenth anniversary of the grant date.

The Company estimated the fair value of options granted using the Black-Scholes option pricing model with the following assumptions:

Weighted average risk-free interest rate	3.21% - 3.61 %
Dividend yield	0 %
Volatility	115.52 - 116.93 %
Expected term (in years)	7

RSUs

On August 29, 2022, the Company issued RSUs to acquire 6,954 shares of common stock to various employees at a market value of $7.06 per share. The RSU's vest over a four-year period. The grant-date fair value of the RSUs totaled approximately $49,000.

19. Fraunhofer Settlement

On May 4, 2021, the Company and Fraunhofer USA, Inc. ("FhUSA") entered into a Confidential Settlement Agreement and Mutual Release (the "Settlement Agreement") to settle all claims and counterclaims in the litigation captioned iBio, Inc. v. Fraunhofer USA, Inc. (Case No. 10256-VCF) in Delaware Chancery Court (the "Lawsuit"). The Settlement Agreement, among other things, resolves the Company's claims to ownership of certain plant-based technology developed by FhUSA from 2003 through 2014, and sets forth the terms of a license of intellectual property. The Lawsuit was commenced against FhUSA by the Company in March 2015 in the Court of Chancery of the State of Delaware and is described in more detail in the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2020. The Settlement Agreement is not an admission of liability or fault of the parties.

The terms of the Settlement Agreement provide for cash payments to the Company of $28,000,000 as follows: (i) $16,000,000 to be paid no later than May 14, 2021 (which is expected to be paid 100% to cover legal fees and expenses); (ii) two payments of $5,100,000 payable by March 31, 2022 and 2023 and (iii) as additional consideration for a license agreement, two payments of $900,000 due on March 1, 2022 and 2023. The license provides for a nonexclusive, nontransferable, worldwide, fully paid-up license to all intellectual property rights in and to certain plant-based technology developed by FhUSA from 2003 through 2014 that were the subject of the Lawsuit. After payment of the fees and expenses of its attorneys and others retained by the Company, including the litigation funding company, the Company's estimated aggregate net cash recovery as a result of the Settlement Agreement will be approximately $10,200,000.

As of June 30, 2021, the Company held receivables related to the settlement in the amount of $10,200,000. This amount was recorded in the consolidated statement of operations and comprehensive loss as settlement income in Fiscal 2021. During the quarter ended March 31, 2022, the Company received the first payment of $5,100,000.

The Company would recognize the $1.8 million of license revenue when it determined the collection of the license fees was reasonably assured in accordance with ASC 606. On February 9, 2022, the Company received the first $900,000 payment under the license agreement. As such, the Company determined that the collection of the license fees was reasonably assured, and the Company recognized license revenue related to the license fees and recorded a receivable for the second payment in the third quarter of 2022.

As of September 30, 2022, the Company holds a settlement receivable balance of $5,100,000, which has been pledged to Woodforest - see Note 6 - Significant Transactions, related to the settlement and a trade receivable balance of $900,000 related to the license agreement.

20. Income Taxes

The Company recorded no income tax expense for the three months ended September 30, 2022 because the estimated annual effective tax rate was zero. As of September 30, 2022, the Company continues to provide a valuation allowance against its net deferred tax assets since the Company believes it is more likely than not that its deferred tax assets will not be realized.

21. Contingencies

COVID-19

As a result of the pandemic, the Company has at times experienced reduced capacity to provide CDMO services as a result of instituting social distancing at work procedures in our Texas facility, restricting access to essential workers, as well as taking other precautions. In July 2022 after we experienced a rise in COVID-19 cases within our Texas facility, for approximately one week, we mandated only those involved in mission critical manufacturing activities were to be permitted within our Texas facility.

The Company has ascertained that certain risks associated with further COVID-19 developments may adversely impact its operations and liquidity, and its business and share price may also be affected by the COVID-19 pandemic. However, the Company does not anticipate any significant threat to its operations at this point in time. The future progression of the pandemic and its effects on the Company's business and operations are uncertain. The Company may face difficulties recruiting or retaining patients in its planned clinical trials if patients are affected by the virus or are fearful of traveling to clinical trial sites because of the outbreak. The Company and its third-party contract manufacturers, contract research organizations, and clinical sites may also face disruptions in procuring items that are essential to the Company's research and development activities, including, for example, medical and laboratory supplies used in preclinical studies, in each case, that are sourced from abroad or for which there are shortages because of ongoing efforts to address the outbreak. Due to the general unknown nature surrounding the crisis, the Company cannot reasonably estimate the potential for any future impacts on its operations or liquidity.

The outbreak and spread of COVID-19 and continued progress in various countries around the world, including the United States, has led authorities around the globe to take various extraordinary measures to stem the spread of the disease, such as emergency travel and transportation restrictions, school closures, quarantines and social distancing measures. The outbreak of COVID-19 has had an adverse effect on global markets and may continue to affect the economy in the United States and globally, especially if new strains of SARS-CoV-2 emerge.

War in Ukraine

On February 24, 2022, Russia launched an invasion of Ukraine which has resulted in increased volatility in various financial markets and across various sectors. The United States and other countries, along with certain international organizations, have imposed economic sanctions on Russia and certain Russian individuals, banking entities and corporations as a response to the invasion. The extent and duration of the military action, resulting sanctions and future market disruptions in the region are impossible to predict. Moreover, the ongoing effects of the hostilities and sanctions may not be limited to Russia and Russian companies and may spill over to and negatively impact other regional and global economic markets of the world, including Europe and the United States. Presently, the Company does not have any existing Russian suppliers or contractors. While it is difficult to estimate the impact of current or future sanctions on the Company's business and financial position, or global supply chains or service provisions that could have an impact on the availability or price of goods and services that the Company requires, the Company is not aware of any company-specific risks related to the war in Ukraine at this time.

Inflation

Although the Company has not experienced any material adverse effects on our business due to increasing inflation, it has raised operating costs for many businesses and, in the future, could impact demand or pricing of manufacturing services, foreign exchange rates or employee wages. We are actively monitoring the effects these disruptions and increasing inflation could have on the Company's operations.

22. Employee 401(K) Plan

Commencing January 1, 2018, the Company established the iBio, Inc. 401(K) Plan (the "Plan"). Eligible employees of the Company may participate in the Plan, whereby they may elect to make elective deferral contributions pursuant to a salary deduction agreement and receive matching contributions upon meeting age and length-of-service requirements. The Company will make a 100% matching contribution that is not in excess of 5% of an eligible employee's compensation. In addition, the Company may make qualified non-elective contributions at its discretion. For the three months ended September 30, 2022 and 2021, employer contributions made to the Plan totaled approximately $104,000 and $33,000, respectively. In addition, employer contributions included in loss from discontinued operations totaled approximately $71,000 and $33,000 for the three months ended September 30, 2022 and 2021, respectively.

23. Subsequent Events

On October 12, 2022, the Company entered into an equipment financing master lease agreement and a lease supplement whereby $500,000 was borrowed over 36 months at an interest rate of 5.6% and securitized by certain assets purchased for the San Diego research site.

On November 10, 2022, as previous disclosed in relation to the Employment Agreement with Thomas F. Isett 3rd, the Company's Chief Executive Officer, dated April 30, 2021, the Company granted Mr. Isett RSUs to acquire 200,000 shares of common stock, $0.001 par value per share (the "Common Stock"), on a post-split basis. The RSUs vest over a three-year period commencing April 30, 2021 provided the vesting is subject to the following performance conditions: (i) submission to the U.S. Food and Drug Administration (FDA) of an Investigational New Drug (IND) application, or alternatively, if the Board approves not to file an IND, (ii) consummation of a disposition of iBio CDMO, LLC, or (iii) outlicensing, with full global rights, any of its investigational product candidates prior to the submission to the FDA an IND application. The grant-date fair value of the RSUs totaled approximately $296,000.

On November 11, 2022, the Company granted Mr. Robert Lutz, the Company's Chief Financial and Business Officer, RSUs to acquire 100,057 shares of the Company's Common Stock in exchange for Mr. Lutz' agreement to continue employment with the Company through July 1, 2023. The RSUs vest the earlier of: (i) July 1, 2023, or (ii) the successful achievement of the Company's 2023 objectives, as defined by the Board of Directors. The grant-date fair value of the RSUs totaled approximately $175,100.

On November 11, 2022, the Company granted Mr. Martin Brenner, the Company's Chief Scientific Officer, RSUs to acquire 95,348 shares of the Company's Common Stock in exchange for Mr. Brenner's agreement to continue employment with the Company through July 1, 2023. The RSUs vest the earlier of: (i) July 1, 2023, or (ii) the successful achievement of the Company's 2023 objectives, as defined by the Board of Directors. The grant-date fair value of the RSUs totaled approximately $166,860

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following information should be read together with the financial statements and the notes thereto and other information included elsewhere in this Quarterly Report on Form 10-Q (this "Report") and in our Annual Report on Form 10-K for the year ended June 30, 2022, as filed with the SEC on October 11, 2022 (the "Annual Report"). Unless the context requires otherwise, references in this Report to "iBio," the "Company," "we," "us," or "our" and similar terms mean iBio, Inc.

Forward-Looking Statements

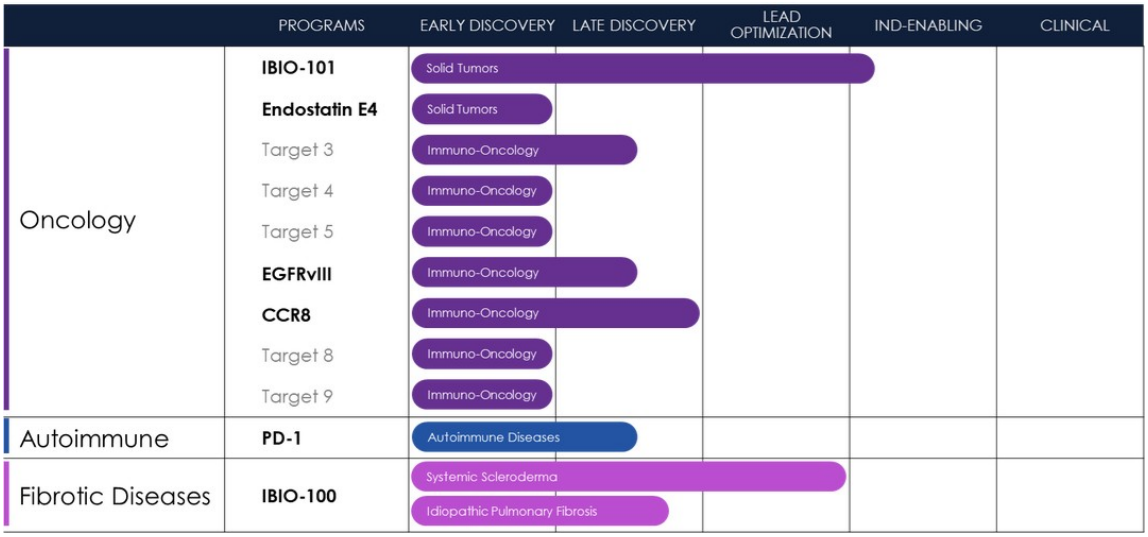
This Report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). For this purpose, any statements contained herein regarding our strategy, future operations, financial position, future revenues, projected costs and expenses,

prospects, plans and objectives of management, other than statements of historical facts, are forward-looking statements. The words "anticipate," "believe," "estimate," "may," "plan," "will," "would" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Such statements reflect our current views with respect to future events. Because these forward-looking statements involve known and unknown risks and uncertainties, actual results, performance or achievements could differ materially from those expressed or implied by these forward-looking statements for a number of important reasons, including those discussed in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Report, as well as in the section titled "Risk Factors" in the Company's Annual Report. We cannot guarantee any future results, levels of activity, performance or achievements. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Report as anticipated, believed, estimated or expected. The forward-looking statements contained in this Report represent our estimates as of the date of this Report (unless another date is indicated) and should not be relied upon as representing our expectations as of any other date. While we may elect to update these forward-looking statements, we specifically disclaim any obligation to do so unless otherwise required by securities laws.

Overview

We are an Artificial Intelligence ("AI")-driven innovator of precision antibody immunotherapies. We have a pipeline of innovative primarily immuno-oncology antibodies against hard-to-drug targets where we may face reduced competition and with antibodies that may be more selective. We plan to use our AI-driven discovery platform to continue adding antibodies against hard-to-drug targets or to work with partners on AI-driven drug development.

Therapeutics Pipeline



IBIO-101: an anti-CD25 molecule that works by depletion of immunosuppressive T-regulatory cells (Tregs) via antibody-dependent cellular cytotoxicity ("ADCC"), without disrupting activation of effector T-cells (Teffs) in the tumor microenvironment. IBIO-101 could potentially be used to treat solid tumors, hairy cell leukemia, relapsed multiple myeloma, lymphoma, or head and neck cancer.

EGFRvIII: binds a tumor-specific mutation of EGFR variant III with an afucosylated antibody for high ADCC. Because of its specificity binding to the tumor-specific mutation, it could potentially reduce toxicity and/or expand the therapeutic window compared to simple broad EGFR-targeted alternatives. . EGFRvIII is constantly "switched on" which can lead to the development of a range of different cancers. An EGFRvIII antibody could potentially be used to treat glioblastoma, head and neck cancer or non-small cell lung cancer.

CCR8: targets depletion of highly immunosuppressive CCR8+ Tregs in the tumor microenvironment via an ADCC mechanism with selective binding to CCR8 over its closely related cousin, CCR4, to avoid off-target effects. A CCR8 program could potentially be broadly applicable in solid tumors and/or as a prospective combination therapy.

PD-1 Agonist: Selectively binds PD-1 to suppress auto-reactive T-cells without PD-L1/PD-L2 blocking. A PD-1 agonist could potentially be used to treat inflammatory bowel disease, systemic lupus erythematosus, multiple sclerosis or other inflammatory diseases.

In addition to the programs described above, we also have six additional early discovery programs that have the potential to advance into later stages of preclinical development and are designed to tackle hard-to-drug targets.

IBIO-100 and Endostatin E4

Our lead anti-fibrotic candidate is IBIO-100, and its design is based in part upon work by Dr. Carol Feghali-Bostwick, Professor of Medicine at the Medical University of South Carolina and Vice-Chair of the Scleroderma Foundation. Her initial work was conducted at the University of Pittsburgh, and we have licensed the patents relevant for the continued development of the molecule from the university.

As part of the Company's our review of potential options, we intend to continue to review the data from our research and development efforts and determine how to proceed with the development of IBIO-100 in Fibrosis.

To align with the Company's focus on the immuno-oncology pipeline, we also intend to continue to pursue the E4 endostatin peptide, from which IBIO-100 is derived, as an oncology target in collaboration with University of Texas Southwestern.

AI Drug Discovery Platform

In September 2022, we purchased substantially all of the assets of RubrYc Therapeutics (for a complete description of the transaction please see Note 6 – Significant Transactions). The AI Drug Discovery platform technology is designed to be used to discover antibodies that bind to hard-to-target subdominant and conformational epitopes for further development within our existing portfolio or in partnership with outside entities. The RubrYc AI platform is built upon 3 key technologies.

1. **Epitope Targeting Engine:** A proprietary machine-learning platform that combines computational biology and 3D-modeling to identify molecules that mimic hard-to-target binding sites on target proteins, specifically, subdominant and conformational epitopes. The creation of these small mimics enables the engineering of therapeutic antibody candidates that can selectively bind immune and cancer cells better than "trial and error" antibody engineering and screening methods that are traditionally focused on dominant epitopes.

2. ***RubrYcHu*™ Library:** An AI-generated human antibody library free of significant sequence liabilities that provides a unique pool of antibodies to screen. The combination of the Epitope Targeting Engine and screening with the *RubrYcHu* Library has been shown to reduce the discovery time from ideation to *in vivo* proof-of-concept (PoC) by up to 4 months. This has the potential to enable more, and better, therapeutic candidates to reach the clinic, faster.

3. ***StableHu*™ Library:** An AI-powered sequence optimization library used to improve antibody performance. Once an antibody has been advanced to the lead optimization stage, *StableHu* allows precise and rapid optimization of the antibody binding regions to rapidly move a candidate molecule into the IND-enabling stage.

Recent Developments

On October 11, 2022, we and Woodforest amended the Credit Agreement to: (i) include a payment of $5,500,000 of the outstanding principal balance owed under the Credit Agreement on the date of the amendment, (ii) include a payment of $5,100,000 of the outstanding principal balance owed under the Credit Agreement within two (2) business days upon our receipt of such amount owed to us by Fraunhofer as part of our legal settlement with them (see Note 19 – Fraunhofer Settlement for more information), (iii) include principal payments of $250,000 per month in debt amortization for a 6 month period commencing the date of the amendment through March 2023, (iv) include an amendment fee of $22,375 and all costs and expenses, (v) require delivery of a report detailing cash flow expenditures every two (2) weeks for the period prior to the delivery of the last report and a monthly 12-month forecast (vi) reduce the liquidity covenant in the Guaranty (as defined in the Credit Agreement) from $10 million to $7.5 million with the ability to lower the liquidity covenant to $5.0 million upon the occurrence of a specific milestone in the Credit Agreement, and (vii) change the annual filing requirement solely for the fiscal year ended June 30, 2022, such that the filing was acceptable with or without a "going concern" designation. In addition, Woodforest cancelled the irrevocable letter of credit issued by JPMorgan Chase Bank upon closing of the amendment. If we fail to successfully extend our cash runway via strategic options or other alternatives as described we would be in violation of the liquidity covenant on December 31, 2022.

On November 2, 2022, we announced our plans to divest our contract development and manufacturing organization (iBio CDMO, LLC) in order to complete our transformation into an antibody discovery and development company. In conjunction with the divestment, we

have commenced, on October 31, 2022 a workforce reduction of approximately 60% of our current staffing levels (a reduction of 69 positions). We expect to substantially complete the employee reduction within approximately 60 days of November 2, 2022. We expect we may be able to complete a transaction in 2023, although there is no assurance as to when, or for how much, we may be able to sell our CDMO assets. We expect to incur pre-tax charges of approximately $1.7 million for the employee reduction, most of which is expected to be incurred in the second and third quarter of fiscal year 2023. These charges will be substantially settled in cash and almost entirely consist of severance obligations, continuation of salaries and benefits over a 60-day transitional period during which impacted employees remain employed but are not expected to provide active service, and other customary employee benefit payments in connection with an employee reduction. The transition to a focused AI-Biotech business is expected to reduce our monthly burn rate by approximately half, with an approximate range of $2.5-3.0 million per month. Although we expect to decrease burn, our long-term business plan would be to increase R&D and commence clinical trials that could be costly if conducted without a licensing partner.

On November 1, 2022, Mr. Chip Clark was appointed as the Company's Chairman of the Board.

