As confidentially submitted to the Securities and Exchange Commission on February 14, 2020.

Registration No. 333-

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

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Zentalis Pharmaceuticals, LLC*

(Exact name of registrant as specified in its charter)

Delaware	2834	82-3607803
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

530 Seventh Avenue, Suite 2201
New York, New York 10018
Telephone: (212) 433-3791

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Anthony Y. Sun, M.D.
Chief Executive Officer
Zentalis Pharmaceuticals, LLC
530 Seventh Avenue, Suite 2201
New York, New York 10018
Telephone: (212) 433-3791

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public:
As soon as practicable after this Registration Statement is declared effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided to Section 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities To Be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Common Stock, $0.001 par value per share	$	$

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
(2) Includes the aggregate offering price of additional shares that the underwriters have the option to purchase.
(3) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price.
* Prior to the closing of the offering to which this Registration Statement relates, Zentalis Pharmaceuticals, LLC intends to convert into a Delaware corporation pursuant to a statutory conversion, and will change its name to Zentalis Pharmaceuticals, Inc.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

EXPLANATORY NOTE

Pursuant to the applicable provisions of the Fixing America's Surface Transportation Act, we are omitting from this draft Registration Statement our consolidated financial statements as of and for the nine months ended September 30, 2018 and 2019 because they relate to historical periods that we believe will not be required to be included in the prospectus at the time we first file this Registration Statement publicly. We intend to amend this Registration Statement on or prior to the date of such public filing to include all financial information required by Regulation S-X under the Securities Act of 1933, as amended, or the Securities Act.

Zentalis Pharmaceuticals, LLC, the registrant whose name appears on the cover of this Registration Statement, is a Delaware limited liability company. Prior to the closing of the offering to which this Registration Statement relates, Zentalis Pharmaceuticals, LLC intends to convert into a Delaware corporation pursuant to a statutory conversion, and will change its name to Zentalis Pharmaceuticals, Inc. As a result of the corporate conversion, all holders of units of Zentalis Pharmaceuticals, LLC will become holders of shares of common stock of Zentalis Pharmaceuticals, Inc. Except as disclosed in the accompanying prospectus, the consolidated financial statements and selected historical consolidated financial data and other financial information included in this Registration Statement are those of Zentalis Pharmaceuticals, LLC and do not give effect to the corporate conversion.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED , 2020
PRELIMINARY PROSPECTUS

Shares

Zentalis Pharmaceuticals, LLC

Common Stock

We are offering shares of our common stock. This is our initial public offering and no public market currently exists for our common stock. We anticipate that the initial public offering price will be between $ and $ per share. We intend to apply to list our common stock on The Nasdaq Global Market under the symbol " ."

We are an "emerging growth company" as defined under the U.S. federal securities laws and, as such, may elect to comply with reduced public company reporting requirements for this and future filings. See "Prospectus Summary—Implications of Being an Emerging Growth Company."

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 11 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per share	***Total***
Initial public offering price	*$*	*$*
Underwriting discounts and commissions (1)	*$*	*$*
Proceeds, before expenses, to us	*$*	*$*

(1) See "Underwriters" for a description of all compensation payable to the underwriters.

We have granted the underwriters an option for a period of 30 days to purchase up to additional shares of common stock.

The underwriters expect to deliver the shares of common stock against payment in New York, New York on or about , 2020.

Morgan Stanley *Jefferies* *SVB Leerink* *Guggenheim Securities*

Prospectus dated , 2020.

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Neither we nor the underwriters have authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares of common stock offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus or in any applicable free writing prospectus is current only as of its date, regardless of its time of delivery or any sale of shares of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

For investors outside the United States: Neither we nor the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of common stock and the distribution of this prospectus outside the United States.

Through and including , 2020 (25 days after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Zentalis Pharmaceuticals, LLC and its subsidiaries. Prior to the closing of this offering, Zentalis Pharmaceuticals, LLC intends to convert into a Delaware corporation pursuant to a statutory conversion, and will change its name to Zentalis Pharmaceuticals, Inc. All holders of units of Zentalis Pharmaceuticals, LLC will become holders of shares of common stock of Zentalis Pharmaceuticals, Inc., as described under the heading "Corporate Conversion." In this prospectus, we refer to all transactions related to our conversion to a corporation as the Corporate Conversion. We expect that the Corporate Conversion will not have a material effect on our consolidated financial statements.

TRADEMARKS AND TRADENAMES

Solely for convenience, trademarks, service marks and tradenames referred to in this prospectus may appear without the ®, TM or SM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, service marks and tradenames. This prospectus may also contain trademarks, service marks, tradenames and copyrights of other companies, which are the property of their respective owners.

ABOUT THIS PROSPECTUS

Except where the context otherwise requires or where otherwise indicated, the terms "Zentalis," "we," "us," "our," "our company," "Company" and "our business" refer, prior to the Corporate Conversion discussed herein, to Zentalis Pharmaceuticals, LLC, and after the Corporate Conversion, to Zentalis Pharmaceuticals, Inc.

PROSPECTUS SUMMARY

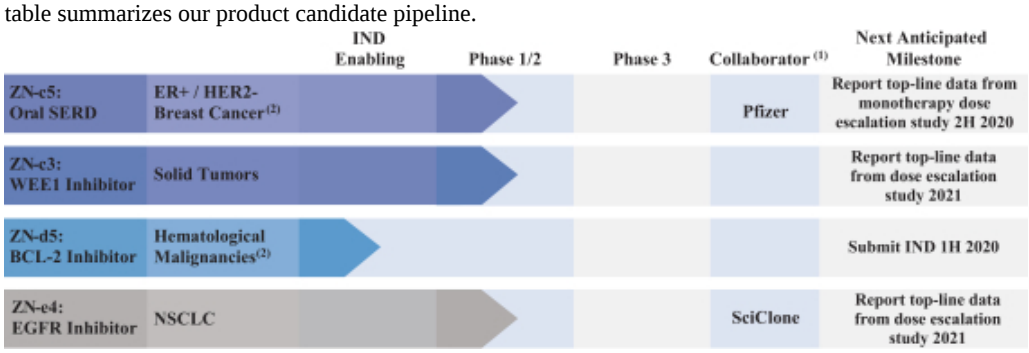
This summary highlights, and is qualified in its entirety by, the more detailed information and financial statements included elsewhere in this prospectus. This summary does not contain all of the information that may be important to you in making your investment decision. You should read this entire prospectus carefully, especially the "Risk Factors" section beginning on page 11 and our consolidated financial statements and the related notes included elsewhere in this prospectus, before making an investment decision.

Overview

We are a clinical-stage biopharmaceutical company focused on discovering and developing small molecule therapeutics targeting fundamental biological pathways of cancers. We use our highly efficient drug discovery engine, which we refer to as our Integrated Discovery Engine, to identify targets and develop small molecule new chemical entities, or NCEs, with properties that we believe could result in potentially differentiated product profiles. Our discovery engine combines our extensive experience and capabilities across cancer biology and medicinal chemistry. We believe our product candidates are differentiated from current programs targeting similar pathways and, if approved, have the potential to significantly impact clinical outcomes of patients with cancer.

We are developing a broad pipeline of product candidates with an initial focus on validated oncology targets with the potential to address large patient populations. Our lead product candidate, ZN-c5, is an oral selective estrogen receptor degrader, or SERD, currently in a Phase 1/2 clinical trial for the treatment of estrogen receptor positive, human epidermal growth factor receptor 2-negative, or ER+/HER2-, advanced or metastatic breast cancer. We have designed ZN-c5 to have high potency and selectivity, as well as favorable tolerability and pharmacokinetic properties. We expect to report data from the monotherapy dose escalation portion of this Phase 1/2 trial in the second half of 2020. Our other product candidates include ZN-c3, an inhibitor of WEE1, a protein tyrosine kinase, currently in a Phase 1/2 clinical trial for the treatment of advanced solid tumors; ZN-d5, a selective inhibitor of B-cell lymphoma 2, or BCL-2, initially in development for the treatment of hematological malignancies; and ZN-e4, an irreversible inhibitor of mutant epidermal growth factor receptor, or EGFR, currently in a Phase 1/2 clinical trial for the treatment of advanced non-small cell lung cancer, or NSCLC. We expect to report data from the Phase 1 portion of the ongoing trials of each of ZN-c3 and ZN-e4 in 2021, and to submit an investigational new drug application, or IND, to the U.S. Food and Drug Administration, or FDA, for ZN-d5 in the first half of 2020. We currently own worldwide development and commercialization rights to each of our product candidates, other than in select Asian countries (including China) for ZN-e4 for which we have out-licensed these rights.

The following table summarizes our product candidate pipeline.



(1) We are currently evaluating ZN-c5 in combination with palbociclib as part of a clinical research collaboration with Pfizer. We maintain full ownership of ZN-c5 in this collaboration with Pfizer. SciClone has development and commercial rights to ZN-e4 in Greater China (including Macau and Hong Kong), South Korea, Taiwan and Vietnam.
(2) We plan to explore the combination potential of ZN-c5, our oral SERD, with ZN-d5, our BCL-2 inhibitor, for the treatment of ER+/HER2- breast cancer.

We are also currently advancing multiple small molecule programs in preclinical development for other cancer indications, including select solid tumors and hematological malignancies. We are now in lead optimization for our fifth product candidate and plan to submit an IND to the FDA in 2021.

Our Zentalis Approach

In the five years since our inception, we have successfully cleared three INDs with the FDA and expect to submit a fourth IND in the first half of 2020 and a fifth IND in 2021. Our Integrated Discovery Engine has enabled us to take each of our clinical product candidates from initial discovery to IND submission in less than three years in a capital efficient manner. We begin our process of drug discovery by identifying fundamental biological pathways of cancers based on a number of factors, including validation of the pathway through prior clinical outcomes and ability to impact large patient populations. We then analyze existing marketed products and compounds in development that target these cancer pathways and assess their limitations, efficacy, safety, tolerability, pharmacokinetic, or PK, properties, patient convenience, and potential to be used in combination with other therapies. Next, we use our medicinal chemistry expertise and extensive understanding of target-drug structure activity to design proprietary NCEs with properties that we believe can address observed limitations and suboptimal drug characteristics of marketed products or other compounds in development, including potency, solubility, route of administration and PK properties. We believe overcoming these limitations may also allow us to develop these product candidates for use in combination with other therapies, including with our internally developed product candidates, if approved. Finally, we strive to generate preclinical data to support that such candidates could have a differentiated product profile in our expected lead indications before advancing a compound into clinical development. We have used our Integrated Discovery Engine to generate a pipeline of four product candidates targeting solid tumors and hematological malignancies. Longer term, we believe our discovery engine has the potential to generate product candidates addressing a wide range of additional therapeutic areas.

Our Zentalis Programs

ZN-c5 (Oral SERD)

Our lead product candidate, ZN-c5, is an oral SERD for the treatment of ER+/HER2- advanced or metastatic breast cancer. ER+/HER2- breast cancer affects approximately 70% of all breast cancer patients in the United States. These tumors depend on the estrogen receptor, or ER, for growth and survival and are currently treated by a number of approved hormonal therapies. We have designed ZN-c5 to overcome limitations of existing hormonal therapies, including the only FDA-approved SERD, fulvestrant (marketed as Faslodex® by AstraZeneca). Despite its limitations, Faslodex generated worldwide sales of over $1.0 billion in 2018, reflecting part of the significant potential of the SERD therapeutic class in ER+/HER2- breast cancer.

We believe ZN-c5, if approved, may have a potentially differentiated product profile. Based on interim and preliminary data from 12 patients dosed in our ongoing Phase 1/2 clinical trial as of the data cutoff date of November 11, 2019, the PK of ZN-c5 was characterized by rapid absorption into the systemic circulation and high drug exposure levels. In addition, ZN-c5 has been observed to be well tolerated with no dose-limiting toxicities reported. In preclinical studies, ZN-c5 has shown anti-tumor activity, potency and selectivity. We believe ZN-c5, which is being developed for convenient oral administration, has the potential to be used as monotherapy and in combinations, and could become the standard of care for hormonal therapy in the treatment of all lines of ER+/HER2- breast cancer. We are currently dosing ZN-c5 in a Phase 1/2 clinical trial in patients with ER+/HER2- advanced or metastatic breast cancer, both as monotherapy and in combination with palbociclib (marketed as Ibrance® by Pfizer) as part of a clinical research collaboration with Pfizer. Palbociclib is an inhibitor of cyclin dependent kinases 4 and 6, or CDK4/6, and is FDA approved for the treatment of HR+/HER2- advanced or metastatic breast cancer in combination with hormonal therapies, such as fulvestrant. We expect to report data from the monotherapy dose escalation portion of the Phase 1/2 trial in the second half of 2020.

ZN-c3 (WEE1 Inhibitor)

ZN-c3 is our oral, small molecule inhibitor of WEE1, a DNA damage response protein. The inhibition of WEE1 aims to allow sufficient DNA damage in cancer cells to cause them to undergo programmed cell death, or apoptosis, thereby preventing tumor growth and potentially causing tumor regression. There is currently no FDA-approved WEE1 inhibitor. We believe ZN-c3, if approved, may have broad applicability in a wide range of cancers as monotherapy and in combination, including with chemotherapy agents and other targeted therapies. We are currently conducting a Phase 1/2 clinical trial of ZN-c3 in patients with advanced solid tumors. We expect to report data from the Phase 1 portion of this trial in 2021.

ZN-d5 (BCL-2 Inhibitor)

ZN-d5 is our oral, small molecule inhibitor of BCL-2 that we are initially developing for the treatment of hematologic malignancies. BCL-2 is most notable for its critical role in the regulation of apoptosis. We plan to submit an IND to the FDA in the first half of 2020 and initiate a Phase 1 clinical trial of ZN-d5 in patients with acute myeloid leukemia, or AML, or B-cell lymphoma.

ZN-e4 (EGFR Inhibitor)

ZN-e4 is our oral, small molecule product candidate being developed as an irreversible inhibitor of mutant EGFR. EGFR regulates a number of cellular functions, including cell proliferation and survival, and is a driver of tumor growth in certain cancers, including lung cancer. We have designed ZN-e4 to be highly selective against mutant EGFR. We are conducting a Phase 1/2 clinical trial of ZN-e4 in patients with advanced NSCLC with activating EGFR mutations and are currently evaluating potential combination therapies for future clinical development of ZN-e4. We expect to report data from the Phase 1 portion of this trial in 2021.

Our Strategy

Our goal is to become a leading oncology-focused biopharmaceutical company and improve the lives of patients. Our strategy includes the following key components:

- Discover and develop small molecule NCEs that are differentiated from existing marketed therapies by clinical performance, and address large patient populations in cancer.
- Rapidly advance the development of our lead product candidate, ZN-c5, our oral SERD, toward regulatory approval for the treatment of ER+/HER2- advanced or metastatic breast cancer.
- Advance our additional pipeline candidates, ZN-c3 (WEE1 Inhibitor), ZN-d5 (BCL-2 Inhibitor) and ZN-e4 (EGFR Inhibitor), across multiple cancer indications.
- Continue to evaluate our product candidate pipeline in combination with internally discovered and third-party compounds.
- Deploy our highly efficient Integrated Discovery Engine to further expand our product candidate pipeline.
- Evaluate strategic opportunities to accelerate development timelines and maximize the value of our product candidate pipeline.

Our History and Team

We were founded in December 2014 and began operations in January 2015. We have assembled a management team of biopharmaceutical experts with extensive experience in building and operating organizations that develop and deliver innovative medicines to patients. Our management team has broad

expertise and successful track records in drug discovery, clinical development, regulatory affairs, manufacturing and commercialization of cancer therapies, as well as in business and finance, through previous experiences at leading institutions including Aisling Capital, Array Biopharma, Goldman Sachs, IQVIA, Merck, Morgan Stanley, Novartis, Paratek Pharmaceuticals, Pfizer, PsiOxus Therapeutics, R-Pharm US and Taiho Oncology, among others. We are also guided by our board of directors, scientific advisory board and business advisory board. Our renowned scientific and business advisory boards are comprised of key scientific and clinical thought leaders in oncology.

Sources of Capital

To date, we have raised an aggregate of $146.9 million in gross proceeds from the sale of our preferred units. Across our preferred unit financings, we received investments from leading life science investors, including Alexandria Real Estate Equities, Eventide Asset Management, Farallon Capital, HighLight Capital, Matrix Capital Management, Mayo Clinic, Perceptive Advisors, Pharmaron, Redmile Group, Surveyor Capital (a Citadel company) and Viking Global Investors.

Risks Associated with Our Business

Our business is subject to a number of risks of which you should be aware before making an investment decision. These risks are discussed more fully in the “Risk Factors” section of this prospectus immediately following this prospectus summary. These risks include the following:

- We have a limited operating history, have not completed any clinical trials, and have no products approved for commercial sale, which may make it difficult for you to evaluate our current business and predict our future success and viability.
- We have incurred significant net losses since inception and we expect to continue to incur significant net losses for the foreseeable future.
- Even if this offering is successful, we will require substantial additional capital to finance our operations. If we are unable to raise such capital when needed, or on acceptable terms, we may be forced to delay, reduce or eliminate one or more of our research and drug development programs or future commercialization efforts.
- We are substantially dependent on the success of our lead product candidate, ZN-c5, which is currently in clinical trials. If we are unable to complete development of, obtain approval for and commercialize ZN-c5 in a timely manner, our business will be harmed.
- The outcome of preclinical testing and early clinical trials may not be predictive of the success of later clinical trials, and the results of our clinical trials may not satisfy the requirements of the FDA, EMA or other comparable foreign regulatory authorities.
- We may face additional risks associated with the development of ZN-c5, ZN-c3, ZN-d5, ZN-e4 and potentially other product candidates in combination with other therapies.
- If we experience delays or difficulties in the enrollment and/or maintenance of patients in clinical trials, our clinical development activities could be delayed or otherwise adversely affected.
- The competition for qualified personnel is particularly intense in our industry. If we are unable to retain or hire key personnel, we may not be able to sustain or grow our business.
- We face significant competition, and if our competitors develop and market technologies or products more rapidly than we do or that are more effective, safer or less expensive than the product candidates we develop, our commercial opportunities will be negatively impacted.
- Our success depends on our ability to protect our licensed-in intellectual property and our proprietary technologies.

- We rely, and expect to continue to rely, on third parties, including independent clinical investigators and CROs, to conduct certain aspects of our preclinical studies and clinical trials. If these third parties do not successfully carry out their contractual duties, comply with applicable regulatory requirements or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our product candidates and our business could be substantially harmed.
- Our commercial success depends significantly on our ability to operate without infringing the patents and other proprietary rights of third parties. Claims by third parties that we infringe their proprietary rights may result in liability for damages or prevent or delay our developmental and commercialization efforts.

Corporate Conversion

We currently operate as a Delaware limited liability company under the name Zentalis Pharmaceuticals, LLC. Prior to the closing of this offering, Zentalis Pharmaceuticals, LLC intends to convert into a Delaware corporation pursuant to a statutory conversion, and will change its name to Zentalis Pharmaceuticals, Inc. In this prospectus, we refer to all transactions related to our conversion to a corporation as the Corporate Conversion. As a result of the Corporate Conversion, all holders of units of Zentalis Pharmaceuticals, LLC will become holders of shares of common stock of Zentalis Pharmaceuticals, Inc. The number of shares of our common stock that holders of units will be entitled to receive in the Corporate Conversion will be based on their relative rights as set forth in our limited liability company agreement. The number of shares of common stock certain holders of our units will receive in connection with the Corporate Conversion will vary depending on the initial public offering price set forth on the cover page of this prospectus. See “Corporate Conversion.”

In connection with the Corporate Conversion, our outstanding Series A convertible preferred units, Series B convertible preferred units, Series C convertible preferred units, Class A common units and Class B common units, or Units, will convert into shares of our common stock based on an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus.

The purpose of the Corporate Conversion is to reorganize our structure so that the entity that is offering our common stock to the public in this offering is a corporation rather than a limited liability company and so that our existing investors will own our common stock rather than equity interests in a limited liability company. For further information regarding the Corporate Conversion, see “Corporate Conversion.”

Implications of Being an Emerging Growth Company

We qualify as an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012, as amended, or JOBS Act. As an “emerging growth company” we may take advantage of reduced reporting requirements that are otherwise applicable to public companies. These provisions include, but are not limited to:

- the option to present only two years of audited financial statements and only two years of related “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this prospectus;
- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended, or the Sarbanes-Oxley Act;
- not being required to comply with any requirements that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements (i.e., an auditor discussion and analysis);
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements; and

- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We may take advantage of these provisions until the last day of our fiscal year following the fifth anniversary of the completion of this offering. However, if any of the following events occur prior to the end of such five-year period, (i) our annual gross revenue exceeds $1.07 billion, (ii) we issue more than $1.0 billion of non-convertible debt in any three-year period or (iii) we become a "large accelerated filer," (as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, or the Exchange Act), we will cease to be an emerging growth company prior to the end of such five-year period. We will be deemed to be a "large accelerated filer" at such time that we (a) have an aggregate worldwide market value of common equity securities held by non-affiliates of $700.0 million or more as of the last business day of our most recently completed second fiscal quarter, (b) have been required to file annual and quarterly reports under the Exchange Act, for a period of at least 12 months and (c) have filed at least one annual report pursuant to the Exchange Act. Even after we no longer qualify as an emerging growth company, we may still qualify as a "smaller reporting company," which would allow us to take advantage of many of the same exemptions from disclosure requirements including reduced disclosure obligations regarding executive compensation in this prospectus and our periodic reports and proxy statements.

We have elected to take advantage of certain of the reduced disclosure obligations in the registration statement of which this prospectus is a part and may elect to take advantage of other reduced reporting requirements in future filings. As a result, the information that we provide to our stockholders may be different than you might receive from other public reporting companies in which you hold equity interests.

In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. We have elected to take advantage of this extended transition period.

Corporate Information

We were initially formed as Zeno Pharmaceuticals, Inc., a Delaware corporation, in December 2014. In conjunction with a corporate restructuring, Zeno Pharma, LLC, a Delaware limited liability company, was formed, and in December 2017 acquired Zeno Pharmaceuticals, Inc., pursuant to a merger agreement. As a result of this acquisition, Zeno Pharmaceuticals, Inc. became a wholly-owned subsidiary of Zeno Pharma, LLC. In December 2019, Zeno Pharma, LLC changed its name to Zentalis Pharmaceuticals, LLC. Prior to the closing of this offering, Zentalis Pharmaceuticals, LLC intends to convert into a Delaware corporation pursuant to a statutory conversion, and will change its name to Zentalis Pharmaceuticals, Inc. See "Corporate Conversion." Our principal executive offices are located at 530 Seventh Avenue, Suite 2201, New York, New York, 10018 and our telephone number is (212) 433-3791. Our website address is *www.zentalis.com*. The information contained in, or accessible through, our website does not constitute a part of this prospectus. We have included our website address in this prospectus solely as an inactive textual reference.

The Offering

Common stock offered by us	shares.
Option to purchase additional shares	We have granted the underwriters an option for a period of 30 days to purchase up to additional shares of common stock.
Common stock to be outstanding after this offering	shares (or shares if the underwriters exercise their option to purchase additional shares in full).
Use of proceeds	We estimate that the net proceeds from this offering will be approximately $ million (or approximately $ million if the underwriters exercise their option to purchase additional shares in full), based on an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We anticipate that we will use the net proceeds of this offering to advance and expand our clinical and preclinical development programs and for working capital and other general corporate purposes. For a more complete description of our intended use of the proceeds from this offering, see "Use of Proceeds."
Risk factors	You should read the section titled "Risk Factors" beginning on page 11 and the other information included in this prospectus for a discussion of factors you should consider carefully before deciding to invest in our common stock.
Dividend policy	We do not currently pay dividends and we do not anticipate declaring or paying any dividends for the foreseeable future.
Proposed Nasdaq Global Market symbol	" ."

The number of shares of our common stock to be outstanding after this offering is based on shares of our common stock outstanding as of December 31, 2019, after giving effect to the Corporate Conversion, and excludes:

- shares of common stock reserved for future issuance under our 2020 Incentive Award Plan, or our 2020 Plan, which will become effective in connection with this offering, as well as any shares of our common stock that become available pursuant to provisions in the 2020 Plan that automatically increase the share reserve under our 2020 Plan; and
- shares of our common stock that will become available for future issuance under our 2020 Employee Stock Purchase Plan, or the ESPP, which will become effective in connection with this

offering, and shares of our common stock that become available pursuant to provisions in the ESPP that automatically increase the share reserve under the ESPP.

Unless otherwise indicated, this prospectus reflects and assumes the following:

- the completion of our Corporate Conversion, as a result of which all outstanding Units of Zentalis Pharmaceuticals, LLC will be converted into an aggregate of shares of common stock of Zentalis Pharmaceuticals, Inc. based on an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus; and
- no exercise by the underwriters of their option to purchase additional shares of our common stock in this offering.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables set forth our summary consolidated financial data for the periods indicated. We have derived the consolidated statements of operations data for the years ended December 31, 2018 and 2019, and the consolidated balance sheet data as of December 31, 2019, from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that should be expected for any future period. You should read the following summary consolidated financial data together with the more detailed information contained in "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus.

	Year Ended December 31,	
	2018	2019
	(in thousands, except unit, share and per share amounts)	
Consolidated Statements of Operations Data:		
Revenue	$ 14	$
Operating expenses:		
Research and development	18,921	
General and administrative	4,876	
Total operating expenses	23,797	
Loss from operations	(23,783)	
Other income:		
Interest income	355	
Net loss before income taxes	(23,428)	
Income tax expense	4	
Net loss	(23,432)	
Net loss attributable to noncontrolling interest	(2,365)	
Net loss attributable to Zentalis Pharmaceuticals, LLC	$ (21,067)	$
Net loss per Class A common unit attributable to Zentalis Pharmaceuticals, LLC, basic and diluted	$ (3.77)	$
Weighted average Class A common units outstanding, basic and diluted	5,594,385	
Pro forma net loss per share—basic and diluted (unaudited)(1)		$
Pro forma weighted-average shares outstanding—basic and diluted (unaudited)(1)		

(1) We have presented pro forma basic and diluted net loss per share for the year ended December 31, 2019 which consists of our historical net loss attributable to Zentalis Pharmaceuticals, LLC, divided by the pro forma basic and diluted weighted average number of shares of common stock outstanding after giving effect to the Corporate Conversion. See Note to our to audited consolidated financial statements to be included elsewhere in this prospectus for additional information regarding the method used to calculate the pro forma basic and diluted net loss per share and the pro forma weighted average number of shares used in the computation of the per share amounts.

	As of December 31, 2019		
	Actual	Pro Forma(1)	Pro Forma As Adjusted(2)(3)
		(in thousands)	
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$	$	$
Working capital(4)			
Total assets			
Total liabilities			
Accumulated deficit			
Total equity			

(1) The pro forma consolidated balance sheet data give effect to the Corporate Conversion as a result of which all outstanding Units will convert into an aggregate of shares of common stock. The number of shares of common stock certain holders of our Units will receive in connection with the Corporate Conversion will vary depending on the initial public offering price set forth on the cover page of this prospectus. See "Corporate Conversion."

(2) The pro forma as adjusted balance sheet data gives effect to the pro forma adjustments described in footnote (1) and to the issuance and sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

(3) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) pro forma as adjusted cash and cash equivalents, working capital, total assets, and total equity by $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1.0 million shares in the number of shares offered by us at the assumed initial public offering price, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us would increase (decrease) pro forma as adjusted cash and cash equivalents, working capital, total assets, and total equity by $ million. The pro forma as adjusted information discussed above is illustrative only and will be adjusted based on the actual initial public offering price and other terms of our initial public offering determined at pricing.

(4) We define working capital as current assets less current liabilities.

RISK FACTORS

You should carefully consider the risks and uncertainties described below and the other information in this prospectus, including our consolidated financial statements and related notes appearing elsewhere in this prospectus and in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," before deciding whether to invest in our common stock. Our business, financial condition, results of operations or prospects could be materially and adversely affected if any of these risks occurs, and as a result, the market price of our common stock could decline and you could lose all or part of your investment. This prospectus also contains forward-looking statements that involve risks and uncertainties. See "Cautionary Statement Regarding Forward-Looking Statements." Our actual results could differ materially and adversely from those anticipated in these forward-looking statements as a result of certain factors, including those set forth below.

Risks Related to Our Financial Position and Need for Additional Capital

We have a limited operating history, have not completed any clinical trials, and have no products approved for commercial sale, which may make it difficult for you to evaluate our current business and predict our future success and viability.

We are a clinical stage biopharmaceutical company with a limited operating history upon which you can evaluate our business and prospects. We have no products approved for commercial sale and have not generated any revenue from product sales. To date, we have devoted substantially all of our resources and efforts to organizing and staffing our company, business planning, executing partnerships, raising capital, discovering, identifying and developing potential product candidates, securing related intellectual property rights and conducting preclinical studies and clinical trials of our product candidates, including the ongoing Phase 1/2 clinical trials of ZN-c5, ZN-c3 and ZN-e4. We have not yet demonstrated our ability to successfully complete any clinical trials, obtain marketing approvals, manufacture a commercial-scale product or arrange for a third party to do so on our behalf, or conduct sales and marketing activities necessary for successful product commercialization. As a result, it may be more difficult for you to accurately predict our future success or viability than it could be if we had a longer operating history.

In addition, we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors and risks frequently experienced by clinical stage biopharmaceutical companies in rapidly evolving fields. We also may need to transition from a company with a research focus to a company capable of supporting commercial activities. If we do not adequately address these risks and difficulties or successfully make such a transition, our business will suffer.

We have incurred significant net losses since inception and we expect to continue to incur significant net losses for the foreseeable future.

We have incurred net losses in each reporting period since our inception, have not generated any revenue from product sales to date and have financed our operations principally through private financings. We have incurred net losses of $ million and $23.4 million for the years ended December 31, 2019 and 2018, respectively. As of December 31, 2019, we had an accumulated loss of $ million. Our losses have resulted principally from expenses incurred in research and development of our product candidates and from management and administrative costs and other expenses that we have incurred while building our business infrastructure. Three of our product candidates, ZN-c5, ZN-c3 and ZN-e4, are in clinical trials, and we plan to submit our fourth IND, with the FDA for our product candidate, ZN-d5, in the first half of 2020. In addition, we plan to submit an IND to the FDA for our fifth product candidate in 2021. Our other programs are in preclinical research. As a result, we expect that it will be several years, if ever, before we have a commercialized product and generate revenue from product sales. Even if we succeed in receiving marketing approval for and commercializing one or more of our product candidates, we expect that we will continue to incur substantial research and development and other expenses as we discover, develop and market additional potential products.

We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future as we continue our research and development efforts and seek to obtain regulatory approval and commercialization of our product candidates. The net losses we incur may fluctuate significantly from quarter to quarter such that a period-to-period comparison of our results of operations may not be a good indication of our future performance. The size of our future net losses will depend, in part, on the rate of future growth of our expenses and our ability to generate revenue. Our prior losses and expected future losses have had and will continue to have an adverse effect on our working capital and our ability to achieve and maintain profitability.

Our ability to generate revenue and achieve profitability depends significantly on our ability to achieve a number of objectives.

Our business depends entirely on the successful discovery, development and commercialization of our product candidates. We currently generate no revenues from sales of any products. We have no products approved for commercial sale and do not anticipate generating any revenue from product sales for the next several years, if ever. Our ability to generate revenue and achieve profitability depends significantly on our ability, or any future collaborator's ability, to achieve a number of objectives, including:

- successful and timely completion of preclinical and clinical development of our product candidates, including ZN-c5, ZN-c3, ZN-d5 and ZN-e4 and any other future product candidates;
- establishing and maintaining relationships with contract research organizations, or CROs, and clinical sites for the clinical development, both in the United States and internationally, of our product candidates, including ZN-c5, ZN-c3, ZN-d5 and ZN-e4 and any other future product candidates;
- timely receipt of marketing approvals from applicable regulatory authorities for any product candidates for which we successfully complete clinical development;
- making any required post-marketing approval commitments to applicable regulatory authorities;
- developing an efficient and scalable manufacturing process for our product candidates, including obtaining finished products that are appropriately packaged for sale;
- establishing and maintaining commercially viable supply and manufacturing relationships with third parties that can provide adequate, in both amount and quality, products and services to support clinical development and meet the market demand for product candidates that we develop, if approved;
- successful commercial launch following any marketing approval, including the development of a commercial infrastructure, whether in-house or with one or more collaborators;
- a continued acceptable safety profile following any marketing approval of our product candidates;
- commercial acceptance of our product candidates by patients, the medical community and third-party payors;
- identifying, assessing and developing new product candidates;
- obtaining, maintaining and expanding patent protection, trade secret protection and regulatory exclusivity, both in the United States and internationally;
- protecting our rights in our intellectual property portfolio;
- defending against third-party interference or infringement claims, if any;
- negotiating favorable terms in any collaboration, licensing or other arrangements that may be necessary or desirable to develop, manufacture or commercialize our product candidates;
- obtaining coverage and adequate reimbursement by hospitals, government and third-party payors for product candidates that we develop;
- addressing any competing therapies and technological and market developments; and
- attracting, hiring and retaining qualified personnel.

We may never be successful in achieving our objectives and, even if we do, may never generate revenue that is significant or large enough to achieve profitability. If we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would decrease the value of our company and could impair our ability to maintain or further our research and development efforts, raise additional necessary capital, grow our business and continue our operations.

Even if this offering is successful, we will require substantial additional capital to finance our operations. If we are unable to raise such capital when needed, or on acceptable terms, we may be forced to delay, reduce and/or eliminate one or more of our research and drug development programs or future commercialization efforts.

Developing pharmaceutical products, including conducting preclinical studies and clinical trials, is a very time-consuming, expensive and uncertain process that takes years to complete. Our operations have consumed substantial amounts of cash since inception, and we expect our expenses to increase in connection with our ongoing activities, particularly as we initiate and conduct clinical trials of, and seek marketing approval for, ZN-c5, ZN-c3, ZN-d5, ZN-e4 and our other product candidates. Even if one or more of the product candidates that we develop is approved for commercial sale, we anticipate incurring significant costs associated with commercializing any approved product candidate. Our expenses could increase beyond expectations if we are required by the FDA, the European Medicines Agency, or the EMA, or other regulatory agencies to perform clinical trials or preclinical studies in addition to those that we currently anticipate. Other unanticipated costs may also arise. In addition, if we obtain marketing approval for any of our product candidates, including ZN-c5, ZN-c3, ZN-d5 and ZN-e4, we expect to incur significant commercialization expenses related to drug sales, marketing, manufacturing and distribution. Because the design and outcome of our planned and anticipated clinical trials are highly uncertain, we cannot reasonably estimate the actual amounts necessary to successfully complete the development and commercialization of any product candidate we develop. Following this offering, we also expect to incur additional costs associated with operating as a public company. Accordingly, we will need to obtain substantial additional funding in order to maintain our continuing operations.

As of December 31, 2019, we had $ million in cash and cash equivalents. Based on current business plans, we believe that the net proceeds from this offering, together with our existing cash and cash equivalents, will be sufficient to fund our operating expenses and capital expenditures requirements through . Our estimate as to how long we expect the net proceeds from this offering, together with our existing cash and cash equivalents, to be able to continue to fund our operating expenses and capital expenditures requirements is based on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. Changing circumstances, some of which may be beyond our control, could cause us to consume capital significantly faster than we currently anticipate, and we may need to seek additional funds sooner than planned.

We plan to use the net proceeds from this offering to advance and expand our clinical and preclinical development programs and for working capital and other general corporate purposes. Advancing the development of our product candidates will require a significant amount of capital. The net proceeds from this offering and our existing cash and cash equivalents will not be sufficient to fund all of the activities that are necessary to complete the development of our product candidates.

We will be required to obtain further funding through public or private equity offerings, debt financings, collaborations and licensing arrangements or other sources, which may dilute our stockholders or restrict our operating activities. We do not have any committed external source of funds. Adequate additional financing may not be available to us on acceptable terms, or at all. Our failure to raise capital as and when needed or on acceptable terms would have a negative impact on our financial condition and our ability to pursue our business strategy, and we may have to delay, reduce the scope of, suspend or eliminate one or more of our research-stage programs, clinical trials or future commercialization efforts.

Risks Related to the Discovery, Development and Commercialization of Our Product Candidates

We are substantially dependent on the success of our lead product candidate, ZN-c5, which is currently in clinical trials. If we are unable to complete development of, obtain approval for and commercialize ZN-c5 in a timely manner, our business will be harmed.

Our future success is dependent on our ability to timely complete clinical trials, obtain marketing approval for and successfully commercialize ZN-c5, our lead product candidate. We are investing significant efforts and financial resources in the research and development of ZN-c5. We are conducting a Phase 1/2 trial of ZN-c5 as monotherapy and in combination with palbociclib, a CDK4/6 inhibitor, in patients with ER+/HER2- advanced or metastatic breast cancer. ZN-c5 will require additional clinical development, evaluation of clinical, preclinical and manufacturing activities, marketing approval from government regulators, substantial investment and significant marketing efforts before we can generate any revenues from product sales. We are not permitted to market or promote ZN-c5, or any other product candidate, before we receive marketing approval from the FDA and comparable foreign regulatory authorities, and we may never receive such marketing approvals.

The success of ZN-c5 will depend on several factors, including the following:

- the successful and timely completion of our ongoing clinical trials of ZN-c5;
- the initiation and successful patient enrollment and completion of additional clinical trials of ZN-c5 on a timely basis;
- maintaining and establishing relationships with CROs and clinical sites for the clinical development of ZN-c5 both in the United States and internationally;
- the frequency and severity of adverse events in the clinical trials;
- the efficacy, safety and tolerability profiles that are satisfactory to the FDA, EMA or any comparable foreign regulatory authority for marketing approval;
- the timely receipt of marketing approvals for ZN-c5 from applicable regulatory authorities;
- the extent of any required post-marketing approval commitments to applicable regulatory authorities;
- the maintenance of existing or the establishment of new supply arrangements with third-party drug product suppliers and manufacturers for clinical development of ZN-c5;
- the maintenance of existing, or the establishment of new, scaled production arrangements with third-party manufacturers to obtain finished products that are appropriate for commercial sale of ZN-c5 if approved, including for supplies of drugs that we are testing in combination with ZN-c5;
- obtaining and maintaining patent protection, trade secret protection and regulatory exclusivity, both in the United States and internationally;
- the protection of our rights in our intellectual property portfolio;
- the successful launch of commercial sales following any marketing approval;
- a continued acceptable safety profile following any marketing approval;
- commercial acceptance by patients, the medical community and third-party payors; and
- our ability to compete with other therapies.

We do not have complete control over many of these factors, including certain aspects of clinical development and the regulatory submission process, potential threats to our intellectual property rights and the manufacturing, marketing, distribution and sales efforts of any future collaborator. If we are not successful with respect to one or more of these factors in a timely manner or at all, we could experience significant delays or an inability to successfully commercialize ZN-c5, which would materially harm our business. If we do not receive marketing approvals for ZN-c5, we may not be able to continue our operations.

There is currently no FDA-approved oral SERD, and our development of ZN-c5 may never lead to a marketable product.

We are developing ZN-c5 as an oral SERD. There is currently no FDA-approved oral SERD. We have not received regulatory approval for ZN-c5 and cannot be certain that our approach will lead to the development of an approvable or marketable product, alone or in combination with other therapies. We may not succeed in demonstrating safety and efficacy of ZN-c5 in our ongoing Phase 1/2 clinical trial or in larger-scale clinical trials. Advancing ZN-c5 as an oral SERD creates significant challenges for us, including:

- obtaining marketing approval, as the FDA, EMA or other regulatory authorities have never approved an orally available SERD;
- if ZN-c5 is approved, educating medical personnel regarding the potential efficacy and safety benefits, as well as the challenges, of incorporating our ZN-c5 into existing treatment regimens, including in combination with other treatments for breast cancer; and
- establishing the sales and marketing capabilities upon obtaining any marketing approvals to gain market acceptance.

Our long-term prospects depend in part upon discovering, developing and commercializing additional product candidates, which may fail in development or suffer delays that adversely affect their commercial viability.

Our future operating results are dependent on our ability to successfully discover, develop, obtain regulatory approval for and commercialize product candidates beyond those we currently have in clinical development. A product candidate can unexpectedly fail at any stage of preclinical and clinical development. The historical failure rate for product candidates is high due to risks relating to safety, efficacy, clinical execution, changing standards of medical care and other unpredictable variables. The results from preclinical testing or early clinical trials of a product candidate may not be predictive of the results that will be obtained in later stage clinical trials of the product candidate.

The success of other product candidates we may develop will depend on many factors, including the following:

- generating sufficient data to support the initiation or continuation of clinical trials;
- obtaining regulatory permission to initiate clinical trials;
- contracting with the necessary parties to conduct clinical trials;
- successful enrollment of patients in, and the completion of, clinical trials on a timely basis;
- the timely manufacture of sufficient quantities of the product candidate for use in clinical trials; and
- adverse events in the clinical trials.

Even if we successfully advance any other product candidates into clinical development, their success will be subject to all of the clinical, regulatory and commercial risks described elsewhere in this “Risk Factors” section. Accordingly, we cannot assure you that we will ever be able to discover, develop, obtain regulatory approval of, commercialize or generate significant revenue from our other product candidates.

The regulatory approval processes of the FDA, EMA and other comparable foreign regulatory authorities are lengthy, time consuming and inherently unpredictable. If we are ultimately unable to obtain regulatory approval for our product candidates, we will be unable to generate product revenue and our business will be substantially harmed.

We are not permitted to commercialize, market, promote or sell any product candidate in the United States without obtaining marketing approval from the FDA. Foreign regulatory authorities impose similar requirements.

The time required to obtain approval by the FDA, EMA and other comparable foreign regulatory authorities is unpredictable, typically takes many years following the commencement of clinical trials and depends upon numerous factors, including the type, complexity and novelty of the product candidates involved. In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions, which may cause delays in the approval or the decision not to approve an application. Regulatory authorities have substantial discretion in the approval process and may refuse to accept any application or may decide that our data are insufficient for approval and require additional preclinical, clinical or other data. Even if we eventually complete clinical testing and receive approval of any regulatory filing for our product candidates, the FDA, EMA and other comparable foreign regulatory authorities may approve our product candidates for a more limited indication or a narrower patient population than we originally requested. We have not submitted for, or obtained, regulatory approval for any product candidate, and it is possible that none of our existing product candidates or any product candidates we may seek to develop in the future will ever obtain regulatory approval.

Further, development of our product candidates and/or regulatory approval may be delayed for reasons beyond our control. For example, a U.S. federal government shutdown or budget sequestration, such as ones that occurred during 2013, 2018 and 2019, may result in significant reductions to the FDA's budget, employees and operations, which may lead to slower response times and longer review periods, potentially affecting our ability to progress development of our product candidates or obtain regulatory approval for our product candidates.

Applications for our product candidates could fail to receive regulatory approval for many reasons, including the following:

- the FDA, EMA or other comparable foreign regulatory authorities may disagree with the design, implementation or results of our clinical trials;
- the FDA, EMA or other comparable foreign regulatory authorities may determine that our product candidates are not safe and effective, only moderately effective or have undesirable or unintended side effects, toxicities or other characteristics that preclude our obtaining marketing approval or prevent or limit commercial use;
- the population studied in the clinical trial may not be sufficiently broad or representative to assure efficacy and safety in the full population for which we seek approval;
- the FDA, EMA or other comparable foreign regulatory authorities may disagree with our interpretation of data from preclinical studies or clinical trials;
- the data collected from clinical trials of our product candidates may not be sufficient to support the submission of a New Drug Application, or NDA, or other submission or to obtain regulatory approval in the United States or elsewhere;
- we may be unable to demonstrate to the FDA, EMA or other comparable foreign regulatory authorities that a product candidate's risk-benefit ratio for its proposed indication is acceptable;
- the FDA, EMA or other comparable foreign regulatory authorities may fail to approve the manufacturing processes, test procedures and specifications or facilities of third-party manufacturers with which we contract for clinical and commercial supplies; and
- the approval policies or regulations of the FDA, EMA or other comparable foreign regulatory authorities may significantly change in a manner rendering our clinical data insufficient for approval.

This lengthy approval process, as well as the unpredictability of the results of clinical trials, may result in our failing to obtain regulatory approval to market any of our product candidates, which would significantly harm our business, results of operations and prospects.

In addition, even if we obtain approval of our product candidates, regulatory authorities may approve any of our product candidates for fewer or more limited indications than we request, may impose significant limitations

in the form of narrow indications, warnings, or a Risk Evaluation and Mitigation Strategy, or REMS. Regulatory authorities may not approve the price we intend to charge for products we may develop, may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. Any of the foregoing scenarios could seriously harm our business.

The clinical trials of our product candidates may not demonstrate safety and efficacy to the satisfaction of the FDA, EMA or other comparable foreign regulatory authorities or otherwise produce positive results.

Before obtaining marketing approval from the FDA, EMA or other comparable foreign regulatory authorities for the sale of our product candidates, we must complete preclinical development and extensive clinical trials to demonstrate the safety and efficacy of our product candidates. Clinical testing is expensive, difficult to design and implement, can take many years to complete and its ultimate outcome is uncertain. A failure of one or more clinical trials can occur at any stage of the process. The outcome of preclinical studies and early-stage clinical trials may not be predictive of the success of later clinical trials. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that have believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval of their drugs. The outcome of preclinical studies and early-stage clinical trials may not be predictive of the success of later clinical trials. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that have believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain marketing approval of their drugs.

In addition, we may rely in part on preclinical, clinical and quality data generated by CROs and other third parties for regulatory submissions for our product candidates. While we have or will have agreements governing these third parties' services, we have limited influence over their actual performance. If these third parties do not make data available to us, or, if applicable, make regulatory submissions in a timely manner, in each case pursuant to our agreements with them, our development programs may be significantly delayed, and we may need to conduct additional studies or collect additional data independently. In either case, our development costs would increase.

We do not know whether our future clinical trials will begin on time or enroll patients on time, or whether our ongoing and/or future clinical trials will be completed on schedule or at all. Clinical trials can be delayed for a variety of reasons, including delays related to:

- the FDA or comparable foreign regulatory authorities disagreeing as to the design or implementation of our clinical studies;
- obtaining regulatory authorizations to commence a trial or reaching a consensus with regulatory authorities on trial design;
- any failure or delay in reaching an agreement with CROs and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- obtaining approval from one or more institutional review boards, or IRBs;
- IRBs refusing to approve, suspending or terminating the trial at an investigational site, precluding enrollment of additional subjects, or withdrawing their approval of the trial;
- changes to clinical trial protocol;
- clinical sites deviating from trial protocol or dropping out of a trial;
- manufacturing sufficient quantities of product candidate or obtaining sufficient quantities of combination therapies for use in clinical trials;

- subjects failing to enroll or remain in our trial at the rate we expect, or failing to return for post- treatment follow-up;
- subjects choosing an alternative treatment for the indication for which we are developing our product candidates, or participating in competing clinical trials;
- lack of adequate funding to continue the clinical trial;
- subjects experiencing severe or unexpected drug-related adverse effects;
- occurrence of serious adverse events in trials of the same class of agents conducted by other companies;
- selection of clinical end points that require prolonged periods of clinical observation or analysis of the resulting data;
- a facility manufacturing our product candidates or any of their components being ordered by the FDA or comparable foreign regulatory authorities to temporarily or permanently shut down due to violations of current good manufacturing practice, or cGMP, regulations or other applicable requirements, or infections or cross-contaminations of product candidates in the manufacturing process;
- any changes to our manufacturing process that may be necessary or desired;
- third-party clinical investigators losing the licenses or permits necessary to perform our clinical trials, not performing our clinical trials on our anticipated schedule or consistent with the clinical trial protocol, good clinical practices, or GCP, or other regulatory requirements;
- third-party contractors not performing data collection or analysis in a timely or accurate manner; or
- third-party contractors becoming debarred or suspended or otherwise penalized by the FDA or other government or regulatory authorities for violations of regulatory requirements, in which case we may need to find a substitute contractor, and we may not be able to use some or all of the data produced by such contractors in support of our marketing applications.

We could also encounter delays if a clinical trial is suspended or terminated by us, by the IRBs of the institutions in which such trials are being conducted, by a Data Safety Monitoring Board for such trial or by the FDA or comparable foreign regulatory authorities. Such authorities may impose such a suspension or termination due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by the FDA or comparable foreign regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a drug, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial. In addition, changes in regulatory requirements and policies may occur, and we may need to amend clinical trial protocols to comply with these changes. Amendments may require us to resubmit our clinical trial protocols to IRBs for reexamination, which may impact the costs, timing or successful completion of a clinical trial.

Further, conducting clinical trials in foreign countries, as we may do for our product candidates, presents additional risks that may delay completion of our clinical trials. These risks include the failure of enrolled patients in foreign countries to adhere to clinical protocol as a result of differences in healthcare services or cultural customs, managing additional administrative burdens associated with foreign regulatory schemes, as well as political and economic risks relevant to such foreign countries.

Moreover, principal investigators for our clinical trials may serve as scientific advisors or consultants to us from time to time and receive compensation in connection with such services. Under certain circumstances, we may be required to report some of these relationships to the FDA or comparable foreign regulatory authorities. The FDA or comparable foreign regulatory authority may conclude that a financial relationship between us and a principal investigator has created a conflict of interest or otherwise affected interpretation of the study. The FDA

or comparable foreign regulatory authority may therefore question the integrity of the data generated at the applicable clinical trial site and the utility of the clinical trial itself may be jeopardized. This could result in a delay in approval, or rejection, of our marketing applications by the FDA or comparable foreign regulatory authority, as the case may be, and may ultimately lead to the denial of marketing approval of one or more of our product candidates.

If we experience delays in the completion of, or termination of, any clinical trial of our product candidates, the commercial prospects of our product candidates will be harmed, and our ability to generate product revenues from any of these product candidates will be delayed. Moreover, any delays in completing our clinical trials will increase our costs, slow down our product candidate development and approval process and jeopardize our ability to commence product sales and generate revenues.

In addition, many of the factors that cause, or lead to, termination or suspension of, or a delay in the commencement or completion of, clinical trials may also ultimately lead to the denial of regulatory approval of a product candidate. Any delays to our clinical trials that occur as a result could shorten any period during which we may have the exclusive right to commercialize our product candidates and our competitors may be able to bring products to market before we do, and the commercial viability of our product candidates could be significantly reduced. Any of these occurrences may harm our business, financial condition and prospects significantly.

The outcome of preclinical testing and early clinical trials may not be predictive of the success of later clinical trials, and the results of our clinical trials may not satisfy the requirements of the FDA, EMA or other comparable foreign regulatory authorities.

Before obtaining regulatory approvals for the commercial sale of any of our product candidates, we will be required to demonstrate with substantial evidence through well-controlled clinical trials that our product candidates are safe and effective for their intended uses. Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. Success in preclinical studies and early-stage clinical trials does not mean that future clinical trials will be successful. We do not know whether ZN-c5, ZN-c3, ZN-d5 and ZN-e4 will perform in current or future clinical trials as ZN-c5, ZN-c3, ZN-d5 and ZN-e4 have performed in preclinical studies, or, with respect to ZN-c5, ZN-c3 and ZN-e4, ongoing clinical trials to date. Product candidates in later-stage clinical trials may fail to demonstrate sufficient safety and efficacy to the satisfaction of the FDA, EMA and other comparable foreign regulatory authorities despite having progressed through preclinical studies and early-stage clinical trials.

In some instances, there can be significant variability in safety and efficacy results between different clinical trials of the same product candidate due to numerous factors, including changes in trial protocols, differences in size and type of the patient populations, differences in and adherence to the dosing regimen and other trial protocols and the rate of dropout among clinical trial participants. Patients treated with our product candidates may also be undergoing surgical, radiation and chemotherapy treatments and may be using other approved products or investigational new drugs, which can cause side effects or adverse events that are unrelated to our product candidate. As a result, assessments of efficacy can vary widely for a particular patient, and from patient to patient and site to site within a clinical trial. This subjectivity can increase the uncertainty of, and adversely impact, our clinical trial outcomes. We do not know whether any clinical trials we may conduct will demonstrate consistent or adequate efficacy and safety sufficient to obtain marketing approval to market our product candidates. Most product candidates that begin clinical trials are never approved by regulatory authorities for commercialization.

We have limited experience in designing clinical trials and may be unable to design and execute a clinical trial to support marketing approval. We cannot be certain that our planned clinical trials or any other future clinical trials will be successful. Additionally, any safety concerns observed in any one of our clinical trials in our targeted indications could limit the prospects for regulatory approval of our product candidates in those and other indications, which could seriously harm our business.

Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses and many companies that believed their product candidates performed satisfactorily in preclinical studies and clinical trials nonetheless failed to obtain FDA, EMA or comparable foreign regulatory authority approval. We cannot guarantee that the FDA or foreign regulatory authorities will interpret trial results as we do, and more trials could be required before we are able to submit applications seeking approval of our product candidates. To the extent that the results of the trials are not satisfactory to the FDA or foreign regulatory authorities for support of a marketing application, we may be required to expend significant resources, which may not be available to us, to conduct additional trials in support of potential approval of our product candidates. Even if regulatory approval is secured for any of our product candidates, the terms of such approval may limit the scope and use of our product candidate, which may also limit its commercial potential. Furthermore, the approval policies or regulations of the FDA, EMA or comparable foreign regulatory authorities may significantly change in a manner rendering our clinical data insufficient for approval, which may lead to the FDA, EMA or comparable foreign regulatory authorities delaying, limiting or denying approval of our product candidates.

Interim, "topline" and preliminary data from our clinical trials that we announce or publish from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data.

From time to time, we may publicly disclose preliminary or topline data from our preclinical studies and clinical trials, which is based on a preliminary analysis of then-available data, and the results and related findings and conclusions are subject to change following a more comprehensive review of the data related to the particular study or trial. We also make assumptions, estimations, calculations and conclusions as part of our analyses of data, and we may not have received or had the opportunity to fully and carefully evaluate all data. As a result, the topline or preliminary results that we report may differ from future results of the same studies, or different conclusions or considerations may qualify such results, once additional data have been received and fully evaluated. Topline data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, topline data should be viewed with caution until the final data are available.

From time to time, we may also disclose interim data from our preclinical studies and clinical trials. For example, we have reported interim data from our ongoing Phase 1/2 clinical trials of ZN-c5 and ZN-e4, as of November 11, 2019 and October 30, 2019, respectively, elsewhere in this prospectus. Interim data from clinical trials that we may complete are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available or as patients from our clinical trials continue other treatments for their disease. Adverse differences between preliminary or interim data and final data could significantly harm our business prospects. Further, disclosure of interim data by us or by our competitors could result in volatility in the price of our common stock after this offering.

Further, others, including regulatory agencies, may not accept or agree with our assumptions, estimates, calculations, conclusions or analyses or may interpret or weigh the importance of data differently, which could impact the value of the particular program, the approvability or commercialization of the particular product candidate or product and our company in general. In addition, the information we choose to publicly disclose regarding a particular study or clinical trial is based on what is typically extensive information, and you or others may not agree with what we determine is material or otherwise appropriate information to include in our disclosure.

If the interim, topline, or preliminary data that we report differ from actual results, or if others, including regulatory authorities, disagree with the conclusions reached, our ability to obtain approval for, and commercialize, our product candidates may be harmed, which could harm our business, operating results, prospects or financial condition.

Even if approved, our product candidates may not achieve adequate market acceptance among physicians, patients, healthcare payors and others in the medical community necessary for commercial success.

Even if our product candidates receive regulatory approval, they may not gain adequate market acceptance among physicians, patients, healthcare payors and others in the medical community. The degree of market acceptance of any of our approved product candidates will depend on a number of factors, including:

- the efficacy and safety profile as demonstrated in clinical trials compared to alternative treatments;
- the timing of market introduction of the product candidate as well as competitive products;
- the clinical indications for which the product candidate is approved;
- restrictions on the use of our product candidates, such as boxed warnings or contraindications in labeling, or a REMS, if any, which may not be required of alternative treatments and competitor products;
- the potential and perceived advantages of product candidates over alternative treatments;
- the cost of treatment in relation to alternative treatments;
- the availability of coverage and adequate reimbursement, as well as pricing, by third-party payors, including government authorities;
- the availability of the approved product candidate for use as a combination therapy;
- relative convenience and ease of administration;
- the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies;
- the effectiveness of sales and marketing efforts;
- unfavorable publicity relating to our products or product candidates or similar approved products or product candidates in development by third parties; and
- the approval of other new therapies for the same indications.

If any of our product candidates is approved but does not achieve an adequate level of acceptance by physicians, hospitals, healthcare payors and patients, we may not generate or derive sufficient revenue from that product candidate and our financial results could be negatively impacted.

If we experience delays or difficulties in the enrollment and/or maintenance of patients in clinical trials, our clinical development activities could be delayed or otherwise adversely affected.

Patient enrollment is a significant factor in the timing of clinical trials, and the timing of our clinical trials depends, in part, on the speed at which we can recruit patients to participate in our trials, as well as completion of required follow-up periods. We may not be able to initiate or continue clinical trials for our product candidates if we are unable to locate and enroll a sufficient number of eligible patients to participate in these trials to such trial's conclusion as required by the FDA, EMA or other comparable foreign regulatory authorities. Additionally, certain clinical trials for future product candidates may be focused on indications with relatively small patient populations, which may further limit enrollment of eligible patients or may result in slower enrollment than we anticipate. The eligibility criteria of our clinical trials, once established, may further limit the pool of available trial participants.

Patient enrollment may also be affected if our competitors have ongoing clinical trials for product candidates that are under development for the same indications as our product candidates, and patients who

would otherwise be eligible for our clinical trials instead enroll in clinical trials of our competitors' product candidates. Patient enrollment for any of our clinical trials may be affected by other factors, including:

- size and nature of the patient population;
- severity of the disease under investigation;
- availability and efficacy of approved drugs for the disease under investigation;
- patient eligibility criteria for the trial in question as defined in the protocol;
- perceived risks and benefits of the product candidate under study;
- clinicians' and patients' perceptions as to the potential advantages of the product candidate being studied in relation to other available therapies, including any new products that may be approved for the indications we are investigating;
- efforts to facilitate timely enrollment in clinical trials;
- patient referral practices of physicians;
- the ability to monitor patients adequately during and after treatment;
- proximity and availability of clinical trial sites for prospective patients;
- continued enrollment of prospective patients by clinical trial sites; and
- the risk that patients enrolled in clinical trials will drop out of the trials before completion or, because they may be late-stage cancer patients, will not survive the full terms of the clinical trials.

Our inability to enroll a sufficient number of patients for our clinical trials would result in significant delays or may require us to abandon one or more clinical trials altogether. Enrollment delays in our clinical trials may result in increased development costs for our product candidates and jeopardize our ability to obtain marketing approval for the sale of our product candidates. Furthermore, even if we are able to enroll a sufficient number of patients for our clinical trials, we may have difficulty maintaining enrollment of such patients in our clinical trials.

We intend to develop ZN-c5, ZN-c3, ZN-d5, ZN-e4 and potentially other product candidates in combination with other therapies, which exposes us to additional risks.

We intend to develop ZN-c5, Zn-c3, ZN-d5, ZN-e4 and likely other future product candidates in combination with one or more other approved or unapproved therapies to treat cancer or other diseases. For example, we are currently evaluating ZN-c5 in combination with certain approved agents, including palbociclib.

Even if any product candidate we develop were to receive marketing approval or be commercialized for use in combination with other existing therapies, we would continue to be subject to the risks that the FDA, EMA or comparable foreign regulatory authorities outside of the United States could revoke approval of the therapy used in combination with our product or that safety, efficacy, manufacturing or supply issues could arise with any of those existing therapies. If the therapies we use in combination with our product candidates are replaced as the standard of care for the indications we choose for any of our product candidates, the FDA, EMA or comparable foreign regulatory authorities may require us to conduct additional clinical trials. The occurrence of any of these risks could result in our own products, if approved, being removed from the market or being less successful commercially.

We also may choose to evaluate ZN-c5, ZN-c3, ZN-d5, ZN-e4 or any other future product candidates in combination with one or more cancer therapies that have not yet been approved for marketing by the FDA, EMA or comparable foreign regulatory authorities. We will not be able to market and sell ZN-c5, ZN-c3, ZN-d5, ZN-e4 or any product candidate we develop in combination with an unapproved cancer therapy for a

combination indication if that unapproved therapy does not ultimately obtain marketing approval either alone or in combination with our product. In addition, unapproved cancer therapies face the same risks described with respect to our product candidates currently in development and clinical trials, including the potential for serious adverse effects, delay in their clinical trials and lack of FDA approval.

If the FDA, EMA or comparable foreign regulatory authorities do not approve these other drugs or revoke their approval of, or if safety, efficacy, quality, manufacturing or supply issues arise with, the drugs we choose to evaluate in combination with our product candidate we develop, we may be unable to obtain approval of or market such combination therapy.

If the market opportunity for any product candidate that we or our strategic partners develop is smaller than we believe, our revenue may be adversely affected and our business may suffer.

We intend to initially focus our product candidate development on treatments for various oncology indications. Our projections of addressable patient populations that may benefit from treatment with our product candidates are based on our estimates. These estimates, which have been derived from a variety of sources, including scientific literature, surveys of clinics, patient foundations and market research, may prove to be incorrect. Further, new studies may change the estimated incidence or prevalence of these cancers. Additionally, the potentially addressable patient population for our product candidates may not ultimately be amenable to treatment with our product candidates. Our market opportunity may also be limited by future competitor treatments that enter the market. If any of our estimates prove to be inaccurate, the market opportunity for any product candidate that we or our strategic partners develop could be significantly diminished and have an adverse material impact on our business.

We face significant competition, and if our competitors develop and market technologies or products more rapidly than we do or that are more effective, safer or less expensive than the product candidates we develop, our commercial opportunities will be negatively impacted.

The biotechnology and pharmaceutical industries are characterized by rapidly advancing technologies, intense competition and a strong emphasis on proprietary and novel products and product candidates. Our competitors have developed, are developing or may develop products, product candidates and processes competitive with our product candidates. Any product candidates that we successfully develop and commercialize will compete with existing therapies and new therapies that may become available in the future. We believe that a significant number of products are currently under development, and may become commercially available in the future, for the treatment of conditions for which we may attempt to develop product candidates. In addition, our products may need to compete with off-label drugs used by physicians to treat the indications for which we seek approval. This may make it difficult for us to replace existing therapies with our products.

In particular, there is intense competition in the fields of oncology we are pursuing. We have competitors both in the United States and internationally, including major multinational pharmaceutical companies, established biotechnology companies, specialty pharmaceutical companies, emerging and start-up companies, universities and other research institutions. We also compete with these organizations to recruit management, scientists and clinical development personnel, which could negatively affect our level of expertise and our ability to execute our business plan. We will also face competition in establishing clinical trial sites, enrolling subjects for clinical trials and in identifying and in-licensing new product candidates.

We have chosen to initially address well-validated biochemical targets, and therefore expect to face competition from existing products and products in development for each of our product candidates. There are a large number of companies developing or marketing treatments for cancer, including many major pharmaceutical and biotechnology companies. Many of these current and potential competitors have significantly greater financial, manufacturing, marketing, drug development, technical and human resources and commercial expertise

than we do. Large pharmaceutical and biotechnology companies, in particular, have extensive experience in clinical testing, obtaining regulatory approvals, recruiting patients and manufacturing biotechnology products. These companies also have significantly greater research and marketing capabilities than we do and may also have products that have been approved or are in late stages of development, and collaborative arrangements in our target markets with leading companies and research institutions. Established pharmaceutical and biotechnology companies may also invest heavily to accelerate discovery and development of novel compounds or to in-license novel compounds that could make the product candidates that we develop obsolete. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies, as well as in acquiring technologies complementary to, or necessary for, our programs. As a result of all of these factors, our competitors may succeed in obtaining approval from the FDA, EMA or other comparable foreign regulatory authorities or in discovering, developing and commercializing products in our field before we do.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe effects, are more convenient, have a broader label, are marketed more effectively, are reimbursed or are less expensive than any products that we may develop. Our competitors also may obtain marketing approval from the FDA, EMA or other comparable foreign regulatory authorities for their products more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market. Even if the product candidates we develop achieve marketing approval, they may be priced at a significant premium over competitive products if any have been approved by then, resulting in reduced competitiveness. Technological advances or products developed by our competitors may render our technologies or product candidates obsolete, less competitive or not economical. If we are unable to compete effectively, our opportunity to generate revenue from the sale of our products we may develop, if approved, could be adversely affected.

We may expend our limited resources to pursue a particular product candidate or indication and fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success.

Because we have limited financial and managerial resources, we focus on research programs, therapeutic platforms and product candidates that we identify for specific indications. As a result, we may forego or delay pursuit of opportunities with other therapeutic platforms or product candidates or for other indications that later prove to have greater commercial potential or a greater likelihood of success. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs, therapeutic platforms and product candidates for specific indications may not yield any commercially viable products. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights.

Changes in methods of product candidate manufacturing or formulation may result in additional costs or delay.

As product candidates progress through preclinical and clinical trials to marketing approval and commercialization, it is common that various aspects of the development program, such as manufacturing methods and formulation, are altered along the way in an effort to optimize yield and manufacturing batch size, minimize costs and achieve consistent quality and results. Such changes carry the risk that they will not achieve these intended objectives. Any of these changes could cause our product candidates to perform differently and affect the results of planned clinical trials or other future clinical trials conducted with the altered materials. This could delay completion of clinical trials, require the conduct of bridging clinical trials or the repetition of one or more clinical trials, increase clinical trial costs, delay approval of our product candidates and jeopardize our ability to commercialize our product candidates, if approved, and generate revenue.

Our business entails a significant risk of product liability and if we are unable to obtain sufficient insurance coverage such inability could have an adverse effect on our business and financial condition.

Our business exposes us to significant product liability risks inherent in the development, testing, manufacturing and marketing of therapeutic treatments. Product liability claims could delay or prevent completion of our development programs. If we succeed in marketing products, such claims could result in an FDA, EMA or other regulatory authority investigation of the safety and effectiveness of our products, our manufacturing processes and facilities or our marketing programs. FDA, EMA or other regulatory authority investigations could potentially lead to a recall of our products or more serious enforcement action, limitations on the approved indications for which they may be used or suspension or withdrawal of approvals. Regardless of the merits or eventual outcome, liability claims may also result in decreased demand for our products, injury to our reputation, costs to defend the related litigation, a diversion of management's time and our resources and substantial monetary awards to trial participants or patients. We currently have product liability insurance that we believe is appropriate for our stage of development and may need to obtain higher levels prior to marketing any of our product candidates, if approved. Any insurance we have or may obtain may not provide sufficient coverage against potential liabilities. Furthermore, clinical trial and product liability insurance is becoming increasingly expensive. As a result, we may be unable to obtain sufficient insurance at a reasonable cost to protect us against losses caused by product liability claims that could have an adverse effect on our business and financial condition.

Any product candidates we develop may become subject to unfavorable third-party coverage and reimbursement practices, as well as pricing regulations.

The availability and extent of coverage and adequate reimbursement by third-party payors, including government health administration authorities, private health coverage insurers, managed care organizations and other third-party payors is essential for most patients to be able to afford expensive treatments. Sales of any of our product candidates that receive marketing approval will depend substantially, both in the United States and internationally, on the extent to which the costs of our product candidates will be covered and reimbursed by third-party payors. If reimbursement is not available, or is available only to limited levels, we may not be able to successfully commercialize our product candidates. Even if coverage is provided, the approved reimbursement amount may not be high enough to allow us to establish or maintain pricing sufficient to realize an adequate return on our investment. Coverage and reimbursement may impact the demand for, or the price of, any product candidate for which we obtain marketing approval. If coverage and reimbursement are not available or reimbursement is available only to limited levels, we may not successfully commercialize any product candidate for which we obtain marketing approval.

There is significant uncertainty related to third-party payor coverage and reimbursement of newly approved products. In the United States, for example, principal decisions about reimbursement for new products are typically made by the Centers for Medicare & Medicaid Services, or CMS, an agency within the U.S. Department of Health and Human Services, or HHS. CMS decides whether and to what extent a new product will be covered and reimbursed under Medicare, and private third-party payors often follow CMS's decisions regarding coverage and reimbursement to a substantial degree. However, one third-party payor's determination to provide coverage for a product candidate does not assure that other payors will also provide coverage for the product candidate. As a result, the coverage determination process is often time-consuming and costly. This process will require us to provide scientific and clinical support for the use of our products to each third-party payor separately, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance.

Increasingly, third-party payors are requiring that drug companies provide them with predetermined discounts from list prices and are challenging the prices charged for medical products. Further, such payors are increasingly challenging the price, examining the medical necessity and reviewing the cost effectiveness of medical product candidates. There may be especially significant delays in obtaining coverage and reimbursement

for newly approved drugs. Third-party payors may limit coverage to specific product candidates on an approved list, known as a formulary, which might not include all FDA-approved drugs for a particular indication. We may need to conduct expensive pharmaco-economic studies to demonstrate the medical necessity and cost effectiveness of our products. Nonetheless, our product candidates may not be considered medically necessary or cost effective. We cannot be sure that coverage and reimbursement will be available for any product that we commercialize and, if reimbursement is available, what the level of reimbursement will be.

Outside the United States, international operations are generally subject to extensive governmental price controls and other market regulations, and we believe the increasing emphasis on cost containment initiatives in Europe, Canada and other countries has and will continue to put pressure on the pricing and usage of therapeutics such as our product candidates. In many countries, particularly the countries of the European Union, medical product prices are subject to varying price control mechanisms as part of national health systems. In these countries, pricing negotiations with governmental authorities can take considerable time after a product receives marketing approval. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our product candidate to other available therapies. In general, product prices under such systems are substantially lower than in the United States. Other countries allow companies to fix their own prices for products, but monitor and control company profits. Additional foreign price controls or other changes in pricing regulation could restrict the amount that we are able to charge for our product candidates. Accordingly, in markets outside the United States, the reimbursement for our products may be reduced compared with the United States and may be insufficient to generate commercially reasonable revenue and profits.

If we are unable to establish or sustain coverage and adequate reimbursement for any future product candidates from third-party payors, the adoption of those products and sales revenue will be adversely affected, which, in turn, could adversely affect the ability to market or sell those product candidates, if approved. Coverage policies and third-party payor reimbursement rates may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which we receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

Risks Related to Regulatory Approval and Other Legal Compliance Matters

We may be unable to obtain U.S. or foreign regulatory approvals and, as a result, may be unable to commercialize our product candidates.

Our product candidates are subject to extensive governmental regulations relating to, among other things, research, testing, development, manufacturing, safety, efficacy, approval, recordkeeping, reporting, labeling, storage, packaging, advertising and promotion, pricing, marketing and distribution of drugs. Rigorous preclinical testing and clinical trials and an extensive regulatory approval process must be successfully completed in the United States and in many foreign jurisdictions before a new drug can be marketed. Satisfaction of these and other regulatory requirements is costly, time consuming, uncertain and subject to unanticipated delays. We cannot provide any assurance that any product candidate we may develop will progress through required clinical testing and obtain the regulatory approvals necessary for us to begin selling them.

We have not conducted, managed or completed large-scale or pivotal clinical trials nor managed the regulatory approval process with the FDA or any other regulatory authority. The time required to obtain approvals from the FDA and other regulatory authorities is unpredictable, and requires successful completion of extensive clinical trials which typically takes many years, depending upon the type, complexity and novelty of the product candidate. The standards that the FDA and its foreign counterparts use when evaluating clinical trial data can and often changes during drug development, which makes it difficult to predict with any certainty how they will be applied. We may also encounter unexpected delays or increased costs due to new government regulations, including future legislation or administrative action, or changes in FDA policy during the period of drug development, clinical trials and FDA regulatory review.

Any delay or failure in seeking or obtaining required approvals would have a material and adverse effect on our ability to generate revenue from the particular product candidate for which we developing and seeking approval. Furthermore, any regulatory approval to market a drug may be subject to significant limitations on the approved uses or indications for which we may market the drug or the labeling or other restrictions. In addition, the FDA has the authority to require a REMS as part of approving a NDA, or after approval, which may impose further requirements or restrictions on the distribution or use of an approved drug. These requirements or restrictions might include limiting prescribing to certain physicians or medical centers that have undergone specialized training, limiting treatment to patients who meet certain safe-use criteria and requiring treated patients to enroll in a registry. These limitations and restrictions may significantly limit the size of the market for the drug and affect reimbursement by third-party payors.

We are also subject to numerous foreign regulatory requirements governing, among other things, the conduct of clinical trials, manufacturing and marketing authorization, pricing and third-party reimbursement. The foreign regulatory approval process varies among countries, and generally includes all of the risks associated with FDA approval described above as well as risks attributable to the satisfaction of local regulations in foreign jurisdictions. Moreover, the time required to obtain approval may differ from that required to obtain FDA approval.

Our current or future product candidates may cause significant adverse events, toxicities or other undesirable side effects when used alone or in combination with other approved products or investigational new drugs that may result in a safety profile that could inhibit regulatory approval, prevent market acceptance, limit their commercial potential or result in significant negative consequences.

As is the case with pharmaceuticals generally, it is likely that there may be side effects and adverse events associated with our product candidates' use. Results of our clinical trials could reveal a high and unacceptable severity and prevalence of side effects or unexpected characteristics. Undesirable side effects caused by our product candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the FDA or comparable foreign regulatory authorities. The drug-related side effects could affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. Any of these occurrences may harm our business, financial condition and prospects significantly.

If our product candidates are associated with undesirable side effects or have unexpected characteristics in preclinical studies or clinical trials when used alone or in combination with other approved products or investigational new drugs we may need to interrupt, delay or abandon their development or limit development to more narrow uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective. Treatment-related side effects could also affect patient recruitment or the ability of enrolled subjects to complete the trial, or result in potential product liability claims. Any of these occurrences may prevent us from achieving or maintaining market acceptance of the affected product candidate and may harm our business, financial condition and prospects significantly.

Patients in our ongoing and planned clinical trials may in the future suffer significant adverse events or other side effects not observed in our preclinical studies or previous clinical trials. Some of our product candidates, may be used as chronic therapies or be used in pediatric populations, for which safety concerns may be particularly scrutinized by regulatory agencies. In addition, if our product candidates are used in combination with other therapies, our product candidates may exacerbate adverse events associated with the therapy. Patients treated with our product candidates may also be undergoing surgical, radiation and chemotherapy treatments, which can cause side effects or adverse events that are unrelated to our product candidate, but may still impact the success of our clinical trials. The inclusion of critically ill patients in our clinical trials may result in deaths or other adverse medical events due to other therapies or medications that such patients may be using or due to the gravity of such patients' illnesses.

If significant adverse events or other side effects are observed in any of our current or future clinical trials, we may have difficulty recruiting patients to the clinical trials, patients may drop out of our trials, or we may be required to abandon the trials or our development efforts of that product candidate altogether. We, the FDA, EMA, other comparable regulatory authorities or an IRB may suspend clinical trials of a product candidate at any time for various reasons, including a belief that subjects in such trials are being exposed to unacceptable health risks or adverse side effects. Some potential therapeutics developed in the biotechnology industry that initially showed therapeutic promise in early-stage trials have later been found to cause side effects that prevented their further development. Even if the side effects do not preclude the product candidate from obtaining or maintaining marketing approval, undesirable side effects may inhibit market acceptance due to its tolerability versus other therapies. Any of these developments could materially harm our business, financial condition and prospects.

Further, if any of our product candidates obtains marketing approval, toxicities associated with such product candidates and not seen during clinical testing may also develop after such approval and lead to a requirement to conduct additional clinical safety trials, additional contraindications, warnings and precautions being added to the drug label, significant restrictions on the use of the product or the withdrawal of the product from the market. We cannot predict whether our product candidates will cause toxicities in humans that would preclude or lead to the revocation of regulatory approval based on preclinical studies or early-stage clinical trials.

The FDA, EMA and other comparable foreign regulatory authorities may not accept data from trials conducted in locations outside of their jurisdiction.

We may choose to conduct international clinical trials in the future. The acceptance of study data by the FDA, EMA or other comparable foreign regulatory authority from clinical trials conducted outside of their respective jurisdictions may be subject to certain conditions. In cases where data from foreign clinical trials are intended to serve as the basis for marketing approval in the United States, the FDA will generally not approve the application on the basis of foreign data alone unless (1) the data are applicable to the United States population and United States medical practice; (2) the trials are performed by clinical investigators of recognized competence and pursuant to current GCP requirements; and (3) the FDA is able to validate the data through an on-site inspection or other appropriate mean. Additionally, the FDA's clinical trial requirements, including the adequacy of the patient population studied and statistical powering, must be met. In addition, such foreign trials would be subject to the applicable local laws of the foreign jurisdictions where the trials are conducted. There can be no assurance that the FDA, EMA or any applicable foreign regulatory authority will accept data from trials conducted outside of its applicable jurisdiction. If the FDA, EMA or any applicable foreign regulatory authority does not accept such data, it would result in the need for additional trials, which would be costly and time-consuming and delay aspects of our business plan, and which may result in our product candidates not receiving approval for commercialization in the applicable jurisdiction.

Obtaining and maintaining regulatory approval of our product candidates in one jurisdiction does not mean that we will be successful in obtaining regulatory approval of our product candidates in other jurisdictions.

Obtaining and maintaining regulatory approval of our product candidates in one jurisdiction does not guarantee that we will be able to obtain or maintain regulatory approval in any other jurisdiction. For example, even if the FDA or EMA grants marketing approval of a product candidate, comparable regulatory authorities in foreign jurisdictions must also approve the manufacturing, marketing and promotion and reimbursement of the product candidate in those countries. However, a failure or delay in obtaining regulatory approval in one jurisdiction may have a negative effect on the regulatory approval process in others. Approval procedures vary among jurisdictions and can involve requirements and administrative review periods different from those in the United States, including additional preclinical studies or clinical trials as clinical trials conducted in one jurisdiction may not be accepted by regulatory authorities in other jurisdictions. In many jurisdictions outside the United States, a product candidate must be approved for reimbursement before it can be approved for sale in that jurisdiction. In some cases, the price that we intend to charge for our products is also subject to approval.

Obtaining foreign regulatory approvals and establishing and maintaining compliance with foreign regulatory requirements could result in significant delays, difficulties and costs for us and could delay or prevent the introduction of our products in certain countries. If we or any future collaborator fail to comply with the regulatory requirements in international markets or fail to receive applicable marketing approvals, our target market will be reduced and our ability to realize the full market potential of our product candidates will be harmed.

Even if our product candidates receive regulatory approval, they will be subject to significant post-marketing regulatory requirements and oversight.

Any regulatory approvals that we may receive for our product candidates will require the submission of reports to regulatory authorities and surveillance to monitor the safety and efficacy of the product candidate, may contain significant limitations related to use restrictions for specified age groups, warnings, precautions or contraindications, and may include burdensome post-approval study or risk management requirements. For example, the FDA may require a REMS in order to approve our product candidates, which could entail requirements for a medication guide, physician training and communication plans or additional elements to ensure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. In addition, if the FDA or foreign regulatory authorities approve our product candidates, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion, import, export and recordkeeping for our product candidates will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, registration, as well as on-going compliance with cGMPs and GCP for any clinical trials that we conduct post-approval. In addition, manufacturers of drug products and their facilities are subject to continual review and periodic, unannounced inspections by the FDA and other regulatory authorities for compliance with cGMP regulations and standards. If we or a regulatory agency discover previously unknown problems with a product, such as adverse events of unanticipated severity or frequency, or problems with the facilities where the product is manufactured, a regulatory agency may impose restrictions on that product, the manufacturing facility or us, including requiring recall or withdrawal of the product from the market or suspension of manufacturing. In addition, failure to comply with FDA, EMA and other comparable foreign regulatory requirements may subject our company to administrative or judicially imposed sanctions, including:

- delays in or the rejection of product approvals;
- restrictions on our ability to conduct clinical trials, including full or partial clinical holds on ongoing or planned trials;
- restrictions on the products, manufacturers or manufacturing process;
- warning or untitled letters;
- civil and criminal penalties;
- injunctions;
- suspension or withdrawal of regulatory approvals;
- product seizures, detentions or import bans;
- voluntary or mandatory product recalls and publicity requirements;
- total or partial suspension of production; and
- imposition of restrictions on operations, including costly new manufacturing requirements.

The occurrence of any event or penalty described above may inhibit our ability to commercialize our product candidates and generate revenue and could require us to expend significant time and resources in response and could generate negative publicity.

The FDA's and other regulatory authorities' policies may change, and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained, and we may not achieve or sustain profitability.

We also cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative or executive action, either in the United States or abroad. For example, certain policies of the current U.S. administration may impact our business and industry. Namely, the current U.S. administration has taken several executive actions, including the issuance of a number of Executive Orders, that could impose significant burdens on, or otherwise materially delay, the FDA's ability to engage in routine regulatory and oversight activities such as implementing statutes through rulemaking, issuance of guidance, and review and approval of marketing applications. It is difficult to predict how these executive actions, including the Executive Orders, will be implemented, and the extent to which they will impact the FDA's ability to exercise its regulatory authority. If these executive actions impose constraints on FDA's ability to engage in oversight and implementation activities in the normal course, our business may be negatively impacted.

The FDA and other regulatory agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses.

If any of our product candidates are approved and we are found to have improperly promoted off-label uses of those products, we may become subject to significant liability. The FDA and other regulatory agencies strictly regulate the promotional claims that may be made about prescription products, such as our product candidates, if approved. In particular, a product may not be promoted for uses that are not approved by the FDA or such other regulatory agencies as reflected in the product's approved labeling. If we receive marketing approval for a product candidate, physicians may nevertheless prescribe it to their patients in a manner that is inconsistent with the approved label. If we are found to have promoted such off-label uses, we may become subject to significant liability. The U.S. federal government has levied large civil and criminal fines against companies for alleged improper promotion of off-label use and has enjoined several companies from engaging in off-label promotion. The FDA has also requested that companies enter into consent decrees or permanent injunctions under which specified promotional conduct is changed or curtailed. If we cannot successfully manage the promotion of our product candidates, if approved, we could become subject to significant liability, which would materially adversely affect our business and financial condition.

If we are required by the FDA to obtain approval of a companion diagnostic test in connection with approval of any of our product candidates, and we do not obtain or face delays in obtaining FDA approval of a diagnostic device, we will not be able to commercialize such product candidate and our ability to generate revenue will be materially impaired.

If safe and effective use of any of our product candidates depends on an *in vitro* diagnostic that is not otherwise commercially available, then the FDA generally will require approval or clearance of that diagnostic, known as a companion diagnostic, at the same time that the FDA approves our product candidates if at all. According to FDA guidance, if the FDA determines that a companion diagnostic device is essential to the safe and effective use of a novel therapeutic product or indication, the FDA generally will not approve the therapeutic product or new therapeutic product indication if the companion diagnostic is not also approved or cleared for that indication. If a satisfactory companion diagnostic is not commercially available, we may be required to create or obtain one that would be subject to regulatory approval requirements. The process of obtaining or creating such diagnostic is time consuming and costly.

Companion diagnostics are developed in conjunction with clinical programs for the associated product and are subject to regulation as medical devices by the FDA and comparable regulatory authorities, and, to date, the FDA has required premarket approval of all companion diagnostics for cancer therapies. The approval of a

companion diagnostic as part of the therapeutic product's labeling limits the use of the therapeutic product to only those patients who express the specific genetic alteration that the companion diagnostic was developed to detect.

If the FDA, EMA or a comparable regulatory authority requires approval of a companion diagnostic for any of our product candidates, whether before or after it obtains marketing approval, we, and/or future collaborators, may encounter difficulties in developing and obtaining approval for such product candidate. Any delay or failure by us or third-party collaborators to develop or obtain regulatory approval of a companion diagnostic could delay or prevent approval or continued marketing of such product candidate.

We may also experience delays in developing a sustainable, reproducible and scalable manufacturing process for the companion diagnostic or in transferring that process to commercial partners or negotiating insurance reimbursement plans, all of which may prevent us from completing our clinical trials or commercializing our product candidate, if approved, on a timely or profitable basis, if at all.

Inadequate funding for the FDA, the SEC and other government agencies could hinder their ability to hire and retain key leadership and other personnel, prevent new products and services from being developed or commercialized in a timely manner or otherwise prevent those agencies from performing normal business functions on which the operation of our business may rely, which could negatively impact our business.

The ability of the FDA to review and approve new products can be affected by a variety of factors, including government budget and funding levels, ability to hire and retain key personnel and accept the payment of user fees, and statutory, regulatory, and policy changes. Average review times at the agency have fluctuated in recent years as a result. In addition, government funding of the Securities and Exchange Commission, or the SEC, and other government agencies on which our operations may rely, including those that fund research and development activities is subject to the political process, which is inherently fluid and unpredictable.

Disruptions at the FDA and other agencies may also slow the time necessary for new drugs to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. For example, in recent years, including in 2018 and 2019, the U.S. government shut down several times and certain regulatory agencies, such as the FDA and the SEC, had to furlough critical employees and stop critical activities. If a prolonged government shutdown occurs, it could significantly impact the ability of the FDA to timely review and process our regulatory submissions, which could have a material adverse effect on our business. Further, upon completion of this offering and in our operations as a public company, future government shutdowns could impact our ability to access the public markets and obtain necessary capital in order to properly capitalize and continue our operations.

We may attempt to secure approval from the FDA or comparable foreign regulatory authorities through the use of accelerated approval pathways. If we are unable to obtain such approval, we may be required to conduct additional preclinical studies or clinical trials beyond those that we contemplate, which could increase the expense of obtaining, and delay the receipt of, necessary marketing approvals. Even if we receive accelerated approval from the FDA, if our confirmatory trials do not verify clinical benefit, or if we do not comply with rigorous post-marketing requirements, the FDA may seek to withdraw accelerated approval.

We may in the future seek an accelerated approval for our one or more of our product candidates. Under the accelerated approval program, the FDA may grant accelerated approval to a product candidate designed to treat a serious or life-threatening condition that provides meaningful therapeutic benefit over available therapies upon a determination that the product candidate has an effect on a surrogate endpoint or intermediate clinical endpoint that is reasonably likely to predict clinical benefit. The FDA considers a clinical benefit to be a positive therapeutic effect that is clinically meaningful in the context of a given disease, such as irreversible morbidity or mortality. For the purposes of accelerated approval, a surrogate endpoint is a marker, such as a laboratory

measurement, radiographic image, physical sign, or other measure that is thought to predict clinical benefit, but is not itself a measure of clinical benefit. An intermediate clinical endpoint is a clinical endpoint that can be measured earlier than an effect on irreversible morbidity or mortality that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit. The accelerated approval pathway may be used in cases in which the advantage of a new drug over available therapy may not be a direct therapeutic advantage, but is a clinically important improvement from a patient and public health perspective. If granted, accelerated approval is usually contingent on the sponsor's agreement to conduct, in a diligent manner, additional post-approval confirmatory studies to verity and describe the drug's clinical benefit. If such post-approval studies fail to confirm the drug's clinical benefit, the FDA may withdraw its approval of the drug.

Prior to seeking accelerated approval for any of our product candidates, we intend to seek feedback from the FDA and will otherwise evaluate our ability to seek and receive accelerated approval. There can be no assurance that after our evaluation of the feedback and other factors we will decide to pursue or submit an NDA for accelerated approval or any other form of expedited development, review or approval. Similarly, there can be no assurance that after subsequent FDA feedback we will continue to pursue or apply for accelerated approval or any other form of expedited development, review or approval, even if we initially decide to do so. Furthermore, if we decide to submit an application for accelerated approval or receive an expedited regulatory designation (e.g., breakthrough therapy designation) for our product candidates, there can be no assurance that such submission or application will be accepted or that any expedited development, review or approval will be granted on a timely basis, or at all. The FDA or other comparable foreign regulatory authorities could also require us to conduct further studies prior to considering our application or granting approval of any type. A failure to obtain accelerated approval or any other form of expedited development, review or approval for our product candidate would result in a longer time period to commercialization of such product candidate, could increase the cost of development of such product candidate and could harm our competitive position in the marketplace.

We may face difficulties from changes to current regulations and future legislation.

Existing regulatory policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained and we may not achieve or sustain profitability.

For example, in March 2010, the Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010, or collectively the ACA, was passed, which substantially changes the way healthcare is financed by both the government and private insurers, and significantly impacts the U.S. pharmaceutical industry. Some of the provisions of the ACA have yet to be implemented, and there have been judicial and Congressional challenges to certain aspects of the ACA, as well as recent efforts by the Trump administration to repeal or replace certain aspects of the ACA. Since January 2017, President Trump has signed two Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, two bills affecting the implementation of certain taxes under the ACA have passed. On December 22, 2017, President Trump signed into law federal tax legislation commonly referred to as the Tax Cuts and Jobs Act, or the Tax Act, which includes a provision repealing, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate". In addition, the 2020 federal spending package permanently eliminates, effective January 1, 2020, the ACA-mandated "Cadillac" tax on high-cost employer-sponsored health coverage and medical device tax and, effective January 1, 2021, also eliminates the health insurer tax. The Bipartisan Budget Act of 2018, or the BBA, among other things, amended the ACA, effective January 1, 2019, to close the

coverage gap in most Medicare Part D drug plans. In December 2018, CMS published a new final rule permitting further collections and payments to and from certain ACA-qualified health plans and health insurance issuers under the ACA risk adjustment program in response to the outcome of federal district court litigation regarding the method CMS uses to determine this risk adjustment. On December 14, 2018, a Texas U.S. District Court Judge ruled that the ACA is unconstitutional in its entirety because the "individual mandate" was repealed by Congress as part of the Tax Act. Additionally, on December 18, 2019, the U.S. Court of Appeals for the 5th Circuit ruled that the individual mandate was unconstitutional and remanded the case back to the District Court to determine whether the remaining provisions of the ACA are invalid as well. It is unclear how these decisions, future decisions, subsequent appeals, and other efforts to repeal and replace the ACA will impact the ACA and our business.

In addition, other legislative changes have been proposed and adopted in the United States since the ACA was enacted. These changes included aggregate reductions to Medicare payments to providers of 2% per fiscal year, effective April 1, 2013, which, due to subsequent legislative amendments, will stay in effect through 2029 unless additional congressional action is taken. In January 2013, President Obama signed into law the American Taxpayer Relief Act of 2012, which, among other things, reduced Medicare payments to several providers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These new laws may result in additional reductions in Medicare and other healthcare funding, which could have a material adverse effect on customers for our drugs, if approved, and accordingly, our financial operations.

Moreover, there has been heightened governmental scrutiny recently over the manner in which drug manufacturers set prices for their marketed products, which has resulted in several Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products. For example, at the federal level, the Trump administration released a "Blueprint" to lower drug prices and reduce out of pocket costs of drugs that contains additional proposals to increase manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products and reduce the out of pocket costs of drug products paid by consumers. Additionally, the Trump administration's budget proposal for the fiscal year 2020 contains further drug price control measures that could be enacted during the budget process or in future legislation, including, for example, measures to permit Medicare Part D plans to negotiate the price of certain drugs under Medicare Part B, to allow some states to negotiate prices under Medicaid, and to eliminate cost sharing for generic drugs for low-income patients. Although a number of these and other measures may require additional authorization to become effective, Congress and the Trump administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

Further, on May 30, 2018, the Trickett Wendler, Frank Mongiello, Jordan McLinn, and Matthew Beilina Right to Try Act of 2017, or the Right to Try Act, was signed into law. The law, among other things, provides a federal framework for certain patients to access certain investigational new product candidates that have completed a Phase 1 clinical trial and that are undergoing investigation for FDA approval. Under certain circumstances, eligible patients can seek treatment without enrolling in clinical trials and without obtaining FDA permission under the FDA expanded access program. There is no obligation for a drug manufacturer to make its products available to eligible patients as a result of the Right to Try Act.

We expect that the ACA, as well as other healthcare reform measures that may be adopted in the future, may result in more rigorous coverage criteria and in additional downward pressure on the price that we receive for any approved product. Any reduction in reimbursement from Medicare or other government programs may result in a

similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability or commercialize our product candidates.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for biotechnology products. We cannot be sure whether additional legislative changes will be enacted, or whether FDA regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of our product candidates, if any, may be. In addition, increased scrutiny by Congress of the FDA's approval process may significantly delay or prevent marketing approval, as well as subject us to more stringent product labeling and post-marketing testing and other requirements.

Our relationships with healthcare professionals, clinical investigators, CROs and third party payors in connection with our current and future business activities may be subject to federal and state healthcare fraud and abuse laws, false claims laws, transparency laws, government price reporting, and health information privacy and security laws, which could expose us to, among other things, criminal sanctions, civil penalties, contractual damages, exclusion from governmental healthcare programs, reputational harm, administrative burdens and diminished profits and future earnings.

Healthcare providers and third-party payors play a primary role in the recommendation and prescription of any product candidates for which we obtain marketing approval. Our current and future arrangements with healthcare professionals, clinical investigators, CROs, third-party payors and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell and distribute our products for which we obtain marketing approval. Restrictions under applicable federal and state healthcare laws and regulations include the following:

- the federal Anti-Kickback Statute prohibits, among other things, persons and entities from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under a federal healthcare program such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the federal Anti-Kickback Statute or specific intent to violate it in order to have committed a violation. In addition, the government may assert that a claim including items or services resulting from a violation of the U.S. federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act;
- the federal false claims and civil monetary penalties laws, including the civil False Claims Act, which can be enforced by private citizens through civil whistleblower or qui tam actions, prohibit individuals or entities from, among other things, knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government;
- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, prohibits, among other things, executing or attempting to execute a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act and their implementing regulations, also imposes obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information;

- the federal Physician Payments Sunshine Act requires applicable manufacturers of covered drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program, with specific exceptions, to annually report to CMS information regarding payments and other transfers of value to physicians, certain other healthcare providers starting 2022 and teaching hospitals, as well as information regarding ownership and investment interests held by physicians and their immediate family members. The information reported is publicly available on a searchable website, with disclosure required annually; and
- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers.

Some state laws require biotechnology companies to comply with the biotechnology industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government and may require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures. Some state laws require biotechnology companies to report information on the pricing of certain drug products.

State and foreign laws also govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts. For instance, the collection and use of health data in the European Union is governed by the General Data Protection Regulation, or the GDPR, which extends the geographical scope of European Union data protection law to non-European Union entities under certain conditions, tightens existing European Union data protection principles, creates new obligations for companies and new rights for individuals. Failure to comply with the GDPR may result in substantial fines and other administrative penalties. The GDPR may increase our responsibility and liability in relation to personal data that we process and we may be required to put in place additional mechanisms ensuring compliance with the GDPR This may be onerous and if our efforts to comply with GDPR or other applicable European Union laws and regulations are not successful, it could adversely affect our business in the European Union. Moreover, the United Kingdom leaving the EU could also lead to further legislative and regulatory changes. It remains unclear how the United Kingdom data protection laws or regulations will develop in the medium to longer term and how data transfer to the United Kingdom from the EU will be regulated, especially following the United Kingdom's departure from the EU on January 31, 2020 without a deal. However, the United Kingdom has transposed the GDPR into domestic law with the Data Protection Act 2018, which remains in force following the United Kingdom's departure from the EU. In addition, on June 28, 2018, the State of California enacted the California Consumer Privacy Act, or CCPA, which went into effect on January 1, 2020. The CCPA creates individual privacy rights for California consumers and increases the privacy and security obligations of entities handling certain personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. The CCPA may increase our compliance costs and potential liability, and similar laws have been proposed at the federal level and in other states.

Efforts to ensure that our current and future business arrangements with third parties will comply with applicable healthcare laws and regulations will involve on-going substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant penalties, including civil, criminal and administrative penalties, damages, fines, disgorgement, individual imprisonment, exclusion from participation in government funded healthcare programs, such as Medicare and Medicaid, integrity oversight and reporting obligations, contractual damages, reputational harm, diminished profits and future earnings and the curtailment or restructuring of our operations. Defending against any such actions can be costly, time-consuming and may require significant financial and personnel resources. Therefore, even if we are successful in defending against any such actions that may be

brought against us, our business may be impaired. Further, if any of the physicians or other healthcare providers or entities with whom we expect to do business is found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

Our employees, independent contractors, consultants, commercial collaborators, principal investigators, CROs, suppliers and vendors may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

We are exposed to the risk that our employees, independent contractors, consultants, commercial collaborators, principal investigators, CROs, suppliers and vendors may engage in misconduct or other improper activities. Misconduct by these parties could include failures to comply with FDA regulations, provide accurate information to the FDA, comply with federal and state health care fraud and abuse laws and regulations, accurately report financial information or data or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the health care industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Misconduct by these parties could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. It is not always possible to identify and deter misconduct by these parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant penalties, including civil, criminal and administrative penalties, damages, fines, disgorgement, individual imprisonment, exclusion from participation in government funded healthcare programs, such as Medicare and Medicaid, integrity oversight and reporting obligations, contractual damages, reputational harm, diminished profits and future earnings and the curtailment or restructuring of our operations.

If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on our business.

We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Our operations involve the use of hazardous and flammable materials, including chemicals and biological materials. Our operations also produce hazardous waste products. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties.

Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage or disposal of hazardous and flammable materials, including chemicals and biological materials.

In addition, we may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or commercialization efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

Our research and development activities could be affected or delayed as a result of possible restrictions on animal testing.

Certain laws and regulations require us to test our product candidates on animals before initiating clinical trials involving humans. Animal testing activities have been the subject of controversy and adverse publicity. Animal rights groups and other organizations and individuals have attempted to stop animal testing activities by pressing for legislation and regulation in these areas and by disrupting these activities through protests and other means. To the extent the activities of these groups are successful, our research and development activities may be interrupted, delayed or become more expensive.

Our business activities may be subject to the U.S. Foreign Corrupt Practices Act, or the FCPA, and similar anti-bribery and anti-corruption laws of other countries in which we operate, as well as U.S. and certain foreign export controls, trade sanctions, and import laws and regulations. Compliance with these legal requirements could limit our ability to compete in foreign markets and subject us to liability if we violate them.

If we further expand our operations outside of the United States, we must dedicate additional resources to comply with numerous laws and regulations in each jurisdiction in which we plan to operate. Our business activities may be subject to the FCPA and similar anti-bribery or anti-corruption laws, regulations or rules of other countries in which we operate. The FCPA generally prohibits companies and their employees and third party intermediaries from offering, promising, giving or authorizing the provision of anything of value, either directly or indirectly, to a non-U.S. government official in order to influence official action or otherwise obtain or retain business. The FCPA also requires public companies to make and keep books and records that accurately and fairly reflect the transactions of the corporation and to devise and maintain an adequate system of internal accounting controls. Our business is heavily regulated and therefore involves significant interaction with public officials, including officials of non-U.S. governments. Additionally, in many other countries, hospitals owned and operated by the government, and doctors and other hospital employees would be considered foreign officials under the FCPA. Recently the SEC and Department of Justice have increased their FCPA enforcement activities with respect to biotechnology and pharmaceutical companies. There is no certainty that all of our employees, agents or contractors, or those of our affiliates, will comply with all applicable laws and regulations, particularly given the high level of complexity of these laws. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers or our employees, disgorgement, and other sanctions and remedial measures, and prohibitions on the conduct of our business. Any such violations could include prohibitions on our ability to offer our products in one or more countries and could materially damage our reputation, our brand, our international activities, our ability to attract and retain employees and our business, prospects, operating results and financial condition.

In addition, our products may be subject to U.S. and foreign export controls, trade sanctions and import laws and regulations. Governmental regulation of the import or export of our products, or our failure to obtain any required import or export authorization for our products, when applicable, could harm our international sales and adversely affect our revenue. Compliance with applicable regulatory requirements regarding the export of our products may create delays in the introduction of our products in international markets or, in some cases, prevent the export of our products to some countries altogether. Furthermore, U.S. export control laws and economic sanctions prohibit the shipment of certain products and services to countries, governments, and persons targeted by U.S. sanctions. If we fail to comply with export and import regulations and such economic sanctions, penalties could be imposed, including fines and/or denial of certain export privileges. Moreover, any new export or import restrictions, new legislation or shifting approaches in the enforcement or scope of existing regulations, or in the countries, persons, or products targeted by such regulations, could result in decreased use of our products by, or in our decreased ability to export our products to existing or potential customers with international operations. Any decreased use of our products or limitation on our ability to export or sell access to our products would likely adversely affect our business.

Risks Related to Employee Matters, Managing Our Growth and Other Risks Related to Our Business

Our success is highly dependent on our ability to attract and retain highly skilled executive officers and employees.

To succeed, we must recruit, retain, manage and motivate qualified clinical, scientific, technical and management personnel, and we face significant competition for experienced personnel. We are highly dependent on the principal members of our management and scientific and medical staff. If we do not succeed in attracting and retaining qualified personnel, particularly at the management level, it could adversely affect our ability to execute our business plan and harm our operating results. In particular, the loss of one or more of our executive officers could be detrimental to us if we cannot recruit suitable replacements in a timely manner. The competition for qualified personnel in the biotechnology field is intense and as a result, we may be unable to continue to attract and retain qualified personnel necessary for the future success of our business. We could in the future have difficulty attracting experienced personnel to our company and may be required to expend significant financial resources in our employee recruitment and retention efforts.

Many of the other biotechnology companies that we compete against for qualified personnel have greater financial and other resources, different risk profiles and a longer history in the industry than we do. They also may provide more diverse opportunities and better prospects for career advancement. Some of these characteristics may be more appealing to high-quality candidates than what we have to offer. If we are unable to continue to attract and retain high-quality personnel, the rate and success at which we can discover, develop and commercialize our product candidates will be limited and the potential for successfully growing our business will be harmed.

If we are unable to establish sales or marketing capabilities or enter into agreements with third parties to sell or market our product candidates, we may not be able to successfully sell or market our product candidates that obtain regulatory approval.

We currently do not have and have never had a marketing or sales team. In order to commercialize any product candidates, if approved, we must build marketing, sales, distribution, managerial and other non-technical capabilities or make arrangements with third parties to perform these services for each of the territories in which we may have approval to sell or market our product candidates. We may not be successful in accomplishing these required tasks.

Establishing an internal sales or marketing team with technical expertise and supporting distribution capabilities to commercialize our product candidates will be expensive and time-consuming, and will require significant attention of our executive officers to manage. Any failure or delay in the development of our internal sales, marketing and distribution capabilities could adversely impact the commercialization of any of our product candidates that we obtain approval to market, if we do not have arrangements in place with third parties to provide such services on our behalf. Alternatively, if we choose to collaborate, either globally or on a territory-by-territory basis, with third parties that have direct sales forces and established distribution systems, either to augment our own sales force and distribution systems or in lieu of our own sales force and distribution systems, we will be required to negotiate and enter into arrangements with such third parties relating to the proposed collaboration. If we are unable to enter into such arrangements when needed, on acceptable terms, or at all, we may not be able to successfully commercialize any of our product candidates that receive regulatory approval or any such commercialization may experience delays or limitations. If we are unable to successfully commercialize our approved product candidates, either on our own or through collaborations with one or more third parties, our future product revenue will suffer and we may incur significant additional losses.

We have never commercialized a product candidate before and may lack the necessary expertise, personnel and resources to successfully commercialize any products on our own or together with suitable collaborators.

We have never commercialized a product candidate, and we currently have no sales force, marketing or distribution capabilities. To achieve commercial success for the product candidates, which we may license to others, we will rely on the assistance and guidance of those collaborators. For product candidates for which we retain commercialization rights, we will have to develop our own sales, marketing and supply organization or outsource these activities to a third party.

Factors that may affect our ability to commercialize our product candidates on our own include recruiting and retaining adequate numbers of effective sales and marketing personnel, obtaining access to or persuading adequate numbers of physicians to prescribe our product candidates and other unforeseen costs associated with creating an independent sales and marketing organization. Developing a sales and marketing organization will be expensive and time-consuming and could delay the launch of our product candidates. We may not be able to build an effective sales and marketing organization. If we are unable to build our own distribution and marketing capabilities or to find suitable partners for the commercialization of our product candidates, we may not generate revenues from them or be able to reach or sustain profitability.

In order to successfully implement our plans and strategies, we will need to grow the size of our organization, and we may experience difficulties in managing this growth.

As of December 31, 2019, we had 58 full-time employees, including 45 employees engaged in research and development. In order to successfully implement our development and commercialization plans and strategies, and as we transition into operating as a public company, we expect to need additional managerial, operational, sales, marketing, financial and other personnel. Future growth would impose significant added responsibilities on members of management, including:

- identifying, recruiting, integrating, maintaining and motivating additional employees;
- managing our internal development efforts effectively, including the clinical, FDA, EMA and other comparable foreign regulatory agencies' review process for ZN-c5, ZN-c3, ZN-d5 and ZN-e4 and any other future product candidates, while complying with any contractual obligations to contractors and other third parties we may have; and
- improving our operational, financial and management controls, reporting systems and procedures.

Our future financial performance and our ability to successfully develop and, if approved, commercialize, ZN-c5, ZN-c3, ZN-d5 and ZN-e4 and any other future product candidates will depend, in part, on our ability to effectively manage any future growth, and our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to devote a substantial amount of time to managing these growth activities. Furthermore, certain of our employees, including members of our management team, perform services on behalf of Kalyra Pharmaceuticals, Inc., a corporation that is 25% owned by us, pursuant to intercompany service agreements. As a result, such individuals do not allocate all of their time and resources to us and our other subsidiaries which, coupled with the need to manage growth activities, could further limit their ability to devote a sufficient amount of attention to day-to-day activities of our business.

We currently rely, and for the foreseeable future will continue to rely, in substantial part on certain independent organizations, advisors and consultants to provide certain services, including key aspects of clinical development and manufacturing. We cannot assure you that the services of independent organizations, advisors and consultants will continue to be available to us on a timely basis when needed, or that we can find qualified replacements. In addition, if we are unable to effectively manage our outsourced activities or if the quality or accuracy of the services provided by third party service providers is compromised for any reason, our clinical trials may be extended, delayed or terminated, and we may not be able to obtain marketing approval of ZN-c5,

ZN-c3, ZN-d5 and ZN-e4 and any other future product candidates or otherwise advance our business. We cannot assure you that we will be able to manage our existing third party service providers or find other competent outside contractors and consultants on economically reasonable terms, or at all.

If we are not able to effectively expand our organization by hiring new employees and/or engaging additional third party service providers, we may not be able to successfully implement the tasks necessary to further develop and commercialize ZN-c5, ZN-c3, ZN-d5 and ZN-e4 and any other future product candidates and, accordingly, may not achieve our research, development and commercialization goals.

Our internal computer systems, or those of any of our CROs, manufacturers, other contractors, consultants, collaborators or potential future collaborators, may fail or suffer security or data privacy breaches or other unauthorized or improper access to, use of, or destruction of our proprietary or confidential data, employee data, or personal data, which could result in additional costs, loss of revenue, significant liabilities, harm to our brand and material disruption of our operations.

Despite the implementation of security measures, our internal computer systems and those of our current and any future CROs and other contractors, consultants, collaborators and third-party service providers, are vulnerable to damage from computer viruses, cybersecurity threats, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failure. If such an event were to occur and cause interruptions in our operations or result in the unauthorized acquisition of or access to personally identifiable information or individually identifiable health information (violating certain privacy laws such as HIPAA, Health Information Technology for Economic and Clinical Health Act and GDPR), it could result in a material disruption of our drug discovery and development programs and our business operations, whether due to a loss of our trade secrets or other similar disruptions. Some of the federal, state and foreign government requirements include obligations of companies to notify individuals of security breaches involving particular personally identifiable information, which could result from breaches experienced by us or by our vendors, contractors, or organizations with which we have formed strategic relationships. Notifications and follow-up actions related to a security breach could impact our reputation, cause us to incur significant costs, including legal expenses and remediation costs. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the lost data. We also rely on third parties to manufacture our product candidates, and similar events relating to their computer systems could also have a material adverse effect on our business. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data, or inappropriate disclosure of confidential or proprietary information, we could be exposed to litigation and governmental investigations, the further development and commercialization of our product candidates could be delayed, and we could be subject to significant fines or penalties for any noncompliance with certain state, federal and/or international privacy and security laws.

Our insurance policies may not be adequate to compensate us for the potential losses arising from any such disruption, failure or security breach. In addition, such insurance may not be available to us in the future on economically reasonable terms, or at all. Further, our insurance may not cover all claims made against us and could have high deductibles in any event, and defending a suit, regardless of its merit, could be costly and divert management attention.

EU drug marketing and reimbursement regulations may materially affect our ability to market and receive coverage for our products in the European member states.

We intend to seek approval to market our product candidates in both the United States and in selected foreign jurisdictions. If we obtain approval in one or more foreign jurisdictions for our product candidates, we will be subject to rules and regulations in those jurisdictions. In some foreign countries, particularly those in the European Union, the pricing of drugs is subject to governmental control and other market regulations which could put pressure on the pricing and usage of our product candidates. In these countries, pricing negotiations

with governmental authorities can take considerable time after obtaining marketing approval of a product candidate. In addition, market acceptance and sales of our product candidates will depend significantly on the availability of adequate coverage and reimbursement from third-party payors for our product candidates and may be affected by existing and future healthcare reform measures.

Much like the federal Anti-Kickback Statute prohibition in the United States, the provision of benefits or advantages to physicians to induce or encourage the prescription, recommendation, endorsement, purchase, supply, order or use of medicinal products is also prohibited in the European Union. The provision of benefits or advantages to physicians is governed by the national anti-bribery laws of EU Member States, such as the UK Bribery Act 2010. Infringement of these laws could result in substantial fines and imprisonment.

Payments made to physicians in certain EU Member States must be publicly disclosed. Moreover, agreements with physicians often must be the subject of prior notification and approval by the physician's employer, his or her competent professional organization and/or the regulatory authorities of the individual EU Member States. These requirements are provided in the national laws, industry codes or professional codes of conduct, applicable in the EU Member States. Failure to comply with these requirements could result in reputational risk, public reprimands, administrative penalties, fines or imprisonment.

In addition, in most foreign countries, including the European Economic Area, or EEA, the proposed pricing for a drug must be approved before it may be lawfully marketed. The requirements governing drug pricing and reimbursement vary widely from country to country. For example, the European Union provides options for its member states to restrict the range of medicinal products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. Reference pricing used by various EU member states and parallel distribution, or arbitrage between low-priced and high-priced member states, can further reduce prices. A member state may approve a specific price for the medicinal product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market. In some countries, we may be required to conduct a clinical study or other studies that compare the cost-effectiveness of any of our product candidates to other available therapies in order to obtain or maintain reimbursement or pricing approval. There can be no assurance that any country that has price controls or reimbursement limitations for biopharmaceutical products will allow favorable reimbursement and pricing arrangements for any of our products. Historically, products launched in the European Union do not follow price structures of the United States and generally prices tend to be significantly lower. Publication of discounts by third-party payors or authorities may lead to further pressure on the prices or reimbursement levels within the country of publication and other countries. If pricing is set at unsatisfactory levels or if reimbursement of our products is unavailable or limited in scope or amount, our revenues from sales and the potential profitability of any of our product candidates in those countries would be negatively affected.

A portion of our manufacturing of our lead product candidates takes place in China through third-party manufacturers. A significant disruption in the operation of those manufacturers, a trade war or political unrest in China could materially adversely affect our business, financial condition and results of operations.

We currently contract manufacturing operations to third parties, and clinical quantities of our lead product candidates are manufactured by these third parties outside the United States, including in China, and we expect to continue to use such third-party manufacturers for such product candidates. Any disruption in production or inability of our manufacturers in China to produce adequate quantities to meet our needs, whether as a result of a natural disaster or other causes, could impair our ability to operate our business on a day-to-day basis and to continue our development of our product candidates. Furthermore, since these manufacturers are located in China, we are exposed to the possibility of product supply disruption and increased costs in the event of changes in the policies of the United States or Chinese governments, political unrest or unstable economic conditions in China. For example, a trade war could lead to tariffs on the chemical intermediates we use that are manufactured in China. Any of these matters could materially and adversely affect our business and results of operations. Any

recall of the manufacturing lots or similar action regarding our product candidates used in clinical trials could delay the trials or detract from the integrity of the trial data and its potential use in future regulatory filings. In addition, manufacturing interruptions or failure to comply with regulatory requirements by any of these manufacturers could significantly delay clinical development of potential products and reduce third-party or clinical researcher interest and support of proposed trials. These interruptions or failures could also impede commercialization of our product candidates and impair our competitive position. Further, we may be exposed to fluctuations in the value of the local currency in China. Future appreciation of the local currency could increase our costs. In addition, our labor costs could continue to rise as wage rates increase due to increased demand for skilled laborers and the availability of skilled labor declines in China.

Our operations are vulnerable to interruption by fire, severe weather conditions, power loss, telecommunications failure, terrorist activity and other events beyond our control, which could harm our business.

Our facility is located in a region which experiences severe weather from time to time. We have not undertaken a systematic analysis of the potential consequences to our business and financial results from a major tornado, flood, fire, earthquake, power loss, terrorist activity or other disasters and do not have a recovery plan for such disasters. In addition, we do not carry sufficient insurance to compensate us for actual losses from interruption of our business that may occur, and any losses or damages incurred by us could harm our business. The occurrence of any of these business disruptions could seriously harm our operations and financial condition and increase our costs and expenses.

Our ability to utilize our net operating loss carryforwards and certain other tax attributes of our corporate subsidiaries may be limited.

The net operating loss carryforwards, or NOLs, of our corporate subsidiaries could expire unused and be unavailable to offset future income tax liabilities because of their limited duration or because of restrictions under U.S. tax law. NOLs generated in tax years ending on or prior to December 31, 2017 are only permitted to be carried forward for 20 taxable years under applicable U.S. federal tax law. Under the Tax Act, federal NOLs of our corporate subsidiaries generated in tax years ending after December 31, 2017 may be carried forward indefinitely, but the deductibility of federal NOLs generated in tax years beginning after December 31, 2017 is limited. It is uncertain if and to what extent various states will conform to the Tax Act. In addition, a “Separate Return Limitation Year” (“SRLY”) generally encompasses all separate return years of a member (or predecessor in a Section 381 or other transaction), including tax years in which it joins a consolidated return of another group. According to Treasury Regulation Section 1.1502-21, net operating losses of a member that arises in a SRLY may be applied against consolidated taxable income only to the extent of the loss member’s cumulative contribution to the consolidated taxable income. As a result, this SRLY limitation may also increase the tax liability to the Company (by reducing the carryforward of certain net operating losses that otherwise might be used to offset the amount of taxable gain), potentially decreasing the value of our common stock. As of December 31, 2018, our corporate subsidiaries had available net operating loss carryforwards of approximately $44.1 million for federal income tax purposes, of which $23.0 million were generated in 2018 and can be carried forward indefinitely under the Tax Cuts and Jobs Act. The remaining federal net operating losses of $21.1 million, which were generated prior to 2018, will start to expire in 2033 if not utilized.

In addition, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, or the Code, if a corporation undergoes an “ownership change” (generally defined as a cumulative change in our ownership by “5-percent shareholders” that exceeds 50 percentage points over a rolling three-year period), the corporation’s ability to use its pre-change NOLs and certain other pre-change tax attributes to offset its post-change income and taxes may be limited. Similar rules may apply under state tax laws. We may have experienced such ownership changes in the past, and we may experience ownership changes in the future as a result of this offering or subsequent shifts in our stock ownership, some of which are outside our control. We have not conducted any studies to determine annual limitations, if any, that could result from such changes in the ownership. Our ability

to utilize those NOLs could be limited by an "ownership change" as described above and consequently, we may not be able to utilize a material portion of our NOLs and certain other tax attributes, which could have a material adverse effect on our cash flows and results of operations.

A variety of risks associated with marketing our product candidates internationally could materially adversely affect our business.

We plan to seek regulatory approval of our product candidates outside of the United States and, accordingly, we expect that we will be subject to additional risks related to operating in foreign countries if we obtain the necessary approvals, including:

- differing regulatory requirements and reimbursement regimes in foreign countries;
- unexpected changes in tariffs, trade barriers, price and exchange controls and other regulatory requirements;
- economic weakness, including inflation, or political instability in particular foreign economies and markets;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- foreign taxes, including withholding of payroll taxes;
- foreign currency fluctuations, which could result in increased operating expenses and reduced revenue, and other obligations incident to doing business in another country;
- difficulties staffing and managing foreign operations;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- potential liability under the FCPA or comparable foreign regulations;
- challenges enforcing our contractual and intellectual property rights, especially in those foreign countries that do not respect and protect intellectual property rights to the same extent as the United States;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geo-political actions, including war and terrorism.

These and other risks associated with our international operations may materially adversely affect our ability to attain or maintain profitable operations.

Risks Related to Our Intellectual Property

Our success depends on our ability to protect our in-licensed intellectual property and our proprietary technologies.

Our commercial success depends in part on our ability to obtain and maintain patent protection and trade secret protection for our product candidates, proprietary technologies and their uses as well as our and our licensors' ability to operate without infringing the proprietary rights of others. If we or our licensors are unable to protect our intellectual property rights or if our intellectual property rights are inadequate for our technology or our product candidates, our competitive position could be harmed. We and our licensors generally seek to protect our proprietary position by filing patent applications in the United States and abroad related to our product candidates, proprietary technologies and their uses that are important to our business. Our in-licensed patent applications cannot be enforced against third parties practicing the technology claimed in such applications

unless, and until, patents issue from such applications, and then only to the extent the issued claims cover the technology. There can be no assurance that our in-licensed patent applications will result in patents being issued or that issued patents will afford sufficient protection against competitors with similar technology, nor can there be any assurance that the patents if issued will not be infringed, designed around, invalidated or rendered unenforceable by third parties. Even issued patents may later be found invalid or unenforceable or may be modified or revoked in proceedings instituted by third parties before various patent offices or in courts. The degree of future protection for our and our licensors' proprietary rights is uncertain. Only limited protection may be available and may not adequately protect our or our licensors' rights or permit us or our licensors to gain or keep any competitive advantage. These uncertainties and/or limitations in our and our licensors' ability to properly protect the intellectual property rights relating to our product candidates could have a material adverse effect on our financial condition and results of operations.

Although we license issued patents in the United States and foreign countries, we cannot be certain that the claims in our other in-licensed U.S. pending patent applications, corresponding international patent applications and patent applications in certain foreign countries will be considered patentable by the United States Patent and Trademark Office, or USPTO, courts in the United States or by the patent offices and courts in foreign countries, nor can we be certain that the claims in our in-licensed issued patents will not be found invalid or unenforceable if challenged.

The patent application process is subject to numerous risks and uncertainties, and there can be no assurance that we or our licensors or any of our potential future collaborators will be successful in protecting our product candidates by obtaining and defending patents. These risks and uncertainties include the following:

- the USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other provisions during the patent process, the noncompliance with which can result in abandonment or lapse of a patent or patent application, and partial or complete loss of patent rights in the relevant jurisdiction;
- patent applications may not result in any patents being issued;
- patents may be challenged, invalidated, modified, revoked, circumvented, found to be unenforceable or otherwise may not provide any competitive advantage;
- our competitors, many of whom have substantially greater resources than we or our licensors do and many of whom have made significant investments in competing technologies, may seek or may have already obtained patents that will limit, interfere with or block our ability to make, use and sell our product candidates;
- there may be significant pressure on the U.S. government and international governmental bodies to limit the scope of patent protection both inside and outside the United States for disease treatments that prove successful, as a matter of public policy regarding worldwide health concerns; and
- countries other than the United States may have patent laws less favorable to patentees than those upheld by U.S. courts, allowing foreign competitors a better opportunity to create, develop and market competing products.

The patent prosecution process is also expensive and time-consuming, and we or our licensors may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner or in all jurisdictions where protection may be commercially advantageous. It is also possible that we or our licensors may not identify patentable aspects of our research and development output before it is too late to obtain patent protection. Moreover, in some circumstances, we do not have the right to control the preparation, filing and prosecution of patent applications, or to maintain the patents, directed to technology that we license, including those from our licensors and from third parties. We also may require the cooperation of our licensors in order to enforce the licensed patent rights, and such cooperation may not be provided. Therefore, these patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of our

business. We cannot be certain that patent prosecution and maintenance activities by our licensors have been or will be conducted in compliance with applicable laws and regulations, which may affect the validity and enforceability of such patents or any patents that may issue from such applications. If they fail to do so, this could cause us to lose rights in any applicable intellectual property that we in-license, and as a result our ability to develop and commercialize products or product candidates may be adversely affected and we may be unable to prevent competitors from making, using and selling competing products.

In addition, although we enter into non-disclosure and confidentiality agreements with parties who have access to patentable aspects of our research and development output, such as our employees, outside scientific collaborators, CROs, third-party manufacturers, consultants, advisors, licensors, and other third parties, any of these parties may breach such agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to seek patent protection.

If we fail to comply with our obligations in the agreements under which we license intellectual property rights from our licensors and third parties or otherwise experience disruptions to our business relationships with our licensors, we could lose license rights that are important to our business.

We are a party to a number of license agreements under which we are granted rights to intellectual property that are important to our business and we may enter into additional license agreements in the future. For example, in September 2019, we entered into an exclusive license agreement with Recurium IP Holdings, LLC, or Recurium IP, to obtain an exclusive license to certain intellectual property rights to develop and commercialize ZN-e5, ZN-c3 and ZN-c4.

This and our other existing license agreements impose on us, and we expect that any future license agreements where we in-license intellectual property will impose on us, various development, regulatory and/or commercial diligence obligations, payment of milestones and/or royalties and other obligations. If we fail to comply with our obligations under these agreements, or we are subject to bankruptcy-related proceedings, the licensors may have the right to terminate the licenses, in which event we would not be able to market products covered by the licenses.

We may need to obtain licenses from third parties to advance our research or allow commercialization of our product candidates, and we cannot provide any assurances that third-party patents do not exist that might be enforced against our product candidates in the absence of such a license. We may fail to obtain any of these licenses on commercially reasonable terms, if at all. Even if we are able to obtain a license, it may be non-exclusive, thereby giving our competitors access to the same technologies licensed to us. In that event, we may be required to expend significant time and resources to develop or license replacement technology. If we are unable to do so, we may be unable to develop or commercialize the affected product candidates, which could materially harm our business and the third parties owning such intellectual property rights could seek either an injunction prohibiting our sales, or, with respect to our sales, an obligation on our part to pay royalties and/or other forms of compensation. Licensing of intellectual property is of critical importance to our business and involves complex legal, business and scientific issues. Disputes may arise between us and our licensors regarding intellectual property subject to a license agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- whether and the extent to which our technology and processes infringe intellectual property of the licensor that is not subject to the licensing agreement;
- our right to sublicense patents and other rights to third parties;
- our diligence obligations with respect to the use of the licensed technology in relation to our development and commercialization of our product candidates, and what activities satisfy those diligence obligations;
- our right to transfer or assign the license; and

- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and its affiliates and sublicensees and by us and our partners and sublicensees.

If disputes over intellectual property that we have licensed prevent or impair our ability to maintain our current licensing arrangements on acceptable terms, we may not be able to successfully develop and commercialize the affected product candidates, which would have a material adverse effect on our business.

In addition, certain of our agreements may limit or delay our ability to consummate certain transactions, may impact the value of those transactions, or may limit our ability to pursue certain activities. For example, if we choose to sublicense or assign to any third parties our rights under our existing license agreement with Recurium with respect to any licensed product, we may be required to pay to Recurium a specified percentage of all revenue to be received in connection with such transaction.

If the scope of any patent protection our licensors obtain is not sufficiently broad, or if our licensors lose any of the patent protection we license, our ability to prevent our competitors from commercializing similar or identical product candidates would be adversely affected.

The patent position of biopharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years. As a result, the existence, issuance, scope, validity, enforceability and commercial value of our in-licensed patent rights are highly uncertain. Our pending and future in-licensed patent applications may not result in patents being issued that protect our product candidates or that effectively prevent others from commercializing competitive product candidates.

Moreover, the scope of claims in a patent application can be significantly reduced before any claims in a patent is issue, and claim scope can be reinterpreted after issuance. Even if patent applications we license currently or in the future issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. Any patents that we license may be challenged or circumvented by third parties or may be narrowed or invalidated as a result of challenges by third parties. Consequently, we do not know whether our product candidates will be protectable or remain protected by valid and enforceable patents. Our competitors or other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner, which could materially adversely affect our business, financial condition, results of operations and prospects.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our licensed-in patents may not cover our product candidates or may be challenged in the courts or patent offices in the United States and abroad. We may be subject to a third party pre-issuance submission of prior art to the USPTO, or become involved in opposition, derivation, revocation, reexamination, post-grant review, or PGR, and inter partes review, or IPR, or other similar proceedings in the USPTO or foreign patent offices challenging our patent rights. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to validity of our in-licensed patents, for example, we cannot be certain that there is no invalidating prior art, of which we or our licensors and the patent examiner were unaware during prosecution. There is no assurance that all potentially relevant prior art relating to our in-licensed patents and patent applications or those of our licensors has been found. There is also no assurance that there is not prior art of which we or licensors are aware, but which we do not believe affects the validity or enforceability of a claim in our patents and patent applications or those of our licensors, which may, nonetheless, ultimately be found to affect the validity or enforceability of a claim. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate or render unenforceable, our in-licensed patent rights, allow third parties to commercialize our product candidates and compete directly with us, without payment to us. Such loss of in-licensed patent rights, loss of exclusivity or in patent claims being narrowed, invalidated or held unenforceable

could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our product candidates. Such proceedings also may result in substantial cost and require significant time from our scientists and management, even if the eventual outcome is favorable to us. In addition, if the breadth or strength of protection provided by our patents and patent applications is threatened, regardless of the outcome, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates.

The patent protection and patent prosecution for some of our product candidates may be dependent on our licensors and third parties.

We or our licensors may fail to identify patentable aspects of inventions made in the course of development and commercialization activities before it is too late to obtain patent protection on them. Therefore, we may miss potential opportunities to strengthen our patent position. It is possible that defects of form in the preparation or filing of our in-licensed patents or patent applications may exist, or may arise in the future, for example with respect to proper priority claims, inventorship, claim scope, or requests for patent term adjustments. If we or our licensors, whether current or future, fail to establish, maintain or protect such patents and other intellectual property rights, such rights may be reduced or eliminated. If our licensors are not fully cooperative or disagree with us as to the prosecution, maintenance or enforcement of any patent rights, such patent rights could be compromised. If there are material defects in the form, preparation, prosecution, or enforcement of our in-licensed patents or patent applications, such patents may be invalid and/or unenforceable, and such applications may never result in valid, enforceable patents. Any of these outcomes could impair our ability to prevent competition from third parties, which may have an adverse impact on our business.

As a licensee of third parties, we rely on third parties to file and prosecute patent applications and maintain patents and otherwise protect the licensed intellectual property under some of our license agreements. We have not had and do not have primary control over these activities for certain of our patents or patent applications and other intellectual property rights. We cannot be certain that such activities by third parties have been or will be conducted in compliance with applicable laws and regulations or will result in valid and enforceable patents or other intellectual property rights. Pursuant to the terms of the license agreements with some of our licensors, the licensors may have the right to control enforcement of our licensed patents or defense of any claims asserting the invalidity of these patents and even if we are permitted to pursue such enforcement or defense, we will require the cooperation of our licensors. We cannot be certain that our licensors will allocate sufficient resources or prioritize their or our enforcement of such patents or defense of such claims to protect our interests in the licensed patents. Even if we are not a party to these legal actions, an adverse outcome could harm our business because it might prevent us from continuing to license intellectual property that we may need to operate our business. If any of our licensors or any of our future licensors or future collaborators fail to appropriately prosecute and maintain patent protection for patents covering any of our product candidates, our ability to develop and commercialize those product candidates may be adversely affected and we may not be able to prevent competitors from making, using and selling competing products.

In addition, even where we have the right to control patent prosecution of patents and patent applications we have acquired or licensed from third parties, we may still be adversely affected or prejudiced by actions or inactions of our licensors and their counsel that took place prior to us assuming control over patent prosecution.

Our technology acquired or licensed from various third parties, including our licensors, may be subject to retained rights. Our licensors often retain certain rights under their agreements with us, including the right to use the underlying technology for use in fields other than the fields licensed to us or for use in noncommercial academic and research use, to publish general scientific findings from research related to the technology, and to make customary scientific and scholarly disclosures of information relating to the technology. It is difficult to monitor whether our licensors limit their use of the technology to these uses, and we could incur substantial expenses to enforce our rights to our licensed technology in the event of misuse.

If we are limited in our ability to utilize acquired or licensed technologies, or if we lose our rights to critical in-licensed technology, we may be unable to successfully develop, out-license, market and sell our products, which could prevent or delay new product introductions. Our business strategy depends on the successful development of licensed and acquired technologies into commercial products. Therefore, any limitations on our ability to utilize these technologies may impair our ability to develop, out-license or market and sell our product candidate.

Some of our intellectual property has been discovered through government-funded programs and thus may be subject to federal regulations such as "march-in" rights, certain reporting requirements and a preference for U.S.-based companies. Compliance with such regulations may limit our exclusive rights, and limit our ability to contract with non-U.S. manufacturers.

Some of the intellectual property rights we have acquired or licensed or may acquire or license in the future may have been generated through the use of U.S. government funding and may therefore be subject to certain federal regulations. These U.S. government rights include a non-exclusive, non-transferable, irrevocable worldwide license to use inventions for any governmental purpose. In addition, the U.S. government has the right, under certain limited circumstances, to require us to grant exclusive, partially exclusive, or non-exclusive licenses to any of these inventions to a third party if it determines that: (i) adequate steps have not been taken to commercialize the invention; (ii) government action is necessary to meet public health or safety needs; or (iii) government action is necessary to meet requirements for public use under federal regulations (also referred to as "march-in rights"). The U.S. government also has the right to take title to these inventions if the grant recipient fails to disclose the invention to the government or fails to file an application to register the intellectual property within specified time limits. Intellectual property generated under a government funded program is also subject to certain reporting requirements, compliance with which may require us to expend substantial resources. In addition, the U.S. government requires that any products embodying any of these inventions or produced through the use of any of these inventions be manufactured substantially in the United States. This preference for U.S. industry may be waived by the federal agency that provided the funding if the owner or assignee of the intellectual property can show that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible. This preference for U.S. industry may limit our ability to contract with non-U.S. product manufacturers for products covered by such intellectual property. To the extent any of our future intellectual property is also generated through the use of U.S. government funding, the provisions of the Bayh-Dole Act may similarly apply.

Intellectual property rights do not necessarily address all potential threats to our competitive advantage.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and may not adequately protect our business or permit us to maintain our competitive advantage. For example:

- others may be able to develop products that are similar to our product candidates but that are not covered by the claims of the patents that we own or license;
- we or our licensors might not have been the first to make the inventions covered by the issued patents or patent application that we own or license;
- we or our licensors might not have been the first to file patent applications covering certain of our inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights;
- it is possible that our licensors' pending patent applications will not lead to issued patents;
- issued patents that we own or license may be held invalid or unenforceable, as a result of legal challenges by our competitors;

- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- we may not develop additional proprietary technologies that are patentable; and
- the patents of others may have an adverse effect on our business.

Should any of these events occur, it could significantly harm our business, results of operations and prospects.

Our commercial success depends significantly on our ability to operate without infringing the patents and other proprietary rights of third parties. Claims by third parties that we infringe their proprietary rights may result in liability for damages or prevent or delay our developmental and commercialization efforts.

Our commercial success depends in part on avoiding infringement of the patents and proprietary rights of third parties. However, our research, development and commercialization activities may be subject to claims that we infringe or otherwise violate patents or other intellectual property rights owned or controlled by third parties. Other entities may have or obtain patents or proprietary rights that could limit our ability to make, use, sell, offer for sale or import our product candidates and products that may be approved in the future, or impair our competitive position. There is a substantial amount of litigation, both within and outside the United States, involving patent and other intellectual property rights in the biopharmaceutical industry, including patent infringement lawsuits, oppositions, reexaminations, IPR proceedings and PGR proceedings before the USPTO and/or foreign patent offices. Numerous third-party U.S. and foreign issued patents and pending patent applications exist in the fields in which we are developing product candidates. There may be third-party patents or patent applications with claims to materials, formulations, methods of manufacture or methods for treatment related to the use or manufacture of our product candidates.

As the biopharmaceutical industry expands and more patents are issued, the risk increases that our product candidates may be subject to claims of infringement of the patent rights of third parties. Because patent applications are maintained as confidential for a certain period of time, until the relevant application is published we may be unaware of third-party patents that may be infringed by commercialization of any of our product candidates, and we cannot be certain that we were the first to file a patent application related to a product candidate or technology. Moreover, because patent applications can take many years to issue, there may be currently pending patent applications that may later result in issued patents that our product candidates may infringe. In addition, identification of third-party patent rights that may be relevant to our technology is difficult because patent searching is imperfect due to differences in terminology among patents, incomplete databases and the difficulty in assessing the meaning of patent claims. In addition, third parties may obtain patents in the future and claim that use of our technologies infringes upon these patents. Any claims of patent infringement asserted by third parties would be time consuming and could:

- result in costly litigation that may cause negative publicity;
- divert the time and attention of our technical personnel and management;
- cause development delays;
- prevent us from commercializing any of our product candidates until the asserted patent expires or is held finally invalid or unenforceable or not infringed in a court of law;
- require us to develop non-infringing technology, which may not be possible on a cost-effective basis;
- subject us to significant liability to third parties; or
- require us to enter into royalty or licensing agreements, which may not be available on commercially reasonable terms, or at all, or which might be non-exclusive, which could result in our competitors gaining access to the same technology.

Although no third party has asserted a claim of patent infringement against us as of the date of this prospectus, others may hold proprietary rights that could prevent our product candidates from being marketed. Any patent-related legal action against us claiming damages and seeking to enjoin activities relating to our product candidates or processes could subject us to potential liability for damages, including treble damages if we were determined to willfully infringe, and require us to obtain a license to manufacture or develop our product candidates. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of management and employee resources from our business. We cannot predict whether we would prevail in any such actions or that any license required under any of these patents would be made available on commercially acceptable terms, if at all. Moreover, even if we or our future strategic partners were able to obtain a license, the rights may be nonexclusive, which could result in our competitors gaining access to the same intellectual property. In addition, we cannot be certain that we could redesign our product candidates or processes to avoid infringement, if necessary. Accordingly, an adverse determination in a judicial or administrative proceeding, or the failure to obtain necessary licenses, could prevent us from developing and commercializing our product candidates, which could harm our business, financial condition and operating results.

Parties making claims against us may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation or administrative proceedings, there is a risk that some of our confidential information could be compromised by disclosure. In addition, any uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on our ability to raise additional funds or otherwise have a material adverse effect on our business, results of operations, financial condition and prospects.

We may be involved in lawsuits to protect or enforce our patents or the patents of our licensors, which could be expensive, time-consuming and unsuccessful. Further, our in-licensed issued patents could be found invalid or unenforceable if challenged in court.

Competitors may infringe our intellectual property rights or those of our licensors. To prevent infringement or unauthorized use, we and/or our licensors may be required to file infringement claims, which can be expensive and time-consuming. Further, our licensors may need to file infringement claims, and our licensor may elect not file such claims. In addition, in a patent infringement proceeding, a court may decide that a patent we own or license is not valid, is unenforceable and/or is not infringed. If we or any of our licensors or potential future collaborators were to initiate legal proceedings against a third party to enforce a patent directed at one of our product candidates, the defendant could counterclaim that our patent is invalid and/or unenforceable in whole or in part. In patent litigation, defendant counterclaims alleging invalidity and/or unenforceability are commonplace. Grounds for a validity challenge include an alleged failure to meet any of several statutory requirements, including lack of novelty or written description, obviousness or non-enablement. Grounds for an unenforceability assertion could include an allegation that someone connected with prosecution of the patent intentionally withheld material information from the USPTO or made a misleading statement during prosecution.

If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on such product candidate. In addition, if the breadth or strength of protection provided by our patents and patent applications or those of our licensors is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates. Such a loss of patent protection would have a material adverse impact on our business.

Even if resolved in our favor, litigation or other legal proceedings relating to our intellectual property rights may cause us to incur significant expenses, and could distract our technical and management personnel from their normal responsibilities. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. We may not have sufficient financial or other resources to conduct such litigation or proceedings adequately.

Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could compromise our ability to compete in the marketplace.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation or other legal proceedings relating to our intellectual property rights, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation or other proceedings.

Intellectual property litigation may lead to unfavorable publicity that harms our reputation and causes the market price of our common shares to decline.

During the course of any intellectual property litigation, there could be public announcements of the initiation of the litigation as well as results of hearings, rulings on motions, and other interim proceedings in the litigation. If securities analysts or investors regard these announcements as negative, the perceived value of our existing products, programs or intellectual property could be diminished. Accordingly, the market price of shares of our common stock may decline. Such announcements could also harm our reputation or the market for our future products, which could have a material adverse effect on our business.

Derivation or interference proceedings may be necessary to determine priority of inventions, and an unfavorable outcome may require us to cease using the related technology or to attempt to license rights from the prevailing party.

Derivation or interference proceedings provoked by third parties or brought by us or our licensors, or declared by the USPTO or similar proceedings in foreign patent offices may be necessary to determine the priority of inventions with respect to our or our licensors' patents or patent applications. An unfavorable outcome could require us to cease using the related technology or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us a license on commercially reasonable terms. Our or our licensors' defense of such proceedings may fail and, even if successful, may result in substantial costs and distract our management and other employees. In addition, the uncertainties associated with such proceedings could have a material adverse effect on our ability to raise the funds necessary to continue our clinical trials, continue our research programs, license necessary technology from third parties or enter into development or manufacturing partnerships that would help us bring our product candidates to market.

Patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents.

In September 2011, the Leahy-Smith America Invents Act, or Leahy-Smith Act, was signed into law. The Leahy-Smith Act includes a number of significant changes to U.S. patent law. These include provisions that affect the way patent applications will be prosecuted and may also affect patent litigation. In particular, under the Leahy-Smith Act, the United States transitioned in March 2013 to a "first inventor to file" system in which, assuming that other requirements of patentability are met, the first inventor to file a patent application will be entitled to the patent regardless of whether a third party was first to invent the claimed invention. A third party that files a patent application in the USPTO after March 2013 but before us could therefore be awarded a patent covering an invention of ours even if we had made the invention before it was made by such third party. This will require us to be cognizant going forward of the time from invention to filing of a patent application. Furthermore, our ability to obtain and maintain valid and enforceable patents depends on whether the differences between our technology and the prior art allow our technology to be patentable over the prior art. Since patent applications in the United States and most other countries are confidential for a period of time after filing or until issuance, we cannot be certain that we were the first to either (1) file any patent application related to our product candidates or (2) invent any of the inventions claimed in our patents or patent applications.

The Leahy-Smith Act also includes a number of significant changes that affect the way patent applications will be prosecuted and also may affect patent litigation. These include allowing third-party submission of prior art to the USPTO during patent prosecution and additional procedures to attack the validity of a patent by USPTO administered post-grant proceedings, including PGR, IPR, and derivation proceedings. An adverse determination in any such submission or proceeding could reduce the scope or enforceability of, or invalidate, our patent rights, which could adversely affect our competitive position.

Because of a lower evidentiary standard in USPTO proceedings compared to the evidentiary standard in United States federal courts necessary to invalidate a patent claim, a third party could potentially provide evidence in a USPTO proceeding sufficient for the USPTO to hold a claim invalid even though the same evidence would be insufficient to invalidate the claim if first presented in a district court action. Accordingly, a third party may attempt to use the USPTO procedures to invalidate our patent claims that would not have been invalidated if first challenged by the third party as a defendant in a district court action. Thus, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our or licensors' patent applications and the enforcement or defense of our issued patents, all of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Changes in U.S. patent law, or laws in other countries, could diminish the value of patents in general, thereby impairing our ability to protect our product candidates.

As is the case with other biopharmaceutical companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involve a high degree of technological and legal complexity. Therefore, obtaining and enforcing biopharmaceutical patents is costly, time-consuming and inherently uncertain. Changes in either the patent laws or in the interpretations of patent laws in the United States and other countries may diminish the value of our intellectual property and may increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents. We cannot predict the breadth of claims that may be allowed or enforced in our patents or in third-party patents. In addition, Congress or other foreign legislative bodies may pass patent reform legislation that is unfavorable to us.

For example, the U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our or our licensors' ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on decisions by the U.S. Congress, the U.S. federal courts, the USPTO, or similar authorities in foreign jurisdictions, the laws and regulations governing patents could change in unpredictable ways that would weaken our or our licensors' ability to obtain new patents or to enforce our existing patents and patents we might obtain in the future.

We or our licensors may be subject to claims challenging the inventorship or ownership of our or our in-licensed patents and other intellectual property.

We may also be subject to claims that former employees or other third parties have an ownership interest in our in-licensed patents or other intellectual property. Litigation may be necessary to defend against these and other claims challenging inventorship or ownership. If we or our licensors fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Such an outcome could have a material adverse effect on our business. Even if we or our licensors are successful in defending against such claims, litigation could result in substantial costs and distraction to management and other employees.

Patent terms may be inadequate to protect our competitive position on our product candidates for an adequate amount of time.

Patents have a limited lifespan. In the United States, if all maintenance fees are timely paid, the natural expiration of a patent is generally 20 years from its earliest U.S. non-provisional filing date. Various extensions

may be available, but the term of a patent, and the protection it affords, is limited. Even if patents directed to our product candidates are obtained, once the patent term has expired, we may be open to competition from competitive products. Given the amount of time required for the development, testing and regulatory review of product candidates, patents directed to our product candidates might expire before or shortly after such candidates are commercialized. As a result, our patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

If we or our licensors do not obtain patent term extension for our product candidates, our business may be materially harmed.

Depending upon the timing, duration and specifics of FDA marketing approval of our product candidates, one or more of our U.S. patents may be eligible for limited patent term restoration under the Drug Price Competition and Patent Term Restoration Act of 1984, or the Hatch-Waxman Amendments. The Hatch- Waxman Amendments permit a patent restoration term of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. A maximum of one patent may be extended per FDA-approved product as compensation for the patent term lost during the FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval and only those claims covering such approved drug product, a method for using it or a method for manufacturing it may be extended. Patent term extension may also be available in certain foreign countries upon regulatory approval of our product candidates. However, we or our licensors may not be granted an extension because of, for example, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents or otherwise failing to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. If we or our licensors are unable to obtain patent term extension or restoration or the term of any such extension is less than we request, our competitors may obtain approval of competing products following our patent expiration, and our revenue could be reduced, possibly materially. Further, if this occurs, our competitors may take advantage of our investment in development and trials by referencing our clinical and preclinical data and launch their product earlier than might otherwise be the case.

We may not be able to protect our intellectual property rights throughout the world.

Although we have in-licensed issued patents and pending patent applications in the United States and certain other countries, filing, prosecuting and defending patents in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States can be less extensive than those in the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States. Consequently, we may not be able to prevent third parties from practicing our in-licensed inventions in all countries outside the United States or from selling or importing products made using our in-licensed inventions in and into the United States or other jurisdictions. Competitors may use our in-licensed technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we or our licensors have patent protection but enforcement is not as strong as that in the United States. These products may compete with our product candidates, and our or our licensors patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of many foreign countries do not favor the enforcement of patents and other intellectual property protection, which could make it difficult for us to stop the infringement of our or our licensors' patents or marketing of competing products in violation of our proprietary rights. Proceedings to enforce our or our licensors' patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our or our licensors' patents at risk of being invalidated or interpreted narrowly and our or our licensors' patent applications at risk of not

issuing and could provoke third parties to assert claims against us. We or our licensors may not prevail in any lawsuits that we or our licensors initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our or our licensors' efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Many countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we or our licensors are forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired, and our business, financial condition, results of operations and prospects may be adversely affected.

Obtaining and maintaining our patent protection depends on compliance with various procedural, documentary, fee payment and other requirements imposed by regulations and governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance fees, renewal fees, annuity fees and various other governmental fees on patents and/or applications will be due to the USPTO and various foreign patent offices at various points over the lifetime of our patents and/or applications. We have systems in place to remind us to pay these fees, and we rely on third parties to pay these fees when due. Additionally, the USPTO and various foreign patent offices require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. We employ reputable law firms and other professionals to help us comply, and in many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with rules applicable to the particular jurisdiction. However, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. If such an event were to occur, it could have a material adverse effect on our business.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

In addition, we rely on the protection of our trade secrets, including unpatented know-how, technology and other proprietary information to maintain our competitive position. Although we have taken steps to protect our trade secrets and unpatented know-how, including entering into confidentiality agreements with third parties, and confidential information and inventions agreements with employees, consultants, licensors and advisors, we cannot provide any assurances that all such agreements have been duly executed, and any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts inside and outside the United States are less willing or unwilling to protect trade secrets.

Moreover, third parties may still obtain this information or may come upon this or similar information independently, and we would have no right to prevent them from using that technology or information to compete with us. If any of these events occurs or if we otherwise lose protection for our trade secrets, the value of this information may be greatly reduced and our competitive position would be harmed. If we or our licensors do not apply for patent protection prior to such publication or if we cannot otherwise maintain the confidentiality of our proprietary technology and other confidential information, then our ability to obtain patent protection or to protect our trade secret information may be jeopardized.

We may be subject to claims that we have wrongfully hired an employee from a competitor or that we or our employees have wrongfully used or disclosed alleged confidential information or trade secrets of their former employers.

As is common in the biopharmaceutical industry, in addition to our employees, we engage the services of consultants to assist us in the development of our product candidates. Many of these consultants, and many of our employees, were previously employed at, or may have previously provided or may be currently providing consulting services to, other biopharmaceutical companies including our competitors or potential competitors. We may become subject to claims that we, our employees or a consultant inadvertently or otherwise used or disclosed trade secrets or other information proprietary to their former employers or their former or current clients. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel, which could adversely affect our business. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to our management team and other employees.

Risks Related to Our Dependence on Third Parties

We rely, and expect to continue to rely, on third parties, including independent clinical investigators and CROs, to conduct certain aspects of our preclinical studies and clinical trials. If these third parties do not successfully carry out their contractual duties, comply with applicable regulatory requirements or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our product candidates and our business could be substantially harmed.

We have relied upon and plan to continue to rely upon third parties, including independent clinical investigators and third-party CROs, to conduct certain aspects of our preclinical studies and clinical trials and to monitor and manage data for our ongoing preclinical and clinical programs. We rely on these parties for execution of our preclinical studies and clinical trials, and control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies and trials is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards, and our reliance on these third parties does not relieve us of our regulatory responsibilities. We and our third-party contractors and CROs are required to comply with GCP requirements, which are regulations and guidelines enforced by the FDA and comparable foreign regulatory authorities for all of our products candidates in clinical development. Regulatory authorities enforce these GCPs through periodic inspections of trial sponsors, principal investigators and trial sites. If we or any of these third parties or our CROs fail to comply with applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that upon inspection by a given regulatory authority, such regulatory authority will determine that any of our clinical trials comply with GCP regulations. In addition, our clinical trials must be conducted with product produced under cGMP regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process. Moreover, our business may be adversely affected if any of these third parties violates federal or state fraud and abuse or false claims laws and regulations or healthcare privacy and security laws.

Further, these investigators and CROs are not our employees and we will not be able to control, other than by contract, the amount of resources, including time, which they devote to our product candidates and clinical trials. These third parties may also have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical trials or other product development activities, which could affect their performance on our behalf. If independent investigators or CROs fail to devote sufficient resources to the development of our product candidates, or if CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines, if they need to be replaced or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical protocols, regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to obtain regulatory approval for or successfully commercialize our product candidates. As a result, our results of operations and the commercial prospects for our product candidates would be harmed, our costs could increase and our ability to generate revenues could be delayed or precluded entirely.

Our CROs have the right to terminate their agreements with us in the event of an uncured material breach. In addition, some of our CROs have an ability to terminate their respective agreements with us if it can be reasonably demonstrated that the safety of the subjects participating in our clinical trials warrants such termination, if we make a general assignment for the benefit of our creditors or if we are liquidated.

If any of our relationships with these third-party CROs terminate, we may not be able to enter into arrangements with alternative CROs or to do so on commercially reasonable terms. Switching or adding additional CROs involves additional cost and requires management time and focus. In addition, there is a natural transition period when a new CRO commences work. As a result, delays occur, which can materially impact our ability to meet our desired clinical development timelines. Additionally, CROs may lack the capacity to absorb higher workloads or take on additional capacity to support our needs. Though we carefully manage our relationships with our CROs, there can be no assurance that we will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse impact on our business, financial condition and prospects.

We contract with third parties for the manufacture of our product candidates for preclinical studies and our ongoing clinical trials, and expect to continue to do so for additional clinical trials and ultimately for commercialization. This reliance on third parties increases the risk that we will not have sufficient quantities of our product candidates or drugs or such quantities at an acceptable cost, which could delay, prevent or impair our development or commercialization efforts.

We do not currently have the infrastructure or internal capability to manufacture supplies of our product candidates for use in development and commercialization. We rely, and expect to continue to rely, on third-party manufacturers for the production of our product candidates for preclinical studies and clinical trials under the guidance of members of our organization. We do not have long-term supply agreements. Furthermore, the raw materials for our product candidates are sourced, in some cases, from a single-source supplier. If we were to experience an unexpected loss of supply of any of our product candidates or any of our future product candidates for any reason, whether as a result of manufacturing, supply or storage issues or otherwise, we could experience delays, disruptions, suspensions or terminations of, or be required to restart or repeat, any pending or ongoing clinical trials.

We expect to continue to rely on third-party manufacturers for the commercial supply of any of our product candidates for which we obtain marketing approval. We may be unable to maintain or establish required agreements with third-party manufacturers or to do so on acceptable terms. Even if we are able to establish agreements with third-party manufacturers, reliance on third-party manufacturers entails additional risks, including:

- the failure of the third party to manufacture our product candidates according to our schedule, or at all, including if our third-party contractors give greater priority to the supply of other products over our product candidates or otherwise do not satisfactorily perform according to the terms of the agreements between us and them;
- the reduction or termination of production or deliveries by suppliers, or the raising of prices or renegotiation of terms;
- the termination or nonrenewal of arrangements or agreements by our third-party contractors at a time that is costly or inconvenient for us;
- the breach by the third-party contractors of our agreements with them;
- the failure of third-party contractors to comply with applicable regulatory requirements;
- the failure of the third party to manufacture our product candidates according to our specifications;
- the mislabeling of clinical supplies, potentially resulting in the wrong dose amounts being supplied or active drug or placebo not being properly identified;

- clinical supplies not being delivered to clinical sites on time, leading to clinical trial interruptions, or of drug supplies not being distributed to commercial vendors in a timely manner, resulting in lost sales; and
- the misappropriation of our proprietary information, including our trade secrets and know-how.

We do not have complete control over all aspects of the manufacturing process of, and are dependent on, our contract manufacturing partners for compliance with cGMP regulations for manufacturing both active drug substances and finished drug products. Third-party manufacturers may not be able to comply with cGMP regulations or similar regulatory requirements outside of the United States. If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA, EMA or others, they will not be able to secure and/or maintain marketing approval for their manufacturing facilities. In addition, we do not have control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the FDA, EMA or a comparable foreign regulatory authority does not approve these facilities for the manufacture of our product candidates or if it withdraws any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain marketing approval for or market our product candidates, if approved. Our failure, or the failure of our third-party manufacturers, to comply with applicable regulations could result in sanctions being imposed on us, including fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of product candidates or drugs, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of our product candidates or drugs and harm our business and results of operations.

Our current and anticipated future dependence upon others for the manufacture of our product candidates or drugs may adversely affect our future profit margins and our ability to commercialize any product candidates that receive marketing approval on a timely and competitive basis.

The manufacture of drugs is complex and our third-party manufacturers may encounter difficulties in production. If any of our third-party manufacturers encounter such difficulties, our ability to provide adequate supply of our product candidates for clinical trials or our products for patients, if approved, could be delayed or prevented.

Manufacturing drugs, especially in large quantities, is complex and may require the use of innovative technologies. Each lot of an approved drug product must undergo thorough testing for identity, strength, quality, purity and potency. Manufacturing drugs requires facilities specifically designed for and validated for this purpose, and sophisticated quality assurance and quality control procedures are necessary. Slight deviations anywhere in the manufacturing process, including filling, labeling, packaging, storage and shipping and quality control and testing, may result in lot failures, product recalls or spoilage. When changes are made to the manufacturing process, we may be required to provide preclinical and clinical data showing the comparable identity, strength, quality, purity or potency of the products before and after such changes. If microbial, viral or other contaminations are discovered at the facilities of our manufacturer, such facilities may need to be closed for an extended period of time to investigate and remedy the contamination, which could delay clinical trials and adversely harm our business. The use of biologically derived ingredients can also lead to allegations of harm, including infections or allergic reactions, or closure of product facilities due to possible contamination. If our manufacturers are unable to produce sufficient quantities for clinical trials or for commercialization as a result of these challenges, or otherwise, our development and commercialization efforts would be impaired, which would have an adverse effect on our business, financial condition, results of operations and growth prospects.

If we engage in future acquisitions or strategic partnerships, this may increase our capital requirements, dilute our stockholders, cause us to incur debt or assume contingent liabilities, and subject us to other risks.

From time to time, we may evaluate various acquisition opportunities and strategic partnerships, including licensing or acquiring complementary products, intellectual property rights, technologies or businesses. Any potential acquisition or strategic partnership may entail numerous risks, including:

- increased operating expenses and cash requirements;
- the assumption of additional indebtedness or contingent liabilities;
- the issuance of our equity securities;
- assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management's attention from our existing programs and initiatives in pursuing such a strategic merger or acquisition;
- retention of key employees, the loss of key personnel and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products or product candidates and marketing approvals; and
- our inability to generate revenue from acquired technology and/or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs.

In addition, if we undertake acquisitions or pursue partnerships in the future, we may issue dilutive securities, assume or incur debt obligations, incur large one-time expenses and acquire intangible assets that could result in significant future amortization expense. Moreover, we may not be able to locate suitable acquisition opportunities, and this inability could impair our ability to grow or obtain access to technology or products that may be important to the development of our business.

If we decide to establish collaborations in the future, but are not able to establish those collaborations on commercially reasonable terms, we may have to alter our development and commercialization plans.

Our drug development programs and the potential commercialization of our product candidates will require substantial additional cash to fund expenses. We may continue to seek to selectively form collaborations to expand our capabilities, potentially accelerate research and development activities and provide for commercialization activities by third parties. Any of these relationships may require us to incur non-recurring and other charges, increase our near and long-term expenditures, issue securities that dilute our existing stockholders, or disrupt our management and business.

We would face significant competition in seeking appropriate collaborators and the negotiation process is time-consuming and complex. Whether we reach a definitive agreement for a collaboration will depend, among other things, upon our assessment of the collaborator's resources and expertise, the terms and conditions of the proposed collaboration and the proposed collaborator's evaluation of a number of factors. Those factors may include the design or results of clinical trials, the likelihood of approval by the FDA, EMA or comparable foreign regulatory authorities, the potential market for the subject product candidate, the costs and complexities of manufacturing and delivering such product candidate to patients, the potential of competing drugs, the existence of uncertainty with respect to our ownership of intellectual property and industry and market conditions generally. The potential collaborator may also consider alternative product candidates or technologies for similar indications that may be available to collaborate on and whether such collaboration could be more attractive than

the one with us for our product candidate. Further, we may not be successful in our efforts to establish a collaboration or other alternative arrangements for future product candidates because they may be deemed to be at too early of a stage of development for collaborative effort and third parties may not view them as having the requisite potential to demonstrate safety and efficacy.

In addition, there have been a significant number of recent business combinations among large pharmaceutical companies that have resulted in a reduced number of potential future collaborators. Even if we are successful in entering into a collaboration, the terms and conditions of that collaboration may restrict us from entering into future agreements on certain terms with potential collaborators.

If and when we seek to enter into collaborations, we may not be able to negotiate collaborations on a timely basis, on acceptable terms, or at all. If we are unable to do so, we may have to curtail the development of a product candidate, reduce or delay its development program or one or more of our other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we elect to increase our expenditures to fund development or commercialization activities on our own, we may need to obtain additional capital, which may not be available to us on acceptable terms or at all. If we do not have sufficient funds, we may not be able to further develop our product candidates or bring them to market and generate product revenue.

We have and in the future may enter into collaborations with third parties for the development and commercialization of product candidates. If those collaborations are not successful, we may not be able to capitalize on the market potential of these product candidates.

We have and may in the future seek third-party collaborators for the development and commercialization of one or more of our product candidates. Our likely collaborators for any future collaboration arrangements include large and mid-size pharmaceutical companies, regional and national pharmaceutical companies and biotechnology companies.

We have and will likely have limited control over the amount and timing of resources that our collaborators dedicate to the development or commercialization of our product candidates. Our ability to generate revenues from these arrangements will depend on our collaborators' abilities and efforts to successfully perform the functions assigned to them in these arrangements. Collaborations involving our product candidates could pose numerous risks to us, including the following:

- collaborators have significant discretion in determining the efforts and resources that they will apply to these collaborations and may not perform their obligations as expected;
- collaborators may deemphasize or not pursue development and commercialization of our product candidates or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in the collaborators' strategic focus, including as a result of a sale or disposition of a business unit or development function, or available funding or external factors such as an acquisition that diverts resources or creates competing priorities;
- collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require a new formulation of a product candidate for clinical testing;
- collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our product candidates if the collaborators believe that competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive than ours;
- a collaborator with marketing and distribution rights to multiple products may not commit sufficient resources to the marketing and distribution of our product relative to other products;

- collaborators may not properly obtain, maintain, defend or enforce our intellectual property rights or may use our proprietary information and intellectual property in such a way as to invite litigation or other intellectual property related proceedings that could jeopardize or invalidate our proprietary information and intellectual property or expose us to potential litigation or other intellectual property related proceedings;
- disputes may arise between the collaborators and us that result in the delay or termination of the research, development or commercialization of our product candidates or that result in costly litigation or arbitration that diverts management attention and resources;
- collaborations may be terminated and, if terminated, may result in a need for additional capital to pursue further development or commercialization of the applicable product candidates;
- collaboration agreements may not lead to development or commercialization of product candidates in the most efficient manner or at all; and
- if a collaborator of ours were to be involved in a business combination, the continued pursuit and emphasis on our drug development or commercialization program could be delayed, diminished or terminated.

Risks Related to this Offering and Ownership of Our Common Stock

There has been no prior public market for our common stock. We do not know whether an active, liquid and orderly trading market will develop for our common stock or what the market price of our common stock will be and as a result it may be difficult for you to sell your shares of our common stock.

Prior to this offering, no public market for shares of our common stock existed and an active trading market for our common stock may never develop or be sustained following this offering. We will determine the initial public offering price for our common stock through negotiations with the underwriters, and the negotiated price may not be indicative of the market price of our common stock after this offering. The market value of our common stock may decrease from the initial public offering price. As a result of these and other factors, you may be unable to resell your shares of our common stock at or above the initial public offering price. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value of your shares. Furthermore, an inactive market may also impair our ability to raise capital by selling shares of our common stock and may impair our ability to enter into strategic collaborations or acquire companies, technologies or other assets by using our shares of common stock as consideration.

The price of our stock may be volatile, and you could lose all or part of your investment.

The trading price of our common stock following this offering is likely to be highly volatile and subject to wide fluctuations in response to various factors, some of which we cannot control. The stock market in general, and pharmaceutical and biotechnology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies.

Broad market and industry factors may negatively affect the market price of our common stock, regardless of our actual operating performance. In addition to the factors discussed in this “Risk Factors” section and elsewhere in this prospectus, these factors include:

- the timing and results of preclinical studies and clinical trials of our product candidates or those of our competitors;
- the success of competitive products or announcements by potential competitors of their product development efforts;
- regulatory actions with respect to our products or our competitors’ products;

- actual or anticipated changes in our growth rate relative to our competitors;
- regulatory or legal developments in the United States and other countries;
- developments or disputes concerning patent applications, issued patents or other proprietary rights;
- the recruitment or departure of key personnel;
- announcements by us or our competitors of significant acquisitions, strategic collaborations, joint ventures, collaborations or capital commitments;
- actual or anticipated changes in estimates as to financial results, development timelines or recommendations by securities analysts;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- market conditions in the pharmaceutical and biotechnology sector;
- changes in the structure of healthcare payment systems;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- announcement or expectation of additional financing efforts;
- sales of our common stock by us, our insiders or our other stockholders;
- expiration of market stand-off or lock-up agreements; and
- general economic, industry and market conditions.

The realization of any of the above risks or any of a broad range of other risks, including those described in this “Risk Factors” section, could have a dramatic and adverse impact on the market price of our common stock.

If securities or industry analysts do not publish research or reports, or if they publish adverse or misleading research or reports, regarding us, our business or our market, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that securities or industry analysts publish about us, our business or our market. We do not currently have and may never obtain research coverage by securities or industry analysts. If no or few securities or industry analysts commence coverage of us, the stock price would be negatively impacted. In the event we obtain securities or industry analyst coverage, if any of the analysts who cover us issue adverse or misleading research or reports regarding us, our business model, our intellectual property, our stock performance or our market, or if our operating results fail to meet the expectations of analysts, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Our quarterly operating results may fluctuate significantly or may fall below the expectations of investors or securities analysts, each of which may cause our stock price to fluctuate or decline.

We expect our operating results to be subject to quarterly fluctuations. Our net loss and other operating results will be affected by numerous factors, including:

- variations in the level of expense related to the ongoing development of our product candidates or future development programs;
- results of clinical trials, or the addition or termination of clinical trials or funding support by us or potential future partners;

- our execution of any collaboration, licensing or similar arrangements, and the timing of payments we may make or receive under potential future arrangements or the termination or modification of any such potential future arrangements;
- any intellectual property infringement, misappropriation or violation lawsuit or opposition, interference or cancellation proceeding in which we may become involved;
- additions and departures of key personnel;
- strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
- if any of our product candidates receives regulatory approval, the terms of such approval and market acceptance and demand for such product candidates;
- regulatory developments affecting our product candidates or those of our competitors; and
- changes in general market and economic conditions.

If our quarterly operating results fall below the expectations of investors or securities analysts, the price of our common stock could decline substantially. Furthermore, any quarterly fluctuations in our operating results may, in turn, cause the price of our stock to fluctuate substantially. We believe that quarterly comparisons of our financial results are not necessarily meaningful and should not be relied upon as an indication of our future performance.

Our principal stockholders and management own a significant percentage of our stock and will be able to exert significant control over matters subject to stockholder approval.