On November 2, 2022, the Company announced that its Board of Directors has initiated a search for a new Chief Executive Officer. It is expected that Mr. Tom Isett will remain as the Chief Executive Officer of the Company through this transformation.

Results of Operations - Comparison of the three months ended September 30, 2022 and 2021

Revenue

Revenues for the three months ended September 30, 2022 and 2021 were approximately $- million and $0.1 million respectively, a decrease of approximately ($0.1) million. Revenue from the CDMO operations is in now included in discontinued operations and not broken out separately on the financial statements. Our ongoing business is primarily focused on i) development of our pipeline for which we do not expect revenue and ii) on our AI-driven discovery platform. We may have revenue with the AI-driven discovery platform in future. The $.1M in revenue in Q1 FY2022 related to a customer settlement.

Research and Development Expenses ("R&D")

Research and development expenses for the three months ended September 30, 2022 and 2021 were $2.5 million and $1.1 million, respectively, an increase of approximately $1.4 million. The increase was primarily related to increases in personnel related to a full year of operation, investment into the San Diego facility, investments into our pipeline including IBIO-101, and EGFRIII, and expenses related to our AI-driven discovery platform.

General and Administrative Expenses ("G&A")

General and administrative expenses for the three months ended September 30, 2022 and 2021 were approximately $5.1 million and $4.2 million, respectively, an increase of $0.9 million. The increase resulted primarily from an increase in headcount, and an increase in consulting costs to support the portfolio of proprietary therapeutics and vaccines.

Total Operating Expenses

Total operating expenses, consisting primarily of R&D and G&A expenses, for the three months ended September 30, 2022, were approximately $7.6 million, compared to approximately $5.3 million in the same period of 2021.

Total Other Income (Expense)

Total Other Income (expense) for the three months ended September 30, 2022 and 2021 was approximately $0.1 million and $0.0 million respectively. For the three months ended September 30, 2022 Total Other Income was from interest income. For September 30, 2021, Total Other Income (expense) primarily included interest expense of approximately ($0.6) million incurred under the finance lease offset by $0.6 million for the forgiveness of the PPP loan.

Discontinued Operations:

On November 2, 2022, iBio, Inc. announced its plans to divest its contract development and manufacturing organization (iBio CDMO, LLC) in order to complete its transformation into an AI-driven precision antibody discovery and development company. In conjunction with the divestment, iBio initiated a workforce reduction of approximately 60% and discontinued CDMO operations. CDMO operations are now treated as a discontinued operation on our financial statements. Losses for Discontinued Operations for the three months ended September 30, 2022 and 2021 were approximately ($10.6) million and ($3.8) million respectively. The increase primarily related to a consumables and inventory write-off of ($4.1) million with the remaining variance related to personnel fees and other professional fees.

Net Loss Attributable to iBio, Inc. Stockholders

Net loss attributable to iBio, Inc. stockholders for the three months ended September 30, 2022, was ($7.5) million, or ($0.85) per share. Net loss attributable to iBio, Inc. stockholders for the three months ended September 30, 2021, was approximately ($5.2) million or ($0.60) per share.

Liquidity and Capital Resources

As of September 30, 2022, we had cash and cash equivalents plus debt securities of approximately $23.5 million, including approximately $6 million of restricted cash, as compared to $39.5 million as of June 30, 2022. In an effort to improve liquidity and runway, we recently announced we were selling our CDMO business and facility, reducing its work force by approximately 60% (a reduction of approximately 69 positions), and ceasing operations of its CDMO thereby reducing annual spending by approximately 50%. Potential options being considered to further increase liquidity include lowering our expenses further, focusing product development on a select number of product candidates, the sale or out-licensing of certain product candidates, raising money from capital markets, grant revenue or collaborations, or a combination thereof. During the first quarter of fiscal year 2023, we completed at-the-market ("ATM") offerings and raised $1.1M selling approximately 176,000 shares of common stock.

The Company's cash, cash equivalents and investments in debt securities is not anticipated to be sufficient to support operations beyond Q3 of Fiscal 2023 unless the Company reduces its burn rate further or increases its capital as described above. Regardless of whether the Company is able to reduce its burn rate or sell or out-license certain assets or parts of the business, the Company will need to raise additional capital in order to fully execute its longer-term business plan. It is the Company's goal to implement one or more potential options described above to allow the Company to have a cash runway for at least 12 months from the date of the filing of this Quarterly Report on Form 10-Q. However, there can be no assurance that the Company will be successful in implementing any of the options that we are evaluating.

Net Cash Used in Operating Activities

Net cash used in operating activities was approximately ($14.0) million for the three months ended September 30, 2022. The use of cash was primarily attributable to funding our net loss for the period.

Net Cash Used in Investing Activities

Net cash used in investing activities of approximately $0.0 million for the three months ended September 30, 2022 attributable primarily to the redemption of debt securities of $3.2 million, the purchase of fixed assets of ($2.5) million, and ($.7) million associate with the asset purchase of RubrYc Therapeutics, Inc. (Refer to Note 6 – Significant Transactions for details.)

Net Cash Provided by Financing Activities

Net cash used in financing activities during the three months ended September 30, 2022, was approximately $1.1 million and mainly attributable to the proceeds from the sale of common stock.

Funding Requirements

We have incurred significant losses and negative cash flows from operations since our spin-off from Integrated BioPharma in August 2008. As of September 30, 2022, our accumulated deficit was approximately $ (242.0) million and we used approximately ($14.0) million of cash for operating activities during the three months ended September 30, 2022.

We plan to fund our future business operations using cash on hand, through proceeds realized in connection with the commercialization of our technologies, through proceeds from the sale of the iBio CDMO, through the collection or proceeds from our license agreement with Fraunhofer, through potential proceeds from the sale or out-licensing of assets, and through proceeds from the sale of additional equity or other securities. We cannot be certain that such funding will be available on favorable terms or available at all. Based on current trends and activities, there is significant doubt that iBio can continue as a going concern beyond Q3 of Fiscal 2023. If we fail to successfully extend our cash runway via strategic options or other alternatives as described we would be in violation of the liquidity covenant on December 31, 2022. To the extent that the Company raises additional funds by issuing equity securities, its stockholders may experience significant dilution. If we are unable to raise funds when required or on favorable terms, this assumption may no longer be operative, and we may have to: a) significantly delay, scale back, or discontinue the product application and/or commercialization of our proprietary technologies; b) seek collaborators for our technology and product candidates on terms that are less favorable than might otherwise be available; c) relinquish or otherwise dispose of rights to technologies, product candidates, or products that we would otherwise seek to develop or commercialize; or d) possibly cease operations.

Off-Balance Sheet Arrangements

As part of our ongoing business, we do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities (SPEs), which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually limited purposes. As of September 30, 2022, we were not involved in any SPE transactions.

Critical Accounting Estimates

A critical accounting policy is one that is both important to the portrayal of a company's financial condition and results of operations and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Our condensed consolidated financial statements are presented in accordance with U.S. GAAP, and all applicable U.S. GAAP accounting standards effective as of September 30, 2022, have been taken into consideration in preparing the condensed consolidated financial statements. The preparation of condensed consolidated financial statements requires estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. Some of those estimates are subjective and complex, and, consequently, actual results could differ from those estimates. The following accounting policies and estimates have been highlighted as significant because changes to certain judgments and assumptions inherent in these policies could affect our condensed consolidated financial statements:

- Valuation of intellectual property;
- Revenue recognition;
- Liquidity assertions;
- Useful lives of fixed assets;
- Lease accounting;
- Legal and contractual contingencies;
- Research and development expenses; and
- Share-based compensation expenses.

We base our estimates, to the extent possible, on historical experience. Historical information is modified as appropriate based on current business factors and various assumptions that we believe are necessary to form a basis for making judgments about the carrying value of assets and liabilities. We evaluate our estimates on an on-going basis and make changes when necessary. Actual results could differ from our estimates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a smaller reporting company, we are not required to provide the information required by this Item 3.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, under the direction of our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as amended, as of September 30, 2022. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act

is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. The Company's disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to management to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on our evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2022.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act, during the quarter ended September 30, 2022, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We are not currently subject to any material legal proceedings.

Item 1A. Risk Factors

Our business is subject to risks and events that, if they occur, could adversely affect our financial condition and results of operations and the trading price of our securities. The following information updates, and should be read in conjunction with, the information disclosed in Part I, Item 1A, "Risk Factors," contained in the Annual Report. Except as described below, our risk factors as of the date of this Report have not changed materially from those described in "Part I, Item 1A. Risk Factors" of our Annual Report.

We are reviewing potential options to extend our cash runway. This review could impact our future operations and financial position.

We are currently evaluating a number of potential options to expand our cash runway, the implementation of which will impact the Company's liquidity. In an effort to improve liquidity and runway, we recently announced that we were selling our CDMO business and facility, reducing our work force by approximately 60%, and ceasing operations of our CDMO thereby reducing annual spending by approximately 50%. Potential options being considered to further increase liquidity include lowering our expenses further, focusing product development on a select number of product candidates, the sale or out-licensing of certain product candidates, raising money from capital markets, grant revenue or collaborations, or a combination thereof.

Our cash, cash equivalents and investments in debt securities of $23.5 million as of September 30, 2022, is not anticipated to be sufficient to support our operations for at least 12 months from the date of the filing of this Quarterly Report on Form 10-Q unless we reduce our burn rate further or increase our capital. Regardless of whether we are able to reduce our burn rate or sell or out-licensing of certain assets or parts of the business, we will need to raise additional capital in order to fully execute our longer-term business plan.

There can be no assurance that we will be able to sell the CDMO or that if we are able to do so that we do so on favorable terms or that he exploration of potential options will result in any agreements or transactions, or that, if completed, any agreements or transactions will be successful or on attractive terms. Although we expect to be able to sell the CDMO in 2023, no guaranteed timetable has been established for the completion of this process, and we do not expect to disclose developments unless and until we have a material update to provide or the Board of Directors has concluded that disclosure is appropriate or required. If we determine to change our business strategy, our future business, prospects, financial position and operating results could be significantly different than those in historical periods or projected by our management. Because of the significant uncertainty regarding our future plans, we are not able to accurately predict the impact of a potential change in our business strategy and future funding requirements.

Our historical operating results indicate substantial doubt exists related to our ability to operate as a going concern.

We have incurred net losses and used significant cash in operating activities since inception, and we expect to continue to generate operating losses for the foreseeable future. As of September 30, 2022, we have an accumulated deficit of $242 million.

We held cash, cash equivalents and investments in debt securities of $23.5 million as of September 30, 2022. Based on current trends and activities, there is significant doubt that we can continue as a going concern beyond Q3 of Fiscal 2023. We have announced that we

are implementing cost savings measures to expand our cash runway, the implementation of which will impact our liquidity but these measures alone will not be sufficient to provide the financing needed to meet our long term goals . Potential options being considered to increase liquidity include further lowering our expenses through decreasing spending and focusing product development on a select number of product candidates, the sale or out-licensing of certain product candidates or parts of the business, raising money from capital markets, grant revenue or collaborations, or a combination thereof. Regardless of whether we are able to reduce our burn rate or sell or out-licensing certain assets or parts of the business, we will need to raise additional capital in order to fully execute our longer-term business plan. We believe based on input from expert advisors, that it is likely we will be able to implement one or more options that will extend our cash runway for 12 months or more from the date of the filing of this Quarterly Report on Form 10-Q. However, there can be no assurance that we will be successful in implementing any of the options that we are evaluating.

Our consolidated audited financial statements as of and for the year ended September 30, 2022, have been prepared under the assumption that we will continue as a going concern for the next 12 months. Our management concluded that our recurring losses from operations and the fact that we have not generated significant revenue or positive cash flows from operations raise substantial doubt about our ability to continue as a going concern for the next 12 months after issuance of our financial statements. Our auditors also included an explanatory paragraph in its report on our financial statements as of and for the year ended June 30, 2022 with respect to this uncertainty. If we continue to experience operating losses, and we are not able to generate additional liquidity through a capital raise or other cash infusion, we might need to secure additional sources of funds, which may or may not be available to us. If we are unable to raise additional capital in sufficient amounts or on terms acceptable to us, we may have to further scale back or discontinue the development of our product candidates or other research and development initiatives or initiate steps to cease operations.

We need additional funding to fully execute our business plan, which funding may not be available on commercially acceptable terms or at all. If we are unable to raise capital when needed, we may be forced to delay, reduce or eliminate the commercialization of our development and manufacturing services and efforts for our product development programs.

Even if we are able to sell the CDMO upon favorable terms, we will need additional capital to fully implement our current long-term business, operating and development plans as we do not anticipate that any of our product candidates will generate revenue in the next few years, if at all. To the extent that we initiate or continue clinical development without securing collaborator or licensee funding, our research and development expenses could increase substantially.

When we elect to raise additional funds or additional funds are required, we may raise such funds from time to time through public or private equity offerings, debt financings, corporate collaboration and licensing arrangements or other financing alternatives. Additional equity or debt financing or corporate collaboration and licensing arrangements may not be available on acceptable terms, if at all. We currently have no committed sources of funding. On November 25, 2020, we entered into a Controlled Equity Offering SM Sales Agreement (the “Sales Agreement”) with Cantor Fitzgerald & Co. ("Cantor Fitzgerald") to sell shares of common stock, from time to time, through an “at the market offering” program having an aggregate offering price of up to $100,000,000 through which Cantor Fitzgerald would act as sales agent (the “Sales Agent”). There can be no assurance that we will meet the requirements to be able to sell securities pursuant to the Sales Agreement, of if we meet the requirements that we will be able to raise sufficient funds on favorable terms. If we are unable to raise capital in sufficient amounts when needed or on attractive terms, we would be forced to delay, reduce or eliminate our research and development programs or commercialization efforts and our ability to generate revenues and achieve or sustain profitability will be substantially harmed.

If we are unable to raise funds when required or on favorable terms, this assumption may no longer be operative, and we may have to: a) significantly delay, scale back, or discontinue the product application and/or commercialization of our proprietary technologies; b) seek collaborators for our technology and product candidates on terms that are less favorable than might otherwise be available; c) relinquish or otherwise dispose of rights to technologies, product candidates, or products that we would otherwise seek to develop or commercialize; or d) possibly cease operations.

Changes in general economic conditions, geopolitical conditions, domestic and foreign trade policies, monetary policies and other factors beyond our control may adversely impact our business and operating results.

The uncertain financial markets, disruptions in supply chains, mobility restraints, and changing priorities as well as volatile asset values could impact our business in the future. We and our third-party contract manufacturers, contract research organizations, and clinical sites may also face disruptions in procuring items that are essential to our research and development activities, including, for example, medical and laboratory supplies used in our clinical trials or preclinical studies, in each case, that are sourced from abroad or for which there are shortages because of ongoing efforts to address the outbreak. These minor disruptions have had an immaterial effect on business, which we have been able to address with minimal impact to our business operations to date. Further, although we have not experienced any material adverse effects on our business due to increasing inflation, it has raised operating costs for many businesses and, in the future, could impact demand or pricing manufacturing of our drug candidates or services providers, foreign exchange rates or employee wages. We are actively monitoring the effects these disruptions and increasing inflation could have on our operations.

Our operations and performance depend on global, regional and U.S. economic and geopolitical conditions. Russia's invasion and military attacks on Ukraine have triggered significant sanctions from U.S. and European leaders. These events are currently escalating and creating increasingly volatile global economic conditions. Resulting changes in U.S. trade policy could trigger retaliatory actions by Russia, its allies and other affected countries, including China, resulting in a "trade war." Furthermore, if the conflict between Russia and Ukraine continues for a long period of time, or if other countries, including the U.S., become further involved in the conflict, we could face significant adverse effects to our business and financial condition.

The above factors, including a number of other economic and geopolitical factors both in the U.S. and abroad, could ultimately have material adverse effects on our business, financial condition, results of operations or cash flows, including the following:

- effects of significant changes in economic, monetary and fiscal policies in the U.S. and abroad including currency fluctuations, inflationary pressures and significant income tax changes;
- supply chain disruptions;
- a global or regional economic slowdown in any of our market segments;
- changes in government policies and regulations affecting the Company or its significant customers;
- industrial policies in various countries that favor domestic industries over multinationals or that restrict foreign companies altogether;
- new or stricter trade policies and tariffs enacted by countries, such as China, in response to changes in U.S. trade policies and tariffs;
- postponement of spending, in response to tighter credit, financial market volatility and other factors;
- rapid material escalation of the cost of regulatory compliance and litigation;
- difficulties protecting intellectual property;
- longer payment cycles;
- credit risks and other challenges in collecting accounts receivable; and
- the impact of each of the foregoing on outsourcing and procurement arrangements.

Due to the discontinuance of the CDMO business, we will not be generating material revenue from CDMO operations going forward.

As a result of the discontinuance of the CDMO business, we will not generate material revenue from the CDMO operations any longer.

Item 5. Other Information.

On November 10, 2022, as previous disclosed in relation to the Employment Agreement with Thomas F. Isett 3rd, the Company's Chief Executive Officer, dated April 30, 2021, the Company granted Mr. Isett Restricted Stock Units (the "RSUs") to acquire 200,000 shares of common stock, $0.001 par value per share (the "Common Stock"), on a post-split basis. The RSUs vest over a three-year period commencing April 30, 2021 provided the vesting is subject to the following performance conditions: (i) submission to the U.S. Food and Drug Administration (FDA) of an Investigational New Drug (IND) application, or alternatively, if the Board approves not to file an IND, (ii) consummation of a disposition of iBio CDMO, LLC, or (iii) outlicensing, with full global rights, any of its investigational product candidates prior to the submission to the FDA an IND application. The grant-date fair value of the RSUs totaled approximately $296,000.

On November 11, 2022, the Company granted Mr. Robert Lutz, the Company's Chief Financial and Business Officer, RSUs to acquire 100,057 shares of the Company's Common Stock in exchange for Mr. Lutz' agreement to continue employment with the Company through July 1, 2023. The RSUs vest the earlier of: (i) July 1, 2023, or (ii) the successful achievement of the Company's 2023 objectives, as defined by the Board of Directors. The grant-date fair value of the RSUs totaled approximately $175,100.

On November 11, 2022, the Company granted Mr. Martin Brenner, the Company's Chief Scientific Officer, RSUs to acquire 95,348 shares of the Company's Common Stock in exchange for Mr. Brenner's agreement to continue employment with the Company through July 1, 2023. The RSUs vest the earlier of: (i) July 1, 2023, or (ii) the successful achievement of the Company's 2023 objectives, as defined by the Board of Directors. The grant-date fair value of the RSUs totaled approximately $166,860.

Item 6. Exhibits.