Prior to this offering, our executive officers, directors, holders of 5% or more of our capital stock and their respective affiliates beneficially owned approximately % of our voting stock and, upon the closing of this offering, that same group will beneficially own approximately % of our outstanding voting stock (based on the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and assuming no exercise of the underwriters' option to purchase additional shares), in each case giving effect to the Corporate Conversion. Therefore, even after this offering these stockholders will be able to influence us through this ownership position. These stockholders may be able to determine all matters requiring stockholder approval. For example, these stockholders may be able to control elections of directors, amendments of our organizational documents or approval of any merger, sale of assets or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our common stock that you may feel are in your best interest as one of our stockholders. The interests of this group of stockholders may not always coincide with your interests or the interests of other stockholders and they may act in a manner that advances their best interests and not necessarily those of other stockholders, including seeking a premium value for their common stock, and might affect the prevailing market price for our common stock.

If you purchase shares of our common stock in our initial public offering, you will experience substantial and immediate dilution.

The initial public offering price of $ per share is substantially higher than the net tangible book value per share of our outstanding common stock immediately following the completion of this offering. If you purchase shares of common stock in this offering, you will experience substantial and immediate dilution in the pro forma net tangible book value per share of $ per share as of December 31, 2019. That is because the price that you pay will be substantially greater than the pro forma net tangible book value per share of the common stock that you acquire. This dilution is due in large part to the fact that our earlier investors paid substantially less than the initial public offering price when they purchased their shares of our capital stock. You will experience additional dilution when those holding stock options or warrants exercise their right to purchase

common stock under our equity incentive plans or when we otherwise issue additional shares of common stock. See "Dilution."

Sales of a substantial number of shares of our common stock in the public market could cause our stock price to fall.

Our common stock price could decline as a result of sales of a large number of shares of common stock after this offering or the perception that these sales could occur. These sales, or the possibility that these sales may occur, might also make it more difficult for us to sell equity securities in the future at a time and price that we deem appropriate.

Upon the completion of this offering, shares of common stock will be outstanding (shares if the underwriters exercise their option to purchase additional shares from us in full), based on the number of shares outstanding as of December 31, 2019.

All shares of common stock expected to be sold in this offering will be freely tradable without restriction or further registration under the Securities Act unless held by our "affiliates" as defined in Rule 144 under the Securities Act. The resale of the remaining shares, or % of our outstanding shares of common stock following this offering, is currently prohibited or otherwise restricted as a result of securities law provisions, market standoff agreements entered into by certain of our stockholders with us or lock-up agreements entered into by our stockholders with the underwriters in connection with this offering. However, subject to applicable securities law restrictions, these shares will be able to be sold in the public market beginning 181 days after the date of this prospectus. Shares issued upon the exercise of stock options and warrants outstanding under our equity incentive plans or pursuant to future awards granted under those plans will become available for sale in the public market to the extent permitted by the provisions of applicable vesting schedules, market stand-off agreements and/or lock-up agreements, as well as Rules 144 and 701 under the Securities Act. For more information, see "Shares Eligible for Future Sale."

Upon the completion of this offering, the holders of approximately shares, or % of our outstanding shares following this offering, of our common stock will have rights, subject to some conditions, to require us to file registration statements covering the sale of their shares or to include their shares in registration statements that we may file for ourselves or our other stockholders. We also intend to register the offer and sale of all shares of common stock that we may issue under our equity compensation plans. Once we register the offer and sale of shares for the holders of registration rights and shares that may be issued under our equity incentive plans, these shares will be able to be sold in the public market upon issuance, subject to the lock-up agreements described under "Underwriters."

In addition, in the future, we may issue additional shares of common stock, or other equity or debt securities convertible into common stock, in connection with a financing, acquisition, employee arrangement or otherwise. Any such issuance could result in substantial dilution to our existing stockholders and could cause the price of our common stock to decline.

Raising additional capital may cause dilution to our existing stockholders, restrict our operations or require us to relinquish rights to our product candidates on unfavorable terms to us.

We may seek additional capital through a variety of means, including through public or private equity, debt financings or other sources, including up-front payments and milestone payments from strategic collaborations. To the extent that we raise additional capital through the sale of equity or convertible debt or equity securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a stockholder. Such financing may result in dilution to stockholders, imposition of debt covenants, increased fixed payment obligations or other restrictions that may affect our business. If we raise additional funds through up-front payments or milestone payments pursuant to strategic collaborations with third

parties, we may have to relinquish valuable rights to our product candidates, or grant licenses on terms that are not favorable to us. In addition, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans.

We are an "emerging growth company," and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we intend to take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including:

- being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure in this prospectus;
- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act;
- not being required to comply with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements;
- reduced disclosure obligations regarding executive compensation in this prospectus and our periodic reports and proxy statements; and
- exemptions from the requirements of holding nonbinding advisory stockholder votes on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

We will remain an emerging growth company until the earliest to occur of: (1) the last day of the fiscal year in which we have more than $1.07 billion in annual revenue; (2) the date we qualify as a "large accelerated filer," with at least $700 million of equity securities held by non-affiliates; (3) the date on which we have issued more than $1.0 billion in non-convertible debt securities during the prior three-year period; and (4) the last day of the fiscal year ending after the fifth anniversary of our initial public offering.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We intend to take advantage of the extended transition period for adopting new or revised accounting standards under the JOBS Act as an emerging growth company. As a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates.

The requirements of being a public company may strain our resources, result in more litigation and divert management's attention.

As a public company, we will be subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, the listing requirements of Nasdaq and other applicable securities rules and regulations. Complying with these rules and regulations has increased and will increase our legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure

controls and procedures and internal control over financial reporting. We are required to disclose changes made in our internal control and procedures on a quarterly basis. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business and operating results. We may also need to hire additional employees or engage outside consultants to comply with these requirements, which will increase our costs and expenses.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected.

These new rules and regulations may make it more expensive for us to obtain director and officer liability insurance and, in the future, we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

By disclosing information in this prospectus and in future filings required of a public company, our business and financial condition will become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If those claims are successful, our business could be seriously harmed. Even if the claims do not result in litigation or are resolved in our favor, the time and resources needed to resolve them could divert our management's resources and seriously harm our business.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, stockholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our common stock.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404, or any subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock.

We will be required to disclose changes made in our internal controls and procedures on a quarterly basis and our management will be required to assess the effectiveness of these controls annually. However, for as long as we are an emerging growth company, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal controls over financial reporting pursuant to Section 404. We could

be an emerging growth company for up to five years. An independent assessment of the effectiveness of our internal controls over financial reporting could detect problems that our management's assessment might not. Undetected material weaknesses in our internal controls over financial reporting could lead to restatements of our financial statements and require us to incur the expense of remediation.

Our management team has broad discretion to use the net proceeds from this offering and its investment of these proceeds may not yield a favorable return. They may invest the net proceeds from this offering in ways with which investors disagree.

We intend to use a portion of the net proceeds from this offering to advance and expand our clinical and preclinical development programs and for working capital and for other general corporate purposes, which may include the hiring of additional personnel, capital expenditures and the costs of operating as a public company. See "Use of Proceeds." However, within the scope of our plan, and in light of the various risks to our business, including those discussed in this "Risk Factors" section and elsewhere in this prospectus, our management will have broad discretion over the use of net proceeds from this offering, and could spend the net proceeds in ways our stockholders may not agree with or that do not yield a favorable return, if at all. If we do not invest or apply the net proceeds from this offering in ways that improve our operating results, we may fail to achieve expected financial results, which could cause our stock price to decline.

We may be subject to securities litigation, which is expensive and could divert management attention.

The market price of our common stock may be volatile and, in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

We do not currently intend to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation of the value of our common stock.

We have never declared or paid any cash dividends on our equity securities. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Any return to stockholders will therefore be limited to any appreciation in the value of our common stock, which is not certain.

Provisions in our certificate of incorporation and bylaws and Delaware law might discourage, delay or prevent a change in control of our company or changes in our management and, therefore, depress the market price of our common stock.

Our certificate of incorporation and bylaws, as we expect they will be in effect upon closing of the offering, will contain provisions that could depress the market price of our common stock by acting to discourage, delay or prevent a change in control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions, among other things:

- establish a classified board of directors so that not all members of our board are elected at one time;
- permit only the board of directors to establish the number of directors and fill vacancies on the board;
- provide that directors may only be removed "for cause" and only with the approval of two-thirds of our stockholders;
- authorize the issuance of "blank check" preferred stock that our board could use to implement a stockholder rights plan (also known as a "poison pill");
- eliminate the ability of our stockholders to call special meetings of stockholders;

- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- prohibit cumulative voting;
- authorize our board of directors to amend the bylaws;
- establish advance notice requirements for nominations for election to our board or for proposing matters that can be acted upon by stockholders at annual stockholder meetings; and
- require a super-majority vote of stockholders to amend some provisions described above.

In addition, Section 203 of the General Corporation Law of the State of Delaware, or the DGCL, prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person which together with its affiliates owns, or within the last three years has owned, 15% of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner.

Any provision of our certificate of incorporation, bylaws or Delaware law that has the effect of delaying or preventing a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our capital stock and could also affect the price that some investors are willing to pay for our common stock.

Our certificate of incorporation that will be in effect upon the closing of this offering provides that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our certificate of incorporation that will be in effect upon the closing of this offering provides that the Court of Chancery of the State of Delaware is the exclusive forum for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of fiduciary duty;
- any action asserting a claim against us arising under the DGCL, our certificate of incorporation or our bylaws; and
- any action asserting a claim against us that is governed by the internal-affairs doctrine.

This exclusive-forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. Any person or entity purchasing or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to this provision. If a court were to find this exclusive-forum provision in our bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business. Nothing in our certificate of incorporation will preclude stockholders that assert claims under the Securities Act or the Exchange Act from bringing such claims in state or federal court, subject to applicable law.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that can involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations and financial position, business strategy, prospective products, product approvals, research and development costs, future revenue, timing and likelihood of success, plans and objectives of management for future operations, future results of anticipated products and prospects, plans and objectives of management are forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, you can identify forward-looking statements by terms such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” ,” “potential,” “predict,” “project,” “should,” “target,” “will,” or “would” or the negative of these terms or other similar expressions, although not all forward-looking statements contain these words. Forward-looking statements contained in this prospectus include, but are not limited to, statements about:

- the ability of our clinical trials to demonstrate safety and efficacy of our product candidates, and other positive results;
- the timing and focus of our ongoing and future preclinical studies and clinical trials, and the reporting of data from those studies and trials;
- our plans relating to commercializing our product candidates, if approved, including the geographic areas of focus and sales strategy;
- the size of the market opportunity for our product candidates, including our estimates of the number of patients who suffer from the diseases we are targeting;
- our expectations regarding the approval and use of our product candidates as first, second or subsequent lines of therapy or in combination with other drugs;
- the success of competing therapies that are or may become available;
- our estimates of the number of patients that we will enroll in our clinical trials;
- the beneficial characteristics, safety, efficacy and therapeutic effects of our product candidates;
- the timing or likelihood of regulatory filings and approvals, including our expectation to seek an accelerated approval pathway and special designations, such as orphan drug designation, for our product candidates for various diseases;
- our ability to obtain and maintain regulatory approval of our product candidates;
- our plans relating to the further development of our product candidates, including additional indications we may pursue;
- existing regulations and regulatory developments in the United States, Europe and other jurisdictions;
- our plans and ability to obtain or protect intellectual property rights, including extensions of existing patent terms where available;
- our continued reliance on third parties to conduct additional clinical trials of our product candidates, and for the manufacture of our product candidates for preclinical studies and clinical trials;
- our ability to obtain, and negotiate favorable terms of, any collaboration, licensing or other arrangements that may be necessary or desirable to develop, manufacture or commercialize our product candidates;
- our plans to develop our product candidates in combination with other therapies;

- the need to hire additional personnel and our ability to attract and retain such personnel;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- our financial performance;
- the period over which we estimate our existing cash and cash equivalents will be sufficient to fund our future operating expenses and capital expenditure requirements;
- our expectations regarding the period during which we will qualify as an emerging growth company under the JOBS Act; and
- our anticipated use of our existing resources and the proceeds from this offering.

We have based these forward-looking statements largely on our current expectations and projections about our business, the industry in which we operate and financial trends that we believe may affect our business, financial condition, results of operations and prospects, and these forward-looking statements are not guarantees of future performance or development. These forward-looking statements speak only as of the date of this prospectus and are subject to a number of risks, uncertainties and assumptions described in the section titled “Risk Factors” and elsewhere in this prospectus. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein until after we distribute this prospectus, whether as a result of any new information, future events or otherwise.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this prospectus, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and you are cautioned not to unduly rely upon these statements.

INDUSTRY AND OTHER DATA

This prospectus contains industry, market and competitive position data from our own internal estimates and research as well as industry and general publications and research surveys and studies conducted by third parties. Industry publications, studies and surveys generally state that they have been obtained from sources believe to be reliable, although they do not guarantee the accuracy or completeness of such information. Our internal data and estimates are based upon information obtained from trade and business organizations and other contacts in the markets in which we operate and our management's understanding of industry conditions. While we believe that each of these studies and publications is reliable, we have not independently verified market and industry data from third-party sources. While we believe our internal company research is reliable and the market definitions are appropriate, neither such research nor definitions have been verified by an independent source.

The industry in which we operate is subject to risks and uncertainties due to a variety of factors, including those described in the section titled "Risk Factors." These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

USE OF PROCEEDS

We estimate that the net proceeds to us from in this offering will be approximately $ million, assuming an initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters' option to purchase additional shares from us is exercised in full, we estimate that our net proceeds will be approximately $ million. Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the net proceeds to us from this offering by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Each increase (decrease) of 1.0 million in the number of shares we are offering would increase (decrease) the net proceeds to us from this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, by $ million, assuming the assumed initial public offering price stays the same.

We intend to use the net proceeds from this offering, together with our existing cash and cash equivalents, as follows:

- approximately $ million to advance the clinical development of ZN-c5, including to complete our ongoing Phase 1/2 clinical trial of ZN-c5 as a monotherapy and in combination with palbociclib in patients with ER+/HER2- advanced or metastatic breast cancer;
- approximately $ million to advance the clinical development of ZN-c3, including to fund our ongoing Phase 1/2 clinical trial in patients with advanced solid tumors;
- approximately $ million to advance the development of ZN-d5 into clinical trials, including to fund our planned Phase 1 clinical trial in patients with AML or B-cell lymphoma;
- approximately $ million to advance the clinical development of ZN-e4, including to fund our ongoing Phase 1/2 clinical trial in patients with advanced NSCLC with activating EGFR mutations; and
- the remainder for the design and development of new product candidates leveraging our Integrated Discovery Engine and for working capital and other general corporate purposes.

This expected use of the net proceeds from this offering represents our intentions based upon our current plans and business conditions, which could change in the future as our plans and business conditions evolve. We may also use a portion of the net proceeds to in-license, acquire or invest in additional businesses, technologies, products or assets, although currently we have no specific agreements, commitments or understandings in this regard. As of the date of this prospectus, we cannot predict with certainty all of the particular uses for the net proceeds to be received upon the closing of this offering or the amounts that we will actually spend on the uses set forth above. Predicting the cost necessary to develop product candidates can be difficult and we anticipate that we will need additional funds to complete the development of any product candidates we identify. The amounts and timing of our actual expenditures and the extent of clinical development may vary significantly depending on numerous factors, including the progress of our development efforts, the status of and results from pre-clinical studies and any ongoing clinical trials or clinical trials we may commence in the future, as well as any collaborations that we may enter into with third parties for our product candidates and any unforeseen cash needs. As a result, our management will retain broad discretion over the allocation of the net proceeds from this offering.

We believe that the net proceeds from this offering, together with our existing cash and cash equivalents, will enable us to fund our operating expenses and capital expenditure requirements through . We have based this estimate on assumptions that may prove to be incorrect, and we could use our available capital resources sooner than we currently expect. We may satisfy our future cash needs through the sale of equity

securities, debt financings, working capital lines of credit, corporate collaborations or license agreements, grant funding, interest income earned on invested cash balances or a combination of one or more of these sources.

Pending our use of the net proceeds from this offering, we intend to invest the net proceeds in a variety of capital preservation investments, including short-term, investment-grade, interest-bearing instruments and U.S. government securities.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock. We intend to retain future earnings, if any, to finance the operation and expansion of our business and do not anticipate paying any cash dividends in the foreseeable future. Any future determination related to our dividend policy will be made at the discretion of our board of directors after considering our financial condition, results of operations, capital requirements, business prospects and other factors the board of directors deems relevant, and subject to the restrictions contained in any future financing instruments.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of December 31, 2019, as follows:

- on an actual basis;
- on a pro forma basis to give effect to the Corporate Conversion; and
- on a pro forma as adjusted basis to give further effect to our issuance and sale of shares of our common stock in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

The pro forma as adjusted information below is illustrative only, and our capitalization following the closing of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this information in conjunction with our consolidated financial statements and the related notes included elsewhere in this prospectus and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Corporate Conversion" sections and other financial information contained in this prospectus.

	As of December 31, 2019		
	Actual	Pro Forma(1)(2)	Pro Forma As Adjusted(1)(3)
	(in thousands, except share and per share amounts)		
Cash and cash equivalents	$	$	$
Equity:			
Series A convertible preferred units: units issued and outstanding, actual; no units issued or outstanding pro forma and pro forma as adjusted	$	$	$
Series B convertible preferred units: units issued and outstanding, actual; no units issued or outstanding pro forma and pro forma as adjusted			
Series C convertible preferred units: units issued and outstanding, actual; no units issued or outstanding pro forma and pro forma as adjusted			
Class A common units: units issued and outstanding, actual; no units issued or outstanding pro forma and pro forma as adjusted			
Class B common units: units issued and outstanding, actual; no units issued or outstanding pro forma and pro forma as adjusted			
Common stock, $0.001 par value per share: no shares authorized, issued and outstanding, actual; shares authorized, pro forma and pro forma as adjusted; shares issued and shares outstanding, pro forma; shares issued and outstanding, pro forma as adjusted			
Preferred stock, $0.001 par value per share: no shares authorized, issued and outstanding, actual; shares authorized, pro forma and pro forma as adjusted; no shares issued and outstanding, pro forma and pro forma as adjusted			
Additional paid-in capital			
Accumulated deficit			
Noncontrolling interest			
Total equity			
Total capitalization	$	$	$

(1) In connection with the Corporate Conversion, Series A convertible preferred units, Series B convertible preferred units and Series C convertible preferred units and Class A common units and Class B common units will be reduced to zero to reflect the elimination of all outstanding Units and other interests in Zentalis Pharmaceuticals, LLC and corresponding adjustments will be reflected as common stock and additional paid-in capital. The pro forma and pro forma as adjusted information is illustrative only.

(2) The following table presents the number of shares of common stock issuable in connection with the Corporate Conversion to holders of Series A convertible preferred units, Series B convertible preferred units and Series C convertible preferred units and Class A common units and Class B common units based on the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus.

Shares of common stock to be issued for:	
Series A convertible preferred units	
Series B convertible preferred units	
Series C convertible preferred units	
Class A common units	
Class B common units	
Total	

(3) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, total equity and total capitalization by $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1.0 million shares in the number of shares offered by us at the assumed initial public offering price per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, total equity and total capitalization by approximately $ million.

The number of shares of our common stock on a pro forma and pro forma as adjusted basis set forth in the table above is based on shares of our common stock outstanding as of December 31, 2019, after giving effect to the Corporate Conversion, and excludes:

- additional shares of our common stock reserved for future issuance under our 2020 Plan, which will become effective in connection with this offering, as well as any automatic increases in the number of shares of our common stock reserved for future issuance under the 2020 Plan; and
- shares of common stock that will become available for future issuance under our ESPP, which will become effective in connection with this offering, and shares of our common stock that become available pursuant to provisions in the ESPP that automatically increase the share reserve under the ESPP.

DILUTION

If you invest in our common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the initial public offering price per share of our common stock and the pro forma as adjusted net tangible book value per share of our common stock after this offering. Pro forma net tangible book value per share represents the book value of our tangible assets less the book value of our total liabilities divided by the number of shares of common stock then issued and outstanding after giving effect to the Corporate Conversion.

The historical net tangible book value as of December 31, 2019 was $ or, $ per Class A common unit. Historical net tangible book value per Class A common unit represents the amounts of our tangible assets less total liabilities, divided by the total number of Class A common units outstanding as of December 31, 2019. On a pro forma basis, after giving effect to the Corporate Conversion, our pro forma net tangible book value as of December 31, 2019 was $ million, or $ per share, based on shares of our common stock outstanding after the Corporate Conversion. After giving effect to our sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of December 31, 2019 would have been approximately $ million, or approximately $ per share. This amount represents an immediate and substantial dilution of $ per share to new investors purchasing common stock in this offering. The following table illustrates this dilution:

Assumed initial public offering price per share		$
Historical net tangible book value per Class A common unit as of December 31, 2019	$	
Pro forma net tangible book value per share as of December 31, 2019 before this offering		
Increase in the pro forma net tangible book value per share attributable to this offering	$	
Pro forma as adjusted net tangible book value per share after this offering		$
Dilution per share to new investors participating in this offering		$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted net tangible book value per share after this offering by approximately $, and dilution in pro forma as adjusted net tangible book value per share to new investors by approximately $, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. An increase of 1.0 million shares in the number of shares offered by us would increase our pro forma as adjusted net tangible book value per share after this offering by $ per share and decrease the dilution to new investors purchasing common stock in this offering to $ per share, assuming the assumed initial public offering price remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. A decrease of 1.0 million shares in the number of shares offered by us would decrease our pro forma as adjusted net tangible book value per share after this offering by $ per share and increase the dilution to new investors purchasing common stock in this offering to $ per share, assuming the assumed initial public offering price remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters exercise their option to purchase additional shares of our common stock in full, the pro forma as adjusted net tangible book value after this offering would be $ per share, and the dilution to new investors would be $ per share, in each case assuming an initial public offering price of $ per share,

which is the midpoint of the price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and the estimated offering expenses payable by us.

The following table summarizes on the pro forma as adjusted basis described above, as of December 31, 2019, the difference between the number of shares of common stock purchased from us, the total consideration paid or to be paid and the average price per share paid or to be paid by existing stockholders and new investors in this offering at an assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, before deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. As the table shows, new investors purchasing common stock in this offering will pay an average price per share substantially higher than our existing stockholders paid.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
New investors					
Total		100.0%		100.0%	$

If the underwriters exercise their option to purchase additional shares of our common stock in full, the percentage of shares of common stock held by existing stockholders will decrease to approximately % of the total number of shares of our common stock outstanding after this offering, and the number of shares held by new investors will increase to , or approximately % of the total number of shares of our common stock outstanding after this offering.

The foregoing tables and calculations are based on shares of our common stock outstanding as of December 31, 2019, after giving effect to the Corporate Conversion, and excludes:

- additional shares of common stock reserved for future issuance under our 2020 Plan, which will become effective in connection with this offering, as well as any shares of our common stock that become available pursuant to provisions in the 2020 Plan that automatically increase the share reserve under the 2020 Plan; and
- shares of common stock that will become available for future issuance under our ESPP, which will become effective in connection with this offering, and shares of our common stock that become available pursuant to provisions in the ESPP that automatically increase the share reserve under the ESPP.

CORPORATE CONVERSION

We currently operate as a Delaware limited liability company under the name Zentalis Pharmaceuticals, LLC. Prior to the closing of this offering, Zentalis Pharmaceuticals, LLC intends to convert into a Delaware corporation pursuant to a statutory conversion, and will change its name to Zentalis Pharmaceuticals, Inc. In order to consummate the corporate conversion, a certificate of conversion will be filed with the Secretary of State of the State of Delaware. In this prospectus, we refer to all transactions related to our conversion to a corporation as the Corporate Conversion.

In conjunction with the Corporate Conversion, holders of Units of Zentalis Pharmaceuticals, LLC will become holders of shares of common stock of Zentalis Pharmaceuticals, Inc., and, based on the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, all of our outstanding Units will be converted into an aggregate of shares of our common stock as follows:

- holders of our Series A convertible preferred units will receive an aggregate of shares of our common stock;
- holders of our Series B convertible preferred units will receive an aggregate of shares of our common stock;
- holders of our Series C convertible preferred units will receive an aggregate of shares of our common stock;
- holders of our Class A common units will receive an aggregate of shares of our common stock; and
- holders of our Class B common units, all of which were intended to constitute profits interests for U.S. federal income tax purposes, will receive an aggregate of shares of our common stock.

The number of shares of common stock issuable in connection with the Corporate Conversion will be determined pursuant to the applicable provisions of the plan of conversion.

Effective upon the consummation of the Corporate Conversion, all of the outstanding Units will convert into a number of shares of common stock of Zentalis Pharmaceuticals, Inc. based upon the value of Zentalis Pharmaceuticals, LLC at the time of this offering with a value implied by the initial public offering price of the shares of common stock sold in this offering. Upon conversion, the shares of common stock of Zentalis Pharmaceuticals, Inc. will be allocated among the various classes and series of Units in accordance with the distribution and other applicable provisions set forth in the Second Amended and Restated LLC Agreement. No cash or fractional shares of common stock will be issued in connection with the Corporate Conversion.

In connection with the Corporate Conversion, Zentalis Pharmaceuticals, Inc. will continue to hold all property and assets of Zentalis Pharmaceuticals, LLC and will assume all of the debts and obligations of Zentalis Pharmaceuticals, LLC. Zentalis Pharmaceuticals, Inc. will be governed by a certificate of incorporation filed with the Secretary of State of the State of Delaware and bylaws, the material portions of which are described under the heading “Description of Capital Stock.” On the effective date of the Corporate Conversion, the members of the board of managers of Zentalis Pharmaceuticals, LLC will become the members of Zentalis Pharmaceuticals, Inc.’s board of directors, and the officers of Zentalis Pharmaceuticals, LLC will become the officers of Zentalis Pharmaceuticals, Inc.

References in this prospectus to our capitalization and other matters pertaining to our equity prior to the Corporate Conversion relate to the capitalization and equity of Zentalis Pharmaceuticals, LLC, and after the Corporate Conversion, to Zentalis Pharmaceuticals, Inc. The consolidated financial statements included

elsewhere in this prospectus are those of Zentalis Pharmaceuticals, LLC and its consolidated subsidiaries. We expect that the Corporate Conversion will not have a material effect on our consolidated financial statements.

The purpose of the Corporate Conversion is to reorganize our structure so that the entity that is offering our common stock to the public in this offering is a Delaware corporation rather than a Delaware limited liability company, and so that our existing investors will own our common stock rather than equity interests in a limited liability company.

SELECTED CONSOLIDATED FINANCIAL DATA

The following tables set forth our selected financial data for the periods indicated. We have derived the consolidated statements of operations data for the years ended December 31, 2018 and 2019, and the consolidated balance sheet data as of December 31, 2018 and 2019, from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that should be expected for any future period. You should read the following selected consolidated financial data together with our consolidated financial statements and the related notes included elsewhere in this prospectus and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of this prospectus.

	Year Ended December 31,	
	2018	2019
	(in thousands, except unit, share and per share amounts)	
Consolidated Statements of Operations Data:		
Revenue	$ 14	$
Operating expenses:		
Research and development	18,921	
General and administrative	4,876	
Total operating expenses	23,797	
Loss from operations	(23,783)	
Other income		
Interest income	355	
Net loss before income taxes	(23,428)	
Income tax expense	4	
Net loss	(23,432)	
Net loss attributable to noncontrolling interest	(2,365)	
Net loss attributable to Zentalis Pharmaceuticals, LLC	$ (21,067)	$
Net loss per Class A common unit attributable to Zentalis Pharmaceuticals, LLC, basic and diluted	$ (3.77)	$
Weighted average Class A common units outstanding, basic and diluted	5,594,385	
Pro forma net loss per share—basic and diluted (unaudited)(1)		$
Pro forma weighted-average shares stock outstanding—basic and diluted (unaudited)(1)		

(1) We have presented pro forma basic and diluted net loss per share for the year ended December 31, 2019 which consists of our historical net loss attributable to Zentalis Pharmaceuticals, LLC, divided by the pro forma basic and diluted weighted average number of shares of common stock outstanding after giving effect to the Corporate Conversion. See Note to our to audited consolidated financial statements to be included elsewhere in this prospectus for additional information regarding the method used to calculate the pro forma basic and diluted net loss per common share and the pro forma weighted average number of shares used in the computation of the per share amounts.

	As of December 31,	
	2018	2019
	(in thousands)	
Consolidated Balance Sheet Data:		
Cash and cash equivalents	$ 25,154	$
Working capital(1)	20,468	
Total assets	40,998	
Total liabilities	8,693	
Accumulated deficit	(37,330)	
Total equity	32,306	

(1) We define working capital as current assets less current liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of financial condition and operating results together with our consolidated financial statements and the related notes and other financial information included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. As a result of many factors, such as those set forth in the section of the prospectus captioned "Risk Factors" and elsewhere in this prospectus, our actual results may differ materially from those anticipated in these forward-looking statements. For convenience of presentation some of the numbers have been rounded in the text below.

Overview

We are a clinical-stage biopharmaceutical company focused on discovering and developing small molecule therapeutics targeting fundamental biological pathways of cancers. We use our highly efficient drug discovery engine, which we refer to as our Integrated Discovery Engine, to identify targets and develop small molecule new chemical entities, or NCEs, with properties that we believe could result in potentially differentiated product profiles. Our discovery engine combines our extensive experience and capabilities across cancer biology and medicinal chemistry. We believe our product candidates are differentiated from current programs targeting similar pathways and have the potential to significantly impact the lives of patients with cancer.

We are developing a broad pipeline of product candidates with an initial focus on validated oncology targets with the potential to address large patient populations. Our lead product candidate, ZN-c5, is an oral selective estrogen receptor degrader, or SERD, currently in a Phase 1/2 clinical trial for the treatment of estrogen receptor-positive, human epidermal growth factor receptor 2-negative, or ER+/HER2- advanced or metastatic breast cancer. We have designed ZN-c5 to have high potency and selectivity, as well as favorable tolerability and pharmacokinetic, or PK, properties. We expect to report data from the monotherapy dose escalation portion of this Phase 1/2 trial in the second half of 2020. Our other product candidates include ZN-c3, an inhibitor of WEE1, a protein tyrosine kinase, currently in a Phase 1/2 clinical trial for the treatment of advanced solid tumors; ZN-d5, a selective inhibitor of B-cell lymphoma 2, or BCL-2, initially in development for the treatment of hematological malignancies; and ZN-e4, an irreversible inhibitor of epidermal growth factor receptor, or EGFR, currently in a Phase 1/2 clinical trial for the treatment of advanced non-small cell lung cancer, or NSCLC. We expect to report data from the Phase 1 portion of the ongoing trials of each of ZN-c3 and ZN-e4 in 2021, and to submit an investigational new drug application, or IND, to the U.S. Food and Drug Administration, or FDA, for ZN-d5 in the first half of 2020. We currently own worldwide development and commercialization rights to each of our product candidates, other than in select Asian countries (including China) for ZN-e4 for which we have out-licensed these rights.

We currently operate as a Delaware limited liability company under the name Zentalis Pharmaceuticals, LLC. Prior to the closing of this offering, Zentalis Pharmaceuticals, LLC intends to convert into a Delaware corporation pursuant to a statutory conversion, and will change its name to Zentalis Pharmaceuticals, Inc. We refer to these transactions as the Corporate Conversion. As a result of the Corporate Conversion, all holders of units of Zentalis Pharmaceuticals, LLC will become holders of shares of common stock of Zentalis Pharmaceuticals, Inc. The number of shares of our common stock that holders of units will be entitled to receive in the Corporate Conversion will be based on their relative rights as set forth in our Second Amended and Restated Limited Liability Company Agreement. For more information on the Corporate Conversion, see the section titled "Corporate Conversion".

Since our inception, our operations have been limited to organizing and staffing our company, business planning, raising capital, establishing our intellectual property portfolio and performing research and development of our product pipeline. We do not have any products approved for commercial sale and have not generated any revenues from product sales. We had cash and cash equivalents of $ million as of

December 31, 2019. Since inception, we have funded our operations primarily with gross proceeds of $146.9 million from the sale of our convertible preferred units. We believe that the net proceeds from this offering, together with our existing cash and cash equivalents, will enable us to fund our operating expenses and capital expenditure requirements through . We have based these estimates on assumptions that may prove to be imprecise, and we could utilize our available capital resources sooner than we expect.

Since inception, we have incurred significant operating losses. Our net losses were $23.4 million and $ for the year ended December 31, 2018 and December 31, 2019, respectively. We had an accumulated deficit of $ million as of December 31, 2019. We expect to continue to incur significant expenses and operating losses for the foreseeable future.

We will not generate revenue from product sales unless and until we successfully complete clinical development and obtain regulatory approval for our product candidates. In addition, if we obtain regulatory approval for any of our product candidates, we expect to incur significant expenses related to developing our commercialization capabilities to support product sales, marketing and distribution activities, either alone or in collaboration with others. Furthermore, upon the closing of this offering, we expect to incur additional costs associated with operating as a public company, including significant legal, accounting, investor relations and other expenses that we did not incur as a private company.

As a result, we will need to raise substantial additional capital to support our continuing operations and pursue our growth strategy. Until such time as we can generate significant revenue from product sales, if ever, we plan to finance our operations through the sale of equity, debt financings or other capital sources, which may include collaborations with other companies or other strategic transactions. There are no assurances that we will be successful in obtaining an adequate level of financing as and when needed to finance our operations on terms acceptable to us or at all. If we are unable to secure adequate additional funding as and when needed, we may have to significantly delay, scale back or discontinue the development and commercialization of one or more product candidates or delay our pursuit of potential in-licenses or acquisitions.

Because of the numerous risks and uncertainties associated with developing and commercializing therapeutics, we are unable to predict the timing or amount of increased expenses or when or if we will be able to achieve or maintain profitability. Even if we are able to generate revenue from product sales, we may not become profitable. If we fail to become profitable or are unable to sustain profitability on a continuing basis, then we may be unable to continue our operations at planned levels and be forced to reduce or terminate our operations.

License Agreements and Strategic Collaborations Agreements

Recurium IP Holdings, LLC

In December 2014, and as amended and restated effective as of December 2017, we entered into a license agreement, or the Recurium Agreement, with Recurium IP Holdings, LLC, or Recurium IP, under which we were granted an exclusive worldwide license to certain intellectual property rights owned or controlled by Recurium IP to develop and commercialize pharmaceutical products for the treatment or preventions of disease, other than for pain. We have the right to sublicense our rights under the Recurium Agreement, subject to certain conditions. We are required to use commercially reasonable efforts to develop and commercialize at least one licensed product that comprises or contains a program compound and to execute certain development activities.

Our payment obligations under the Recurium Agreement are based on the percentage of ownership interest Recurium Equity, LLC, an affiliated company of Recurium IP, has in us. Under the terms of the Recurium Agreement, we are obligated to make development and regulatory milestone payments, pay royalties for net sales and make sublicensing payments with respect to certain licensed products directed to one of ten specific biological targets, including ZN-c5, ZN-c3 and ZN-e4. We are obligated to make development and regulatory milestone payments for such licensed products of up to $44.5 million if Recurium Equity, LLC has less than 10%

ownership percentage of us, or up to $21.5 million if the ownership percentage is 10% or more but no more than 15%. If the percentage of ownership interest Recurium Equity, LLC has in us is greater than 15% then no development and regulatory milestone payments will be due. In addition, we are obligated to make milestone payments up to $150,000 for certain licensed products used in animals. We are also obligated to pay royalties on sales of such licensed products at a mid- to high-single digit percentage if Recurium Equity, LLC's ownership percentage in us is less than 10%, at a mid-single digit percentage if such ownership percentage is 10% or more but no more than 15%, and at a low-single digit percentage if such ownership percentage is above 15%. In addition, if we choose to sublicense or assign to any third parties our rights under the Recurium Agreement with respect to such licensed products, we must pay to Recurium IP 20% of all revenue received in connection with such transaction if Recurium Equity, LLC has less than 10% ownership percentage of us, or a percentage of 10% if the ownership percentage is 10% or more but no more than 15%. If the percentage of ownership interest Recurium Equity, LLC has in us is greater than 15% then no sublicensing payments will be due. Upon the closing of this offering, Recurium Equity, LLC's ownership interest in us will be %, requiring potential payment of aggregate development and regulatory milestone payments of $ million and royalties of % on sales of the relevant licensed products. See "Business—Licensing Agreements and Strategic Collaborations—Recurium IP Holdings, LLC" for more information.

Mayo Foundation for Medical Education and Research

In February 2016, and as amended in April 2017 and December 2017, we entered into an option agreement, or the Mayo Agreement, with Mayo Foundation for Medical Education and Research under which we were granted an exclusive option to obtain an exclusive worldwide license to know-how and an exclusive worldwide license related to patent rights created by Mayo under the Mayo Agreement. We have the right to sublicense our rights under the Mayo Agreement, subject to certain conditions. We are required to use commercially reasonable efforts to develop and commercialize licensed products. Under the terms of the Mayo Agreement, we are obligated to pay royalties on sales for each licensed product at a low-single digit percentage as well as grants of equity interests to be negotiated on a case-by-case basis. In addition, in consideration for the grant of know-how we provided grants of common stock on the first anniversary and Class A common units on the second and third anniversaries following entry into the Mayo Agreement. As of December 31, 2019, we have granted equity securities which amount to 11,123 Class A common units under the Mayo Agreement. The Mayo Agreement will expire on the date of the last to expire of the Mayo patent rights or, if no Mayo patent rights arise, on February 11, 2021. As of the date of this prospectus, no Mayo patent rights have been created under the Mayo Agreement. The Mayo Agreement may be terminated in its entirety or in part by Mayo in the event of an uncured material breach by us, in the event that we bring suit against Mayo, except for an uncured material breach of the Mayo Agreement by Mayo, or in the event we are subject to specified bankruptcy, insolvency or similar circumstances. See "Business—License Agreements and Strategic Collaborations—Mayo Foundation for Medical Education and Research" for more information.

SciClone Pharmaceuticals International (Cayman) Development Ltd.

In December 2014, and as amended in December 2016 and December 2017, we entered into a collaboration and license agreement, or the SciClone Agreement, with SciClone Pharmaceuticals International (Cayman) Development Ltd., or SciClone, under which we granted an exclusive license certain intellectual property rights in the People's Republic of China (including the territories of Macao and Hong Kong), South Korea, Taiwan and Vietnam, or the SciClone Territory, for SciClone to develop and commercialize a licensed product for the treatment or prevention of oncologic diseases and an exclusive option to obtain a similar license for up to two additional licensed products. Under the SciClone Agreement, SciClone is responsible for clinical development activities required in order to obtain regulatory approval in the SciClone Territory. SciClone paid to us a one-time upfront payment of $1.0 million upon entering into the SciClone Agreement, and $4.0 million in aggregate milestone payments. No additional development or commercial milestones or reimbursement for research and development expenses are payable under the SciClone Agreement, as amended. We are entitled to receive a mid-single digit royalty on net sales of licensed products in the SciClone Territory, which royalty is

subject to certain reductions in the event that SciClone is unable to achieve certain gross margins or if generic products are sold or if technology covering a licensed product is licensed from a third party. We have also agreed to pay SciClone tiered royalties pursuant to the terms of the SciClone Agreement, the applicable rate of which are determined based on whether a compound is developed to a successful dual IND submission and the costs incurred by SciClone for the development of such product candidate. Following the December 2016 amendment to the SciClone Agreement, SciClone retains the exclusive license to develop and commercialize a licensed product for the treatment or prevention of oncologic diseases in the SciClone Territory, and the exclusive option to obtain an exclusive license to develop up to two specified compounds under the SciClone Agreement for which we submit an IND by providing notice and paying $5 million to us. SciClone's and our royalty obligations will expire on a licensed product-by-licensed product and country-by-country basis on the later of fifteen years from the date of first commercial sale or when there is no longer a valid patent claim covering such licensed product in such country. See "Business—License Agreements and Strategic Collaborations—SciClone International (Cayman) Development Ltd" for more information.

Pfizer Clinical Trial Collaboration and Supply Agreement

In May 2018, we entered into a clinical trial collaboration and supply agreement with Pfizer, Inc. to evaluate the safety, tolerability and efficacy of ZN-c5 in combination with their CDK4/6 inhibitor, palbociclib, in our ongoing Phase 1/2 clinical trial of ZN-c5. Pursuant to this agreement, we will be responsible for the conduct and cost of the relevant studies, under the supervision of a joint development committee made up of our representatives and representatives of Pfizer that meets quarterly. Pfizer will supply palbociclib for use in the trial, at no cost to us.

See "Business—License Agreement and Strategic Collaborations—Pfizer Clinical trial Collaboration and Supply Agreement" for more information.

Components of Our Results of Operations

Revenue

To date, we have not generated any revenue, and we do not expect to generate any revenue in the foreseeable future from product sales. We have generated, and may in the future generate, revenue from payments received under our collaboration agreements, which includes payments of upfront fees, license fees, milestone-based payments and reimbursements for research and development efforts.

Research and Development Expenses

Research and development expenses consist primarily of costs incurred for our research activities, including our discovery efforts, and the development of our product candidates, and include:

- salaries, benefits and other related costs, including stock-based compensation expense, for personnel engaged in research and development functions;
- expenses incurred under agreements with third parties, including CROs and other third parties that conduct research, preclinical activities and clinical trials on our behalf as well as CMOs that manufacture drug material for use in our preclinical studies and clinical trials;
- costs of outside consultants, including their fees, stock-based compensation and related travel expenses;
- the costs of laboratory supplies and acquiring, developing and manufacturing preclinical study and clinical trial materials;
- license payments made for intellectual property used in research and development activities; and
- allocated expenses for rent and maintenance of facilities and other operating costs.

We expense research and development costs as incurred. Reimbursed research and development costs under government grant arrangements are recorded as a reduction to research and development expenses and are recognized in the period in which the related costs are incurred.

We track external development costs by product candidate or development program, but we do not allocate personnel costs, license payments made under our licensing arrangements or other internal costs to specific development programs or product candidates. These costs are included in unallocated research and development expenses in the table below.

The following table summarizes our research and development expenses by product candidate or development program:

	Year Ended December 31,	
	2018	2019
	(in thousands)	
ZN-c5	$ 5,081	$
ZN-c3	1,857	
ZN-d5	1,401	
ZN-e4	1,525	
Unallocated research and development expenses	9,057	
Total research and development expenses	$ 18,921	$

Research and development activities are central to our business model. Product candidates in later stages of clinical development generally have a higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We expect that our research and development expenses will continue to increase substantially for the foreseeable future and will comprise a larger percentage of our total expenses as we complete our ongoing clinical trials, initiate new clinical trials, continue to discover and develop additional product candidates and prepare regulatory filings for any product candidates that successfully complete clinical development.

The successful development of our product candidates is highly uncertain. At this time, we cannot determine with certainty the duration and costs of our existing and future clinical trials of our product candidates or any other product candidate we may develop or if, when, or to what extent we will generate revenue from the commercialization and sale of any product candidate for which we obtain marketing approval. We may never succeed in obtaining marketing approval for any product candidate. The duration, costs and timing of clinical trials and development of our product candidates and any other product candidate we may develop in the future will depend on a variety of factors, including:

- per patient trial costs;
- the number of patients who enroll in each trial;
- the number of trials required for approval;
- the number of sites included in the trials;
- the countries in which the trials are conducted;
- the length of time required to enroll eligible patients;
- the drop-out or discontinuation rates of patients;
- potential additional safety monitoring requested by regulatory agencies;
- the duration of patient participation in the trials and follow-up;
- the phase of development of the product candidate; and

- the efficacy and safety profile of the product candidate.
- uncertainties in clinical trial design and patient enrollment rates;
- the actual probability of success for our product candidates, including the safety and efficacy, early clinical data, competition, manufacturing capability and commercial viability;
- significant and changing government regulation and regulatory guidance;
- the timing and receipt of any marketing approvals; and
- the expense of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights.

A change in the outcome of any of these variables with respect to the development of a product candidate could mean a significant change in the costs and timing associated with the development of that product candidate. For example, if the FDA or another regulatory authority were to require us to conduct clinical trials beyond those that we anticipate will be required for the completion of clinical development of a product candidate, or if we experience significant delays in our clinical trials due to patient enrollment or other reasons, we would be required to expend significant additional financial resources and time on the completion of clinical development.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and other related costs, including stock-based compensation, for personnel in our executive, finance, business development and administrative functions. General and administrative expenses also include legal fees relating to intellectual property and corporate matters; professional fees for accounting, auditing, tax and consulting services; insurance costs; travel expenses; and facility-related expenses, which include direct depreciation costs and allocated expenses for rent and maintenance of facilities and other operating costs.

We expect that our general and administrative expenses will increase in the future as we increase our personnel headcount to support increased research and development activities relating to ZN-c3, ZN-c5, ZN-d5, ZN-e4, and any other product candidate we may develop. We also expect to incur increased expenses associated with being a public company, including costs of accounting, audit, legal, regulatory and tax-related services associated with maintaining compliance with Nasdaq and SEC requirements; director and officer insurance costs; and investor and public relations costs.

Interest Income

Interest income consists of interest earned on cash equivalents and short-term investments. We expect our interest income to increase due to the net proceeds from this offering.

Income Taxes

Since our inception in December 2014, our corporate subsidiaries have generated cumulative federal and state net operating loss for which we have not recorded any net tax benefit due to uncertainty around utilizing these tax attributes within their respective carryforward periods.

As of December 31, 2019, our corporate subsidiaries had federal NOLs of $ million and state NOLs of $ million which may be available to offset future taxable income. The federal NOLs of these corporate subsidiaries include $ available to reduce future taxable income, which will begin to expire in 2033, if not utilized, and $ million, which can be carried forward indefinitely. The state NOLs will begin to expire in 2033, if not utilized.

Net Loss Attributable to Noncontrolling Interest

Since December 21, 2017, the date of our initial investment in Kalyra Pharmaceuticals, Inc., or Kalyra, we have consolidated the financial results of our affiliate, Kalyra. Although we do not have a controlling interest in Kalyra, we determined that Kalyra was a variable interest entity, of which we were the primary beneficiary. For more information on the treatment of Kalyra as a variable interest entity, please see Note 3 to our audited consolidated financial statements included elsewhere in this prospectus.

Results of Operations

Comparison of Years Ended December 31, 2018 and 2019

The following table summarizes our results of operations for the years ended December 31, 2018 and 2019, together with the changes in those items in dollars:

	Year Ended December 31,		Increase (Decrease)
	2018	2019	
	(in thousands)		
Revenue	$ 14	$	$
Operating expenses			
Research and development	18,921		
General and administrative	4,876		
Total operating expenses	23,797		
Loss from operations	(23,783)		
Interest income	355		
Net loss before income taxes	(23,428)		
Income tax expense	4		
Net loss	(23,432)		
Net loss attributable to noncontrolling interest	(2,365)		
Net loss attributable to Zentalis Pharmaceuticals, LLC	$(21,067)	$	$

Revenue

Revenue for the year ended December 31, 2018 was $13,922, compared to $ for the year ended December 31, 2019.

Research and Development Expenses

Research and development expenses for the year ended December 31, 2018 were $18.9 million, compared to $ million for the year ended December 31, 2019. The increase of $ million was primarily due to increases in external research and development expenses related to our lead product candidate, as we initiated our Phase 1/2 clinical trials for each of ZN-c5, ZN-c3 and ZN-e4. In addition, in 2019, we conducted additional preclinical studies, incurred additional manufacturing costs, and incurred increased costs for study and lab materials. Unallocated research and development expenses increased by $ million primarily due to $ million of additional employee related costs associated with increased headcount to support our platform development and $ million of increased facility-related costs, partially offset by a decrease of $ million due to a reduction in expenses in our early stage programs as our lead product candidates advanced into clinical development.

General and Administrative Expenses

General and administrative expenses for the year ended December 31, 2018 were $4.9 million, compared to $ million during the year ended December 31, 2019. This increase of $ million was primarily

attributable to an increase of $ million in employee-related costs as we increased our headcount to support our growth. Contributing to the overall increase were $ million in corporate facility-related costs as we entered into new leases in New York and San Diego in 2019.

Interest Income

Interest income was $0.4 million for the year ended December 31, 2018, compared to $ million for the year ended December 31, 2019. The increase of $ million was the result of interest earned on higher invested cash balances in 2019.

Liquidity and Capital Resources

Since our inception, we have incurred significant operating losses. We expect to incur significant expenses and operating losses for the foreseeable future as we advance the preclinical and clinical development of our research programs and product candidates. We expect that our research and development and general and administrative costs will increase in connection with conducting additional preclinical studies and clinical trials for our current and future research programs and product candidates, contracting with CMOs to support preclinical studies and clinical trials, expanding our intellectual property portfolio, and providing general and administrative support for our operations. As a result, we will need additional capital to fund our operations, which we may obtain from additional equity or debt financings, collaborations, licensing arrangements, or other sources.

We do not currently have any approved products and have never generated any revenue from product sales. To date, we have financed our operations primarily through private financings. Since we were formed, we have raised a total of $146.9 million in gross proceeds from the sale of shares of our Series A, B and C Preferred Units. As of December 31, 2019, we had $ million in cash and cash equivalents and an accumulated deficit of $. We had no indebtedness as of December 31, 2019.

Cash Flows

The following table summarizes our sources and uses of cash for the period presented:

	Year Ended December 31,	
	2018	2019
	(in thousands)	
Net cash used in operating activities	$ (24,251)	$
Net cash used in investing activities	(227)	
Net cash provided by financing activities	9,472	
Increase (decrease) in cash and cash equivalents	$ (15,006)	$

Operating Activities

We have incurred losses since inception. Net cash used in operating activities for the year ended December 31, 2019 was $ million, consisting primarily of our net loss of $ million as we incurred expenses associated with research activities for our lead product candidates and incurred general and administrative expenses.

Net cash used in operating activities for the year ended December 31, 2018 was $24.3 million, consisting primarily of our net loss of $23.4 million as we incurred expenses associated with research activities for our lead product candidates and incurred general and administrative expenses.

Investing Activities

Net cash used in investing activities for the year ended December 31, 2019 was $ million consisting of purchases of property and equipment.

Net cash used in investing activities for the year ended December 31, 2018 was $0.2 million consisting of purchases of property and equipment.

Financing Activities

Net cash provided by financing activities in the year ended December 31, 2019 of $ million primarily relates to net proceeds from the issuance of our Series C convertible preferred units.

Net cash provided by financing activities in the year ended December 31, 2018 of $9.5 million primarily relates to net proceeds from the issuance of our Series B convertible preferred units.

Funding Requirements

Our operating expenses have increased substantially in 2019 and are expected to increase substantially in the future in connection with our ongoing activities.

Specifically, our expenses will increase as we:

- advance the clinical development of ZN-c5, ZN-c3 and ZN-e4 for the treatment of oncology indications;
- pursue the preclinical and clinical development of other current and future research programs and product candidates, including ZN-d5;
- in-license or acquire the rights to other products, product candidates or technologies;
- maintain, expand and protect our intellectual property portfolio;
- hire additional personnel in research, manufacturing and regulatory and clinical development as well as management personnel;
- seek regulatory approval for any product candidates that successfully complete clinical development; and
- expand our operational, financial and management systems and increase personnel, including personnel to support our operations as a public company.

We believe that the anticipated net proceeds from this offering, together with our existing cash and cash equivalents, will enable us to fund our operating expenses and capital expenditure requirements through . We have based these estimates on assumptions that may prove to be imprecise, and we could utilize our available capital resources sooner than we expect.

Because of the numerous risks and uncertainties associated with research, development and commercialization of pharmaceutical drugs, it is difficult to estimate with certainty the amount of our working capital requirements. Our future funding requirements will depend on many factors, including:

- the progress, costs and results of our clinical trials for our programs for ZN-c5, ZN-c3 and ZN-e4;
- the progress, costs and results of additional research and preclinical studies in ZN-d5 and other research programs we initiate in the future;
- the costs and timing of process development and manufacturing scale-up activities associated with our product candidates and other programs we advance them through preclinical and clinical development;

- our ability to establish and maintain strategic collaborations, licensing or other agreements and the financial terms of such agreements;
- the extent to which we in-license or acquire rights to other products, product candidates or technologies; and
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and protecting our intellectual property rights and defending against any intellectual property-related claims.

Further, our operating results may change in the future, and we may need additional funds to meet operational needs and capital requirements associated with such operating plans.

Until such time, if ever, that we can generate product revenue sufficient to achieve profitability, we expect to finance our cash needs through a combination of equity offerings, debt financings, collaboration agreements, other third-party funding, strategic alliances, licensing arrangements and marketing and distribution arrangements.

We currently have no credit facility or committed sources of capital. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a common stockholder. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through other third-party funding, collaboration agreements, strategic alliances, licensing arrangements or marketing and distribution arrangements, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market products or product candidates that we would otherwise prefer to develop and market ourselves.

Contractual Obligations and Commitments

The following is our contractual obligations and commitments as of December 31, 2019:

	Payments Due By Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(in thousands)				
Operating lease obligations	$	$	$	$	$

We enter into contracts in the normal course of business with third-party contract organizations for clinical trials, preclinical studies, manufacturing and other services and products for operating purposes. These contracts generally provide for termination following a certain period after notice and therefore we believe that our non-cancelable obligations under these agreements are not material and they are not included in the table above.

We have not included milestone or royalty payments or other contractual payment obligations in the table above if the timing and amount of such obligations are unknown or uncertain.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate sensitivities. We held cash and cash equivalents of $ million as of December 31, 2019. We generally hold our cash in interest-bearing money market accounts. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates. Due to the short-term maturities of our cash equivalents and the low risk profile of our investments, an immediate 100 basis point change in interest rates would not have a material effect on the fair market value of our cash equivalents.

Critical Accounting Policies and Use of Estimates

Our management's discussion and analysis of financial condition and results of operations is based on our financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States. The preparation of our financial statements and related disclosures requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, costs and expenses and the disclosure of contingent assets and liabilities in our financial statements. We base our estimates on historical experience, known trends and events and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are described in more detail in the notes to our financial statements appearing at the end of this prospectus, we believe that the following accounting policies are those most critical to the judgments and estimates used in the preparation of our financial statements.

Goodwill and In-Process Research and Development

Our goodwill, which has an indefinite useful life, represents the excess of the cost over the fair value of net assets acquired from its business combination. The determination of the value of goodwill and intangible assets arising from business combinations and asset acquisitions requires extensive use of accounting estimates and judgments to allocate the purchase price to the fair value of the net tangible and intangible assets acquired, including capitalized in-process research and development, or IPR&D.

Intangible assets acquired in a business combination that are used for IPR&D activities are considered indefinite lived until the completion or abandonment of the associated research and development efforts. Upon conclusion of the relevant research and development project, we amortize the acquired IPR&D over its estimated useful life or expense the acquired IPR&D should the research and development project be unsuccessful with no future alternative use. We base the useful lives and related amortization expense on our estimate of the period that the assets will generate revenues or otherwise be used. We assess the carrying value of our IPR&D assets at least annually, or more frequently if an event occurs indicating the potential for impairment, which requires us to make assumptions and judgements regarding the future cash flows of these assets. If the assets are considered to be impaired, the impairment we recognize is the amount by which the carrying value of the assets exceeds the fair value of the assets. Fair value is determined by a combination of third-party sources and forecasted discounted cash flows.

Goodwill is reviewed for impairment at least annually, or more frequently if an event occurs indicating the potential for impairment. During the impairment review process, we consider qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than the carrying amount, including goodwill. If we determine that it is not more likely than not that the fair value of our reporting unit is less than the carrying amount, then no additional assessment is deemed necessary. Otherwise, we perform the two-step test for goodwill impairment. The first step involves comparing the estimated fair values of the reporting units with the carrying values, including goodwill. If the carrying amounts of the reporting units exceed

the fair values, the second step of the goodwill impairment test is performed to determine the amount of loss, which involves comparing the implied fair values of the goodwill to the carrying values of the goodwill. We completed our most recent annual evaluation for impairment for goodwill and IPR&D as of December 31, 2018 using the qualitative assessment and determined that no impairment existed, and no charges were recorded.

Research and Development Expenses

Research and development expenses consist primarily of costs incurred in connection with the development of our product candidates. We expense research and development costs as incurred.

Expenses related to clinical trials are accrued based on our estimates and/or representations from service providers regarding work performed, including actual level of patient enrollment, completion of patient studies and progress of the clinical trials. Other incidental costs related to patient enrollment or treatment are accrued when reasonably certain. If the amounts we are obligated to pay under our clinical trial agreements are modified (for instance, as a result of changes in the clinical trial protocol or scope of work to be performed), we adjust our accruals accordingly. Revisions to our contractual payment obligations are charged to expense in the period in which the facts that give rise to the revision become reasonably certain.

Incentive Unit-based Compensation

Prior to this offering, we have granted equity awards in the form of Class B common unit awards pursuant to the Zentalis Pharmaceuticals, LLC Profits Interest Plan, or the Profits Interests Plan. Each unvested Class B common unit represents a non-voting equity interest in us that entitles the holder to a percentage of the profits and appreciation in our equity value arising after the date of grant and after such time as an applicable threshold amount is met. Class B common units issued under the Profits Interest Plan with time-based vesting schedules generally vest over a four-year period with cliff vesting for the first year.

The Black Scholes option pricing model, which is a standard option pricing model, is used to estimate the fair value of each profits unit award on the date of grant. This model requires the use of numerous assumptions, including, among others, the expected life of incentive units, volatility of the underlying equity security, risk-free interest rate and dividends. These assumptions reflect our best estimates as we do not have publicly traded equity, have a limited operating history and involve inherent market uncertainties that are outside of our control. The use of different values by management in connection with these assumptions in the Black Scholes option pricing model could produce substantially different results. If we use different assumptions for future grants, unit-based compensation cost could be materially different in future periods.

Determination of the Fair Value of Class B Common Units

As there has been no public market for our common units to date, the estimated fair value of our common units underlying our profit interest awards has been determined on each grant date by our board of directors, with input from management, considering our most recently available third-party valuations of Class B common units. Our third-party valuations resulted in valuations of our Class B common units of $1.47 per unit as of December 21, 2017 and $1.85 per unit as of December 4, 2018. These third-party valuations were performed in accordance with the guidance outlined in the AICPA's Accounting and Valuation Guide, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation.* In addition, our board of directors considered various objective and subjective factors to estimate the estimated fair value of our Class B common units.

Our December 21, 2017 third-party valuation of Class B common units was prepared using the precedent transaction method, a form of the market approach, to estimate our equity value. In order to estimate equity value, the method considers a recent price for preferred units through an arm's length transaction and estimates the total fair value of equity implied by the transaction using an option pricing model. The total fair value of equity on a marketable basis was then allocated between each class of equity, including common units, preferred units, and Class B common units, utilizing the option pricing model.

Our December 4, 2018 third-party valuation of Class B common units was prepared using the guideline public company method, a form of the market approach, to estimate our equity value. Under the guideline public company method, the total equity value is calculated by identifying and analyzing publicly traded guideline companies. Various financial metrics of these guideline companies, including growth metrics and valuation multiples, are collected and applied to our company to arrive at an equity value. Venture capital rates of return commensurate with the stage of development of the company at the time of valuation were also factored in. The total fair value of equity on a marketable basis was then allocated between each class of equity, including common units, preferred units, and Class B common units, utilizing the option pricing model.

The assumptions underlying these valuations represent management's best estimates, which involve inherent uncertainties and the application of management judgment. As a result, if factors or expected outcomes change and we use significantly different assumptions or estimates, our share-based compensation expense could be materially different.

Following the closing of this offering, the fair value of our common stock will be determined based on the quoted market price of our common stock.

Profits Interests Granted

The following table summarizes by calendar quarter the number of Class B common units (which are intended to constitute profits interests for U.S. federal income purposes) units granted by us during 2018 as well as the estimated fair value of such grants as of the grant date:

Quarterly Period Ending	Number of Units Granted	Fair Value per Unit Granted
3/31/2018	570,241	$ 1.47
6/30/2018	13,000	$ 1.47
9/30/2018	—	NA
12/31/2018	363,925	$ 1.85
2018 Total	947,166	

Emerging Growth Company Status

We are an "emerging growth company," as defined in the JOBS Act, and we may take advantage of reduced reporting requirements that are otherwise applicable to public companies. Section 107 of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with those standards. We have elected to take advantage of the extended transition period for complying with new or revised accounting standards; and as a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates. The JOBS Act also exempts us from having to provide an auditor attestation of internal control over financial reporting under Sarbanes-Oxley Act Section 404(b).

We will remain an "emerging growth company" until the earliest of (1) the last day of the fiscal year in which we have total annual gross revenues of $1.07 billion or more, (2) the last day of the fiscal year following the fifth anniversary of the completion of this initial public offering, (3) the date on which we have issued more than $1.0 billion in nonconvertible debt during the previous three years or (4) the date on which we are deemed to be a large accelerated filer under the rules of the SEC, which generally is when we have more than $700 million in market value of our stock held by non-affiliates and we have been a public company for at least 12 months and have filed one annual report on Form 10-K.

Recent Accounting Pronouncements

A description of recent accounting pronouncements that may potentially impact our financial position, results of operations or cash flows is disclosed in Note 2 to our audited consolidated financial statements included elsewhere in this prospectus.

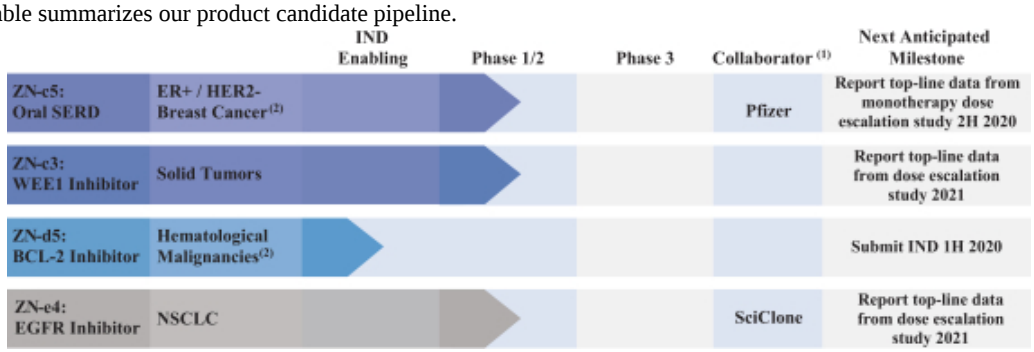
BUSINESS

Overview

We are a clinical-stage biopharmaceutical company focused on discovering and developing small molecule therapeutics targeting fundamental biological pathways of cancers. We use our highly efficient drug discovery engine, which we refer to as our Integrated Discovery Engine, to identify targets and develop small molecule new chemical entities, or NCEs, with properties that we believe could result in potentially differentiated product profiles. Our discovery engine combines our extensive experience and capabilities across cancer biology and medicinal chemistry. We believe our product candidates are differentiated from current programs targeting similar pathways and, if approved, have the potential to significantly impact clinical outcomes of patients with cancer.

We are developing a broad pipeline of product candidates with an initial focus on validated oncology targets with the potential to address large patient populations. Our lead product candidate, ZN-c5, is an oral selective estrogen receptor degrader, or SERD, currently in a Phase 1/2 clinical trial for the treatment of advanced estrogen receptor-positive, human epidermal growth factor receptor 2-negative, or ER+/HER2-, advanced or metastatic breast cancer. We have designed ZN-c5 to have high potency and selectivity as well as favorable tolerability and pharmacokinetic, or PK, properties. We expect to report data from the monotherapy dose escalation portion of this Phase 1/2 trial in the second half of 2020. Our other product candidates include ZN-c3, an inhibitor of WEE1, a protein tyrosine kinase, currently in a Phase 1/2 clinical trial for the treatment of advanced solid tumors; ZN-d5, a selective inhibitor of B-cell lymphoma 2, or BCL-2, initially in development for the treatment of hematological malignancies, and ZN-e4, an irreversible inhibitor of mutant epidermal growth factor receptor, or EGFR, currently in a Phase 1/2 clinical trial for the treatment of advanced non-small cell lung cancer, or NSCLC. We expect to report data from the Phase 1 portion of the ongoing trials of each of ZN-c3 and ZN-e4 in 2021, respectively, and to submit an investigational new drug application, or IND, to the U.S. Food and Drug Administration, or FDA, for ZN-d5 in the first half of 2020. We currently own worldwide development and commercialization rights to each of our product candidates, other than in select Asian countries (including China) for ZN-e4 for which we have out-licensed these rights.

The following table summarizes our product candidate pipeline.



(1) We are currently evaluating ZN-c5 in combination with palbociclib as part of a clinical research collaboration with Pfizer. We maintain full ownership of ZN-c5 in this collaboration with Pfizer. SciClone has development and commercial rights to ZN-e4 in Greater China (including Macau and Hong Kong), South Korea, Taiwan and Vietnam.

(2) We plan to explore the combination potential of ZN-c5, our oral SERD, with ZN-d5, our BCL-2 inhibitor, for the treatment of ER+/HER2- breast cancer.

We are also currently advancing multiple small molecule programs in preclinical development for other cancer indications, including select solid tumors and hematological malignancies. We are now in lead optimization for our fifth product candidate and plan to submit an IND to the FDA in 2021.

In the five years since our inception, we have successfully cleared three INDs with the FDA and expect to submit a fourth IND in the first half of 2020 and a fifth IND in 2021. Our Integrated Discovery Engine has enabled us to take each of our clinical product candidates from initial discovery to IND submission in less than three years in a capital efficient manner. We begin our process of drug discovery by identifying fundamental biological pathways of cancers based on a number of factors, including validation of the pathway through prior clinical outcomes and ability to impact large patient populations. We then analyze existing marketed products and compounds in development that target these cancer pathways and assess their limitations, efficacy, safety, tolerability, PK, patient convenience, and potential to be used in combination with other therapies. Next, we use our medicinal chemistry expertise and extensive understanding of target-drug structure activity to design proprietary NCEs with properties that we believe can address observed limitations and suboptimal drug characteristics of marketed products or other compounds in development, including potency, solubility, route of administration and PK properties. We believe overcoming these limitations may also allow us to develop these product candidates for use in combination with other therapies, including with our internally developed product candidates, if approved. Finally, we strive to generate preclinical data to support that such candidates could have a differentiated product profile in our expected lead indications before advancing a compound into clinical development. We have used our Integrated Discovery Engine to generate a pipeline of four product candidates targeting solid tumors and hematological malignancies. Longer term, we believe our discovery engine has the potential to generate product candidates addressing a wide range of additional therapeutic areas.

Our lead product candidate, ZN-c5, is an oral SERD for the treatment of ER+/HER2- advanced or metastatic breast cancer. ER+/HER2- breast cancer affects approximately 70% of all breast cancer patients in the United States. These tumors depend on the estrogen receptor, or ER, for growth and survival, and are currently treated by a number of approved hormonal therapies. We have designed ZN-c5 to overcome limitations of existing hormonal therapies, including the only FDA-approved SERD, fulvestrant (marketed as Faslodex® by AstraZeneca). Despite its limitations, Faslodex generated worldwide sales of over $1.0 billion in 2018, reflecting part of the significant potential of the SERD therapeutic class in ER+/HER2- breast cancer.

We believe ZN-c5, if approved, may have a potentially differentiated product profile. Based on interim and preliminary data from 12 patients dosed in our ongoing Phase 1/2 clinical trial as of the data cutoff date of November 11, 2019, the PK of ZN-c5 was characterized by rapid absorption into the systemic circulation and high drug exposure levels. In addition, ZN-c5 has been observed to be well tolerated with no dose-limiting toxicities reported. In preclinical studies, ZN-c5 has shown anti-tumor activity, potency and selectivity. We believe ZN-c5, which is being developed for convenient oral administration, has the potential to be used as monotherapy and in combinations, and could become the standard of care for hormonal therapy in the treatment of all lines of ER+/HER2- breast cancer. We are currently dosing ZN-c5 in a Phase 1/2 clinical trial in patients with ER+/HER2- advanced or metastatic breast cancer, both as monotherapy and in combination with palbociclib (marketed as Ibrance® by Pfizer) as part of a clinical research collaboration with Pfizer. Palbociclib is an inhibitor of cyclin dependent kinases 4 and 6, or CDK4/6, and is FDA approved for ER+/HER2- advanced or metastatic breast cancer patients in combination with hormonal therapies, such as fulvestrant. We expect to report data from the monotherapy dose escalation portion of this Phase 1/2 trial in the second half of 2020.

ZN-c3 is our oral, small molecule inhibitor of WEE1, a DNA damage response protein. The inhibition of WEE1 aims to allow sufficient DNA damage in cancer cells to cause them to undergo programmed cell death, or apoptosis, thereby preventing tumor growth and potentially causing tumor regression. There is currently no FDA-approved WEE1 inhibitor. We believe ZN-c3, if approved, may have broad applicability in a wide range of cancers as monotherapy and in combination, including with chemotherapy agents and other targeted therapies. We are currently conducting a Phase 1/2 clinical trial of ZN-c3 in patients with advanced solid tumors. We expect to report data from the Phase 1 portion of this trial in 2021.

ZN-d5 is our oral, small molecule inhibitor of BCL-2 that we are initially developing for the treatment of hematologic malignancies. We plan to submit an IND to the FDA in the first half of 2020 and initiate a Phase 1

clinical trial of ZN-d5 in patients with acute myeloid leukemia, or AML, or B-cell lymphoma in the second half of 2020.

ZN-e4 is our oral, small molecule product candidate being developed as an irreversible inhibitor of mutant EGFR. EGFR regulates a number of cellular functions, including cell proliferation and survival, and is a driver of tumor growth in certain cancers, including lung cancer. We have designed ZN-e4 to be highly selective against mutant EGFR. We are conducting a Phase 1/2 clinical trial of ZN-e4 in patients with advanced NSCLC with activating EGFR mutations and are currently evaluating potential combination therapies for future clinical development of ZN-e4. We expect to report data from the Phase 1 portion of the trial in 2021.

Our History and Team

We began operations in January 2015. We have assembled a management team of biopharmaceutical experts with extensive experience in building and operating organizations that develop and deliver innovative medicines to patients. Our management team has broad expertise and successful track records in drug discovery, clinical development, regulatory affairs, manufacturing and commercialization of cancer therapies, as well as in business and finance, through previous experiences at leading institutions including Aisling Capital, Array Biopharma, Goldman Sachs, IQVIA, Merck, Morgan Stanley, Novartis, Paratek Pharmaceuticals, Pfizer, PsiOxus Therapeutics, R-Pharm US and Taiho Oncology.

We are guided by our board of directors, scientific advisory board and business advisory board. Our scientific advisory board works with our management team in planning, development and execution of scientific, clinical, and research and development initiatives and strategies, while our business advisory board works with our management team on business and operational initiatives and strategies. Our renowned scientific and business advisory boards are comprised of key scientific and clinical thought leaders in oncology: Stephen Ansell, M.D., Ph.D., Andrew Badley, M.D., Robert Glassman, M.D., Shaji Kumar, M.D., Anthony Letai, M.D., Ph.D., Ross Levine, M.D., Donald McDonnell, Ph.D., Jun Qi, Ph.D., Chad Robins, M.B.A., and Kwok-Kin Wong, M.D., Ph.D. These individuals are associated with the following leading institutions: Adaptive Biotechnologies, Credit Suisse, Duke University, Harvard Medical School, Mayo Clinic, Memorial Sloan Kettering Cancer Center and NYU Langone Health.

We believe our experienced and diverse team is well positioned to leverage our highly efficient, Integrated Discovery Engine to identify targets and develop small molecule NCEs targeting fundamental biological pathways of cancers that are differentiated from existing marketed therapies by clinical performance, and address large patient populations.

Strategy

Our goal is to become a leading oncology-focused biopharmaceutical company. Our strategy includes the following key components:

- ***Discover and develop differentiated small molecule NCEs that address large patient populations in cancer.*** We have leveraged our broad industry experience and know-how, and the guidance of our scientific and business advisory boards, to build our Integrated Discovery Engine. This engine integrates our extensive capabilities across cancer biology and medicinal chemistry. We use our Integrated Discovery Engine to identify validated and fundamental targets and develop small molecule NCEs that are differentiated from existing marketed therapies by clinical performance, and, if approved, could offer meaningful benefits for patients.
- ***Rapidly advance the development of our lead product candidate, ZN-c5, our oral SERD, toward regulatory approval for the treatment of ER+/HER2- advanced or metastatic breast cancer.*** We have designed ZN-c5 to overcome limitations of existing hormonal therapies including fulvestrant, the only FDA-approved SERD. Based on data observed in our preclinical studies and preliminary and interim

results of our ongoing Phase 1/2 clinical trial, we believe ZN-c5, if approved, may have a differentiated product profile. We are evaluating ZN-c5 as a treatment of ER+/HER2- advanced or metastatic breast cancer. ER+/HER2- breast cancer affects approximately 70% of all breast cancer patients in the United States. We are currently evaluating ZN-c5 in an ongoing Phase 1/2 clinical trial in patients with ER+/HER2- advanced or metastatic breast cancer and intend to report data from the monotherapy dose escalation portion of this Phase 1/2 trial in the second half of 2020.

- ***Advance our additional product candidates, ZN-c3 (WEE1 Inhibitor), ZN-d5 (BCL-2 Inhibitor) and ZN-e4 (EGFR Inhibitor), across multiple cancer indications.*** We are advancing the development of our other small molecule NCEs targeting fundamental biological cancer pathways. These product candidates are designed to produce small molecule NCEs with differentiated product profiles. ZN-c3 is currently in a Phase 1/2 clinical trial for the treatment of advanced solid tumors; ZN-d5 is initially in development for the treatment of hematological cancers; and ZN-e4 is currently in a Phase 1/2 clinical trial for the treatment of advanced NSCLC. We expect to report data from the Phase 1 portions of the ongoing clinical trials of each of ZN-c3 and ZN-e4 in 2021, and to submit an IND to the FDA for ZN-d5 in the first half of 2020.
- ***Continue to evaluate our product candidate pipeline in combination with internally discovered and third-party compounds.*** We believe the future of cancer treatment is to target multiple fundamental biological pathways through combination therapies. In our preclinical studies and clinical trials, our product candidates have shown the potential for combination with other approved and development-stage cancer therapies. For example, we are dosing ZN-c5, our oral SERD, in combination with palbociclib for the treatment of ER+/HER2- advanced or metastatic breast cancer. We also plan to explore other potential combinations for our product candidates with internally developed compounds. For example, we plan to explore the combination potential of ZN-c5, our oral SERD, with ZN-d5, our BCL-2 inhibitor, for the treatment of breast cancer.
- ***Deploy our highly efficient Integrated Discovery Engine to further expand our product candidate pipeline.*** Our robust product candidate pipeline is enabled by our highly efficient drug discovery engine, which we plan to continue to leverage to discover and develop additional differentiated small molecule NCEs for the treatment of cancer. In the five years since our inception, we have successfully cleared three INDs with the FDA and expect to submit a fourth IND in the first half of 2020 and a fifth IND in 2021. Our Integrated Discovery Engine has enabled us to take our clinical product candidates from initial discovery to acceptance of IND in less than three years per program and in a capital efficient manner. We are also currently advancing multiple small molecule programs in preclinical studies for other cancer indications, including select solid tumors and hematological malignancies.
- ***Evaluate strategic opportunities to accelerate development timelines and maximize the value of our product candidate pipeline.*** We currently own the worldwide development and commercial rights to each of our product candidates, other than in greater China (including Macau and Hong Kong), South Korea, Taiwan and Vietnam for ZN-e4 (EGFR Inhibitor) for which we have out-licensed these rights. We intend to evaluate additional collaborations that could maximize the value of our product candidate pipeline, either through the evaluation of our product candidates in combination with compounds owned by third-parties or through geographic collaborations outside of the United States that allow us to leverage the existing infrastructure of other companies.

Our Zentalis Approach

We have leveraged our extensive industry experience and know-how, and the guidance of our scientific advisory board, to build our Integrated Discovery Engine that integrates our extensive capabilities across cancer biology and medicinal chemistry. This engine enables us to identify targets for which small molecule NCEs with high potency, high exposure and other optimized drug properties could yield potentially differentiated product profiles. Our approach centers on utilizing our Integrated Discovery Engine to identify such targets and subsequently develop product candidates that address targets with large cancer patient populations. At the core of

our Integrated Discovery Engine is our experienced and proven management team, as well as our renowned chemistry team that has over 150 years of combined discovery expertise and who have collectively brought 35 product candidates into clinical development, including 27 oncology product candidates. Due in large part to our Integrated Discovery Engine, we have three active INDs with the FDA and expect to submit a fourth IND in the first half of 2020 and a fifth IND in 2021.

Our Integrated Discovery Engine is executed through the following process:

- ***First***, identify fundamental biological pathways of cancers, considering a number of factors, including prior clinical outcomes, input from our scientific and business advisory boards, large unmet medical need and market opportunity.
- ***Second***, identify and analyze key products or compounds targeting these cancer pathways and assess their limitations, including with respect to efficacy, safety, tolerability, PK, patient convenience, and their potential to be used in combination.
- ***Third***, use our medicinal chemistry expertise and deep understanding of target-drug structure activity relationships to create proprietary NCEs that are designed to improve upon and address observed limitations of existing products or compounds.
- ***Fourth***, generate strong preclinical data to support our view that such candidates could have potentially differentiated product profiles in our expected lead indications, if approved, before moving a compound into clinical development.

Our highly efficient Integrated Discovery Engine has enabled us to develop, a diverse pipeline of product candidates entirely in-house and in a capital efficient manner. Across our three clinical programs, we have synthesized an average of approximately 80 compounds and have progressed from initial concept to submission of IND in less than three years per program, a significantly shorter period than the 66 month average among large pharmaceutical institutions. The estimated direct costs of each of these clinical programs from initial concept to acceptance of IND were less than $10.0 million.

First Four Programs Generated Using Zentalis' Integrated Discovery Engine

Programs	Oral SERD	WEE1 Inhibitor	BCL-2 Inhibitor	EGFR Inhibitor
Initial Indication	ER+ / HER2- Breast Cancer	Solid Tumors	Hematological Malignancies	NSCLC
# of Compounds Screened	67	151	86	18
Time to IND	28 months	33 months	40 months (1)	31 months

(1) We plan to submit an IND to the FDA in the first half of 2020; date for IND submission estimated to be June 30, 2020 for purposes of this table.

We have initially chosen to focus on targets that have been validated clinically and, in most cases, commercially. This provides us with a clear understanding of the indications we will target and endpoints that have been required for regulatory approval of products for these indications in the past, as well as the potential for clinical adoption and commercial success. This strategy has enabled us to begin our drug discovery and development process at an advanced state relative to where the process would otherwise begin in focusing on uncharacterized targets. We believe this ability provides us with an efficient path to identifying novel drug compounds and advancing them into clinical development in a capital efficient manner.

Our Product Candidates

ZN-c5, an Oral SERD for the Treatment of ER+/HER2- Breast Cancer

Overview

We are developing ZN-c5, an oral, small molecule product candidate targeting the ER, a key driver of tumor growth and survival in ER+/HER2- breast cancer. These tumors are currently treated by a number of hormonal therapies; however, in contrast to most ER binders that simply block or modulate ER activity, ZN-c5 is also designed to cause degradation of the ER. As such, ZN-c5 is known as a Selective ER Degrader, or SERD. Fulvestrant, marketed as Faslodex® by AstraZeneca, is currently the only FDA-approved SERD. While effective, fulvestrant is limited to its FDA-approved dosing regimen of two painful 5mL concomitant monthly intramuscular injections, thus restricting the level of ER degradation that can be induced in patients, which we believe limits its efficacy. We have applied our expertise to design ZN-c5 as an oral potent and selective SERD with characteristics which we believe may result in a differentiated product profile. We believe ZN-c5, if approved, has the potential to be used as monotherapy and in combinations and could become the standard of care for hormonal therapy in the treatment of all lines of ER+/HER2- breast cancer.

We are currently conducting a Phase 1/2 clinical trial of ZN-c5 in patients with ER+/HER2- advanced or metastatic breast cancer. ER+/HER2- breast cancer affects approximately 70% of all breast cancer patients in the United States. We continue to enroll patients and collect data for ZN-c5 administered as monotherapy and recently we initiated dose escalation cohorts in combination with palbociclib as part of a clinical research collaboration with Pfizer. Palbociclib, marketed as Ibrance®, is a CDK4/6 inhibitor that is FDA approved for the treatment of ER+/HER2- advanced or metastatic breast cancer in combination with hormonal therapies, such as fulvestrant. We maintain full ownership of ZN-c5 in this collaboration. We expect to report data from the monotherapy dose escalation portion of this Phase 1/2 trial in the second half of 2020.

Background on Breast Cancer and Current Treatments

Breast cancer is the most prevalent cancer in women, accounting for 30% of all female cancers and 13% of cancer-related deaths in the United States. The National Cancer Institute estimated that approximately 270,000 new cases of breast cancer would be diagnosed in the United States in 2019, and approximately 42,000 breast cancer patients would die of the disease.

Breast cancer tumor growth is dependent on two main protein receptors: estrogen receptor and human epidermal growth factor receptor 2. Approximately 70% of breast cancers in the United States are ER+/HER2-, meaning that they express ER and not HER2, and therefore depend on estrogen signaling for tumor growth and survival. These ER+ tumors are sometimes referred to as hormone receptor positive, or HR+ tumors, and are currently treated using several approaches:

- by blocking receptor function with selective ER modulators, or SERMs;
- by blocking the synthesis of these hormones with aromatase inhibitors, or AIs; or
- by degrading, and thus potentially eliminating ER receptors with a drug in the SERD class.