Exhibit No.		Description
3.1		Certificate of Incorporation of iBio, Inc., Certificate of Merger, Certificate of Ownership and Merger, Certificate of Amendment of the Certificate of Incorporation (incorporated herein by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 11, 2018 – File No. 001-35023)

3.2		Certificate of Amendment of the Certificate of Incorporation of iBio, Inc. (incorporated herein by reference to Exhibit 3.2 to the Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on February 14, 2018 – File No. 001-35023)
3.3		Certificate of Amendment of the Certificate of Incorporation of iBio, Inc. (incorporated herein by reference to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 8, 2018 – File No. 001-35023)
3.4		Second Amended and Restated Bylaws of iBio, Inc. (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 26, 2022 – File No. 000-53125)
3.5		Certificate of Amendment of the Certificate of Incorporation if iBio, Inc. (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on October 7, 2022 – File No. 001-35023)
10.1		Asset Purchase Agreement dated September 16, 2022 by and between iBio, Inc. and RubrYc Therapeutics, Inc. (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on September 21, 2022 – File No. 001-35023)
10.2*		Termination Agreement and Release dated September 19, 2022 by and between iBio, Inc. and RubrYc Therapeutics, Inc.
10.3*		Lease dated September 10, 2021 by and between iBio, Inc., and San Diego Inspire 4, LLC
10.4+*		Restricted Stock Unit Award Agreement dated November 10, 2022 by and between iBio, Inc. and Thomas Isett
31.1*		Certification of Periodic Report by Chief Executive Officer Pursuant to Rule 13a-14 and 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*		Certification of Periodic Report by Principal Financial Officer Pursuant to Rule 13a-14 and 15d-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*		Certification of Periodic Report by Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*		Certification of Periodic Report by Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS		Inline XBRL Instance*
101.SCH		Inline XBRL Taxonomy Extension Schema*
101.CAL		Inline XBRL Taxonomy Extension Calculation*
101.DEF		Inline XBRL Taxonomy Extension Definition*
101.LAB		Inline XBRL Taxonomy Extension Labeled*
101.PRE		Inline XBRL Taxonomy Extension Presentation*
104		Cover page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

\+ Certain portions of this exhibit indicated therein by [**] have been omitted in accordance with Item 601(b)(10) of Regulation 8-K.

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.

iBio, Inc.
(Registrant)

Date: November 14, 2022

/s/ Thomas F. Isett 3rd
Thomas F. Isett 3rd
Chief Executive Officer
Principal Executive Officer

Date: November 14, 2022

/s/ Robert Lutz
Robert Lutz
Chief Financial Officer
Principal Financial Officer and Principal Accounting Officer

EXHIBIT 10.2

TERMINATION AGREEMENT AND RELEASE

THIS TERMINATION AGREEMENT AND RELEASE (this "Termination Agreement") is entered into as of the 19th day of September, 2022 between iBio, Inc., a Delaware corporation ("iBio") and RubrYc Therapeutics, Inc., a Delaware corporation ("RubrYc"). Each of iBio and RubrYc are referred to herein as a "Party" or, collectively, as the "Parties."

RECITALS

WHEREAS, the Parties hereto are parties to that certain Collaboration and License Agreement dated as of August 23, 2021 (the "Collaboration and License Agreement");

WHEREAS, the Parties hereto are parties to that certain Collaboration, Option and License Agreement dated as of August 23, 2021 (the "Option Agreement", and together with the Collaboration and License Agreement, the "Agreements"); and

WHEREAS, in connection with that certain Asset Purchase Agreement, dated September 16, 2022, by and between iBio and RubrYc (the "Purchase Agreement"), the Parties hereto desire to terminate the Agreements in accordance with the terms and subject to the conditions set forth in this Termination Agreement.

AGREEMENT

NOW, THEREFORE, the undersigned, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby agree as follows:

1. Recitals. The foregoing recitals are hereby made part of this Termination Agreement.

2. Termination of Agreements. Effective as of the closing of the transactions contemplated by the Purchase Agreement (the "Closing"), each of iBio and RubrYc hereby terminate the Agreements and all terms, agreements and conditions set forth therein, except with respect to any obligations following the termination of the Agreements, which obligations shall continue in full force and effect. The Parties agree that as a result of the execution of this Termination Agreement, the Agreements and all terms, agreements and conditions set forth therein or related thereto shall be rendered null and void and without further legal force or effect, with each of iBio and RubrYc being irrevocably relieved of all future rights and obligations thereunder (except as provided above), all without requiring any further action. Effective as of the date hereof, each of iBio and RubrYc acknowledges and agrees that it is not entitled to any payments or monetary consideration of any kind relating to the Agreements.

3. Failure to Close. If the Closing does not occur, this Termination Agreement shall be null and void and of no further effect.

4. Representations and Warranties.

4.1 Each of iBio and RubrYc has all requisite power and authority to enter into this Termination Agreement and has not assigned any of its rights or obligations under the Agreements to any other party.

4.2 The execution and delivery of this Termination Agreement by each of iBio and RubrYc has been duly authorized by all necessary action (corporate or otherwise) and no other proceeding is necessary to authorize the execution, delivery and performance of this Termination Agreement and the transactions contemplated herein.

4.3 This Termination Agreement has been duly executed and delivered by each of iBio and RubrYc and constitutes the legal, valid and binding obligation of iBio and RubrYc, respectively, enforceable against iBio and RubrYc, respectively, in accordance with its terms.

5. Release. Effective as of the date hereof, for good and valuable consideration, the receipt and sufficiency of which iBio and RubrYc hereby acknowledge, each of iBio and RubrYc, for itself and on behalf of its successors and assigns, hereby fully, unconditionally and irrevocably releases and forever discharges the other, and each of the other's affiliates, contractors, agents, officers, directors, members, employees, shareholders, representatives, attorneys, successors and assigns, of and from any and all manner of actions, causes of action, suits, debts, sums of money, accounts, bonds, bills, specialties, covenants, controversies, agreements, promises, variances, trespasses, damages, judgments, contracts, agreements, claims, demands, losses, obligations, liabilities, proceedings, fines, costs, expenses, fees (including, without limitation, attorneys' fees, experts fees and court fees) and penalties whatsoever, in law or in equity, which the releasing and discharging party or any successor or assignee of such party ever had, now has or hereafter can, shall or may have against the other party hereto or its successors and assigns for, upon or by reason of any matter, cause or thing whatsoever relating to or arising out of or in connection with the Agreements.

6. Further Assurances. Each Party agrees from time to time, subsequent to the date hereof, to execute and deliver or cause to be executed and delivered such instruments or further assurances as may, in the reasonable opinion of the other Parties, be necessary or desirable to give effect to the provisions of this Agreement.

7. Miscellaneous.

7.1 Governing Law. This Termination Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware other than conflict of laws principles thereof directing the application of any law other than that of the State of Delaware.

7.2 Binding Effect; No Oral Modification. This Termination Agreement shall be binding on and shall inure to the benefit of the Parties and their respective successors and assigns. This Termination Agreement may not be altered, modified, or amended unless such alteration, modification, or amendment is in writing and executed by the Parties.

7.3 Entire Agreement. This Termination Agreement constitutes the entire integrated agreement of the Parties hereto with respect to the subject matter hereof and the transactions contemplated hereby, and supersedes any other prior statements, negotiations, understandings, and agreements by and between the Parties hereto, written or oral, with respect to the subject matter hereof.

7.4 Counterparts. This Termination Agreement may be executed and delivered in one or more counterparts (including facsimile, PDF, or other electronic counterparts), each of which when executed and delivered shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

[Signature page follows.]

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

RUBRYC THERAPEUTICS, INC.

By: /s/ Isaac Bright
Name: Isaac Bright
Title: Chief Executive Officer

IBIO, INC.

By: /s/ Thomas F. Isett
Name: Thomas F. Isett
Title: Chief Executive Officer

[*Signature Page to Termination Agreement*]

Exhibit 10.3

LEASE

SOVA NORTH SCIENCE DISTRICT

SAN DIEGO INSPIRE 4, LLC

a Delaware limited liability company

as Landlord,

and

iBio, INC.,

a Delaware 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 4, LLC**, a Delaware limited liability company ("**Landlord**"), and **iBio, Inc.**, a Delaware corporation ("**Tenant**").

SUMMARY OF BASIC LEASE INFORMATION

TERMS OF LEASE		DESCRIPTION
1.	Dated as of:	September 10, 2021
2.	Premises (Article 1).	
2.1	Building:	That certain life sciences building containing approximately 21,142 rentable square feet of space located at 11750 Sorrento Valley Road, San Diego, California 92121.
2.2	Premises:	Approximately 11,383 rentable square feet of space located in the Building and commonly known as Suite 200, as depicted in **Exhibit 1.1.1-1** to the Lease.
2.3	Interim Premises:	Approximately 6,374 rentable square feet space, comprising the "creative" portion of the Premises, as depicted in **Exhibit 1.1.1-1** to the Lease. Tenant shall be entitled to early access of the Interim Premises as provided herein.
3.	Lease Term (Article 2).	
3.1	Length of Term:	Seven (7) years and four (4) months (i.e., 88 months).
3.2	Lease Commencement Date:	The date upon which (i) the Premises are Ready For Occupancy (as defined in the Work Letter attached hereto as **Exhibit 1.1.1-2**), and (ii) Landlord delivers to Tenant the Premises in the condition required by this Lease and the Work Letter; provided however, Tenant shall be entitled to early access of the Interim Premises commencing on the date that this Lease is fully executed and delivered.[1] Landlord estimates that the Lease Commencement Date will be on or about January 1, 2022. The Emergency Generator (as defined in Section 6.1.8 below) will likely be installed after the Lease Commencement Date, and the Lease Commencement Date shall not be contingent or dependent on the Emergency Generator being operational.

[1] The existing building permit covers work throughout the Premises; the permit is not limited to work within the Interim Premises. Tenant's right to early access of the Interim Premises (and Tenant's obligation to pay rent for the Interim Premises) is subject to the City of San Diego (building inspection department) allowing Tenant's occupancy of the Interim Premises prior to the City's final signoff of the building permit.

3.3 Rent Commencement Date: Same as Lease Commencement Date (but Tenant shall only be obligated to pay rent for the Interim Premises at a reduced base rental rate of $2.00 NNN per rentable square foot per month prior to the Lease Commencement Date (i.e. $12,748 per month, prorated for any partial months, with Tenant's Share adjusted as provided below); provided, however, Tenant's base rent for the first two (2) full months of early occupancy of the Interim Premises shall be abated). If Tenant is unable to occupy the Interim Premises because the City of San Diego building inspector will not approve early occupancy of the Interim Premises, then Tenant shall not be required to pay rent for the Interim Premises.

3.4 Lease Expiration Date: The last day of the eighty-eighth (88th) full month after the Lease Commencement Date.

4. Base Rent (Article 3):

Lease Year (in Months)	Annual Base Rent	Monthly Installment of Base Rent[2]	Monthly Base Rent per Rentable Square Foot[3]
1 - 12[4]	$614,682.00	$51,223.50	$4.50
13 - 24	$633,805.44	$52,817.12	$4.64
25 - 36	$651,562.92	$54,296.91	$4.77
37 - 48	$672,052.32	$56,004.36	$4.92
49 - 60	$691,175.76	$57,597.98	$5.06
61 - 72	$713,031.12	$59,419.26	$5.22
73 - 84	$733,520.52	$61,126.71	$5.37
85 - 88	$755,375.88[5]	$62,947.99	$5.53

2 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.

3 Monthly Base Rent per Rentable Square Foot has been rounded off to the nearest cent using conventional rounding principles.

4 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 four (4) months of Base Rent abatement. Base Rent shall be abated for the second (2nd), third (3rd), fourth (4th) and fifth (5th) full calendar months of the Lease Term (the "**Abatement Period**") in an aggregate amount of $204,894.00. Tenant shall be obligated to pay Tenant's Share of Direct Expenses and all electricity charges attributable to such period.

5 Based on a twelve (12) month period. Months 85 – 88 will be four (4) months, and aggregate Base Rent for such four (4) months will be $251,791.96.

4.1	Payment of Rent:	Rent checks shall be made payable to and sent to the following lockbox address: San Diego Inspire 4, LLC P.O. Box 894412 Los Angeles, CA 90189-4412 or wired to Citibank, N.A., New York Account Name: San Diego Inspire Holdings, LLC Account Number: 6794041847 Routing Number: 021000089 Origin is outside of U.S.: Swift code CITIUS33
5.	Tenant Improvement Allowance:	Eighty-One Thousand Nine Hundred Sixty Dollars ($81,960.00), of which Fifty Thousand Ninety Dollars ($50,090.00) (i.e., $10.00 per rentable square feet of the lab portion of the Premises) may only be used for improvements to the lab portion of the Premises and Thirty-One Thousand Eight Hundred Seventy Dollars ($31,870.00) (i.e., $5.00 per rentable square feet of the office portion of the Premises) may only be used for the improvements to the Interim Premises; 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 (i) Tenant's Share of Direct Expenses in accordance with the terms of Article 4 of the Lease, and (ii) separately metered utilities and janitorial expenses pertaining to the Premises. Initially, Tenant's Share of Direct Expenses for the entire Premises are estimated to be $1.10 per rentable square foot per month.
7.	Tenant's Share (Article 4):	53.84% of the Building and 19.03% of the Project, based on the calculations set forth in Section 4.2.6 of this Lease below. Notwithstanding the foregoing, Tenant's Share during the period that Tenant occupies the Interim Premises is 30.15% of the Building and 10.66% of the Project, based on the calculations set forth in Section 4.2.6 of this Lease below.
8.	Permitted Use (Article 5):	The Premises shall be used only for general office and laboratory, administrative offices and, incidental and accessory thereto, storage uses and other lawful accessory uses reasonably related to and incidental to such specified uses, all in compliance with, and subject to, Applicable Laws and the terms of this Lease.
9.	Credit Enhancement (Article 21):	$188,844, as a letter of credit pursuant to Article 21 of the Lease and subject to possible reduction to the amount of $94,422 pursuant to Article 21.

10.	Guarantor (Article 21):	None
11.	Parking Pass Ratio (Article 28):	Two (2) unreserved parking spaces for every 1,000 rentable square feet of the Premises (i.e., 22 parking spaces), subject to the terms of Article 28 of the Lease.
12.	Address of Tenant (Section 29.18):	Before Lease Commencement Date: iBio, Inc. 11750 Sorrento Valley Road, Suite 200 San Diego, California 92121 Attention: Martin Brenner With a copy by email to: Martin Brenner at Martin.Brenner@ibioinc.com Paul Levin at PCLevin@venable.com After Lease Commencement Date: iBio, Inc. 11750 Sorrento Valley Road, Suite 200 San Diego, California 92121 Attention: Martin Brenner
13.	Address of Landlord (Section 29.18):	San Diego Inspire 4, LLC c/o Longfellow Real Estate Partners 260 Franklin Street, Suite 1920 Boston, MA 02110 Attention: Asset Management and San Diego Inspire 4, 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 Knight Frank (representing Landlord) and Hughes Marino (representing Tenant)

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", as that term is defined in Section 1.1.2 below, 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, provided that the Premises shall be delivered in a "broom clean" condition, with the plumbing, electrical systems, fire sprinkler system, lighting, and air conditioning and heating systems serving the Premises in good operating condition and repair, and in compliance with all Applicable Laws, and with Landlord's Work and the Tenant Improvements substantially completed in accordance with this Lease and the Tenant Work Letter, 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**. Tenant shall be entitled to full access and occupancy of the Interim Premises commencing on the date that this Lease is fully executed and delivered. Landlord, at Landlord's sole expense, shall deliver the Interim Premises to Tenant in a "broom clean" condition, with the plumbing, electrical systems, fire sprinkler system, lighting, and air conditioning and heating systems serving the Premises in good operating condition and repair, in compliance with Applicable Laws. 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.

1.1.2 **The Building and The Project**. The Premises are a part of the building set forth in Section 2.1 of the Summary (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 building (i.e., 11760 Sorrento Valley Road) located in a portion of the project known as "SOVA North Science District," and the land upon which such adjacent buildings are located. For sake of clarity, the SOVA North Science District is a portion of the project known as the "SOVA Science District."

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 and which are shown in **Exhibit 1.1.1-1**. 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. 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.

1.2 **Rentable Square Feet of Premises**. For purposes of this Lease, "rentable square feet" of the Premises shall be as set forth in Section 2.2 of the Summary, which shall not be subject to remeasurement during the Lease Term. 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 pursuant to the Standard Methods of Measurement for Industrial Buildings, ANSI Z65.2-2012, 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

2.1 **Lease Term**. The terms and provisions of this Lease shall be effective as of the date of 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 3.2 of the Summary (the "**Lease 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 factually correct 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 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.

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 (except as expressly provided 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 or 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.

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, the manner of payment of 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.

4. ADDITIONAL RENT

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

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

4.2.1 Intentionally Omitted.

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

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

4.2.4 "**Operating Expenses**" shall mean all reasonable 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, 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 to the Common Areas, 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 reasonable consulting fees, legal fees, accounting fees, and contractor fees, 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 the useful life of such item as reasonably determined by Landlord, 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 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 present or anticipated 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 enacted after the Lease 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 the useful life of such items as reasonably determined by Landlord; 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**"); provided, however, that as of the date of this Lease there are no Underlying Documents. In the event that Landlord or Landlord's managers or agents perform services for the benefit of the Building off-site which would otherwise be performed on-site (e.g., accounting), the cost of such services shall be reasonably allocated among the properties benefitting from such service and shall be included in Operating Expenses. Notwithstanding the foregoing, for purposes of this Lease, Operating Expenses shall not, however, include:

(a) costs, including legal fees, space planners' fees, advertising and promotional expenses, and brokerage fees incurred in connection with the original construction or development, or original, current, 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 or otherwise due from 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 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 reasonable 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 (excluding construction materials that were legally permissible when used and are not known to Landlord as of the date of this Lease as requiring removal);

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

(n) any costs expressly excluded from Operating Expenses elsewhere in this Lease;

(o) 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; and

(p) any reserve funds;

If Landlord is not furnishing any particular work of services (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 (provided, however, in no event shall Landlord make a profit pursuant to the foregoing); and the amount so determined shall be deemed to have been the amount of Operating Expenses for such year.

4.2.5 **Taxes**.

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

4.2.5.2 Tax Expenses shall include, without limitation: (i) Any tax on the rent, right to rent or other income from the Project, or any portion thereof, or as against the business of leasing the Project, or any portion thereof; (ii) any assessment, tax, fee, levy or charge in addition to, or in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax, it being acknowledged by Tenant and Landlord that Proposition 13 was adopted by the voters of the State of California in the June 1978 election ("**Proposition 13**") and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants, and, in further recognition of the decrease in the level and quality of governmental services and amenities as a result of Proposition

13, Tax Expenses shall also include any governmental or private assessments or the Project's contribution towards a governmental or private cost-sharing agreement for the purpose of augmenting or improving the quality of services and amenities normally provided by governmental agencies (provided that there are no such cost-sharing agreements as of the date of this Lease), and it being further acknowledged that the voters of the State of California may amend, modify, repeal 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 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 Section 4.2.5, there shall be excluded from Tax Expenses (i) all excess profits taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, transfer tax or fee, federal and state income taxes, and other taxes to the extent applicable to Landlord's general or net income (as opposed to rents, receipts or income attributable to operations at the Project), (ii) any items included as Operating Expenses, and (iii) any items paid by Tenant under Section 4.5 of this Lease.

4.2.6 "**Tenant's Share**" is based upon the following, as applicable: (i) for the Building, the ratio that the rentable square feet of the Premises bears to the rentable square feet of the Building (i.e., 11,383 ÷ 21,142), 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., 11,383 ÷ 59,818); provided, however, during Tenant's occupancy of the Interim Premises only, for the Building, the ratio that the rentable square feet of the Interim Premises bears to the rentable square feet of the Building (i.e., 6,374 ÷ 21,142), and for the Project, the ratio that the rentable square feet of the Interim Premises bears to the rentable square feet of the Project (i.e., 6,374 ÷ 59,818), as applicable. Tenant's Share shall mean the applicable percentages set forth in Section 7 of the Summary.

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, provided that the Direct Expenses attributable to the Project as a whole shall not include Direct Expenses attributable solely to the Building. Further, Landlord shall have the right, from time to time, to allocate equitably some or all of the Direct Expenses for the Building or the Project among different portions or occupants of the Building or Project, in Landlord's reasonable discretion, in a manner reflecting commercially reasonable cost pools

for such Direct Expenses so allocated. The Direct Expenses within each cost pool shall be allocated and charged to the tenants within such cost pool in an equitable manner.

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

4.4.1 **Statement of Actual Direct Expenses and Payment by Tenant**. Landlord shall endeavor to give to Tenant within six (6) months following the end of each Expense Year, a statement (the "**Statement**") which shall state the Direct Expenses 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 for twelve (12) months.

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 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 Right.** Tenant may, within sixty (60) days after receiving a Statement, give Landlord written notice ("**Review Notice**") that Tenant intends to review Landlord's records of the Direct Expenses for that calendar year. Within thirty (30) days after receipt of the Review Notice, Landlord shall make all pertinent records available for inspection that are reasonably necessary for Tenant to conduct its review; the review will be conducted at Landlord's Southern California property manager's office located in the greater San Diego area during normal business hours. If Tenant retains an agent to review Landlord's records, the agent must be with an independent firm of licensed certified public accountants (i) reasonably acceptable to Landlord, (ii) which is not compensated on a contingency fee basis or in any other manner which is dependent upon the results of such audit or inspection (and Tenant shall certify same upon request), and (iii) which agrees with Landlord in writing to keep the results of such audit or inspection confidential (except under customary circumstances, such as litigation between Landlord and Tenant regarding such audit). Tenant shall be solely responsible for all costs, expenses and fees incurred for the audit. Within sixty (60) days after the records are made available to Tenant, Tenant shall have the right to give Landlord written notice (an "**Expense Objection Notice**") stating in reasonable detail any objection to Landlord's statement of Direct Expenses for that period. If Tenant fails to give Landlord an Expense Objection Notice within the 60-day period or fails to provide Landlord with a Review Notice within the 60-day period described above, Tenant shall be deemed to have approved Landlord's statement of Direct Expenses and shall be barred from raising any claims regarding the Direct Expenses for that year. If Tenant provides Landlord with a timely Expense Objection Notice, Landlord and Tenant shall work together in good faith to resolve any issues raised in Tenant's Expense Objection

Notice. If Landlord and Tenant determine that Direct Expenses for the calendar year are less than reported, Landlord shall provide Tenant with a credit against the next installment of Rent in the amount of the overpayment by Tenant. Likewise, if Landlord and Tenant determine that Expenses for the calendar year are greater than reported, Tenant shall pay Landlord the amount of any underpayment within 30 days. If such finding occurs after the expiration of the Term, Tenant shall pay the underpayment within 30 days of receipt of invoice from Landlord. The records obtained or viewed by Tenant or its auditors and agents shall be treated as confidential. If Landlord has overcharged Tenant for Direct Expenses by more than five percent (5%), then Landlord shall be responsible for all of Tenant's reasonable costs related to Tenant's review of Direct Expenses.

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 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 (the "**Rules and Regulations**"), or in violation of Applicable Laws or any Underlying Documents. 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. Tenant shall only place equipment within the Premises with floor loading consistent with the Building's structural design (so long as Landlord has provided such information to Tenant), 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 those chemicals or materials, and their respective quantities, specifically listed on the Environmental Questionnaire, 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, excepting typical office cleaning supplies in limited quantities. Landlord shall not unreasonably withhold or delay consent in connection with Tenant's need from time to time to use Hazardous Materials as reasonably required for Tenant's current or future operations provided such Hazardous Materials are commonly used

by life science lessees within San Diego County and do not involve work above the risk category Biosafety Level 2 as established by DHHS and as further described in the DHHS publication BMBL (as defined in this Section 5.3.1.1 below), unless approved in writing by Landlord in connection with Landlord's review and approval of the Environmental Questionnaire as completed by Tenant.. 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, then provided Tenant does not provide a corrected Environmental Questionnaire within ten (10) days after request, 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, and Landlord agrees not to withhold consent unless the proposed Hazardous Materials might pose a material risk or threat to the safety of persons or property within the Premises (or Building) despite Tenant's implementation of mitigation measures. Tenant's use or storage of Hazardous Materials within the Premises shall be done so in accordance with Applicable Laws. 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 this 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 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) the occurrence of any actual, alleged or threatened Release by Tenant 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., the Federal Insecticide, Fungicide and Rodenticide Act of 1947, 7 USC § 136 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 Lease Commencement Date, or thereafter amended, adopted, published or promulgated.

5.3.1.3 **Releases of Hazardous Materials**. If any Release by Tenant or any Tenant Parties of any Hazardous Material occurs in, on, under, from or about the Premises 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 as the Premises and Project were in on the Lease Commencement Date, all in accordance with the provisions and requirements of this Section 5.3. Landlord may, as required by any and all Environmental Laws, report the Release of any Hazardous Material to the appropriate governmental authority, identifying Tenant as the responsible party. Tenant shall deliver to Landlord copies of all administrative orders, notices, demands, directives or other communications directed to Tenant from any governmental authority with respect to any Release of Hazardous Materials in, on, under, from, or about the Premises, together with copies of all investigation, assessment, and remediation plans and reports prepared by or on behalf of Tenant in response to any such regulatory order or directive.

5.3.1.4 **Indemnification**.

5.3.1.4.1 **In General – Tenant Indemnification of Landlord**. 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, 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 or any other tenant of the Project. 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.

5.3.1.4.2 **Limitations**. Notwithstanding anything in this Section 5.3.1.4 to the contrary, Tenant's indemnity of Landlord shall not be applicable to claims based upon Existing Hazardous Materials except to the extent that Tenant's negligent acts or omissions caused or exacerbated the subject claim. "**Existing Hazardous Materials**" shall mean Hazardous Materials located within the Project as of the date of this Lease.

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. 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 costs and expenses of such Environmental Assessment shall be reimbursed by Tenant as Additional Rent within thirty (30) days after receipt of written demand therefor.

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

5.3.4 **Clean-up**.

5.3.4.1 **Environmental Reports; Clean-Up**. If any written report, including any report containing results of any Environmental Assessment (an "**Environmental Report**") shall indicate (i) the presence of any Hazardous Materials 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; provided, however, that Tenant shall have the right to have its own Environmental Report completed by a separate consultant, and if the results of Tenant's Environmental Report differ from the results of Landlord's Environmental Report, the parties shall use good faith efforts to resolve the discrepancies prior to any required Clean-up. 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 (or such shorter period to allow Tenant to comply with Applicable Law) so that Landlord may attempt to obtain a protective order. Tenant may additionally release such information to bona fide prospective purchasers or lenders, subject to any such parties' written agreement to be bound by the terms of this Section 5.3.

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

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

5.3.8 **Survival**. Each covenant, agreement, representation, warranty and indemnification made by Tenant set forth in 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 ADA first applicable to the Premises after the Lease Commencement Date due to any Alterations or other improvements to the Premises performed by Tenant after the Lease Commencement Date (and specifically not including the Tenant Improvements), 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 as the result of any Alterations made or constructed by Tenant after the Lease Commencement Date. The provisions of this Section 5.4 shall survive the expiration or earlier termination of this Lease. Notwithstanding the foregoing, the terms of this Section 5.4 shall not apply to the extent that any issue with the ADA is caused by any action taken by the Landlord or any other tenant of the Project, or which is related to the Building or the Project generally and not the Premises specifically.

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.

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; provided, however, as of the date of this Lease, the Project is not subject to any 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 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 or as parking for Tenant's employees, agents, contractors or invitees. In no event shall Tenant park or store any items other than automotive vehicles at such parking facilities.

5.5.4 Tenant agrees not to unreasonably overburden the parking facilities and agrees to cooperate with Landlord and other tenants in the use of the parking facilities, and Landlord reserves the right to determine that parking facilities are becoming overcrowded, and Landlord may reasonably allocate parking spaces among Tenant and other tenants of the Building or the Project provided 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.

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**"). Tenant shall have complete control of the hours of operation of the HVAC systems serving the Premises. Excepting emergencies and casualties, Tenant shall have 24/7 access to the Premises.

6.1.2 Landlord shall provide adequate electrical wiring and facilities for connection to Tenant's lighting fixtures and incidental use equipment. 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 and to the Premises.

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 the Premises, and, where applicable, Common Areas, for electricity, water and sewer.

6.1.7 Subject to the provisions of this Article, Landlord shall furnish the electric energy that Tenant shall reasonably require in the Premises for the purposes permitted under this Lease. Such electric energy shall be furnished through a meter or meters and related equipment installed, serviced, maintained, monitored and, as appropriate from time to time, upgraded by Landlord, in each case at Landlord's expense, measuring the amount of electric energy furnished to the Premises; provided, however, if the electricity is measured on a meter or submeter serving more than the Premises, Landlord shall determine Tenant's charges for electricity based on Tenant's pro rata share with respect to other jointly metered premises; and provided further, that Landlord shall pay for the cost of installing any such new meters for the Premises to the extent Landlord determines that Tenant's usage will be separately metered or submetered. Tenant shall pay for electric energy (for which it is liable for payment under this Article) in accordance with Section 6.2 below within ten (10) days after receipt of any bills related thereto. 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 and at Landlord's cost, (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.

6.1.8 Landlord has installed, or shall install, a common 100 kW emergency generator for the Building and an adjacent building (the "**Emergency Generator**") prior to the Lease Commencement Date, and Tenant may connect to it. Tenant shall be allocated power equivalent to Tenant's Share times the capacity of the Emergency

Generator allocated to lessees connected to it (as opposed to any capacity of the Emergency Generator allocated to the Common Area); Tenant's Share is 25 kW available for serving the lab portion of the Premises. Landlord shall be responsible for (i) obtaining and maintaining all operational permits and any annual maintenance contract for the Emergency Generator, (ii) maintaining and repairing the Emergency Generator, and (iii) arranging and paying for the annual cost of testing required for the APCD (or equivalent) permit for the Emergency Generator, all as part of the Operating Expenses of the Building. Landlord shall be responsible for obtaining and maintaining any APCD (Air Pollution Control District) permits required to connect and to allow Tenant to use the Emergency Generator.[6]

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 telephone, janitorial and Premises security services.

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 the other provisions of this Lease (including, without limitation, the Rules and Regulations, and except in the event of an emergency) and Landlord's reasonable security measures, 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 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 any 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, and utilities and services provided to the Premises that are separately metered, which 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. As of the date of this Lease, electricity is provided to the Premises through a single meter serving the entire Building. To the extent that Tenant uses more than Tenant's Pro Rata Share of any utilities, then Tenant shall pay Landlord Tenant's Share of Operating Expenses to reflect such excess. 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 and Landlord shall only charge Tenant for its actual usage and consumption.

6.2.4 For the Premises, Tenant shall (a) maintain and operate the heating, ventilating and air conditioning systems used for the Permitted Use only ("**HVAC**") and (b) subject to clause (a) above, furnish HVAC as reasonably required (except as this Lease otherwise provides) for reasonably comfortable occupancy of the Premises

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[6] Neither Landlord nor Tenant are aware of any other permit required for Tenant to connect to and use the Emergency Generator.

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 except as expressly provided 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; provided, however, that Landlord shall be responsible for replacement of the HVAC system serving the office portion of the Premises in the event such system is no longer functioning and Tenant shall be responsible for replacement of the HVAC System serving the lab portion of the Premises (such units being new as of the Effective Date and dedicated to the lab portion of the Premises) in the event such system is no longer functioning. If requested in writing by Landlord, Tenant shall provide Landlord, on a quarterly basis, copies of HVAC maintenance contracts and HVAC maintenance reports for any such dedicated HVAC units. In the event Landlord determines that Tenant is not properly maintaining the HVAC, Landlord may take over the responsibilities in (a) and (b) above.

6.2.5 For any utilities serving the Premises for which Tenant is billed directly by such utility provider, Tenant agrees to furnish to Landlord within thirty (30) days after Landlord's request, any 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 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 (to the extent required by Applicable Law). 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 Lease Commencement Date. 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 reasonable, 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 reasonably necessary, due to accident, emergency or the need to make emergency 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 the failure by a third party to deliver gas, oil or other suitable fuel supply (so long as Landlord is using commercially reasonably efforts to obtain a replacement source for such 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**. If Tenant uses water, electricity, heat or air conditioning in excess of that supplied by Landlord pursuant to Section 6.1 of this Lease, Tenant shall pay to Landlord, within thirty (30) days after Tenant's receipt of an invoice therefor, the actual cost of such excess consumption; and if Tenant does not cease such excessive usage promptly following written notice from Landlord, Landlord may install devices to separately meter any utility use (or use other reasonable industry standard methods to reasonably estimate such use)

and in such event Tenant shall pay the cost directly to Landlord, within thirty (30) days after Tenant's receipt of an invoice therefor, at the rates charged by the public utility company furnishing the same, including the cost of installing, testing and maintaining of such additional metering devices. Tenant's use of electricity and any other utility serving the Premises shall never exceed the capacity of the feeders to the Project or the risers or wiring installation or Tenant's Share of the per floor limits. If Tenant desires to use heat, ventilation or air conditioning 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 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 the foregoing to the contrary, 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, and Tenant actually ceases to use the affected portion of the Premises (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 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. If the entire Premises have not been rendered untenantable by the Service Interruption, the amount of abatement shall be equitably prorated.

6.5 **Triple Net Lease**. Landlord and Tenant acknowledge that, except as otherwise provided to the contrary in this Lease, it is their intent and agreement that this Lease be a "TRIPLE NET" lease and that as such, the provisions contained in this Lease are intended to pass on to Tenant or reimburse Landlord for the costs and expenses reasonably associated with this Lease, the Building and the Project, and Tenant's operation therefrom subject to the inclusions and exclusions from Operating Expenses and Taxes described in Section 4.2.4 and Section 4.2.5 above.

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 elsewhere 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, subject to Landlord's obligation set forth in Section 1.1.1 above, Tenant shall be responsible for electrical, plumbing, heating, ventilating and air-conditioning systems and other utility services serving the Premises from the Building connection point to the Premises (to the extent serving Tenant exclusively), 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 Building, and the base building systems and equipment of the Building (including the electrical, plumbing, heating, ventilating and air-conditioning systems and other utility services serving the Premises (to the extent not serving Tenant exclusively) and Common Areas, 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 connections to the Building's existing network cabling which are located within the Premises, but only to the extent that Tenant has, or is provided, access to such connections; provided, however, if Tenant desires or requires additional network cabling not otherwise presently available as part of the telecommunications and cabling of the Building's existing network, such installation shall be at Tenant's cost to the extent the utility provider is unwilling to install such cabling without cost to Tenant.

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**"), but expressly excluding the Tenant Improvements, 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 nonstructural Alterations, provided that such Alterations (1) are not visible from the outside of the Building, (2) do not affect the use of or require access to any part of the Building other than the Premises, (3) do not violate any certificate of occupancy for the Building or any other permits or licenses relating to the Project, (4) do not adversely affect any service required to be furnished to Tenant or to any other tenant or occupant of the Building, (5) do not affect any Building systems or Common Areas, (6) do not reduce the value or utility of the Building, and (7) otherwise comply with the Rules and Regulations and this Article 8.

8.2 **Alterations Affecting Air Distribution**. 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 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; provided, however, Tenant shall have no obligation to

remove any of the Tenant Improvements. 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, 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 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 commercially reasonable amounts 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. Tenant shall require its contractors and subcontractors to maintain products-completed operations coverage for not less than the greater of (i) ten (10) years after substantial completion of the Alterations or (ii) the time in 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, improvements, fixtures, equipment and/or appurtenances 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 Alterations and/or improvements and/or systems and equipment within the Premises and to repair any damage to the Premises and Building caused by such removal. If Tenant fails to complete any required removal and/or to repair any damage caused by the removal of any Alterations and/or improvements and/or systems and equipment in the Premises, 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 the Tenant Improvements), 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 and except for the gross negligence or willful misconduct of the Landlord Parties, 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 (including without limitation on account of Tenant's use of the Special Systems), or (iii) any breach of the terms of this Lease by Tenant during the Lease Term or any period of Tenant's occupancy of the Premises prior to, 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. The provisions of this Section 10.1 shall survive the expiration or sooner termination of this Lease.

10.2 **Tenant's Compliance With Landlord's Property Insurance**. Tenant shall, at Tenant's expense, comply with all insurance company requirements pertaining to the use of the Premises and provided by Landlord to Tenant which do not materially impact the Permitted Use. If Tenant's conduct or use of the Premises for any purpose other than the 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
No deductible or self-insured retention

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 Lease 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, vandalism and malicious mischief, theft, water damage, including sprinkler leakage, earthquake sprinkler leakage, bursting or stoppage of pipes, and explosion.

10.3.3 Business income interruption for one (1) year plus extra expense insurance in such amounts as will reimburse Tenant for actual direct or indirect loss of earning and continue expense, 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 $4,000,000 each occurrence and $4,000,000 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 Premises for any Alterations or other improvements (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) (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) 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 nonpayment of premium). Tenant shall deliver said policy or policies or certificates thereof to Landlord on or before the earlier to occur of (A) the Lease 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 such insurance is required by this Lease or otherwise maintained by the parties, 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 shall use commercially reasonable efforts to 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 reasonable insurance against other insurable hazards that at the time are commonly insured against in case of projects similar in nature, construction type, and geographic location to the Project which Landlord also requires other tenants at the Project to insure against, which are required by any lender or mortgagee entering into a new mortgage secured by the Building or at the time are otherwise commonly insured against in case of projects similar to the Project. Tenant shall carry and maintain during the entire Lease Term, at Tenant's sole cost and expense, increased amounts of insurance and such additional coverages as required pursuant to the preceding sentence.