AIs have demonstrated superior clinical benefit to SERMs, including tamoxifen, and SERDs have demonstrated superior clinical benefit to AIs.

FDA-Approved SERD, Fulvestrant, and its Limitations

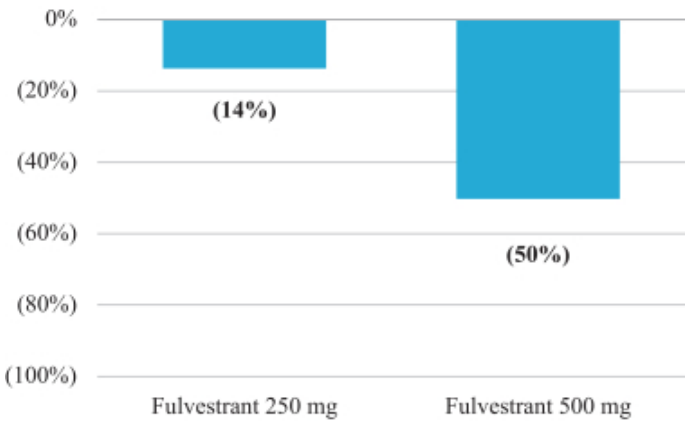
Currently, fulvestrant is the only FDA-approved SERD. Fulvestrant is FDA-approved for first and second-line treatment for women with HR+/HER2- advanced breast cancer both as monotherapy and as combination therapy with a number of other drug classes. Fulvestrant has demonstrated improved efficacy relative to AIs. In a

randomized double-blind, placebo-controlled trial in treatment naïve advanced and metastatic breast cancer patients, treatment with 500 mg of fulvestrant resulted in median progression free survival, or PFS, of 16.6 months versus 13.8 months for anastrozole, an FDA-approved oral AI marketed as Arimidex® by ANI Pharmaceuticals. However, fulvestrant has a number of pharmacological characteristics that require it to be delivered via two painful 5mL concomitant monthly intramuscular injections, which we believe may limit its efficacy and tolerability. Despite these limitations, AstraZeneca reported worldwide sales of Faslodex of over $1.0 billion in 2018.

We believe the following limitations associated with fulvestrant create an opportunity to develop a SERD with a superior product profile:

- ***Route of administration***. Fulvestrant is highly insoluble and must be given via painful intramuscular injection. Fulvestrant is dosed monthly following two initial loading doses administered two weeks apart, and can only be delivered via two painful 5mL concomitant monthly intramuscular injections.
- ***Capped efficacy in humans.*** Results of third-party clinical trials have shown that higher doses of fulvestrant increased ER degradation and efficacy. In a randomized Phase 2 clinical trial evaluating fulvestrant in 211 postmenopausal women with ER+ locally advanced or metastatic breast cancer, 250 mg and 500 mg of fulvestrant achieved a mean change of 14% and 50% of ER degradation, respectively, in each case measured at week 4 from dosing. In addition, in a Phase 3 clinical trial, the 500 mg dose arm achieved a median overall survival of 26.4 months as compared to 22.3 months achieved in the 250 mg dose arm.

Mean Change in ER Expression Levels (Week 4)



In preclinical mouse models, administration of 200 mg/kg of fulvestrant showed meaningful anti-tumor activity. However, based on recent published scientific literature, the human equivalent of the 200 mg/kg dose of fulvestrant results in exposure that is an estimated eight-fold higher than what is clinically achievable with the highest FDA-approved human dose (500 mg) of fulvestrant. Based on these clinical and preclinical data, we believe the overall efficacy that can be achieved with the administration of fulvestrant may be capped by the current FDA-approved dose.

- ***Convenience and resource utilization***. The administration of fulvestrant as an intramuscular injection requires once monthly visits by patients to their health care providers, resulting in patient inconvenience and burden, such as time away from work. These injections also result in injection site pain, as well as bleeding complications in those patients with bleeding tendencies or anticoagulant use. In addition, significant injection related events such as sciatica, neuralgia, neuropathic pain, and peripheral neuropathy have been reported. Furthermore, we believe the combination of monthly

intramuscular injections with a daily oral therapy, such as a CDK4/6 inhibitor, does not achieve optimal patient compliance.

SERD Use in Combination

Fulvestrant is FDA approved as a combination therapy with a number of other drug classes:

- ***CDK4/6 inhibitors***. One common mechanism of resistance to fulvestrant is the activation of the CDK4/6 pathway. Fulvestrant administered in combination with oral CDK4/6 inhibitors has demonstrated improved clinical efficacy when compared with fulvestrant as monotherapy. In a randomized, double-blind clinical trial, treatment of HR+/HER2- advanced breast cancer patients with a combination of fulvestrant and palbociclib demonstrated a median PFS of 9.5 months compared to 4.6 months for those patients dosed with fulvestrant as a single agent. These patients had previously progressed on or after prior endocrine therapy. Worldwide sales of currently marketed CDK4/6 inhibitors, which are indicated for the treatment of breast cancer, were $4.6 billion in 2018, and are expected to grow to $12.2 billion in 2024. Worldwide sales of palbociclib were $4.1 billion in 2018 and are expected to grow to $9.1 billion in 2024.
- ***Phosphoinositide 3-kinase, or PI3K, inhibitors***. Another common mechanism of resistance to fulvestrant is the activation of the PI3K pathway, an important intracellular pathway that regulates cell growth and metabolism. Approximately one third of HR+ breast cancer tumors resistant to endocrine therapy harbor activating mutations of the catalytic subunit of PI3K, referred to as PIK3CA. Fulvestrant used in combination with alpelisib, an oral PI3K inhibitor marketed as Piqray® by Novartis approved by the FDA in May 2019, has demonstrated improved clinical efficacy in patients whose tumors had a PIK3CA mutation. In a randomized, double-blind clinical trial, treatment of HR+/HER2- advanced breast cancer patients with a PIK3CA mutation with a combination of fulvestrant and alpelisib led to a median PFS of 11.0 months compared to 5.7 months for those patients treated with fulvestrant as monotherapy. These patients had previously progressed on or after prior endocrine therapy. Worldwide sales of Piqray®, currently only FDA-approved for the treatment of breast cancer, are expected to grow to $1.0 billion in 2024.

Clinical data has also shown promising results from the use of fulvestrant with other targeted therapies:

- ***Mammalian target of rapamycin, or mTOR, inhibitors***. Similar to CDK4/6 and PI3K, the mTOR pathway has also been identified as a mechanism of resistance to endocrine therapy. Everolimus is an mTOR inhibitor that is currently approved by the FDA for the treatment of HR+/HER2 advanced breast cancer in combination with exemestane, an AI. Everolimus has also shown clinical benefit in combination with fulvestrant. In a randomized, double-blind clinical trial, treatment of HR+/HER2- advanced breast cancer patients with a combination of fulvestrant and everolimus demonstrated a median PFS of 10.3 months compared to 5.1 months for those patients dosed with fulvestrant as monotherapy. These patients had previously progressed on or after prior AI therapy. Worldwide sales in breast cancer of everolimus, marketed as Afinitor® by Novartis and a leading mTOR inhibitor, were approximately $840.0 million in 2018.

Our SERD Solution: ZN-c5

We believe a conveniently administered oral SERD with superior efficacy could be indicated for monotherapy or in combinations, and could become the standard of care for hormonal therapy in the treatment of all lines of ER+/HER2- breast cancer.

ZN-c5 is our oral SERD product candidate, which we believe has the potential to overcome limitations of existing hormonal therapies in the treatment of ER+/HER2- breast cancer due to the following observed preclinical and clinical results:

- ***Potency and selectivity.*** In our *in vitro* preclinical studies, we observed the potency of ZN-c5 as measured by proliferation inhibition and degradation of ERa, and that the combination of ZN-c5 and

palbociclib was associated with meaningful shrinkage in MCF-7 tumors. In addition, ZN-c5 has exhibited no agonist activity in animal models which, if present, may compromise its anti-tumor activity.

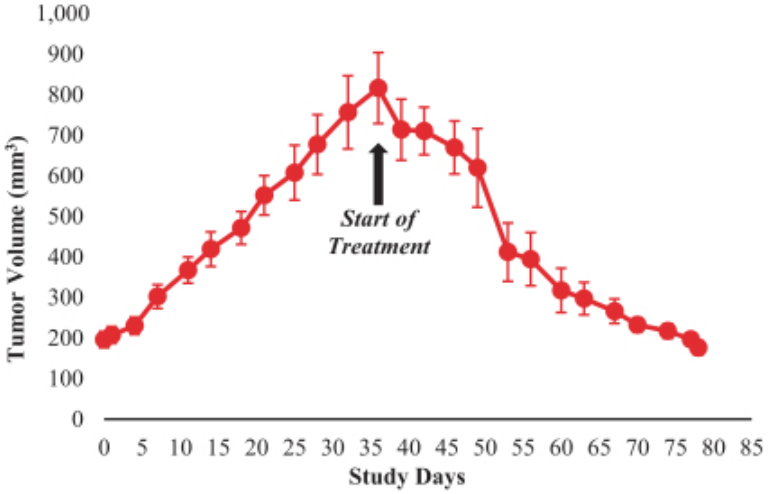
- ***Preclinical anti-tumor activity***. In preclinical studies, ZN-c5 demonstrated anti-tumor activity in multiple breast cancer cell lines, both as monotherapy and in combination with CDK4/6 inhibitors and PI3K inhibitors, as well as superior tumor growth inhibition when compared to fulvestrant. In addition, in preclinical studies ZN-c5 demonstrated increased anti-tumor activity when administered in combination with BCL-2 inhibitors, including a backup compound of our BCL-2 inhibitor product candidate, ZN-d5, as compared to ZN-c5 as monotherapy.
- ***PK characteristics***. In preclinical and clinical studies to date, oral dosing of ZN-c5 has shown high exposure levels.
- ***Tolerability profile***. In preclinical studies, ZN-c5 was well tolerated in one-month repeat dose toxicology studies. In addition, based on interim and preliminary data from our Phase 1/2 clinical trial as of the data cutoff date of November 11, 2019, we have observed ZN-c5 to be well tolerated with no dose-limiting toxicities reported.
- ***Convenience of administration.*** ZN-c5 was designed to be a once-daily oral drug. If approved, we believe this would provide patient convenience and the potential for an all oral dosing regimen as monotherapy and in combination with CDK4/6 inhibitors and other oral targeted therapies.

In our Phase 1/2 clinical trial, we are evaluating the potential of ZN-c5 as monotherapy and in combination with palbociclib, a CDK4/6 inhibitor, as part of a clinical development collaboration with Pfizer. In addition, we continue to explore in preclinical studies the potential of ZN-c5 in combination with BCL-2 inhibitors, including our BCL-2 inhibitor product candidate, ZN-d5, for the treatment of breast cancers.

Preclinical Results

Potency of ZN-c5 in Combination Therapy in MCF-7 Breast Cancer Xenograft Model

We have assessed the potency of the combination of ZN-c5 and palbociclib in mice with MCF-7 tumors. In this study, the tumors were initially grown to a large size of over 800 mm^3, at which point treatment began on day 36. We observed that the combination of ZN-c5 and palbociclib, both dosed orally, led to the meaningful shrinkage of these tumors to a mean size of less than 200 mm^3 by day 78, as shown in the graph below.



ER Degradation in MCF-7 Models

We assessed the potency of ZN-c5 and third-party hormonal therapies, fulvestrant and RAD1901, in repeat preclinical studies using MCF-7 breast cancer cells. RAD1901 is a SERM/SERD being evaluated by a third party in an ongoing Phase 3 clinical trial. As shown in the table below, ZN-c5 was observed to have good anti-proliferative activity and ERa degradation activity.

COMPOUND	PROLIFERATION INHIBITION IC_{50}(1)(2) MCF-7 (nM)	ERa DEGRADATION EC_{50}(2)(3) MCF-7 (nM)
Fulvestrant(4)	0.73	0.2
RAD1901(4)	0.35	97
ZN-c5	**0.45**	**0.19**

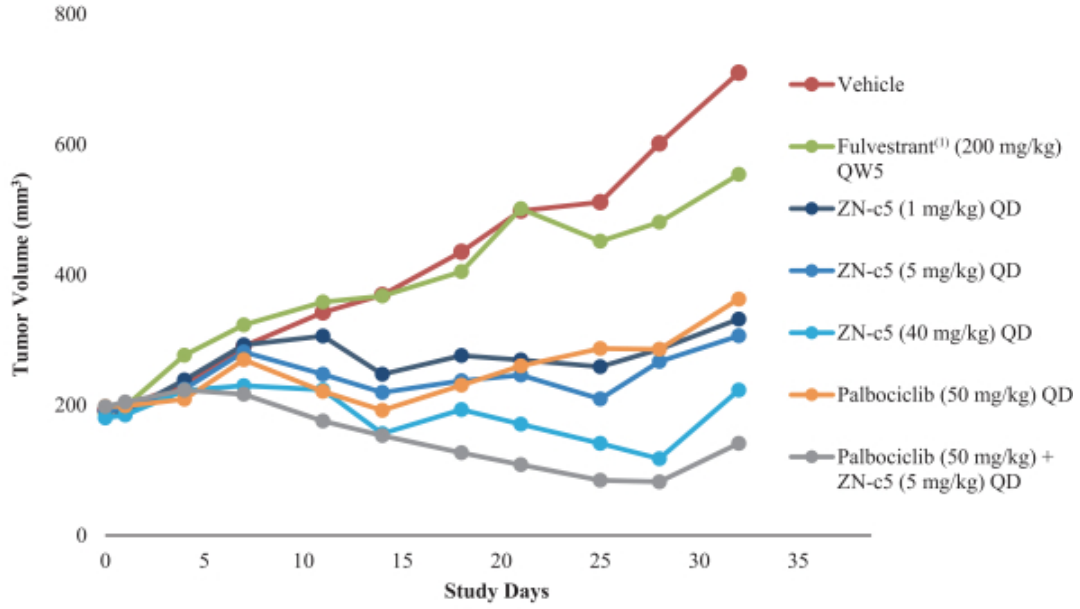
(1) IC_{50}: the concentration of an inhibitor where the response or binding is reduced by half.
(2) Data based on a series of repeat preclinical studies using standard *in vitro* assay and uniform controls.
(3) EC_{50}: the concentration of a drug that gives half-maximal response.
(4) Data based on evaluation of comparable proxy chemical compound purchased from commercial sources rather than obtained from the pharmaceutical company commercializing or developing the respective hormonal therapy.

Assessment of Agonist Activity

In preclinical studies, we observed no difference in agonist activity of ZN-c5 when compared to vehicle in a standard Uterine Wet Weight (UWW) animal model which, if present, may otherwise compromise anti-tumor activity.

Anti-tumor Activity in MCF-7 Breast Cancer Xenograft Models

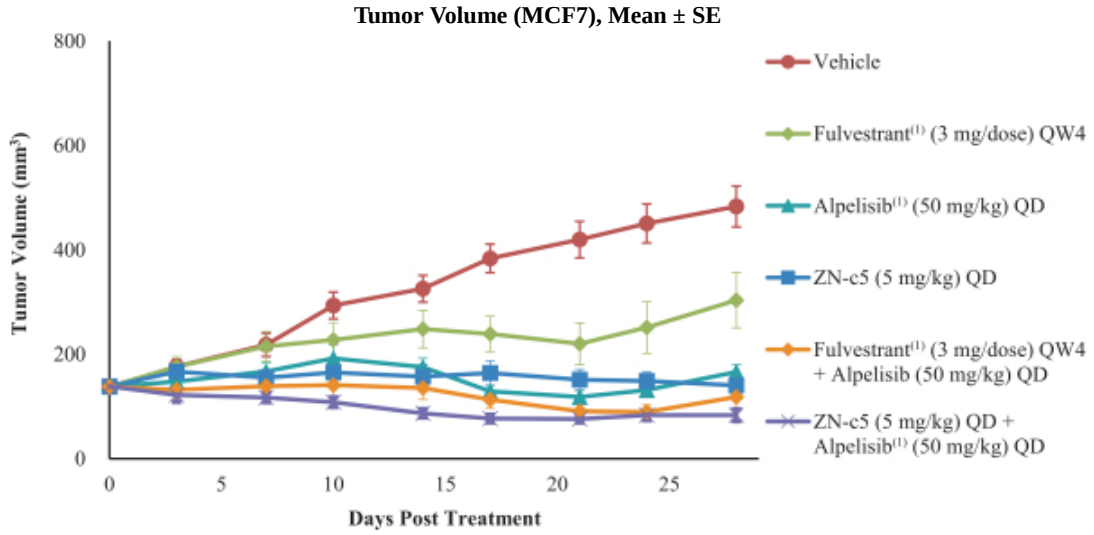
In a preclinical study, we assessed the anti-tumor activity of ZN-c5, alongside fulvestrant and palbociclib, in each case as monotherapy, in multiple breast cancer cell lines. ZN-c5 was also assessed in combination with palbociclib. As shown in the graph below, in a xenograft model using human MCF-7 breast cancer cells, we observed that ZN-c5 dosed at 1 mg/kg had more potent anti-tumor activity than 200 mg/kg of fulvestrant. Even greater anti-tumor activity was observed by either increasing the dose of ZN-c5 to 40 mg/kg or by combination therapy using 5 mg/kg of ZN-c5 and 50 mg/kg of palbociclib.



(1) Fulvestrant data based on evaluation of comparable proxy chemical compound purchased from commercial sources rather than the pharmaceutical company commercializing the compound.

Notes:
QW5: Once per week (5 doses in 5 weeks)
QD: Once daily

We also assessed the anti-tumor activity of ZN-c5, alongside fulvestrant and alpelisib, in each case as monotherapy, in preclinical models. ZN-c5 and fulvestrant were also assessed in combination with alpelisib. As shown in the graph below, in a xenograft model using human MCF-7 breast cancer cells, we observed that ZN-c5 dosed once daily at 5 mg/kg had more potent anti-tumor activity than 3mg/dose of fulvestrant administered once per week over four weeks. Even greater anti-tumor activity was observed with the combination of 5mg/kg of ZN-c5 and 50 mg/kg of alpelisib. We also observed that the combination of ZN-c5 and alpelisib had more potent anti-tumor activity than the combination therapy using 3mg/dose of fulvestrant and 50 mg/kg of alpelisib. In addition, the combination of ZN-c5 and alpelisib was associated with a body weight loss at the end of the study of 9% relative to baseline, compared to a body weight loss of 19% for alpelisib as monotherapy relative to baseline. The body weight loss at the end of the study for ZN-c5 as monotherapy was 7% relative to baseline.

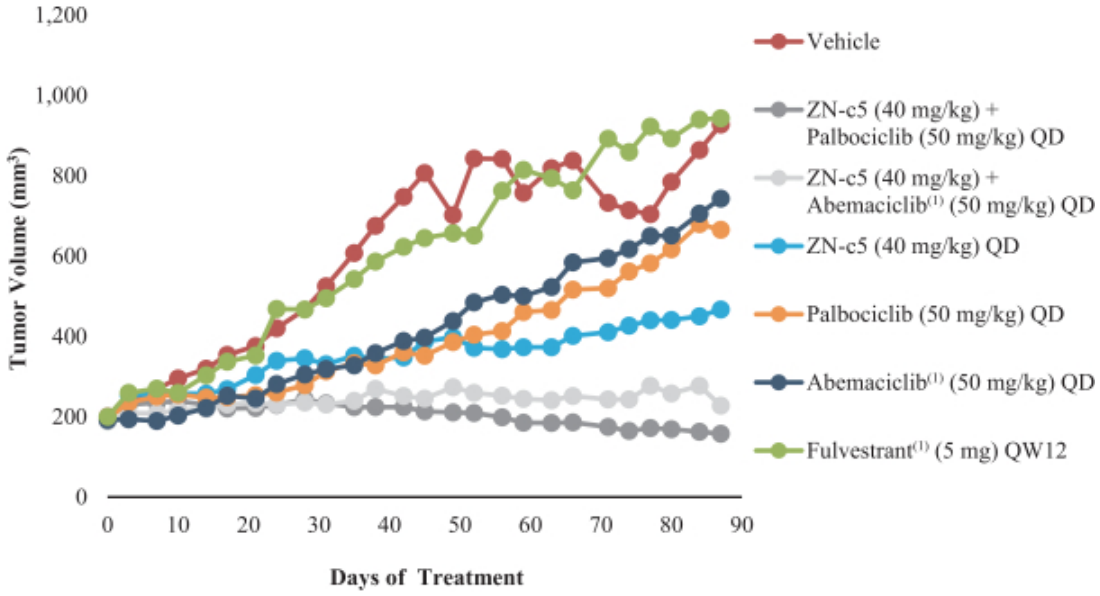


(1) Data based on evaluation of comparable proxy chemical compound purchased from commercial sources rather than the pharmaceutical company commercializing the compound.

Notes:
QW4: Once per week (4 doses in 4 weeks)
QD: Once daily

Anti-Tumor Activity in Breast Cancer Resistance Model (ESR1)

In a preclinical study, we assessed anti-tumor activity of ZN-c5 as monotherapy and in combinations with palbociclib and abemaciclib (marketed as Verzenio® by Eli Lilly) in animal models using patient-derived tumors, referred to as PDX models. We also assessed the anti-tumor activity of palbociclib, abemaciclib and fulvestrant each as monotherapy in the same PDX models. In the WHIM20 model, tumors were established in mice from a tumor isolated from a patient with metastatic breast cancer. This tumor contained a mutation in the ESR1, the gene encoding the ER. These mutations are a common mechanism that drives resistance to therapy, with a prevalence of resistance that ranges from 11% to 39%. As shown in the graph below, ZN-c5 was observed to have anti-tumor activity at a concentration of 40 mg/kg as a single agent in this model. As monotherapy, ZN-c5 demonstrated improved anti-tumor activity compared with the fulvestrant dose that results in exposure that is an estimated eight-fold higher than what is clinically achievable with the highest FDA-approved human dose of fulvestrant. Further, tumor shrinkage was observed with doses of 40 mg/kg ZN-c5 in combination with 50 mg/kg palbociclib and in combination with 50 mg/kg abemaciclib.

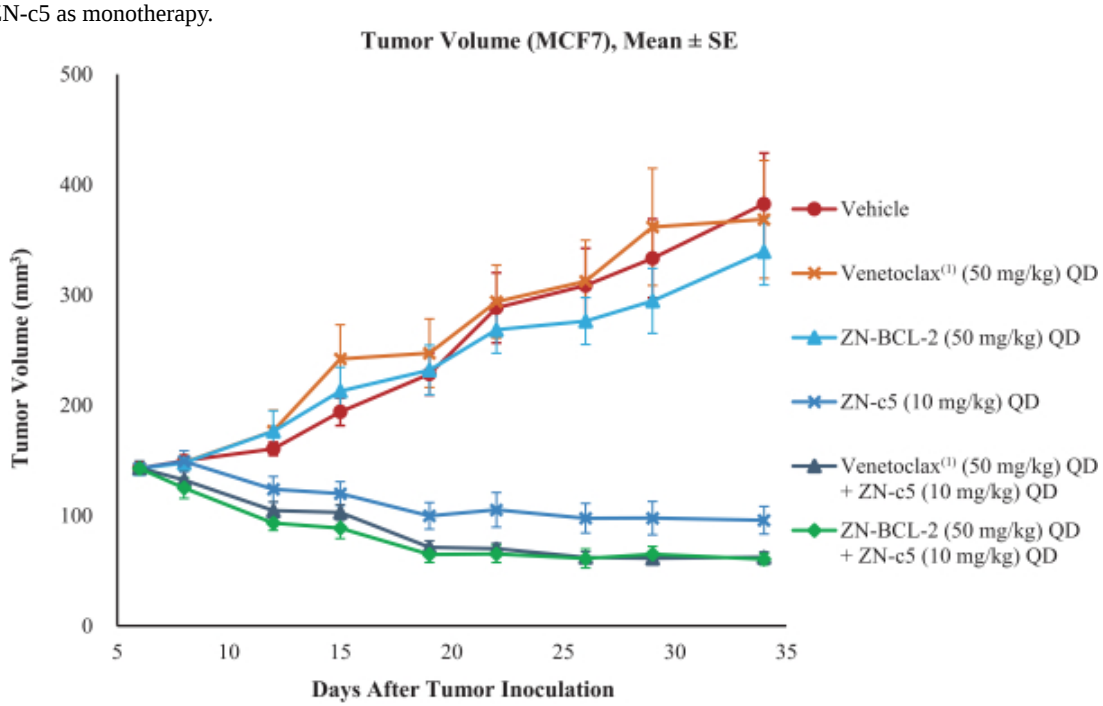


(1) Data based on evaluation of comparable proxy chemical compounds purchased from commercial sources rather than the pharmaceutical companies commercializing the compound.

Notes:
QD: once daily
QW12: once per week (12 doses in 12 weeks)

Anti-Tumor Activity of ZN-c5 in Combination with BCL-2 Inhibitor in MCF-7 Breast Cancer Model

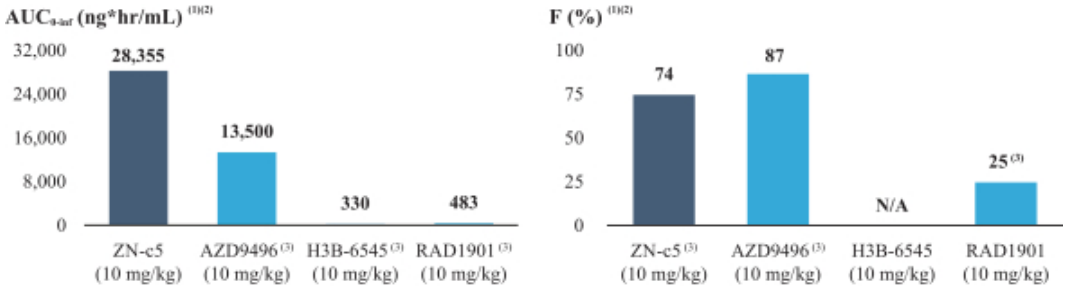
In a preclinical study, we assessed the anti-tumor activity of ZN-c5, both as monotherapy and in combination with ZN-BCL-2, a backup compound of our BCL-2 inhibitor product candidate, ZN-d5, and venetoclax. As shown in the graph below, in a MCF-7 breast cancer model, we observed that the combinations of ZN-c5 dosed at 10 mg/kg and each of the BCL-2 inhibitors tested dosed at 50 mg/kg had greater anti-tumor activity than 10 mg/kg of ZN-c5 as monotherapy.



(1) Data based on evaluation of comparable proxy chemical compound purchased from commercial sources rather than the pharmaceutical company commercializing the compound.
Notes:
QD: once daily

PK Data Comparison in Mouse Model

We assessed the PK properties of ZN-c5 and select third-party hormonal therapies in clinical development in repeat preclinical mouse studies, as shown in the table below. Oral dosing of ZN-c5 resulted in peak concentrations, or C_{max}, of 5,017 ng/mL. As shown below, ZN-c5 also had high overall drug exposure, or AUC, as measured by ng*hr/mL, and good oral bioavailability (F), which is the fraction of an oral administered drug that reaches systemic circulation.



(1) Based on oral administration.
(2) Data based on a series of repeat preclinical studies using standard *in vitro* assay and uniform controls.
(3) Other than H3B-6545, data based on evaluation of comparable proxy chemical compound purchased from commercial sources rather than obtained from the pharmaceutical company commercializing or developing the respective hormonal therapy. H3b-6545 data based on proxy chemical compound engineered based on published routes.

Toxicology Results

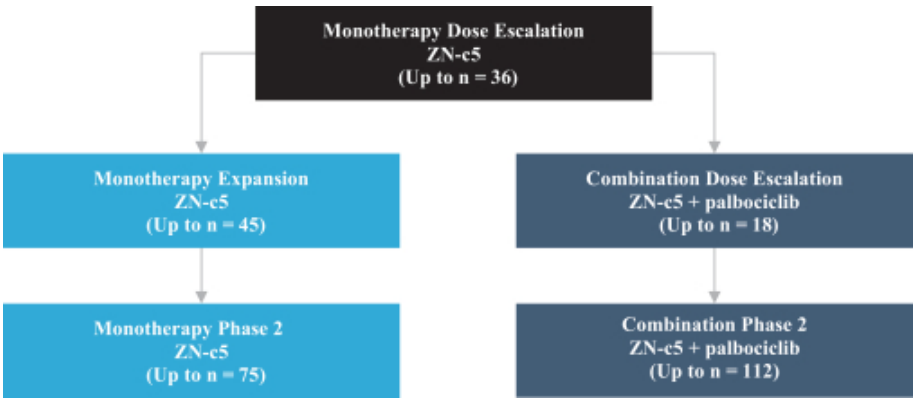
ZN-c5 was well tolerated in 28-day repeat dose toxicology studies and produced no evidence of diarrhea.

Phase 1/2 Clinical Trial of ZN-c5

Trial Design

In December 2018, we initiated enrollment in our Phase 1/2 open label, multi-center trial of ZN-c5 in patients with ER+/HER2- advanced or metastatic breast cancer, which we refer to as our ZN-c5-001 Trial, to assess the safety, tolerability, PK, PD and anti-tumor activity of ZN-c5 as monotherapy and in combination with palbociclib. We plan to enroll a total of approximately 286 patients in the trial, which will be conducted at multiple sites in the United States and Europe.

The Phase 1 portion of our ZN-c5-001 Trial consists of: a monotherapy dose escalation study, a monotherapy expansion study and a combination dose escalation study evaluating ZN-c5 in combination with palbociclib. The Phase 2 portion will evaluate preliminary anti-tumor efficacy of ZN-c5 as monotherapy and in combination with palbociclib.



Phase 1, Monotherapy Dose Escalation

The primary objective of the Phase 1, monotherapy dose escalation portion of this trial is to determine the maximum tolerated dose, or MTD, and recommended Phase 2 dose, or RP2D. The secondary objectives include, among others, to assess the PK, safety and tolerability as well as preliminary efficacy of ZN-c5. In addition, biomarkers will be assessed based on availability of patient biopsies.

In the Phase 1, monotherapy dose escalation portion of this trial, ZN-c5 is being evaluated in up to 36 adult patients with ER+/HER2- advanced or metastatic breast cancer who are refractory to or intolerant of established cancer therapies, and who may have received up to two prior chemotherapy regimens for advanced/metastatic breast cancer. ZN-c5 is being orally administered, once daily continuously at sequentially escalating doses starting with 50 mg/day and up to 1,200 mg/day, using a 28-day cycle.

We expect to report data from the monotherapy dose-escalation portion of this Phase 1/2 trial at medical congresses in the second half of 2020.

Phase 1, Monotherapy Expansion

During or upon completion of the Phase 1, monotherapy dose escalation portion of the trial, up to 45 additional patients with ER+/HER2- advanced or metastatic breast cancer who have received up to two prior lines of endocrine therapy, and who have may have received at most one prior chemotherapy regimen for advanced/metastatic breast cancer, are expected to be enrolled onto one or more dose levels for the Phase 1, monotherapy expansion portion of this trial.

The primary objective of the Phase 1, monotherapy expansion portion of the trial will be to assess the safety and tolerability of ZN-c5 administered as monotherapy. Secondary objectives of the monotherapy expansion portion of this trial will include, among others, to assess the preliminary anti-tumor efficacy and characterize the PK of ZN-c5.

Phase 1, Combination Dose Escalation

We are also evaluating ZN-c5 in combination with palbociclib in the Phase 1, combination dose escalation portion of this trial in up to 18 adult patients with ER+/HER2- advanced or metastatic breast cancer who are refractory to or intolerant of established therapies known to provide clinical benefit for their malignancy, and who may have received at most one prior chemotherapy regimen for advanced metastatic breast cancer.

The primary objective of the Phase 1, combination dose escalation portion of the trial is to determine the MTD or RP2D for ZN-c5 when administered in combination with palbociclib. Secondary objectives include, among others, to assess the safety and tolerability of ZN-c5 in combination with palbociclib, to assess preliminary efficacy of ZN-c5 in combination with palbociclib and to characterize the individual PK of ZN-c5 and palbociclib when administered in combination.

The dose and schedule of palbociclib in the Phase 1, combination dose escalation portion of this trial will be the FDA-approved dose (125 mg/day), orally administered, once daily for 21 consecutive days, followed by seven days off treatment.

Phase 2

Once the MTD or RP2D have been determined for ZN-c5 as monotherapy and in combination with palbociclib, we plan to initiate enrollment in the Phase 2 portion of the trial to assess preliminary anti-tumor efficacy for ZN-c5 as monotherapy and in combination with palbociclib.

The Phase 2 monotherapy portion of this trial will assess ZN-c5 at the RP2D in up to 75 adult patients with ER+/HER2- advanced breast cancer who have received one prior line of endocrine therapy, and no prior chemotherapy for advanced metastatic breast cancer.

The Phase 2 combination portion of this trial will evaluate ZN-c5 in combination with palbociclib in up to 112 adult patients with ER+/HER2- advanced or metastatic breast cancer and who have received up to one prior line of endocrine therapy, and at most one prior chemotherapy regimen for advanced metastatic breast cancer.

The primary objective of the Phase 2 portion of this trial will be to determine preliminary anti-tumor efficacy for ZN-c5 when administered as monotherapy and in combination with palbociclib. The secondary objectives will include, among others, to assess the safety and tolerability of ZN-c5 as monotherapy and in combination with palbociclib, and to characterize the PK of ZN-c5 as monotherapy and to characterize the individual PK of ZN-c5 and palbociclib when given in combination.

Interim and Preliminary Clinical Results

As of September 10, 2019, we had enrolled 12 patients in the Phase 1, monotherapy dose escalation portion of this trial, three patients each at the dose levels of 50 mg, 75 mg, 100 mg and 150 mg. All patients were female, with a median age of 57 years (range 52 to 69 years) and an Eastern Cooperative Oncology Group performance status, a measurement of a patient's ability tolerate therapies in serious illness, of 0 (n = 8) or 1 (n = 4).

Among the patients enrolled, the median number of prior therapies for advanced disease was four (range two to eight). Ten of the 12 patients received prior treatments of fulvestrant. Of these 12 patients, five are still on treatment and seven discontinued due to disease progression (n = 6) or physician decision (n = 1).

The interim and preliminary data reported herein are subject to change as more data on these patients and additional patients become available and are subject to audit and verification procedures that could result in material changes in the final data.

Interim and Preliminary Safety Results

Based on interim data as of the data cutoff date of November 11, 2019, ZN-c5 has been observed to be well tolerated with no dose-limiting toxicities reported.

Treatment-emergent adverse events, or TEAEs, occurred in each of the 12 patients dosed in the trial. Only nausea and cough were observed in three patients each, while all other adverse events were observed in only one or two patients each. Adverse events occurring in two or more patients included diarrhea (n = 2), nausea (n = 3), fatigue (n = 2), hypophosphatemia (n = 2), myalgia (n = 2), cough (n = 3) and skin mass (n = 2). There was a single case of hypercalcemia, deemed related to the underlying disease reported as having a Grade 3 severity. There was one Grade 3 treatment-emergent serious adverse event deemed unrelated to treatment, hip pain, reported. There were no deaths reported. All other TEAEs were of Grade 1 or Grade 2 in severity.

Investigator assessed treatment-related adverse events occurred in five of 12 patients. Of these treatment-related adverse events, three of five patients reported treatment-related adverse events of Grade 1 severity, and two of five patients reported Grade 2 severity. These treatment-related adverse events included single adverse events of diarrhea, dyspepsia, flatulence, nausea, pain, increase in alanine transferase, or ALT, and myalgia.

Diarrhea, an adverse event of special interest, has been observed in two patients, a Grade 1 adverse event at 50 mg/day, deemed related to treatment, and a Grade 2 adverse event at 150 mg/day, deemed not related to treatment.

The patient with ALT increased had the first dose of 50 mg of ZN-c5 on December 19, 2018. The patient entered the study with a Grade 1 ALT increased, which subsequently worsened to a Grade 2 ALT increased on February 13, 2019, 56 days after the first dose. On March 27, 2019, the patient was taken off treatment for disease progression, and at that time the Grade 2 ALT increased was still ongoing.

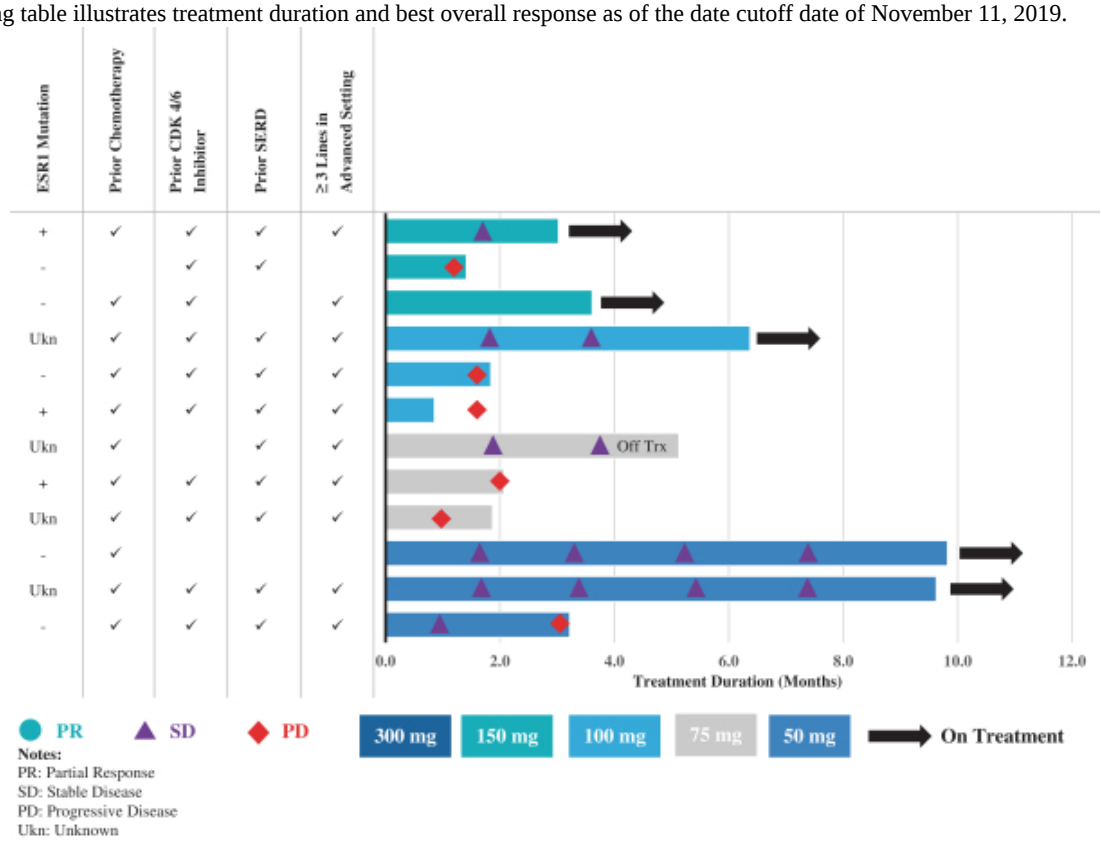
Overall, there was no increase in incidence or in severity of adverse events observed with increasing dosing levels.

Interim and Preliminary Efficacy Results

The primary efficacy is determined by clinical benefit rate, or CBR, which is defined as the percentage of patients who have at least one confirmed response of complete response, or CR, partial response, or PR, or stable disease, or SD, in each case as assessed by RECIST criteria, lasting for at least 24 weeks prior to any evidence of progression.

As of the data cutoff date of November 11, 2019, no patients have met the definition of PR or CR. While it is anticipated, based on the mechanism of action of ZN-c5 and advanced state of disease of the patients enrolled, that we would not observe tumor regression in this study phase, three of the 12 patients dosed have showed SD beyond six months, with two of these patients being dosed at the low dose of 50 mg and showed stable disease close to ten months.

The following table illustrates treatment duration and best overall response as of the date cutoff date of November 11, 2019.



Drug Pharmacokinetics

The PK of ZN-c5 observed in the first 12 patients in our ZN-c5-001 Trial was characterized by fast absorption into the systemic circulation, as evidenced by median time to maximum concentration, or Tmax, of one to two hours. As shown in the table below, the exposures have generally increased with increased doses. Additionally, we have not observed drug accumulation of ZN-c5 at steady state (day 15) as evidenced by day 15 to day 1 AUC ratios of less than 1.0. The estimated mean elimination half-life ranged between 11 and 18 hours and we believe supports once daily dosing. In addition, ZN-c5 exposure, as measured by AUC, at the 100 mg dose was observed to be 106,000 ng*hr/mL.

		DAY 15 (STEADY STATE)		
DOSE (mg)		Cmax (ng/mL)	Tmax (hr) (1)	AUC0-24hr (ng*h/mL)
50	**Mean**	**5,810**	**1**	**61,300**
(n=3)	*SD(2)*	*405*	*(1-2)*	*10,400*
75	**Mean**	**6,700**	**2**	**64,400**
(n=3)	*SD*	*1,040*	*(1-2)*	*16,000*
100	**Mean**	**9,250**	**2**	**106,000**
(n=3)	*SD*	*5,350*	*(1-2)*	*74,500*
150	**Mean**	**9,210**	**2**	**94,800**
(n=3)	*SD*	*2,820*	*(1-2)*	*41,600*

(1) Median (range) are listed for Tmax
(2) SD: Standard deviation.

ZN-c5 human drug exposure at all dose levels, ranging from 50 mg to 150 mg, exceeds the ZN-c5 effective concentration, 100%, or EC100, observed in our preclinical mouse studies at 10 mg/kg/day, the dose level associated with a 100% tumor growth inhibition in a MCF-7 mouse model. This suggests that the exposures observed in human patients may translate into once daily, oral dosing based on the activity observed in mouse models.

Phase 1 Trial of ZN-c5 (Window of Opportunity Study)

In the first quarter of 2020, we intend to initiate a Phase 1 open label, multi-center, dose escalation trial of ZN-c5, which we refer to as our ZN-c5-002 Trial, at several sites in the United States, in patients with ER+/HER2- breast cancer scheduled to undergo surgical resection of the tumor or start neoadjuvant treatment. We plan to enroll approximately 36 patients in this trial.

This is a Window of Opportunity study, the objective of which is to assess the ER degradation ability of ZN-c5 as a monotherapy over a 21-day treatment period measured using paired biopsies. We intend to evaluate various tissue and functional imaging biomarkers' response to ZN-c5 exposure. These biomarkers will assess ER degradation, progesterone receptor degradation and Ki67, a proliferation marker, relative to baseline. In addition, tumor tissue and plasma concentration of ZN-c5 will be assessed.

ZN-c5 will be evaluated at escalating doses starting at 50 mg, orally administered, once daily. Subsequent dose levels will be determined based on PK profile, safety and any additional biomarker data observed in our ZN-c5-001 Trial.

We believe this trial will assist in determining the precise RP2D of ZN-c5 as a monotherapy, in conjunction with the safety, PK and pharmacodynamics, or PD, data from the ZN-c5-001 Trial. We expect to establish a PK-PD relationship .

ZN-c3, an Inhibitor of WEE1 for the Treatment of Solid Tumors and Other Cancers

Overview

We are developing ZN-c3, an oral, small molecule DNA damage response product candidate, targeting WEE1 in cancer. The inhibition of WEE1, a protein tyrosine kinase, aims to generate sufficient DNA damage in cancer cells to undergo apoptosis, thereby preventing tumor growth and potentially causing tumor regression. There is currently no FDA-approved WEE1 inhibitor, and AstraZeneca's AZD1775 is currently one of few other WEE1 inhibitors in clinical development of which we are aware. Despite the observed efficacy of AZD1775 in clinical trials, we believe its narrow therapeutic window is a potential limitation affecting its dosing in monotherapy and in combination. We have applied our expertise to design ZN-c3 to have such solubility, selectivity and PK properties that we believe may provide a broad therapeutic window and which, if ZN-c3 is approved, may constitute a differentiated product profile. We believe ZN-c3, if approved, may have broad applicability in a wide range of cancers both as monotherapy and in combination, including with chemotherapy agents, PARP inhibitors and other targeted therapies.

We have initiated a Phase 1/2 clinical trial of ZN-c3 in patients with advanced solid tumors. We plan to report interim data from the Phase 1 portion of the trial in 2021. Upon the completion of the Phase 1 portion of the trial and the determination of MTD and RP2D for ZN-c3, we plan to evaluate ZN-c3 in the Phase 2 portion of the trial.

Background on DNA Damage Repair and WEE1 Inhibitors

The underlying principle behind a number of cancer therapies is to generate sufficient DNA damage in cancer cells, many of which already have deficiencies in DNA damage response, to cause them to undergo apoptosis. Examples of these therapies include alkylating agents, DNA-binding drugs and the use of radiation. However, cancer cells have developed multiple mechanisms of resistance to these therapies, thereby potentially limiting their therapeutic efficacy.

The regulation of DNA damage response mechanisms in cancer cells may therefore play a crucial role in the induction of apoptosis and the ultimate efficacy of DNA damaging cancer therapies. This is particularly true in cancers with specific mutations in DNA repair proteins that prevent efficient DNA damage response and repair, rendering them particularly vulnerable to any agent that further inhibits the ability of cells to repair DNA damage.

Examples of such cancers are those with mutations in BRCA1 and BCRA2. Inhibitors of PARP, an independent DNA repair protein, work to prevent DNA damage repair, and are FDA approved for the treatment of multiple cancers, such as breast and ovarian cancers associated with BRCA1 and BCRA2 mutations. Sales of FDA-approved PARP inhibitors were approximately $1.0 billion in 2018 and are expected to grow to $6.3 billion in 2024.

Similar to PARP, WEE1 plays a role in cellular regulation and repair, allowing cells with DNA damage to repair and survive. WEE1 is a protein tyrosine kinase that mediates cell cycle arrest by regulating the phosphorylation of cyclin-dependent kinase 1, or CDK1. Inhibition of WEE1 causes dysregulation of DNA

replication and inability of DNA response processes to act, leading to an increase in double-strand DNA breaks and subsequently inducing apoptosis. Based on these similar mechanisms of action, we believe the use of WEE1 and PARP, both DNA damage response agents, in combination can have a synergistic effect. In third-party preclinical studies, the combination of PARP and WEE1 has been observed to result in improved anti-tumor activity as compared to the use of each as monotherapy. However, both of these compounds have been associated with bone marrow toxicity, which may limit their concomitant administration.

WEE1 Inhibitor in Clinical Development and Limitations

One of few other WEE1 inhibitors currently in clinical development of which we are aware is AZD1775. AZD1775 has been the subject of many publications in the scientific literature and has been explored in numerous clinical trials across multiple tumor types. AZD1775 is currently being evaluated by third parties in Phase 1 and 2 clinical trials in ovarian cancer and a variety of other solid tumors, both as monotherapy and in combination with other cancer therapies. In earlier third-party clinical trials, multiple patients with advanced or metastatic tumors for whom no standard therapy was available achieved partial responses when dosed with AZD1775 in combination with chemotherapy agents. For example, in a Phase 2 clinical trial in 24 patients (21 of such patients were evaluable for efficacy) with relapsed ovarian cancer, the combination of AZD1775 and carboplatin, an FDA-approved chemotherapy, demonstrated an overall response rate of 43% and one patient exhibited a complete response lasting over 42 months.

Further, in a recent Phase 1 clinical trial in patients with locally advanced pancreatic cancer, AZD1775 in combination with gemcitabine, an FDA-approved chemotherapy, and radiation resulted in a median overall survival of 21.7 months. This overall survival was substantially longer than the 11.9 to 13.6 months observed in a prior clinical trial with a similar population of patients combining gemcitabine with or without erlotinib with radiation.

Although AZD1775 has demonstrated promising efficacy in clinical trials, we believe AZD1775 has a narrow therapeutic window, a potential limitation affecting its dosing monotherapy and in combination. Furthermore, the use of AZD1775 in combination with PARP inhibitors in preclinical studies has demonstrated increased bone marrow toxicities, thereby potentially limiting its use in continuous dosing. We believe AZD1775 has a number of characteristics that could be improved upon, including selectivity, solubility, PK properties and tumor concentration.

Our WEE1 Solution: ZN-c3

ZN-c3 is our oral WEE1 inhibitor product candidate that we are currently evaluating for the treatment of advanced solid tumors in an ongoing Phase 1/2 clinical trial. We believe ZN-c3 has the potential to provide a wide therapeutic window due to the following observed clinical and preclinical results:

- ***Potency, selectivity and solubility***. In our preclinical studies, ZN-c3 produced favorable absorption, distribution, metabolism and excretion, or ADME, results. In our *in vitro* preclinical studies, we observed ZN-c3's potency in inhibiting tumor growth and inducing apoptosis through DNA damage, and ZN-c3 has shown high selectivity for WEE1. In addition, in a series of repeat preclinical studies assessing the solubility of ZN-c3 and AZD1775 utilizing a standard *in vitro* assay and uniform controls, ZN-c3 demonstrated solubility of 2,132,000 nM, approximately 35 times greater than that of AZD1775, which we believe could reduce inter-patient drug exposure variability and limit the toxicity observed in clinical trials of AZD1775.
- ***Preclinical anti-tumor activity***. In head-to-head preclinical studies, ZN-c3 showed anti-tumor activity across a number of cell lines, as well as superior tumor growth inhibition, DNA damage and apoptosis when compared to AZD1775. Anti-tumor activity was observed in both continuous and intermittent dosing, as well as in the shorter of the dosing periods evaluated.

- ***PK properties***. In our preclinical studies, ZN-c3 showed PK properties that resulted in high drug exposure in animal models. We believe this level of drug exposure may contribute to the observed sustained and lengthy tumor growth inhibition, which may necessitate lower dose intensity thereby potentially affording a wide therapeutic window. In addition, we observed that ZN-c3 had favorable drug accumulation in tumors.
- ***Well tolerated in preclinical studies.*** In preclinical studies, ZN-c3 was observed to be well tolerated across varying dosage levels.

In addition to having a potentially wide therapeutic window, we believe the characteristics of ZN-c3 may allow patients with aggressive solid tumors to be treated with sequential therapy using mechanism of action synergistic multiple agents, including PARP inhibitors. In a third-party preclinical combination study with PARP inhibitors, sequential dosing resulted in favorable tolerability as compared to continuous dosing, while maintaining strong anti-tumor activity.

We have completed the first dose cohort level and started the second dose level cohort. We plan to report data from the Phase 1 portion of the trial in 2021.

Preclinical Results

Potency Across Variety of Solid Tumor Cell Lines

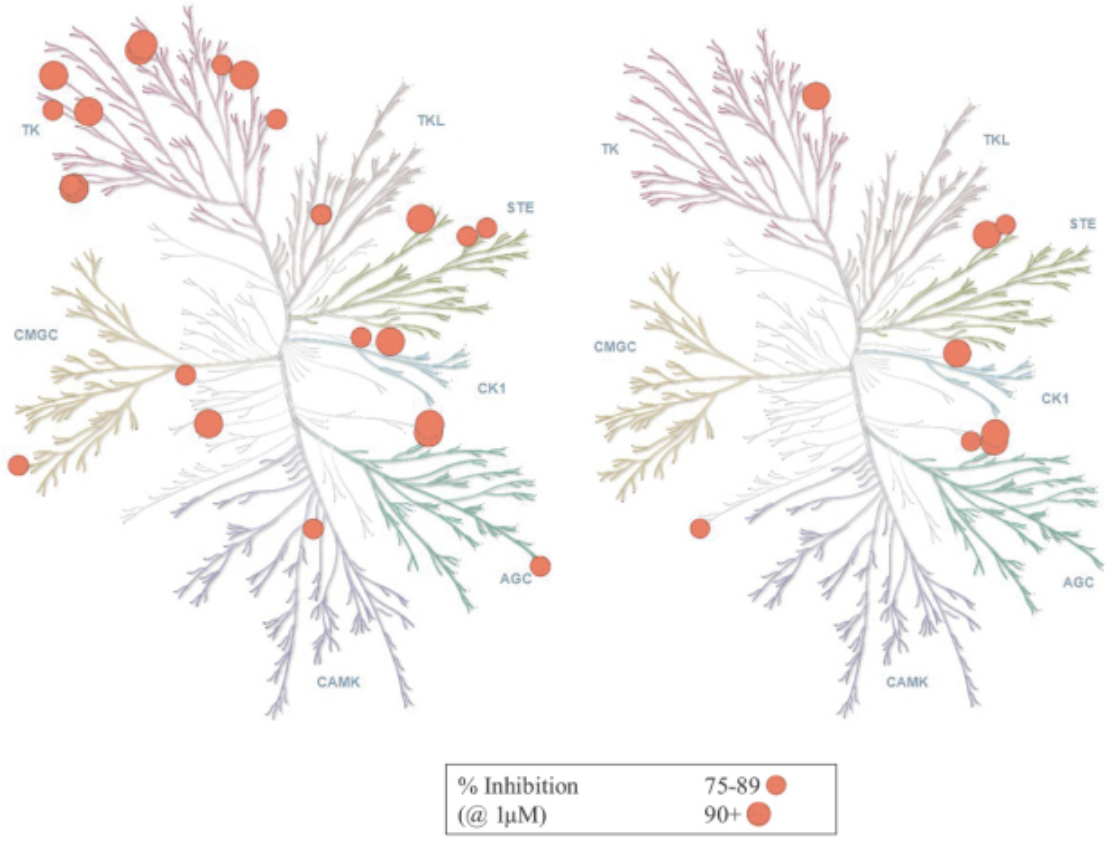
We assessed the potency of ZN-c3 and AZD1775 in repeat *in vitro* preclinical studies across a variety of solid tumor cell lines, as shown in the table below. We observed ZN-c3's potency in inhibiting tumor growth and inducing DNA damage and apoptosis in each of the solid tumor cell lines studied.

	CTG IC_{50} (nM)(1)								
	Non-Small Cell Lung Cancer		Small Cell Lung Cancer		Triple Negative Breast Cancer		Ovarian Cancer		Squamous Cell Carcinoma
COMPOUND	A-427	NCI-H23	DMS-53	NCI-H1048	MDA-MB-231	HCC1806	UWB.1.289	OVCAR3	SK-MES-1
AZD1775(2)	94	108	130	97	233	94	57	124	150
ZN-c3	**88**	**124**	**118**	**92**	**190**	**95**	**54**	**69**	**83**

(1) Data based on a series of repeat preclinical studies using standard *in vitro* assay and uniform controls.
(2) Data based on evaluation of comparable proxy chemical compound purchased from commercial sources rather than the pharmaceutical company developing the compound.

Selectivity of ZN-c3 in Kinase Screening Panel

In our head-to-head *in vitro* preclinical studies, we assessed the selectivity of ZN-c3, alongside AZD1775. The selectivity profile of each of ZN-c3 (right) and AZD1775 (left) was characterized against a broad kinase panel for WEE1 consisting of 485 mammalian serine/threonine and tyrosine, as depicted by the respective kinase dendograms below. ZN-c3 and AZD1775 were tested at a single concentration to determine the percentage inhibition at 1 µM. ZN-c3 was observed to have higher selectivity relative to that of AZD1775 as depicted by the overall fewer kinases being affected in the ZN-c3 dendogram.



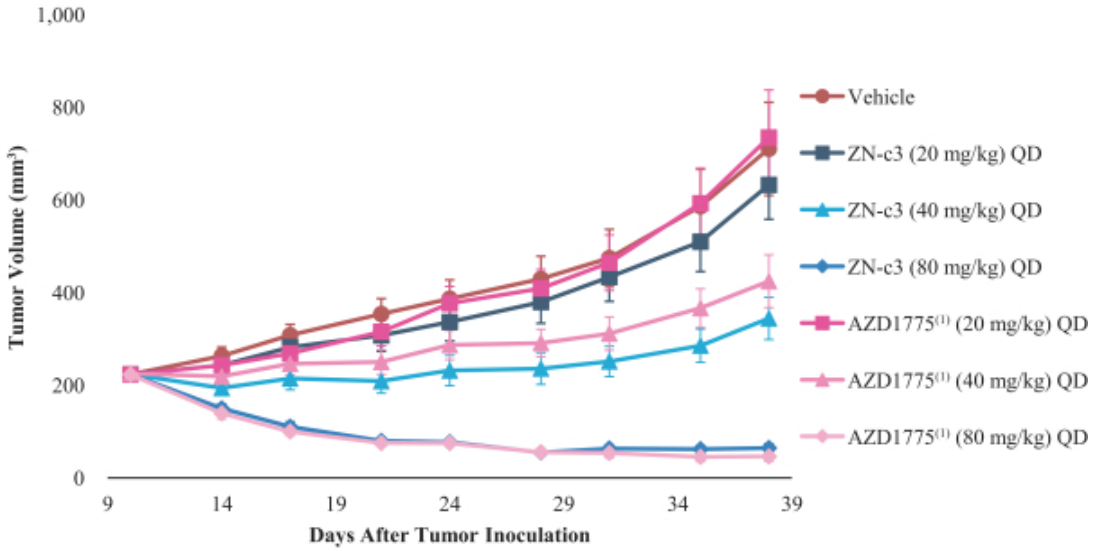
Notes:
Illustration reproduced courtesy of Cell Signaling Technology, Inc. Each branch of the dendogram represents an individual human kinases.
AZD1775 data based on evaluation of comparable proxy chemical compound purchased from commercial sources rather than the pharmaceutical company developing the compound.

Solubility of ZN-c3

We assessed the relative ADME properties and solubility of ZN-c3 and a proxy chemical compound of AZD1775 in a series of repeat preclinical studies. ZN-c3 showed targeted ADME properties, and demonstrated solubility of 2,132,000 nM, approximately 35 times greater than the 60,000 nM observed with AZD1775 in repeat preclinical studies. We believe greater solubility may reduce interpatient variability, and in turn limit toxicities for ZN-c3.

Anti-Tumor Activity in Human Lung Cancer Model

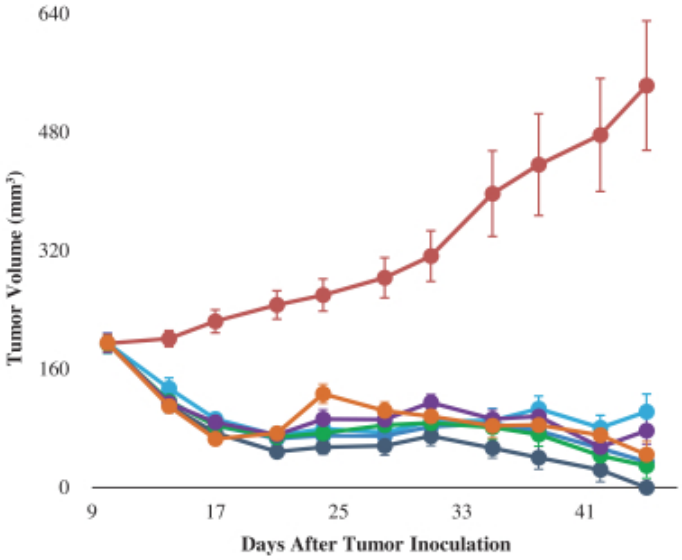
In a preclinical study, we assessed the anti-tumor potential of ZN-c3 alongside AZD1775, each as a monotherapy, in a lung cancer model using human A-427 cells that contained a KRAS mutation. In this model, doses of 40 mg/kg or 80 mg/kg of ZN-c3 demonstrated tumor shrinkage that was evident at the first post-treatment observation at four days and continued through the end of the experiment. Across dose levels there was no statistical difference between ZN-c3 and AZD1775 and each compound produced tumor regression. ZN-c3 was observed to be well-tolerated across all doses.



(1) AZD1775 data based on evaluation of comparable proxy chemical compound purchased from commercial sources rather than the pharmaceutical company developing the compound.
Notes:
QD: once daily

Anti-Tumor Activity in Lung Cancer Model Across Varying Dosage Levels and Intermittent Dosing Regimen

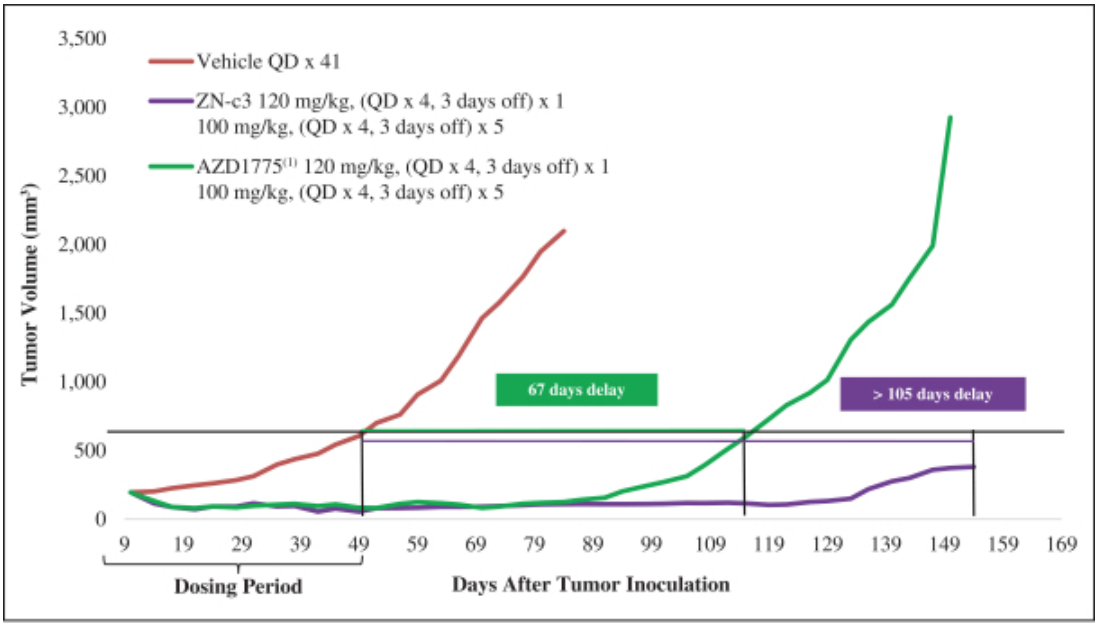
We have explored various dosing regimens of ZN-c3 in preclinical studies. A loading dose of 120 mg/kg daily for seven days followed by once-daily dosing of 100 mg/kg resulted in ten out of ten treated mice being tumor free after five weeks. We also explored the potential of shorter dosing periods or intermittent dosing of ZN-c3 in preclinical studies. A loading dose of 120 mg/kg for five days followed by two days off drug followed by five weeks of 100 mg/kg given five days on, two days off resulted in seven out of ten mice being tumor free as shown in the graph below. A loading dose of 120 mg/kg for seven days followed by seven days off drug followed by two cycles of seven days on 100 mg/kg drug and seven days off drug resulted in five out of ten mice being tumor free as shown in the graph below.



ZN-c3 DOSAGE (mg/kg), DOSING SCHEDULE	NO. OF TUMOR FREE ANIMALS
40, BID	1/10
80, QD	3/10
120, (QDx4d, 3d off)x1 100, (QDx4d, 3d off)x5	4/10
120, (QDx7d, 7d off)x1 100, (QDx7d, 7d off)x2	5/10
120, (QDx5d, 2d off)x1 100, (QDx5d, 2d off)x5	7/10
120, QDx7, 100, QD	10/10
Vehicle, QD	

Notes:
QD: Once daily
BID: Twice daily

We also assessed the potential of utilizing an intermittent dosing regimen with ZN-c3 alongside that of AZD1775 in a preclinical study. Dosing of ZN-c3 by using a loading dose of 120 mg/kg for four days followed by three days off drug followed by five week of 100 mg/kg given four days on, three days off resulted in more prolonged tumor growth delay than that observed with AZD1775 at the same dosing regimen.



(1) Data based on evaluation of comparable proxy chemical compound purchased from commercial sources rather than the pharmaceutical company developing the compound.

Notes:
QD: Once daily

PK Data Comparison in Animal Models

We assessed the PK properties of ZN-c3 and AZD1775 in repeat preclinical animal models, as shown in the table below. For each of the preclinical studies, we observed the respective C_{max}, T_{max}, AUC and tumor concentration of each compound at doses of 20, 40 and 80mg/kg/day. Administration of ZN-c3 was observed to result in high drug exposure in animal models and the selective accumulation of ZN-c3 to high levels in tumors. We believe this increased drug exposure may cause the inhibition of WEE1 at low doses, potentially affording a wide therapeutic window.

STUDY(1)	**ZN-c3**			**AZD1775(2)**		
Dose (mg/kg/day)	20	40	80	20	40	80
C_{max} (ng/mL)	1,167	1,997	5,100	635	2,460	4,703
T_{max} (hr)	1	1	1	1	1	1
$AUC_{0\text{-}24hr}$ (ng*hr/mL)	4,863	17,088	39,722	1,494	6,313	13,408
Tumor Concentration (ng/mL)	**10.5**	**48.0**	**811**	**BQL**	**BQL**	**6.95**

(1) Data based on a series of repeat preclinical studies using standard assay and uniform controls.
(2) Data based on evaluation of comparable proxy chemical compound purchased from commercial sources rather than obtained from the pharmaceutical company developing the compound.

Note:
BQL: Below Quantifiable Level

Toxicology Results

ZN-c3 was evaluated in 28-day repeat dose toxicology studies. Results of these studies showed many of the toxicities associated with other WEE1 inhibitors in development, including those reported for AZD1775.

Phase 1/2 Clinical Trial of ZN-c3

In November 2019, we initiated a Phase 1/2 open label, multi-center trial of ZN-c3 in patients with advanced solid tumors, which we refer to as our ZN-c3-001 Trial, to assess the safety, tolerability, efficacy, PK properties and pharmacodynamics of ZN-c3 as a single agent and in combination with an FDA-approved PARP inhibitor. We plan to enroll up to 360 patients in this trial, which will be conducted at several sites in the United States. Our ZN-c3-001 Trial consists of a Phase 1, monotherapy dose escalation portion of the trial and a Phase 2 portion in combination with an FDA-approved PARP inhibitor.

The primary objective of the Phase 1 portion of the trial is to assess the safety and tolerability of ZN-c3 as a single agent and to determine the MTD or RP2D. The secondary objectives are to assess the PK properties and obtain preliminary assessments of anti-tumor efficacy of ZN-c3 as a single agent, as well as exploratory PD characteristics.

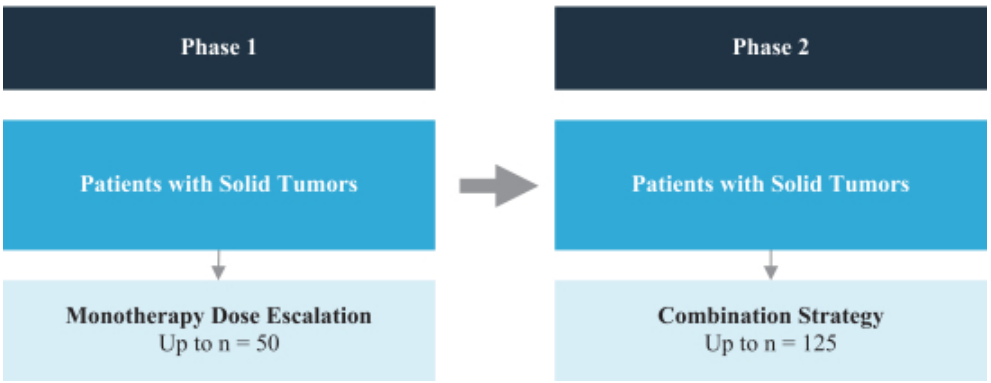
We plan to enroll up to 50 patients in the Phase 1 portion of the trial and the patient population will be limited to patients with solid tumors with advanced or metastatic disease who are refractory or ineligible to receive standard therapies, or for whom no standard therapy is available. We have completed the first dose cohort level and started the second dose level cohort.

Upon the completion of the Phase 1 portion of the trial and the determination of MTD and RP2D for ZN-c3, we plan to evaluate ZN-c3 in combination with a number of potential therapies, including chemotherapy agents and PARP inhibitors in the Phase 2 portion of the trial.

The primary objective of the Phase 2 portion of the trial will be to assess the anti-tumor efficacy of ZN-c3 by objective response rate as well as the safety of ZN-c3 in combination with relevant combination therapies. The secondary objectives of the Phase 2 portion of the trial will be to assess the anti-tumor efficacy of ZN-c3 by duration of response, clinical benefit rate and PFS in combination with relevant combination therapies, and to assess the PK parameters of ZN-c3 and the relevant combination therapies when given in combination.

We expect to define the eligible patient population for the Phase 2 portion of the trial upon determination of the relevant combination therapies.

ZN-c3 Clinical Program



ZN-d5, an Inhibitor of BCL-2 for the Treatment of Hematologic Cancers

Overview

We are developing ZN-d5, an oral selective inhibitor of BCL-2, to promote apoptosis for the treatment of cancers, with an initial focus on hematologic malignancies. We have applied our expertise to design ZN-d5 as an oral BCL-2 inhibitor and to have optimized potency, selectivity and PK.

We plan to submit an IND to the FDA in the first half of 2020 to initiate a Phase 1/2 clinical trial of ZN-d5 in patients with acute myeloid leukemia, or AML, or B-cell lymphoma.

Role of BCL-2 in Hematological Cancers

The BCL-2 family of protein is most notable for its critical role in the regulation of apoptosis at the mitochondrion. Based upon their functions, BCL-2 family proteins are classified into pro-apoptotic and anti-apoptotic members. The anti-apoptotic BCL-2 proteins include BCL-2, B-cell lymphoma extra-large, or BCL-xL, myeloid cell leukemia-1, or MCL-1, and BCL-2 related protein Al.

The overexpression of BCL-2 and/or BCL-xL proteins is frequently detected in many different types of cancers, including chronic lymphatic leukemia, or CLL, SLL, AML, non-Hodgkin's lymphoma, or NHL, follicular lymphoma, or FL, mantle-cell lymphoma, or MCL, Waldenström's macroglobulinemia, diffuse large B-cell lymphoma, or DLBCL, multiple myeloma and small cell lung cancer, or SCLC. These overexpressed proteins prevent apoptosis of cancer cells. We believe the use of small molecule inhibitors to block the protein-protein interactions, or PPI, of BCL-2 and/or BCL-xL with their pro-apoptotic partners will restore the normal apoptosis process in cancer cells and has been pursued as a new cancer therapeutic strategy.

There have been many attempts to develop a new class of anticancer therapies that target BCL-2 and/or BCL-xL proteins. The intracellular localization of the BCL-2 family proteins on the mitochondrial membrane prevents the use of antibodies and other large molecules to target these anti-apoptotic BCL-2 family proteins. The large surface area involved in BCL-2 PPIs also makes BCL-2 family proteins difficult targets for small molecule drugs. Currently, venetoclax is the only FDA-approved BCL-2 inhibitor and, to our knowledge, there are only a small number of additional agents in active clinical development.

FDA-Approved BCL-2 Inhibitor, Venetoclax

Venetoclax, the only FDA-approved BCL-2 inhibitor (marketed by AbbVie and Genentech as Venclexta®), was initially developed to overcome unfavorable side effects of previously tested BCL-2 inhibitors resulting from BCL-xL inhibition. In third-party clinical trials, inhibition of BCL-xL has been shown to lead to thrombocytopenia, an adverse event observed in 29% of patients dosed with venetoclax. Venetoclax has demonstrated clinical efficacy across a range of hematological malignancies and was initially approved by the FDA in April 2016 to treat relapsed or refractory CLL. Venetoclax is now approved in the following indications:

- ***Chronic Lymphocytic Leukemia/Small Lymphocytic Lymphoma, or CLL/SLL***. Venetoclax was initially approved in April 2016 as a monotherapy in patients with CLL with 17p deletion who received at least one prior therapy based on overall response rate of 80% in an open-label, single-arm, multicenter clinical trial. Since then, venetoclax has demonstrated clinical efficacy and gained FDA approval in previously treated and untreated CLL/SLL patients in combination with anti-CD20 antibodies, rituximab and obinutuzumab. In a randomized clinical trial, treatment of CLL patients who had received at least one line of prior therapy with a combination of venetoclax and rituximab reduced the risk of disease progression or death as measured by median PFS by 81% compared to a commonly used standard of care regime of bendamustine, a chemotherapy agent, plus rituximab. Similarly, a randomized clinical trial demonstrated that the combination of venetoclax and obinutuzumab reduced the risk of disease progression or death for previously untreated CLL or SLL patients by 67% compared to a commonly used standard regime of chlorambucil, a chemotherapy agent, plus obinutuzumab.

- ***Acute Myeloid Leukemia, or AML***. In November 2018, the FDA also approved venetoclax in combination with chemotherapy agents, azacitidine, or decitabine, or low-dose cytarabine to treat adults with newly-diagnosed AML who are 75 years of age or older or have other medical conditions that prevent the use of standard chemotherapy. This approval was based on results from two open-label non-randomized trials showing complete remission rates ranging from 21% to 54%, depending on the combination agent.

Third-party trials have also reported promising antitumor activity in other hematologic cancers, often using higher doses of venetoclax than the FDA-approved dosage. A monotherapy trial of venetoclax investigating doses up to 1,200 mg reported that patients with MCL or follicular lymphoma responded well, including complete responses in some patients. Venetoclax is also being studied as monotherapy and in combination for the treatment of myelodysplastic syndrome and multiple myeloma.

Worldwide sales of Venclexta were approximately $344 million in 2018, and are expected to increase to $3.2 billion by 2024.

Emerging Role of BCL-2 in Solid Tumors

Although the development of venetoclax has to date been primarily limited to hematologic cancers, a study in a panel of cell lines derived from a variety of tumors demonstrated that BCL-2 expression and venetoclax sensitivity has been observed in multiple solid tumors. These include SCLC, bone, breast, and nervous system tumors. In a recent third-party Phase 1b clinical trial of venetoclax in combination with tamoxifen in patients with ER+/BCL-2+ metastatic breast cancer, it was observed that a dose of 800 mg venetoclax in combination with 20 mg of tamoxifen was associated with an overall response rate of 54% and clinical benefit rate of 75%. Median PFS was 36 weeks in the overall trial. The authors of this third-party clinical trial cited the high pill burden associated with venetoclax as one reason why the highest dose was limited to 800 mg.

Additionally, the efficacy of venetoclax used in combination with fulvestrant versus fulvestrant administered as monotherapy is being evaluated in an ongoing third-party Phase 2 clinical trial in patients with ER+/HER2- breast cancer.

Our BCL-2 Inhibitor: ZN-d5

ZN-d5 is our oral, small molecule BCL-2 inhibitor product candidate for the treatment of cancers, with the initial focus on hematologic malignancies. We have designed ZN-d5 to have the following characteristics:

- ***Potency***. In our *in vitro* preclinical studies, ZN-d5 was observed to be potent across hematological malignancies cell lines.
- ***Selectivity***. In our *in vitro* preclinical studies, ZN-d5 has been observed to have more than 600 times greater selectivity for BCL-2 than BCL-xL. The inhibition of BCL-xL in third-party clinical trials has been shown to lead to thrombocytopenia, an adverse event observed in 29% (20% Grade 3 or higher) of patients dosed with venetoclax and a cause of dose reductions and dosing interruptions. We believe this greater selectivity observed in our preclinical studies may support the use of ZN-d5 in combination with other drugs that have observed incidence in thrombocytopenia.
- ***Tolerability profile***. In our in vivo preclinical studies, ZN-d5 has been observed to be well tolerated across various dosage levels.

We believe the observed properties of ZN-d5 make it an attractive candidate for evaluation as monotherapy and in combination with other therapies, initially for the treatment of hematological malignancies. We expect to submit an IND in the first half of 2020 to initiate a Phase 1 clinical trial of ZN-d5 as monotherapy in patients with AML or B-cell lymphoma in the second half of 2020. In addition, we are exploring ZN-d5 in preclinical studies in combination with anti-estrogen therapies, including our oral SERD, ZN-c5, for the treatment of breast cancer.

Preclinical Results

Potency and Selectivity Across Hematological Malignancies

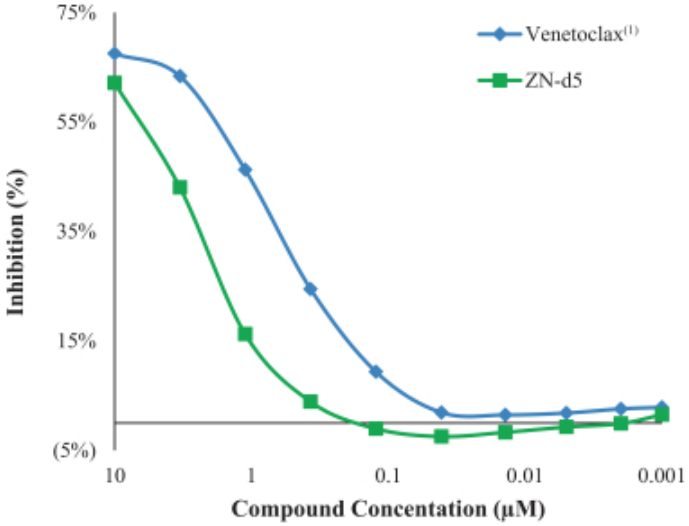
In an *in vitro* preclinical study, we assessed the selectivity and potency of ZN-d5 alongside venetoclax. As shown in the table below, we assessed the affinity of each agent as measured in nM in a biochemical assay. Based on these measurements, ZN-d5 showed 600 times greater selectivity for BCL-2 than BCL-xL, and we believe such selectivity may limit the incidence of thrombocytopenia observed in third-party clinical trials as a result of BCL-xL inhibition. We also observed that ZN-d5 was potent across hematological malignancy cell lines as measured by CellTiter-Glo, or CTG, a cell viability assay, shown in the table below.

			CTG IC_{50} (nM)						
	AFFINITY (nM)		ALL	MCL	DLBCL		AML		
COMPOUND	BCL-2 Kd	BCL-XL Kd	RS4;11	GRANTA-519	DOHH-2	TOLEDO	HL-60	MOLM-13	MV4-11
Venetoclax(1)	0.41	28	2.9	161	43	191	26	18	3.8
ZN-d5	**0.29**	**190**	**5.1**	**89**	**50**	**92**	**21**	**39**	**5.1**

(1) Data based on evaluation of comparable proxy chemical compound purchased from commercial sources rather than the pharmaceutical company commercializing the compound.

In a preclinical study, we also assessed the platelet toxicity of ZN-d5 against venetoclax, as measured by uM in a platelet viability assay. In each assay, ZN-d5 was observed to be less toxic to platelets than venetoclax, which we believe may limit the incidence of thrombocytopenia.

ZN-d5 Toxicity Compared to Venetoclax In *In Vitro* Assay



	CTG IC_{50} (µM)
Venetoclax(1)	0.6
ZN-d5	2.4

(1) Data based on evaluation of comparable proxy chemical compound purchased from commercial sources rather than the pharmaceutical company commercializing the compound.

Potency for BCL-2 Mutations

We believe genetic mutations in the BCL-2 gene may be responsible for a developed resistance to venetoclax observed in some CLL patients. In a third-party clinical trial, 16 of 29 patients acquired mutations in

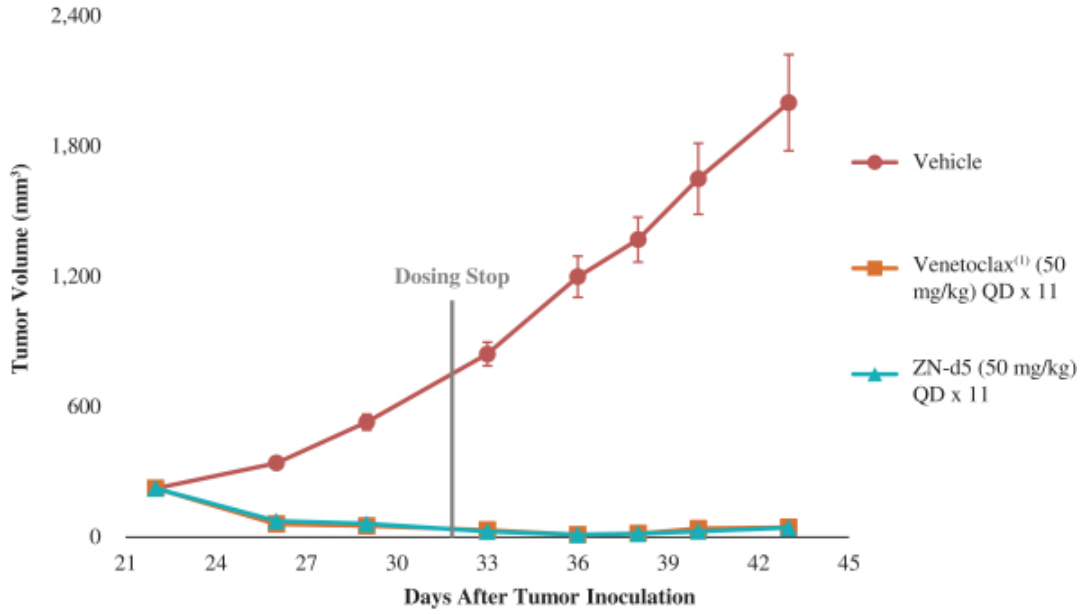
members of the BCL-2 family of proteins, 14 of which were a mutation in BCL-2. In nine of those 14 patients, the BCL-2 mutation was detected after 24 months on venetoclax. In an *in vitro* preclinical study, we assessed the affinity of ZN-d5 alongside venetoclax, to bind to such BCL-2 mutations, as measured in nM. In each assay, ZN-d5 was observed to bind with higher affinity to such BCL-2 mutants as compared to venetoclax.

	IC50 (nM) BCL-2 Type			
COMPOUND	WT	G101V	F104L	D103Y
Venetoclax(1)	1.3	7.3	8.4	18.3
ZN-d5	1.4	3.7	1.4	5.0

(1) Data based on evaluation of comparable proxy chemical compound purchased from commercial sources rather than the pharmaceutical company commercializing the compound.

Anti-Tumor Activity of ZN-d5 in Xenograft Leukemia Model

In a preclinical study, we assessed the anti-tumor activity of ZN-d5, alongside venetoclax. In a RS4;11 xenograft leukemia mouse model, ZN-d5, dosed at 50 mg/kg daily for a period of 11 days, showed potent anti-tumor activity with tumors shrinking upon treatment and yielding durable complete responses after cessation of dosing to the end of the study, as shown in the graphic below. We observed similar results with venetoclax in this model.



(1) Venetoclax data based on evaluation of comparable proxy chemical compound purchased from commercial sources rather than the pharmaceutical company commercializing the compound.

Notes:
QD: Once daily

Toxicology

The IND enabling toxicology studies are currently ongoing.

ZN-e4, an Inhibitor of EGFR for the Treatment of NSCLC

Overview

We are developing ZN-e4, an irreversible inhibitor of mutant EGFR, a regulator of a number of cellular functions, including proliferation and survival, and a driver of tumorigenesis in certain cancers, including lung cancer. We have designed ZN-e4 to be highly selective against mutant EGFR, and we have observed in preclinical studies that the administration of ZN-e4 does not produce a metabolite potent for wild-type EGFR, the production of which is believed to be responsible for the development of a number of toxicities, including skin rash. We believe that eliminating the formation of such a metabolite will allow for a wide therapeutic window. In addition, we believe a more tolerable EGFR inhibitor would, if approved, allow for use in combination while limiting the toxicity associated with use in combination.

We are conducting a Phase 1/2 clinical trial of ZN-e4 in patients with advanced NSCLC with activating EGFR mutations, which we refer to as our ZN-e4-001 Trial. We are actively evaluating potential combination therapies for future clinical development of ZN-e4. We will evaluate whether to initiate the Phase 2 portion of this trial upon the completion of the Phase 1 portion and after considering trial design, patient population and combination strategies.

Role of EGFR Inhibition in NSCLC

Lung cancer is the leading cause of cancer death for both men and women, accounting for approximately 18% of all cancer deaths globally. There are an estimated 228,000 new cases of lung cancer diagnosed and 143,000 deaths in the United States annually. More than half of the people with lung cancer die within one year of being diagnosed. Non-small cell lung cancer, or NSCLC, accounts for approximately 80-85% of lung cancer cases. EGFR mutations are detected in approximately 10% to 15% and 30% to 40% of Caucasian and Asian patients, respectively, with NSCLC.

EGFR mutations lead to activation of EGFR signaling and oncogenic transformation both *in vitro* and *in vivo*. Cancers with EGFR mutations depend on EGFR signaling for growth and survival and are often sensitive to treatment with EGFR inhibitors. Two inhibitors of EGFR were approved in the early 2000s to treat patients with advanced NSCLC based on antitumor responses in a subset of patients. These first-generation drugs, erlotinib and gefitinib, were reversible EGFR inhibitors. Although most NSCLC patients with EGFR mutations displayed an initial pronounced response to these first-generation EGFR inhibitors, they acquired resistance to the drugs after approximately nine to 14 months of treatment. The T790M mutation of EGFR was the most common mechanism of such an acquired resistance, having been detected in over 50% of patients treated with EGFR inhibitors.

A second-generation of EGFR inhibitors was developed to address this treatment resistance and to improve upon the efficacy of the first-generation therapies. The second-generation of EGFR inhibitors, including afatinib, marketed as Gilotrif® by Boehringer Ingelheim, and dacomitib, marketed as Vizimpro® by Pfizer, are irreversible inhibitors which covalently bind to EGFR. As such, they are more potent, but are associated with increased toxicity. Further, T790M-mediated acquired resistance occurred at a similar frequency in patients receiving a second-generation therapy as those receiving first generation therapy. Third-generation therapies, such as osimertinib, specifically targeting the T790M mutation have been clinically shown to be a useful strategy in the treatment of NSCLC.

FDA-Approved Third-Generation EGFR Inhibitor, Osimertinib

Osimertinib, which represents the third-generation of EGFR inhibitors, targets EGFR mutations and acquired resistance EGFR mutations such as T790M in order to improve upon the efficacy of previous generations of EGFR inhibitors. In a randomized Phase 3 clinical trial in patients with EGFR-mutated metastatic NSCLC, osimertinib demonstrated a median PFS period of 18.9 months versus 10.2 months for the control arm

in which patients received gefitinib or erlotinib. Based on these results, osimertinib was approved by the FDA in November 2015. AstraZeneca reported sales of Tagrisso of $1.9 billion in 2018 and are expected to grow to $6.4 billion in 2024.

Osimertinib was also designed to have reduced potency against non-mutated, or wild-type, EGFR found in heathy cells, thereby minimizing the toxicities associated with first and second-generation EGFR inhibitors. Despite its observed success in addressing the T790M-mediated acquired resistance and improved efficacy, osimertinib has a similar adverse event profile to first and second-generation EGFR inhibitors. As demonstrated by third-party clinical data, approximately 60% of patients dosed with osimertinib reported rashes compared to 80% of those dosed with gefitinib or erlotinib and a range of 70% to 90% for the second-generation EGFR inhibitor, afatinib. In addition, similar levels of gastrointestinal disorders such as diarrhea were observed in each of the patient populations. Osimertinib also has warnings and precautions regarding interstitial lung disease, QT prolongation, a surrogate marker for the risk of developing tachycardias, cardiomyopathy, keratitis and Stevens-Johnson Syndrome.

We believe one of the major metabolites of osimertinib, AZ5104, which accounts for approximately 9% to 10% of the total drug concentration at clinical doses, may be contributing to these toxicities. In addition, the off-target toxicities are exacerbated by the long half-life of osimertinib.

Our EGFR Solution: ZN-e4

ZN-e4 is our irreversible EGFR inhibitor product candidate, which we have designed to potently inhibit mutant EGFR, including the T790M resistance mutation. We have designed ZN-e4 to be highly selective against wild-type EGFR and have observed in preclinical studies that the administration of ZN-e4 does not produce a metabolite potent for wild type EGFR. We have also designed ZN-e4 with improved physical-chemical characteristics, including improved solubility. In a head-to-head preclinical study, ZN-e4 showed greater than 450-fold solubility within 48 hours when compared to osimertinib.

We are evaluating ZN-e4 in our Phase 1/2 clinical trial in patients with advanced NSCLC. We believe ZN-e4, if approved, has the potential to be used as monotherapy and in combination with a number of therapies, including ZN-c3, our WEE1 inhibitor product candidate, if approved, tyrosine-protein kinase Met, or c-Met, inhibitors, mitogen-activated protein kinase, or MEK, inhibitors, and c-ros oncogene1 receptor tyrosine kinase, or ROS1, inhibitors. Results of various third-party preclinical studies and clinical trials support such combinations across a number of oncology indications and we continue to actively evaluate the potential of combinations for future clinical development with ZN-e4.

Preclinical Results

Selectivity Across EGFR Cell Lines

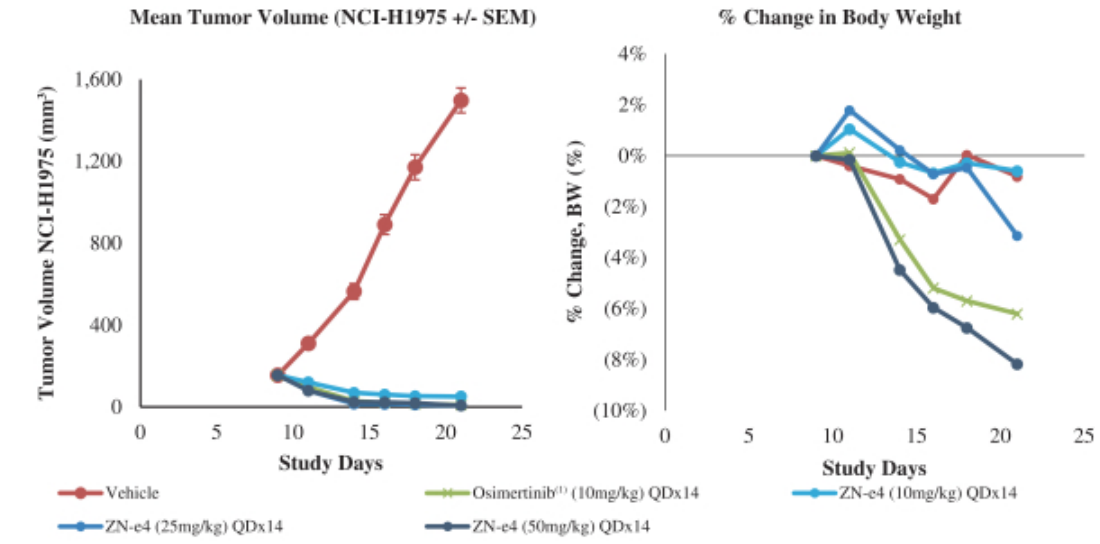
In a preclinical study, we evaluated the potency of ZN-e4 alongside osimertnib against three types of EGFR cell lines –double mutant (DM cell), single mutant (AM cell) and wild-type (WT cell). As shown in the table below, we observed similar potency in the DM and AM cell lines and three times greater selectivity than osimertinib based on the wild-type binding. In addition, we also observed that the administration of ZN-e4 did not produce a metabolite potent for wild type EGFR.

	DOUBLE MUTANT CELL IC_{50} (nM)	SINGLE MUTANT CELL IC_{50} (nM)	WILD-TYPE CELL IC_{50} (nM)
Osimertinib(1): Core Drug	15	29	294
ZN-e4: Core Drug	**20**	**38**	**839**

(1) Osimertinib data based on evaluation of comparable proxy chemical compound purchased from commercial sources rather than the pharmaceutical company commercializing the compound.

Anti-tumor Activity, Tolerability and Solubility of ZN-e4

In a preclinical study, we evaluated the anti-tumor activity of ZN-e4 alongside that of osimertinib. In a NCI-H1975 NSCLC tumor model in which there is a double mutation in EGFR, T790M and L858R, oral dosing of ZN-e4 for 14 days at the dose tested, 10 mg/kg, induced complete tumor regression, as did 10 mg/kg osimertinib dosed orally. In addition, ZN-e4 at this dose was well tolerated in these models with no apparent loss in body weight throughout the study. In contrast, the 10 mg/kg dose of osimertinib led to a loss of greater than 8% of total body weight. We observed a similar loss of body weight with ZN-e4 when we increased the dose to 50 mg/kg, roughly five times the dose we found to reduce tumor volumes.



(1) Osimertinib data based on evaluation of comparable proxy chemical compound purchased from commercial sources rather than the pharmaceutical company commercializing the compound.

Note:
QD: Once daily

We also assessed the relative solubility of ZN-c3, alongside a proxy chemical compound of osimertinib, using a standard *in vitro* assay. The solubility of ZN-e4 was observed to be 1,614,000 nM, greater than 450 fold the solubility that of osimertinib which was observed at 3,500 nM. In addition, we did not observe confirmed cardiac toxicity as measured by the standard electrophysiological hERG safety assay.

Phase 1/2 Clinical Trial of ZN-e4

In April 2018, we initiated dosing in a Phase 1/2 open label, multi-center trial of ZN-e4 in patients with advanced NSCLC with activating EGFR mutations who have progressed following therapy with an EGFR tyrosine kinase inhibitor, which we refer to as our ZN-e4-001 Trial, to assess the safety, tolerability, PK and anti-tumor activity of ZN-e4. We plan to enroll a total of up to 186 patients in this trial, which is currently being conducted across multiple sites in the United States. Our ZN-e4-001 Trial consists of a Phase 1, monotherapy 3+3 dose escalation portion of this trial and a Phase 2 portion of this trial.

The primary objective of the Phase 1 portion of this trial is to determine the MTD or RP2D of ZN-e4. The secondary objectives include assessing the safety and tolerability, determining a RP2D and characterizing the PK, of ZN-e4 as an oral monotherapy.

As of November 6, 2019, 18 patients had been enrolled in this trial in seven dose level cohorts.

We expect to report data from the Phase 1 portion of this trial in 2021.

We will evaluate whether to initiate the Phase 2 portion of this trial upon the completion of the Phase 1 portion and after considering trial design, patient population and combination strategies.

Interim and Preliminary Clinical Results

As of the October 30, 2019 data cutoff, we completed dosing in six of our dose escalation cohorts and have enrolled one patient in cohort seven. Seventeen patients have been enrolled and treated with doses of ZN-e4 ranging from 20 mg to 320 mg, once daily. At baseline, the mean age of the enrolled population was 65.3 years (range 38 to 86 years) and consisted of 47% males and 53% females. Of the enrolled patients, six (35.3%) are continuing treatment and 11 (64.7%) have discontinued treatment, seven of which were due to disease progression.

Enrolled patients have received the following prior lines of cancer treatment: EGFR tyrosine kinase inhibitors, excluding investigational EGFR tyrosine kinase inhibitors, EGFR monoclonal antibodies and osimertinib (15 of 17 patients), chemotherapy (11 of 17 patients), osimertinib (ten of 17 patients), immunotherapy (five of 17 patients), investigational EGFR tyrosine kinase inhibitors (two of 17 patients) and EGFR monoclonal antibodies (two of 17 patients). Of the enrolled patients, ten of the 17 had one to three prior systemic cancer regimens, and seven of the 17 had four or more.

The interim and preliminary data described herein are subject to change as more data on these patients and additional patients become available and are subject to authorization and verification procedures that could result in material changes in the final data.

Interim and ZN-e4 Preliminary Safety Results

As of the October 30, 2019 data cutoff, ZN-e4 was generally well tolerated. One patient reported a dose-limiting toxicity at the 320 mg dose level. The trial is currently ongoing at a higher dose level.

Treatment-emergent adverse events, or TEAEs, occurred in 15 of 17 patients. No serious adverse events were reported. Two deaths occurred, each due to progression of disease and were determined to not be related to treatment.

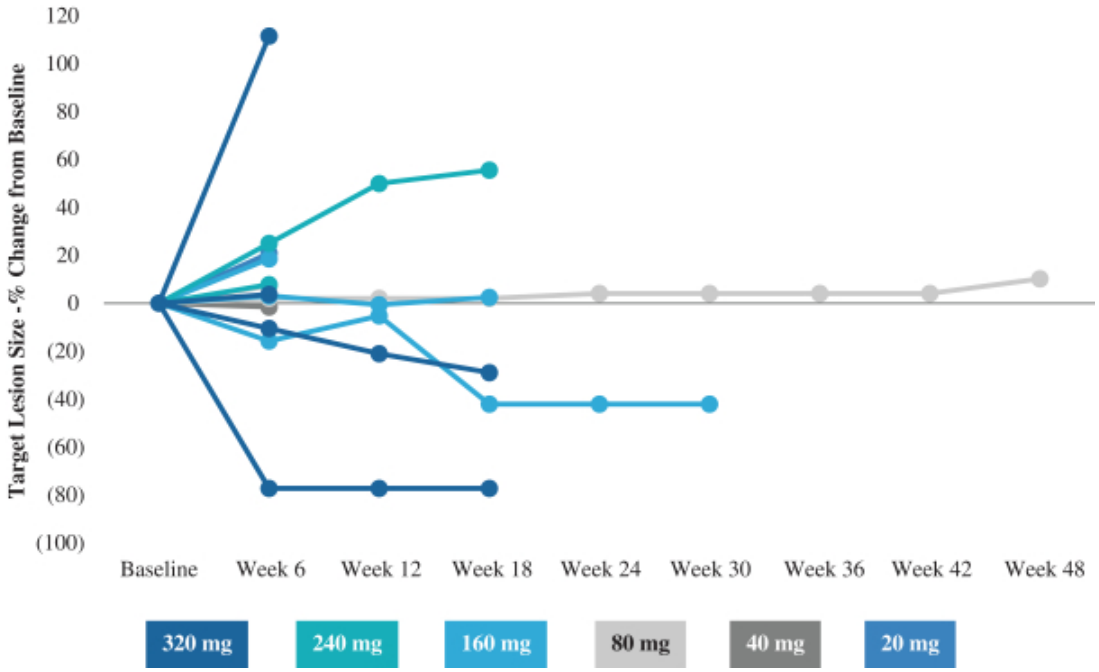
The most frequent of these TEAEs observed were diarrhea (eight of 17 patients), back pain (five of 17 patients), cough (five of 17 patients), nausea (four of 17 patients), vomiting (four of 17 patients) and fatigue (four of 17 patients). All cases of diarrhea were Grade 1 except for one which was Grade 2. Rash of Grade 1 severity was only reported in one patient.

Investigator-assessed, treatment-related adverse events occurred in nine of 17 patients. Of these treatment-related adverse events, seven of 17 patients reported treatment-related adverse events of Grade 1 or Grade 2 severity and two of 17 patients reported treatment-related adverse events of Grade 3 in severity, one case of dysphagia and one case of fatigue.

As of the October 30, 2019 data cutoff, there was no apparent increase of incidence or severity of adverse events with increased dose.

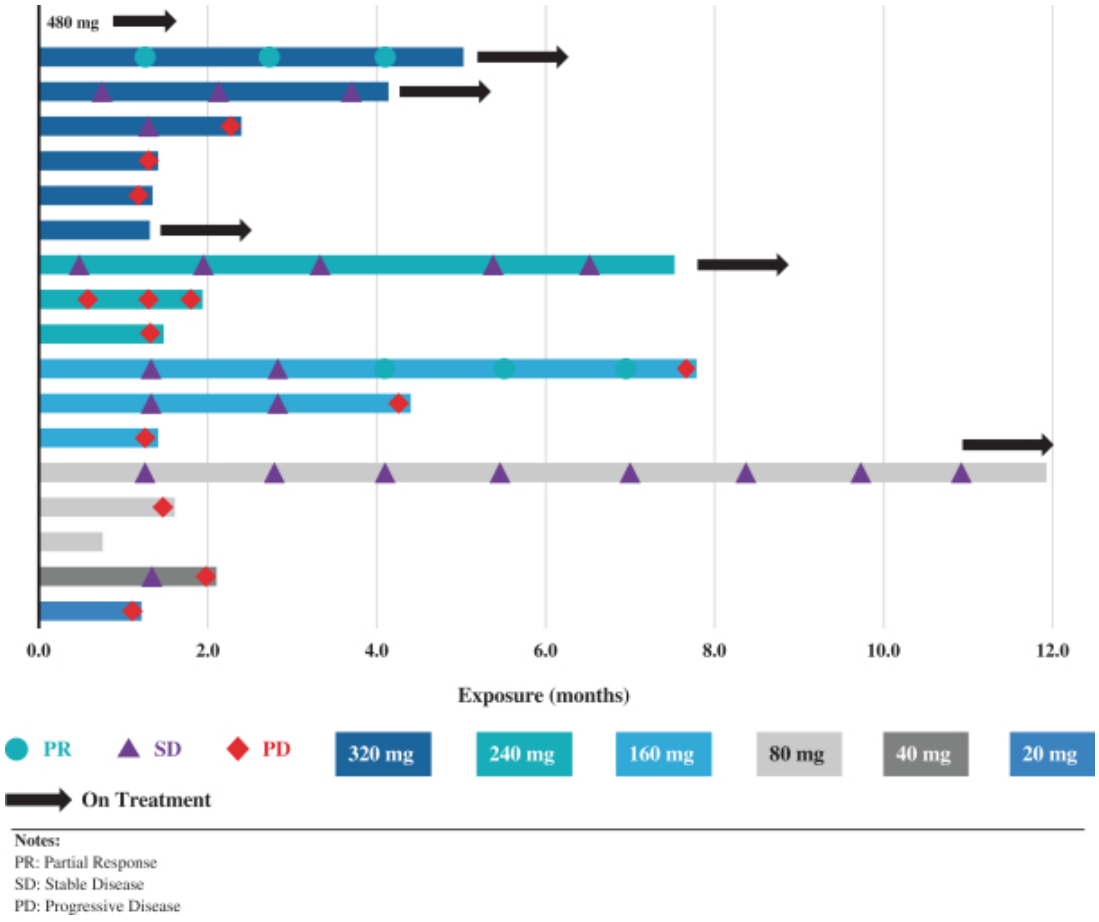
Interim and Preliminary Efficacy Results

As of the October 30, 2019 data cutoff date, we observed that two patients, each of which was osimertinib naïve and one of which had the T790M mutation, had confirmed PR by RECIST criteria as their best overall response, one dosed at 160 mg and the other dosed at 320 mg. The two patients with PR had approximately 40% and 80% reduction, respectively, in target lesion size by RECIST criteria. One other patient currently with stable disease had a reduction in target lesion size of approximately 29%.



As of the data cutoff date, one patient had a treatment duration of 48 weeks and two other patients a treatment duration of 18 weeks.

The following table illustrates response, duration of remission and re-dosing of ZN-e4 in this trial as of the data cutoff date.



Notes:
PR: Partial Response
SD: Stable Disease
PD: Progressive Disease

Drug Pharmacokinetics

The PK results from the first 17 patients in our ZN-e4-001 Trial showed rapid absorption into the systemic circulation, with typical median T_{max} values of two to four hours. The exposures were observed to be dose dependent. Little to no ZN-e4 accumulation at steady state on day 15 of once daily dosing was observed with mean day 15 to day one AUC ratios of 1.0-1.8.

		DAY 15 (STEADY STATE)		
DOSE (mg)		Cmax (ng/mL)	Tmax (hr)(1)	AUC0-8hr (ng*h/mL)
20 (n=1)	**Mean**	**55.9**	**8**	**376**
40 (n=1)	**Mean**	**36.9**	**8**	**179**
80 (n=1)	**Mean**	**144**	**4**	**945**
	SD	*65.3*	*(2-4)*	*487*
160 (n=3)	**Mean**	**382**	**4**	**2,440**
	SD	*274*	*(2-4)*	*1,630*
240 (n=3)	**Mean**	**532**	**4**	**3,730**
	SD	*117*	*(4-6)*	*926*
320 (n=5)	**Mean**	**388**	**4**	**2,550**
	SD	*203*	*(2-4)*	*1,410*

(1) Median (range) are listed for Tmax

Manufacturing

We currently do not own or operate any manufacturing facilities. We rely, and expect to continue to rely for the foreseeable future, on third-party contract manufacturing organizations, or CMOs, to produce our product candidates for preclinical and clinical testing, as well as for commercial manufacture if our product candidates receive marketing approval. We require that our CMOs produce bulk drug substances and finished drug products in accordance with current Good Manufacturing Practices, or cGMPs, and all other applicable laws and regulations. We maintain agreements with our manufacturers that include confidentiality and intellectual property provisions to protect our proprietary rights related to our product candidates.

We have engaged CMOs to manufacture and package ZN-c5, ZN-c3, ZN-d5 and ZN-e4 for preclinical and clinical use. Additional CMOs are used to label and distribute ZN-c5, ZN-c3 and ZN-e4 for clinical use. We obtain our supplies from these CMOs on a purchase order basis and do not have long-term supply arrangements in place. Although we do not currently have contractual arrangements in place for redundant supply for all of these product candidates, it is our goal to identify and contract with at least two manufacturers for active pharmaceutical ingredient and two manufacturers for drug product. More broadly, for each of our product candidates, we intend to identify and qualify additional manufacturers to provide the active pharmaceutical ingredient and fill-and-finish services prior to seeking regulatory approval.

Competition

The biotechnology and pharmaceutical industries are characterized by rapid technological advancement, significant competition and an emphasis on intellectual property. We face potential competition from many different sources, including major and specialty pharmaceutical and biotechnology companies, academic research institutions, governmental agencies and public and private research institutions. Any product candidates that we successfully develop and commercialize will compete with current therapies and new therapies that may become available in the future.

Many of the companies against which we may compete have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved products than we do. Mergers and acquisitions in the pharmaceutical, biotechnology and diagnostic industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize medicines that are safer, more effective, have fewer or less severe side effects, are more convenient or less expensive than any medicines we may develop. Our competitors also may obtain FDA or other regulatory approval for their product candidates more rapidly than we may obtain approval for ours, which could result in competitors establishing a strong market position before we are able to enter the market. We believe that the key competitive factors affecting the success of any of our product candidates, if approved, will include efficacy, combinability, safety profile, convenience, cost, level of promotional activity devoted to them and intellectual property protection.

If the product candidates for our priority programs are approved for the indications we are currently targeting, they will compete with the drugs discussed below. Furthermore, it is possible that other companies are also engaged in discovery or preclinical development of drug candidates for the same indications. These competitors, if successful in clinical development, may achieve regulatory approval and market adoption in advance of our product candidates, constraining our ability to gain significant market share for such product candidates. In addition, our product candidates, if approved, will complete with multiple approved drugs or drugs that may be approved for future indications for which we develop such product candidate.

Intellectual Property

We strive to protect the proprietary technology, inventions and improvements that are commercially important to our business, including seeking, maintaining, and defending patent rights, whether developed internally or licensed from third parties. We also rely on know-how relating to our proprietary technology and product candidates and continuing innovation to develop, strengthen and maintain our proprietary position. We also plan to rely on data exclusivity, market exclusivity and patent term extensions when available. Our commercial success will depend in part on our ability to obtain and maintain patent and other proprietary protection for our technology, inventions and improvements; to defend and enforce our proprietary rights, including any patents that we may own in the future; and to operate without infringing the valid and enforceable patents and other proprietary rights of third parties. Intellectual property rights may not address all potential threats to our competitive advantage.

With respect to our product candidates and processes we intend to develop and commercialize in the normal course of business, we intend, or understand that our licensors intend, to pursue patent protection covering, when possible, compositions, methods of use, dosing and formulations. We or our licensors also may pursue patent protection with respect to manufacturing and drug development processes and technologies. Obtaining and maintaining patent protection depends on compliance with various procedural, document submission, fee payment, and other requirements imposed by governmental patent agencies. We or our licensors may not be able to obtain patent protections for our compositions, methods of use, dosing and formulations, manufacturing and drug development processes and technologies throughout the world. Issued patents can provide protection for varying periods of time, depending upon the date of filing of the patent application, the date of patent issuance and the legal term of patents in the countries in which they are obtained. In general, patents issued for applications filed in the United States can provide exclusionary rights for 20 years from the earliest effective filing date. In addition, in certain instances, the term of an issued U.S. patent that is directed to or claims an

FDA-approved product can be extended to recapture a portion of the term effectively lost as a result of the FDA regulatory review period, which is called "patent term extension." The restoration period cannot be longer than five years and the total patent term, including the restoration period, must not exceed 14 years following FDA approval. The term of patents outside of the United States varies in accordance with the laws of the foreign jurisdiction, but typically is also 20 years from the earliest effective filing date. However, the actual protection afforded by a patent varies on a product-by-product basis, from country-to-country, and depends upon many factors, including the type of patent, the scope of its coverage, the availability of regulatory-related extensions, the availability of legal remedies in a particular country, and the validity and enforceability of the patent. Patent term may be inadequate to protect our competitive position on our products for an adequate amount of time.

The patent positions of companies like ours are generally uncertain and involve complex legal and factual questions. No consistent policy regarding the scope of claims allowable in patents in the field of biopharmaceuticals has emerged in the United States. The relevant patent laws and their interpretation outside of the United States is also uncertain. Changes in either the patent laws or their interpretation in the United States and other countries may diminish our ability to protect our technology or product candidates and could affect the value of such intellectual property. In particular, our ability to stop third parties from making, using, selling, offering to sell or importing products that infringe our intellectual property will depend in part on our success in obtaining and enforcing patent claims that cover our technology, inventions and improvements. We cannot guarantee that patents will be granted with respect to any of our pending patent applications or with respect to any patent applications we may file in the future, nor can we be sure that any patents that may be granted to us in the future will be commercially useful in protecting our products, the methods of use or manufacture of those products. Moreover, even our issued licensed-in patents do not guarantee us the right to practice our technology in relation to the commercialization of our products. Patent and other intellectual property rights in the pharmaceutical and biotechnology space are evolving and involve many risks and uncertainties. For example, third parties may have blocking patents that could be used to prevent us from commercializing our product candidates and practicing our proprietary technology, and our issued licensed-in patents may be challenged, invalidated, deemed unenforceable or circumvented, which could limit our ability to stop competitors from marketing-related products or could limit the term of patent protection that otherwise may exist for our product candidates. In addition, the scope of the rights granted under any issued in-licensed patents may not provide us with protection or competitive advantages against competitors with similar technology. Furthermore, our competitors may independently develop similar technologies that are outside the scope of the rights granted under any issued patents. For these reasons, we may face competition with respect to our product candidates. Moreover, because of the extensive time required for development, testing and regulatory review of a potential product, it is possible that, before any particular product candidate can be commercialized, any patent directed to such product may expire or remain in force for only a short period following commercialization, thereby reducing the commercial advantage the patent provides.

In-licensed Patents and Patent Applications

Recurium IP Holdings, LLC or Zeno Management, Inc., are currently the listed owner/assignee, or retained the exclusive license to 41 families of patent applications directed to our technology across our pipeline. As of February 14, 2020, our in-licensed portfolio consists of ten U.S. patents and seven foreign patents in four jurisdictions, Europe, Japan, Singapore and Taiwan.

Twenty-four of the 41 families have a single application pending, and 17 of 41 families have multiple applications pending. The 41 families include 39 U.S. applications (including pending U.S. provisional patent applications and pending U.S. non-provisional patent applications), six PCT applications and 146 international applications in approximately 17 countries, including major markets in North America, Europe and Asia, each having a nominal expiration date ranging from 2034 to 2040. The nominal expiration of our patents and patent applications does not account for any applicable patent term adjustments or extensions.

U.S. Patent No. 10,513,509, or the '509 Patent, includes claims directed to composition of matter, including ZN-e4, a pharmaceutical composition, a method for inhibiting replication of a malignant growth or a tumor, a

method for ameliorating or treating a cancer and a method for inhibiting the activity of EGFR. The ‘509 Patent has an expected expiration date in May 2037. However, we believe the ‘509 Patent may be eligible for a patent term extension under the Hatch-Waxman Act.

One of the aforementioned pending U.S. and PCT patent applications includes claims directed to ZN-c5, ZN-c3 or ZN-d5, and has an expected expiration in 2037 (ZN-c5) and 2039 (ZN-c3 and ZN-d5). However, there can be no assurance that any of our pending in-licensed patent applications will issue. Furthermore, there can be no assurance that we will benefit from any patent term extension or favorable adjustments to the term of any of our in-licensed issued patents or patents that are issued in the future. The applicable authorities, including the FDA in the United States, may not agree with our assessment of whether such patent term extensions should be granted, and, if granted, they may grant more limited extensions than we request.

Trademarks

Our trademark portfolio currently contains pending U.S. trademark applications for the marks ZENO and ZENTALIS. Applications to register the mark ZENO have been filed internationally. The portfolio has an International Madrid Trademark Application designating Australia, Europe, Israel, India, Japan, Republic of Korea, Mexico, New Zealand, the Russian Federation and Singapore for the mark ZENO. The portfolio also has pending applications for registration in Argentina, Brazil, Canada, Hong Kong, Taiwan and the United Kingdom for the mark ZENO.

Furthermore, we rely upon know-how, continuing technological innovation and potential in-licensing opportunities to develop and maintain our competitive position. We seek to protect our proprietary information, in part, using confidentiality and invention assignment agreements with our commercial partners, collaborators, employees, and consultants. These agreements are designed to protect our proprietary information and, in the case of the invention assignment agreements, to grant us ownership of technologies that are developed through a relationship with an employee or a third party. These agreements may be breached, and we may not have adequate remedies for any such breach. To the extent that our commercial partners, collaborators, employees and consultants use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Licensing Agreements and Strategic Collaborations

Recurium IP Holdings, LLC

In December 2014, and as amended and restated effective as of December 2017, we entered into a license agreement, or the Recurium Agreement, with Recurium IP Holdings, LLC, or Recurium IP under which we were granted an exclusive worldwide license to certain intellectual property rights owned or controlled by Recurium to develop and commercialize pharmaceutical products for the treatment or preventions of disease, other than for pain. We have the right to sublicense our rights under the Recurium Agreement, subject to certain conditions. We are required to use commercially reasonable efforts to develop and commercialize at least one licensed product that comprises or contains a program compound and to execute certain development activities.

Our payment obligations under the Recurium Agreement are based on the percentage of ownership interest Recurium Equity, LLC, an affiliated company of Recurium IP, has in the Company. Under the terms of the Recurium Agreement, we are obligated to make development and regulatory milestone payments, pay royalties for net sales and make sublicensing payments with respect to certain licensed products directed to one of ten specific biological targets, including ZN-c5, ZN-c3 and ZN-e4. We are obligated to make development and regulatory milestone payments for such licensed products of up to $44.5 million if Recurium Equity, LLC has less than 10% ownership percentage of us, or up to $21.5 million if the ownership percentage is 10% or more but no more than 15%. If the percentage of ownership interest Recurium Equity, LLC has in us is greater than 15% then no development and regulatory milestone payments will be due. In addition, we are obligated to make

milestone payments up to $150,000 for certain licensed products used in animals. We are also obligated to pay royalties on sales of such licensed products at a mid- to high-single digit percentage if Recurium Equity LLC's ownership percentage in us is less than 10%, at a mid-single digit percentage if such ownership percentage is 10% or more but no more than 15%, and at a low-single digit percentage if such ownership percentage is above 15%. In addition, if we choose to sublicense or assign to any third parties our rights under the Recurium Agreement with respect to such licensed products, we must pay to Recurium IP 20% of all revenue received in connection with such transaction if Recurium Equity, LLC has less than 10% ownership percentage of us, or a 10% of all revenue received if the ownership percentage is 10% or more but no more than 15%. If the percentage of ownership interest Recurium Equity, LLC has in us is greater than 15% then no sublicensing payments will be due. Upon the closing of this offering, Recurium Equity, LLC's ownership interest in us will be %, requiring potential payment of development and regulatory milestone payments of $ million and royalties of % on sales of the relevant licensed products.

Our royalty obligations will expire on a licensed product-by-licensed product and country-by-country basis on the later of fifteen years from the date of first commercial sale or when there is no longer a valid patent claim covering such licensed product in such country. The Recurium Agreement will expire on the later of on a country-by-country basis the expiration of royalty term for all licensed products in such country and December 21, 2032. The Recurium Agreement may be terminated in its entirety either by Recurium or by us in the event of an uncured material breach by the other party, in the event the other party is subject to specified bankruptcy, insolvency or similar circumstances, or in the event of a force majeure event under certain circumstances.

Upon termination of the Recurium Agreement for any reason, all rights and licenses granted to us under the agreement will terminate and revert to Recurium, and in the event of certain termination events, we would grant Recurium worldwide, royalty-bearing rights to our licensed products and transfer to Recurium any regulatory filings and data for such licensed products.

Mayo Foundation for Medical Education and Research

In February 2016, and as amended in April 2017 and December 2017, we entered into an option agreement, or the Mayo Agreement, with Mayo Foundation for Medical Education and Research under which we were granted an exclusive option to obtain an exclusive worldwide license to know-how and an exclusive worldwide license to related patent rights created by Mayo under the Mayo Agreement. We have the right to sublicense our rights under the Mayo Agreement, subject to certain conditions. We are required to use commercially reasonable efforts to develop and commercialize licensed products. Under the terms of the Mayo Agreement, we are obligated to pay royalties on sales for each licensed product at a low-single digit percentage as well as grants of equity interests to be negotiated on a case-by-case basis. In addition, in consideration for the grant of know-how we provided grants of common stock on the first anniversary and Class A common units on the second and third anniversaries following entry into the Mayo Agreement. As of December 31, 2019, we have granted equity securities which amount to 11,123 Class A common units under the Mayo Agreement. The Mayo Agreement will expire on the date of the last to expire of the Mayo patent rights or, if no Mayo patent rights arise, on February 11, 2021. As of the date of this prospectus, no Mayo patent rights have been created under the Mayo Agreement. The Mayo Agreement may be terminated in its entirety or in part by Mayo in the event of an uncured material breach by us, in the event that we bring suit against Mayo, except for an uncured material breach of the Mayo Agreement by Mayo, or in the event we are subject to specified bankruptcy, insolvency or similar circumstances.

SciClone Pharmaceuticals International (Cayman) Development Ltd.

In December 2014, and as amended in December 2016, we entered into a collaboration and license agreement, or the SciClone Agreement, with SciClone Pharmaceuticals International (Cayman) Development Ltd., or SciClone, under which we granted an exclusive license to certain intellectual property rights in the

People's Republic of China (including the territories of Macao and Hong Kong), South Korea, Taiwan and Vietnam, or the SciClone Territory, for SciClone to develop and commercialize a licensed product for the treatment or prevention of oncologic diseases and an exclusive option to obtain a similar license for up to two additional licensed products. Under the SciClone Agreement, SciClone is responsible for clinical development activities required in order to obtain regulatory approval in the SciClone Territory. SciClone paid to us a one-time up-front payment of $1.0 million upon entering into the SciClone Agreement, and $4.0 million in aggregate milestone payments. No additional development or commercial milestones or reimbursement for research and development expenses are payable under the SciClone Agreement, as amended. We are entitled to receive a mid-single digit royalty on net sales of licensed products in the SciClone Territory, which royalty is subject to certain reductions in the event that SciClone is unable to achieve certain gross margins or if generic products are sold or if technology covering a licensed product is licensed from a third party. We have also agreed to pay SciClone tiered royalties pursuant to the terms of the SciClone Agreement, the applicable rate of which are determined based on whether a compound is developed to a successful dual IND submission and the costs incurred by SciClone for the development of such product candidate. SciClone's and our royalty obligations will expire on a licensed product-by-licensed product and country-by-country basis on the later of fifteen years from the date of first commercial sale or when there is no longer a valid patent claim covering such licensed product in such country.

Following the December 2016 amendment to the SciClone Agreement, SciClone retains the exclusive license to develop and commercialize a licensed product for the treatment or prevention of oncologic diseases in the SciClone Territory and the exclusive option to obtain an exclusive license to up to two specified compounds under the SciClone Agreement for which we submit an IND by providing notice and paying $5 million to us. The SciClone Agreement will expire at the later of on a country-by-country basis the expiration of royalty term for all licensed products in such country and 15 years after the effective date of such agreement. The SciClone Agreement may be terminated in its entirety or on a country-by-country basis by SciClone upon 180 days' notice or either by SciClone or by us in its entirety in the event of an uncured material breach by the other party, in the event the other party is subject to specified bankruptcy, insolvency or similar circumstances, or in the event of a force majeure event under certain circumstances.

Pfizer Clinical Trial Collaboration and Supply Agreement

In May 2018, we entered into a clinical trial collaboration and supply agreement with Pfizer, Inc. to evaluate the safety, tolerability and efficacy of ZN-c5 in combination with their CDK4/6 inhibitor, palbociclib, in our ongoing Phase 1/2 clinical trial of ZN-c5. Pursuant to this agreement, we will be responsible for the conduct and cost of the relevant studies, under the supervision of a joint development committee made up of our representatives and representatives of Pfizer that meets quarterly. Pfizer will supply palbociclib for use in the ZN-c5-001 Trial, at no cost to us. We are required to provide to Pfizer clinical data and other reports upon completion of the ZN-c5-001 Trial.

This agreement does not grant any right of first negotiation to participate in future clinical trials, and each of the parties retains all rights and ability to evaluate their respective compounds in any clinical studies, either as monotherapy or in combination with any other product or compound, in any therapeutic area.

The agreement with Pfizer will expire upon completion of all obligations of the parties thereunder or upon termination by either party. We and Pfizer each have the right to terminate the agreement for material breach by the other party. In addition, the agreement may be terminated by either party due to safety considerations or if either party decides to discontinue development of its own compound for medical, scientific, legal or other reasons or if a regulatory authority takes any action preventing that party from supplying its compound for the study. Pfizer also has the right to terminate this agreement if it notifies us in writing that it reasonably and in good faith believes that palbociclib is being used in an unsafe manner, and we fail to incorporate changes to address such issue, and the joint development committee is unable to resolve the issue following elevation to appropriate parties.

Government Regulation and Product Approval

Government authorities in the United States, at the federal, state and local level, and other countries extensively regulate, among other things, the research, development, testing, manufacture, quality control, approval, labeling, packaging, storage, record-keeping, promotion, advertising, distribution, marketing and export and import of products such as those we are developing. A new drug must be approved by the FDA through the NDA process before it may be legally marketed in the United States.

U.S. Drug Development Process

In the United States, the FDA regulates drugs under the federal Food, Drug, and Cosmetic Act, or the FDCA, and its implementing regulations. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal, state, local and foreign statutes and regulations require the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or after approval may subject an applicant to administrative or judicial sanctions. These sanctions could include the FDA's refusal to approve pending applications, withdrawal of an approval, a clinical hold, warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties. Any agency or judicial enforcement action could have a material adverse effect on us.

The process required by the FDA before a drug may be marketed in the United States generally involves the following:

- completion of preclinical laboratory tests, animal studies and formulation studies in accordance with FDA's good laboratory practice requirements and other applicable regulations;
- submission to the FDA of an IND, which must become effective before human clinical trials may begin;
- approval by an independent IRB ethics committee at each clinical site before each trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with GCP requirements to establish the safety and efficacy of the proposed drug for its intended use;
- submission to the FDA of an NDA after completion of all pivotal trials;
- satisfactory completion of an FDA advisory committee review, if applicable;
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the drug is produced to assess compliance with cGMP requirements to assure that the facilities, methods and controls are adequate to preserve the drug's identity, strength, quality and purity, and of selected clinical investigation sites to assess compliance with GCPs; and
- FDA review and approval of the NDA to permit commercial marketing of the product for particular indications for use in the United States.

Prior to beginning the first clinical trial with a product candidate in the United States, we must submit an IND to the FDA. An IND is a request for authorization from the FDA to administer an investigational new drug product to humans. The central focus of an IND submission is on the general investigational plan and the protocol(s) for clinical studies. The IND also includes results of animal and *in vitro* studies assessing the toxicology, pharmacokinetics, pharmacology, and pharmacodynamic characteristics of the product; chemistry, manufacturing, and controls information; and any available human data or literature to support the use of the investigational product. An IND must become effective before human clinical trials may begin. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA, within the 30- day time

period, raises safety concerns or questions about the proposed clinical trial. In such a case, the IND may be placed on clinical hold and the IND sponsor and the FDA must resolve any outstanding concerns or questions before the clinical trial can begin. Submission of an IND therefore may or may not result in FDA authorization to begin a clinical trial.

Clinical trials involve the administration of the investigational product to human subjects under the supervision of qualified investigators in accordance with GCPs, which include the requirement that all research subjects provide their informed consent for their participation in any clinical study. Clinical trials are conducted under protocols detailing, among other things, the objectives of the study, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated. A separate submission to the existing IND must be made for each successive clinical trial conducted during product development and for any subsequent protocol amendments. Furthermore, an independent IRB for each site proposing to conduct the clinical trial must review and approve the plan for any clinical trial and its informed consent form before the clinical trial begins at that site and must monitor the study until completed. Regulatory authorities, the IRB or the sponsor may suspend a clinical trial at any time on various grounds, including a finding that the subjects are being exposed to an unacceptable health risk or that the trial is unlikely to meet its stated objectives. Some studies also include oversight by an independent group of qualified experts organized by the clinical study sponsor, known as a data safety monitoring board, which provides authorization for whether or not a study may move forward at designated check points based on access to certain data from the study and may halt the clinical trial if it determines that there is an unacceptable safety risk for subjects or other grounds, such as no demonstration of efficacy. There are also requirements governing the reporting of ongoing clinical studies and clinical study results to public registries.

Human clinical trials are typically conducted in three sequential phases that may overlap or be combined:

- Phase 1: The product candidate is initially introduced into healthy human subjects or patients with the target disease or condition. These studies are designed to test the safety, dosage tolerance, absorption, metabolism and distribution of the investigational product in humans, the side effects associated with increasing doses, and, if possible, to gain early evidence on effectiveness. In the case of some products for severe or life-threatening diseases, such as cancer, especially when the product may be too inherently toxic to ethically administer to healthy volunteers, the initial human testing is often conducted in patients.
- Phase 2: The product candidate is administered to a limited patient population with a specified disease or condition to evaluate the preliminary efficacy, optimal dosages and dosing schedule and to identify possible adverse side effects and safety risks. Multiple Phase 2 clinical trials may be conducted to obtain information prior to beginning larger and more expensive Phase 3 clinical trials.
- Phase 3: The product candidate is administered to an expanded patient population to further evaluate dosage, to provide statistically significant evidence of clinical efficacy and to further test for safety, generally at multiple geographically dispersed clinical trial sites. These clinical trials are intended to establish the overall risk/benefit ratio of the investigational product and to provide an adequate basis for product approval.

Post-approval trials, sometimes referred to as Phase 4 studies, may be conducted after initial marketing approval. These trials are used to gain additional experience from the treatment of patients in the intended therapeutic indication. In certain instances, the FDA may mandate the performance of Phase 4 clinical trials as a condition of approval of an NDA.

The FDA or the sponsor may suspend a clinical trial at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB’s requirements or if the drug has been associated with unexpected serious harm to patients. In

addition, some clinical trials are overseen by an independent group of qualified experts organized by the sponsor, known as a data safety monitoring board or committee. Depending on its charter, this group may determine whether a trial may move forward at designated check points based on access to certain data from the trial.

During the development of a new drug, sponsors are given opportunities to meet with the FDA at certain points. These points may be prior to submission of an IND, at the end of Phase 2, and before an NDA is submitted. Meetings at other times may be requested. These meetings can provide an opportunity for the sponsor to share information about the data gathered to date, for the FDA to provide advice, and for the sponsor and the FDA to reach agreement on the next phase of development. Sponsors typically use the meetings at the end of the Phase 2 trial to discuss Phase 2 clinical results and present plans for the pivotal Phase 3 clinical trials that they believe will support approval of the new drug.

Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the chemistry and physical characteristics of the drug and finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product candidate and, among other things, the manufacturer must develop methods for testing the identity, strength, quality and purity of the final drug. In addition, appropriate packaging must be selected and tested, and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

While the IND is active and before approval, progress reports summarizing the results of the clinical trials and nonclinical studies performed since the last progress report must be submitted at least annually to the FDA, and written IND safety reports must be submitted to the FDA and investigators for serious and unexpected suspected adverse events, findings from other studies suggesting a significant risk to humans exposed to the same or similar drugs, findings from animal or *in vitro* testing suggesting a significant risk to humans, and any clinically important increased incidence of a serious suspected adverse reaction compared to that listed in the protocol or investigator brochure.

U.S. Review and Approval Process

Assuming successful completion of all required testing in accordance with all applicable regulatory requirements, the results of product development, preclinical and other non-clinical studies and clinical trials, along with descriptions of the manufacturing process, analytical tests conducted on the chemistry of the drug, proposed labeling and other relevant information are submitted to the FDA as part of an NDA requesting approval to market the product. The submission of an NDA is subject to the payment of substantial user fees; a waiver of such fees may be obtained under certain limited circumstances. Additionally, no user fees are assessed on NDAs for products designated as orphan drugs, unless the product also includes a non-orphan indication.

The FDA reviews an NDA to determine, among other things, whether a product is safe and effective for its intended use and whether its manufacturing is cGMP-compliant to assure and preserve the product's identity, strength, quality and purity. Under the Prescription Drug User Fee Act, or PDUFA, guidelines that are currently in effect, the FDA has a goal of ten months from the date of "filing" of a standard NDA for a new molecular entity to review and act on the submission. This review typically takes twelve months from the date the NDA is submitted to FDA because the FDA has approximately two months to make a "filing" decision after it the application is submitted. The FDA conducts a preliminary review of all NDAs within the first 60 days after submission, before accepting them for filing, to determine whether they are sufficiently complete to permit substantive review The FDA may request additional information rather than accept an NDA for filing. In this event, the NDA must be resubmitted with the additional information. The resubmitted application also is subject to review before the FDA accepts it for filing.

The FDA may refer an application for a novel drug to an advisory committee. An advisory committee is a panel of independent experts, including clinicians and other scientific experts, that reviews, evaluates and

provides a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

Before approving an NDA, the FDA will typically inspect the facility or facilities where the product is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP and adequate to assure consistent production of the product within required specifications. Additionally, before approving a NDA, the FDA will typically inspect one or more clinical sites to assure compliance with GCPs. If the FDA determines that the application, manufacturing process or manufacturing facilities are not acceptable, it will outline the deficiencies in the submission and often will request additional testing or information. Notwithstanding the submission of any requested additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval.

After the FDA evaluates an NDA, it will issue an approval letter or a Complete Response Letter. An approval letter authorizes commercial marketing of the drug with prescribing information for specific indications. A Complete Response Letter indicates that the review cycle of the application is complete, and the application will not be approved in its present form. A Complete Response Letter usually describes the specific deficiencies in the NDA identified by the FDA and may require additional clinical data, such as an additional pivotal Phase 3 trial or other significant and time-consuming requirements related to clinical trials, nonclinical studies or manufacturing. If a Complete Response Letter is issued, the sponsor must resubmit the NDA or, addressing all of the deficiencies identified in the letter, or withdraw the application. Even if such data and information are submitted, the FDA may decide that the NDA does not satisfy the criteria for approval.

If regulatory approval of a product is granted, such approval will be granted for particular indications and may entail limitations on the indicated uses for which such product may be marketed. For example, the FDA may approve the NDA with a REMS to ensure the benefits of the product outweigh its risks. A REMS is a safety strategy to manage a known or potential serious risk associated with a medicine and to enable patients to have continued access to such medicines by managing their safe use, and could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries, and other risk minimization tools. The FDA also may condition approval on, among other things, changes to proposed labeling or the development of adequate controls and specifications. Once approved, the FDA may withdraw the product approval if compliance with pre- and post-marketing requirements is not maintained or if problems occur after the product reaches the marketplace. The FDA may also require one or more Phase 4 post-market studies and surveillance to further assess and monitor the product's safety and effectiveness after commercialization, and may limit further marketing of the product based on the results of these post-marketing studies. In addition, new government requirements, including those resulting from new legislation, may be established, or the FDA's policies may change, which could impact the timeline for regulatory approval or otherwise impact ongoing development programs.

In addition, the Pediatric Research Equity Act, or PREA, requires a sponsor to conduct pediatric clinical trials for most drugs, for a new active ingredient, new indication, new dosage form, new dosing regimen or new route of administration. Under PREA, original NDAs and supplements must contain a pediatric assessment unless the sponsor has received a deferral or waiver. The required assessment must evaluate the safety and effectiveness of the product for the claimed indications in all relevant pediatric subpopulations and support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The sponsor or FDA may request a deferral of pediatric clinical trials for some or all of the pediatric subpopulations. A deferral may be granted for several reasons, including a finding that the drug is ready for approval for use in adults before pediatric clinical trials are complete or that additional safety or effectiveness data needs to be collected before the pediatric clinical trials begin. The FDA must send a non-compliance letter to any sponsor that fails to submit the required assessment, keep a deferral current or fails to submit a request for approval of a pediatric formulation.

Expedited Development and Review Programs

The FDA has a fast track designation program that is intended to expedite or facilitate the process for reviewing new drug products that meet certain criteria. Specifically, new drugs are eligible for Fast Track designation if they are intended to treat a serious or life-threatening disease or condition and demonstrate the potential to address unmet medical needs for the disease or condition. With regard to a fast track product, the FDA may consider for review sections of the NDA on a rolling basis before the complete application is submitted, if the sponsor provides a schedule for the submission of the sections of the NDA, the FDA agrees to accept sections of the NDA and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the NDA.

Any product submitted to the FDA for approval, including a product with a fast track designation, may also be eligible for other types of FDA programs intended to expedite development and review, such as priority review and accelerated approval. A product is eligible for priority review if it has the potential to provide safe and effective therapy where no satisfactory alternative therapy exists or a significant improvement in the treatment, diagnosis or prevention of a disease compared to marketed products. The FDA will attempt to direct additional resources to the evaluation of an application for a new drug designated for priority review in an effort to facilitate the review. The FDA endeavors to review applications with priority review designations within six months of the filing date as compared to ten months for review of new molecular entity NDAs under its current PDUFA review goals.

In addition, a product may be eligible for accelerated approval. Drug products intended to treat serious or life-threatening diseases or conditions may be eligible for accelerated approval upon a determination that the product has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit, or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity, or prevalence of the condition and the availability or lack of alternative treatments. As a condition of approval, the FDA may require that a sponsor of a drug receiving accelerated approval perform adequate and well-controlled post-marketing clinical trials. In addition, the FDA currently requires pre-approval of promotional materials as a condition for accelerated approval, which could adversely impact the timing of the commercial launch of the product.

The Food and Drug Administration Safety and Innovation Act established a category of drugs referred to as “breakthrough therapies” that may be eligible to receive breakthrough therapy designation. A sponsor may seek FDA designation of a product candidate as a “breakthrough therapy” if the product is intended, alone or in combination with one or more other products, to treat a serious or life-threatening disease or condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. The designation includes all of the fast track program features, as well as more intensive FDA interaction and guidance. The breakthrough therapy designation is a distinct status from both accelerated approval and priority review, which can also be granted to the same drug if relevant criteria are met. If a product is designated as breakthrough therapy, the FDA will work to expedite the development and review of such drug.

Standards for approval but may expedite the development or approval process. Even if a product qualifies for one or more of these programs, the FDA may later decide that the product no longer meets the conditions for qualification or decide that the time period for FDA review or approval will not be shortened. We may explore some of these opportunities for our product candidates as appropriate.

Post-approval Requirements

Any products manufactured or distributed by us pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to record-keeping,

reporting of adverse experiences, periodic reporting, product sampling and distribution, and advertising and promotion of the product. After approval, most changes to the approved product, such as adding new indications or other labeling claims, are subject to prior FDA review and approval. There also are continuing, annual program fees for any marketed products. Drug manufacturers and their subcontractors are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP, which impose certain procedural and documentation requirements upon us and our third-party manufacturers. Changes to the manufacturing process are strictly regulated, and, depending on the significance of the change, may require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP and impose reporting requirements upon us and any third-party manufacturers that we may decide to use. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with cGMP and other aspects of regulatory compliance.

The FDA may withdraw approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical studies to assess new safety risks; or imposition of distribution restrictions or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;
- fines, warning letters, or untitled letters;
- clinical holds on clinical studies;
- refusal of the FDA to approve pending applications or supplements to approved applications, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products;
- consent decrees, corporate integrity agreements, debarment or exclusion from federal healthcare programs;
- mandated modification of promotional materials and labeling and the issuance of corrective information;
- the issuance of safety alerts, Dear Healthcare Provider letters, press releases and other communications containing warnings or other safety information about the product; or
- injunctions or the imposition of civil or criminal penalties.

The FDA closely regulates the marketing, labeling, advertising and promotion of drug products. A company can make only those claims relating to safety and efficacy, purity and potency that are approved by the FDA and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses. Failure to comply with these requirements can result in, among other things, adverse publicity, warning letters, corrective advertising and potential civil and criminal penalties. Physicians may prescribe, in their independent professional medical judgment, legally available products for uses that are not described in the product's labeling and that differ from those tested by us and approved by the FDA. Physicians may believe that such off-label uses are the best treatment for many patients in varied circumstances. The FDA does not regulate the behavior of physicians in their choice of treatments. The FDA does, however, restrict manufacturer's communications on the subject of off-label use of their products. The federal government has levied large civil and criminal fines against companies for alleged improper promotion of off-label use and has enjoined companies from engaging in off-label promotion. The FDA and

other regulatory agencies have also required that companies enter into consent decrees or permanent injunctions under which specified promotional conduct is changed or curtailed. However, companies may share truthful and not misleading information that is otherwise consistent with a product's FDA-approved labelling.

Marketing Exclusivity

Market exclusivity provisions authorized under the FDCA can delay the submission or the approval of certain marketing applications. The FDCA provides a five-year period of non-patent marketing exclusivity within the United States to the first applicant to obtain approval of an NDA for a new chemical entity. A drug is a new chemical entity if the FDA has not previously approved any other new drug containing the same active moiety, which is the molecule or ion responsible for the action of the drug substance. During the exclusivity period, the FDA may not approve or even accept for review an abbreviated new drug application, or ANDA, or an NDA submitted under Section 505(b)(2), or 505(b)(2) NDA, submitted by another company for another drug based on the same active moiety, regardless of whether the drug is intended for the same indication as the original innovative drug or for another indication, where the applicant does not own or have a legal right of reference to all the data required for approval. However, an application may be submitted after four years if it contains a certification of patent invalidity or non-infringement to one of the patents listed with the FDA by the innovator NDA holder.

The FDCA alternatively provides three years of marketing exclusivity for an NDA, or supplement to an existing NDA if new clinical investigations, other than bioavailability studies, that were conducted or sponsored by the applicant are deemed by the FDA to be essential to the approval of the application, for example new indications, dosages or strengths of an existing drug. This three-year exclusivity covers only the modification for which the drug received approval on the basis of the new clinical investigations and does not prohibit the FDA from approving ANDAs or 505(b)(2) NDAs for drugs containing the active agent for the original indication or condition of use. Five-year and three-year exclusivity will not delay the submission or approval of a full NDA. However, an applicant submitting a full NDA would be required to conduct or obtain a right of reference to any preclinical studies and adequate and well-controlled clinical trials necessary to demonstrate safety and effectiveness.

Pediatric exclusivity is another type of marketing exclusivity available in the United States. Pediatric exclusivity provides for an additional six months of marketing exclusivity attached to another period of exclusivity if a sponsor conducts clinical trials in children in response to a written request from the FDA. The issuance of a written request does not require the sponsor to undertake the described clinical trials. In addition, orphan drug exclusivity, as described above, may offer a seven-year period of marketing exclusivity, except in certain circumstances.

Other Healthcare Laws

Pharmaceutical and medical device manufacturers are subject to additional healthcare regulation and enforcement by the federal government and by authorities in the states and foreign jurisdictions in which they conduct their business. Such laws include, without limitation, U.S. federal anti-kickback, fraud and abuse, false claims, consumer fraud, pricing reporting, data privacy and security, and transparency laws and regulations as well as similar foreign laws in the jurisdictions outside the U.S. Similar state and local laws and regulations may also restrict business practices in the pharmaceutical industry, such as state anti-kickback and false claims laws, which may apply to business practices, including but not limited to, research, distribution, sales and marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers, or by patients themselves; state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government, or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; state laws and regulations that require drug manufacturers to file reports relating to pricing and marketing information; state and local laws which require tracking gifts and other

remuneration and items of value provided to physicians, other healthcare providers and entities or that require the registration of pharmaceutical sales representatives; and state and local laws that require the registration of pharmaceutical sales representatives; and state and local laws governing the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts. Violation of any of such laws or any other governmental regulations that apply may result in penalties, including, without limitation, significant administrative, civil and criminal penalties, damages, fines, additional reporting obligations and oversight if we become subject to a corporate integrity agreement or other agreement to resolve allegations of non-compliance with these laws, the curtailment or restructuring of operations, exclusion from participation in governmental healthcare programs and imprisonment.

Coverage and Reimbursement

Sales of any pharmaceutical product depend, in part, on the extent to which such product will be covered by third-party payors, such as federal, state and foreign government healthcare programs, commercial insurance and managed healthcare organizations, and the level of reimbursement for such product by third-party payors. Significant uncertainty exists as to the coverage and reimbursement status of any newly approved product. Decisions regarding the extent of coverage and amount of reimbursement to be provided are made on a plan-by-plan basis. One third-party payor's decision to cover a particular product does not ensure that other payors will also provide coverage for the product. As a result, the coverage determination process can require manufactures to provide scientific and clinical support for the use of a product to each payor separately and can be a time-consuming process, with no assurance that coverage and adequate reimbursement will be applied consistently or obtained in the first instance. For products administered under the supervision of a physician, obtaining coverage and adequate reimbursement may be particularly difficult because of the higher prices often associated with such drugs. Additionally, separate reimbursement for the product itself or the treatment or procedure in which the product is used may not be available, which may impact physician utilization. In addition, companion diagnostic tests require coverage and reimbursement separate and apart from the coverage and reimbursement for their companion pharmaceutical or biological products. Similar challenges to obtaining coverage and reimbursement, applicable to pharmaceutical or biological products, will apply to companion diagnostics.

In addition, third-party payors are increasingly reducing reimbursements for pharmaceutical products and services. The U.S. government and state legislatures have continued implementing cost-containment programs, including price controls, restrictions on coverage and reimbursement and requirements for substitution of generic products. Third-party payors are more and more challenging the prices charged, examining the medical necessity and reviewing the cost effectiveness of pharmaceutical products, in addition to questioning their safety and efficacy. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit sales of any product. Decreases in third-party reimbursement for any product or a decision by a third-party payor not to cover a product could reduce physician usage and patient demand for the product.

In international markets, reimbursement and healthcare payment systems vary significantly by country, and many countries have instituted price ceilings on specific products and therapies. For example, the European Union provides options for its member states to restrict the range of medicinal products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. A member state may approve a specific price for the medicinal product or it may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market. Pharmaceutical products may face competition from lower-priced products in foreign countries that have placed price controls on pharmaceutical products and may also compete with imported foreign products. Furthermore, there is no assurance that a product will be considered medically reasonable and necessary for a specific indication, will be considered cost-effective by third-party payors, that an adequate level of reimbursement will be established even if coverage is available or that the third-party payors' reimbursement policies will not adversely affect the ability for manufacturers to sell products profitably.

Healthcare Reform

In the United States and certain foreign jurisdictions, there have been, and we expect there will continue to be, a number of legislative and regulatory changes to the healthcare system. In March 2010, the ACA was signed into law, which substantially changed the way healthcare is financed by both governmental and private insurers in the United States. By way of example, the ACA increased the minimum level of Medicaid rebates payable by manufacturers of brand name drugs from 15.1% to 23.1%; required collection of rebates for drugs paid by Medicaid managed care organizations; imposed a non-deductible annual fee on pharmaceutical manufacturers or importers who sell certain "branded prescription drugs" to specified federal government programs, implemented a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted, or injected; expanded eligibility criteria for Medicaid programs; creates a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research; and established a Center for Medicare Innovation at CMS to test innovative payment and service delivery models to lower Medicare and Medicaid spending, potentially including prescription drug spending.

Since its enactment, there have been judicial and Congressional challenges to certain aspects of the ACA, and we expect there will be additional challenges and amendments to the ACA in the future. Since January 2017, President Trump has signed two Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed comprehensive repeal legislation, two bills affecting the implementation of certain taxes under the ACA have passed. For example, in 2017, Congress enacted the Tax Act, which eliminated the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." In addition, the 2020 federal spending package permanently eliminates, effective January 1, 2020, the ACA-mandated "Cadillac" tax on high-cost employer-sponsored health coverage and medical device tax and, effective January 1, 2021, also eliminates the health insurer tax. On December 14, 2018, a Texas U.S. District Court Judge ruled that the individual mandate is a critical and inseverable feature of the ACA, and therefore, because it was repealed as part of the Tax Act, the remaining provisions of the ACA are invalid as well. Additionally, on December 18, 2019, the U.S. Court of Appeals for the 5th Circuit ruled that the individual mandate was unconstitutional and remanded the case back to the District Court to determine whether the remaining provisions of the ACA are invalid as well. It is unclear how these decisions, future decisions, subsequent appeals, and other efforts to repeal and replace the ACA will impact the ACA.

Other legislative changes have been proposed and adopted since the ACA was enacted, including aggregate reductions of Medicare payments to providers of 2% per fiscal year and reduced payments to several types of Medicare providers, which will remain in effect through 2029 absent additional congressional action. Moreover, there has recently been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in several Congressional inquiries and proposed and enacted legislation designed, among other things, to bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs and reform government program reimbursement methodologies for pharmaceutical products. For example, at the federal level, the Trump administration released a "Blueprint" to lower drug prices and reduce out of pocket costs of drugs that contains additional proposals to increase manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products and reduce the other of pocket costs of drug products paid by consumers. Additionally, the Trump administration's budget proposal for the fiscal year 2020 contains further drug price control measures that could be enacted during the budget process or in future legislation, including, for example, measures to permit Medicare Part D plans to negotiate the price of certain drugs under Medicare Part B, to allow some states to negotiate prices under Medicaid, and to eliminate cost sharing for generic drugs for low-income patients. Although a number of these and other measures may require additional authorization to become effective, Congress and the Trump administration have each indicated that it

will continue to seek new legislative and/or administrative measures to control drug costs. In addition, individual states in the United States have also become increasingly active in implementing regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures and, in some cases, mechanisms to encourage importation from other countries and bulk purchasing. Furthermore, there has been increased interest by third party payors and governmental authorities in reference pricing systems and publication of discounts and list prices.

FDA Approval and Regulation of Companion Diagnostics

If safe and effective use of a therapeutic depends on an *in vitro* diagnostic, then the FDA generally will require approval or clearance of that diagnostic, known as a companion diagnostic, at the same time that the FDA approves the therapeutic product. In August 2014, the FDA issued final guidance clarifying the requirements that will apply to approval of therapeutic products and in vitro companion diagnostics. According to the guidance, if FDA determines that a companion diagnostic device is essential to the safe and effective use of a novel therapeutic product or indication, FDA generally will not approve the therapeutic product or new therapeutic product indication if the companion diagnostic device is not approved or cleared for that indication. Approval or clearance of the companion diagnostic device will ensure that the device has been adequately evaluated and has adequate performance characteristics in the intended population. The review of in vitro companion diagnostics in conjunction with the review of our therapeutic treatments for cancer will, therefore, likely involve coordination of review by the FDA's Center for Drug Evaluation and Research and the FDA's Center for Devices and Radiological Health Office of In Vitro Diagnostics and Radiological Health.

Under the FDCA, in vitro diagnostics, including companion diagnostics, are regulated as medical devices. In the United States, the FDCA and its implementing regulations, and other federal and state statutes and regulations govern, among other things, medical device design and development, preclinical and clinical testing, premarket clearance or approval, registration and listing, manufacturing, labeling, storage, advertising and promotion, sales and distribution, export and import, and post-market surveillance. Unless an exemption applies, diagnostic tests require marketing clearance or approval from the FDA prior to commercial distribution. The two primary types of FDA marketing authorization applicable to a medical device are premarket notification, also called 510(k) clearance, and premarket approval, or PMA approval.

The PMA process, including the gathering of clinical and preclinical data and the submission to and review by the FDA, can take several years or longer. It involves a rigorous premarket review during which the applicant must prepare and provide the FDA with reasonable assurance of the device's safety and effectiveness and information about the device and its components regarding, among other things, device design, manufacturing and labeling. PMA applications are subject to an application fee. In addition, PMAs for certain devices must generally include the results from extensive preclinical and adequate and well-controlled clinical trials to establish the safety and effectiveness of the device for each indication for which FDA approval is sought. In particular, for a diagnostic, a PMA application typically requires data regarding analytical and clinical validation studies. As part of the PMA review, the FDA will typically inspect the manufacturer's facilities for compliance with the Quality System Regulation, or QSR, which imposes elaborate testing, control, documentation and other quality assurance requirements.

PMA approval is not guaranteed, and the FDA may ultimately respond to a PMA submission with a not approvable determination based on deficiencies in the application and require additional clinical trial or other data that may be expensive and time-consuming to generate and that can substantially delay approval. If the FDA's evaluation of the PMA application is favorable, the FDA typically issues an approvable letter requiring the applicant's agreement to specific conditions, such as changes in labeling, or specific additional information, such as submission of final labeling, in order to secure final approval of the PMA. If the FDA's evaluation of the PMA or manufacturing facilities is not favorable, the FDA will deny approval of the PMA or issue a not approvable letter. A not approvable letter will outline the deficiencies in the application and, where practical, will

identify what is necessary to make the PMA approvable. The FDA may also determine that additional clinical trials are necessary, in which case the PMA approval may be delayed for several months or years while the trials are conducted and then the data submitted in an amendment to the PMA. If the FDA concludes that the applicable criteria have been met, the FDA will issue a PMA for the approved indications, which can be more limited than those originally sought by the applicant. The PMA can include post-approval conditions that the FDA believes necessary to ensure the safety and effectiveness of the device, including, among other things, restrictions on labeling, promotion, sale and distribution. Once granted, PMA approval may be withdrawn by the FDA if compliance with post approval requirements, conditions of approval or other regulatory standards are not maintained or problems are identified following initial marketing.

After a device is placed on the market, it remains subject to significant regulatory requirements. Medical devices may be marketed only for the uses and indications for which they are cleared or approved. Device manufacturers must also establish registration and device listings with the FDA. A medical device manufacturer's manufacturing processes and those of its suppliers are required to comply with the applicable portions of the QSR, which cover the methods and documentation of the design, testing, production, processes, controls, quality assurance, labeling, packaging and shipping of medical devices. Domestic facility records and manufacturing processes are subject to periodic unscheduled inspections by the FDA. The FDA also may inspect foreign facilities that export products to the United States.

Employees

As of December 31, 2019, we had 58 full-time employees, including 26 employees with M.D. or Ph.D. degrees. Of these full-time employees, 45 employees are engaged in research and development activities. None of our employees is represented by a labor union or covered by a collective bargaining agreement. We consider our relationship with our employees to be good.

Facilities

Our principal executive office is located at 530 Seventh Avenue, Suite 2201, New York, New York, 10018, where we lease approximately 4,800 square feet of office space under a lease that terminates on June 30, 2023. We also occupy approximately 11,100 square feet of office and laboratory space and approximately 2,300 square feet of office and laboratory space, in each case, in San Diego, California, under leases that expire in June 21, 2022 and February 28, 2022, respectively. We believe that our facilities are sufficient to meet our current needs and that suitable additional space will be available as and when needed.

Legal Proceedings

We are not subject to any material legal proceedings.

MANAGEMENT

Executive Officers and Directors

The following table sets forth the name, age as of December 31, 2019, and position of the individuals who currently serve as directors and executive officers of Zentalis Pharmaceuticals, LLC, and will continue to serve as directors and executive officers of Zentalis Pharmaceuticals, Inc. following the Corporate Conversion and the closing of this offering. The following also includes certain information regarding the individual experience, qualifications, attributes and skills of our directors and executive officers as well as brief statements of those aspects of our directors' backgrounds that led us to conclude that they are qualified to serve as directors.

Name	Age	Position
Executive Officers		
Anthony Y. Sun, M.D.	47	President, Chief Executive Officer and Executive Chairman
Melissa B. Epperly	42	Chief Financial Officer
Kevin D. Bunker, Ph.D.	47	Chief Operating Officer
Robert E. Winkler, M.D.	53	Chief Medical Officer
Non-Employee Directors		
Cam S. Gallagher	50	Director
David E. Goel	49	Director
Karan S. Takhar	28	Director
David M. Johnson	54	Director

(1) Member of the audit committee.
(2) Member of the compensation committee.
(3) Member of the nominating and corporate governance committee.

Executive Officers

Anthony Y. Sun, M.D., has served as our President and Chief Executive Officer and a member of our board of directors since 2014. From 2002 to 2015, Dr. Sun served in a variety of positions, including most recently as partner at Aisling Capital, a private equity firm dedicated to investing in life sciences companies. Dr. Sun currently serves on the board of directors of Immusoft Corporation, a pre-clinical gene therapy company, and Eyenovia, a public ophthalmic biopharmaceutical company. Dr. Sun received a B.S. in Electrical Engineering from Cornell University, an M.D. from Temple University School of Medicine, an M.B.A from The Wharton School at the University of Pennsylvania. Dr. Sun trained in internal medicine at the Hospital of the University of Pennsylvania and was board certified in Internal Medicine. We believe Dr. Sun's extensive experience in the life sciences industry and extensive understanding of our business, operations and strategy qualify him to serve on our board of directors.

Melissa B. Epperly has served as our Chief Financial Officer since September 2019. From June 2018 to August 2019, Ms. Epperly served as Chief Financial Officer at PsiOxus Therapeutics, a clinical-stage gene therapy cancer company, where she led the company's financial operations. Prior to joining PsiOxus, Ms. Epperly served as Chief Financial Officer and head of Business Development at R-Pharm US, a commercial-stage oncology company, from October 2015 to June 2018, where she led the company's financial operations and business development. From 2012 to 2015, Ms. Epperly served as a Director at Anchorage Capital Group, a credit-focused hedge fund. Previously, Ms. Epperly was a Vice President at Goldman Sachs in equity research in New York and London, a management consultant with Bain & Company, and a healthcare investment banker at Morgan Stanley. Ms. Epperly received an M.B.A. from Harvard Business School and a B.A. in Biochemistry and Economics from the University of Virginia.

Kevin Bunker, Ph.D., has served as our Chief Operating Officer since 2015. Dr. Bunker also currently serves as Chief Scientific/Operations Officer of Kalyra Pharmaceuticals, Inc., a small-molecule drug discovery and development company, a position he has held since founding the company in 2011. Dr. Bunker also serves as a member of the board of directors of Kalyra Pharmaceuticals, Inc., or Kalyra, a small-molecule drug discovery and development company. Prior to founding Kalyra, from 2006 to 2011, Dr. Bunker was part of the medicinal chemistry department at Pfizer, including as a Senior Scientist, where he made meaningful contributions to Pfizer's drug discovery research group in La Jolla, California. Dr. Bunker received his B.S. in chemistry from Arizona State University and his PhD in organic chemistry from the University of California, San Diego. He also held a post-doctorate position as a research associate at The Scripps Research Institute under the direction of Professor Dale Boger.

Robert E. Winkler, M.D., has served as our Chief Medical Officer since November 2018. Prior to joining us, Dr. Winkler served as Senior Vice President, Head of Clinical Development at Taiho Oncology, Inc., a clinical and commercial stage oncology-focused biotechnology company, from 2014 to 2018. In 2014, Dr. Winkler served as Vice President, Clinical Research and Development at Array BioPharma, a clinical stage pharmaceutical company and subsidiary of Pfizer. From 2013 to 2014, Dr. Winkler served as Vice President, Global Head of Clinical Development and Operations at Aptalis, a pharmaceutical company focused on rare and gastrointestinal disease drug development, which was acquired by Forest Labs in 2014. From 2011 to 2013, Dr. Winkler served as Vice President, Clinical Research and Operations at Amicus Therapeutics, Inc., a public company focused on rare orphan diseases drug discovery, development and commercialization. Dr. Winkler received his M.D., *cum laude*, and B.Sc. from Hadassah Medical School, The Hebrew University, Jerusalem, Israel and is board certified in internal medicine in Israel.

Non-Employee Directors

Cam S. Gallagher has served as a member of our board of directors since December 2014 and as our Secretary since 2015. Mr. Gallagher currently serves as the Chief Business Officer at Immusoft Corporation, a pre-clinical gene therapy company, a position he has held since April 2018. From 2016 to 2019 Mr. Gallagher served as the Head of Corporate Development at Oncternal Therapeutics, Inc., a clinical-stage oncology biotechnology company, and from 2014 to 2016 Mr. Gallagher served as Chief Business Officer at Retrosense Therapeutics, LLC, a gene therapy company. Mr. Gallagher served on the board of directors of Sorrento Therapeutics, Inc., a clinical stage biopharmaceutical company developing therapies to treat malignant cancers, from September 2012 to August 2014, and on the board of directors of Oncternal Therapeutics, Inc., a clinical-stage oncology biotechnology company, from October 2016 to June 2019. Mr. Gallagher received his M.B.A. from the University of San Diego and a B.S. in Business Administration from Ohio University. We believe Mr. Gallagher's extensive experience in the life sciences industry qualifies him to serve on our board of directors.

David E. Goel has served as a member of our board of directors since December 2017. Mr. Goel is Co-Founder and sole Managing General Partner of Matrix Capital Management Company, LP, an investment fund focused on technology and life sciences. Mr. Goel currently serves on the board of directors of Adaptive Biotechnologies Corporation, a public biotechnology company focused on developing immune-driven medicines, a position he has held since 2016. Mr. Goel serves as a director on several private company boards and previously served as a director of Popular, Inc., a public financial services company. He has served as a member of the Board of Trustees of The Winsor School and the Museum of Fine Arts in Boston, Massachusetts. Mr. Goel received his B.A., *magna cum laude*, from Harvard University. We believe Mr. Goel's extensive experience in the life sciences industry qualifies him to serve on our board of directors.

Karan S. Takhar has served as a member of our board of directors since December 2017. Since 2013, Mr. Takhar has served in a variety of positions, most recently as Managing Director and head of Life Sciences investing, at Matrix Capital Management Company, L.P., an investment fund focused on technology and life sciences. Mr. Takhar currently serves on the board of Kalyra. Mr. Takhar received a B.S. in Economics and Mathematics from the Massachusetts Institute of Technology. We believe Mr. Takhar's extensive experience in the life sciences industry qualifies him to serve on our board of directors.

David M. Johnson has served as a member of our board of directors since January 2020. Mr. Johnson is Chief Executive Officer of VelosBio, a clinical stage, venture backed biopharmaceutical company, a position he has held since co-founding the company in 2017. From 2013 to 2016, Mr. Johnson was with Acerta Pharma, an oncology focused pharmaceutical company, where he rose to Chief Executive Officer leading the company through the required growth to advance acalabrutinib from early to late-stage global clinical development. His tenure at Acerta culminated in the execution of a strategic transaction with AstraZeneca valued at up to $7 billion. Prior to joining Acerta Pharma, he held various roles with increasing responsibilities within clinical development, medical affairs, pipeline development and commercial at a number of biopharmaceutical and healthcare companies including Calistoga Pharmaceuticals, Gloucester Pharmaceuticals, Millennium Pharmaceuticals, Immunex and Hoffman-La Roche. Mr. Johnson earned his bachelor's degree in economics from Indiana University. We believe Mr. Johnson's extensive experience in the life sciences industry qualifies him to serve on our board of directors.

Family Relationships

There are no family relationships among any of our directors or executive officers.

Board Composition and Election of Directors

Our board of directors currently consists of five members, each of whom serves as a director pursuant to the board composition provisions of our Second Amended and Restated LLC Agreement, or the LLC Agreement, and Second Amended and Restated Voting Agreement, or the Voting Agreement. Pursuant to the LLC Agreement and Voting Agreement our board is composed of:

- one director designated by Matrix Capital Management Master Fund, L.P., for which Karan Takhar has been designated;
- one director designated by Matrix Capital Management Master Fund, L.P., and reasonably acceptable to holders of at least 70% of the outstanding Series B convertible preferred units, voting as a separate class, for which David Goel has been designated;
- one director designated by the holders of a majority of the outstanding Series C convertible preferred units, for which David Johnson has been designated; and
- two directors designated by the holders of a majority of outstanding Class A common units, for which Cam Gallagher and Anthony Sun have been designated.

Each of the LLC Agreement and Voting Agreement will no longer be in effect upon the closing of this offering, and thereafter, none of our stockholders will have any special rights regarding the election or designation of members of our board of directors. See "Certain Relationships and Related Party Transactions—Voting Agreement." Following the completion of the Corporate Conversion, our directors will be elected by the vote of our common stockholders. Under our bylaws to be effective upon the completion of the Corporate Conversion, the number of directors will be determined from time to time by our board of directors.

Director Independence

Our board of directors has determined that, of our directors, , , and do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the rules of The Nasdaq Stock Market LLC, or the Nasdaq rules. There are no family relationships among any of our directors or executive officers.

Classified Board of Directors

In accordance with our certificate of incorporation and bylaws that will go into effect upon the completion of the Corporate Conversion, our board of directors will be divided into three classes with staggered, three-year

terms. At each annual meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Effective upon the closing of this offering, our directors will be divided among the three classes as follows:

- the Class I directors will be , , and , and their terms will expire at our first annual meeting of stockholders following this offering;
- the Class II directors will be , and , and their terms will expire at our second annual meeting of stockholders following this offering; and
- the Class III directors will be , and , and their terms will expire at the third annual meeting of stockholders following this offering.

Our certificate of incorporation and bylaws will go into effect upon the completion of the Corporate Conversion and will provide that the authorized number of directors may be changed only by resolution of the board of directors. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control of our company. Our directors may be removed only for cause by the affirmative vote of the holders of at least two-thirds of our outstanding voting stock entitled to vote in the election of directors.

Board Leadership Structure

Our board of directors is currently chaired by our chief executive officer, Anthony Y. Sun, M.D. Our corporate governance guidelines will provide that, if the chairman of the board is a member of management or does not otherwise qualify as independent, the independent directors of the board may elect a lead director. The lead director's responsibilities would include, but would not be not limited to: presiding over all meetings of the board of directors at which the chairman is not present, including any executive sessions of the independent directors; approving board meeting schedules and agendas; and acting as the liaison between the independent directors and the chief executive officer and chairman of the board. Our corporate governance guidelines further provide the flexibility for our board of directors to modify our leadership structure in the future as it deems appropriate.

Role of the Board in Risk Oversight

One of the key functions of our board of directors is informed oversight of our risk management process. Our board of directors does not have a standing risk management committee, but rather administers this oversight function directly through our board of directors as a whole, as well as through various standing committees of our board of directors that address risks inherent in their respective areas of oversight. In particular, our board of directors is responsible for monitoring and assessing strategic risk exposure and our audit committee has the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. Our audit committee also monitors compliance with legal and regulatory requirements. Our nominating and corporate governance committee will monitor the effectiveness of our corporate governance practices, including whether they are successful in preventing illegal or improper liability-creating conduct. Our compensation committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, our entire board of directors is regularly informed through committee reports about such risks.

Board Committees

Our board of directors has established three standing committees—audit, compensation and nominating and corporate governance—each of which operates under a charter that has been approved by our board of directors.