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. Upon the occurrence of any damage to the Premises, upon notice (the "**Landlord Repair Notice**") to Tenant from Landlord, Tenant shall assign to Landlord (or to any party designated by Landlord) all insurance proceeds payable to Tenant under Tenant's insurance required under Section 10.3.2(ii) of this

Lease and Landlord's obligation to restore any Alterations or Tenant Improvements shall be limited to the extent of such proceeds received by Landlord. 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 Premises or Building shall be damaged by fire or other casualty or cause and one or more of the following conditions is present: (i) in Landlord's reasonable judgment, repairs cannot reasonably be completed within two hundred ten (210) 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; or (v) the damage occurs during the last twelve (12) months of the Lease Term; 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 two hundred ten (210) 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. 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.

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, both Landlord and Tenant shall each 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 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) 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, 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. 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 Intentionally deleted;

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; 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 six (6) month period immediately preceding the date Landlord receives the Transfer Notice, to lease space in the Project, and such space in the Project remains available for lease.

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 and 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, tenant improvement allowances reasonably provided to the Transferee in connection with the Transfer (provided that such free rent, 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 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, 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 ten (10) 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 14.6 shall likewise apply to any further subleasing, assignment or other Transfer by any subtenant or assignee. All references herein to Section 856 of the Code also shall refer to any amendments thereof or successor provisions thereto.

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

14.8 **Deemed Consent Transfers**. Notwithstanding anything to the contrary contained in this Article 14, (i) an assignment of this Lease, or a subletting of all or a portion of the Premises, to an affiliate of Tenant (an entity which is controlled by, controls, or is under common control with Tenant), (ii) an assignment of the Lease by Tenant to an entity which acquires all or substantially all of the assets or interest (partnership, stock or other) of Tenant, or (iii) an assignment of the Lease to an entity which is the resulting entity of a merger or consolidation of Tenant or (iv) a sale of corporate shares of capital stock in Tenant in connection with an initial public offering of Tenant's stock, or any other transfer of Tenant's stock, on a nationally-recognized stock exchange (each, a "**Permitted Transferee**"), shall not be deemed a Transfer requiring Landlord's consent under this Article 14, provided that (A) Tenant notifies Landlord of any such assignment or sublease within ten (10) days thereafter, and promptly supplies Landlord with any documents or information requested by Landlord regarding such assignment or sublease or such affiliate, (B) such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease, and (C) with respect to an assignment to a Permitted Transferee or a Transfer pursuant to clauses (ii) or (iii) above, the resulting Tenant under this Lease shall have a market value (computed in accordance with generally accepted accounting principles if such resulting Tenant entity is a private company or computed based on the share price of outstanding shares of the resulting Tenant entity if such entity is a public company) ("**Market Value**") at least equal to the Market Value of Tenant on the day that is three (3) months prior to the effective date of such assignment or sublease. An assignee of Tenant's entire interest that is also a Permitted Transferee may also be known as a "**Permitted Assignee**". "**Control**," as used in this Section 14.8, shall mean 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, or the power to direct the policies or operations of any person or entity (by contract or otherwise). 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.

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, casualty and condemnation excepted, and Tenant shall have no obligation to remove the Tenant Improvements. Upon such expiration or termination, Tenant shall, without expense to Landlord, remove or cause to be removed from the Premises all Alterations that Tenant is required to remove in accordance with Section 8.3 of this Lease, any debris and rubbish, and such items of furniture, equipment, free-standing cabinet work, movable partitions and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises, and such similar articles of any other persons claiming under Tenant (unless Landlord, in its sole discretion, waives the requirement that any item of personal property be removed), and Tenant shall repair at its own expense all damage to the Premises and Building resulting from such removal. Tenant's personal property includes only those items that are not built into the Premises and that have not been constructed or installed by Landlord.

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

If Tenant fails to perform its obligations under this Section 15.3, without limiting any other right or remedy, Landlord may, on five (5) business days' prior written notice to Tenant perform such obligations at Tenant's expense if Tenant has not commenced to do so within said five day period, and Tenant shall within 10 days of written demand reimburse Landlord for all reasonable out-of-pocket costs and expenses incurred by Landlord in connection with such work. Tenant's obligations under this Section 15.2 shall survive the expiration or earlier termination of this Lease. In addition, at Landlord's election, Landlord may inspect the Premises and/or the Project for Hazardous Materials at Landlord's cost and expense within twenty (20) 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 or 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 hundred fifty percent (150%) of the Base Rent applicable during the last rental period of the Lease Term for the first 30 days of such hold over, and (y) the higher of one hundred fifty percent (150%) of the Base Rent applicable during the last rental period of the Lease Term and the fair market rent 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 upon the termination or expiration of this Lease, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all loss, costs (including reasonable attorneys' fees) and liability resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender and/or any lost profits and consequential or indirect damages to Landlord resulting therefrom.

17. ESTOPPEL CERTIFICATES

Tenant shall execute, acknowledge and deliver to Landlord an estoppel certificate, which, as submitted by Landlord, shall be substantially in the form of **Exhibit 17** attached hereto (or such other form as may be reasonably required by any prospective mortgagee or purchaser of the Project, or any portion thereof), indicating therein any exceptions thereto that may exist at that time, and shall also contain any other information reasonably requested by Landlord or Landlord's mortgagee or prospective mortgagee. Any such certificate may be relied upon by any prospective mortgagee or purchaser of all or any portion of the Project. Failure of Tenant to timely object to or execute, acknowledge and deliver such estoppel certificate or other instruments shall constitute an acknowledgment by Tenant that statements included in the estoppel certificate are true and correct. At any time during the Lease Term, within ten (10) business days following a request in writing by Landlord, 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.

Landlord shall execute, acknowledge and deliver to Tenant a commercially reasonable estoppel certificate, as submitted by Tenant in such other form as may be reasonably required by any prospective lender, investor, or other party involved with Tenant. Any such certificate may be relied upon by third parties designated by 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.

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 (A) by any amendment or modification of this Lease if such Mortgagee held a loan secured by the Property at the time the amendment or modification of this Lease was made and Mortgagee did not consent to such amendment or modification, if required by any applicable documents, or (B) 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) 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 Except where a specific time period is otherwise set forth for Tenant's performance in this Lease, in which event the failure to perform by Tenant within such time period shall be a default by Tenant under this Section 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; or

19.1.4 The failure by Tenant to observe or perform according to the provisions of Articles 5, 14, 17 or 18 of this Lease where such failure continues for more than five (5) business days after notice from Landlord;

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

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

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

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

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

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

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

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

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

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

19.2.2 Landlord shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has

the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.

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

19.2.4 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, 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. Notwithstanding the foregoing, Tenant does not waive any requirement that the Landlord has under Applicable Law to re-let the Premises.

19.5 **Landlord Default**.

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

20. COVENANT OF QUIET ENJOYMENT

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

21. CREDIT ENHANCEMENT

21.1 **Letter of Credit**. Within ten (10) business days after 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 credit enhancement for the faithful performance by Tenant of all its obligations under this Lease as follows:

(a) Tenant shall provide Landlord and maintain in full force and effect throughout the Term and until the date that is ninety (90) days after the Lease Expiration Date, an evergreen letter of credit substantially in the form of **Exhibit 21** issued by an issuer reasonably satisfactory to Landlord, in the amount set forth in Section 9 of the Summary; provided, however, the initial letter of credit may be issued by JP Morgan Chase Bank in the form already approved by Landlord. If at any time during the Term (i) Landlord determines in its sole 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 acceptable to Landlord in its sole discretion 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 acceptable to Landlord in its sole discretion 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 ninety (90) 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; 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 Landlord's expense, within fifteen (15) business days after receiving a request from Landlord, deliver (and, if the issuer requires, Landlord shall consent to) an amendment to the L/C Security naming Landlord's grantee as substitute beneficiary. If the required Security Deposit changes while L/C Security is in force, then Tenant shall deliver (and, if the issuer requires, Landlord shall consent to) a corresponding amendment to the L/C Security.

(d) If and to the extent Landlord is holding the proceeds of the L/C Security in cash from time to time, such cash shall be held by Landlord as security for the faithful performance by Tenant of all of the terms, covenants and conditions of this Lease to be kept and performed by Tenant during the period commencing on

the Execution Date and ending upon the expiration or termination of Tenant's obligations under this Lease. If Tenant defaults (beyond applicable notice and cure periods) with respect to any provision of this Lease, including any provision relating to the payment of Rent, then Landlord may (but shall not be required to) use, apply or retain all or any part of the Security Deposit for the payment of any Rent or any other sum in default, or to compensate Landlord for any other loss or damage that Landlord may suffer by reason of Tenant's default as provided in this Lease. The provisions of this Article shall survive the expiration or earlier termination of this Lease. In the event of bankruptcy or other debtor-creditor proceedings against Tenant, any cash security then being held by Landlord shall be deemed to be applied first to the payment of Rent and other charges due Landlord for all periods prior to the filing of such proceedings. Landlord shall deliver or credit to any purchaser of Landlord's interest in the Premises the funds then held hereunder by Landlord, and thereupon (and upon confirmation by the transferee of such funds, whether expressly or by written assumption of this Lease, generally) Landlord shall be discharged from any further liability with respect to such funds. This provision shall also apply to any subsequent transfers. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, then the cash security, if any, or any balance thereof, shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) within 90 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) Notwithstanding anything to the contrary contained in this Lease, if the Market Value of Tenant as of the last day of the seventy-sixth (76) full month of the Lease Term is more than double the Market Value of Tenant as of the date of this Lease, then the required amount of the L/C Security shall be reduced to $94,422.

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 or by Landlord's prior written approval. Tenant, at its sole cost and expense, shall be entitled to (i) one sign identifying Tenant at the entry to the Premises, which identification signage shall be consistent with building standard signage, and (ii) one (1) exterior Building-top sign at a location approved by Landlord and in compliance with Applicable Laws.. Such entry signage shall be comparable to that used by Landlord for other similar floors in the Building, and all signage shall comply with Landlord's then-current Building standard signage program. All permitted signs shall be maintained by Tenant at its expense in a first-class and safe condition and appearance. The installation and eventual removal of Tenant's entry door signage and exterior Building signage shall be the responsibility of Landlord. Tenant shall repair any damage to the Premises or Building, inside or outside, resulting from the erection, maintenance or removal of any signs. Tenant's signage must also comply with all Applicable Laws. All Building signage shall be subject to the existing rights of other tenants in the Building and any declaration of covenants for the Project.

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 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, subject to Tenant's rights pursuant to Section 23.1 above.

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 as to the Building, only to the extent such obligations are triggered by Alterations or Tenant's particular use of the Premises for any use other than office and laboratory use. 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 that**: "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 lessee or tenant from obtaining a CASp inspection of the subject premises for the 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 premises."** If Tenant requests to perform a CASp inspection of the Premises, Tenant shall, at its cost, retain a CASp approved by Landlord (provided that Landlord may designate the CASp, at Landlord's option) to perform the inspection of the Premises at a time agreed upon by the parties. Tenant shall provide Landlord with a copy of any report or certificate issued by the CASp (the "**CASp Report**"). Landlord and Tenant agree that any modifications necessary to correct violations of construction related accessibility standards identified in the CASp Report shall be the responsibility of Tenant. Tenant agrees to keep the information in the CASp Report confidential except as necessary for the Tenant to complete such modifications.

25. LATE CHARGES

If any installment of Rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee within five (5) business days after the date due, then Tenant shall pay to Landlord a late charge equal to five percent (5%) of the overdue amount plus any reasonable attorneys' fees incurred by Landlord by reason of Tenant's failure to pay Rent and/or other charges when due hereunder. Notwithstanding the foregoing, Landlord shall not charge Tenant a late charge for the first (1st) late payment in any twelve (12) month period unless Tenant fails to timely pay such amount within five (5) business days following notice from Landlord that such amount is past due. The late charge shall be deemed Additional Rent and the right to require it shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner. In addition to the late charge described above, any Rent or other amounts owing hereunder which are

not paid when due shall bear interest from the date when due until paid at a rate per annum equal to the lesser of (i) the annual "**Bank Prime Loan**" rate cited in the Federal Reserve Statistical Release Publication H.15, published on the first Tuesday of each calendar month (or such other comparable index as Landlord and Tenant shall reasonably agree upon if such rate ceases to be published) plus nine (9) 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 and without releasing Tenant from any obligations hereunder. Except as may be specifically provided to the contrary in this Lease, Tenant shall pay to Landlord, upon delivery by Landlord to Tenant of statements therefor: (i) sums equal to expenditures reasonably made and obligations incurred by Landlord in connection with the remedying by Landlord of Tenant's defaults pursuant to the provisions of Section 26.1; (ii) sums equal to all losses, costs, liabilities, damages and expenses referred to in Article 10 of this Lease; and (iii) sums equal to all expenditures made and obligations incurred by Landlord in collecting or attempting to collect the Rent or in enforcing or attempting to enforce any rights of Landlord under this Lease or pursuant to law, including, without limitation, all reasonable legal fees and other amounts so expended. Tenant's obligations under this Section 26.1 shall survive the expiration or sooner termination of the Lease Term.

27. PROJECT CONTROL BY LANDLORD; ENTRY BY LANDLORD

27.1 **Project Control**. Landlord reserves full control over the Building and the Project to the extent not inconsistent with Tenant's enjoyment of the Premises as provided by this Lease. This reservation includes Landlord's right to subdivide the Project; convert the Building to condominium units; change the size of the Project by selling all or a portion of the Project or adding real property and any improvements thereon to the Project; grant assessments and licenses to third parties; maintain or establish ownership of the Building separate from fee title to the Property; make additions to or reconstruct portions of the Building and the Project; install, use, maintain, repair, replace and relocate for service to the Premises and other parts of the Building or the Project pipes, ducts, conduits, wires and appurtenant fixtures, wherever located in the Premises, the Building or elsewhere at the Project; and alter or relocate any other Common Area or facility, including private drives, lobbies and entrances, at no cost to Tenant. 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, materially increase Tenant's costs or Rent related to the Premises, or materially decrease the number of Tenant's parking spaces, (ii) Landlord shall provide reasonable prior notice to Tenant before exercising any such rights which may materially and adversely interfere with Tenant's use of the Premises, provided that such use of the Premises is in accordance with the Permitted Use, and (iii) Landlord shall use reasonable efforts to minimize to the extent possible any interference with Tenant's business, provided that such business is in accordance with the Permitted Use, including, when reasonable, scheduling such work after business hours or on weekends. Possession of areas of the Premises necessary for utilities, services, safety and operation of the Building is reserved to Landlord. Notwithstanding the foregoing, Landlord shall provide Tenant reasonable prior notice of required access to the Premises for such activities.

27.2 **Entry by Landlord**. Landlord reserves the right at all reasonable times and upon not less than one (1) business day's prior notice to Tenant which may be given by telephone or electronic mail (except in the case of an emergency or with respect to regularly scheduled services) to enter the Premises to (i) inspect them; (ii) show the Premises to prospective purchasers, or to current or prospective mortgagees, ground or underlying lessors or insurers or, during the last twelve (12) months of the Lease Term, to prospective tenants; (iii) post notices of nonresponsibility (to the extent applicable pursuant to then Applicable Law); or (iv) 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. Landlord and Landlord's agents, representatives, contractors, employees, and other invitees and permittees entering the Premises shall keep any information relating to the Tenant acquired during such entry on to the Premises strictly confidential and shall not disclose such information to any person or entity except as may be required by Applicable Law and as otherwise permitted pursuant to Section 29.27 of this Lease.

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 11 of the Summary, which parking passes shall pertain to the on-site and/or off-site parking 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. Parking shall be free of charge for the duration of the Lease Term. 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 materially and adversely change the rights and 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 or a memorandum thereof.

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. Landlord owns fee title to the Building.

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 **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, (1) neither Landlord nor any 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, and

(2) Tenant shall not be liable under any circumstances for consequential or indirect damages, including without limitation injury or damage to, or interference with, Landlord'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, except as expressly provided in Section 5.3 (Hazardous Materials) and Section 16 (Holding Over).

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 in a material manner Tenant's use of the Premises as herein permitted, 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, epidemic or pandemic (including COVID-19) 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 (C) 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 below, or to such other places as Landlord may from time to time designate in a Notice to Tenant. Any Notice will be deemed given (i) three (3) days after the date it is posted if sent by Mail, (ii) the date the overnight courier delivery is made, or (iii) the date personal delivery is made. As of the date of this Lease, any Notices to Landlord must be sent, transmitted, or delivered, to Landlord at the appropriate address set forth in Section 13 of the Summary.

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

29.20 **Authority**. If Tenant is a corporation, trust or partnership, Tenant hereby represents and warrants that Tenant (a) is a duly formed and existing entity qualified to do business in the *State of California* 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**. If either Landlord or Tenant should bring suit for the possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provision of this Lease or for any other relief against the other, then all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party therein shall be paid by the other party.

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

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

29.24 **Brokers**. Landlord and Tenant hereby warrant to each other that they have had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the real estate brokers or agents specified in Section 14 of the Summary (the "**Brokers**"), 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. The parties may execute and deliver this Lease using electronic signature technology (e.g., via DocuSign or other similar electronic signature technology), and any such electronic signature shall be deemed the same as a "wet" original signature delivered to the other party. Both counterparts shall be construed together and shall constitute a single lease. Delivery by fax or by electronic mail file attachment of any executed counterpart to this Lease will be deemed the equivalent of the delivery of the original executed instrument.

29.27 **Confidentiality**. Landlord and Tenant acknowledge that the content of this Lease, any information regarding the Building or Project received from Landlord or Tenant, and any related documents are confidential information. The parties shall keep such confidential information strictly confidential and shall not disclose such confidential information to any person or entity other than to each party's financial, legal, and space planning consultants on a 'need to know' basis, provided that such other parties are made aware of the obligations under this Section 29.27 and Landlord and Tenant shall be responsible for any disclosure by such parties in violation of this paragraph.