Upon our listing on The Nasdaq Global Market, each committee's charter will be available under the Corporate Governance section of our website at *www.zentalis.com*. The reference to our website address does not constitute incorporation by reference of the information contained at or available through our website, and you should not consider it to be a part of this prospectus.

Audit Committee

The audit committee's responsibilities include:

- appointing, approving the compensation of, and assessing the independence of our registered public accounting firm;
- overseeing the work of our registered public accounting firm, including through the receipt and consideration of reports from such firm;
- reviewing and discussing with management and the registered public accounting firm our annual and quarterly financial statements and related disclosures;
- coordinating our board of directors' oversight of our internal control over financial reporting, disclosure controls and procedures and code of business conduct and ethics;
- discussing our risk management policies;
- meeting independently with our internal auditing staff, if any, registered public accounting firm and management;
- reviewing and approving or ratifying any related person transactions; and
- preparing the audit committee report required by SEC rules.

The members of our audit committee are , and . serves as the chairperson of the committee. All members of our audit committee meet the requirements for financial literacy under the applicable Nasdaq rules. Our board of directors has determined that and meet the independence requirements of Rule 10A-3 under the Exchange Act and the applicable Nasdaq rules. Our board of directors has determined that is an "audit committee financial expert" as defined by applicable SEC rules and has the requisite financial sophistication as defined under the applicable Nasdaq rules.

Compensation Committee

The compensation committee's responsibilities include:

- reviewing and approving, or recommending for approval by the board of directors, the compensation of our Chief Executive Officer and our other executive officers;
- overseeing and administering our cash and equity incentive plans;
- reviewing and making recommendations to our board of directors with respect to director compensation;
- reviewing and discussing annually with management our "Compensation Discussion and Analysis," to the extent required; and
- preparing the annual compensation committee report required by SEC rules, to the extent required.

The members of our compensation committee are , and . serves as the chairperson of the committee. Our board of directors has determined that each of , and is independent under the applicable Nasdaq rules, including the Nasdaq rules specific to membership on the compensation committee, and is a "non-employee director" as defined in Rule 16b-3 promulgated under the Exchange Act.

Nominating and Corporate Governance Committee

The nominating and corporate governance committee's responsibilities include:

- identifying individuals qualified to become board members;
- recommending to our board of directors the persons to be nominated for election as directors and to each board committee;
- developing and recommending to our board of directors corporate governance guidelines, and reviewing and recommending to our board of directors proposed changes to our corporate governance guidelines from time to time; and
- overseeing a periodic evaluation of our board of directors.

The members of our nominating and corporate governance committee are , and . serves as the chairperson of the committee. Our board of directors has determined that , and are independent under the applicable Nasdaq rules.

Compensation Committee Interlocks and Insider Participation

No member of our compensation committee is or has been our current or former officer or employee. None of our executive officers served as a director or a member of a compensation committee (or other committee serving an equivalent function) of any other entity, one of whose executive officers served as a director or member of our compensation committee during the last completed fiscal year.

Code of Ethics and Code of Conduct

We have adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Upon our listing on The Nasdaq Global Market, our code of business conduct and ethics will be available under the Corporate Governance section of our website at *www.zentalis.com*. In addition, we intend to post on our website all disclosures that are required by law or the Nasdaq rules concerning any amendments to, or waivers from, any provision of the code. The reference to our website address does not constitute incorporation by reference of the information contained at or available through our website, and you should not consider it to be a part of this prospectus.

EXECUTIVE AND DIRECTOR COMPENSATION

This section discusses the material components of the executive compensation program for our executive officers who are named in the "Summary Compensation Table" below, whom we refer to as our "NEOs."

This discussion may contain forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt following the closing of this offering may differ materially from the currently planned programs summarized in this discussion.

Summary Compensation Table

The following table presents summary information regarding the total compensation that was awarded to, earned by or paid to our NEOs for services rendered during the year ended December 31, 2019.

Name and principal position	Year	Salary ($)	Bonus ($)	Stock awards ($)	Option awards ($)(1)	Non-equity incentive plan compensation ($)	All other compensation ($)	Total ($)
Anthony Sun, M.D. *President and Chief Executive Officer*	2019	455,091	—	—		(2)	—	(3)
Kevin Bunker, Ph.D. *Chief Operating Officer*	2019	360,024	—	—		(2)	—	(3)
Robert Winkler, M.D. *Chief Medical Officer*	2019	461,725	—	—		(2)	—	(3)

(1) Represents the grant date fair value of Class B common units issued as "profits interests" in Zentalis Pharmaceuticals, LLC computed in accordance with FASB ASC 718. See Note 8 to the audited consolidated financial statements for the fiscal year ended December 31, 2019 to be included elsewhere in this prospectus for a description of the assumptions used in valuing our Class B common units. These Class B common units are intended to constitute profits interests for U.S. federal income tax purposes. Despite the fact that the Class B common units do not require the payment of an exercise price, for purposes of this table we believe they are most similar economically to stock options and are properly classified as "options" under the definition provided in Item 402(a)(6)(i) of Regulation S-K as an instrument with an "option-like feature."

(2) Annual bonuses for the NEOs tied to 2019 performance have not yet been determined. The amounts will be included once they have been determined.

(3) Because the annual incentive awards for the NEOs have not yet been determined, total 2019 compensation for the NEOs will be included once such bonuses have been determined.

Narrative Disclosure to Compensation Tables

The primary elements of compensation for our NEOs are base salary, annual performance bonuses and equity awards. The NEOs also participate in employee benefit plans and programs that we offer to our other employees, as described below.

Annual Base Salary

We pay our NEOs a base salary to compensate them for the satisfactory performance of services rendered to us. The base salary payable to each NEO is intended to provide a fixed component of compensation reflecting the executive's skill set, experience, role and responsibilities. Base salaries for our NEOs have generally been set at levels deemed necessary to attract and retain individuals with superior talent.

Effective January 1, 2019, our board of directors approved a base salary increase for Dr. Bunker from $300,800 to $360,024. Upon the closing of Zeno Pharma LLC's Series C financing in September 2019, Dr. Sun received a base salary increase from $437,091 to $455,091, with retroactive effect as of January 1, 2019. Dr. Winkler's base salary was increased from $460,000 to $461,725 effective January 1, 2019.

Bonus Compensation

From time to time our board of directors or compensation committee may approve bonuses for our NEOs based on individual performance, company performance or as otherwise determined appropriate.

For 2019, annual bonuses were based on such factors as the board and the compensation committee deemed appropriate, including clinical developments and achievements and corporate operational objectives and each individual NEO's performance as it relates to his or her area of responsibility.

Pursuant to their respective employment agreements, each NEO has an established target annual bonus amount. The 2019 target annual bonus amounts for each NEO, expressed as a percentage of his annual base salary, were 45% for Dr. Sun, 40% for Dr. Bunker and 40% for Dr. Winkler.

Equity-Based Incentive Awards

Our equity-based incentive awards are designed to align our interests and the interests of our stockholders with those of our employees and consultants, including our named executive officers. The board of directors is responsible for approving equity grants.

Prior to this offering, since the formation of Zentalis Pharmaceuticals, LLC, we have granted equity awards in the form of Class B common unit awards pursuant to the Zentalis Pharmaceuticals, LLC Profits Interest Plan, or Profits Interest Plan, and a profits interest award agreement issued thereunder. These Class B common unit awards are intended to qualify as "profits interests" for U.S. federal income tax purposes entitling the holder to participate in our future appreciation from and after the date of grant of the applicable Class B common units. following this offering, we will grant equity incentive awards under the terms of our 2020 equity incentive plan, or the 2020 Plan. The terms of our equity plans are described below under "—Incentive Award Plans."

On December 3, 2019, we granted awards to Drs. Sun and Bunker of 300,000 and 90,000 Class B Common Units, respectively.

The Class B common units granted to our NEOs are typically subject to time-based vesting conditions and may be subject to accelerated vesting in certain circumstances, including as described below in the Outstanding Equity Awards Table and the sections titled "—Profits Interest Plan and Class B Common Unit Agreements" and "—Termination or Change in Control Benefits."

Employment Agreements with our NEOs

Below are written descriptions of our employment agreements with each of our NEOs. Each of our NEOs' employment is "at will" and may be terminated at any time.

Employment Agreement with Dr. Sun

Effective February 1, 2018, Zeno Management, Inc., or Zeno Management, entered into an employment agreement with Dr. Sun setting forth the terms of his employment as our Chief Executive Officer. We amended and restated the employment agreement with Dr. Sun effective February 1, 2019. Pursuant to his amended and restated employment agreement, Dr. Sun was entitled to an annual base salary of $437,091, which annual base salary rate automatically increased to $455,091 upon the consummation of Zentalis Pharmaceuticals, LLC's

series C financing in September 2019. Such increase was effective as of January 1, 2019 and Dr. Sun received a lump sum cash payment in the amount of the incremental base salary that would have been paid to him as if such increased rate had actually been in effect since January 1, 2019. Dr. Sun's base salary is subject to annual review by and at the sole discretion of our board of directors or its designee.

Dr. Sun's employment agreement provides that he may be eligible to earn an annual performance-based bonus with a target amount equal to 45% of his annual base salary.

Pursuant to his employment agreement, if we terminate Dr. Sun's employment other than for cause (as defined below) or Dr. Sun terminates his employment for good reason (as defined below), he is entitled to the following payments and benefits, subject to his timely execution and non-revocation of a general release of claims in favor of the company and his continued compliance with the restrictive covenants set forth in his employment agreement: (1) his fully earned but unpaid base salary and accrued and unused paid time off through the date of termination at the rate then in effect, plus all other amounts under any compensation plan or practice to which he is entitled; (2) a payment equal to 12 months of his then-current base salary, payable in a lump sum payment 60 days following the termination date; (3) a payment equal to his prorated target annual bonus for the year in which the termination date occurs, payable in a lump sum payment 60 days following the termination date (provided that if such termination occurs within 12 months after a change in control (as defined in the Profits Interest Plan), such target annual bonus will not be subject to proration); and (4) payment of the COBRA premiums for him and his eligible dependents until the earliest of (a) the expiration of 12 months following his termination date, (b) expiration of his eligibility for continuation coverage under COBRA, or (c) the date he becomes eligible for health insurance coverage in connection with his new employment.

In the event we terminate Dr. Sun's employment for cause, he terminates his employment without good reason, or upon his death or permanent disability, he is entitled to receive only his fully earned but unpaid base salary and accrued and unused paid time off through the date of termination at the rate then in effect, plus all other amounts under any compensation plan or practice to which he is entitled.

Employment Agreement with Dr. Bunker

Effective February 1, 2019, Zeno Management entered into an employment agreement with Dr. Bunker setting forth the terms of his employment as our Chief Operations Officer. Pursuant to the agreement, Dr. Bunker is entitled to an annual base salary of $360,024, which amount is subject to annual review by and at the sole discretion of our board of directors or its designee.

Dr. Bunker's employment agreement provides that he may be eligible to earn an annual performance-based bonus with a target amount equal to 40% of his annual base salary.

Pursuant to his employment agreement, if we terminate Dr. Bunker's employment other than for cause (as defined below) or Dr. Bunker terminates his employment for good reason (as defined below), he is entitled to the following payments and benefits, subject to his timely execution and non-revocation of a general release of claims in favor of the company and his continued compliance with the restrictive covenants set forth in his employment agreement: (1) his fully earned but unpaid base salary and accrued and unused paid time off through the date of termination at the rate then in effect, plus all other amounts under any compensation plan or practice to which he is entitled; (2) a payment equal to 12 months of his then-current base salary, payable in a lump sum payment 60 days following the termination date; (3) a payment equal to his prorated target annual bonus for the year in which the termination date occurs, payable in a lump sum payment 60 days following the termination date (provided that if such termination occurs within 12 months after a change in control, such target annual bonus will not be subject to proration); and (4) payment of the COBRA premiums for him and his eligible dependents until the earliest of (a) the expiration of 12 months following his termination date, (b) expiration of his eligibility for continuation coverage under COBRA, or (c) the date he becomes eligible for health insurance coverage in connection with his new employment.

In the event we terminate Dr. Bunker's employment for cause, he terminates his employment without good reason, or upon his death or permanent disability, he is entitled to receive only his fully earned but unpaid base salary and accrued and unused paid time off through the date of termination at the rate then in effect, plus all other amounts under any compensation plan or practice to which he is entitled.

Employment Agreement with Dr. Winkler

On February 1, 2019, Zeno Management entered into an employment agreement with Dr. Winkler setting forth the terms of his employment as our Chief Medical Officer. Pursuant to the agreement, Dr. Winkler is entitled to an annual base salary of $461,725, which amount is subject to annual review by and at the sole discretion of our board of directors or its designee.

Dr. Winkler's employment agreement provides that he may be eligible to earn an annual performance-based bonus with a target amount equal to 40% of his annual base salary.

Pursuant to his employment agreement, if we terminate Dr. Winkler's employment other than for cause (as defined below) or Dr. Winkler terminates his employment for good reason (as defined below), he is entitled to the following payments and benefits, subject to his timely execution and non-revocation of a general release of claims in favor of the company and his continued compliance with the restrictive covenants set forth in his employment agreement: (1) his fully earned but unpaid base salary and accrued and unused paid time off through the date of termination at the rate then in effect, plus all other amounts under any compensation plan or practice to which he is entitled; (2) a payment equal to 9 months of his then-current base salary, payable in a lump sum payment 60 days following the termination date; and (3) payment of the COBRA premiums for him and his eligible dependents until the earliest of (a) the expiration of 9 months following his termination date, (b) expiration of his eligibility for continuation coverage under COBRA, or (c) the date he becomes eligible for health insurance coverage in connection with his new employment.

In the event we terminate Dr. Winkler's employment for cause, he terminates his employment without good reason, or upon his death or permanent disability, he is entitled to receive only his fully earned but unpaid base salary and accrued and unused paid time off through the date of termination at the rate then in effect, plus all other amounts under any compensation plan or practice to which he is entitled.

Defined Terms Applicable To NEO Employment Agreements

For purposes of the employment agreements with Drs. Sun, Bunker and Winkler, "cause" means any of the following: (1) the unauthorized use or disclosure of confidential information or trade secrets of the company or its affiliates or any material breach of a written agreement between the executive and the company or any affiliate, including without limitation a material breach of any employment, confidentiality, non-compete, non-solicit or similar agreement; (2) the commission of, indictment for or the entry of a please of guilty or nolo contendere to a felony under the laws of the United States or any state thereof or any crime involving dishonesty or moral turpitude (or any similar crime in any jurisdiction outside the United States); (3) gross negligence or willful misconduct or willful or repeated failure or refusal to substantially perform assigned duties; (4) any act of fraud, embezzlement, material misappropriation or dishonesty committed by the executive against the company or its affiliates; or (5) any acts, omissions or statements which the company reasonably determines to be materially detrimental or damaging to the reputation, operations, prospects or business relations of the company or its affiliates.

For purposes of the employment agreements with Drs. Sun, Bunker and Winkler, "good reason" means the occurrence of any of the following without the executive's written consent: (1) a change in position or responsibilities that represents a substantial reduction in position or responsibilities as in effect immediately prior thereto; the assignment of any duties or responsibilities that are materially inconsistent with such position or responsibilities; or any removal from or failure to reappoint or reelect the executive to any of such positions,

including, for Dr. Sun, his position as a member of our board of directors or the board of directors of Zeno Management, except in connection with the termination of the executive's services for cause, as a result of his permanent disability (as defined in the applicable employment agreement) or death, or by the executive other than for good reason; provided, however, that neither a change in reporting relationship as a result of a change in control nor the fact that his reporting relationship is altered following a change in control because the company or its successor is a wholly-owned subsidiary of another entity following such change in control shall alone constitute good reason; (2) a material reduction in annual base salary; (3) the requirement that the executive be based at any place outside a ten (10)-mile radius of his then-current place of employment with the company prior to any such relocation, except for reasonably required travel on the company business; or (4) any material breach by the company or any affiliate of its obligations to him under any applicable employment or services agreement between the executive and the company or such affiliate.

Restrictive Covenant Obligations

Pursuant to their employment agreements, each of our NEOs is subject to one-year post-termination non-solicitation of employees and consultants covenants and a perpetual non-disparagement covenant, in addition to his obligations under the Company's standard proprietary information and inventions assignment agreement.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information with respect to outstanding Class B common unit awards for each of our NEOs as of December 31, 2019. For the Class B common units, the table reflects both vested and unvested Units. Class B common units are subject to time-based vesting and to an additional requirement that a minimum valuation threshold be met before the holder of the Class B common units is entitled to a distribution in respect of such award.

In connection with the Corporate Conversion, outstanding Class B common units of our NEOs will be converted into shares of common stock. The number of shares of common stock to be issued to each such NEO in respect of his or her Class B common units will be determined as described above under "Corporate Conversion." Following the Corporate Conversion, the vesting provisions applicable to the Class B common units as in effect prior to the Corporate Conversion will apply, in substantially the same manner, to any securities issued in respect of such Class B common units in the conversion.

		Option awards			
	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date
Anthony Sun, M.D.	02/13/18	103,125(2)	121,875	(1)	—
	12/03/19	—(2)	300,000	(1)	—
Kevin Bunker, Ph.D.	12/21/17	212,500(3)	—	(1)	—
	03/01/18	41,250(2)	48,750	(1)	—
	12/03/19	—(2)	90,000	(1)	—
Robert Winkler, M.D.	12/04/18	52,212(2)	140,572	(1)	—

(1) These Class B common units were issued as "profits interests" for U.S. federal income tax purposes and do not require the payment of an exercise price, but rather entitle the holder to participate in our future appreciation from and after the date of grant of the applicable Class B common units. Despite this, for purposes of this table we believe they are most similar economically to stock options and are properly classified as "options" under the definition provided in Item 402(a)(6)(i) of Regulation S-K as an instrument with an "option-like feature." Each Class B common unit is granted with a threshold value applicable to such class B common unit. The threshold amount represents the cumulative distributions that must be made

by us pursuant to the Zentalis Pharmaceuticals, LLC limited liability company agreement before a grantee is entitled to receive any distributions or payments in respect of such grantee's Class B common units. The threshold amount for Dr. Bunker's grant of Class B common units granted on December 21, 2017 is $134,000,027, the threshold for Drs. Sun and Bunker's grants of Class B common units granted on February 13, 2018 and March 1, 2018 respectively is $143,500,040, the threshold amount for Dr. Winkler's grant of Class B common units granted on December 4, 2018 is $143,800,075; and the threshold amount for Drs. Sun and Bunker's grants of Class B common units granted on December 3, 2019 is $309,824,355.

(2) The awards vest as to 25% of such grant on the one year anniversary of the vesting commencement date (February 13, 2018 for Dr. Sun's February 13, 2018 grant and Dr. Bunker's March 1, 2018 grant, November 19, 2018 for Dr. Winkler's grant and September 6, 2019 for Drs. Sun and Bunker's December 3, 2019 grants) and monthly thereafter in equal installments until fully vested at the fourth anniversary of the vesting commencement date, subject to accelerated vesting in certain circumstances as described below under "—Profits Interest Plan and Class B Common Unit Agreements" as well as the executive's continued employment or service through the applicable vesting dates.

(3) The award was vested as to 85% of such grant on the grant date, with the remainder of the award scheduled to vest monthly in equal installments until fully vested as of the fourth anniversary of April 9, 2015. Such award is now fully vested.

Effect of the Corporate Conversion and this Offering

Refer to "Corporate Conversion" for more information regarding the distribution of our common stock to employees, including our NEOs, in respect of their holdings of our common units at the time of the Corporate Conversion.

Other Elements of Compensation

Perquisites, Health, Welfare and Retirement Benefits

Our named executive officers are eligible to participate in our employee benefit plans, including our medical, dental, vision, group life, disability and accidental death and dismemberment insurance plans, in each case on generally the same basis as all of our other employees. We provide a 401(k) plan to our employees, including our current named executive officers, as discussed in the section below titled "—401(k) plan."

We do not provide perquisites or personal benefits to our named executive officers, except in limited circumstances. Our board of directors may elect to adopt qualified or non-qualified benefit plans in the future if it determines that doing so is in our best interests.

401(k) plan

We maintain a defined contribution employee retirement plan, or 401(k) plan, for our employees. Our named executive officers are eligible to participate in the 401(k) plan on the same basis as our other employees. The 401(k) plan is intended to qualify as a tax-qualified plan under Section 401(k) of the Internal Revenue Code. The 401(k) plan provides that each participant may make pre-tax deferrals from his or her compensation up to the statutory limit, which is $19,500 for calendar year 2020, and other testing limits. Participants that are 50 years or older can also make "catch-up" contributions, which in calendar year 2020 may be up to an additional $6,500 above the statutory limit. Although the 401(k) plan provides for discretionary matching and profit sharing contributions, we currently do not make either type of contribution to the 401(k) plan. Participant contributions are held and invested, pursuant to the participant's instructions, by the plan's trustee.

Nonqualified Deferred Compensation

We do not maintain nonqualified defined contribution plans or other nonqualified deferred compensation plans. Our board of directors may elect to provide our officers and other employees with non-qualified defined contribution or other nonqualified deferred compensation benefits in the future if it determines that doing so is in our best interests.

Termination or Change in Control Benefits

Our executive officers may become entitled to certain benefits or enhanced benefits in connection with a change in control of our company. Each of our executive officers' employment agreements entitles them to certain benefits, upon a qualifying termination and in connection with a change in control of our company. In addition, the award agreements evidencing the Class B common units granted to our executive officers provide for accelerated vesting under certain circumstances. For additional discussion, please see "—Employment Agreements with our NEOs" above and "—Profits Interest Plan and Class B Common Unit Agreements" below.

Profits Interest Plan and Class B Common Unit Agreements

Prior to this offering, we have granted awards of Class B common units pursuant to the Profits Interest Plan, subject to the terms of the LLC Agreement. These Class B common unit awards are intended to constitute profits interests for U.S. federal income tax purposes to our employees (including our NEOs), non-employee consultants and non-employee directors and those of our affiliates. Under the Profits Interest Plan, our board of directors (or its designee) has been delegated the authority to administer the Profits Interest Plan in order to enhance our ability to attract and retain individuals of exceptional talent to contribute to the sustained progress, growth and profitability of our company and our affiliates.

In addition to the discretion to grant Class B common units under the Profits Interest Plan, our board of directors sets the vesting terms for awards pursuant to a Class B common unit award agreement. Each award of Class B common units is issued with an applicable minimum valuation threshold, or threshold amount, that must be achieved before the interest is entitled to receive any distributions under the LLC Agreement.

As of December 31, 2019, there were 2,670,668 issued and outstanding Class B common units, of which 1,008,479 were vested.

In connection with certain transactions and events, including the Corporate Conversion, that affect our Class B common units, our board of directors has broad discretion to take action under the Profits Interest Plan to prevent the dilution or enlargement of intended benefits under the Profits Interest Plan or with respect to any Class B common units granted thereunder.

In connection with this offering, the Class B common units will be converted into shares of our common stock pursuant to the Corporate Conversion. For more information about the treatment of the Class B common units in the Corporate Conversion, see the section titled "Corporate Conversion".

We anticipate that the Profits Interest Plan will be replaced by the 2020 Plan.

In connection with their grants of our Class B common units, each of our NEOs entered into a standard form of Profit Interest Award Agreement, which provides for, among other things, full acceleration upon an involuntary termination without cause (or solely with respect to Dr. Winkler, a resignation for good reason) following a change in control.

For purposes of the Profits Interest Plan, a "change in control" means each of the following: (1) a merger or consolidation in which we or one of our subsidiaries is a party and we issue membership interests pursuant to such merger or consolidation, except any such merger or consolidation in which the company's membership interests outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock or membership interests that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock or equity interests of the surviving or resulting entity or its parent, or (2) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, to a third-party by us or any of our subsidiaries of all or substantially all our assets, or the sale or disposition (whether by merger, consolidation or otherwise) of one or more of our subsidiaries if substantially all of our assets are held by such subsidiary or subsidiaries, except for

any such sale, lease, transfer, exclusive license or other disposition to another wholly owned subsidiary; or (3) the transfer or sale of units in the company by one or more members to a person or group of related persons (other than to affiliates of the transferring members) representing 50% or more of the units of our company (other than Class B common units that are unvested); provided that the following events shall not constitute a "change in control": (i) our initial public offering; (ii) a reincorporation of our company solely to change its jurisdiction; or (iii) a transaction undertaken for the primary purpose of creating a holding company that will be owned in substantially the same proportion by the persons who held our securities immediately before such transaction.

Incentive Award Plans

2020 Incentive Award Plan

Prior to this offering, we intend to adopt and ask our stockholders to approve the 2020 Plan, which would become effective in connection with this offering. Under the 2020 Plan, we may grant cash and equity incentive awards to eligible service providers in order to attract, motivate and retain the talent for which we compete. The material terms of the 2020 Plan, as it is currently contemplated, are summarized below. Our board of directors is still in the process of developing, approving and implementing the 2020 Plan and, accordingly, this summary is subject to change.

Eligibility and Administration

Our employees, consultants and directors, and employees and consultants of our subsidiaries, will be eligible to receive awards under the 2020 Plan. Following our initial public offering, the 2020 Plan will generally be administered by our board of directors with respect to awards to non-employee directors and by our compensation committee with respect to other participants, each of which may delegate its duties and responsibilities to committees of our directors and/or officers (referred to collectively as the plan administrator below), subject to certain limitations that may be imposed under the 2020 Plan, Section 16 of the Exchange Act and/or stock exchange rules, as applicable. The plan administrator will have the authority to make all determinations and interpretations under, prescribe all forms for use with, and adopt rules for the administration of, the 2020 Plan, subject to its express terms and conditions. The plan administrator will also set the terms and conditions of all awards under the 2020 Plan, including any vesting and vesting acceleration conditions.

Limitation on Awards and Shares Available

An aggregate of shares of our common stock will initially be available for issuance under awards granted pursuant to the 2020 Plan. The number of shares initially available for issuance will be increased by an annual increase on January 1 of each calendar year beginning in 2021 and ending in 2030, equal to the lesser of (a) of the shares of common stock outstanding on the final day of the immediately preceding calendar year and (b) such smaller number of shares as determined by our board of directors. No more than shares of common stock may be issued upon the exercise of incentive stock options, or ISOs, under the 2020 Plan. Shares issued under the 2020 Plan may be authorized but unissued shares, shares purchased in the open market or treasury shares.

If an award under the 2020 Plan expires, lapses or is terminated, exchanged for cash, surrendered, repurchased, canceled without having been fully exercised or forfeited, any shares subject to such award will, as applicable, become or again be available for new grants under the 2020 Plan. Awards granted under the 2020 Plan upon the assumption of, or in substitution for, awards authorized or outstanding under a qualifying equity plan maintained by an entity with which we enter into a merger or similar corporate transaction will not reduce the shares available for grant under the 2020 Plan.

Awards

The 2020 Plan provides for the grant of stock options, including ISOs, and nonqualified stock options, or NSOs, restricted stock, dividend equivalents, restricted stock units, or RSUs, stock appreciation rights, or SARs,

and other stock or cash-based awards. Certain awards under the 2020 Plan may constitute or provide for a deferral of compensation, subject to Section 409A of the Internal Revenue Code, which may impose additional requirements on the terms and conditions of such awards. All awards under the 2020 Plan will be set forth in award agreements, which will detail the terms and conditions of the awards, including any applicable vesting and payment terms and post-termination exercise limitations. A brief description of each award type follows.

Stock options. Stock options provide for the purchase of shares of our common stock in the future at an exercise price set on the grant date. ISOs, by contrast to NSOs, may provide tax deferral beyond exercise and favorable capital gains tax treatment to their holders if certain holding period and other requirements of the Internal Revenue Code are satisfied. The exercise price of a stock option will not be less than 100% of the fair market value of the underlying share on the date of grant (or 110% in the case of ISOs granted to certain significant stockholders), except with respect to certain substitute options granted in connection with a corporate transaction. The term of a stock option may not be longer than ten years (or five years in the case of ISOs granted to certain significant stockholders). Vesting conditions determined by the plan administrator may apply to stock options and may include continued service, performance and/or other conditions. ISOs generally may be granted only to our employees and employees of our parent or subsidiary corporations, if any.

SARs. SARs entitle their holder, upon exercise, to receive from us an amount equal to the appreciation of the shares subject to the award between the grant date and the exercise date. The exercise price of a SAR will not be less than 100% of the fair market value of the underlying share on the date of grant (except with respect to certain substitute SARs granted in connection with a corporate transaction), and the term of a SAR may not be longer than ten years. Vesting conditions determined by the plan administrator may apply to SARs and may include continued service, performance and/or other conditions.

Restricted stock and RSUs. Restricted stock is an award of nontransferable shares of our common stock that remain forfeitable unless and until specified conditions are met, and which may be subject to a purchase price. RSUs are contractual promises to deliver shares of our common stock in the future, which may also remain forfeitable unless and until specified conditions are met and may be accompanied by the right to receive the equivalent value of dividends paid on shares of our common stock prior to the delivery of the underlying shares. Delivery of the shares underlying RSUs may be deferred under the terms of the award or at the election of the participant, if the plan administrator permits such a deferral. Conditions applicable to restricted stock and RSUs may be based on continuing service, the attainment of performance goals and/or such other conditions as the plan administrator may determine.

Other stock or cash-based awards. Other stock or cash-based awards are awards of cash, fully vested shares of our common stock and other awards valued wholly or partially by referring to, or otherwise based on, shares of our common stock. Other stock or cash-based awards may be granted to participants and may also be available as a payment form in the settlement of other awards, as standalone payments and as payment in lieu of base salary, bonus, fees or other cash compensation otherwise payable to any individual who is eligible to receive awards. The plan administrator will determine the terms and conditions of other stock or cash-based awards, which may include vesting conditions based on continued service, performance and/or other conditions.

Performance Awards

Performance awards include any of the foregoing awards that are granted subject to vesting and/or payment based on the attainment of specified performance goals or other criteria the plan administrator may determine, which may or may not be objectively determinable. Performance criteria upon which performance goals are established by the plan administrator may include: net earnings or losses (either before or after one or more of interest, taxes, depreciation, amortization and non-cash equity-based compensation expense); gross or net sales or revenue or sales or revenue growth; net income (either before or after taxes) or adjusted net income; profits (including, but not limited to, gross profits, net profits, profit growth, net operation profit or economic profit), profit return ratios or operating margin; budget or operating earnings (either before or after taxes or before or

after allocation of corporate overhead and bonus); cash flow (including operating cash flow and free cash flow or cash flow return on capital); return on assets; return on capital or invested capital; cost of capital; return on stockholders' equity; total stockholder return; return on sales; costs, reductions in costs and cost control measures; expenses; working capital; earnings or loss per share; adjusted earnings or loss per share; price per share or dividends per share (or appreciation in or maintenance of such price or dividends); regulatory achievements or compliance; implementation, completion or attainment of objectives relating to research, development, regulatory, commercial or strategic milestones or developments; market share; economic value or economic value added models; division, group or corporate financial goals; customer satisfaction/growth; customer service; employee satisfaction; recruitment and maintenance of personnel; human resources management; supervision of litigation and other legal matters; strategic partnerships and transactions; financial ratios (including those measuring liquidity, activity, profitability or leverage); debt levels or reductions; sales-related goals; financing and other capital raising transactions; cash on hand; acquisition activity; investment sourcing activity; and marketing initiatives, any of which may be measured in absolute terms or as compared to any incremental increase or decrease. Such performance goals also may be based solely by reference to our performance or the performance of a subsidiary, division, business segment or business unit, or based upon performance relative to performance of other companies or upon comparisons of any of the indicators of performance relative to performance of other companies.

Provisions of the 2020 Plan Relating to Director Compensation

The 2020 Plan provides that the plan administrator may establish compensation for non-employee directors from time to time subject to the 2020 Plan's limitations. Prior to commencing this offering, our stockholders will approve the initial terms of our non-employee director compensation program, which is described below under the heading "—Director compensation." Our board of directors or its authorized committee may modify the non-employee director compensation program from time to time in the exercise of its business judgment, taking into account such factors, circumstances and considerations as it shall deem relevant from time to time, provided that the sum of any cash compensation or other compensation and the grant date fair value (as determined in accordance with ASC 718, or any successor thereto) of any equity awards granted as compensation for services as a non-employee director during any fiscal year may not exceed $, increased to $, in the fiscal year of a non-employee director's initial service as a non-employee director. The plan administrator may make exceptions to this limit for individual non-employee directors in extraordinary circumstances, as the plan administrator may determine in its discretion, provided that the non-employee director receiving such additional compensation may not participate in the decision to award such compensation or in other contemporaneous compensation decisions involving non-employee directors.

Certain Transactions

In connection with certain transactions and events affecting our common stock, including a change in control, or change in any applicable laws or accounting principles, the plan administrator has broad discretion to take action under the 2020 Plan to prevent the dilution or enlargement of intended benefits, facilitate such transaction or event, or give effect to such change in applicable laws or accounting principles. This includes canceling awards in exchange for either an amount in cash or other property with a value equal to the amount that would have been obtained upon exercise or settlement of the vested portion of such award or realization of the participant's rights under the vested portion of such award, accelerating the vesting of awards, providing for the assumption or substitution of awards by a successor entity, adjusting the number and type of shares available, replacing awards with other rights or property or terminating awards under the 2020 Plan. In the event of a change in control where the acquirer does not assume awards granted under the 2020 Plan, awards issued under the 2020 Plan shall be subject to accelerated vesting such that 100% of the awards will become vested and exercisable or payable, as applicable. In addition, in the event of certain non-reciprocal transactions with our stockholders, or an "equity restructuring," the plan administrator will make equitable adjustments to the 2020 Plan and outstanding awards as it deems appropriate to reflect the equity restructuring.

Foreign Participants, Claw-back Provisions, Transferability and Participant Payments

With respect to foreign participants, the plan administrator may modify award terms, establish subplans and/or adjust other terms and conditions of awards, subject to the share limits described above. All awards will be subject to the provisions of any claw-back policy implemented by our company to the extent set forth in such claw-back policy or in the applicable award agreement. With limited exceptions for estate planning, domestic relations orders, certain beneficiary designations and the laws of descent and distribution, awards under the 2020 Plan are generally non-transferable prior to vesting and are exercisable only by the participant. With regard to tax withholding obligations arising in connection with awards under the 2020 Plan and exercise price obligations arising in connection with the exercise of stock options under the 2020 Plan, the plan administrator may, in its discretion, accept cash, wire transfer, or check, shares of our common stock that meet specified conditions, a "market sell order" or such other consideration as it deems suitable or any combination of the foregoing.

Plan Amendment and Termination

Our board of directors may amend or terminate the 2020 Plan at any time; however, except in connection with certain changes in our capital structure, stockholder approval will be required for any amendment that increases the number of shares available under the 2020 Plan. The plan administrator will have the authority, without the approval of our stockholders, to amend any outstanding stock option or SAR to reduce its price per share. No award may be granted pursuant to the 2020 Plan after the tenth anniversary of the date on which our board of directors adopts the 2020 Plan.

Securities Laws

The 2020 Plan is intended to conform to all provisions of the Securities Act, and the Exchange Act and any and all regulations and rules promulgated by the SEC thereunder, including, without limitation, Rule 16b-3. The 2020 Plan will be administered, and awards will be granted and may be exercised, only in such a manner as to conform to such laws, rules and regulations.

Federal Income Tax Consequences

The material federal income tax consequences of the 2020 Plan under current federal income tax law are summarized in the following discussion, which deals with the general tax principles applicable to the 2020 Plan. The following discussion is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change. Foreign, state and local tax laws, and employment, estate and gift tax considerations are not discussed due to the fact that they may vary depending on individual circumstances and from locality to locality.

Stock options and SARs. A 2020 Plan participant generally will not recognize taxable income and we generally will not be entitled to a tax deduction upon the grant of a stock option or SAR. The tax consequences of exercising a stock option and the subsequent disposition of the shares received upon exercise will depend upon whether the option qualifies as an ISO or an NSO. Upon exercising an NSO when the fair market value of our stock is higher than the exercise price of the option, a 2020 Plan participant generally will recognize taxable income at ordinary income tax rates equal to the excess of the fair market value of the stock on the date of exercise over the purchase price, and we (or our subsidiaries, if any) generally will be entitled to a corresponding tax deduction for compensation expense, in the amount equal to the amount by which the fair market value of the shares purchased exceeds the purchase price for the shares. Upon a subsequent sale or other disposition of the option shares, the participant will recognize a short-term or long-term capital gain or loss in the amount of the difference between the sales price of the shares and the participant's tax basis in the shares.

Upon exercising an ISO, a 2020 Plan participant generally will not recognize taxable income, and we will not be entitled to a tax deduction for compensation expense. However, upon exercise, the amount by which the fair market value of the shares purchased exceeds the purchase price will be an item of adjustment for alternative

minimum tax purposes. The participant will recognize taxable income upon a sale or other taxable disposition of the option shares. For federal income tax purposes, dispositions are divided into two categories: qualifying and disqualifying. A qualifying disposition generally occurs if the sale or other disposition is made more than two years after the date the option was granted and more than one year after the date the shares are transferred upon exercise. If the sale or disposition occurs before these two periods are satisfied, then a disqualifying disposition generally will result.

Upon a qualifying disposition of ISO shares, the participant will recognize long-term capital gain in an amount equal to the excess of the amount realized upon the sale or other disposition of the shares over their purchase price. If there is a disqualifying disposition of the shares, then the excess of the fair market value of the shares on the exercise date (or, if less, the price at which the shares are sold) over their purchase price will be taxable as ordinary income to the participant. If there is a disqualifying disposition in the same year of exercise, it eliminates the item of adjustment for alternative minimum tax purposes. Any additional gain or loss recognized upon the disposition will be recognized as a capital gain or loss by the participant.

We will not be entitled to any tax deduction if the participant makes a qualifying disposition of ISO shares. If the participant makes a disqualifying disposition of the shares, we should be entitled to a tax deduction for compensation expense in the amount of the ordinary income recognized by the participant.

Upon exercising or settling an SAR, a 2020 Plan participant will recognize taxable income at ordinary income tax rates, and we should be entitled to a corresponding tax deduction for compensation expense, in the amount paid or value of the shares issued upon exercise or settlement. Payments in shares will be valued at the fair market value of the shares at the time of the payment, and upon the subsequent disposition of the shares the participant will recognize a short-term or long-term capital gain or loss in the amount of the difference between the sales price of the shares and the participant's tax basis in the shares.

Restricted stock and RSUs. A 2020 Plan participant generally will not recognize taxable income at ordinary income tax rates and we generally will not be entitled to a tax deduction upon the grant of restricted stock or RSUs. Upon the termination of restrictions on restricted stock or the payment of RSUs, the participant will recognize taxable income at ordinary income tax rates, and we should be entitled to a corresponding tax deduction for compensation expense, in the amount paid to the participant or the amount by which the then fair market value of the shares received by the participant exceeds the amount, if any, paid for them. Upon the subsequent disposition of any shares, the participant will recognize a short-term or long-term capital gain or loss in the amount of the difference between the sales price of the shares and the participant's tax basis in the shares. However, a 2020 Plan participant granted restricted stock that is subject to forfeiture or repurchase through a vesting schedule such that it is subject to a "risk of forfeiture" (as defined in Section 83 of the Code) may make an election under Section 83(b) of the Code to recognize taxable income at ordinary income tax rates, at the time of the grant, in an amount equal to the fair market value of the shares of common stock on the date of grant, less the amount paid, if any, for such shares. We will be entitled to a corresponding tax deduction for compensation, in the amount recognized as taxable income by the participant. If a timely Section 83(b) election is made, the participant will not recognize any additional ordinary income on the termination of restrictions on restricted stock, and we will not be entitled to any additional tax deduction.

Other stock or cash-based awards. A 2020 Plan participant will not recognize taxable income and we will not be entitled to a tax deduction upon the grant of other stock or cash-based awards until cash or shares are paid or distributed to the participant. At that time, any cash payments or the fair market value of shares that the participant receives will be taxable to the participant at ordinary income tax rates and we should be entitled to a corresponding tax deduction for compensation expense. Payments in shares will be valued at the fair market value of the shares at the time of the payment, and upon the subsequent disposition of the shares, the participant will recognize a short-term or long-term capital gain or loss in the amount of the difference between the sales price of the shares and the participant's tax basis in the shares.

2020 Employee Stock Purchase Plan

In connection with this offering, we intend to adopt and ask our stockholders to approve the ESPP, which would become effective in connection with this offering. The material terms of the ESPP, as it is currently contemplated, are summarized below. Our board of directors is still in the process of considering the ESPP and, accordingly, this summary is subject to change.

Shares available; administration. A total of shares of our common stock are initially reserved for issuance under our ESPP. In addition, the number of shares available for issuance under the ESPP will be annually increased on January 1 of each calendar year beginning in 2021 and ending in 2030, by an amount equal to the lesser of: (a) of the shares outstanding on the final day of the immediately preceding calendar year and (b) such smaller number of shares as is determined by our board of directors. In no event will more than shares of our common stock be available for issuance under the ESPP.

Our board of directors or its committee will have authority to interpret the terms of the ESPP and determine eligibility of participants. We expect that the compensation committee will be the initial administrator of the ESPP.

Eligibility. Our employees are eligible to participate in the ESPP if they meet the eligibility requirements under the ESPP established from time to time by the plan administrator. However, an employee may not be granted rights to purchase stock under our ESPP if such employee, immediately after the grant, would own (directly or through attribution) stock possessing 5% or more of the total combined voting power or value of all classes of our common or other class of stock.

Grant of rights. The ESPP is intended to qualify under Section 423 of the Internal Revenue Code and stock will be offered under the ESPP during offering periods. The length of the offering periods under the ESPP will be determined by the plan administrator and may be up to 27 months long. Employee payroll deductions will be used to purchase shares on each purchase date during an offering period. The number of purchase periods within, and purchase dates during each offering period will be established by the plan administrator prior to the commencement of each offering period. Offering periods under the ESPP will commence when determined by the plan administrator. The plan administrator may, in its discretion, modify the terms of future offering periods.

The ESPP permits participants to purchase common stock through payroll deductions of up to % of their eligible compensation, which includes a participant's gross base compensation for services to us, including overtime payments and excluding sales commissions, incentive compensation, bonuses, expense reimbursements, fringe benefits and other special payments. The plan administrator will establish a maximum number of shares that may be purchased by a participant during any offering period, which, in the absence of a contrary designation, will be shares. In addition, no employee will be permitted to accrue the right to purchase stock under the ESPP at a rate in excess of $25,000 worth of shares during any calendar year during which such a purchase right is outstanding (based on the fair market value per share of our common stock as of the first day of the offering period).

On the first trading day of each offering period, each participant will automatically be granted an option to purchase shares of our common stock. The option will be exercised on the applicable purchase date(s) during the offering period, to the extent of the payroll deductions accumulated during the applicable purchase period. The purchase price of the shares, in the absence of a contrary determination by the plan administrator, will be 85% of the lower of the fair market value of our common stock on the first trading day of the offering period or on the applicable purchase date, which will be the final trading day of the applicable purchase period. Participants may voluntarily end their participation in the ESPP at any time at least one week prior to the end of the applicable offering period (or such shorter or longer period specified by the plan administrator), and will be paid their accrued payroll deductions that have not yet been used to purchase shares of common stock. Participation ends automatically upon a participant's termination of employment.

A participant may not transfer rights granted under the ESPP other than by will, the laws of descent and distribution or as otherwise provided under the ESPP.

Certain Transactions. In the event of certain transactions or events affecting our common stock, such as any stock dividend or other distribution, change in control, reorganization, merger, consolidation or other corporate transaction, the plan administrator will make equitable adjustments to the ESPP and outstanding rights. In addition, in the event of the foregoing transactions or events or certain significant transactions, including a change in control, the plan administrator may provide for (1) either the replacement of outstanding rights with other rights or property or termination of outstanding rights in exchange for cash, (2) the assumption or substitution of outstanding rights by the successor or survivor corporation or parent or subsidiary thereof, if any, (3) the adjustment in the number and type of shares of stock subject to outstanding rights, (4) the use of participants' accumulated payroll deductions to purchase stock on a new purchase date prior to the next scheduled purchase date and termination of any rights under ongoing offering periods or (5) the termination of all outstanding rights. Under the ESPP, a change in control has the same definition as given to such term in the 2020 Plan.

Plan amendment; Termination. The plan administrator may amend, suspend or terminate the ESPP at any time. However, stockholder approval of any amendment to the ESPP will be obtained for any amendment which increases the aggregate number or changes the type of shares that may be sold pursuant to rights under the ESPP, changes the corporations or classes of corporations whose employees are eligible to participate in the ESPP or changes the ESPP in any manner that would cause the ESPP to no longer be an employee stock purchase plan within the meaning of Section 423(b) of the Internal Revenue Code. The ESPP will terminate on the tenth anniversary of the date it is initially approved by our board of directors.

Securities Laws. The ESPP has been designed to comply with various securities laws in the same manner as described above in the description of the 2020 Plan.

Federal Income Taxes. The material federal income tax consequences of the ESPP under current federal income tax law are summarized in the following discussion, which deals with the general tax principles applicable to the ESPP. The following discussion is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change. Foreign, state and local tax laws, and employment, estate and gift tax considerations are not discussed due to the fact that they may vary depending on individual circumstances and from locality to locality.

The ESPP, and the right of participants to make purchases thereunder, is intended to qualify under the provisions of Section 423 of the Code. Under the applicable Code provisions, no income will be taxable to a participant until the sale or other disposition of the shares purchased under the ESPP. This means that an eligible employee will not recognize taxable income on the date the employee is granted an option under the ESPP (i.e., the first day of the offering period). In addition, the employee will not recognize taxable income upon the purchase of shares. Upon such sale or disposition, the participant will generally be subject to tax in an amount that depends upon the length of time such shares are held by the participant prior to disposing of them. If the shares are sold or disposed of more than two years from the first day of the offering period during which the shares were purchased and more than one year from the date of purchase, or if the participant dies while holding the shares, the participant (or his or her estate) will recognize ordinary income measured as the lesser of: (1) the excess of the fair market value of the shares at the time of such sale or disposition over the purchase price; or (2) an amount equal to 15% of the fair market value of the shares as of the first day of the offering period. Any additional gain will be treated as long-term capital gain. If the shares are held for the holding periods described above but are sold for a price that is less than the purchase price, there is no ordinary income and the participating employee has a long-term capital loss for the difference between the sale price and the purchase price.

If the shares are sold or otherwise disposed of before the expiration of the holding periods described above, the participant will recognize ordinary income generally measured as the excess of the fair market value of the

shares on the date the shares are purchased over the purchase price and we will be entitled to a tax deduction for compensation expense in the amount of ordinary income recognized by the employee. Any additional gain or loss on such sale or disposition will be long-term or short-term capital gain or loss, depending on how long the shares were held following the date they were purchased by the participant prior to disposing of them. If the shares are sold or otherwise disposed of before the expiration of the holding periods described above but are sold for a price that is less than the purchase price, the participant will recognize ordinary income equal to the excess of the fair market value of the shares on the date of purchase over the purchase price (and we will be entitled to a corresponding deduction), but the participant generally will be able to report a capital loss equal to the difference between the sales price of the shares and the fair market value of the shares on the date of purchase.

Director Compensation

Director Compensation Table

The following table presents summary information regarding the total compensation that was awarded to, earned by or paid to our non-employee directors for services rendered during the year ended December 31, 2019.

Name and principal position	Option awards ($)(1)(2)	Non-equity incentive plan compensation ($)(3)	All other compensation ($)(4)	Total ($)(5)
Cam S. Gallagher			149,061	
David E. Goel	—	—	—	—
Karan S. Takhar	—	—	—	—
David M. Johnson	—	—	—	—

(1) Represents the grant date fair value of Class B common units issued as "profits interests" in Zentalis Pharmaceuticals, LLC computed in accordance with FASB ASC 718. See Note 8 to the audited consolidated financial statements for the fiscal year ended December 31, 2019 included elsewhere in this prospectus for a description of the assumptions used in valuing our Class B common units. These Class B common units are intended to constitute profits interests for U.S. federal income tax purposes. Despite the fact that the Class B common units do not require the payment of an exercise price, for purposes of this table we believe they are most similar economically to stock options and are properly classified as "options" under the definition provided in Item 402(a)(6)(i) of Regulation S-K as an instrument with an "option-like feature."

(2) As of December 31, 2019, Mr. Gallagher held 140,000 outstanding Class B common units, of which 103,333 were unvested. None of our other non-employee directors held any unvested equity awards as of December 31, 2019.

(3) The annual bonus for Mr. Gallagher tied to 2019 performance has not yet been determined, but is expected to be determined in February 2020. The amount will be included once it has been determined.

(4) Represents consulting fees paid by us to Mr. Gallagher with respect to 2019.

(5) Because the annual incentive award and the grant date fair value of the 2019 Class B common units granted to Mr. Gallagher have not yet been determined, total 2019 compensation for Mr. Gallagher will be included once such amounts have been determined.

Gallagher Consulting Agreement

Effective February 1, 2019, Zeno Management entered into a consulting agreement with Mr. Gallagher setting forth the terms of his engagement as our Executive Director. Pursuant to the agreement, Mr. Gallagher is entitled to an annual retainer of $203,950, which amount is subject to annual review by and at the sole discretion of our board of directors or its designee.

Mr. Gallagher's consulting agreement provides that he may be eligible to earn an annual performance-based bonus with a target amount equal to 40% of his annual retainer .

Pursuant to his consulting agreement, if we terminate Mr. Gallagher's service other than for cause (as defined below) or Mr. Gallagher terminates his service for good reason (as defined below), he is entitled to the following payments and benefits, subject to his timely execution and non-revocation of a general release of claims in favor of the company and his continued compliance with the restrictive covenants set forth in his consulting agreement: (1) his fully earned but unpaid retainer, plus all other amounts under any compensation plan or practice to which he is entitled; (2) a payment equal to 12 months of his then-current monthly retainer, payable in a lump sum payment 60 days following the termination date; and (3) a payment equal to his prorated target annual bonus for the year in which the termination date occurs, payable in a lump sum payment 60 days following the termination date (provided that if such termination occurs within 12 months after a change in control, such target annual bonus will not be subject to proration).

In the event we terminate Mr. Gallagher's service for cause, he terminates his service without good reason, or upon his death or permanent disability, he is entitled to receive only his fully earned but unpaid retainer, plus all other amounts under any compensation plan or practice to which he is entitled.

Pursuant to his consulting agreement, Mr. Gallagher is subject to a non-competition covenant during the term of his service with the Company, as well as one-year post-termination non-solicitation of employees and consultants covenants and a perpetual non-disparagement covenant, in addition to his obligations under the company's standard proprietary information and inventions assignment agreement.

For purposes of Mr. Gallagher's consulting agreement, "cause" and "good reason" generally have the same meaning as set forth in the NEOs' employment agreements and as described above.

Non-Employee Director Compensation Program

During 2019, none of our non-employee directors received any cash or equity compensation other than Mr. Gallagher, who serves as a consultant to the company. Dr. Sun, who also serves as both executive officer and director, did not receive any additional compensation for his service on our board of directors.

The material terms of the non-employee director compensation program, as it is currently contemplated, are summarized below. Our board of directors is still in the process of considering the non-employee director compensation program and, accordingly, this summary is subject to change.

The non-employee director compensation policy will provide for annual retainer fees and/or long-term equity awards for our non-employee directors. We expect each non-employee director will receive an annual retainer of $. Non-employee directors serving as the chairs of the audit, compensation and nominating and corporate governance committees will receive additional annual retainers of $, $ and $, respectively. Non-employee directors serving as members of the audit, compensation and nominating and corporate governance committees will receive additional annual retainers of $, $ and $, respectively. The non-employee directors will also receive initial grants of options to purchase shares of our common stock, vesting over three years, upon election to the board of directors, and thereafter annual grants of options to purchase shares of our common stock, vesting on the first to occur of (1) the first anniversary of the grant date or (2) the next occurring annual meeting of our stockholders.

In connection with this offering, we intend to adopt and ask our stockholders to approve the initial terms of our non-employee director compensation program.

Compensation under our non-employee director compensation policy will be subject to the annual limits on non-employee director compensation set forth in the 2020 Plan, as described above. Our board of directors or its authorized committee may modify the non-employee director compensation program from time to time in the exercise of its business judgment, taking into account such factors, circumstances and considerations as it shall deem relevant from time to time, subject to the annual limit on non-employee director compensation set forth in

the 2020 Plan. As provided in the 2020 Plan, our board of directors or its authorized committee may make exceptions to this limit for individual non-employee directors in extraordinary circumstances, as the board of directors or its authorized committee may determine in its discretion, provided that the non-employee director receiving such additional compensation may not participate in the decision to award such compensation or in other compensation decisions involving non-employee directors.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following includes a summary of transactions since January 1, 2017 to which we have been a party in which the amount involved exceeded or will exceed $120,000, and in which any of our directors, executive officers or, to our knowledge, beneficial owners of more than 5% of our capital stock, or 5% Security Holders, or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest, other than equity and other compensation, termination, change in control and other arrangements, which are described under "Executive and Director Compensation." We also describe below certain other transactions with our directors, executive officers and stockholders.

Equity Financings

Series B Convertible Preferred Units

In December 2017, we issued and sold to investors in a private placement an aggregate of 2,735,320 Series B Preferred Units at a purchase price of $12.43 per unit, for aggregate consideration of approximately $34.0 million. In a subsequent closing in January 2018, we issued and sold an additional 764,281 Series B convertible preferred units for an aggregate consideration of approximately $9.5 million. In a second subsequent closing in July 2018, we issued and sold an additional 24,138 Series B convertible preferred units for an aggregate consideration of $0.3 million.

The following table sets forth the aggregate number of Series B preferred units acquired by 5% Security Holders in the financing transactions described above.

Participants	Series B Preferred Units	Aggregate Purchase Price (in thousands)
Greater than 5% Stockholders(1)		
Matrix Capital Management Master Fund, LP(2)	2,011,264	$ 25,000
Viking Global Opportunities Illiquid Investments Sub-Master LP	643,605	$ 8,000

(1) Additional details regarding these stockholders and their equity holdings are provided in this prospectus under the caption "Principal Stockholders."

(2) Messrs. David Goel and Karan Takhar, members of our board of directors, are affiliated with Matrix Capital Management Master Fund, LP.

Series C Convertible Preferred Units

In September 2019, we issued and sold to investors in a private placement an aggregate of 4,847,106 Series C convertible preferred units at a purchase price of $17.50 per unit, for aggregate consideration of approximately $84.8 million.

The following table sets forth the aggregate number of Series C convertible preferred units acquired by 5% Security Holders in the financing transactions described above.

Participants	Series C Preferred Units	Aggregate Purchase Price (in thousands)
Greater than 5% Stockholders(1)		
Matrix Capital Management Master Fund, LP(2)	742,858	$ 13,000
Viking Global Opportunities Illiquid Investments Sub-Master LP	742,858	$ 13,000

(1) Additional details regarding these stockholders and their equity holdings are provided in this prospectus under the caption "Principal Stockholders."

(2) Messrs. David Goel and Karan Takhar, members of our board of directors, are affiliated with Matrix Capital Management Master Fund, LP.

Investors' Rights Agreement

In September 2019, we entered into an amended and restated investors' rights agreement, which we refer to as our Investors' Rights Agreement, with certain of our investors, including Matrix Capital Management Master Fund, LP and Viking Global Opportunities Illiquid Investments Sub-Master LP, two of our 5% Security Holders. The Investors' Rights Agreement imposes certain affirmative obligations on us and also grants certain rights to holders, including certain registration rights with respect to the securities held by them, certain information and observer rights, and certain additional rights. Certain provisions of the Investors' Rights Agreement will terminate in connection with this offering. See "Description of Capital Stock—Registration Rights" for additional information.

Corporate Conversion

We currently operate as a Delaware limited liability company under the name Zentalis Pharmaceuticals, LLC. In connection with this offering, we will convert from a Delaware limited liability company to a Delaware corporation pursuant to a statutory conversion and change our name to Zentalis Pharmaceuticals, Inc. Existing holders, including our 5% Security Holders, executive officers and directors, of our class A common units, class B common units, series A convertible preferred units, series B convertible preferred units and series C convertible preferred units, will receive the number of shares of common stock described in this prospectus as a result of the Corporate Conversion. See "Corporate Conversion" for more information.

Transactions with Kalyra Pharmaceuticals, Inc.

In December 2017, we acquired 17,307,692 shares of Series B convertible preferred stock of Kalyra Pharmaceuticals, Inc., or Kalyra, for a price per share of $0.26 or approximately $4,500,000. We have determined that Kalyra is a variable interest entity, of which we are the primary beneficiary. Anthony Y. Sun, M.D., our Chief Executive Officer and a member of our board of directors, currently serves as chairman of the board of directors of Kalyra. Karan Takhar, a member of our board of directors, currently serves as a member of the board of directors of Kalyra. Kevin Bunker, our Chief Operating Officer, currently serves as a member of the board of directors of Kalyra and as its Chief Scientific Operations Officer. Mr. Bunker previously served as the Chief Executive Officer of Kalyra from 2013 to December 2017. Cam Gallagher, a member of our board of directors, currently serves as the Chief Business Officer of Kalyra. Each of Messrs. Sun, Bunker and Gallagher maintains an ownership interest in Kalyra.

We entered into an intercompany services agreement, or ISA, with Kalyra in January 2018 which states that we may provide research and development services to Kalyra and that Kalyra shall reimburse such expenses on a time and materials basis. For the year ended December 31, 2018, we provided $544,898 of research and development services to Kalyra. As of December 31, 2018, $544,898 was due from Kalyra under the ISA.

Transactions with Recurium IP Holdings, LLC

In December 2014, and as amended and restated in December 2017 and September 2019, we entered into the Recurium Agreement with Recurium IP under which we were granted an exclusive worldwide license to certain intellectual property rights owned or controlled by Recurium IP. See the section titles "Business–Licensing Agreements and Strategic Collaborations–Recurium IP Holdings, LLC" for more information. Kevin Bunker, our Chief Operating Officer, and Cam Gallagher, a member of our board of directors, currently serve as managing members of Recurium IP. Each of Messrs. Bunker and Gallagher maintain an ownership interest in Recurium IP.

Employment Agreements

We have entered into employment agreements or consulting agreements with each of our executive officers. See "Executive Compensation—Employment Agreements with our NEOs" for a further discussion of these arrangements.

Indemnification Agreements

We intend to enter into indemnification agreements with each of our directors and executive officers. These agreements, among other things, require us or will require us to indemnify each director and executive officer to the fullest extent permitted by Delaware law, including indemnification of expenses such as attorneys' fees, judgments, fines and settlement amounts incurred by the director or executive officer in any action or proceeding, including any action or proceeding by or in right of us, arising out of the person's services as a director or executive officer. For further information, see "Executive and Director Compensation—Limitations of Liability and Indemnification."

Policies and Procedures for Related Person Transactions

Our board of directors has adopted a written related person transaction policy, to be effective immediately prior to the effectiveness of the registration statement of which this prospectus forms a part, setting forth the policies and procedures for the review and approval or ratification of related person transactions. This policy will cover, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which we were or are to be a participant, where the amount involved exceeds $120,000 in any fiscal year and a related person had, has or will have a direct or indirect material interest, including without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness and employment by us of a related person. In reviewing and approving any such transactions, our audit committee is tasked to consider all relevant facts and circumstances, including, but not limited to, whether the transaction is on terms comparable to those that could be obtained in an arm's length transaction and the extent of the related person's interest in the transaction. All of the transactions described in this section occurred prior to the adoption of this policy.

PRINCIPAL STOCKHOLDERS

The following table sets forth information as of , 2019 with respect to the beneficial ownership of our common stock, giving pro forma effect to the Corporate Conversion, by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our outstanding shares of common stock
- each of our named executive officers;
- each of our directors; and
- all of our executive officers and directors as a group.

The number of shares beneficially owned by each stockholder is determined in accordance with the rules issued by the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under these rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power or investment power, which includes the power to dispose of or to direct the disposition of such security. Except as indicated in the footnotes below, we believe, based on the information furnished to us, that the individuals and entities named in the table below have sole voting and investment power with respect to all shares of common stock beneficially owned by them, subject to any community property laws.

Percentage ownership of our common stock before this offering is based on shares of common stock outstanding as of December 31, 2019, after giving effect to the Corporate Conversion. Percentage ownership of our common stock after this offering is based on shares of common stock as of December 31, 2019, after giving effect to the Corporate Conversion and our issuance of shares of our common stock in this offering. In computing the number of shares beneficially owned by an individual or entity and the percentage ownership of that person, shares of common stock subject to options, warrants or other rights held by such person that are currently exercisable or will become exercisable within 60 days of December 31, 2019 are considered outstanding, although these shares are not considered outstanding for purposes of computing the percentage ownership of any other person. Unless noted otherwise, the address of all listed stockholders is 530 Seventh Avenue, Suite 2201, New York, New York 10018.

	Shares Beneficially Owned Prior to Offering		Shares Beneficially Owned After Offering	
Name of Beneficial Owner	Number	Percentage	Number	Percentage
5% or Greater Stockholders				
Recurium Equity, LLC(1)		%		%
Matrix Capital Management Master Fund, LP(2)				
Viking Global Opportunities Illiquid Investments Sub-Master LP(3)				
Named Executive Officers and Directors				
Anthony Y. Sun, M.D.				
Kevin Bunker, Ph.D.(4)				
Robert Winkler, M.D.				
Cam Gallagher(5)				
David Goel(6)				
Karan Takhar				
David Johnson				
All executive officers and directors as a group (8 persons)				

* Represents beneficial ownership of less than 1%.

(1) Consists of shares of common stock held by Recurium Equity, LLC, or Recurium. Cam Gallagher, a member of our board of directors, Kevin Bunker, our Chief Operating Officer, Ned Israelsen

and Cam Garner are the managing members of Recurium and may be deemed to share voting and dispositive power over the shares held by Recurium. The mailing address for Recurium is 10835 Road to the Cure, #205, San Diego, California 92121.

(2) Consists of shares held by Matrix Capital Management Master Fund, LP, or Matrix. David Goel, a member of our board of directors, is the sole managing general partner of Matrix and may be deemed to have voting and dispositive power over the shares held by Matrix. The mailing address for Matrix is 1000 Winter Street, Suite 4500, Waltham, Massachusetts 02451.

(3) Consists of shares held by Viking Global Opportunities Illiquid Investments Sub-Master LP, or Opportunities Fund. Opportunities Fund has the authority to dispose of and vote the shares directly owned by it, which power may be exercised by its general partner, Viking Global Opportunities Portfolio GP LLC, or Opportunities GP, and by Viking Global Investors LP, or VGI, which provides managerial services to Opportunities Fund. O. Andreas Halvorsen, David C. Ott and Rose Shabet, as Executive Committee members of Viking Global Partners LLC (the general partner of VGI) and Opportunities GP, have shared authority to direct the voting and disposition of investments beneficially owned by VGI and Opportunities GP. The business address of the Opportunities Fund is c/o Viking Global Investors LP, 55 Railroad Avenue, Greenwich, Connecticut 06830.

(4) Consists of (i) shares of common stock held by Mr. Bunker and (ii) shares of common stock held by Recurium, which shares Mr. Bunker may be deemed to beneficially own. See footnote (1) above.

(5) Consists of (i) shares of common stock held by Mr. Gallagher and (ii) shares of common stock held by Recurium, which shares Mr. Gallagher may be deemed to beneficially own. See footnote (1) above.

(6) Consists of (i) shares of common stock held by Mr. Goel and (ii) shares held by Matrix, which shares Mr. Goel may be deemed to beneficially own. See footnote (2) above.

DESCRIPTION OF CAPITAL STOCK

The following description summarizes important terms of our capital stock and certain provisions of our certificate of incorporation and bylaws, each of which will be in effect upon the closing of this offering. Copies of these documents will be filed with the SEC as exhibits to our registration statement, of which this prospectus forms a part. The descriptions of our common stock and preferred stock reflect the completion of the Corporate Conversion that will occur prior to the closing of this offering.

General

Following the closing of this offering, our authorized capital stock will consist of shares of common stock, par value $0.001 per share, and shares of preferred stock, par value $0.001 per share.

As of December 31, 2019, after giving effect to the Corporate Conversion, there were shares of our common stock, held by approximately stockholders of record. No shares of our preferred stock are designated, issued or outstanding.

Common Stock

Voting

Holders of our common stock will be entitled to one vote for each share held on all matters submitted to a vote of stockholders and will not have cumulative voting rights. An election of directors by our stockholders shall be determined by a plurality of the votes cast by the stockholders entitled to vote on the election. Subject to the supermajority votes for some matters, other matters shall be decided by the affirmative vote of our stockholders having a majority in voting power of the votes cast by the stockholders present or represented and voting on such matter. Our certificate of incorporation and bylaws will also provide that our directors may be removed only for cause and only by the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock entitled to vote thereon. In addition, the affirmative vote of the holders of at least two-thirds in voting power of the outstanding shares of capital stock entitled to vote thereon will be required to amend or repeal, or to adopt any provision inconsistent with, several of the provisions of our certificate of incorporation. See below under "—Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws—Amendment of Charter Provisions."

Dividends

Holders of common stock will be entitled to receive proportionately any dividends as may be declared by our board of directors, subject to any preferential dividend rights of any series of preferred stock that we may designate and issue in the future.

Liquidation

In the event of our liquidation or dissolution, the holders of our common stock will be entitled to receive proportionately our net assets available for distribution to stockholders after the payment of all debts and other liabilities and subject to the prior rights of any outstanding preferred stock. Holders of our common stock will have no preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of common stock will be subject to and may be adversely affected by the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

Rights and Preferences

Holders of our common stock will have no preemptive, conversion or subscription rights, and there will be no redemption or sinking funds provisions applicable to our common stock. The rights, preferences and privileges of the holders of our common stock will be subject to, and may be adversely affected by, the rights of the holders of share of any series of our preferred stock that we may designate and issue in the future.

Fully Paid and Nonassessable

All of our outstanding shares of common stock are, and the shares of common stock to be issued in this offering will be, fully paid and nonassessable.

Preferred Stock

Under our certificate of incorporation that will be in effect upon the closing of this offering, our board of directors will be authorized to direct us to issue shares of preferred stock in one or more series without stockholder approval. Our board of directors has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions, future financings and other corporate purposes, could have the effect of making it more difficult for a third-party to acquire, or could discourage a third-party from seeking to acquire, a majority of our outstanding voting stock. Upon the closing of this offering, there will be no shares of preferred stock outstanding, and we have no present plans to issue any shares of preferred stock.

Registration Rights

Under our Investors' Rights Agreement, following the consummation of this offering, holders of approximately shares of our common stock will be entitled to certain rights with respect to the registration of such shares for public resale under the Securities Act, until the rights otherwise terminate pursuant to the terms of the Investors' Rights Agreement. The registration of shares of common stock as a result of the following rights being exercised would enable holders to trade these shares without restriction under the Securities Act when the applicable registration statement is declared effective.

Form S-1 Registration Rights

If at any time beginning 180 days after the closing date of this offering the holders of registrable securities request in writing that we effect a registration with respect to all or part of such registrable securities then outstanding and having an anticipated aggregate offering price that would exceed $10,000,000, net of expenses, we may be required to register their shares. We are obligated to effect at most two registrations in response to these demand registration rights. If the holders requesting registration intend to distribute their shares by means of an underwriting, the managing underwriter of such offering will have the right to limit the numbers of shares to be underwritten for reasons related to the marketing of the shares.

Piggyback Registration Rights

If at any time after this offering we propose to register any shares of our common stock under the Securities Act, subject to certain exceptions, the holders of registrable securities will be entitled to notice of the registration and to include their shares of registrable securities in the registration. If our proposed registration involves an underwriting, the managing underwriter of such offering will have the right to limit the number of shares to be underwritten for reasons related to the marketing of the shares.

Form S-3 Registration Rights

If, at any time after we become entitled under the Securities Act to register our shares on a registration statement on Form S-3, the holders of the registrable securities request in writing that we effect a registration

with respect to registrable securities at an aggregate price to the public in the offering of at least $1,000,000, we will be required to effect such registration; provided, however, that we will not be required to effect such a registration if, within any twelve month period, we have already effected two registrations on Form S-3 for the holders of registrable securities.

Expenses and Indemnification

Ordinarily, other than underwriting discounts and commissions, we will be required to pay all expenses incurred by us related to any registration effected pursuant to the exercise of these registration rights. These expenses may include all registration and filing fees, printing expenses, fees and disbursements of our counsel, reasonable fees and disbursements of a counsel for the selling securityholders and blue sky fees and expenses. Additionally, we have agreed to indemnify selling stockholders for damages, and any legal or other expenses reasonably incurred, arising from or based upon any untrue statement of a material fact contained in any registration statement, an omission or alleged omission to state a material fact in any registration statement or necessary to make the statements therein not misleading, or any violation or alleged violation by the indemnifying party of securities laws, subject to certain exceptions.

Termination of Registration Rights

The registration rights terminate upon the earliest of, with respect to a particular holder, (i) such time as that holder and its affiliates may sell all of their shares of common stock pursuant to Rule 144 under the Securities Act or similar exemption during a three-month period without registration, (ii) five years after the effective date of the registration statement of which this prospectus is a part, and (ii) the closing of a deemed liquidation event, as defined in the Investors' Rights Agreement.

Anti-Takeover Provisions

Some provisions of Delaware law and our certificate of incorporation and our bylaws that will be in effect upon the closing of this offering could make the following transactions more difficult: an acquisition of us by means of a tender offer; an acquisition of us by means of a proxy contest or otherwise; or the removal of our incumbent officers and directors. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interests or in our best interests, including transactions that provide for payment of a premium over the market price for our shares.

These provisions, summarized below, are intended to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of the increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because negotiation of these proposals could result in an improvement of their terms.

Undesignated Preferred Stock

The ability of our board of directors, without action by our stockholders, to issue up to shares of undesignated preferred stock with voting or other rights or preferences as designated by our board of directors could impede the success of any attempt to effect a change in control of our company. These and other provisions may have the effect of deferring hostile takeovers or delaying changes in control or management of our company.

Stockholder Meetings

Our bylaws will provide that a special meeting of stockholders may be called only by the chairman of our board of directors, our chief executive officer or president (in the absence of a chief executive officer), or by a resolution adopted by a majority of our board of directors.

Requirements for Advance Notification of Stockholder Nominations and Proposals

Our bylaws will establish advance notice procedures with respect to stockholder proposals to be brought before a stockholder meeting and the nomination of candidates for election as directors, other than nominations made by or at the direction of our board of directors of a committee of our board of directors.

Elimination of Stockholder Action by Written Consent

Our certificate of incorporation will eliminate the right of stockholders to act by written consent without a meeting.

Staggered Board

Our board of directors will be divided into three classes. The directors in each class will serve a three-year term, with one class being elected each year by our stockholders. For more information on our classified board, see "Management—Board Composition and Election of Directors." This system of electing and removing directors may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of us, because it generally makes it more difficult for stockholders to replace a majority of the directors.

Removal of Directors

Our certificate of incorporation will provide that no member of our board of directors may be removed from office by our stockholders except for cause and, in addition to any other vote required by law, upon the approval of the holders of at least two-thirds in voting power of the outstanding shares of stock entitled to vote in the election of directors.

Stockholders Not Entitled to Cumulative Voting

Our certificate of incorporation will not permit stockholders to cumulate their votes in the election of directors. Accordingly, the holders of a majority of the outstanding shares of our common stock entitled to vote in any election of directors will be able to elect all of the directors standing for election, if they choose, other than any directors that holders of our convertible preferred stock may be entitled to elect.

Choice of Forum

Our certificate of incorporation will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty or other wrongdoing by any of our directors, officers, employees or agents to us or our stockholders, (3) any action asserting a claim against us arising pursuant to any provision of the DGCL or our certificate of incorporation or bylaws, (4) any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or bylaws, or (5) any action asserting a claim governed by the internal affairs doctrine. Under our certificate of incorporation, this exclusive form provision will not apply to claims which are vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery of the State of Delaware, or for which the Court of Chancery of the State of Delaware does not have subject matter jurisdiction. For instance, the provision would not apply to actions arising under federal securities laws, including suits brought to enforce any liability or duty created by the Securities Act, the Exchange Act, or the rules and regulations thereunder. This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act. Our certificate of incorporation will also provide that any person or entity holding, purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and to have consented to this choice of forum provision. It is possible that a court of law could rule that the choice of forum provision contained in our certificate of incorporation is inapplicable or unenforceable if it is challenged in a proceeding or otherwise.

Amendment of Charter Provisions

The amendment of any of the above provisions, except for the provision making it possible for our board of directors to issue preferred stock and the provision prohibiting cumulative voting, would require approval by holders of at least two-thirds in voting power of the outstanding shares of stock entitled to vote thereon.

The provisions of Delaware law, and our certificate of incorporation and bylaws that will be in effect upon the closing of this offering, could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in the composition of our board and management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests

Section 203 of the Delaware General Corporation Law

We are subject to Section 203 of the DGCL, which prohibits persons deemed to be "interested stockholders" from engaging in a "business combination" with a publicly held Delaware corporation for three years following the date these persons become interested stockholders unless the business combination is, or the transaction in which the person became an interested stockholder was, approved in a prescribed manner or another prescribed exception applies. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation's voting stock. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. The existence of this provision may have an anti-takeover effect with respect to transactions not approved in advance by our board of directors.

Limitations on Liability and Indemnification Matters

Our certificate of incorporation, which will be in effect upon the closing of this offering, will limit our directors' liability to the fullest extent permitted under Delaware law, which prohibits our certificate of incorporation from limiting the liability of our directors for the following:

- any breach of the director's duty of loyalty to us or our stockholders;
- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- unlawful payment of dividends or unlawful stock repurchases or redemptions; or
- any transaction from which the director derived an improper personal benefit.

If Delaware law is amended to authorize corporate action further eliminating or limiting the personal liability of a director, then the liability of our directors will be eliminated or limited to the fullest extent permitted by Delaware law, as so amended. This limitation of liability does not apply to liabilities arising under the federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our bylaws, which will be in effect upon the closing of this offering, will provide that we will indemnify our directors and officers to the fullest extent permitted under Delaware law and that we shall have the power to indemnify our employees and agents to the fullest extent permitted by law. Our bylaws will also permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in this capacity, regardless of whether we would have the power to indemnify such person against such expense, liability or loss under the DGCL.

We also intend to enter into separate indemnification agreements with our directors and executive officers, in addition to indemnification provided for in our bylaws. These agreements, among other things, to provide for

indemnification of our directors and executive officers for expenses, judgments, fines and settlement amounts incurred by such persons in any action or proceeding arising out of this person's services as a director or executive officer or at our request. We believe that these provisions in our certificate of incorporation and bylaws and indemnification agreements are necessary to attract and retain qualified persons as directors and executive officers.

The above description of the limitation of liability and indemnification provisions of our certificate of incorporation, our bylaws and our indemnification agreements is not complete and is qualified in its entirety by reference to these documents, each of which will be filed as an exhibit to this registration statement to which this prospectus forms a part.

The limitation of liability and indemnification provisions in our certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against directors and officers, even though an action, if successful, might benefit us and our stockholders. A stockholder's investment may be harmed to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. Insofar as indemnification for liabilities under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. There is no pending litigation or proceeding naming any of our directors or officers as to which indemnification is being sought, nor are we aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer.

Listing

We intend to apply to have our common stock listed on The Nasdaq Global Market under the symbol " ."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be .

SHARES ELIGIBLE FOR FUTURE SALE

Immediately prior to this offering, there was no public market for our Units or our common stock, and no predictions can be made about the effect, if any, that market sales of our common stock or the availability of such shares for sale will have on the market price prevailing from time to time. Nevertheless, future sales of our common stock in the public market, or the perception that such sales may occur, could adversely affect the market price of our common stock and could impair our ability to raise capital through future sales of our securities. See "Risk Factors—Risks Related to this Offering and Ownership of Our Common Stock— Sales of a substantial number of shares of our common stock in the public market could cause our stock price to fall." Furthermore, although we intend to apply to have our common stock listed on The Nasdaq Global Market, we cannot assure you that there will be an active public trading market for our common stock.

Upon the closing of this offering, based on the number of shares of our common stock outstanding as of December 31, 2019 and after giving effect to the Corporate Conversion, we will have an aggregate of shares of our common stock outstanding (or shares of our common stock if the underwriters exercise in full their option to purchase additional shares). Of these shares of our common stock, all of the shares sold in this offering (or shares if the underwriters exercise in full their option to purchase additional shares) will be freely tradable without restriction or further registration under the Securities Act, except for any shares purchased by our "affiliates," as that term is defined in Rule 144 under the Securities Act, whose sales would be subject to the Rule 144 resale restrictions described below, other than the holding period requirement.

The remaining shares of our common stock will be "restricted securities," as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rules 144 or 701 under the Securities Act, which are summarized below. We expect that substantially all of these shares will be subject to the 180-day lock-up period under the lock-up agreements described below. Upon expiration of the lock-up period, we estimate that approximately shares of our common stock will be available for sale in the public market, subject in some cases to applicable volume limitations under Rule 144.

Lock-up Agreements

We and each of our directors and executive officers and holders of substantially all of our outstanding capital stock, have agreed that, without the prior written consent of Morgan Stanley & Co. LLC, Jefferies LLC and SVB Leerink LLC, we and they will not, subject to certain exceptions, during the period ending 180 days after the date of this prospectus, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for common stock; or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock, whether any transaction described above is to be settled by delivery of our common stock or such other securities, in cash or otherwise. Morgan Stanley & Co. LLC, Jefferies LLC and SVB Leerink LLC may waive the provisions of these agreements, in full or in part, at any time in their sole discretion.

Upon the expiration of the applicable lock-up periods, substantially all of the shares subject to such lock-up restrictions will become eligible for sale, subject to the limitations discussed above. For a further description of these lock-up agreements, please see "Underwriters."

Rule 144

Affiliate Resales of Restricted Securities

In general, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, a person who is an affiliate of ours, or who was an affiliate at any time during the 90 days before a sale,

who has beneficially owned shares of our common stock for at least six months would be entitled to sell in "brokers transactions" or certain "riskless principal transactions" or to market makers, a number of shares within any three month-period that does not exceed the greater of:

- 1% of the number of our common stock then outstanding, which will equal approximately shares of our common stock immediately after this offering; or
- the average weekly reported trading volume in shares of our common stock on The Nasdaq Global Market during the four calendar weeks preceding the date on which a notice of the sale on Form 144 is filed with the SEC with respect to such sale.

Affiliates resales under Rule 144 are also subject to the availability of current public information about us. In addition, if the number of shares being sold under Rule 144 by an affiliate during any three-month period exceeds 5,000 shares or has an aggregate sale price in excess of $50,000, the seller must file a notice on Form 144 with the SEC and Nasdaq concurrently with either the placing of a sale order with the broker or the execution directly with a market maker.

Non-Affiliate Resales of Restricted Securities

In general, beginning 90 days after the effective date of the registration statement of which this prospectus is a part, a person who is not an affiliate of ours at the time of sale, and has not been an affiliate at any time during the three months preceding a sale, and who has beneficially owned shares of our common stock for at least six months but less than a year, is entitled to sell such shares subject only to the availability of current public information about us. If such person has held our shares for at least one year, such person can resell under Rule 144(b)(1) without regard to any Rule 144 restrictions, including the 90-day public company requirement and the current public information requirement.

Non-affiliate resales are not subject to manner of sale, volume limitation or notice filing provisions of Rule 144.

Rule 701

In general, under Rule 701 of the Securities Act, each of our employees, officers, directors, consultants or advisors who purchases shares of our common stock from us in connection with a compensatory stock or option plan or other written agreement executed before the effective date of the registration statement under the Securities Act is entitled to resell such shares 90 days after such effective date in reliance on Rule 144. An affiliate of ours can resell shares in reliance on Rule 144 without having to comply with the holding period requirement, and non-affiliates of ours can resell shares in reliance on Rule 144 without having to comply with the current public information and holding period requirements.

The SEC has indicated that Rule 701 will apply to typical options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options, including exercises after an issuer becomes subject to the reporting requirements of the Exchange Act.

Equity Incentive Plans

We intend to file with the SEC a registration statement on Form S-8 under the Securities Act covering the shares of common stock reserved for issuance under our equity incentive plans. The registration statement is expected to be filed and become effective as soon as practicable after the closing of this offering. Accordingly, shares registered under the Form S-8 registration statement will be available for sale in the open market following the registration statement's effective date, subject to Rule 144 volume limitations and the lock-up agreements described above, if applicable.

Registration Rights

Upon the closing of this offering, the holders of shares of common stock or their transferees will be entitled to various rights with respect to the registration of these shares under the Securities Act. Registration of these shares under the Securities Act would result in these shares becoming fully tradable without restriction under the Securities Act immediately upon the effectiveness of the registration, except for shares purchased by affiliates. See “Description of Capital Stock—Registration Rights” for additional information. Shares covered by a registration statement will be eligible for sale in the public market upon the expiration or release from the terms of the lock-up agreement described above.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following discussion is a summary of the material U.S. federal income tax consequences to non-U.S. holders (as defined below) of the purchase, ownership and disposition of our common stock issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or foreign tax laws are not discussed. This discussion is based on the Code, Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service, or IRS, in effect as of the date of this offering. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a non-U.S. holder of our common stock. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position regarding the tax consequences of the purchase, ownership and disposition of our common stock.