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

29.32 **Other Special Appurtenant Rights**. Tenant shall have the right in common with others to connect to and use the Emergency Generator located, or to be installed by Landlord pursuant to Section 6.1.8 above, at the Building subject to the following conditions:

(1) Tenant's use of the Emergency Generator 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 Emergency Generator for Tenant's use);

(2) Tenant's use of the Emergency Generator shall be undertaken by Tenant in compliance with all Applicable Laws, including Environmental Laws, and Landlord shall obtain any and all permits required in connection with its use (other than any permit needed for Tenant to connect to the generator);

(3) Landlord shall be responsible for connecting to the central distribution point for the Emergency Generator prior to the Lease Commencement Date;

(4) The costs to operate and maintain the Emergency Generator shall be included in Operating Expenses. Tenant use of the Special Systems shall not exceed Tenant's Share of the capacity available to tenants of any such Emergency Generator, but which allocation to the lab portion of the Premises shall be as listed in Section 6.1.8 above;

(5) The use of the Emergency Generator shall be subject to the Rules and Regulations.

(6) Tenant acknowledges and agrees that there are no warranties of any kind, whether express or implied, made by Landlord or otherwise with respect to the Emergency Generator, and Tenant disclaims all such warranties.

Landlord may, at its sole election and by prior written notice to Tenant, add additional special systems to the Building in the future and make the same available to all laboratory tenants, in which case such additional systems shall be treated as special systems hereunder.

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:	TENANT:
SAN DIEGO INSPIRE 4, LLC, a Delaware limited liability company	**iBio, Inc**., a Delaware corporation
By: /s/ Jessica Brock	By: /s/ Rob Lutz
Name: Jessica Brock	Name: Rob Lutz
Its: Authorized Signatory	Its: Chief Financial and Business Officer
	By: /s/ Martin Brenner
	Name: Martin Brenner
	Its: Chief Scientific Officer

EXHIBIT 1.1.1-1

PREMISES

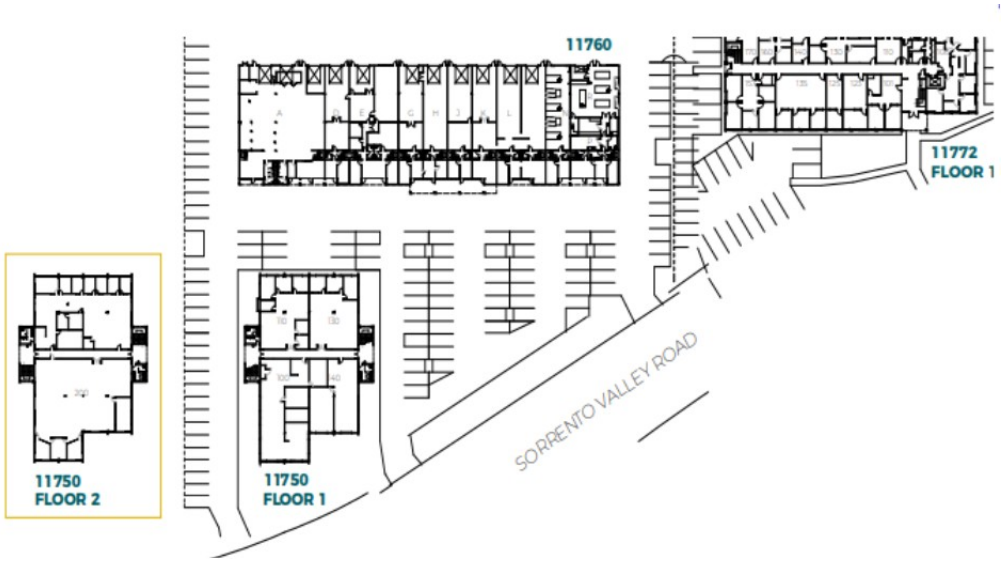

EXHIBIT 1.1.1-2

TENANT WORK LETTER

This Tenant Work Letter sets forth the terms and conditions relating to the construction of the initial tenant improvements in the Premises. This Tenant 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 in this Tenant Work Letter to Articles or Sections of "this Lease" shall mean the relevant portion of the Lease to which this Tenant Work Letter is attached as **Exhibit 1.1.1-2** and of which this Tenant Work Letter forms a part, and all references in this Tenant Work Letter to Sections of "this Tenant Work Letter" shall mean the relevant portion of this Tenant Work Letter.

1. LANDLORD'S INITIAL CONSTRUCTION IN THE PREMISES

1.1 **Landlord Work**. Landlord has caused, or shall cause, at Landlord's sole cost and expense, the construction, renovation or installation of the improvements described on the attached Attachment 1 (collectively, the "Landlord Work") in connection with the improvement of the Premises prior to the date of this Lease and as otherwise required to deliver the Premises to Tenant as required by this Lease.[7] Landlord acknowledges and agrees that the Tenant Improvement Allowance will not be used to cover the cost of the Landlord Work; provided, however, if Tenant decides to convert two (2) existing rooms into three (3) rooms or move the location of any doors, the additional costs associated with such changes to the existing spec design shall be deducted from Tenant's TI Allowance. The Landlord Work shall be performed in a first-class, workmanlike manner using new materials of good quality and in accordance with all Applicable Laws. The Landlord Work shall comply with all building codes applicable to Title 24, seismic, fire and life safety, structural support of existing MEP items and ceilings, exit lighting with the Premises and egress lighting at all exit doors leaving the Premises and American with Disabilities Act ("ADA") requirements (including path of travel to and from the Premises and parking areas).

2. TENANT IMPROVEMENTS

2.1 **Tenant Improvement Allowance**. Tenant shall be entitled to an improvement allowance as follows: Eighty-One Thousand Nine Hundred Sixty Dollars ($81,960.00) (the "Maximum Allowance Amount"), of which Fifty Thousand Ninety Dollars ($50,090.00) thereof must be used for improvements to the lab portion of the Premises (the "Lab Premises TI Allowance") and the remainder [i.e., Thirty-One Thousand Eight Hundred Seventy Dollars ($31,870.00)] must be used for the improvements to the Interim Premises (the "Interim Premises TI Allowance" and together with the Lab Premises TI Allowance, the "TI Allowance"). The Lab Premises TI Allowance will be used for the hard costs and customary soft costs incurred by Landlord including, without limitation actual and reasonable out-of-pocket architectural and engineering fees and a project management fee equal to five percent (5%) of the cost of the Tenant Improvements ("Landlord's 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 lab portion of the Premises (including, without limitation, power distribution, voice and data cabling, WIFI and security systems, Tenant's construction manager and licenses and permits in accordance with this Work Letter) (the "Lab Premises Tenant Improvements"). The Interim Premises TI Allowance must be used for the hard costs and customary soft costs incurred by Landlord including, without limitation Landlord's Project Management Fee, relating to the initial design and construction of Tenant's improvements which are to be permanently affixed to the Interim Premises (including, without limitation, power distribution within the Interim Premises), Tenant's construction manager and licenses and permits in accordance with this Work Letter (the "Interim Premises Tenant Improvements" and together with the Lab Premises Tenant Improvements, the "Tenant Improvements"); provided, however, the use of the Maximum Allowance Amount for costs attributable to voice and data cabling and wifi and security systems and other technology systems within the Premises shall be limited to $22,766.00. Notwithstanding the foregoing or anything otherwise provided elsewhere herein, there shall be no project management fee with respect to any hard costs of construction related to improvements performed in connection with the Landlord Work (but design costs related to the Tenant Improvements, other than design costs associated with the Landlord Work, shall be subject to the project management fee, even if such design costs arise out of services performed prior to the Effective Date).

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[7] Note to Draft: Landlord Work to include installation of freight lift at Landlord's cost.

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 more particularly described in Attachment 2 attached hereto (the "TI Requirements"), and Landlord and Tenant acknowledge and agree that the Maximum Allowance Amount 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 Tenant Work Letter in a total amount which exceeds the Maximum Allowance Amount. 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 (as defined in Section 3.4 below), and as otherwise reasonably directed by Tenant. All Tenant Improvements for which the TI Allowance has been paid shall be deemed Landlord's property under the terms of the Lease.

2.2 **Disbursement of the TI Allowance**. Except as otherwise set forth in this Tenant Work Letter, the TI 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 Tenant Work Letter); (ii) payment of the project management fee described above, (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 TI Allowance pursuant to the specific provisions of this Tenant Work Letter.

Notwithstanding anything to the contrary herein, the cost of the Tenant Improvements shall not include (and Landlord shall be solely responsible for and the TI Allowance shall not be used for) costs incurred in connection with complying with building codes applicable to Title 24, seismic, fire and life safety, structural support of existing MEP items and ceilings, exit lighting with the Premises and egress lighting at all exit doors leaving the Premises and American with Disabilities Act ("ADA") requirements (including path of travel to and from the Premises and parking areas). Such compliance costs shall constitute part of the Landlord Work, and the TI Allowance will only be used for compliance costs, if any, directly relating to the construction work relating to the TI Requirements.

3. CONSTRUCTION DOCUMENTS

3.1 **Selection of Architect/Construction Documents**. Landlord shall cause Ferguson Pape Baldwin Architects (the "Architect") to prepare the "Construction Documents", as that term is defined in this Section 3.1 for the Tenant Improvements, together with the consulting engineers selected by the Architect and reasonably approved by Landlord. 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 the date that the Tenant Improvements are then-scheduled to be completed, 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 attached as Attachment 3 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 (5) Business Day period, then such space plan shall be deemed approved by Tenant), and Landlord shall use reasonable efforts to cause the Architect 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 the Final Space Plan shall be approved no later than the date set forth for such approval on Attachment 4. Once Landlord and Tenant approve the final space plan, the space plan shall be considered final (the "Final Space Plan").

3.3 **Construction Documents**. On or before the date set forth in Attachment 4, 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 the Construction Documents shall be approved no later than the date set forth for such approval on Attachment 4. 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**. 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 4 (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 based on a competitive bidding process.

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. In connection with the Cost Proposal, Landlord shall cause the Contractor to solicit at least three bids from each subcontractor trade for which the total cost is expected to exceed $10,000. No work shall be bid or performed by any party that is an affiliate of or otherwise related to Landlord without Tenant's prior written consent. 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 (and if Tenant fails to comment on the Cost Proposal within such five (5) Business Day period, then Tenant shall be deemed to have approved the Cost Proposal), 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, or deemed 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").

4.3 Construction of Tenant Improvements by Contractor.

4.3.1 Over-Allowance Amount. The difference between (i) the amount of the Cost Proposal and (ii) the amount of the remaining unused Tenant Improvements Allowance is referred to as the "Over-Allowance Amount." On the Cost Proposal Delivery Date, Tenant shall deliver to Landlord cash in an amount (the "Over-Allowance Amount"), if any, equal to fifty percent (50%) of any Over-Allowance Amount. The Over-Allowance Amount shall be disbursed by Landlord following 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 fifty percent (50%) of the Over-Allowance Amount shall be paid by Tenant to Landlord once the Tenant Improvements Allowance is expended (and at least twenty (20) days prior to Landlord's scheduled use of the first installment of the Over-Allowance Amount). 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 utilized). In the event that, after the date of Substantial Completion, any Over-Allowance Amount is held by Landlord that will not be needed to pay for Tenant Improvements in accordance with this Work Letter, such amount shall be returned to Tenant within fifteen (15) days after Substantial Completion. 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 and approved by Tenant, 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. The Premises shall be "Ready for Occupancy" on the date that Substantial Completion of the Tenant Improvements occurs. 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 Tenant Improvements pursuant to the Approved Working Drawings for such Tenant Improvements (each as reasonably determined by Landlord), with the exception of (1) any punch list items which do not impair Tenant's ability to use and occupy the Premises for their contemplated use, and (2) the installation of the Emergency Generator, (ii) the acquisition of a certificate of occupancy or its legal equivalent allowing occupancy of the Premises for their contemplated use (a "Sign Off"), (iii) all base building systems are operational and fully-commissioned, (iv) delivery of the Premises to Tenant in the condition required by the Lease and this Tenant Work Letter, 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). 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. Landlord shall give Tenant at least ten (10) days prior written notice of the date that Landlord reasonably anticipates that the Landlord Work and Tenant Improvements will be Substantially Complete (as defined below); provided, however, Landlord's failure to accurately estimate such date shall in no event affect the actual date of Substantial Completion or any other obligations of Landlord or Tenant hereunder. Tenant acknolwedges that Landlord has disclosed to it that the Emergency Generator is a long lead time delivery item; Landlord will install the Emergency Generator as soon as is reasonably practicable following the delivery of same to the site.

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. Each of the following shall constitute a "Tenant Delay" to the extent such matter actually causes a delay in Substantial Completion beyond January 1, 2022 (the "Expected Completion Date"), or such later date if the estimated date of Substantial Completion is revised for any reason(s) unrelated to a Tenant Delay, and cannot reasonably be avoided without additional cost:

5.2.1 Tenant's failure to comply with the Time Deadlines;

5.2.2 Tenant's failure to timely approve or reasonably reject any matter requiring Tenant's response within the time periods set forth herein (which, for avoidance of doubt, shall mean any period longer than five (5) business days or such shorter time period as may be required hereunder) except to the extent that Tenant is deemed to consent to any such request for approval in accordance with the terms of this Work Letter;

5.2.3 A breach by Tenant of the material terms of this Tenant Work Letter or the Lease (provided that Landlord shall provide Tenant prior written notice specifying the nature of the breach and resulting delay under this Section 5.2.3);

5.2.4 Any Tenant Change (including value engineering changes described in Section 4.2 above);

5.2.5 Tenant's insistence on materials, components, finishes or improvements which are not available in a commercially reasonable time given the anticipated date of Substantial Completion, as set forth in the Lease, after having been informed, in writing, by Landlord that such materials, components, finishes or improvements will cause a delay in completion of the Tenant Improvements; or

5.2.6 Any other act or omission of Tenant or anyone acting by, through or under Tenant that causes a delay in construction work or any process described in this Tenant Work Letter (provided that Landlord shall provide Tenant prior written notice specifying the nature of the acts or omissions giving rise to the delay and the resulting delay under this Section 5.2.6, and a two (2) business day cure period); and/or

5.2.7 Any act or omission of Tenant or anyone acting by, through or under Tenant that causes a delay in the issuance of the Sign Off (provided that Landlord shall provide Tenant prior written notice specifying the acts or

omissions giving rise to the delay and the resulting delay under this Section 5.2.7, and a two (2) business day cure period).

Upon any Tenant Delay, only for the purpose of determining the commencement of Tenant's obligation to pay Rent, the date of the Substantial Completion shall be deemed to be the date the Substantial Completion of the Premises would have occurred if no Tenant Delays, as set forth above, had occurred and the Rent Commencement Date shall be deemed to have occurred accordingly (but only for the purpose of determining the commencement of Tenant's obligation to pay Rent). Any increased costs of the Tenant Improvements resulting from Tenant Delay shall be paid by Tenant.

Landlord and Tenant have agreed to determine the length of any Tenant Delay as follows: (i) any delays pursuant to Sections 5.2.1 and 5.2.2 in the definition of Tenant Delay in the definition of Tenant Delay shall be equal to one day for each day that the applicable Tenant Delay continues beyond the applicable time period required under this Lease, and (ii) with respect to any other Delay, Landlord shall notify Tenant in writing of the claimed estimated length of such Tenant Delay within ten (10) business days after its occurrence and Tenant may elect by written notice delivered to Landlord within ten (10) business days thereafter to dispute the claimed estimated Delay. Unless such estimate is disputed by written notice delivered within such ten (10) business day period, the length of such Delay shall be no less the claimed estimated Delay.

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 deliver to Landlord, in advance pursuant to Section 4.3.1 (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; provided, however, if the additional costs associated with the approval of a Tenant Change is less than $25,000 (on a cumulative basis) and such Tenant Change will not result in a Tenant Delay of more than ten (10) days, then Landlord shall approve such 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 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 that Tenant takes possession of the Premises. 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 Lease Commencement Date, Tenant shall be deemed to have waived the requirement that Landlord make any claim for correction or cure thereof to the applicable contractor on the date that is at least twenty (20) days prior to the deadline date by which Landlord is required to make any such claim to the applicable contractor related to such defect (and if requested in writing by Tenant following the date of Substantial Completion, Landlord shall provide Tenant with written notice of any such dates) 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 Work 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, together with any damage caused to the Landlord Work 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.

5.7 Delivery. Landlord's failure to Substantially Complete the Landlord Work or Tenant Improvements on or before the Expected Completion Date, or to substantially complete any element of the Landlord 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. Notwithstanding the foregoing, Landlord agrees to use commercially reasonable efforts to cause the completion of the Tenant Improvements so that the Premises shall be Ready for Occupancy on or before the Expected Completion Date.

6. MISCELLANEOUS

6.1 Tenant's Entry Into the Premises Prior to Substantial Completion. Landlord shall allow Tenant access to the Premises no less than three (3) days prior to Substantial Completion for the purpose of installing Tenant's furniture, fixtures and equipment provided such access may be given without causing any delay in Substantial Completion. Prior to Tenant's entry into the Premises (other than the Interim Premises) as permitted by the terms of this Section 6.1, if required by Landlord or Contractor, 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 (except with respect to the Interim Premises). Further, Landlord and Contractor shall allow Tenant access to the Interim Premises for its beneficial use prior to the Lease Commencement Date.

As a condition to Tenant's entry into the Premises (other than the Interim 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 Lease Commencement Date shall use reasonable efforts not to interfere in any way with construction of, and shall not damage the Landlord Work or the common areas or other parts of the Building. Neither Tenant, nor any Tenant contractor performing any work

or inspections in the Premises prior to the Lease Commencement Date shall cause any labor disharmony, and Tenant shall be responsible for all costs required to produce labor harmony in connection with an entry under this Section 6.1. Without limiting the generality of the foregoing, to the extent that the commencement or performance of Landlord 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 Work or Tenant Improvements, such Tenant contractor shall ascertain such field conditions after installation of such item of Landlord 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 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 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 Martin Brenner as its sole representative with respect to the matters set forth in this Tenant Work Letter, who, 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.

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.

Attachment 1 to Tenant Work Letter

Landlord Work

Landlord Scope Description:

Exterior Improvements
· New elevator located at the north side of the building.
extending from level 1 to level 2. Additional 86 sf for elevator

Level 1
· New sidewalk, connecting the elevator

Level 2
· New landing (additional 110 sf for landing), connecting the elevator to the level 2 tenants.

· Interior lab/office speculative ti of suite 200 in existing 2 story
Building, as follows: new interior walls, doors, ceilings, casework,
finishes, electrical, plumbing and mechanical for the lab half.
Only a few minor adjustments to the office half.

Note: The building permit for the Landlord Work is for a spec lab/ office space only. Hazardous materials are limited to the amounts specified in cbc table 307.1(1) and 307.1(2). A separate tenant improvement permit will be required to be submitted for review if a tenant chooses to exceed the allowable amounts of if a system requiring a tank application (ta) permit is proposed. (see ib-1 16) for requirements).

Attachment 2 to Tenant Work Letter

TI Requirements

Tenant Scope Description:

Level 2

The following requirements are based on the current test fit plan (see Attachment 3 to Tenant Work Letter) and subject to change and approval by Landlord.