This discussion is limited to non-U.S. holders that hold our common stock as a "capital asset" within the meaning of Section 1221 of the Code (property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a non-U.S. holder's particular circumstances, including the impact of the alternative minimum tax or the unearned income Medicare contribution tax. In addition, it does not address consequences relevant to holders subject to particular rules, including, without limitation:

- U.S. expatriates and certain former citizens or long-term residents of the United States;
- persons holding our common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- brokers, dealers or traders in securities or currencies;
- persons that hold more than 5% of our common stock, directly or indirectly;
- "controlled foreign corporations," "passive foreign investment companies," and corporations that accumulate earnings to avoid U.S. federal income tax;
- corporations organized outside of the United States, any state thereof or the District of Columbia that are nonetheless treated as U.S. taxpayers for U.S. federal income tax purposes;
- partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);
- tax-exempt organizations or governmental organizations;
- persons deemed to sell our common stock under the constructive sale provisions of the Code;
- persons for whom our common stock constitutes "qualified small business stock" within the meaning of Section 1202 of the Code;
- persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation;
- qualified foreign pension funds as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds;
- persons subject to special tax accounting rules as a result of any item of gross income with respect to our common stock being taken into account in an applicable financial statement; and
- tax-qualified retirement plans.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our common stock and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

THIS DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT INTENDED AS LEGAL OR TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.

Definition of a Non-U.S. Holder

For purposes of this discussion, a "non-U.S. holder" is any beneficial owner of our common stock that is neither a "U.S. person," nor an entity treated as a partnership for U.S. federal income tax purposes. A U.S. person is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and which has one or more U.S. persons (within the meaning of Section 7701(a)(30) of the Code) who have the authority to control all substantial decisions of the trust, or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

Distributions

As described in the section titled "Dividend Policy," we do not anticipate declaring or paying dividends to holders of our common stock in the foreseeable future. However, if we do make distributions on our common stock, such distributions of cash or property on our common stock will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a non-U.S. holder's adjusted tax basis in its common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below under "—Sale or Other Disposition of Common Stock."

Subject to the discussion below on backup withholding and foreign accounts, dividends paid to a non-U.S. holder of our common stock that are not effectively connected with the non-U.S. holder's conduct of a trade or business within the United States will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate specified by an applicable income tax treaty).

Non-U.S. holders will be entitled to a reduction in or an exemption from withholding on dividends as a result of either (a) an applicable income tax treaty or (b) the non-U.S. holder holding our common stock in connection with the conduct of a trade or business within the United States and dividends being effectively connected with that trade or business. To claim such a reduction in or exemption from withholding, the non-U.S. holder must provide the applicable withholding agent with a properly executed (a) IRS Form W-8BEN or W-8BEN-E (or other applicable documentation) claiming an exemption from or reduction of the withholding tax

under the benefit of an income tax treaty between the United States and the country in which the non-U.S. holder resides or is established, or (b) IRS Form W-8ECI stating that the dividends are not subject to withholding tax because they are effectively connected with the conduct by the non-U.S. holder of a trade or business within the United States, as may be applicable. These certifications must be provided to the applicable withholding agent prior to the payment of dividends and must be updated periodically. If a non-U.S. holder holds stock through a financial institution or other agent acting on the holder's behalf, the holder will be required to provide appropriate documentation to such agent. The holder's agent will then be required to provide certification to us or our paying agent, either directly or through other intermediaries. Non-U.S. holders that do not timely provide the applicable withholding agent with the required certification, but that qualify for a reduced rate under an applicable income tax treaty, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

If dividends paid to a non-U.S. holder are effectively connected with the non-U.S. holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the non-U.S. holder maintains a permanent establishment in the United States to which such dividends are attributable), then, although exempt from U.S. federal withholding tax (provided the non-U.S. holder provides appropriate certification, as described above), the non-U.S. holder will be subject to U.S. federal income tax on such dividends on a net income basis at the regular U.S. federal income tax rates. In addition, a non-U.S. holder that is a corporation may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on its effectively connected earnings and profits for the taxable year that are attributable to such dividends, as adjusted for certain items. Non-U.S. holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

Sale or Other Disposition of Common Stock

Subject to the discussions below on backup withholding and foreign accounts, a non-U.S. holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other disposition of our common stock unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the non-U.S. holder maintains a permanent establishment in the United States to which such gain is attributable);
- the non-U.S. holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- our common stock constitute U.S. real property interests, or USRPIs, by reason of our status as a U.S. real property holding corporation, or USRPHC, for U.S. federal income tax purposes.

Gain described in the first bullet point above will generally be subject to U.S. federal income tax on a net income basis at the regular U.S. federal income tax rates. A non-U.S. holder that is a foreign corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on its effectively connected earnings and profits, as adjusted for certain items, which will include such effectively connected gain.

A non-U.S. holder described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on any gain derived from the disposition, which may be offset by certain U.S. source capital losses of the non-U.S. holder (even though the individual is not considered a resident of the United States) provided the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we would be a USRPHC if our USRPIs comprise (by fair market value) at least half of our business assets. We believe we are not currently and do not anticipate becoming

a USRPHC. Because the determination of whether we are a USRPHC depends on the fair market value of our USRPIs relative to the fair market value of our other business assets and our non-U.S. real property interests, however, there can be no assurance we are not a USRPHC or will not become one in the future. Even if we are or were to become a USRPHC, gain arising from the sale or other taxable disposition by a non-U.S. holder of our common stock will not be subject to U.S. federal income tax if our common stock are "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and such non-U.S. holder owned, actually and constructively, 5% or less of our common stock throughout the shorter of the five-year period ending on the date of the sale or other taxable disposition or the non-U.S. holder's holding period.

Non-U.S. holders should consult their tax advisors regarding potentially applicable income tax treaties that may provide for different rules.

Information Reporting and Backup Withholding

Subject to the discussion below on foreign accounts, a non-U.S. holder will not be subject to backup withholding with respect to distributions on our common stock we make to the non-U.S. holder, provided the applicable withholding agent does not have actual knowledge or reason to know such holder is a U.S. person and the holder certifies its non-U.S. status, such as by providing a valid IRS Form W-8BEN, W-8BEN-E or W-8ECI, or other applicable certification. However, information returns generally will be filed with the IRS in connection with any distributions (including deemed distributions) made on our common stock to the non-U.S. holder, regardless of whether any tax was actually withheld. Copies of these information returns may also be made available under the provisions of a specific treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides or is established.

Information reporting and backup withholding may apply to the proceeds of a sale or other taxable disposition of our common stock within the United States, and information reporting may (although backup withholding generally will not) apply to the proceeds of a sale or other taxable disposition of our common stock outside the United States conducted through certain U.S.-related financial intermediaries, in each case, unless the beneficial owner certifies under penalty of perjury that it is a non-U.S. holder on IRS Form W-8BEN or W-8BEN-E, or other applicable form (and the payor does not have actual knowledge or reason to know that the beneficial owner is a U.S. person) or such owner otherwise establishes an exemption. Proceeds of a disposition of our common stock conducted through a non-U.S. office of a non-U.S. broker generally will not be subject to backup withholding or information reporting.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a non-U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code, such Sections commonly referred to as the Foreign Account Tax Compliance Act, or FATCA, on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends paid on our common stock, or (subject to the proposed Treasury Regulations discussed below) gross proceeds from the sale or other disposition of our common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code) (including, in some cases, when such foreign financial institution or non-financial foreign entity is acting as an intermediary), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an

agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States-owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends paid on our common stock. While withholding under FATCA would have applied also to payments of gross proceeds from the sale or other disposition of our common stock, recently proposed Treasury Regulations, if finalized in their present form, would eliminate FATCA withholding on payments of gross proceeds from a sale or other disposition of our common stock. In its preamble to such proposed regulations, the U.S. Treasury Department stated that taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued. Prospective investors should consult their tax advisors regarding the potential application of FATCA.

UNDERWRITERS

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. LLC, Jefferies LLC and SVB Leerink LLC are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of shares indicated below:

Underwriter	Number of Shares
Morgan Stanley & Co. LLC	
Jefferies LLC	
SVB Leerink LLC	
Guggenheim Securities, LLC	
Total:	

The underwriters and the representatives are collectively referred to as the "underwriters" and the "representatives," respectively. The underwriters are offering the shares of common stock subject to their acceptance of the shares from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters' over-allotment option described below.

The underwriters initially propose to offer part of the shares of common stock directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of $ per share under the public offering price. After the initial offering of the shares of common stock, the offering price and other selling terms may from time to time be varied by the representative.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to additional shares of common stock at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of common stock as the number listed next to the underwriter's name in the preceding table bears to the total number of shares of common stock listed next to the names of all underwriters in the preceding table.

The following table shows the per share and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional shares of common stock.

		Total	
	Per Share	No Exercise	Full Exercise
Public offering price	$	$	$
Underwriting discounts and commissions to be paid by us	$	$	$
Proceeds, before expenses, to us	$	$	$

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately $. We have agreed to reimburse the underwriters for expenses relating to clearance of this offering with the Financial Industry Regulatory Authority up to $.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of shares of common stock offered by them.

Our common stock has been approved for quotation on The Nasdaq Global Market under the trading symbol “ ”.

We and all directors and officers and the holders of substantially all of our outstanding stock and stock options have agreed that, without the prior written consent of Morgan Stanley & Co. LLC, Jefferies LLC and SVB Leerink LLC on behalf of the underwriters, we and they will not, during the period ending 180 days after the date of this prospectus (the “restricted period”):

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock beneficially owned (as such term is used in Rule 13d-3 of the Exchange Act) or any other securities so owned convertible into or exercisable or exchangeable for common stock, or make any public announcement of an intention to do any of the foregoing;
- file any registration statement with the Securities and Exchange Commission relating to the offering of any shares of our common stock or any securities convertible into or exercisable or exchangeable for common stock; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock,

whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise. In addition, we and each such person agrees that, without the prior written consent of the representatives on behalf of the underwriters, we or such other person will not, during the restricted period, make any demand for, or exercise any right with respect to, the registration of any shares of common stock or any security convertible into or exercisable or exchangeable for common stock.

The restrictions described in the immediately preceding paragraph do not apply to our directors, officers and securityholders with respect to:

- transactions of shares of common stock or any other securities acquired in open market transactions after the completion of the offering (other than issuer-directed shares of common stock purchased by officers or directors), provided that no filing under Section 16(a) of the Exchange Act is required or voluntarily made in connection with subsequent sales of our common stock or other securities acquired in such open market transactions;
- transfers of common stock or any security convertible into or exercisable or exchangeable for common stock (i) as a bona fide gift or charitable contribution, (ii) by will or intestacy or to any immediate family of such person or to a trust whose beneficiaries consist exclusively of one or more of such person and/or any immediate family, (iii) to limited partners, members, stockholders or holders of similar equity interests of such person or (iv) to another corporation, partnership, limited liability company, trust or other business entity that is an affiliate of such person, or to any investment fund or other entity controlled or managed by such person or affiliates of such person; *provided* that (A) each transferee, donee or distributee shall sign and deliver a lock-up letter and (B) no filing under Section 16(a) of the Exchange Act, reporting a reduction in beneficial ownership of shares of common stock, shall be required or shall be voluntarily made during the restricted period;
- transfers of common stock or any security convertible into or exercisable or exchangeable for common stock by operation of law pursuant to a qualified domestic order or other court order or in connection with a divorce settlement; *provided* that (i) any filing under Section 16(a) of the Exchange Act made during the restricted period shall clearly indicate in the footnotes thereto that (A) the filing relates to

the circumstances described herein and (B) no securities were sold by such person and (ii) such person does not otherwise voluntarily effect any other public filing or report regarding such transfers during the restricted period;

- the receipt by such person from the company of shares of common stock upon the transfer or disposition of shares of common stock or any securities convertible into common stock to the company upon a vesting or settlement event of the company's securities or upon the exercise of options to purchase the company's securities on a "cashless" or "net exercise" basis, in each case pursuant to any equity incentive plan of the company described herein and to the extent permitted by the instruments representing such options outstanding as of the date of the hereof (and solely to cover withholding tax obligations in connection with such transaction and any transfer to the company for the payment of taxes as a result of such transaction), *provided* that (i) the shares received upon exercise or settlement of the option are subject to the terms of a lock-up letter, (ii) no public disclosure or filing under Section 16(a) of the Exchange Act shall be voluntarily made during the restricted period and (iii) to the extent a filing under Section 16(a) of the Exchange Act is required during the restricted period as a result of transfers described herein, it shall (A) clearly indicate that the filing relates to the circumstances described herein, including that the securities remain subject to the terms of a lock-up letter and (B) no securities were sold by such person other than as contemplated hereby;
- transfers to the company in connection with the repurchase of common stock in connection with the termination of such person's employment with the company pursuant to contractual agreements with the company as in effect as of the date of this prospectus, *provided* that no public disclosure or filing under Section 16(a) of the Exchange Act shall be required or shall be voluntarily made during the restricted period;
- the conversion of the outstanding common units or preferred units of the company described herein into shares of common stock of the company, *provided* that such shares of common stock remain subject to the terms of this letter;
- the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of common stock, *provided* that (i) such plan does not provide for the transfer of common stock during the restricted period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by or on behalf of such person or the company regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of common stock may be made under such plan during the restricted period; or
- transfers pursuant to a bona fide third-party tender offer for all outstanding common stock of the company, merger, consolidation or other similar transaction approved by the company's board of directors and made to all holders of the company's securities involving a change of control of the company; *provided* that in the event that such tender offer, merger, consolidation or other such transaction is not completed, such securities held by such person shall remain subject to the provisions of the lock-up letter.

The restrictions on transfers or other dispositions by us described above do not apply to:

- the shares to be sold in this offering;
- the issuance by us of shares of common stock upon the exercise of an option or warrant or the conversion of a security outstanding on the date of this prospectus of which the underwriters have been advised in writing;
- grants of options, restricted stock or other equity awards and the issuance of common stock or securities convertible into or exercisable for common stock pursuant to the terms of a plan in effect on the date of this prospectus and described herein;
- the filing of a registration statement on Form S-8 to register common stock issuable pursuant to any employee benefit plans, qualified stock option plans or other employee compensation plans;

- common stock or any securities convertible into, or exercisable or exchangeable for, common stock, or the entrance into an agreement to issue common stock or any securities convertible into, or exercisable or exchangeable for, common stock, in connection with any merger, joint venture, strategic alliances, commercial or other collaborative transaction or the acquisition or license of the business, property, technology or other assets of another individual or entity or the assumption of an employee benefit plan in connection with a merger or acquisition; provided that the aggregate number of common stock or any securities convertible into, or exercisable or exchangeable for, common stock that the Company may issue or agree to issue shall not exceed % of the total outstanding shares of common stock of the company immediately following the completion of this offering; and provided further that the recipients thereof sign a lock-up letter; or
- the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of shares of common stock, provided that (i) such plan does not provide for the transfer of common stock during the restricted period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by the company regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of common stock may be made under such plan during the restricted period.

Morgan Stanley & Co. LLC, Jefferies LLC and SVB Leerink LLC, in their sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time.

In order to facilitate the offering of the common stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in this offering. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, shares of common stock in the open market to stabilize the price of the common stock. These activities may raise or maintain the market price of the common stock above independent market levels or prevent or retard a decline in the market price of the common stock. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of shares of common stock to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the

future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

Pricing of the Offering

Prior to this offering, there has been no public market for our common stock. The initial public offering price was determined by negotiations between us and the representatives. Among the factors considered in determining the initial public offering price were our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours.

Selling Restrictions

Canada

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Regulation, or each, a Relevant Member State, an offer to the public of any shares of our common stock may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any shares of our common stock may be made at any time under the following exemptions under the Prospectus Regulation, if they have been implemented in that Relevant Member State:

(i) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or

(iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares of our common stock shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares of our common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares of our common stock to be offered so as to enable an investor to decide to purchase any shares of our common stock, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("FSMA) received by it in connection with the issue or sale of the shares of our common stock in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares of our common stock in, from or otherwise involving the United Kingdom.

Hong Kong

Shares of our common stock may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to shares of our common stock may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares of our common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder.

Japan

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the "FIEL") has been made or will be made with respect to the solicitation of the application for the acquisition of the shares of common stock.

Accordingly, the shares of common stock have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements, and otherwise in compliance with, the FIEL and the other applicable laws and regulations of Japan.

For Qualified Institutional Investors ("QII")

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the shares of common stock constitutes either a "QII only private placement" or a "QII only secondary distribution" (each as described in Paragraph 1, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the shares of common stock. The shares of common stock may only be transferred to QIIs.

For Non-QII Investors

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the shares of common stock constitutes either a "small number private placement" or a "small number private secondary distribution" (each as is described in Paragraph 4, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the shares of common stock. The shares of common stock may only be transferred en bloc without subdivision to a single investor.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of shares of our common stock may not be circulated or distributed, nor may the shares of our common stock be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where shares of our common stock are subscribed or purchased under Section 275 by a relevant person which is: (i) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired shares of our common stock under Section 275 except: (a) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (b) where no consideration is given for the transfer; or (c) by operation of law.

LEGAL MATTERS

The validity of the shares of common stock offered hereby and certain other legal matters will be passed upon for us by Latham & Watkins LLP. Certain legal matters in connection with this offering will be passed upon for the underwriters by Cooley LLP, New York, New York. Latham & Watkins LLP and certain attorneys and investment funds affiliated with the firm own our convertible preferred units which will be converted into less than 1% of our common stock in connection with this offering.

EXPERTS

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements at December 31, 2018 and for the year then ended, as set forth in their report. We have included our financial statements in the prospectus and elsewhere in the registration statement in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed therewith. For further information about us and the shares of common stock offered hereby, we refer you to the registration statement and the exhibits and schedules filed thereto. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. Upon completion of this offering, we will be required to file periodic reports, proxy statements, and other information with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934. You may read and copy this information at the Public Reference Room of the Securities and Exchange Commission, 100 F Street, N.E., Room 1580, Washington, District of Columbia. 20549. You may obtain information on the operation of the public reference rooms by calling the Securities and Exchange Commission at 1-800-SEC-0330. The Securities and Exchange Commission also maintains an Internet website that contains reports, proxy statements and other information about registrants, like us, that file electronically with the Securities and Exchange Commission. The address of that site is *www.sec.gov*.

ZENTALIS PHARMACEUTICALS, LLC

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Members and Board of Directors of Zentalis Pharmaceuticals, LLC

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Zentalis Pharmaceuticals, LLC (the Company) as of December 31, 2018, the related consolidated statements of operations, changes in members' equity and cash flows for the year then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2019.

San Diego, California
January 8, 2020

Zentalis Pharmaceuticals, LLC

FINANCIAL STATEMENTS

Consolidated Balance Sheet

	December 31, 2018
Assets	
Current assets	
Cash and cash equivalents	$ 25,154,249
Accounts receivable from government grants, net	916,776
Prepaid expenses and other current assets	606,111
Total current assets	26,677,136
Property and equipment, net	260,267
Prepaid expenses and other assets	1,524,904
Goodwill	3,736,119
In-process research and development	8,800,000
Total assets	$ 40,998,426
Liabilities and Equity	
Current Liabilities	
Accounts payable	$ 3,431,605
Accrued expenses	2,544,995
Deferred rent, current	9,203
Deferred grant proceeds	223,423
Total current liabilities	6,209,226
Deferred rent, long-term	16,062
Deferred tax liability	2,462,557
Other long-term liabilities	4,751
Total liabilities	8,692,596
Commitments and contingencies	
Equity	
Series A convertible preferred units; 1,638,000 units authorized; 1,579,309 units issued and outstanding at December 31, 2018; liquidation value of $18,319,984 at December 31, 2018	18,225,809
Series B convertible preferred units; 3,621,000 units authorized; 3,523,739 units issued and outstanding at December 31, 2018; liquidation value of $43,800,076 at December 31, 2018	41,603,945
Class A common units; 15,000,000 units authorized; 5,594,385 units issued and outstanding at December 31, 2018	672,341
Class B common units, 2,154,816 units authorized; 1,612,311 units issued and outstanding at December 31, 2018	1,597,815
Accumulated deficit	(37,329,876)
Total Zentalis Pharmaceuticals, LLC members' equity	24,770,034
Noncontrolling interests	7,535,796
Total equity	32,305,830
Total liabilities and equity	$ 40,998,426

Zentalis Pharmaceuticals, LLC

Consolidated Statement of Operations

	Year Ended December 31, 2018
Revenue	$ 13,922
Operating Expenses	
Research and development	18,921,439
General and administrative	4,875,954
Total operating expenses	23,797,393
Operating loss	(23,783,471)
Other Income	
Interest Income	354,929
Net loss before income taxes	(23,428,542)
Income tax expense	3,925
Net loss	(23,432,467)
Net loss attributable to noncontrolling interests	(2,365,351)
Net loss attributable to Zentalis Pharmaceuticals, LLC	$ (21,067,116)
Net loss per Class A common unit attributable to Zentalis Pharmaceuticals, LLC, basic and diluted	$ (3.77)
Weighted average Class A common units outstanding, basic and diluted	5,594,385

Zentalis Pharmaceuticals, LLC

Consolidated Statement of Changes in Members' Equity

	Series A Convertible Preferred Units		Series B Convertible Preferred Units		Class A Common Units		Class B Common Units		Accumulated Deficit	Total Zentalis Pharmaceuticals, LLC Members' Equity	Noncontrolling Interest	Total Equity
	Units	Amount	Units	Amount	Units	Amount	Units	Amount				
Balance at December 31, 2017	1,579,309	$18,225,809	2,735,320	$32,147,962	5,594,385	$643,352	703,000	$1,318,443	$ (17,124,564)	$ 35,211,002	$ 9,885,147	$ 45,096,149
Cumulative-effect adjustment from adoption of ASU 2014-09	—	—	—	—	—	—	—	—	861,804	861,804	—	861,804
Issuance of Series B convertible preferred units at $12.43 per unit net of issuance costs	—	—	788,419	9,455,983	—	—	—	—	—	9,455,983	—	9,455,983
Issuance of profit interest awards, net	—	—	—	—	—	—	909,311	—	—	—	—	—
Share-based compensation expense	—	—	—	—	—	28,989	—	279,372	—	308,361	—	308,361
Proceeds from exercise of equity awards from consolidated VIE	—	—	—	—	—	—	—	—	—	—	16,000	16,000
Net loss attributable to noncontrolling interest	—	—	—	—	—	—	—	—	—	—	(2,365,351)	(2,365,351)
Net loss attributable to Zentalis Pharmaceuticals, LLC	—	—	—	—	—	—	—	—	(21,067,116)	(21,067,116)	—	(21,067,116)
Balance at December 31, 2018	1,579,309	$18,225,809	3,523,739	$41,603,945	5,594,385	$672,341	1,612,311	$1,597,815	$ (37,329,876)	$ 24,770,034	$ 7,535,796	$ 32,305,830

Zentalis Pharmaceuticals, LLC

Consolidated Statement of Cash Flows

	Year Ended December 31, 2018
Operating Activities:	
Consolidated net loss	$ (23,432,467)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	51,491
Share-based compensation	308,361
Recognition of deferred rent	(42,607)
Deferral of rent expense	2,167
Changes in operating assets and liabilities:	
Accounts receivable	(253,578)
Prepaid expenses and other current assets	(1,815,955)
Accounts payable and accrued liabilities	976,785
Other assets	(44,921)
Net cash used in operating activities	(24,250,724)
Investing activities:	
Purchases of property and equipment	(227,322)
Net cash used in investing activities	(227,322)
Financing Activities:	
Proceeds from the issuance of Series B convertible preferred units, net	9,455,983
Issuance of common stock under VIE equity incentive plan	16,000
Net cash provided by financing activities	9,471,983
Decrease in cash and cash equivalents	(15,006,063)
Cash and cash equivalents at beginning of year	40,160,312
Cash and cash equivalents at end of year	$ 25,154,249
Supplemental disclosure of cash flow information:	
Income taxes paid	$ 3,925
Supplemental disclosure of non-cash investing activities:	
Amounts accrued for purchases of property and equipment	$ 9,737

Zentalis Pharmaceuticals, LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Business

Organization

Zentalis Pharmaceuticals, LLC ("Zentalis", "We" or "the Company") is a clinical-stage pharmaceutical company focused on discovering and developing clinically differentiated, novel small molecule therapeutics targeting fundamental biological pathways of cancer. The Company was formed and incorporated in the state of Delaware as Zeno Pharmaceuticals, Inc. on December 23, 2014. Effective November 21, 2017, Zeno Pharma, LLC was formed by the shareholders of Zeno Pharmaceuticals, Inc. On December 21, 2017, Zeno Pharmaceuticals, Inc. became a wholly owned subsidiary of Zeno Pharma, LLC. In connection with this restructuring, the rights and preferences of the Preferred Stock of Zeno Pharmaceuticals, Inc. were exchanged for preferred units with similar rights and preferences of Zeno Pharma, LLC. As part of the restructuring, the employees, consultants and board members of Zeno Pharmaceuticals, Inc. exchanged their equity grants in Zeno Pharmaceuticals, Inc. stock in exchange for Class B common incentive units in Zeno, LLC. Additionally, existing common stock holders of Zeno Pharmaceuticals, Inc. exchanged their common stock for Class A common units in Zeno Pharma, LLC. All exchanges were made on a one-for-one basis. The restructuring was accounted for as a common control transaction. In December 2019, the Company was renamed to Zentalis Pharmaceuticals, LLC. See Members' Equity note 8 for additional information.

Zentalis Pharmaceuticals, LLC is a is a Delaware limited liability company. The Company manages its operations as a single segment for the purposes of assessing performance and making operating decisions. To date, all of the Company's revenue has been generated in the United States. All of the Company's tangible assets are held in the United States.

Liquidity

The accompanying financial statements have been prepared assuming that we will continue as a going concern. Management evaluates whether there are relevant conditions and events that in aggregate raise substantial doubt about our ability to continue as a going concern and to meet our obligations as they become due within one year from the date the financial statements are issued.

We are subject to risk and uncertainties common to early-stage biotechnology companies including, but not limited to significant competition from therapies in development by other companies or already approved for sale by the U.S. Food and Drug Administration, protection of intellectual property, dependence on key personnel and compliance with government regulations.

Management has prepared cash flow forecasts which indicate that there is not substantial doubt about our ability to continue as a going concern for the twelve months after the date the financial statements for the year ended December 31, 2018 are issued. We expect to incur substantial operating losses to continue development of drug candidates, including preclinical and clinical testing and regulatory approval prior to commercialization. Even if our drug development efforts are successful, it is uncertain when, if ever, we will realize significant revenue from product sales.

2. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared in conformity with U.S. GAAP generally accepted accounting principles ("U.S. GAAP") and include our wholly-owned subsidiaries and variable interest entity ("VIE"), Kalyra Pharmaceuticals, Inc. ("Kalyra"), for which we are the primary beneficiary. All intercompany transactions and balances have been eliminated in consolidation.

Zentalis Pharmaceuticals, LLC

We evaluate our ownership, contractual and other interests in entities that are not wholly-owned to determine if these entities are VIEs, and, if so, whether we are the primary beneficiary of the VIE. In determining whether we are the primary beneficiary of a VIE and therefore required to consolidate the VIE, we apply a qualitative approach that determines whether we have both (1) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (2) the obligation to absorb losses of, or the rights to receive benefits from, the VIE that could potentially be significant to that VIE. On December 21, 2017, the Company acquired a 25% equity interest in Kalyra. Based on our assessment, we concluded that Kalyra is a variable interest entity and we are the primary beneficiary. Prior to the acquisition, Zeno and Kalyra transacted for the delivery of research and development services and support. The financial position and results of operations of Kalyra have been included in the Company's consolidated financial statements from December 21, 2017, the date we became the primary beneficiary. The liabilities recognized as a result of consolidating Kalyra do not represent additional claims on the Company's general assets.

We will continuously assess whether we are the primary beneficiary of a VIE, as changes to existing relationships or future transactions may result in the consolidation or deconsolidation of such VIE. During the period presented, we have not provided any other financial or other support to our VIE that we were not contractually required to provide.

Noncontrolling Interests

Noncontrolling interests represent the portion of equity (net assets) in Kalyra, our consolidated but not wholly-owned entity, that is neither directly nor indirectly attributable to us.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. On an ongoing basis, we evaluate our estimates and judgments, which are based on historical and anticipated results and trends and on various other assumptions that management believes to be reasonable under the circumstances. By their nature, estimates are subject to an inherent degree of uncertainty and, as such, actual results may differ from management's estimates.

Cash and Cash Equivalents

Cash equivalents are comprised of short-term, highly-liquid investments with maturities of 90 days or less at the date of purchase. As of December 31, 2018, our cash equivalents consisted of money market funds.

Fair Value of Financial Instruments

The authoritative guidance defines fair value and requires us to establish a framework for measuring fair value and disclosure about fair value measurements using a three-tier approach. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Our financial instruments include cash equivalents, accounts receivable, prepaid expenses and other assets, accounts payable and accrued expenses. Fair value estimates of these instruments are made at a specific point in time, based on relevant market information. These estimates may be subjective in nature and involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. The carrying amount of cash equivalents, account receivable, prepaid expenses and other assets, accounts payable and accrued expenses are generally considered to be representative of their respective values because of the short-term nature of those instruments.

Zentalis Pharmaceuticals, LLC

Concentrations of Credit Risk, Sources of Supply and Significant Customers

We are subject to credit risk from our portfolio of cash equivalents. We maintain our cash and cash equivalent balances with two major commercial banks. Deposits held with the financial institutions exceed the amount of insurance provided on such deposits. We are exposed to credit risk in the event of a default by the financial institutions holding our cash and cash equivalents to the extent recorded on the consolidated balance sheets.

We are also subject to credit risk from our accounts receivable related to our revenues under our license and collaboration agreement and reimbursements under our government grants. We have a license and collaboration agreement under which we receive payments for license fees, milestone payments and reimbursements of research and development services. Management monitors our exposure to accounts receivable by periodically evaluating the collectability of the accounts receivable based on a variety of factors including the length of time the receivables are past due, the financial health of the customer and historical experience. Based upon the review of these factors, we recorded no allowance for doubtful accounts at December 31, 2018. As of December 31, 2018, all of the outstanding accounts receivables is due from government entities.

We rely on third-party manufacturers for the supply of active pharmaceutical ingredients.

Accounts Receivable, Net

Accounts receivable is recorded at the invoiced amount and is non-interest bearing. Accounts receivable is recorded net of allowances for doubtful accounts. We recorded no allowance for doubtful accounts at December 31, 2018 as the collectability of accounts receivable was reasonably assured.

Property and Equipment, Net

Property and equipment are recorded at cost, less accumulated depreciation and amortization. Equipment is depreciated using the straight-line method over its estimated useful life ranging from three to five years and leasehold improvements are amortized using the straight-line method over the estimated useful life of the asset or the lease term, whichever is shorter. Repair and maintenance costs are expensed as incurred.

Impairment of Long-Lived Assets

We account for long-lived assets in accordance with authoritative guidance for impairment or disposal of long-lived assets. Long-lived assets are reviewed for events or changes in circumstances, which indicate that their carrying value may not be recoverable. To date, we have not experienced any significant impairment losses.

Goodwill and In-Process Research and Development

Our goodwill, which has an indefinite useful life, represents the excess of the cost over the fair value of net assets acquired from its business combination. The determination of the value of goodwill and intangible assets arising from business combinations and asset acquisitions requires extensive use of accounting estimates and judgments to allocate the purchase price to the fair value of the net tangible and intangible assets acquired, including capitalized in-process research and development (“IPR&D”).

Intangible assets acquired in a business combination that are used for IPR&D activities are considered indefinite lived until the completion or abandonment of the associated research and development efforts. Upon conclusion of the relevant research and development project, we will amortize the acquired IPR&D

over its estimated useful life or expense the acquired IPR&D should the research and development project be unsuccessful with no future alternative use. We base the useful lives and related amortization expense on our estimate of the period that the assets will generate revenues or otherwise be used. We assess the carrying value of our IPR&D assets at least annually, or more frequently if an event occurs indicating the potential for impairment, which requires us to make assumptions and judgements regarding the future cash flows of these assets. If the assets are considered to be impaired, the impairment we recognize is the amount by which the carrying value of the assets exceeds the fair value of the assets. Fair value is determined by a combination of third-party sources and forecasted discounted cash flows.

Goodwill is reviewed for impairment at least annually, or more frequently if an event occurs indicating the potential for impairment. During the impairment review process, we consider qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than the carrying amount, including goodwill. If we determine that it is not more likely than not that the fair value of our reporting unit is less than the carrying amount, then no additional assessment is deemed necessary. Otherwise, we perform the two-step test for goodwill impairment. The first step involves comparing the estimated fair values of the reporting units with the carrying values, including goodwill. If the carrying amounts of the reporting units exceed the fair values, the second step of the goodwill impairment test is performed to determine the amount of loss, which involves comparing the implied fair values of the goodwill to the carrying values of the goodwill. We completed our most recent annual evaluation for impairment for goodwill and IPR&D as of December 31, 2018 using the qualitative assessment and determined that no impairment existed, and no charges were recorded.

Deferred Rent

Rent expense is recorded on a straight-line basis over the initial term of the lease. The difference between rent expense accrued and amounts paid under lease agreements is recorded as deferred rent and is included in accrued expenses and other long-term liabilities, as applicable, in the accompanying consolidated balance sheets.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (“FASB”) issued accounting guidance on the recognition of revenue from customers. This guidance supersedes the revenue recognition requirements we previously followed in Accounting Standards Codification, or ASC, Topic 605, *Revenue Recognition*, or ASC 605, and created a new Topic 606, *Revenue from Contracts with Customers*, or ASC 606. Under ASC 606, an entity will recognize revenue when it transfers control of promised goods or services to customers in an amount that reflects what the entity expects to receive in exchange for the goods or services, and the performance obligation(s) under the related contracts are satisfied. To determine revenue recognition for contracts with customers we perform the following five steps: (i) identify the promised goods or services in the contract; (ii) identify the performance obligations in the contract, including whether they are distinct in the context of the contract; (iii) determine the transaction price, including the constraint on variable consideration; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) we satisfy the performance obligations.

We generate revenues from payments received under a collaboration arrangement which included payments for nonrefundable fees at the inception of the agreement, license fees, milestone-based payments and reimbursements for research and development efforts. As of January 1, 2018, we adopted ASC 606, *Revenue from Contracts with Customers*. We applied the provisions of ASC 606 using the modified retrospective approach, with the cumulative effect of the adoption recognized as of January 1, 2018, to the contract that had not been completed as of that date. Amounts received prior to satisfying the revenue recognition criteria are recorded as contract liabilities in the Company’s consolidated balance sheets. Amounts expected to be recognized as revenue within the 12 months following the balance sheet date are classified as contract liabilities

in current liabilities. Amounts not expected to be recognized as revenues within the 12 months following the balance sheet date are classified as contract liabilities in long-term liabilities.

Prior to the ASC 606 adoption, revenue was recognized when all the following criteria were met; (i) persuasive evidence of an arrangement exists; (ii) delivery has occurred or services have been rendered; (iii) the seller's price to the buyer is fixed or determinable; and (iv) collectability is reasonably assured. Under the previous guidance, we recognized the upfront payment received from our collaborative partner on a straight-line basis over the performance period arrangement or from receipt until May 2036. There were no other adoption differences in revenue recognized due to the transition from the previously applied authoritative accounting literature to ASC 606.

Upon the adoption of ASC 606, we concluded that all services had been rendered over the research period and recognized an adjustment to decrease deferred revenues and accumulated deficit by $861,804. The impact of applying the provisions of ASC 606 in the year ended December 31, 2018 was to decrease revenues by $46,024. Under the previously existing authoritative accounting literature, at December 31, 2018 our deferred revenue would have been $815,780 higher than the amounts reported in our consolidated balance sheet. ASC 606 did not have an aggregate impact on our net cash used in operating activities but resulted in offsetting changes in net loss and liabilities within net cash used in operating activities in the consolidated statement of cash flows.

Revenue under Collaborative Agreements

We entered into a collaboration and license agreement ("the agreement") with a specialty pharmaceutical company for the development and commercialization of products and product candidates for the treatment of various diseases and conditions relating to the field of oncology. Pursuant to the terms of the original agreement and related amendment, the collaborator made an upfront non-refundable license payment, milestone payments and payments for the reimbursement of research and development expenses to us during the research period. The collaborator may be required to make royalty payments on sales of products in the collaborator's territories resulting from the collaborative arrangement. Although this agreement is, in form, structured as a collaboration agreement, we concluded for accounting purposes that it represented a contract with a customer, and is not subject to accounting literature on collaborative arrangements. This is because we granted licenses to our intellectual property and provided research and development services which are all outputs of our ongoing activities in exchange for consideration. We do not share in significant risks of their development or commercialization activities.

Our collaboration partner can select additional compounds to add to the licenses granted. We consider these rights to be options without material rights, as these rights require additional fees and future royalties which do not represent discounts to similar licenses to a new collaboration partner. We consider grants of additional licenses upon exercises to be separate contracts.

Under the collaboration agreement, we have identified a pre-clinical development license, a development and commercial license, a license to manufacture product (collectively referred to as "licenses"), associated research and development services and joint steering committee participation (collectively referred to as "services") for the co-development of a single named compound as the performance obligations of the contract. As our ongoing participation in the research and development was required for the collaborator to benefit from the licenses, the promised licenses and services were not separable or distinct and were accounted for as a single performance obligation satisfied over the term of the research period.

The transaction price is the amount of consideration to which we expect to be entitled for transferring promised goods or services. The transaction price does not include amounts subject to uncertainties unless it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the

uncertainty associated to the amount is resolved. Upfront fees are contractually obligated and included in the transaction price. Consideration we may have received in exchange for milestones achieved were subject to significant uncertainties inherent in product development and were not included in the transaction price until deemed probable that the amount would not result in a significant reversal of revenue in the future. At the conclusion of each reporting period, we reassessed the probability of milestone achievement and expected payments for research and development services, and if necessary, adjusted our total estimated transaction price.

As our collaboration agreement had one distinct bundle of performance obligations comprised of services and licenses delivered concurrently and were not subject to the right of return, allocation of the transaction price was not required.

Upfront amounts allocated to licenses and ongoing services were recognized as revenue commencing upon transfer of the licenses over the research period of the target on a percentage of total costs to be incurred basis. We completed our ongoing services under the collaboration agreement during the fourth quarter of 2017 and therefore considered our performance obligations to have been fully satisfied at that time. Development milestones are recognized as revenue when the consideration is included in the transaction price over the remaining term of the research period. Royalties will be recognized when the underlying sales occur based on estimates. We will record a true-up of the estimated royalty revenues to the actual royalties earned when royalty reports are received.

We provide standard indemnification and protection of licensed intellectual property for our customers. These provisions are part of assurance that the licenses meet the agreement’s representations and are not an obligation to provide goods or services.

Research and Development Expenses

Research and development expenses include salaries and benefits, facilities and other overhead expenses, external clinical trial expenses, research related manufacturing services, contract services and other outside expenses. Research and development expenses are charged to operating expenses as incurred when these expenditures relate to our research and development efforts and have no alternative future uses. Reimbursed research and development costs under government grant arrangements are recorded as a reduction to research and development expenses and are recognized in the period in which the related costs are incurred.

We are obligated to make upfront payments upon execution of certain research and development agreements. Advance payments, including nonrefundable amounts, for goods or services that will be used or rendered for future research and development activities are deferred. Such amounts are recognized as expense as the related goods are delivered or the related services are performed, or such time when we do not expect the goods to be delivered or services to be performed.

Clinical Trial Expenses

We make payments in connection with our clinical trials under contracts with contract research organizations that support conducting and managing clinical trials. The financial terms of these agreements are subject to negotiation and vary from contract to contract and may result in uneven payment flows. Generally, these agreements set forth the scope of work to be performed at a fixed fee, unit price or on a time and materials basis. A portion of our obligation to make payments under these contracts depends on factors such as the successful enrollment or treatment of patients or the completion of other clinical trial milestones.

Expenses related to clinical trials are accrued based on our estimates and/or representations from service providers regarding work performed, including actual level of patient enrollment, completion of patient studies

and progress of the clinical trials. Other incidental costs related to patient enrollment or treatment are accrued when reasonably certain. If the amounts we are obligated to pay under our clinical trial agreements are modified (for instance, as a result of changes in the clinical trial protocol or scope of work to be performed), we adjust our accruals accordingly. Revisions to our contractual payment obligations are charged to expense in the period in which the facts that give rise to the revision become reasonably certain.

Share-Based Compensation

We record share-based compensation expense associated with equity instruments in accordance with the authoritative guidance for stock-based compensation. The cost of employee services received in exchange for an award of an equity instrument is measured at the grant date based on the estimated fair value of the award and is recognized as expense on a straight-line basis over the requisite service period of the award. Share-based compensation expense for an award with a performance condition is recognized when the achievement of such performance condition is determined to be probable. If the outcome of such performance condition is not determined to be probable or is not met, no compensation expense is recognized, and any previously recognized compensation expense is reversed. Forfeitures are recognized as a reduction of share-based compensation expense as they occur.

Income Taxes

Deferred income taxes are recognized for the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. A provision has been made for income taxes due on taxable income and for the deferred taxes on temporary differences. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. Realization of the deferred income tax asset is dependent on gathering sufficient taxable income in future years.

Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the combination of the tax payable for the period and the change during the period in deferred tax assets and liabilities. We follow the accounting guidance on accounting for uncertainty in income taxes. The guidance prescribes a recognition threshold and measurement attribute criteria for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities based on the technical merits of the position.

Comprehensive Loss

Comprehensive loss is equal to net loss for the year ended December 31, 2018.

Net Loss per Class A Common Unit

Basic net loss per Class A common unit is computed by dividing net loss, after adjusting for preferred unit dividends, if declared by the weighted-average number of Class A common units outstanding during the period. Diluted net loss per common unit is computed using the weighted-average number of Class A common units outstanding during the period and, if dilutive, the weighted average number of potential shares of Class A common units. The effect of the conversion of preferred units into Class A common units is excluded from the computation of diluted net loss per common unit for the period as their effect is antidilutive. Additionally, Class A common unit equivalents are excluded from the computation of diluted net loss per common unit for all periods as their effect is antidilutive.

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Adoption and Pending Adoption of Recent Accounting Pronouncements

The following table provides a brief description of recently issued accounting standards, those adopted in the current period and those not yet adopted:

Standard	Description	Effective Date	Effect on the Financial Statements or Other Significant Matters
In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments. In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows: Restricted Cash.	Current U.S. GAAP either is unclear or does not include specific guidance on the eight cash flow classification issues included in ASU 2016-15. The new guidance is an improvement to U.S. GAAP and is intended to reduce the current and potential future diversity in practice. ASU 2016-18 provides additional classification guidance for restricted cash, which requires that restricted cash be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.	January 1, 2018	We have elected to early adopt the guidance as of January 1, 2017. The adoption did not have a material impact on our consolidated statement of cash flows.
In January 2016, the FASB issued ASU 2016-01, Financial Instruments—Overall; Recognition and Measurement of Financial Assets and Financial Liabilities.	The new guidance supersedes the guidance to classify equity securities with readily determinable fair values into different categories (that is, trading or available-for-sale) and requires equity securities to be measured at fair value with changes in the fair value recognized through net income. The new guidance requires public business entities that are required to disclose fair value of financial instruments measured at amortized cost on the balance sheet to measure that fair value using the exit price notion consistent with Topic 820, Fair Value Measurement.	January 1, 2018	We currently do not hold equity securities and therefore the adoption did not have a material impact on our consolidated financial position or results of operations.
In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). In March, April, May and December 2016, the FASB issued additional guidance related to Topic 606.	The new standard will supersede nearly all existing revenue recognition guidance. Under Topic 606, an entity is required to recognize revenue upon transfer of promised goods or services to customers in an amount that reflects the expected consideration to be received in exchange for those goods or services. Topic 606 defines a five-step process in order to achieve this core principle, which may require the use of judgment and estimates, and also requires expanded qualitative and quantitative disclosures relating to the nature, amount, timing and uncertainty of	January 1, 2019	We have adopted the new guidance on January 1, 2018 using the modified retrospective approach. Refer to Note 2 “Revenue Recognition” for additional detail regarding the impact of the adoption.

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Standard	Description	Effective Date	Effect on the Financial Statements or Other Significant Matters
	revenue and cash flows arising from contracts with customers, including significant judgments and estimates used. The new standard also defines accounting for certain costs related to origination and fulfillment of contracts with customers, including whether such costs should be capitalized. The new standard permits adoption either by using (i) a full retrospective approach for all periods presented in the period of adoption or (ii) a modified retrospective approach where the new standard is applied in the financial statements starting with the year of adoption. Under both approaches, cumulative impact of the adoption is reflected as an adjustment to retained earnings (accumulated equity (deficit)) as of the earliest date presented in accordance with the new standard.		
In June 2018, the FASB issued ASU 2018-07, Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share- Based Payment Accounting	The FASB issued the new guidance as part of its ongoing Simplification Initiative. The ASU supersedes Subtopic 505-50 by expanding the scope of Topic 718 to include nonemployee awards and generally aligning the accounting for nonemployee awards with the accounting for employee awards with limited exceptions.	January 1, 2019	We have adopted the new guidance on January 1, 2018. The impact of the adoption was not material to the consolidated financial statements.
In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842).	This guidance revises the accounting related to leases by requiring lessees to recognize a lease liability and a right-of-use asset for all leases. The new lease guidance also simplifies the accounting for sale-leaseback transactions.	January 1, 2019	We plan to implement the guidance on January 1, 2019 using a modified retrospective transition basis for leases existing as of the period of adoption. To adopt the new standard, we will be using available practical expedients for lease accounting. The practical expedients allow us to carry forward our historical assessment of whether existing agreements are or

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Standard	Description	Effective Date	Effect on the Financial Statements or Other Significant Matters
			contain a lease and the classification of our existing lease arrangements. We expect all of our real-estate operating lease commitments will be recognized as lease liabilities with corresponding right-of-use assets upon adoption, resulting in an increase in the assets and liabilities on the consolidated balance sheet. Management is finalizing its assessment of this new standard and we anticipate that the adoption will have a material impact on our consolidated financial statements.
In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. In November 2018 and April and May of 2019, the FASB issued additional guidance related to Topic 326.	The standard amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income.	January 1, 2020	We do not believe the adoption will have a material impact on our consolidated financial position or results of operations.

3. Business Combinations

Kalyra Pharmaceuticals, Inc.

On December 21, 2017, we acquired $4.5 million of Kalyra Pharmaceuticals, Inc.'s Series B Preferred Stock representing a 25% equity interest in Kalyra Pharmaceuticals, Inc. for purposes of entering the analgesics therapeutic research space. The acquisition price was paid entirely in cash.

In accordance with the authoritative guidance, we concluded that Kalyra is a business consisting of inputs, employees, intellectual property and processes capable of producing outputs. Additionally, we have concluded

that Kalyra is a variable interest entity, we are the primary beneficiary and have the power to direct the activities that most significantly affect Kalyra's economic performance through common management and our board representation. Prior to the change of control, Zeno and Kalyra transacted for the delivery of research and development services and support. The financial position and results of operations of Kalyra have been included in our consolidated financial statements from the date of the initial investment.

Pursuant with authoritative guidance, we have recorded the identifiable assets, liabilities and noncontrolling interests in the VIE at their fair value upon initial consolidation. The identified goodwill is comprised of the workforce and expected synergies from combining the entities. Total assets and liabilities of Kalyra as of December 31, 2018 are as follows:

	December 31, 2018
Cash and cash equivalents	$ 1,482,094
Other current assets	933,332
In-process research and development	8,800,000
Goodwill	3,736,119
Other long-term assets	48,038
Accounts payable and accrued expenses	1,224,208
Deferred tax liability	2,462,557
Noncontrolling interests	$ 7,535,796

The liabilities recognized as a result of consolidating Kalyra do not represent additional claims on our general assets. Pursuant to the authoritative guidance, the equity interest in Kalyra not owned by Zeno is reported as a noncontrolling interest on our consolidated balance sheet.

The following is a reconciliation of equity (net assets) attributable to the noncontrolling interest:

	For the year ended December 31, 2018
Noncontrolling interest at beginning of period	$ 9,885,147
Net loss attributable to noncontrolling interest	(2,365,351)
Issuance of VIE shares under equity incentive plan	16,000
Noncontrolling interest at end of period	$ 7,535,796

4. Fair Value Measurement

As of December 31, 2018, we held $23,226,178 of money market funds measured at fair value on a recurring basis and categorized as level 1 securities using the fair value hierarchy.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the year ended December 31, 2018. We had no instruments that were classified within Level 3 as of December 31, 2018.

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5. Prepaid Expenses and Other Assets

Prepaid expenses and other assets consisted of the following:

	December 31, 2018
Prepaid insurance	$ 98,464
Prepaid software licenses and maintenance	125,696
Prepaid research and development expenses	1,714,581
Prepaid rent and related security deposits	104,278
Other prepaid expenses	87,996
Total prepaid expenses and other current assets	2,131,015
Less long-term portion	1,524,904
Total prepaid expenses and other assets, current	$ 606,111

6. Property and Equipment, net

Property and equipment, net consisted of the following:

	December 31, 2018
Computer and Office Equipment	$ 39,074
Lab Equipment	277,399
Subtotal	316,473
Accumulated depreciation and amortization	(56,206)
Property and equipment, net	$ 260,267

Depreciation and amortization expense was $51,491 for the year ended December 31, 2018.

7. Accrued Expenses

Accrued expenses consist of the following:

	December 31, 2018
Accrued legal expenses	$ 146,660
Accrued research and development expenses	1,137,148
Accrued employee expenses	1,022,581
Other	238,606
Total accrued expenses	$ 2,544,995

8. Members' Equity

In November 2017, Zentalis Pharmaceuticals, LLC was formed in the state of Delaware. In conjunction with a corporate restructuring, Zeno Pharmaceuticals, Inc., a Delaware Corporation formed in December 2014, was acquired by the Company pursuant to a merger agreement and became a wholly owned subsidiary of the Company. Per the terms of the merger agreement, each share of Zeno Pharmaceuticals, Inc. common stock issued and outstanding immediately prior to the effective time of the merger was converted into the right to receive one

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Class A common unit and each share of Zeno Pharmaceuticals, Inc. Series A preferred stock issued and outstanding immediately prior to the effective date of the merger converted into the right to receive one Series A preferred unit. As of the effective time of the merger agreement, all outstanding options to purchase shares of Zeno Pharmaceuticals, Inc. common stock were cancelled and replaced with profit interest awards in the LLC.

In connection with the December 2017 corporate restructuring, we amended and restated the LLC agreement, and as amended, the capital units of the Company consisted of 1,638,000 authorized Series A preferred units, 3,621,000 authorized Series B preferred units, 15,000,000 authorized Class A common units and 872,620 authorized Class B common units.

Class A Common Units

In conjunction with the corporate restructuring in December 2017, 5,187,554 shares of common stock issued and outstanding and 406,831 shares of common stock subject to future vesting provisions of Zeno Pharmaceuticals, Inc. were converted into an equal number of Class A common units of Zentalis Pharmaceuticals, LLC. During the year ended December 31, 2018, no additional Class A common units were issued. As of December 2018, 24,236 shares of Class A common units were subject to future vesting conditions.

Class B Common Units

In conjunction with the corporate restructuring in December 2017, 703,000 options exercisable into Zeno Pharmaceuticals, Inc. common stock were converted into an equal number of Class B Common Units of Zentalis Pharmaceuticals, LLC. In February 2018, the number of authorized Class B common units was increased to 2,154,816.

Series A Convertible Preferred Units

In September 2015, Zeno Pharmaceuticals, Inc. entered into a Series A Preferred Stock Purchase Agreement (the “Series A Preferred Agreement”). Under the terms of the Series A Preferred Agreement, Zeno Pharmaceuticals, Inc. issued 1,293,104 shares of Series A convertible preferred stock at $11.60 per share for gross proceeds of $15,000,006. The net proceeds of this financing were $14,945,085 after issuance costs of $54,921. In February and March 2016, Zeno Pharmaceuticals, Inc. issued an aggregate of 286,205 additional shares of Series A convertible preferred stock at $11.60 per share for additional gross proceeds of $3,319,978. The net proceeds of this additional financing were $3,280,724 after issuance costs of $39,254. All Series A convertible preferred stock issued and outstanding by Zeno Pharmaceuticals, Inc. was converted into Series A convertible preferred units of Zentalis Pharmaceuticals, LLC in conjunction with the corporate restructuring and merger.

Series B Convertible Preferred Units

In December 2017, Zentalis Pharmaceuticals, LLC entered into a Series B Preferred Unit Purchase Agreement (the “Series B Preferred Agreement”). Under the terms of the Series B Preferred Agreement, Zentalis Pharmaceuticals, LLC issued 2,735,320 Series B preferred units at $12.43 per unit for gross proceeds of $34,000,028. The net proceeds of this financing were $32,147,962 after issuance costs of $1,852,066. In January and August 2018, Zentalis Pharmaceuticals, LLC issued an aggregate of 788,419 additional shares of Series B preferred units at $12.43 per unit for additional gross proceeds of $9,800,048. The net proceeds of this additional financing were $9,455,983 after issuance costs of $344,065.

Dividends

Dividends are payable if and when declared by the Board of Directors. No dividends were declared during the year ending December 31, 2018.

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Conversion

Each Series A preferred unit and each Series B preferred unit shall be convertible at the option of the holder thereof, at any time after the issuance of such unit, into Class A common units at a conversion price equal to the original purchase price (subject to anti-dilution adjustments, discussed below) which is $11.60 and $12.43 per unit. The convertible preferred unit will automatically convert at the then applicable conversion rate upon the closing of a firm commitment underwritten public offering of shares of a successor corporations' common stock, at a public offering price per share of equal to or greater than the Series B original purchase price (as adjusted for any stock splits, stock dividends, combinations or other similar recapitalization) resulting in aggregate gross cash proceeds of at least $50,000,000 (a "Qualified IPO"). Additionally, the convertible preferred unit will be automatically converted into common stock, at the then applicable conversion rate, upon written consent of a majority of the then outstanding Series A and Series B convertible preferred units.

Anti-dilution protection

The holders of the convertible preferred unit have proportional anti-dilution protection for unit splits, unit dividends and similar recapitalizations. Subject to certain exclusions, anti-dilution price protection for additional sales of securities by us for consideration per unit less than the applicable conversion price per unit of any series of convertible preferred stock, shall be on a broad-based weighted average basis.

Protective rights

The holders of the convertible preferred unit have certain protective rights, including, without limitation, regarding the authorization, alteration, redemption, or sale of Class B common units; commencement of a liquidation or deemed liquidation event; entrance into a joint venture or partnership; any incurrence of indebtedness; certain transactions that exceed a certain dollar threshold; changes to our governing documents; or the declaration of any dividends. Such actions must be approved by a majority of the then outstanding Series A and Series B convertible preferred unit holders (voting as a single class and on an as-converted basis), as specified in the amended and restated LLC agreement. An increase or decrease in the authorized number of Directors constituting the Board or the creation of a membership interest or equity security senior to or pari passu with Series B convertible preferred units must be approved by a majority of the then outstanding Series B convertible preferred Units (voting as a separate class on an as converted basis).

Redemption

The Series A and Series B convertible preferred units are not redeemable except in the event of certain effected deemed liquidation events.

Liquidation preference

In the event of the liquidation, dissolution or winding up of the Company the holders of Series A and Series B convertible preferred units are entitled to receive, on a pro rata basis in respect of each Preferred Unit in proportion to the relative preference amount of each preferred unit, a preference amount of $11.60 and $12.43 per unit of Series A and Series B convertible preferred units (as adjusted for any unit splits, dividends, combinations, recapitalizations or the like), respectively.

After payment of the initial preference amounts, Series A and Series B convertible preferred units are entitled to receive, on an as converted to common unit pro rata basis, an amount equal to distributions made to Class A common units prior to all unit classes sharing in distributions on a pro rata basis. Thereafter, Series A and Series B convertible preferred units and Series A and Series B common units are entitled to receive the

remaining assets of the Company available for distribution to its unit holders pro rata based on the number of common units held by each holder, treating for these purposes as if all units had been converted to common units.

Voting Rights

The holders of all units other than Class B common units that are unvested shall vote together as a single class. Each holder of Series A and Series B convertible preferred units shall be entitled to the number of votes calculated on an as converted to Class A common unit basis.

Equity Awards

The Zentalis Pharmaceuticals, LLC Profit Interest Plan

We currently grant profit interest awards to employees, consultants and non-employee members of our Board of Directors under the Zeno Pharma, LLC 2017 Profit Interest Plan ("the Plan") as approved and adopted by the Board of Directors on December 21, 2017. The Plan and related Amended and Restated Limited Liability Agreement of Zeno Pharma, LLC ("the LLC Agreement") provides for the grant of up to 2,154,816 shares of Class B common units, subject to restrictions as described in the Plan. Each unvested Class B common unit represents a non-voting equity interest in Zentalis Pharmaceuticals, LLC that entitles the holder to a percentage of the profits and appreciation in the equity value of Zentalis Pharmaceuticals, LLC arising after the date of grant and after such time as an applicable threshold amount is met. Class B common units issued under the Plan with time-based vesting schedules generally vest over a four-year period with cliff vesting for the first year. Other Class B common awards utilize performance-based vesting schedules related to certain milestones at the Company.

The fair value of the profit interest awards is estimated using an option pricing model with the following assumptions:

	For the year ended December 31, 2018
Members' equity value	$ 96,100,000
Threshold amounts	$ 134,000,000 - $143,800,000
Risk free rate	2.8%
Volatility	75.0%
Time to liquidity (in years)	1.3
Lack of marketability discount	25.0%
Grant date fair value	$ 1.85 - $2.01

The Black Scholes option pricing model is used to estimate the fair value of each profits unit award on the date of grant. The members' equity value was based on a recent enterprise valuation analysis performed. The threshold amounts are based on the discretion of the Board of Directors at the time of grant. The expected life of the Class B Common Unit awards granted during the period presented was determined based on an expected liquidation event under the plan. We apply the risk-free interest rate based on the U.S. Treasury yield in effect at the time of the grant consistent with the life of the award. The expected volatility is based on a peer group in the industry in which the Company does business consistent with the expected time to liquidity. The dividend yield was set at zero as the underlying security does not and is not expected to pay a dividend. The Finnerty model method was used to estimate the discount for lack of marketability inherent to the awards.

The Class B common units issued have been classified as equity awards and share-based compensation expense is based on the grant date fair value of the award.

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The following table provides a summary of the Class B common unit activity under the Plan. The amounts include incentive units granted to both employees and non-employees:

	Number of Units	Weighted Average Fair Value
Outstanding at December 31, 2017	703,000	$ 1.47
Granted	947,166	$ 1.62
Forfeited	(37,855)	$ 1.47
Outstanding at December 31, 2018	1,612,311	$ 1.56

At December 31, 2018, there are 591,422 and 1,020,880 Class B common performance units vested and unvested, respectively, and 542,505 Class B common units were available for future grants.

During 2018, the share-based compensation expense included in the statement of operations was as follows:

	Year Ended December 31, 2018
Research and development expense	$ 158,448
General and administrative expense	149,913
Total share-based compensation expense	$ 308,361

As of December 31, 2018, there was $1,375,760 of total unrecognized compensation expense related to unvested profit interest award compensation arrangements granted under the Plan. The cost is expected to be recognized over a weighted average period of 3.5 years.

9. Commitments and Contingencies

Operating Leases

We entered into a non-cancellable operating lease agreement in January 2016 to lease laboratory and office space. In December 2018, we entered into an amendment to the lease to extend the term of the agreement through June 2022. The lease is subject to further extension or earlier termination and subject to approximately 3% annual increases throughout the term of the lease. We also pay a pro rata share of operating costs, including utilities, maintenance, insurance costs and real property taxes. As part of the amendment, we received incentives in the form of a base rate abatement period.

The future minimum lease obligations under the amendment are as follows:

Year-ending December 31,	Payment Amount
2019	$ 434,542
2020	544,885
2021	560,899
2022	271,664
Total:	$ 1,811,990

Under the terms of our lease agreement, payments escalate during the life of the lease. We have recorded a deferred rent liability of $25,265 at December 31, 2018 to account for the lease on a straight-line basis over the life of the lease.

Rent expense recorded by the Company under the lease was $447,127 for the year ended December 31, 2018.

10. Income Taxes

Zentalis Pharmaceuticals, LLC is treated as a partnership for tax purposes, and thus, not subject to income taxes. It is the responsibility of the LLC members to report their proportion share of any taxable income or loss generated by Zentalis Pharmaceuticals, LLC to the appropriate taxing authorities and pay the associated taxes, if any. With respect to our consolidated subsidiaries and variable interest entity, these entities are treated as corporations for tax purposes and are subject to income taxes which have been included in the consolidated financial statements. All pre-tax losses have been incurred in the United States.

The following table presents the current and deferred income tax provision (benefit) for federal and state income taxes:

	2018
Current tax provision:	
Federal	$ —
State	3,925
	3,925
Deferred tax provision:	
Federal	—
State	—
Total provision for income taxes:	$3,925

A reconciliation of the expected tax computed at the U.S. statutory federal income tax rate to the total provision for income taxes at December 31 follows:

	2018	
Expected tax at 21%	$(4,920,198)	21.00%
State income tax, net of federal tax	(1,934,764)	8.25%
Limited liability company loss	8,138	-0.03%
Non-deductible expenses	187,389	-0.80%
Research credits	(791,811)	3.38%
Other	191,211	-0.82%
Change in valuation allowance	7,263,960	-31.00%
Provision for income taxes	$ 3,925	-0.02%

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the “Tax Act”). The Tax Act makes broad and complex changes to the U.S. tax code, including but not limited to, bonus depreciation that will allow for full expensing of qualified property, permanent disallowance of 100% of entertainment related expenses, and a 50% addback of all meal related expenses. The Tax Act also establishes new tax laws including, but not limited to, (1) reduction of the U.S. federal corporate tax rate from 34% to 21%; (2) a new limitation on deductible interest expense; (3) limitations on net operating losses (“NOL”s) generated after December 31, 2018, to 80 percent of taxable income, (4) removal of the Domestic Production Activities Deduction, and (5) a credit for paid Family and Medical Leave.

Zentalis Pharmaceuticals, LLC

As a result of the Tax Act, we have remeasured our deferred tax assets based on the rates at which they are expected to reverse in the future, resulting in a reduction in the net deferred tax asset balance of $1,761,000, offset by a corresponding valuation allowance.

In conjunction with the tax law changes, the Securities and Exchange Commission staff issued Staff Accounting Bulletin 118 ("SAB 118") to address the effects of the Tax Act within a year from the enactment date. The re-measurement of deferred tax assets and liabilities was not provisional at December 31, 2017, and as of December 22, 2018, the Company's accounting for the Tax Act is complete.

Deferred income taxes as of the following period reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of our net deferred tax asset or liability at December 31, 2018 are as follows:

	2018
Deferred tax assets	
Net operating loss	$ 12,424,815
Compensation	13,417
Deferred rent	5,358
State tax	872
Research credits	2,079,173
Total gross deferred tax assets	14,523,635
Valuation allowance	(14,477,372)
Net deferred tax assets	46,263
Deferred tax liabilities	
Depreciable assets	(46,263)
In-process research and development	(2,462,557)
Deferred tax liabilities	(2,508,820)
Net deferred tax liabilities	$ (2,462,557)

Realization of a portion of our deferred tax assets is dependent upon our generating sufficient taxable income in future years to obtain benefit from the reversal of temporary differences.

Management considered all available evidence under existing tax law and anticipated expiration of tax statutes and determined that a valuation allowance of $14,477,372 was required as of December 31, 2018, for those deferred tax assets that are not expected to provide future tax benefits.

The acquisition of Kalyra (see footnotes 2 and 3) resulted in an allocation of the purchase price to In-process Research and Development (IPR&D). Intangible assets acquired in a business combination that are used for IPR&D activities are considered indefinite lived until the completion or abandonment of the associated research and development efforts. As a result of being treated as an indefinite lived asset, the deferred tax liability is not considered to be a future source of taxable income for purposes of determining the Company's realizability of definite lived deferred tax assets and the amount of the valuation allowance to record. We have adopted an accounting policy to not consider indefinite lived deferred tax liabilities as a future source of taxable income with respect to determining the realizability of indefinite lived deferred tax assets and the amount of valuation allowance recorded against the deferred asset related to the federal net operating losses generated beginning January 1, 2018 and the California R&D tax credits, which do not expire.

Zentalis Pharmaceuticals, LLC

At December 31, 2018, we have available net operating loss carryforwards of approximately $44,100,000 for the federal income tax purposes, of which $23,000,000 were generated in 2018 and can be carried forward indefinitely under the Tax Cuts and Jobs Act. The remaining federal net operating loss of $21,100,000, which were generated prior to 2018, will start to expire in 2033 if not utilized.

At December 31, 2018, the net operating losses for state purposes are $45,400,000 and will begin to expire in 2033 if not utilized.

At December 31, 2018, we have federal and state income tax credit carryforwards, net of reserves, of approximately $1,304,000 and $855,000, respectively. The federal credit carryforwards begin to expire in 2033. The state credit carryforwards do not expire.

We have not completed a study to determine whether an ownership change per the provisions of Section 382 of the Internal Revenue Code of 1986, as amended, as well as similar state provisions, has occurred. Utilization of our net operating loss and income tax credit carryforwards may be subject to a substantial annual limitation due to ownership changes that may have occurred or that could occur in the future. These ownership changes may limit the amount of the net operating loss and income tax credit carryover that can be utilized annually to offset future taxable income. In general, an “ownership change” as defined by Section 382 of the Code results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50 percentage points of the outstanding stock of a company by certain stockholders.

Uncertain Tax Positions

In accordance with authoritative guidance, the impact of an uncertain income tax position on the income tax return must be recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained.

The following table reconciles the beginning and ending amount of unrecognized tax benefits for the year ended December 31, 2018:

	2018
Gross unrecognized tax benefits at the beginning of the year	$ 324,366
Additions from tax positions taken in the current year	416,277
Gross unrecognized tax benefits at end of the year	$ 740,643

Of the total unrecognized tax benefits at December 31, 2018, no amount will impact our effective tax rate due to the Company’s full valuation allowance. We do not anticipate that there will be a substantial change in unrecognized tax benefits within the next 12 months.

We recognize interest and penalties related to unrecognized tax positions within the income tax expense line in the accompanying consolidated statements of operations. There were no accrued interest and penalties associated with uncertain tax positions as of December 31, 2018.

We and our subsidiaries are subject to U.S. federal and state income tax, and in the normal course of business, its income tax returns are subject to examination by the relevant taxing authorities. As of December 31, 2018, the 2015—2018 tax years remain subject to examination in the U.S. federal tax and various state tax jurisdictions. However, to the extent allowed by law, the taxing authorities may have the right to examine the period from 2013 through 2018 where net operating losses and income tax credits were generated and carried forward and make adjustments to the amount of the net operating loss and income tax credit carryforward amount. We are not currently under examination by federal or state jurisdictions.

11. Net Loss Per Class A Common Unit

Basic and diluted net loss per Class A common unit were calculated as follows:

	2018
Net loss attributable to Zentalis Pharmaceuticals, LLC	$ (21,067,116)
Weighted average number of common units outstanding, basic and diluted	5,594,385
Net loss per Class A common unit	$ (3.77)

Our potential and dilutive securities, which include preferred units, have been excluded from the computation of diluted net loss per Class A common unit as the effect would be to reduce the net loss per Class A common unit. We considered the impact of presenting a separate earnings per unit calculation for Class B common units. However, as earnings and losses are only allocable to Class B common units after the applicable threshold has been met, and such thresholds have not been met for earnings per unit purposes, no losses were allocated to Class B common units.

The following Class A common unit equivalents have been excluded from the calculations of diluted net loss per Class A common unit because their inclusion would be antidilutive.

	2018
Preferred units, as if converted to Class A common units	5,103,048
Incentive units—Class B common units	1,612,311
	6,715,359

12. Employee Savings Plan

We have an employee savings plan pursuant to Section 401(k) of the Internal Revenue Code. All employees are eligible to participate provided that they meet the requirements of the plan. The Company does not make matching contributions under the plan.

13. Related Party Disclosures

On December 21, 2017, we acquired 17,307,692 shares of Series B preferred stock of Kalyra Pharmaceuticals, Inc. for a per share price of twenty-six cents ($0.26) or approximately $4,500,000. The management team and stockholders of Kalyra are also stockholders of the Company.

Prior to the investment, we entered into a license agreement and a master services agreement with Kalyra. The license agreement was signed and commenced on December 31, 2014 for the exclusive rights to develop and commercialize products derived from Kalyra's technology in the initial area of oncology. The license agreement and all rights was subsequently sold from Kalyra to Recurium IP Holdings, LLC ("Recurium IP"), an entity with common ownership to Kalyra prior to the Zentalis investment. Under the agreement, we have agreed to make payments to Recurium IP based on specific milestones and based on Recurium Equity, LLC's equity ownership stake in us at the time the milestone is earned. Recurium Equity, LLC ("Recurium Equity") is also an entity with common ownership to Kalyra prior to the Zentalis investment. In addition, the Company shall pay low to mid-single digit percentage royalties on net product sales to Recurium IP and sublicense fees on any consideration paid to us by a sublicensor. The royalty payments are also based on Recurium Equity's then equity ownership in us. The license agreement will terminate upon the later of the last expiration of the patent rights or 15 years from the date of commencement.

Zentalis Pharmaceuticals, LLC

The Master Services Agreement ("MSA") was entered into in January 2015 and states that Kalyra may provide research and development services to us and that we shall reimburse such expenses on a time and materials basis based on the initial statements of work. For the year ended December 31, 2018, we incurred $1,262,677 of expense with Kalyra that was eliminated in consolidation for research and development services provided. As of December 31, 2018, $1,233,871 was due to Kalyra and eliminated in consolidation.

We entered into an Intercompany Services Agreement ("ISA") with Kalyra in January 2018 which states that we may provide research and development services to Kalyra and that Kalyra shall reimburse such expenses on a time and materials basis. For the year ended December 31, 2018, we provided $544,898 of research and development services to Kalyra that was eliminated in consolidation. As of December 31, 2018, $544,898 was due from Kalyra and eliminated in consolidation.

14. Subsequent Events

Series C Preferred Unit Issuance

In September 2019, we entered into a Series C Preferred Unit Purchase Agreement (the "Series C Agreement"). Under the terms of the Series C Agreement, we issued 4,847,106 units of Series C convertible preferred units at $17.50 per unit for gross proceeds of $84,824,355. The net proceeds of this financing were $81,883,147 after issuance costs of $2,941,208. After the initial closing of the Series C preferred unit financing, the Company may sell, on the same terms and conditions as those contained in the Series C Agreement additional Series C preferred units with a value of up to $15,175,645 to one or more additional investors within 90 days of the initial closing.

San Diego office expansion

In August 2019, we entered into a sublease for approximately 2,333 square feet of office space in San Diego, California. The lease commenced in October 2019 and continues through February 2022. The lease is subject to approximately 3% annual increases throughout the term of the lease. We also pay for various operating costs, including utilities and real property taxes. The agreement does not contain a renewal option or an early termination provision.

The future minimum lease obligations under the agreement are as follows:

Year-ending December 31,	Payment Amount
2019	$ 30,446
2020	122,696
2021	126,063
2022	10,767
Total:	$ 289,972

New York office lease

In April 2019, we entered into a lease for approximately 4,800 square feet of office space in New York, New York. The lease commenced in May 2019 and continues through June 30, 2023. The lease is subject to approximately 3.0% annual increases throughout the term of the lease. We received lease incentives under the agreement, including tenant allowances and a free rent period. We also pay for various operating costs, including utilities and real property taxes. The agreement does not contain a renewal option but does contain an early termination provision.

Zentalis Pharmaceuticals, LLC

The future minimum lease obligations under the agreement are as follows:

Year-ending December 31,	Payment Amount
2019	$ 227,200
2020	347,280
2021	357,195
2022	367,406
2023	187,192
Total:	$ 1,486,273

For purposes of the financial statements as of December 31, 2018 and the year then ended, the Company evaluated subsequent events for recognition and measurement purposes through January 8, 2020, the date the financial statements were issued. The Company has further evaluated subsequent events for purposes of disclosure through February 14, 2020. Except as described above or elsewhere in these financial statements, the Company has concluded that no events or transactions have occurred that require disclosure.

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Shares

PROSPECTUS

Morgan Stanley

Jefferies

SVB Leerink

Guggenheim Securities

, 2020

Part II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table indicates the expenses to be incurred in connection with the offering described in this registration statement, other than underwriting discounts and commissions, all of which will be paid by us. All amounts are estimated except the Securities and Exchange Commission registration fee, the Financial Industry Regulatory Authority, Inc., or FINRA, filing fee and the Nasdaq listing fee.

	Amount
Securities and Exchange Commission registration fee	$ *
FINRA filing fee	*
Initial listing fee	*
Accountants' fees and expenses	*
Legal fees and expenses	*
Blue Sky fees and expenses	*
Transfer Agent's fees and expenses	*
Printing and engraving expenses	*
Miscellaneous	*
Total expenses	$ *

* To be filed by amendment.

Item 14. Indemnification of Directors and Officers.

Prior to the closing of the offering to which this Registration Statement relates, Zentalis Pharmaceuticals, LLC intends to convert into a Delaware corporation pursuant to a statutory conversion, and will change its name to Zentalis Pharmaceuticals, Inc. Section 102 of the DGCL permits a corporation to eliminate the personal liability of directors of a corporation to the corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director, except where the director breached his duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit. Our certificate of incorporation to be effective upon the corporate conversion will provide that no director of the Registrant shall be personally liable to it or its stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability, except to the extent that the DGCL prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty.

Section 145 of the DGCL provides that a corporation has the power to indemnify a director, officer, employee, or agent of the corporation, or a person serving at the request of the corporation for another corporation, partnership, joint venture, trust or other enterprise in related capacities against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with an action, suit or proceeding to which he was or is a party or is threatened to be made a party to any threatened, ending or completed action, suit or proceeding by reason of such position, if such person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful, except that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Our certificate of incorporation to be effective upon the corporate conversion will provide that we will indemnify each person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of us) by reason of the fact that he or she is or was, or has agreed to become, a director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (all such persons being referred to as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding and any appeal therefrom, if such Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, and, with respect to any criminal action or proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. Our restated certificate of incorporation provides that we will indemnify any Indemnitee who was or is a party to an action or suit by or in the right of us to procure a judgment in our favor by reason of the fact that the Indemnitee is or was, or has agreed to become, a director or officer, or is or was serving, or has agreed to serve, at our request as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees) and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding, and any appeal therefrom, if the Indemnitee acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, our best interests, except that no indemnification shall be made with respect to any claim, issue or matter as to which such person shall have been adjudged to be liable to us, unless a court determines that, despite such adjudication but in view of all of the circumstances, he or she is entitled to indemnification of such expenses. Notwithstanding the foregoing, to the extent that any Indemnitee has been successful, on the merits or otherwise, he or she will be indemnified by us against all expenses (including attorneys' fees) actually and reasonably incurred in connection therewith. Expenses must be advanced to an Indemnitee under certain circumstances.

We intend to enter into indemnification agreements with each of our directors and officers. These indemnification agreements may require us, among other things, to indemnify our directors and officers for some expenses, including attorneys' fees, judgments, fines and settlement amounts incurred by a director or officer in any action or proceeding arising out of his or her service as one of our directors or officers, or any of our subsidiaries or any other company or enterprise to which the person provides services at our request.

We maintain a general liability insurance policy that covers certain liabilities of directors and officers of our corporation arising out of claims based on acts or omissions in their capacities as directors or officers.

In any underwriting agreement we enter into in connection with the sale of common stock being registered hereby, the underwriters will agree to indemnify, under certain conditions, us, our directors, our officers and persons who control us within the meaning of the Securities Act, against certain liabilities.

Item 15. Recent Sales of Unregistered Securities.

Set forth below is information regarding unregistered securities issued by us within the past three years. Also included is the consideration received by us for such unregistered securities and information relating to the section of the Securities Act, or rule of the Securities and Exchange Commission, under which exemption from registration was claimed.

1. In December 2017, we issued and sold 2,735,320 Series B convertible preferred units for an aggregate purchase price of $34,000,027.
2. In January 2018, we issued and sold an additional 764,281 Series B convertible preferred units for an aggregate purchase price of $9,500,023.

3. In August 2018, we issued and sold an additional 24,138 Series B convertible preferred units for an aggregate purchase price of $300,035.

4. In September 2019, we issued and sold 4,847,106 Series C convertible preferred units for an aggregate purchase price of $84,824,355.

The offer and sale of all securities listed in this item 15 was made to a limited number of accredited investors and qualified institutional buyers in reliance upon exemptions from the registration requirements pursuant to Section 4(a)(2) under the Securities Act and Regulation D promulgated under the Securities Act. Individuals who purchased securities as described above represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were affixed to the share certificates issued in such transactions.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits.

Exhibit Number	Description of Exhibit
1.1*	Form of Underwriting Agreement
2.1*	Form of Plan of Conversion
2.2*	Form of Certificate of Conversion of Zentalis Pharmaceuticals, LLC
3.1*	Form of Certificate of Incorporation of Zentalis Pharmaceuticals, Inc., to be in effect upon completion of the Registrant's conversion from a limited liability company to a corporation
3.2*	Form of Bylaws of Zentalis Pharmaceuticals, Inc., to be in effect upon completion of the Registrant's conversion from a limited liability company to a corporation
3.3*	Second Amended and Restated Limited Liability Company Agreement of Zentalis Pharmaceuticals, LLC
4.1	Amended and Restated Investors' Rights Agreement, dated as of September 6, 2019, by and among Zentalis Pharmaceuticals, LLC and the investors party thereto
4.2*	Specimen Common Stock Certificate evidencing the shares of common stock
5.1*	Opinion of Latham & Watkins LLP
10.1*	Zentalis Pharmaceuticals, LLC 2017 Profits Interest Plan, as amended, and form of profit interest award agreement thereunder
10.2*	2020 Incentive Award Plan and form of option agreements thereunder
10.3*	Non-Employee Director Compensation Program
10.4*	2020 Employee Stock Purchase Plan
10.5*	Form of Indemnification Agreement for Directors and Officers
10.6	Lease Agreement, dated April 12, 2019, between Zeno Management, Inc. and G&S Realty I, LLC
10.7	Sublease Agreement, dated September 16, 2019, between Zeno Management, Inc. and Lundbeck La Jolla Research Center, Inc.
10.8	Lease Agreement, dated November 12, 2015, between the Registrant and BMR-Road to the Cure, LP
10.9	First Amendment to Lease Agreement, dated December 6, 2018, between the Registrant and BMR-Road to the Cure, LP

Exhibit Number	Description of Exhibit
10.10*	Amended and Restated Employment Agreement, dated February 1, 2019, by and between Zeno Management, Inc. and Anthony Y. Sun, M.D.
10.11*	Employment Agreement, dated September 5, 2019, by and between the Zeno Management, Inc. and Melissa Epperly
10.12*	Employment Agreement, dated February 1, 2019, by and between Zeno Management, Inc. and Kevin Bunker, Ph.D.
10.13*	Employment Agreement, dated February 1, 2019, by and between Zeno Management, Inc. and Robert Winkler, M.D.
10.14*	Consulting Agreement, dated February 1, 2019, by and between Zeno Management, Inc. and Cam Gallagher
10.15†	Second Amended and Restated License Agreement, dated September 6, 2019, between the Registrant and Recurium IP Holdings, LLC
21.1*	Subsidiaries of the Registrant
23.1*	Consent of Independent Registered Public Accounting Firm
23.2*	Consent of Latham & Watkins LLP (included in Exhibit 5.1)
24.1*	Power of Attorney (included on signature page)

* To be filed by amendment.
\# Indicates management contract or compensatory plan.
† Portions of this exhibit (indicated by asterisks) have been redacted in compliance with Regulation S-K Item 601(b)(10)(iv).

(b) Financial Statement Schedules. Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or notes thereto.

Item 17. Undertakings.

The undersigned registrant hereby undertakes to provide to the underwriter, at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained

in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in , , on this day of , 2020.

ZENTALIS PHARMACEUTICALS, LLC

By: _____
Anthony Y. Sun, M.D.
Chief Executive Officer and Chairman

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SIGNATURES AND POWER OF ATTORNEY

We, the undersigned officers and directors of Zentalis Pharmaceuticals, LLC, hereby severally constitute and appoint Anthony Y. Sun and Melissa Epperly, and each of them singly (with full power to each of them to act alone), our true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them for him and in his name, place and stead, and in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement (or any other registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933), and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as full to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities held on the dates indicated.

Signature	Title	Date
Anthony Y. Sun, M.D.	Chief Executive Officer and Chairman (principal executive officer)	, 2020
Melissa B. Epperly	Chief Financial Officer (principal financial officer and principal accounting officer)	, 2020
Cam S. Gallagher	Director	, 2020
David E. Goel	Director	, 2020
Karan S. Takhar	Director	, 2020
David M. Johnson	Director	, 2020

Certain information in this document identified by brackets has been omitted because it is both not material and would be competitively harmful if publicly disclosed.

Exhibit 4.1

AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

THIS AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT is made as of September 6, 2019 by and among Zeno Pharma, LLC, a Delaware limited liability company (the "***Company***") and each of the investors listed on **SCHEDULE A** hereto, each of which is referred to in this Agreement as an "***Investor***."