New fixed lab bench with sink and deck mounted eye wash.

Provide floor boxes in open office for furniture connection.

Provide seismic restraint for co2 cylinders.

Provide new mobile lab casework with storage below.

Basis of Design for casework is Hanson agility.

Provide lab sinks where shown in plan.

Provide j-box above ceiling in center of automation room for future power connection.

Provide floor drain for ice maker and clinical analyzer. New sink in existing lab bench.

Provide Landlord standard controls and fixtures.

Provide power/data for monitors if not existing.

Attachment 3 to Tenant Work Letter

Fit Plan

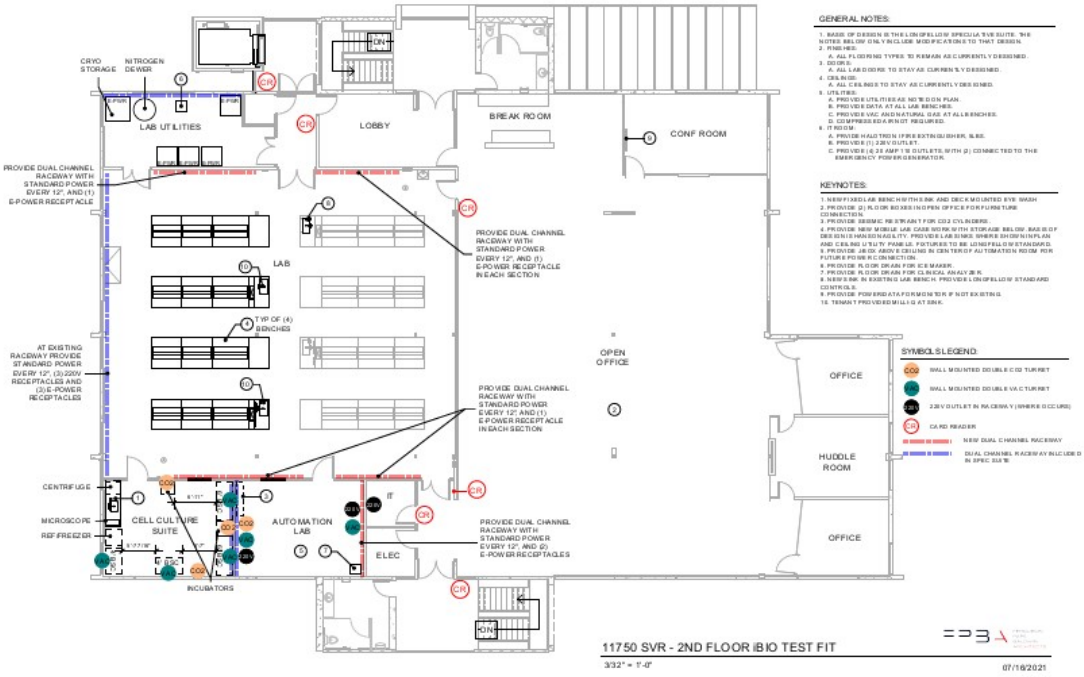
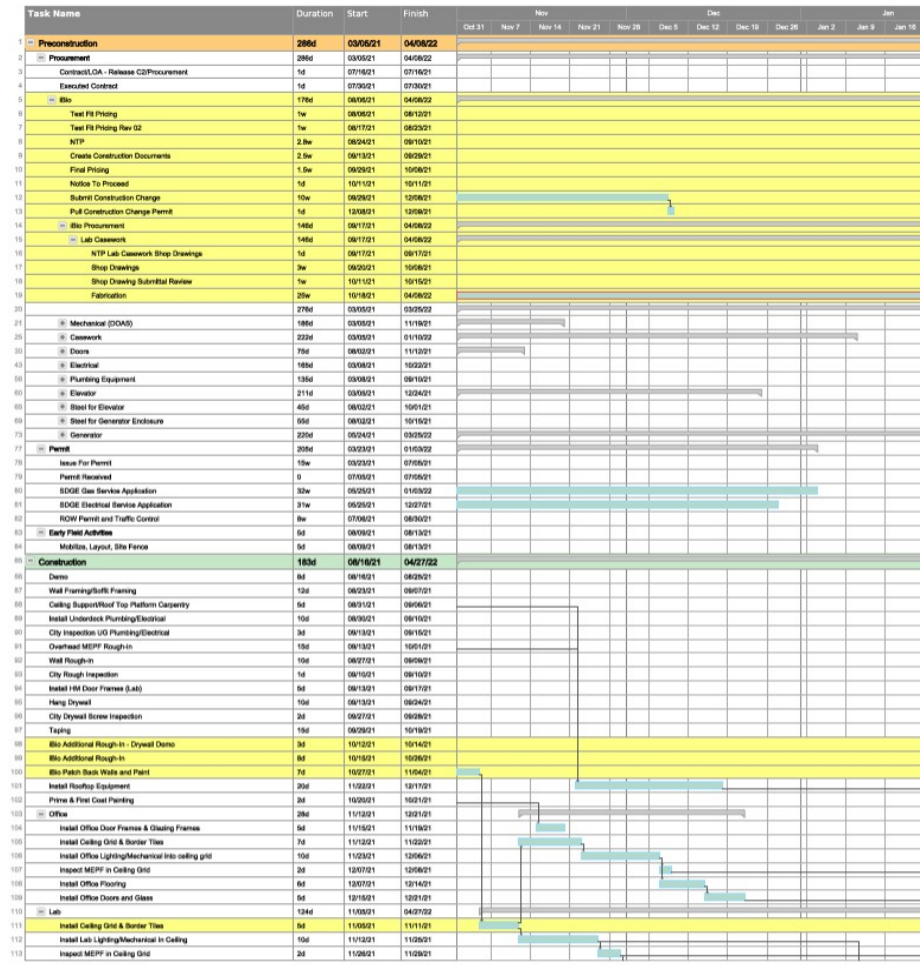


EXHIBIT 1.1.1-2
-11-

Attachment 4 to Tenant Work Letter

Schedule

11750 Construction Schedule - iBio



	Task Name	Duration	Start	Finish
1	Preconstruction	286d	03/05/21	04/08/22
2	Procurement	286d	03/05/21	04/08/22
3	Contract/LOA - Release C2/Procurement	1d	07/16/21	07/16/21
4	Executed Contract	1d	07/30/21	07/30/21
5	iBio	176d	08/06/21	04/08/22
6	Test Fit Pricing	1w	08/06/21	08/12/21
7	Test Fit Pricing Rev 02	1w	08/17/21	08/23/21
8	NTP	2.8w	08/24/21	09/10/21
9	Create Construction Documents	2.5w	09/13/21	09/29/21
10	Final Pricing	1.5w	09/29/21	10/08/21
11	Notice To Proceed	1d	10/11/21	10/11/21
12	Submit Construction Change	10w	09/29/21	12/08/21
13	Pull Construction Change Permit	1d	12/08/21	12/09/21
14	iBio Procurement	146d	09/17/21	04/08/22
15	Lab Casework	146d	09/17/21	04/08/22
16	NTP Lab Casework Shop Drawings	1d	09/17/21	09/17/21
17	Shop Drawings	3w	09/20/21	10/08/21
18	Shop Drawing Submittal Review	1w	10/11/21	10/15/21
19	Fabrication	25w	10/18/21	04/08/22
20		278d	03/05/21	03/25/22
21	Mechanical (DOAS)	186d	03/05/21	11/19/21
25	Casework	223d	03/05/21	01/10/22
30	Doors	75d	08/02/21	11/12/21
43	Electrical	165d	03/08/21	10/22/21
56	Plumbing Equipment	135d	03/08/21	09/10/21
60	Elevator	211d	03/05/21	12/24/21
65	Steel for Elevator	45d	08/02/21	10/01/21
69	Steel for Generator Enclosure	55d	08/02/21	10/15/21
73	Generator	220d	05/24/21	03/25/22
77	Permit	205d	03/23/21	01/03/22
78	Issue For Permit	15w	03/23/21	07/05/21
79	Permit Received	0	07/05/21	07/05/21
80	SDGE Gas Service Application	32w	05/25/21	01/03/22
81	SDGE Electrical Service Application	31w	05/25/21	12/27/21
82	ROW Permit and Traffic Control	8w	07/06/21	08/30/21
83	Early Field Activities	5d	08/09/21	08/13/21
84	Mobilize, Layout, Site Fence	5d	08/09/21	08/13/21
85	Construction	183d	08/16/21	04/27/22
86	Demo	8d	08/16/21	08/25/21
87	Wall Framing/Soffit Framing	12d	08/23/21	09/07/21
88	Ceiling Support/Roof Top Platform Carpentry	5d	08/31/21	09/06/21
89	Install Underdeck Plumbing/Electrical	10d	08/30/21	09/10/21
90	City Inspection U/G Plumbing/Electrical	3d	09/13/21	09/15/21
91	Overhead MEPF Rough-in	15d	09/13/21	10/01/21
92	Wall Rough-in	10d	08/27/21	09/09/21
93	City Rough Inspection	1d	09/10/21	09/10/21
94	Install HM Door Frames (Lab)	5d	09/13/21	09/17/21
95	Hang Drywall	10d	09/13/21	09/24/21
96	City Drywall Screw Inspection	2d	09/27/21	09/28/21
97	Taping	15d	09/29/21	10/19/21
98	iBio Additional Rough-In - Drywall Demo	3d	10/12/21	10/14/21
99	iBio Additional Rough-In	8d	10/15/21	10/26/21
100	iBio Patch Back Walls and Paint	7d	10/27/21	11/04/21
101	Install Rooftop Equipment	20d	11/22/21	12/17/21
102	Prime & First Coat Painting	2d	10/20/21	10/21/21
103	Office	28d	11/12/21	12/21/21
104	Install Office Door Frames & Glazing Frames	5d	11/15/21	11/19/21
105	Install Ceiling Grid & Border Tiles	7d	11/12/21	11/22/21
106	Install Office Lighting/Mechanical into ceiling grid	10d	11/23/21	12/06/21
107	Inspect MEPF in Ceiling Grid	2d	12/07/21	12/08/21
108	Install Office Flooring	6d	12/07/21	12/14/21
109	Install Office Doors and Glass	5d	12/15/21	12/21/21
110	Lab	124d	11/05/21	04/27/22
111	Install Ceiling Grid & Border Tiles	5d	11/05/21	11/11/21
112	Install Lab Lighting/Mechanical In Ceiling	10d	11/12/21	11/26/21
113	Inspect MEPF in Ceiling Grid	2d	11/26/21	11/29/21

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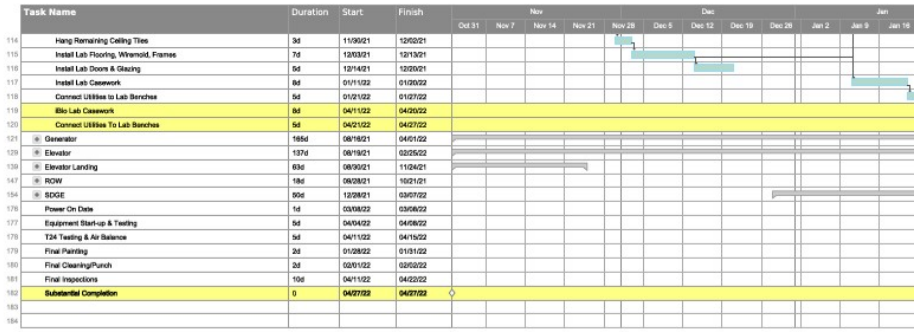

	Task Name	Duration	Start	Finish
114	Hang Remaining Ceiling Tiles	3d	11/30/21	12/02/21
115	Install Lab Flooring, Wiremold, Frames	7d	12/03/21	12/13/21
116	Install Lab Doors & Glazing	5d	12/14/21	12/20/21
117	Install Lab Casework	8d	01/11/22	01/20/22
118	Connect Utilities to Lab Benches	5d	01/21/22	01/27/22
119	iBio Lab Casework	8d	04/11/22	04/20/22
120	Connect Utilities To Lab Benches	5d	04/21/22	04/27/22
121	Generator	165d	08/18/21	04/01/22
129	Elevator	137d	08/19/21	02/25/22
139	Elevator Landing	63d	08/30/21	11/24/21
147	ROW	18d	09/28/21	10/21/21
154	SDGE	90d	12/28/21	03/07/22
176	Power On Date	1d	03/08/22	03/08/22
177	Equipment Start-up & Testing	5d	04/04/22	04/08/22
178	T24 Testing & Air Balance	5d	04/11/22	04/15/22
179	Final Painting	2d	01/28/22	01/31/22
180	Final Cleaning/Punch	2d	02/01/22	02/02/22
181	Final Inspections	10d	04/11/22	04/22/22
182	Substantial Completion	0	04/27/22	04/27/22
183				
184				

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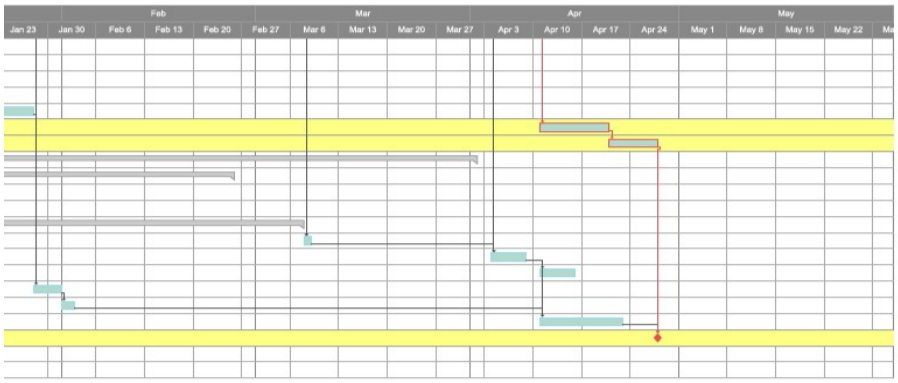
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EXHIBIT 2.1

FORM OF NOTICE OF LEASE TERM DATES

To: _____
_____
_____
_____

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

Gentlemen:

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

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

2. The Rent Commencement Date occurred on _____..

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

"Landlord":

SAN DIEGO INSPIRE __, 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.

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

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

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

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

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

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

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

8. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose servants, employees, agents, visitors or licensees shall have caused same.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Landlord reserves the right at any time to change or rescind any one or more of these Rules and Regulations, or to make such other and further reasonable Rules and Regulations as in Landlord's judgment 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

SOVA Central Science District

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: _____

EXHIBIT 17

SOVA Central 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.

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. 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, there are no existing defenses or offsets, or, to the undersigned's knowledge, 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 best of Tenant's knowledge, Tenant is in full compliance with all federal, state and local laws, ordinances, rules and regulations affecting its use of the Premises, including, but not limited to, those laws, ordinances, rules or regulations relating to hazardous or toxic materials. Tenant has never permitted or suffered, nor does Tenant have any knowledge of, the generation, manufacture, treatment, use, storage, disposal or discharge of any

hazardous, toxic or dangerous waste, substance or material in, on, under or about the Project or the Premises or any adjacent premises or property in violation of any federal, state or local law, ordinance, rule or regulation.

14. To the undersigned's knowledge, 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. All work (if any) in the common areas required by the Lease to be completed by Landlord has been completed and all parking spaces required by the Lease have been furnished and/or all parking ratios required by the Lease have been met.

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

Executed at _____ on the _____ day of _____, 20 _____.

"Tenant":

_____,
a _____

By: _____
Its: _____

By: _____
Its: _____

EXHIBIT 21

FORM LETTER OF CREDIT[8]

IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____

DATE: _____, 20 _____

BENEFICIARY:

_____
_____
_____

APPLICANT:

_____
_____
_____

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

EXPIRATION DATE: _____, 20 _____

LOCATION: AT OUR COUNTERS IN _____

DEAR SIR/MADAM:

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

A DATED STATEMENT SIGNED BY AN AUTHORIZED OFFICER OF THE BENEFICIARY

READING AS FOLLOWS:

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

OR

(B) _____ HEREBY CERTIFIES THAT IT HAS RECEIVED NOTICE FROM _____ THAT THE LETTER OF CREDIT NO. _____ WILL NOT BE RENEWED, AND THAT IT HAS NOT RECEIVED A REPLACEMENT OF THIS LETTER OF CREDIT FROM

[8] Note to Draft: L/C Form to be provided by the issuing bank.

_____ SATISFACTORY TO_____ AT LEAST FORTY-FIVE (45) DAYS PRIOR TO THE EXPIRATION DATE OF THIS LETTER OF CREDIT.

THE LEASE MENTIONED IN THIS LETTER OF CREDIT IS FOR IDENTIFICATION PURPOSES ONLY AND IT IS NOT INTENDED THAT SAID AGREEMENT BE INCORPORATED HEREIN OR FORM PART OF THIS LETTER OF CREDIT.

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

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

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

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

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

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

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

_____
AUTHORIZED SIGNATURE

AUTHORIZED SIGNATURE

ANNEX 1

BILL OF EXCHANGE

DATE:

AT SIGHT OF THIS BILL OF EXCHANGE

PAY TO THE ORDER OF DOLLARS (US $)

US

DRAWN UNDER

CREDIT NUMBER NO. **DATED**

TO:

Authorized Signature

Exhibit 10.4

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS EXHIBIT MARKED BY [***] HAS BEEN OMITTED BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE OF INFORMATION THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL

IBIO, INC.

RESTRICTED STOCK UNIT AWARD AGREEMENT

UNDER THE IBIO, INC. 2020 OMNIBUS INCENTIVE PLAN

Name of Grantee:	Thomas Isett
No. of Restricted Stock Units:	Five Million (5,000,000) (pre-split basis)
Grant Date:	November 10, 2022
Vesting Commencement Date:	April 30, 2021

Pursuant to the iBio, Inc. 2020 Omnibus Incentive Plan, as amended through the date hereof (the "Plan"), iBio, Inc. (the "Company") hereby grants an award of the number of Restricted Stock Units listed above (an "Award") to the Grantee named above. Each Restricted Stock Unit shall relate to one share of Common Stock, par value $0.001 per share (the "Stock"), of the Company.

1. Restrictions on Transfer of Award. This Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of by the Grantee, and any shares of Stock issuable with respect to the Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of until (i) the Restricted Stock Units have vested as provided in Section 2 of this Agreement and (ii) shares of Stock have been issued to the Grantee in accordance with the terms of the Plan and this Agreement.

2. Vesting of Restricted Stock Units. The restrictions and conditions of Section 1 of this Agreement shall lapse on the Vesting Date or Dates specified in the following schedule so long as the Grantee remains in a Service Relationship with the Company or a Subsidiary on such Vesting Dates, provided that any of the Performance Conditions (as defined below) has been satisfied as of the Vesting Date. If a series of Vesting Dates is specified, then the restrictions and conditions in Section 1 shall lapse only with respect to the number of Restricted Stock Units specified as vested on such date.

Incremental Percentage of Restricted Stock Units Vested	Vesting Date
1/3	1st anniversary of Vesting Commencement Date
1/3	2nd anniversary of Vesting Commencement Date
1/3	3rd anniversary of Vesting Commencement Date

Alternative Performance Conditions. Notwithstanding the foregoing, Grantee shall become vested in the number of Restricted Stock Units determined above as of a Vesting Date

only if, as of such Vesting Date, the first to occur of the following performance conditions ("Performance Conditions") has been satisfied:

(a) IND Application. This Performance Condition is satisfied if the Company or a Subsidiary has submitted to the U.S. Food and Drug Administration (FDA) an Investigational New Drug (IND) application, and only with the exceptions set forth in Section 3 below, such application has gone into effect, or alternatively, if the Board approves not to file an IND ("IND Condition").

(b) Sale of CDMO Subsidiary. This Performance Condition is satisfied upon consummation of a Disposition of iBio CDMO, LLC, provided that a definitive transaction agreement is executed by March 31, 2023, and the Gross Sales Proceeds of the Disposition is at least $30,000,000. The following definitions shall apply for purposes of this Performance Condition:

(I) "Disposition" shall have the same meaning as the term "Sale Event" as defined in the Plan, with references in such definition to "Company" substituted with references to iBio CDMO, LLC.

(II) "Gross Sales Proceeds" shall mean the total consideration including without limitation cash proceeds and the fair market value of any non-cash consideration (as reasonably determined in good faith by the Board) to be paid to iBio CDMO, LLC and/or the Company from the Disposition (including any additional consideration with respect to working capital or other adjustments and including any hold backs, any amounts escrowed for indemnification or other purposes, any amounts paid by promissory note and contingent payments, earn-outs and deferred performance-based payments).

(c) Out License Asset. This Performance Condition is satisfied if the Company or a Subsidiary has outlicensed, with full global rights, any of its investigational product candidates prior to the Company or a Subsidiary submitting to the FDA an IND application.

Satisfaction of Any Performance Condition. If, as of the first or second Vesting Dates set forth above, none of the Performance Conditions has been satisfied, but any of the Performance Conditions has been satisfied as of a later Vesting Date set forth above, then as of such later Vesting Date, Grantee shall become vested in the cumulative number of Restricted Stock Units determined under the vesting schedule above. However, if as of the third Vesting Date set forth above none of the Performance Conditions has been satisfied, Grantee shall forfeit all of the Restricted Stock Units.

Discretionary Vesting Acceleration. The Administrator may at any time accelerate the vesting schedule specified in this Section 2.

3. Termination of Service Relationship.

Certain Terminations in Connection with Sale Event. Upon termination of the Grantee's Service Relationship within twelve (12) months following a Sale Event, on an involuntary basis without Cause or on a voluntary basis with Good Reason, the Restricted Stock Units shall

immediately vest (regardless of whether any of the Performance Conditions has been satisfied at such time).

Termination for Cause. Upon termination for Cause of the Grantee's Service Relationship, all Restricted Stock Units granted hereunder, including those that already vested, shall be forfeited, regardless of the Grantee's period of service following the Vesting Commencement Date, and the Grantee shall have no further rights hereunder.

Termination Upon Death or Disability. Upon the termination of the Grantee's Service Relationship (i) due to the death of the Grantee, or (ii) due to the Company terminating the employment of Grantee due to Total Disability under the Employment Agreement, the Restricted Stock Units shall vest; provided that if the operative Performance Condition is the IND Condition, the Company or a Subsidiary has submitted to the FDA an IND application prior to the third anniversary of the Vesting Commencement Date and prior to the Grantee's termination of employment, and provided further that the IND application goes into effect (whether before or after Grantee's termination of employment).

Termination for Any Other Reason. If the Grantee's Service Relationship with the Company or a Subsidiary terminates for any reason (other than the death or disability of the Grantee or for Cause) prior to the satisfaction of the vesting conditions set forth in Section 2 above, any Restricted Stock Units that have not vested as of such date shall automatically and without notice terminate and be forfeited, and neither the Grantee nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such unvested Restricted Stock Units.

4. Issuance of Shares of Stock. As soon as practicable following each Vesting Date (but in no event later than two and one-half months after the end of the calendar year in which the Vesting Date occurs) and provided that any Performance Condition has been satisfied as of such Vesting Date, the Company shall issue to the Grantee the number of shares of Stock equal to the aggregate number of Restricted Stock Units that have vested pursuant to Section 2 of this Agreement on such date and the Grantee shall thereafter have all the rights of a stockholder of the Company with respect to such shares.

5. Incorporation of Plan. Unless stated herein to the contrary, this Agreement shall be subject to and governed by all the terms and conditions of the Plan, including the powers of the Administrator set forth in Section 2(b) of the Plan. Capitalized terms in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein. The Grantee and the Company are parties to an employment agreement entered into effective as of April 30, 2021 (the "Employment Agreement"). The terms "Cause" and "Good Reason", when used in this Agreement, shall have the meanings set forth in the Employment Agreement.

6. Tax Withholding. The Grantee shall, not later than the date as of which the receipt of this Award becomes a taxable event for Federal income tax purposes, pay to the Company or make arrangements satisfactory to the Administrator for payment of any Federal, state, and local taxes required by law to be withheld on account of such taxable event. The Company shall have the authority to cause the required tax withholding obligation to be satisfied, in whole or in part, by (i) withholding from shares of Stock to be issued to the Grantee a number of shares of Stock with an aggregate Fair Market Value that would satisfy the withholding

amount due; or (ii) causing its transfer agent to sell from the number of shares of Stock to be issued to the Grantee, the number of shares of Stock necessary to satisfy the Federal, state and local taxes required by law to be withheld from the Grantee on account of such transfer.

7. Section 409A of the Code. This Agreement shall be interpreted in such a manner that all provisions relating to the settlement of the Award are exempt from the requirements of Section 409A of the Code as "short-term deferrals" as described in Section 409A of the Code.

8. No Obligation to Continue Service Relationship. Neither the Company nor any Subsidiary is obligated by or as a result of the Plan or this Agreement to continue the Grantee's Service Relationship with the Company or a Subsidiary and neither the Plan nor this Agreement shall interfere in any way with the right of the Company or any Subsidiary to terminate the Grantee's Service Relationship with the Company or a Subsidiary at any time.

9. Integration. This Agreement constitutes the entire agreement between the parties with respect to this Award and supersedes all prior agreements and discussions between the parties concerning such subject matter.

10. Data Privacy Consent. In order to administer the Plan and this Agreement and to implement or structure future equity grants, the Company, its subsidiaries and affiliates and certain agents thereof (together, the "Relevant Companies") may process any and all personal or professional data, including but not limited to Social Security or other identification number, home address and telephone number, date of birth and other information that is necessary or desirable for the administration of the Plan and/or this Agreement (the "Relevant Information"). By entering into this Agreement, the Grantee (i) authorizes the Company to collect, process, register and transfer to the Relevant Companies all Relevant Information; (ii) waives any privacy rights the Grantee may have with respect to the Relevant Information; (iii) authorizes the Relevant Companies to store and transmit such information in electronic form; and (iv) authorizes the transfer of the Relevant Information to any jurisdiction in which the Relevant Companies consider appropriate. The Grantee shall have access to, and the right to change, the Relevant Information. Relevant Information will only be used in accordance with applicable law.

11. Clawback.

(a) In General. Notwithstanding anything to the contrary in this Agreement, this Agreement is expressly made subject to the terms of the clawback and forfeiture provisions set forth below and in the Plan; provided, however, that if the Employment Agreement includes differing clawback and forfeiture provisions, such provisions shall prevail. As a result, the Grantee may be required to forfeit the Restricted Stock Units and/or return to the Company any proceeds received in settlement thereof in the situations described below. The Grantee agrees that the Company may enforce the forfeiture by all legal means available, including, without limitation, by withholding the forfeited amount from other sums owed to the Grantee by the Company.

(b) Restatement of Financial Statements. In the event of a restatement of the Company's financial results within three years of original reporting to correct a material error, then, if the Administrator determines that Grantee's acts or omissions were a significant

contributing factor to the need to issue such restatement and that all or any portion of the Restricted Stock Units, if the award was made prior to the restatement, would not have been awarded based upon the restated financial results, or that the Grantee derived more economic benefit from the Restricted Stock Units than would have occurred absent the financial statement errors, then the Grantee agrees to forfeit and return to the Company the portion (which may be all) of the Restricted Stock Units and/or any proceeds received in settlement thereof that the Administrator, in its discretion, determines to be appropriate.

(c) Termination for Cause. In the event that (i) the Grantee's Service Relationship is terminated by the Company for Cause, or (ii) following the termination of the Grantee's Service Relationship, the Company is or becomes aware that the Grantee committed an act that would have given rise to a termination for Cause, then the Grantee agrees to forfeit to the Company all or part of the Restricted Stock Units and/or any proceeds received in settlement thereof, that the Administrator, in its discretion, determines to be appropriate.

(d) Applicable Law or Company Policy. The Restricted Stock Units and/or any proceeds received in settlement thereof shall also be subject to forfeiture to the extent required by applicable law or Company policy.

12. Notices. Notices hereunder shall be mailed or delivered to the Company at its principal place of business and shall be mailed or delivered to the Grantee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing.

13. Protective Provisions. As a condition to receipt of this Award, the Grantee acknowledges having read and understood the Company protective provisions attached as Exhibit A (individually and collectively referred to as the "Protective Provisions"), and agrees to be bound by such Protective Provisions, and in the event of violation of any of such Protective Provisions, to forfeit to the Company this Award and/or return to the Company any Shares (or net proceeds thereof, if sold). If any protective provision is included within the Employment Agreement conflicts with any of the Protective Provisions, the protective provision included within the Employment Agreement shall prevail; provided however, if any Protective Provision is not included within the Employment Agreement, such Protective Provision shall be in addition to those within the Employment Agreement.

iBio, Inc.

By: /s/ Marc Banjak
Title: General Counsel and Corporate Secretary

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned. Electronic acceptance of this Agreement pursuant to the Company's instructions to the Grantee (including through an online acceptance process) is acceptable.

Dated: 10 November 2022

/s/ Thomas Isett
Grantee's Signature

Grantee's name and address:

Thomas Isett

[***]

EXHIBIT A TO iBIO, INC. RESTRICTED STOCK UNIT AWARD AGREEMENT
COMPANY PROTECTIVE PROVISIONS

Assignment of Intellectual Property Rights. In consideration of the grant of the Award of Restricted Stock Units under the Agreement to which this Exhibit is attached, Grantee agrees to be bound by the provisions of this Exhibit.

(a) General. Grantee agrees to assign, and hereby assigns, to the Company all of his or her rights in any Inventions (as hereinafter defined) (including all Intellectual Property Rights (as hereinafter defined) therein or related thereto) that are made, conceived or reduced to practice, in whole or in part and whether alone or with others, by him or her during his or her employment by, or service with, the Company or which arise out of any activity conducted by, for or under the direction of the Company (whether or not conducted at the Company's facilities, working hours or using any of the Company's assets), or which are useful with, or relate directly or indirectly to, any Company Interest (as defined below). Grantee will promptly and fully disclose and provide all of the Inventions described above (the "Assigned Inventions") to the Company.

(b) Assurances. Grantee hereby agrees, during Grantee's employment or service with the Company and thereafter, to further assist the Company, at the Company's expense, to evidence, record and perfect the Company's rights in and ownership of the Assigned Inventions, to perfect, obtain, maintain, enforce and defend any rights specified to be so owned or assigned and to provide and execute all documentation necessary to effect the foregoing.

(c) Definitions. "Company Interest" means any business of the Company or any product, service, Invention or Intellectual Property Right that is used or under consideration or development by the Company. "Intellectual Property Rights" means any and all intellectual property rights and other similar proprietary rights in any jurisdiction, whether registered or unregistered, and whether owned or held for use under license with any third party, including all rights and interests pertaining to or deriving from: (a) patents and patent applications, reexaminations, extensions and counterparts claiming property therefrom; inventions, invention disclosures, discoveries and improvements, whether or not patentable; (b) computer software and firmware, including data files, source code, object code and software-related specifications and documentation; (c) works of authorship, whether or not copyrightable; (d) trade secrets (including those trade secrets defined in the Uniform Trade Secrets Act and under corresponding statutory law and common law), business, technical and know-how information, non-public information, and confidential information and rights to limit the use of disclosure thereof by any person; (e) trademarks, trade names, service marks, certification marks, service names, brands, trade dress and logos and the goodwill associated therewith; (f) proprietary databases and data compilations and all documentation relating to the foregoing, including manuals, memoranda and record; (g) domain names; and (h) licenses of any of the foregoing; including in each case any registrations of, applications to register, and renewals and extensions of, any of the foregoing with or by any governmental authority in any jurisdiction. "Invention" means any products, process, ideas, improvements, discoveries, inventions, designs, algorithms, financial models, writings, works of authorship, content, graphics, data, software, specifications, instructions, text, images, photographs, illustration, audio clips, trade secrets and other works, material and information, tangible or intangible, whether or not it may be patented, copyrighted or otherwise protected (including all versions, modifications, enhancements and derivative work thereof).

Restrictive Covenants. Grantee acknowledges and agrees that he or she has and will have access to secret and confidential information of the Company, its affiliates, and its subsidiaries ("Confidential Information") and that the following restrictive covenants are necessary to protect the interests and continued success of the Company. As used in this Agreement, Confidential Information includes, without limitation, all information of a technical or commercial nature (such as research and development information, patents, trademarks and copyrights and applications thereto, formulas, codes, computer programs, software, methodologies, processes, innovations, software tools, know-how, knowledge, designs, drawings specifications, concepts, data, reports, techniques, documentation, pricing information, marketing plans, customer and prospect lists, trade secrets, financial information, salaries, business affairs, suppliers, profits, markets, sales strategies, forecasts and personnel information), whether written or oral, relating to the business and affairs of the Company, its customers and/or other business associates which has not been made available to the general public.

Confidentiality. Grantee shall not disclose any Confidential Information to any person or entity at any time during Grantee's employment or service with the Company or at any time thereafter.

Non-Compete. In consideration of the Service Relationship hereunder, Grantee agrees that during his or her employment and for a period of one (1) year thereafter, Grantee will not (and will cause any entity controlled by Grantee not to), directly or indirectly, whether or not for compensation and whether or not as an employee, be engaged in or have any financial interest in any business competing with or which may compete with the business of the Company within any state within the United States or solicit, advise, provide services or products of the same or similar nature to services or products of the Company to any person or entity. For purposes of this Agreement, Grantee will be deemed to be engaged in or to have a financial interest in such competitive business if he or she is an officer, director, shareholder, joint venturer, salesperson, consultant, investor, advisor, principal or partner, of any person, partnership, corporation, trust or other entity which is engaged in such a competitive business, or if he or she directly or indirectly performs services for such an entity in a capacity the same as or similar to that which Grantee performed for the Company; provided, however, that the foregoing will not prohibit Grantee from owning, for the purpose of passive investment, less than 2% of any class of securities of a publicly held corporation or performing work for competitive business if such work is not similar to the work performed by Grantee for the Company.

Non-Solicitation/Non-Interference. Grantee agrees that while Grantee remains employed by the Company and for an additional one (1) year after the separation of Grantee from a Service Relationship with the Company, Grantee shall not (and shall cause any entity controlled by Grantee not to), directly or indirectly: (i) solicit, request or otherwise attempt to induce or influence, directly or indirectly, any present client, distributor, licensor or supplier, or prospective client, distributor, licensor or supplier, of the Company, or other persons sharing a business relationship with the Company, to cancel, limit or postpone their business with the Company, or otherwise take action which might cause a financial disadvantage of the Company; or (ii) hire or solicit for employment, directly or indirectly, or induce or actively attempt to influence, any employee, officer, director, agent, contractor or other business associate of the Company, to terminate his or her or her employment or discontinue such person's consultant, contractor or other business association with the Company. For purposes

of this Agreement the term "prospective client" shall mean any person, group of associated persons or entity whose business the Company has directly solicited within the one year period prior to the termination of his or her Service Relationship.

Non-Disparagement. Grantee agrees that he or she will not in any way disparage the Company, including current or former officers, directors and employees, nor will he or she make or solicit any comments, statements or the like to the media or to others that may be considered to be disparaging, derogatory or detrimental to the good name or business reputation of the Company.

If the Company, in its reasonable discretion, determines that Grantee violated any of the restrictive covenants contained in this Exhibit A, the applicable restrictive period shall be increased by the period of time from the commencement of any such violation until the time such violation shall be cured by Grantee to the satisfaction of the Company. Grantee agrees that a violation of any of the restrictive covenants contained in this Exhibit A shall constitute grounds for forfeiture of any equity-based awards granted to Grantee by the Company (regardless of the extent to which Grantee has vested in such awards), and grounds for the Company to recoup from Grantee any proceeds of equity-based awards granted to Grantee by the Company.

(a) In the event that either any scope or restrictive period set forth in this Exhibit A is deemed to be unreasonably restrictive or unenforceable in any court proceeding, the scope and/or restrictive period shall be reduced to equal the maximum scope and/or restrictive period allowable under the circumstances.

(b) Grantee acknowledges and agrees that in the event of a breach or threatened breach of the provisions of this Exhibit A by Grantee, the Company may suffer irreparable harm and, therefore, the Company shall be entitled to seek immediate injunctive relief restraining Grantee from such breach or threatened breach of the restrictive covenants contained in this Exhibit A in a court of competent jurisdiction. Nothing herein shall be construed as prohibiting the Company from pursuing any other remedies available to it for such breach or threatened breach, including the recovery of damages from Grantee.

(c) Under the federal Defend Trade Secrets Act of 2016 (18 U.S.C. § 1833(b)), "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that—(A) is made—(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b). Accordingly, the parties to this Agreement have the right to disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. The parties also have the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure.

Exhibit 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas F. Isett 3rd, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 (the "report") of iBio, Inc. (the "registrant");

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 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 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 14, 2022

By: /s/ Thomas F. Isett 3rd

Name: Thomas F. Isett 3rd
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert Lutz, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2022 (the "report") of iBio, Inc. (the "registrant");

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 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 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 14, 2022

By: /s/ Robert Lutz
Name: Robert Lutz
Title: Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
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 on Form 10-Q of iBio, Inc. (the "Company") for the quarterly period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas F. Isett 3rd , Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

Date: November 14, 2022

/s/ Thomas F. Isett 3rd

Thomas F. Isett 3rd
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of iBio, Inc. (the "Company") for the quarterly period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert Lutz, Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer) of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2022

/s/ Robert Lutz

Robert Lutz
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)