RECITALS

A. Certain of the Investors (the "***Existing Investors***") hold Series A Preferred Units, Series B Preferred Units and/or Class A Common Units issued upon conversion thereof and possess registration rights, information rights, rights of first offer, and other rights pursuant to an Investors' Rights Agreement dated as of December 21, 2017 between the Company and such Investors (the "***Prior Agreement***").

B. The Existing Investors and the Company desire to amend and restate the Prior Agreement in its entirety and to accept the rights created pursuant to this Agreement in lieu of the rights granted to the Existing Investors under the Prior Agreement.

C. Certain of the Investors are parties to that certain Series C Preferred Unit Purchase Agreement of even date herewith between the Company and certain of the Investors (the "***Purchase Agreement***"), under which certain of the Company's and such Investors' obligations are conditioned upon the execution and delivery of this Agreement.

NOW, THEREFORE, the parties, intending to be legally bound, hereby agree as follows:

1. Definitions. For purposes of this Agreement:

1.1 "***Affiliate***" means, with respect to any specified Person, any other Person that directly or indirectly controls, is under common control with, or is controlled by, such specified Person, including without limitation any general partner, managing member, officer, director or trustee of such Person, or any venture capital fund, registered investment company, investment fund or separate account now or hereafter existing that is controlled by one or more general partners, managing members or investment adviser of, or shares the same management company or investment adviser with, such Person. As used in this definition, "control," including, its correlative meanings, "controlled by" and "under common control with," shall mean possession of power to direct or cause the direction of management or policies (whether through ownership of voting securities or partnership or other ownership interests, by contract or otherwise).

1.2 "***Class A Common Units***" means the Company's Class A Common Units, as defined in the LLC Agreement.

1.3 "***Class B Common Units***" means the Company's Class B Common Units, as defined in the LLC Agreement.

1.4 "***Corporate Subsidiary(ies)***" means any corporation the majority of the capital stock of which, directly, or indirectly through or one or more Persons, (a) the Company has the right to acquire or (b) is owned or controlled by the Company. As used in this definition, "control," including, its correlative meanings, "controlled by" and "under common control with," shall mean possession, directly or indirectly, of power to direct or cause the direction of management.

1.5 "***Damages***" means any loss, damage, claim or liability (joint or several) to which a party hereto may become subject under the Securities Act, the Exchange Act, or other federal or state law, insofar as such loss, damage, claim or liability (or any action in respect thereof) arises out of or is based upon (a) any untrue statement or alleged untrue statement of a material fact contained in any registration statement of the Company, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto; (b) an omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or (c) any violation or alleged violation by the indemnifying party (or any of its agents or Affiliates) of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law.

1.6 "***Deemed Liquidation Event***" shall have the meaning given to such term in the LLC Agreement.

1.7 ***"Derivative Securities***" means any securities or rights convertible into, or exercisable or exchangeable for (in each case, directly or indirectly), Class A Common Units, including options and warrants.

1.8 "***Eventide***" means Mutual Fund Series Trust, On Behalf of Eventide Healthcare & Life Sciences Fund.

1.9 "***Exchange Act***" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

1.10 "***Excluded Registration***" means (a) a registration relating to the sale of securities to employees of the Company or a subsidiary pursuant to an equity incentive plan or similar plan; (b) a registration relating to an SEC Rule 145 transaction; (c) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; or (d) a registration in which the only securities being registered are securities issuable upon conversion of debt securities that are also being registered.

1.11 "***Farallon***" means Zone Healthcare Holdings, LLC together with any of its Affiliates.

1.12 "***Form S-1***" means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC.

1.13 "***Form S-3***" means such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC that permits incorporation of substantial information by reference to other documents filed by the Company with the SEC.

1.14 "***GAAP***" means generally accepted accounting principles in the United States, as in effect from time to time.

1.15 "***Holder***" means any Investor owning Registrable Securities.

1.16 "***Immediate Family Member***" means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, of a natural person referred to herein.

1.17 "***Initiating Holders***" means, collectively, Holders who properly initiate a registration request under this Agreement.

1.18 "***Investment Fund***" has the meaning set forth in Section 3.4.

1.19 "***IPO***" means the Company's first underwritten public offering of its securities under the Securities Act; it being acknowledged that such public offering may only occur after the conversion of the Company to a corporation as contemplated by Article 8 of the LLC Agreement.

1.20 "***LLC Agreement***" means that certain Second Amended and Restated Limited Liability Company Agreement, dated as of the date hereof, by and among the Company and the other parties thereto, as amended and/or restated from time to time after the date hereof.

1.21 "***Major Investor***" means any Investor that, individually or together with such Investor's Affiliates, holds at least 571,429 units of Registrable Securities (as adjusted for any unit split, distribution, combination, or other recapitalization or reclassification effected after the date hereof), and Mayo Clinic.

1.22 "***Matrix***" shall mean Matrix Capital Management Master Fund, LP, together with its Affiliates.

1.23 "***Member***" shall have the meaning given to such term in the LLC Agreement.

1.24 "***New Securities***" means, collectively, units and any other equity securities of the Company or its subsidiaries, whether or not currently authorized, as well as rights, options, or warrants to purchase such units or other equity securities, or securities of any type whatsoever that are, or may become, convertible or exchangeable into or exercisable for such units or other equity securities.

1.25 "***Perceptive***" means Perceptive Life Sciences Master Fund LTD.

1.26 "***Person***" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

1.27 "***Preferred Units***" means, collectively, the Company's Series A Preferred Units, Series B Preferred Units and Series C Preferred Units.

1.28 "***Redmile***" means Redmile Biopharma Investments II, L.P.

1.29 "***Registrable Securities***" means (a) the Class A Common Units issuable or issued upon conversion of the Preferred Units; (b) any Class A Common Units, or any Class A Common Units issued or issuable (directly or indirectly) upon conversion and/or exercise of any other securities of the Company, acquired by the Investors after the date hereof; (c) any Class A Common Units issued as (or issuable upon the conversion or exercise of any warrant, right, or other security that is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, the Class A Common Units referenced in clauses (a) and (b) above (including without limitation, any common equity securities issued or issuable in connection with a combination of securities, recapitalization, merger, consolidation or reorganization of the Company as a corporation as set forth in Article 8 of the LLC Agreement or any other reorganization); excluding in all cases, however, any Registrable Securities sold by a Person in a transaction in which the applicable rights under this Agreement are not assigned pursuant to Section 6.1, and excluding for purposes of Section 2 any Class A Common Units for which registration rights have terminated pursuant to Section 2.13 of this Agreement.

1.30 "***Registrable Securities then outstanding***" means the number of units determined by adding the number of outstanding Class A Common Units that are Registrable Securities and the number of Class A Common Units issuable (directly or indirectly) pursuant to then exercisable and/or convertible securities that are Registrable Securities.

1.31 "***Restricted Securities***" means the securities of the Company required to bear the legend set forth in Section 2.12 hereof.

1.32 "***SEC***" means the Securities and Exchange Commission.

1.33 "***SEC Rule 144***" means Rule 144 promulgated by the SEC under the Securities Act.

1.34 "***SEC Rule 145***" means Rule 145 promulgated by the SEC under the Securities Act.

1.35 "***Securities Act***" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

1.36 "***Selling Expenses***" means all underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Securities, and fees and disbursements of counsel for any Holder, except for the fees and disbursements of the Selling Holder Counsel borne and paid by the Company as provided in Section 2.6.

1.37 "***Series A Preferred Units***" means the Company's Series A Preferred Units, as defined in the LLC Agreement.

1.38 "***Series B Preferred Units***" means the Company's Series B Preferred Units, as defined in the LLC Agreement.

1.39 "***Series C Preferred Units***" means the Company's Series C Preferred Units, as defined in the LLC Agreement.

1.40 "***Surveyor***" shall mean Citadel Multi-Strategy Equities Master Fund Ltd., together with its Affiliates.

1.41 "***Viking***" shall mean Viking Global Opportunities Illiquid Investments Sub-Master LP, together with its Affiliates.

2. Registration Rights. The Company covenants and agrees as follows:

2.1 Demand Registration.

(a) **Form S-1 Demand.** If at any time following the date that is one hundred eighty (180) days after the effective date of the registration statement for the IPO, the Company receives a request from Holders of at least a majority of the Registrable Securities then outstanding that the Company file a Form S-1 registration statement with respect to at least thirty percent (30%) of the Registrable Securities then outstanding (or a lesser percent if the anticipated aggregate offering price, net of Selling Expenses, would exceed $10,000,000), then the Company shall (x) within ten (10) days after the date such request is given, give notice thereof (the "***Demand Notice***") to all Holders other than the Initiating Holders; and (y) as soon as practicable, and in any event within sixty (60) days after the date such request is given by the Initiating Holders, file a Form S-1 registration statement under the Securities Act covering all Registrable Securities that the Initiating Holders requested to be registered and any additional Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within twenty (20) days of the date the Demand Notice is given, and in each case, subject to the limitations of Section 2.1(c) and Section 2.3.

(b) **Form S-3 Demand.** If at any time when it is eligible to use a Form S-3 registration statement, the Company receives from any Holder or Holders of at least ten percent (10%) of the Registrable Securities then outstanding a request that the Company file a Form S-3 registration statement with respect to outstanding Registrable Securities of such Holder or Holders having an anticipated aggregate offering price, net of Selling Expenses, of at least $1,000,000, then the Company shall (i) within ten (10) days after the date such request is given, give a Demand Notice to all Holders other than the Initiating Holders; and (ii) as soon as practicable, and in any event within forty-five (45) days after the date such request is given by the Initiating Holders, file a Form S-3 registration statement under the Securities Act covering all Registrable Securities that the Initiating Holders requested to be registered and any additional Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within twenty (20) days of the date the Demand Notice is given, and in each case, subject to the limitations of Section 2.1(c) and Section 2.3.

(c) Notwithstanding the foregoing obligations, if the Company furnishes to Holders requesting a registration pursuant to this Section 2.1 a certificate signed by the Company's chief executive officer stating that in the good faith judgment of the Company's Board of Directors (the "***Board***") it would be materially detrimental to the Company and its Members for such registration statement to either become effective or remain effective for as long as such registration statement otherwise would be required to remain effective, because such action would (i) materially interfere with a significant acquisition, corporate reorganization, or other similar transaction involving the Company; (ii) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential; or (iii) render the Company unable to comply with requirements under the Securities Act or Exchange Act, then the Company shall have the right to defer taking action with respect to such filing, and any time periods with respect to filing or effectiveness thereof shall be tolled correspondingly, for a period of not more than ninety (90) days after the request of the Initiating Holders is given for any registration pursuant to Section 2.1(a) or 2.1(b); *provided, however*, that the Company may not invoke this right more than twice in any twelve (12) month period; and *provided further* that the Company shall not register any securities for its own account or that of any other Member during such ninety-day period, other than an Excluded Registration.

(d) The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Section 2.1(a): (i) during the period that is sixty (60) days before the Company's good faith estimate of the date of filing of, and ending on a date that is one hundred eighty (180) days after the effective date of, a Company-initiated registration, *provided*, that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; (ii) after the Company has effected two (2) registrations pursuant to Section 2.1(a); or (iii) if the Initiating Holders propose to dispose of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Section 2.1(b). The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Section 2.1(b): (A) during the period that is thirty (30) days before the Company's good faith estimate of the date of filing of, and ending on a date that is ninety (90) days after the effective date of, a Company-initiated registration, *provided*, that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; or (B) if the Company has effected two (2) registrations pursuant to Section 2.1(b) within the twelve (12) month period immediately preceding the date of such request. A registration shall not be counted as "effected" for purposes of this Section 2.1(d) until such time as the applicable registration statement has been declared effective by the SEC, unless the Initiating Holders withdraw their request for such registration, elect not to pay the registration expenses therefor, and forfeit their right to one demand registration statement pursuant to Section 2.6, in which case such withdrawn registration statement shall be counted as "effected" for purposes of this Section 2.1(d); provided, that if such withdrawal is during a period the Company has deferred taking action pursuant to Section 2.1(c), then the Initiating Holders may withdraw their request for registration and such registration will not be counted as "effected" for purposes of this Section 2.1(d).

2.2 Company Registration. If the Company proposes to register (including, for this purpose, a registration effected by the Company for Members other than the Holders) any of its securities under the Securities Act in connection with the public offering of such securities solely for cash (other than in an Excluded Registration), the Company shall, at such time, promptly give each Holder notice of such registration. Upon the request of each Holder given within twenty (20) days after such notice is given by the Company, the Company shall, subject to the provisions

of Section 2.3, cause to be registered all of the Registrable Securities that each such Holder has requested to be included in such registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 2.2 before the effective date of such registration, whether or not any Holder has elected to include Registrable Securities in such registration. The expenses (other than Selling Expenses) of such withdrawn registration shall be borne by the Company in accordance with Section 2.6.

2.3 Underwriting Requirements.

(a) If, pursuant to Section 2.1, the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to Section 2.1, and the Company shall include such information in the Demand Notice. The underwriter(s) will be selected by the Company and shall be reasonably acceptable to a majority in interest of the Initiating Holders. In such event, the right of any Holder to include such Holder's Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in Section 2.4(e)) enter into an underwriting agreement in customary form with the underwriter(s) selected for such underwriting. Notwithstanding any other provision of this Section 2.3, if the underwriter(s) advise(s) the Initiating Holders in writing that marketing factors require a limitation on the number of securities to be underwritten, then the Initiating Holders shall so advise all Holders of Registrable Securities that otherwise would be underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be allocated among such Holders of Registrable Securities, including the Initiating Holders, in proportion (as nearly as practicable) to the number of Registrable Securities owned by each Holder or in such other proportion as shall mutually be agreed to by all such selling Holders; *provided, however*, that the number of Registrable Securities held by the Holders to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting. To facilitate the allocation of securities in accordance with the above provisions, the Company or the underwriters may round the number of securities allocated to any Holder to the nearest one hundred (100) securities.

(b) In connection with any offering involving an underwriting of the Company's securities pursuant to Section 2.2, the Company shall not be required to include any of the Holders' Registrable Securities in such underwriting unless the Holders accept the terms of the underwriting as agreed upon between the Company and its underwriters, and then only in such quantity as the underwriters in their sole discretion determine will not jeopardize the success of the offering by the Company. If the total number of securities, including Registrable Securities, requested by Members to be included in such offering exceeds the number of securities to be sold (other than by the Company) that the underwriters in their reasonable discretion determine is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters and the Company in their sole discretion determine will not jeopardize the success of the offering. If the underwriters determine that less than all of the Registrable Securities requested to be registered can be included in such offering, then the Registrable Securities that are included in such offering shall be allocated among the selling Holders in proportion (as nearly as practicable

to) the number of Registrable Securities owned by each selling Holder or in such other proportions as shall mutually be agreed to by all such selling Holders. To facilitate the allocation of securities in accordance with the above provisions, the Company or the underwriters may round the number of securities allocated to any Holder to the nearest one hundred (100) securities. Notwithstanding the foregoing, in no event shall (i) the number of Registrable Securities included in the offering be reduced unless all other securities (other than securities to be sold by the Company) are first entirely excluded from the offering, or (ii) the number of Registrable Securities included in the offering be reduced below twenty-five percent (25%) of the total number of securities included in such offering, unless such offering is the IPO, in which case the selling Holders may be excluded further if the underwriters make the determination described above and no other Member's securities are included in such offering. For purposes of the provision in this Section 2.3(b) concerning apportionment, for any selling Holder that is a partnership, limited liability company, or corporation, the partners, members, retired partners, retired members, stockholders, and Affiliates of such Holder, or the estates and Immediate Family Members of any such partners, retired partners, members, and retired members and any trusts for the benefit of any of the foregoing Persons, shall be deemed to be a single "selling Holder," and any pro rata reduction with respect to such "selling Holder" shall be based upon the aggregate number of Registrable Securities owned by all Persons included in such "selling Holder," as defined in this sentence.

(c) For purposes of Section 2.1, a registration shall not be counted as "effected" if, as a result of an exercise of the underwriter's cutback provisions in Section 2.3(a), fewer than fifty percent (50%) of the total number of Registrable Securities that Holders have requested to be included in such registration statement are actually included.

2.4 Obligations of the Company. Whenever required under this Section 2 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its commercially reasonable efforts to cause such registration statement to become effective and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to one hundred twenty (120) days or, if earlier, until the distribution contemplated in the registration statement has been completed; *provided*, *however*, that (i) such one hundred twenty (120) day period shall be extended for a period of time equal to the period the Holder refrains, at the request of an underwriter of securities of the Company, from selling any securities included in such registration;

(b) prepare and file with the SEC such amendments and supplements to such registration statement, and the prospectus used in connection with such registration statement, as may be necessary to comply with the Securities Act in order to enable the disposition of all securities covered by such registration statement;

(c) furnish to the selling Holders such numbers of copies of a prospectus, including a preliminary prospectus, as required by the Securities Act, and such other documents as the Holders may reasonably request in order to facilitate their disposition of their Registrable Securities;

(d) use its commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or blue-sky laws of such jurisdictions as shall be reasonably requested by the selling Holders; *provided that* the Company shall not be required to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the underwriter(s) of such offering;

(f) use its commercially reasonable efforts to cause all such Registrable Securities covered by such registration statement to be listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(g) provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and provide a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(h) promptly make available for inspection by the selling Holders, any underwriter(s) participating in any disposition pursuant to such registration statement, and any attorney or accountant or other agent retained by any such underwriter or selected by the selling Holders, all financial and other records, pertinent corporate documents, and properties of the Company, and cause the Company's officers, directors, employees, and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant, or agent, in each case, as necessary or advisable to verify the accuracy of the information in such registration statement and to conduct appropriate due diligence in connection therewith;

(i) notify each selling Holder, promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or a supplement to any prospectus forming a part of such registration statement has been filed; and

(j) after such registration statement becomes effective, notify each selling Holder of any request by the SEC that the Company amend or supplement such registration statement or prospectus.

2.5 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 2 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as is reasonably required to effect the registration of such Holder's Registrable Securities.

2.6 Expenses of Registration. All expenses (other than Selling Expenses) incurred in connection with registrations, filings, or qualifications pursuant to Section 2, including all registration, filing, and qualification fees; printers' and accounting fees; fees and disbursements of counsel for the Company; and the reasonable fees and disbursements, not to exceed $25,000 per registration, of one counsel for the selling Holders ("***Selling Holder Counsel***"), shall be borne and paid by the Company; *provided*, *however*, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 2.1 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all selling Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one registration pursuant to Section 2.1(a) or Section 2.1(b), as the case may be; *provided further* that if, at the time of such withdrawal, the Holders shall have learned of a material adverse change in the financial condition, business, or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness after learning of such information, then the Holders shall not be required to pay any of such expenses and shall not forfeit their right to one registration pursuant to Section 2.1(a) or Section 2.1(b). All Selling Expenses relating to Registrable Securities registered pursuant to this Section 2 shall be borne and paid by the Holders pro rata on the basis of the number of Registrable Securities registered on their behalf.

2.7 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

2.8 Indemnification. If any Registrable Securities are included in a registration statement under this Section 2:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each selling Holder, and the partners, members, officers, directors, and stockholders of each such Holder; legal counsel and accountants for each such Holder; any underwriter (as defined in the Securities Act) for each such Holder; and each Person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any Damages, and the Company will pay to each such Holder, underwriter, controlling Person, or other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; *provided*, *however*, that the indemnity agreement contained in this Section 2.8(a) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable for any Damages to the extent that they arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of any such Holder, underwriter, controlling Person, or other aforementioned Person expressly for use in connection with such registration.

(b) To the extent permitted by law, each selling Holder, severally and not jointly, will indemnify and hold harmless the Company, and each of its directors, each of its officers who has signed the registration statement, each Person (if any), who controls the Company within the meaning of the Securities Act, legal counsel and accountants for the Company, any underwriter (as defined in the Securities Act), any other Holder selling securities in such

registration statement, and any controlling Person of any such underwriter or other Holder, against any Damages, in each case only to the extent that such Damages arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of such selling Holder expressly for use in connection with such registration; and each such selling Holder will pay to the Company and each other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; *provided, however*, that the indemnity agreement contained in this Section 2.8(b) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; and *provided further* that in no event shall the aggregate amounts payable by any Holder by way of indemnity or contribution under Sections 2.8(b) and 2.8(e) exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of fraud or willful misconduct by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 2.8 of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification hereunder, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 2.8, give the indemnifying party notice of the commencement thereof. The indemnifying party shall have the right to participate in such action and, to the extent the indemnifying party so desires, participate jointly with any other indemnifying party to which notice has been given, and to assume the defense thereof with counsel mutually satisfactory to the parties; *provided, however*, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such action. The failure to give notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of any liability to the indemnified party under this Section 2.8, to the extent that such failure materially prejudices the indemnifying party's ability to defend such action.

(d) Notwithstanding anything else herein to the contrary, the foregoing indemnity agreements of the Company and the selling Holders are subject to the condition that, insofar as they relate to any Damages arising from any untrue statement or alleged untrue statement of a material fact contained in, or omission or alleged omission of a material fact from, a preliminary prospectus (or necessary to make the statements therein not misleading) that has been corrected in the form of prospectus included in the registration statement at the time it becomes effective, or any amendment or supplement thereto filed with the SEC pursuant to Rule 424(b) under the Securities Act (the "***Final Prospectus***"), such indemnity agreement shall not inure to the benefit of any Person if a copy of the Final Prospectus was furnished to the indemnified party and such indemnified party failed to deliver, at or before the confirmation of the sale of the securities registered in such offering, a copy of the Final Prospectus to the Person asserting the loss, liability, claim, or damage in any case in which such delivery was required by the Securities Act.

(e) To provide for just and equitable contribution to joint liability under the Securities Act in any case in which either (i) any party otherwise entitled to indemnification hereunder makes a claim for indemnification pursuant to this Section 2.8 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case, notwithstanding the fact that this Section 2.8 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any party hereto for which indemnification is provided under this Section 2.8, then, and in each such case, such parties will contribute to the aggregate losses, claims, damages, liabilities, or expenses to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of each of the indemnifying party and the indemnified party in connection with the statements, omissions, or other actions that resulted in such loss, claim, damage, liability, or expense, as well as to reflect any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact, or the omission or alleged omission of a material fact, relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission; *provided, however*, that, in any such case, (1) no Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement, and (2) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation; and *provided further* that in no event shall a Holder's liability pursuant to this Section 2.8(e), when combined with the amounts paid or payable by such Holder pursuant to Section 2.8(b), exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of willful misconduct or fraud by such Holder.

(f) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(g) Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offering, the obligations of the Company and Holders under this Section 2.8 shall survive the completion of any offering of Registrable Securities in a registration under this Section 2, and otherwise shall survive the termination of this Agreement.

2.9 Reports Under Exchange Act. With a view to making available to the Holders the benefits of SEC Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company shall:

(a) make and keep available adequate current public information, as those terms are understood and defined in SEC Rule 144, at all times after the effective date of the registration statement filed by the Company for the IPO;

(b) use commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after the Company has become subject to such reporting requirements); and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) to the extent accurate, a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the registration statement filed by the Company for the IPO), the Securities Act, and the Exchange Act (at any time after the Company has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after the Company so qualifies) and (ii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration (at any time after the Company has become subject to the reporting requirements under the Exchange Act) or pursuant to Form S-3 (at any time after the Company so qualifies to use such form).

2.10 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the Registrable Securities then outstanding, enter into any agreement with any holder or prospective holder of any securities of the Company that would (a) allow such holder or prospective holder to include such securities in any registration unless, under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not reduce the number of the Registrable Securities of the Holders that are included or (b) allow such holder or prospective holder to initiate a demand for registration of any securities held by such holder or prospective holder; *provided that* this limitation shall not apply to any additional Investor who becomes a party to this Agreement in accordance with Section 6.9.

2.11 "Market Stand off" Agreement. Each Holder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the registration by the Company of its equity securities under the Securities Act on a registration statement on Form S-1 or Form S-3, and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days in the case of the IPO): (a) lend; offer; pledge; sell; contract to sell; sell any option or contract to purchase; purchase any option or contract to sell; grant any option, right, or warrant to purchase; or otherwise transfer or dispose of, directly or indirectly, any shares of common stock of the IPO Corporation (as defined in the LLC Agreement), as converted from the Company's units or any securities convertible into or exercisable or exchangeable (directly or indirectly) for the Company's units held immediately before the effective date of the registration statement for such offering or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (a) or (b) above is to be settled by delivery of securities, in cash, or otherwise. The foregoing provisions of this Section 2.11 shall apply only to the IPO, shall not apply to transactions relating to shares of common stock of the IPO Corporation or other securities acquired (y) in the IPO or (z) open market transactions from and after the IPO, shall not apply to the transfer of any shares or other securities owned by a Holder in the Company to its

Affiliates or any of the Holder's stockholders, members, partners or other equity holders; provided that the Affiliate, stockholder member, partner or other equity holder of the Holder agrees to be bound in writing by the restrictions set forth herein, shall not apply to the sale of any securities to an underwriter pursuant to an underwriting agreement and shall be applicable to the Holders only if all officers and directors are subject to the same restrictions and the Company obtains a similar agreement from all equityholders individually, and together with their Affiliates, owning one percent (1%) or more of the IPO Corporation's common stock, as converted from the Company's units. The underwriters in connection with such registration are intended third-party beneficiaries of this Section 2.11 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with such registration that are consistent with this Section 2.11 or that are necessary to give further effect thereto. Any discretionary waiver or termination of the restrictions of any or all of such agreements by the Company or the underwriters shall apply pro rata to all Company equityholders that are subject to such agreements, based on the number of shares subject to such agreements.

2.12 Restrictions on Transfer.

(a) The Preferred Units and the Registrable Securities shall not be sold, pledged, or otherwise transferred, and the Company shall not recognize and shall issue stop-transfer instructions to its transfer agent with respect to any such sale, pledge, or transfer, except upon the conditions specified in this Agreement, which conditions are intended to ensure compliance with the provisions of the Securities Act. A transferring Holder will cause any proposed purchaser, pledgee, or transferee of the Preferred Units and the Registrable Securities held by such Holder to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Agreement.

(b) Each certificate, instrument or book entry representing (i) the Preferred Units, (ii) the Registrable Securities, and (iii) any other securities issued in respect of the securities referenced in clauses (i) and (ii), upon any unit split, distribution, recapitalization, merger, consolidation, or similar event, shall (unless otherwise permitted by the provisions of Section 2.12(c)) be notated with a legend substantially in the following form:

THE SECURITIES REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. SUCH UNITS MAY NOT BE SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR A VALID EXEMPTION FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT.

THE SECURITIES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE MEMBER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

The Holders consent to the Company making a notation in its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer set forth in this Section 2.12.

(c) The holder of such Restricted Securities, by acceptance of ownership thereof, agrees to comply in all respects with the provisions of this Section 2. Before any proposed sale, pledge, or transfer of any Restricted Securities, unless there is in effect a registration statement under the Securities Act covering the proposed transaction, the Holder thereof shall give notice to the Company of such Holder's intention to effect such sale, pledge, or transfer. Each such notice shall describe the manner and circumstances of the proposed sale, pledge, or transfer in sufficient detail and, if reasonably requested by the Company, shall be accompanied at such Holder's expense by either (i) a written opinion of legal counsel who shall, and whose legal opinion shall, be reasonably satisfactory to the Company, addressed to the Company, to the effect that the proposed transaction may be effected without registration under the Securities Act; (ii) a "no action" letter from the SEC to the effect that the proposed sale, pledge, or transfer of such Restricted Securities without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto; or (iii) any other evidence reasonably satisfactory to counsel to the Company to the effect that the proposed sale, pledge, or transfer of the Restricted Securities may be effected without registration under the Securities Act, whereupon the Holder of such Restricted Securities shall be entitled to sell, pledge, or transfer such Restricted Securities in accordance with the terms of the notice given by the Holder to the Company. The Company will not require such a legal opinion or "no action" letter (1) in any transaction in compliance with SEC Rule 144 or (2) in any transaction in which such Holder transfers Restricted Securities to an Affiliate of such Holder; *provided that* each transferee agrees in writing to be subject to the terms of this Section 2.12. Notwithstanding the foregoing, the Company shall be obligated to reissue promptly unlegended certificates or book entries at the request of any Holder thereof if the Company (or the IPO Corporation, as the case may be) has completed its IPO and the Holder shall have obtained an opinion of counsel (which counsel may be counsel to the Company (or the IPO Corporation, as the case may be)) to the effect that the securities proposed to be disposed of may lawfully be so disposed of without registration, qualification and legend, provided that the second legend listed above shall be removed only at such time as the Holder of such certificate is no longer subject to any restrictions hereunder. Each certificate, instrument, or book entry representing the Restricted Securities transferred as above provided shall bear, except if such transfer is made pursuant to SEC Rule 144, the appropriate restrictive legend set forth in Section 2.12(b), except that such certificate, instrument, or book entry shall not bear such restrictive legend if, in the opinion of counsel for such Holder and the Company, such legend is not required in order to establish compliance with any provisions of the Securities Act.

2.13 Termination of Registration Rights. The right of any Holder to request registration or inclusion of Registrable Securities in any registration pursuant to Section 2.1 or Section 2.2 shall terminate upon the earliest to occur of: (a) the closing of a Deemed Liquidation Event; (b) such time as Rule 144 or another similar exemption under the Securities Act is available for the sale of all of such Holder's securities without limitation during a three-month period without registration; and (c) the fifth (5^{th}) anniversary of the IPO.

3. Information and Observer Rights.

3.1 Delivery of Financial Statements. The Company shall deliver to each Major Investor:

(a) as soon as practicable, but in any event within one hundred fifty (150) days after the end of each fiscal year of the Company, (i) an audited balance sheet as of the end of such year, (ii) audited statements of income and of cash flows for such year and (iii) a statement of Members' equity as of the end of such year, all such financial statements shall be audited and certified by independent public accountants of regionally recognized standing selected by the Company;

(b) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, unaudited statements of income and of cash flows for such fiscal quarter, and an unaudited balance sheet and a statement of Members' equity as of the end of such fiscal quarter, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(c) upon written request of a Major Investor, an unaudited condensed income statement for the previous month, and an unaudited balance sheet as of the end of such previous month, subject to adjustment for GAAP;

(d) as soon as practicable, but in any event within (30) days after the beginning of each fiscal year, a budget and business plan for the next fiscal year, approved by the Board and prepared on a monthly basis, including balance sheets, income statements, and statements of cash flow for such months and, promptly after prepared, any other budgets or revised budgets prepared by the Company;

(e) copies of all materials that the Company provides to its directors or any of its bank lenders at substantially the same time that such materials are provided to the directors or bank lenders; *provided, however*, that such Major Investor representative shall hold in confidence and trust all information so provided in accordance with the confidentiality provisions set forth in Section 3.6; and *provided further*, that the Company shall not be obligated under this Section 3.1(e) to provide information (i) that the Company reasonably determines in good faith to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in form reasonably acceptable to the Company (it being understood that an agreement containing confidentiality provisions substantially similar to those set forth in Section 3.6 shall be deemed acceptable to the Company)) or (ii) the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel;

(f) if requested by a Major Investor, all correspondence with the U.S. Food and Drug Administration, final clinical study reports, serious adverse event reports and quarterly patient screening, enrollment and dropout updates; and

(g) such other information relating to the financial condition, business, prospects, or affairs of the Company as any Major Investor may from time to time reasonably request, including, without limitation, information relating to issues that may impact auditor independence rules applicable to such Major Investor and board materials; *provided, however*, that

the Company shall not be obligated under this Section 3.1(g) to provide information (i) that the Company reasonably determines in good faith to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in form reasonably acceptable to the Company (it being understood that an agreement containing confidentiality provisions substantially similar to those set forth in Section 3.6 shall be deemed acceptable to the Company)) or (ii) the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

If, for any period, the Company has any Corporate Subsidiary whose accounts are consolidated with those of the Company, then in respect of such period the financial statement delivered pursuant to the foregoing sections shall be the consolidated and consolidating financial statements of the Company and all such consolidated Corporate Subsidiaries.

3.2 Inspection. The Company shall permit each Major Investor, or any of its authorized representatives, at such Major Investor's expense, to visit and inspect the Company's properties; examine its corporate and financial records; and discuss the Company's affairs, finances, and accounts with its officers, during normal business hours of the Company as may be reasonably requested by the Major Investor; *provided, however*, that the Company shall not be obligated pursuant to this Section 3.2 to provide access to any information that it reasonably and in good faith considers to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in form reasonably acceptable to the Company (it being understood that an agreement containing confidentiality provisions substantially similar to those set forth in Section 3.6 shall be deemed acceptable to the Company)) or the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

3.3 Observer Rights.

(a) As long as Viking owns at least 500,000 Preferred Units (as adjusted for any unit split, distribution, combination, or other recapitalization or reclassification effected after the date hereof), the Company shall invite a representative of Viking to attend all meetings of the Board in a nonvoting observer capacity and, in this respect, shall give such representative copies of all notices, minutes, consents, and other materials that it provides to its directors at the same time and in the same manner as provided to such directors; *provided, however*, that such representative shall agree to hold in confidence and trust all information so provided in accordance with the confidentiality provisions set forth in Section 3.6 (it being understood that such representative may disclose any such proceedings and information to Viking, which shall be subject to such confidentiality provisions); and *provided further*, that the Company reserves the right to withhold any information and to exclude such representative from any meeting or portion thereof if access to such information or attendance at such meeting could adversely affect the attorney-client privilege between the Company and its counsel or result in disclosure of trade secrets or a conflict of interest. Viking may assign the observer rights set forth in this Section 3.3(a) to a transferee of Preferred Units if such transfer is made in accordance with Section 6.1; *provided* that no more than one Person shall be entitled to observer rights pursuant to this Section 3.3(a).

(b) As long as Surveyor owns at least 300,000 Preferred Units (as adjusted for any unit split, distribution, combination, or other recapitalization or reclassification effected after the date hereof), the Company shall invite a representative of Surveyor to attend all meetings of the Board in a nonvoting observer capacity and, in this respect, shall give such representative copies of all notices, minutes, consents, and other materials that it provides to its directors at the same time and in the same manner as provided to such directors; *provided*, *however*, that such representative shall agree to hold in confidence and trust all information so provided in accordance with the confidentiality provisions set forth in Section 3.6 (it being understood that such representative may disclose any such proceedings and information to Surveyor, which shall be subject to such confidentiality provisions); and *provided further*, that the Company reserves the right to withhold any information and to exclude such representative from any meeting or portion thereof if access to such information or attendance at such meeting could adversely affect the attorney-client privilege between the Company and its counsel or result in disclosure of trade secrets or a conflict of interest. Surveyor may assign the observer rights set forth in this Section 3.3(b) to a transferee of Preferred Units if such transfer is made in accordance with Section 6.1; *provided* that no more than one Person shall be entitled to observer rights pursuant to this Section 3.3(b).

3.4 Public Company Information. The Company understands and acknowledges that in the regular course of Viking's, Matrix's, Perceptive's, Redmile's, Farallon's, Surveyor's, and Eventide's (each, an "***Investment Fund***") businesses, such Persons may invest in companies that have issued securities that are publicly traded (each, a "***Public Company***"). Accordingly, the Company covenants and agrees that before providing material non-public information about a Public Company ("***Public Company Information***") to any Investment Fund or Viking's observer representative, the Company will provide prior written notice to Viking's Chief Compliance Officer at legalnotices@vikingglobal.com, Matrix's General Counsel at [***], Perceptive's Managing Director, Michael Altman at 51 Astor Place, 10th Floor New York, NY 10003, Redmile's General Counsel at Redmile_legal@redmilegrp.com, Farallon's compliance group at [***] and [***], Surveyor Compliance at SCComplianceAppvl@citadel.com and Eventide's compliance group at compliance@eventidefunds.com, respectively, describing such information in reasonable detail. The Company shall not disclose Public Company Information to any Investment Fund, Viking's observer representative or Surveyor's observer representative without written authorization from the applicable compliance personnel listed above, *provided*, *however*, that, the Company will be permitted to disclose agreements entered into with Public Companies in the ordinary course of business, such as routine customer, supplier, advertising and publishing agreements without such written authorization, if such agreements are not deemed to be Public Company Information.

3.5 Termination of Information, Observer and Inspection Rights. The covenants set forth in Section 3.1, Section 3.2 and Section 3.3 shall terminate and be of no further force or effect (a) immediately before the consummation of the IPO; (b) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act; or (c) upon a Deemed Liquidation Event, whichever event occurs first.

3.6 Confidentiality. Each Investor agrees that such Investor will keep confidential and will not disclose, divulge, or use for any purpose (other than to monitor its investment in the Company) any confidential information obtained from the Company pursuant to the terms of this Agreement (including notice of the Company's intention to file a registration statement), unless such confidential information (a) is known or becomes known to the public in

general (other than as a result of a breach of this Section 3.6 by such Investor), (b) is or has been independently developed or conceived by the Investor without use of the Company's confidential information, or (c) is or has been made known or disclosed to the Investor by a third party without a breach of any obligation of confidentiality such third party may have to the Company; *provided, however*, that an Investor may disclose confidential information (including, if applicable, any information received from such Investor's appointed observer on the board of directors of the Company) (i) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company, if such person is bound by an ethical duty to keep such information confidential or such person agrees to be bound by the provisions of this Section 3.6; (ii) to any prospective purchaser of any Registrable Securities from such Investor, if such prospective purchaser agrees to be bound by the provisions of this Section 3.6; (iii) to any current or prospective Affiliate, partner, member, stockholder, or wholly owned subsidiary of such Investor in the ordinary course of business, *provided that* such Investor informs such Person that such information is confidential and directs such Person to maintain the confidentiality of such information; (iv) to the extent required in connection with any routine or periodic examination or similar process by any regulatory or self-regulatory body or authority not specifically directed at the Company or the confidential information obtained from the Company pursuant to the terms of this Agreement, including, without limitation, quarterly or annual reports, or (v) as may otherwise be required by law or requested or required by any judicial, regulatory, law enforcement, or governmental authority, *provided that*, in the case of this clause (v), the Investor promptly notifies the Company of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure, *provided, however*, that no such notice shall be required if (x) such notice is not legally permissible or (y) any judicial, regulatory, law enforcement or governmental authority requests that such notice not be given.

4. Rights to Future Unit Issuances.

4.1 Right of First Offer. Subject to the terms and conditions of this Section 4 and applicable securities laws, if the Company proposes to offer or sell any New Securities, the Company shall first offer such New Securities to each Investor. Each Investor shall be entitled to apportion the right of first offer hereby granted to it in such proportions as such Investor deems appropriate, among (a) itself, (b) its Affiliates and (c) the beneficial interest holders, such as limited partners, members or any other Person having "beneficial ownership," as such term is defined in Rule 13d-3 promulgated under the Exchange Act, of such Investor ("***Investor Beneficial Owners***"); *provided that*, each such Affiliate or Investor Beneficial Owner agrees to enter into this Agreement and each of the Voting Agreement and Right of First Refusal and Co-Sale Agreement of even date herewith among the Company, the Investors and the other parties named therein, as an "Investor" under each such agreement.

4.2 Offer Notice. Prior to offering or selling any New Securities, the Company shall give notice (the "***Offer Notice***") to each Investor, stating (a) its bona fide intention to offer such New Securities, (b) the number of such New Securities to be offered, and (c) the price and terms, if any, upon which it proposes to offer such New Securities.

4.3 Election to Purchase. By notification to the Company within twenty (20) days after the Offer Notice is given, each Investor may elect to purchase or otherwise acquire, at the price and on the terms specified in the Offer Notice, up to that portion of such New Securities which equals the proportion that the Class A Common Units then held by such Investor (including all Class A Common Units then issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of the Preferred Units and any other Derivative Securities then held by such Investor) bears to the total Class A Common Units and Class B Common Units of the Company then outstanding, or issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of the Preferred Units and any other Derivative Securities then outstanding or any other Class B Common Units held in reserve in any of the Company's equity incentive plans for future issuance. At the expiration of such twenty (20) day period, the Company shall promptly notify each Investor that elects to purchase or acquire all the units available to it (each, a "***Fully Exercising Investor***") of any other Investor's failure to do likewise. During the ten (10) day period commencing after the Company has given such notice, each Fully Exercising Investor may, by giving notice to the Company, elect to purchase or acquire, in addition to the number of units specified above, up to that portion of the New Securities for which Investors were entitled to subscribe but that were not subscribed for by the Investors which is equal to the proportion that the Class A Common Units issued and held, or issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of the Preferred Units and any other Derivative Securities then held, by such Fully Exercising Investor bears to the Class A Common Units issued and held, or issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of the Preferred Units and any other Derivative Securities then held, by all Fully Exercising Investors who wish to purchase such unsubscribed units. The closing of any sale pursuant to this Section 4 shall occur within the later of ninety (90) days after the date that the Offer Notice is given and the date of initial sale of New Securities pursuant to this Section 4.

4.4 Failure to Purchase. If all New Securities referred to in the Offer Notice are not elected to be purchased or acquired as provided in this Section 4, the Company may, during the ninety (90) day period following the expiration of the period provided in Section 4.3, offer and sell the remaining unsubscribed portion of such New Securities to any Person or Persons at a price not less than, and upon terms no more favorable to the offeree than, those specified in the Offer Notice. If the Company does not enter into an agreement for the sale of the New Securities within such period, or if such agreement is not consummated within thirty (30) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such New Securities shall not be offered unless first reoffered to the Investors in accordance with this Section 4.

4.5 Exceptions to Right of First Offer. The right of first offer in this Section 4 shall not be applicable to: (a) Exempted Securities (as defined in the LLC Agreement); or (b) securities issued in the IPO; or (c) subject to Section 6.6(f), transactions whereby the Investors holding a majority of the Registrable Securities then outstanding waive the rights granted by this Section 4 with respect to such transactions.

4.6 Termination. The covenants set forth in this Section 4 shall terminate and be of no further force or effect (a) immediately before the consummation of the IPO; or (b) upon a Deemed Liquidation Event, whichever event occurs first.

5. Additional Covenants.

5.1 Insurance. The Company shall use its commercially reasonable efforts to maintain, from financially sound and reputable insurers, "key person" insurance on Anthony Y. Sun, M.D. in an amount and on terms and conditions satisfactory to the Board, including the Preferred Director Majority (as defined in the LLC Agreement), until such time as the Board and the holders of a majority of the Preferred Units then outstanding determine that such insurance should be discontinued.

5.2 Proprietary Information and Inventions Agreements. Unless otherwise approved by the Board and the holders of a majority of the Preferred Units then outstanding, the Company will cause each former, current and future employee, consultant and officer of the Company to enter into a Confidential Information Agreement (as defined in the Purchase Agreement).

5.3 Right to Conduct Activities. The Company hereby agrees and acknowledges that each Investment Fund is a professional investment fund, and as such invests in numerous portfolio companies, some of which may be deemed competitive with the Company's business (as currently conducted or as currently propose to be conducted). The Company hereby agrees that, to the extent permitted under applicable law, no Investment Fund nor any Affiliates of any Investment Fund shall be liable to the Company for any claim arising out of, or based upon, (i) the investment by such Investment Fund or any Affiliate of such Investment Fund in any entity competitive with the Company, or (ii) actions taken by any partner, officer, or other representative of such Investment Fund or Affiliate of such Investment Fund to assist any such competitive company, whether or not such action was taken as a member of the board of directors of such competitive company or otherwise, and whether or not such action has a detrimental effect on the Company; provided, however, that the foregoing shall not relieve (x) any Investment Fund from liability associated with the unauthorized use or disclosure of the Company's confidential information obtained pursuant to this Agreement, or (y) any director or officer of the Company from any liability associated with his or her fiduciary duties to the Company.

5.4 Qualified Small Business Stock. The Company shall use commercially reasonable efforts to cause the shares it holds in any Corporate Subsidiary, as well as any shares into which such shares are converted, within the meaning of Section 1202(f) of the Internal Revenue Code (the "***Code***"), to constitute "qualified small business stock" as defined in Section 1202(c) of the Code; provided, however, that such requirement shall not be applicable if the Board determines, in its good-faith business judgment, that such qualification is inconsistent with the best interests of the Company.

5.5 Indemnification Matters. The Company hereby acknowledges that one (1) or more of the directors nominated to serve on the Board by the Investors (each an "***Investor Director***") may have certain rights to indemnification, advancement of expenses and/or insurance provided by one or more of the Investors and certain of their Affiliates (collectively, the "***Investor Indemnitors***"). The Company hereby agrees (a) that it is the indemnitor of first resort (*i.e.*, its obligations to any such Investor Director are primary and any obligation of the Investor Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by such Investor Director are secondary), (b) that it shall be required to advance the full amount of expenses incurred by such Investor Director and shall be liable for the full amount of all expenses, judgments, penalties, fines and amounts paid in settlement by or on behalf of any

such Investor Director to the extent legally permitted and as required by the Company's Certificate of Incorporation or Bylaws (or any agreement between the Company and such Investor Director), without regard to any rights such Investor Director may have against the Investor Indemnitors, and, (c) that it irrevocably waives, relinquishes and releases the Investor Indemnitors from any and all claims against the Investor Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Investor Indemnitors on behalf of any such Investor Director with respect to any claim for which such Investor Director has sought indemnification from the Company shall affect the foregoing and the Investor Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of such Investor Director against the Company. The Investor Directors and the Investor Indemnitors are intended third-party beneficiaries of this Section 5.5 and shall have the right, power and authority to enforce the provisions of this Section 5.5 as though they were a party to this Agreement.

5.6 Termination of Covenants. The covenants set forth in this Section 5, except for Section 5.5, shall terminate and be of no further force or effect (a) immediately before the consummation of the IPO, (b) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act, or (c) upon a Deemed Liquidation Event, whichever event occurs first.

6. Miscellaneous.

6.1 Successors and Assigns. The rights under this Agreement may be assigned (but only with all related obligations) by a Holder to a transferee of Registrable Securities that (a) is an Affiliate of a Holder; (b) is a Holder's Immediate Family Member or trust for the benefit of an individual Holder or one or more of such Holder's Immediate Family Members; or (c) after such transfer, holds at least 100,000 units of Registrable Securities (subject to appropriate adjustment for unit splits, distributions, combinations, and other recapitalizations); *provided*, *however*, that (i) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee and the Registrable Securities with respect to which such rights are being transferred; and (ii) such transferee agrees in a written instrument delivered to the Company to be bound by and subject to the terms and conditions of this Agreement, including the provisions of Section 2.11. For the purposes of determining the number of units of Registrable Securities held by a transferee, the holdings of a transferee (1) that is an Affiliate or stockholder of a Holder; (2) who is a Holder's Immediate Family Member; or (3) that is a trust for the benefit of an individual Holder or such Holder's Immediate Family Member shall be aggregated together and with those of the transferring Holder; *provided further* that all transferees who would not qualify individually for assignment of rights shall have a single attorney-in-fact for the purpose of exercising any rights, receiving notices, or taking any action under this Agreement. The terms and conditions of this Agreement inure to the benefit of and are binding upon the respective successors and permitted assignees of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assignees any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

6.2 Governing Law. This Agreement and any controversy arising out of or relating to this Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware, without regard to conflict of law principles that would result in the application of any law other than the laws of the State of Delaware.

6.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

6.4 Titles and Subtitles. The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting this Agreement.

6.5 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or: (a) personal delivery to the party to be notified; (b) when sent, if sent by electronic mail during the recipient's normal business hours, and if not sent during normal business hours, then on the recipient's next business day; (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (d) one (1) business day after the business day of deposit with a nationally recognized overnight courier, freight prepaid, specifying next-day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their addresses as set forth on **Schedule A** hereto, or to the principal office of the Company and to the attention of the Chief Executive Officer, in the case of the Company, or to such email address or address as subsequently modified by written notice given in accordance with this Section 6.5. If notice is given to the Company, it shall be sent to Zeno Pharma, LLC, 10835 Road to the Cure, Suite 205, San Diego, CA 92121, Attention: Anthony Y. Sun, M.D.; and a copy (which shall not constitute notice) shall also be sent to Latham & Watkins LLP, 12670 High Bluff Drive, San Diego, CA 92130, Attention: Cheston J. Larson.

6.6 Amendments and Waivers. Any term of this Agreement may be amended or modified and the observance of any term of this Agreement may be waived (either generally or in a particular instance, and either retroactively or prospectively) only with the written consent of (i) the Company, (ii) the holders of a majority of the Registrable Securities then outstanding and (iii) the holders of a majority of the Preferred Units then outstanding; *provided*, *however* that the Company may in its sole discretion waive compliance with Section 2.12(c) (and the Company's failure to object promptly in writing after notification of a proposed assignment allegedly in violation of Section 2.12(c) shall be deemed to be a waiver); and *provided further* that any provision hereof may be waived by any waiving party on such party's own behalf, without the consent of any other party. Notwithstanding the foregoing, (a) Section 3.3(a) and Section 3.5 (with respect to Section 3.3(a) only) may only be amended with the prior written consent of Viking; (b) Section 3.4, Section 5.3 and Section 5.5 (with respect to Section 5.3 only) may only be amended with the prior written consent of each Investment Fund; (c) Section 4.5 may only be amended with the prior written consent of the holders of at least a majority of the Registrable Securities then outstanding; (d) Section 1.40 (the definition of "Surveyor"), Section 3.3(b), Section 3.4 (with respect to changes affecting Surveyor), Section 3.5 (with respect to Section 3.3(b) only), this clause (d) of this Section 6.6 and the proviso in clause (f) of this Section 6.6 may only be amended, modified or waived with the prior written consent of Surveyor; (e) Sections 3.1 and 3.2 and any

other section of this Agreement applicable to the Major Investors (including this clause (e) of this Subsection 6.6) may not be amended, modified, terminated or waived without the written consent of the holders of at least a majority of the Registrable Securities then outstanding and held by the Major Investors, and (f) this Agreement may not be amended, modified or terminated and the observance of any term hereof may not be waived with respect to any Investor without the written consent of such Investor, unless such amendment, termination, or waiver applies to all Investors in the same fashion (it being agreed that a waiver of the provisions of Section 4 with respect to a particular transaction shall be deemed to apply to all Investors in the same fashion if such waiver does so by its terms, notwithstanding the fact that certain Investors may nonetheless, by agreement with the Company, purchase securities in such transaction; *provided, however*, that no Investor that consented to such waiver shall be permitted (and the Company shall not permit any such Investor) to purchase securities in such transaction, unless Viking, Matrix, Perceptive, Redmile, Farallon, Surveyor and Eventide have been offered the right to participate in such transaction on the same terms on a pro rata basis). The Company shall give prompt notice of any amendment or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, termination, or waiver. Any amendment, termination, or waiver effected in accordance with this Section 6.6 shall be binding on all parties hereto, regardless of whether any such party has consented thereto. No waivers of or exceptions to any term, condition, or provision of this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, condition, or provision.

6.7 Severability. In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and such invalid, illegal, or unenforceable provision shall be reformed and construed so that it will be valid, legal, and enforceable to the maximum extent permitted by law.

6.8 Aggregation of Units. All Registrable Securities held or acquired by Affiliates shall be aggregated together for the purpose of determining the availability of any rights under this Agreement and such Affiliated persons may apportion such rights as among themselves in any manner they deem appropriate.

6.9 Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company issues additional Preferred Units after the date hereof, whether pursuant to the Purchase Agreement or otherwise, any purchaser of such Preferred Units may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement, and thereafter shall be deemed an "Investor" for all purposes hereunder. No action or consent by the Investors shall be required for such joinder to this Agreement by such additional Investor, so long as such additional Investor has agreed in writing to be bound by all of the obligations as an "Investor" hereunder.

6.10 Entire Agreement. This Agreement (including any Schedules and Exhibits hereto) constitutes the full and entire understanding and agreement among the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled. Upon the effectiveness of this Agreement, the Prior Agreement shall be deemed amended and restated and be of no further force and effect and shall be superseded and replaced in its entirety by this Agreement. The Existing

Investors, completely and irrevocably waive, on behalf of themselves and all Existing Investors, any and all application of the Prior Agreement, including without limitation, the right of first offer, including any notice requirements, with respect to the issuance by the Company of Series C Preferred Units pursuant to the Purchase Agreement and any securities issuable upon the conversion thereof.

6.11 Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of Delaware and to the jurisdiction of the United States District Court for the District of Delaware for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of Delaware or the United States District Court for the District of Delaware, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

6.12 WAIVER OF JURY TRIAL: EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

6.13 Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power, or remedy of such nonbreaching or nondefaulting party, nor shall it be construed to be a waiver of or acquiescence to any such breach or default, or to any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. All remedies, whether under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

6.14 Acknowledgment. The Company acknowledges that the Investors are in the business of venture capital and other investing and therefore review the business plans and related proprietary information of many enterprises, including enterprises which may have products or services which compete directly or indirectly with those of the Company. Nothing in this Agreement shall preclude or in any way restrict the Investors from investing or participating in any particular enterprise whether or not such enterprise has products or services which compete with those of the Company.

6.15 Rights Upon Conversion. For the purposes of clarity, upon any conversion of the Company to a corporation as contemplated by Article 8 of the LLC Agreement, the rights and obligations of the parties hereto shall survive such conversion, subject to the termination provisions of this Agreement, with all references herein to Class A Common Units, Class B Common Units, Series A Preferred Units, Series B Preferred Units and Series C Preferred Units being deemed to refer to the class of stock or securities for which such units are converted, exchanged or replaced in the conversion, and with references to any specific number of units being equitably adjusted to reflect the applicable conversion ratio used with respect to the conversion or exchange of such class or series of units in such conversion.

[SIGNATURE PAGES FOLLOW]

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

COMPANY:

ZENO PHARMA, LLC

By: /s/ Anthony Y. Sun, M.D.
Name: Anthony Y. Sun, M.D.
Title: President and CEO

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

INVESTORS:

MATRIX CAPITAL MANAGEMENT MASTER FUND, LP

By: /s/ David E. Goel
Name: David E. Goel
Title: Managing General Partner

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

INVESTORS:

VIKING GLOBAL OPPORTUNITIES ILLIQUID INVESTMENTS SUB-MASTER LP

By: Viking Global Opportunities Portfolio GP LLC, its general partner

By: /s/ Matthew Bloom
Name: Matthew Bloom
Title: Authorized Signatory

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

INVESTORS:

REDMILE BIOPHARMA INVESTMENTS II, L.P.

By: Redmile Biopharma Investments II (GP), LLC, its general partner

By: /s/ Josh Garcia
Name: Josh Garcia
Title: Authorized Person

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

INVESTORS:

ZONE HEALTHCARE HOLDINGS, LLC

By: Farallon Capital Management, L.L.C., its Manager

By: /s/ Philip Dreyfuss
Name: Philip Dreyfuss
Title: Managing Member

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

INVESTORS:

CITADEL MULTI-STRATEGY EQUITIES MASTER FUND LTD.

By: Citadel Advisors, LLC, its portfolio manager

By: /s/ Noah Goldberg
Name: Noah Goldberg
Title: Authorized Signatory

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

INVESTORS:

MUTUAL FUND SERIES TRUST, ON BEHALF OF EVENTIDE HEALTHCARE & LIFE SCIENCES FUND

By: /s/ Erik Naviloff
Name: Erik Naviloff
Title: Officer

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

INVESTORS:

PHARMARON (HONG KONG) INVESTMENTS LIMITED

By: /s/ Boliang Lou
Name: Boliang Lou
Title: Director

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

INVESTORS:

MAYO CLINIC

By: /s/ Harry N. Hoffman
Name: Harry N. Hoffman
Title: Co-Chief Investment Officer

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

INVESTORS:

JUSTIN LIU TRUST DATED JULY 29, 1998

By: /s/ Justin Liu
Name: Justin Liu
Title: Trustee

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

INVESTORS:

THE EMILY F. LIU TRUST

By: /s/ Emily F. Liu
Name: Emily F. Liu
Title: Trustee

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

INVESTORS:

ROBERT SEIDLER REVOCABLE TRUST,
ROBERT SEIDLER TRUSTEE

By: /s/ Robert Seidler
Name: Robert Seidler Revocable Trust
Title: Trustee

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

INVESTORS:

MATTHEW SEIDLER REVOCABLE TRUST,
MATTHEW SEIDLER TRUSTEE

By: /s/ Matt Seidler
Name: Matt Seidler
Title: Trustee

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

INVESTORS:

FRANK YANG

/s/ Frank Yang

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

INVESTORS:

UNGAR CHIH-ANN KUNG

/s/ Ungar Chih-Ann Kung

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

INVESTORS:

ALEXANDRIA VENTURE INVESTMENTS, LLC,
a Delaware limited liability company

By: ALEXANDRIA REAL ESTATE EQUITIES, INC.,
a Maryland corporation, managing member

By: /s/ Aaron Jacobson
Name: Aaron Jacobson
Title: SVP – Venture Counsel

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

INVESTORS:

PERCEPTIVE LIFE SCIENCES MASTER FUND LTD

By: /s/ James H. Mannix
Name: James H. Mannix
Title: Chief Operating Officer

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

INVESTORS:

POSEIDON MEDICAL HK LIMITED

By: /s/ Hui Wang
Name: Hui Wang
Title: Managing Director

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

INVESTORS:

WEISBROD FAMILY OFFICE, LLC

By: /s/ Stuart Weisbrod
Name: Stuart Weisbrod
Title: Managing Member

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

INVESTORS:

CHRISTOPHER DEAN CLARK

/s/ Christopher Dean Clark

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

INVESTORS:

CHESTON J. LARSON

/s/ Cheston J. Larson

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

INVESTORS:

STEVEN T. CHINOWSKY

/s/ Steven T. Chinowsky

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

INVESTORS:

VP COMPANY INVESTMENTS 2016, LLC

By: /s/ Peter Handrinos
Name: Peter Handrinos
Title: Member of Management Committee

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

INVESTORS:

DAVID JOHNSON

/s/ David Johnson

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

INVESTORS:

VP COMPANY INVESTMENTS 2018, LLC

By: /s/ Peter Handrinos
Name: Peter Handrinos
Title: Member of Management Committee

SCHEDULE A

INVESTORS

NAME	ADDRESS
Matrix Capital Management Master Fund, LP	1000 Winter Street Suite 4500 Waltham, MA 02451 Attention: John Kaleba
Viking Global Opportunities Illiquid Investments Sub-Master LP	c/o Viking Global Investors LP 55 Railroad Avenue Greenwich, CT 06830 Attention: General Counsel Phone: [***] E-mail: legalnotices@vikingglobal.com
Redmile Biopharma Investments II, L.P.	c/o Redmile Group, LLC One Letterman Drive, Suite D3-300 The Presidio, San Francisco, CA 94129 Attention: General Counsel Phone: [***] Email: Redmile_legal@redmilegrp.com With copy to: Paul Hastings LLP 1117 S. California Ave. Palo Alto, CA 94304 Attention: Todd Schwartz Phone: [***] Email: [***]
Zone Healthcare Holdings, LLC	c/o Farallon Capital Management, L.L.C. One Maritime Plaza, Suite 2100 San Francisco, California 94111 Attention: Philip Dreyfuss and General Counsel Telephone: [***] Facsimile: [***] Email: [***] generalcounsel@faralloncapital.com with a copy (which shall not constitute notice) to: Richards Kibbe & Orbe LLP 200 Liberty Street New York, New York 10281 Attention: Jahan Sharifi Telephone: [***] Facsimile: [***] Email: [***]

Citadel Multi-Strategy Equities Master Fund Ltd.	c/o Citadel Advisors LLC 601 Lexington Avenue New York, NY Attention: Noah Goldberg and Harry Greenbaum Email: CitadelAgreementNotice@citadel.com; [***]; [***] With copy to: Choate Hall & Stewart, LLP Two International Place Boston, MA 02110 Attention: Brian Linehan and Tobin Sullivan Email: [***];[***]
Mutual Fund Series Trust, On Behalf of Eventide Healthcare & Life Sciences Fund	c/o Eventide Funds One International Place, Suite 4210 Boston, MA 02110
Justin Liu Trust dated July 29, 1998	[***] Phone: [***] Email: [***]
The Emily F. Liu Trust	[***] Phone: [***] Email: [***]
Robert Seidler Revocable Trust, Robert Seidler Trustee	[***] Phone: [***] Email: [***]

Matthew Seidler Revocable Trust, Matthew Seidler Trustee	[***] Phone: [***] Email: [***]
Frank Yang	[***] Phone: [***] Email: [***]
Ungar Chih-Ann Kung	[***] Phone: [***]or [***] Email: [***]
Alexandria Venture Investments, LLC	c/o Alexandria Real Estate Equities, Inc. 385 E. Colorado Blvd., Suite 299 Pasadena, CA 91101 Phone: [***] Email: investments@are.com
Mayo Clinic	200 First Street SW Rochester, Minnesota 55905-0001 Attn: Treasury Services Phone: [***] Email: [***]
Pharmaron (Hong Kong) Investments Limited	No. 6 Taihe Road BDA, Beijing, 100176 China Attn: Gilbert Li Phone: [***] Email: [***]
Perceptive Life Sciences Master Fund LTD	51 Astor Place, 10th Floor New York, NY 10003 Attn: James H. Mannix
Poseidon Medical HK Limited	c/o HighLight Capital Wuxing Road No.45, Xuhui district, Shanghai, China Attn: Song Liu Phone: [***] E-mail: [***]
Weisbrod Family Office, LLC	6939 Queenferry Circle Boca Raton, FL 33496 Attn: Stuart Weisbrod, Managing Member Phone: [***]

Christopher Dean Clark	[***]
Cheston J. Larson	[***]
Steven T. Chinowsky	[***]
VP Company Investments 2016, LLC	555 W. Fifth Street, Suite 800 Los Angeles, CA 90013-1010 Email: Investment.Administration@lw.com
David Johnson	[***]
VP Company Investments 2018, LLC	555 W. Fifth Street, Suite 800 Los Angeles, CA 90013-1010 Email: Investment.Administration@lw.com

STANDARD FORM OF LOFT LEASE
The Real Estate Board of New York, Inc.

Agreement of Lease, made as of this 12th day of April in the year 2019, between G&S REALTY 1, LLC, having an address at 530 Seventh Avenue, New York NY 10018 party of the first part, hereinafter referred to as OWNER, and Zeno Management, Inc., having an address at 530 Seventh Avenue, New York, NY 10018 party of the second part, hereinafter referred to as TENANT.

Witnesseth: Owner hereby leases to Tenant and Tenant hereby hires from Owner SUITE 2201 in the building known as 530 Seventh Avenue in the Borough of Manhattan, City of New York, for the term of (See Rider Article 41) (or until such term shall sooner cease and expire as hereinafter provided) to commence on the 1ST day of May in the year 2019, and to end on the 30TH day of June in the year 2023, and both dates inclusive, at the annual rental rate of (See Rider Article 41) which Tenant agrees to pay in lawful money of the United States which shall be legal tender in payment of all debts and dues, public and private, at the time of payment, in equal monthly installments in advance on the first day of each month during said term, at the office of Owner or such other place as Owner may designate, without any setoff or deduction whatsoever, except that Tenant shall pay the first monthly installment(s) on the execution hereof (unless this lease be a renewal).

In the event that, at the commencement of the term of this lease, or thereafter, Tenant shall be in default in the payment of rent to Owner pursuant to the terms of another lease with Owner or with Owner's predecessor in interest, Owner may at Owner's option and without notice to Tenant add the amount of such arrears to any monthly installment of rent payable hereunder and the same shall be payable to Owner as additional rent.

The parties hereto, for themselves, their heirs, distributes, executors, administrators, legal representative, successors and assigns, hereby covenant as follows:

Rent: 1. Tenant shall pay the rent as above and as hereinafter provided.
Occupancy: 2. Tenant shall use and occupy the demised premises for See Rider Article 50
provided such use is in accordance with the certificate of occupancy for the building, if any, and for no other purpose.

Alterations: 3. Tenant shall make no changes in or to the demised premises of any nature without Owner's prior written consent. Subject to the prior written consent of Owner, and to the provisions of this article, Tenant, at Tenant's expense, may make alterations, installations, additions or improvements which are nonstructural and which do not affect utility services or plumbing and electrical lines, in or to the interior of the demised premises, using contractors or mechanics first approved in each instance by Owner. Tenant shall, at its expense, before making any alterations, additions, installations or improvements obtain all permits, approvals and certificates required by any governmental or quasi-governmental bodies and (upon completion) certificates of final approval thereof, and shall deliver promptly duplicates of all such permits, approvals and certificates to Owner. Tenant agrees to carry, and will cause Tenant's contractors and sub-contractors to carry, such worker's compensation, commercial general liability, personal and property damage insurance as Owner may require. If any mechanic's lien is filed against the demised premises, or the building of which the same forms a part, for work claimed to have been done for, or materials furnished to, Tenant, whether or not done pursuant to this article, the same shall be discharged by Tenant within thirty (30) days thereafter, at Tenant's expense, by payment or filing a bond as permitted by law. All fixtures and all paneling, partitions, railings and like installations, installed in the demised premises at any time, either by Tenant or by Owner on Tenant's behalf, shall, upon installation, become the property of Owner and shall remain upon and be surrendered with the demised premises unless Owner by notice to Tenant no later than twenty (20) days prior to the date fixed on the termination of this lease, elects to relinquish Owner's right thereto and to have them removed by Tenant. In which event the same shall be removed from the demised premises by Tenant prior to the expiration of the lease, at Tenant's expense. Nothing in this article shall be construed to give Owner title to, or to prevent Tenant's removal of, trade fixtures, moveable office furniture and equipment, but upon removal of same from the demised premises, or upon removal of other installations as may be required by Owner, Tenant shall immediately, and at its expense, repair and restore the demised premises to the condition existing prior to any such installations, and repair any damage to the demised premises or the building due to such removal. All property permitted or required to be removed by Tenant at the end of the term remaining in the demised premises after Tenant's removal shall be deemed abandoned and may, at the election of Owner, either be retained as Owner's property or removed from the demised premises by Owner, at Tenant's expense.

Repairs: 4. Owner shall maintain and repair the exterior of and the public portions of the building. Tenant shall, throughout the term of this lease, take good care of the demised premises including the bathrooms and lavatory facilities (if the demised premises encompass the entire floor of the building), the windows and window frames, and the fixtures and appurtenances therein, and at Tenant's sole cost and expense promptly make all repairs thereto and to the building, whether structural or non-structural in nature, caused by, or resulting from, the carelessness, omission, neglect or improper conduct of Tenant, Tenant's servants, employees, invitees, or licensees, and whether or not arising from Tenant's conduct or omission, when required by other provisions of this lease, including article 6. Tenant shall also repair all damage to the building and the demised premises caused by the moving of Tenant's fixtures, furniture or equipment. All the aforesaid repairs shall be of quality or class equal to the original work or construction. If Tenant fails, after ten (10) days notice, to proceed with due diligence to make repairs required to be made by Tenant, the same may be made by Owner at the expense of Tenant, and the expenses thereof incurred by Owner shall be collectible, as additional rent, after rendition of a bill or statement therefore. If the demised premises be or become infested with vermin, Tenant shall, at its expense, cause the same to be exterminated. Tenant shall give Owner prompt notice of any defective condition in any plumbing, heating system or electrical lines located in the demised premises and following such notice, Owner shall remedy the condition with due diligence, but at the expense of Tenant, if repairs are necessitated by damage or injury attributable to Tenant, Tenant's servants, agents, employees, invitees or licensees as aforesaid. Except as specifically provided in Article 9 or elsewhere in this lease, there shall be no allowance to Tenant for a diminution of rental value and no liability on the part of Owner by reason of inconvenience, annoyance or injury to business arising from Owner, Tenant or others making or failing to make any repairs, alterations, additions or improvements in or to any portion of the building or the demised premises, or in and to the fixtures, appurtenances or equipment thereof. It is specifically agreed that Tenant shall not be entitled to any setoff or reduction of rent by reason of any failure of Owner to comply with the covenants of this or any other article of this lease. Tenant agrees that Tenant's sole remedy at law in such instance will be by way of an action for damages for breach of contract. The provisions of this Article 4 with respect to the making of repairs shall not apply in the case of fire or other casualty with regard to which Article 9 hereof shall apply.

Window Cleaning: 5. Tenant will not clean nor require, permit, suffer or allow any window in the demised premises to be cleaned from the outside in violation of Section 202 of the New York State Labor Law or any other applicable law, or of the Rules of the Board of Standards and Appeals, or of any other Board or body having or asserting jurisdiction.

Requirements of Law, Fire Insurance, Floor Loads: 6. Prior to the commencement of the lease term, if Tenant is then in possession, and at all times thereafter, Tenant shall at Tenant's sole cost and expense, promptly comply with all present and future laws, orders and regulations of all state, federal, municipal and local governments, departments, commissions and boards and any direction of any public officer pursuant to law, and all orders, rules and

regulations of the New York Board of Fire Underwriters, Insurance Services Office, or any similar body which shall impose any violation, order or duty upon Owner or Tenant with respect to the demised premises, whether or not arising out of Tenant's use or manner of use thereof, or, with respect to the building, if arising out of Tenant's use or manner of use of the demised premises of the building (including the use permitted under the lease). Except as provided in Article 30 hereof, nothing herein shall require Tenant to make structural repairs or alterations unless Tenant has, by its manner of use of the demised premises or method of operation therein, violated any such laws, ordinances, orders, rules, regulations or requirements with respect thereto. Tenant shall not do or permit any act or thing to be done in or to the demised premises which is contrary to law, or which will invalidate or be in conflict with public liability, fire or other policies of insurance at any time carried by or for the benefit of Owner, or which shall or might subject Owner to any liability or responsibility to any person, or for property damage. Tenant shall not keep anything in the demised premises except as now or hereafter permitted by the Fire Department, Board of Fire Underwriters, Fire

Insurance Rating Organization and other authority having jurisdiction, and then only in such manner and such quantity so as not to increase the rate for fire insurance applicable to the building, nor use the demised premises in a manner which will increase the insurance rate for the building or any property located therein over that in effect prior to the commencement of Tenant's occupancy. If by reason of failure to comply with the foregoing the fire insurance rate shall, at the beginning of this lease or at any time thereafter, be higher than it otherwise would be, then Tenant shall reimburse Owner, as additional rent hereunder, for that portion of all fire insurance premiums thereafter paid by Owner which shall have been charged because of such failure by Tenant. In any action or proceeding wherein Owner and Tenant are parties, a schedule or "make-up" or rate for the building or demised premises issued by a body making fire insurance rates applicable to said premises shall be conclusive evidence of the facts therein stated and of the several items and charges in the fire insurance rates then applicable to said premises. Tenant shall not place a load upon any floor of the demised premises exceeding the floor load per square foot area which it was designed to carry and which is allowed by law. Owner reserves the right to prescribe the weight and position of all safes, business machines and mechanical equipment. Such installations shall be placed and maintained by Tenant, at Tenant's expense, in settings sufficient, in Owner's judgment, to absorb and prevent vibration, noise and annoyance.

Subordination: 7. This lease is subject and subordinate to all ground or underlying leases and to all mortgages which may now or hereafter affect such leases or the real property of which the demised premises are a part, and to all renewals, modifications, consolidations, replacements and extensions of any such underlying leases and mortgages. This clause shall be self-operative and no further instrument or subordination shall be required by any ground or underlying lessor or by any mortgagee, affecting any lease or the real property of which the demised premises are a part. In confirmation of such subordination, Tenant shall from time to time execute promptly any certificate that Owner may request.

Tenant's Liability Insurance Property Loss, Damage, Indemnity: 8. Owner or its agents shall not be liable for any damage to property of Tenant or of others entrusted to employees of the building, nor for loss of, or damage to, any property of Tenant by theft or otherwise, nor for any injury or damage to persons or property resulting from any cause of whatsoever nature, unless caused by, or due to, the negligence of Owner, its agents, servants or employees; Owner or its agents shall not be liable for any damage caused by other tenants or persons in, upon or about said building or caused by operations in connection of any private, public or quasi public work. If at any time any windows of the demised premises are temporarily closed, darkened or bricked up (or permanently closed, darkened or bricked up, if required by law) for any reason whatsoever including, but not limited to, Owner's own acts, Owner shall not be liable for any damage Tenant may sustain thereby, and Tenant shall not be entitled to any compensation therefore nor abatement or diminution of rent, nor shall the same release Tenant from its obligations hereunder nor constitute an eviction. Tenant shall indemnify and save harmless Owner against and from all liabilities, obligations, damages, penalties, claims, costs and expenses for which Owner shall not be reimbursed by insurance, including reasonable attorney's fees, paid, suffered or incurred as a result of any breach by Tenant, Tenant's agents, contractors, employees, invitees, or licensees, of any covenant or condition of this lease, or the carelessness, negligence or improper conduct of Tenant Tenant's agents, contractors, employees, invitees or licensees. Tenant's liability under this lease extends to the acts and omissions of any subtenant, and any agent, contractor, employee, invitee or licensee of any subtenant. In case any action or proceeding is brought against Owner by reason of any such claim, Tenant, upon written notice from Owner, will, at Tenant's expense, resist or defend such action or proceeding by counsel approved by Owner in writing, such approval not to be unreasonably withheld.

Destruction, Fire, and Other Casualty: 9. (a) If the demised premises or any part thereof shall be damaged by fire or other casualty. Tenant shall give immediate notice thereof to Owner and this lease shall continue in full force and effect except as hereinafter set forth. (b) If the demised premises are partially damaged or rendered partially unusable by fire or other casualty, the damages thereto shall be repaired by, and at the expense of, Owner, and the rent and other items of additional rent, until such repair shall be substantially completed, shall be apportioned from the day following the casualty according to the part of the demised premises which is usable. (c) If the demised premises are totally damaged or rendered wholly unusable by fire or other casualty, then the rent and other items of additional rent as hereinafter expressly provided shall be proportionately paid up to the time of the casualty and thenceforth shall cease until the date when the demised premises shall have been repaired and restored by Owner (or sooner reoccupied in part by Tenant then rent shall be apportioned as provided in subsection (b) above), subject to Owner's right to elect not to restore the same as hereinafter provided. (d) If the demised premises are rendered wholly unusable or (whether or not the demised premises are damage in whole or in part) if the building shall be so damaged[1] then, in any of such events, Owner may elect to terminate this lease by written notice to Tenant, given within ninety (90) days after such fire or casualty, or thirty (30) days after adjustment of the insurance claim for such fire or casualty, whichever is sooner, specifying a date for the expiration of the lease, which date shall not be more than sixty (60) days after the giving of such notice, and upon the date specified in such notice the term of this lease shall expire as fully and completely as if such date were the date set forth above for the termination of this lease, and Tenant shall forthwith quit, surrender and vacate the demised premises without prejudice however, to Owner's rights and remedies against Tenant under the lease provisions in effect prior to such termination, and any rent owing shall be paid up to such date, and any payments of rent made by Tenant which were on account of any period subsequent to such date shall be returned to Tenant. Unless Owner shall serve a termination notice as provided for herein, Owner shall make the repairs and restorations under the conditions of (b) and (c) hereof, with all reasonable expedition, subject to delays due to adjustment of insurance claims, labor troubles and causes beyond Owner's control. After any such casualty, Tenant shall cooperate with Owner's restoration by removing from the demised premises as promptly as reasonably possible, all of Tenant's salvageable inventory and movable equipment, furniture, and other property, Tenant's liability for rent shall resume five (5) days after written notice from Owner that the demised premises are substantially ready for Tenant's occupancy. (e) Nothing contained hereinabove shall relieve Tenant from liability that may exist as a result of damage from fire or other casualty. Notwithstanding the foregoing including Owner's obligation to restore under subparagraph (b) above, each party shall look first to any insurance in its favor before making any claim against the other party for recovery for loss or damage resulting from fire or other casualty, and to the extent that such insurance is in force and collectible, and to the extent permitted by law, Owner and Tenant each hereby releases and waives all right of recovery with respect to subparagraphs (b), (d) and (e) above, against the other or any one claiming through or under each of them by way of subrogation or otherwise. The release and waiver herein referred to shall be deemed to include any loss or damage to the demised premises and/or to any personal property, equipment, trade fixtures, goods and merchandise located therein. The foregoing release and waiver shall be in force only if both releasors' insurance policies contain a clause providing that such a release or waiver shall not invalidate the insurance. If, and to the extent, that such waiver can be obtained only by the payment of additional premiums, then the party benefiting from the waiver shall pay such premium within ten (10) days after written demand or shall be deemed to have agreed that the party obtaining insurance coverage shall be free of any further obligation under the provisions hereof with respect to waiver of subrogation. Tenant acknowledges that Owner will not carry insurance on Tenant's furniture and/or furnishings or any fixtures or equipment, improvements, or appurtenances[2] Tenant, and agrees that Owner will not be obligated to repair any damage thereto or replace the same. (f) Tenant hereby waives the provisions of Section 227 of the Real Property Law and agrees that the provisions of this article shall govern and control in lieu thereof.

Eminent Domain: 10. If the whole or any part of the demised premises shall be acquired or condemned by Eminent Domain for any public or quasi public use or purpose, then and in that event, the term of this lease shall cease and terminate from the date of title vesting in such proceeding and Tenant shall have no claim for the value of any unexpired term of said lease. Tenant shall have the right to make an independent claim to the condemning authority for the value of Tenant's moving expenses and personal property, trade fixtures and equipment, provided Tenant is entitled pursuant to the terms of the lease to remove such property, trade fixtures and equipment at the end of the term, and provided further such claim does not reduce Owner's award.

Assignment, Mortgage, Etc.: 11. Tenant, for itself, its heirs, distributees, executors, administrators, legal representatives, successors and assigns, expressly covenants that it shall not assign, mortgage or encumber this agreement, nor underlet, or suffer or permit the demised premises or any part thereof to be used by others, without the prior written consent of Owner in each instance. Transfer of the majority of the stock of a corporate Tenant or the majority interest in any partnership or other legal entity which is Tenant shall be deemed an assignment. If this lease be assigned, or if the demised premises or any part thereof be underlet or occupied by anybody other than Tenant, Owner may, after default by Tenant, collect rent from the assignee, undertenant or occupant, and apply the net amount collected to the rent herein reserved, but no such assignment, underletting occupancy or collection shall be deemed a waiver of this covenant, or the acceptance of the assignee, undertenant or occupant as tenant, or a release of Tenant from the further performance by Tenant of covenants on the part of Tenant herein contained .The consent by Owner to an assignment or underletting shall not in any way be construed to relieve Tenant from obtaining the express consent in writing of Owner to any further assignment or underletting.

Electric Current: 12. Rates and conditions in respect to submetering or rent inclusion, as the case may be, to be added in RIDER attached hereto. Tenant covenants and agrees that at all times its use of electric current shall not exceed the capacity of existing feeders to the building or the risers or wiring installation, and Tenant may not use any electrical equipment which, in Owner’s opinion, reasonably exercised, will overload such installations or interfere with the use thereof by other tenants of the building. The change at any time of the character of electric service shall in no way make Owner liable or responsible to Tenant, for any loss, damages or expenses which Tenant may sustain.

Access to Premises: 13. Owner or Owner’s agents shall have the right (but shall not be obligated) to enter the demised premises in any emergency at any time, and, at other reasonable times, to examine the same and to make such repairs, replacements and improvements as Owner may deem necessary and reasonably desirable to any portion of the building, or which Owner may elect to perform in the demised premises after Tenant’s failure to make repairs, or perform any work which Tenant is obligated to perform under this lease, or for the purpose of complying with laws, regulations and other directions of governmental authorities. Tenant shall permit Owner to use, maintain and replace pipes, ducts, and conduits in and through the demised premises, and to erect new pipes, and conduits therein provided, wherever possible, that they are within walls or otherwise concealed. Owner may, during the progress of any work in the demised premises, take all necessary materials and equipment into said premises without the same constituting an eviction, nor shall Tenant be entitled to any abatement of rent while such work is in progress, nor to any damages by reason of loss or interruption of business or otherwise. Throughout the term hereof Owner shall have the right to enter the demised premises at reasonable hours for the purpose of showing the same to prospective purchasers or mortgagees of the building and during the last six (6) months of the term for the purpose of showing the same to prospective tenants, and may, during said six (6) months period, place upon the demised premises the usual notices “To Let” and “For Sale” which notices Tenant shall permit to remain thereon without molestation. lf Tenant is not present to open and permit an entry into the demised premises, Owner or Owner’s agents may enter the same whenever such entry may be necessary or permissible by master key or forcibly, and provided reasonable care is exercised to safeguard Tenant’s property, such entry shall not render Owner or its agents liable therefore, nor in any event shall the obligations of Tenant hereunder be affected. If during the last month of the term Tenant shall have removed all or substantially all of Tenant’s property therefrom, Owner may immediately enter, alter, renovate or redecorate the demised premises without limitation or abatement of rent or incurring liability to Tenant for any compensation, and such act shall have no effect on this lease or Tenant’s obligation hereunder.

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1. That, in Owner’s opinion, substantial alteration, demolition or reconstruction of the Building will be required.
2. or betterments made by or for the benefit of

Vault, Vault Space. Area: 14. No vaults, vault space or area, whether or not enclosed or covered, not within the property line of the building is leased hereunder, anything contained in or indicated on any sketch, blue print or plan, or anything contained elsewhere in this lease to the contrary notwithstanding. Owner makes no representation as to the location of the property line of the building. All vaults and vault space and all such areas not within the property line of the building, which Tenant may be permitted to use and/or occupy, is to be used and/or occupied under a revocable license, and if any such license be revoked, or if the amount of such space or area be diminished or required by any federal, state or municipal authority or public utility. Owner shall not be subject to any liability, nor shall Tenant be entitled to any compensation or diminution or abatement of rent, nor shall such revocation, diminution or requisition be deemed constructive or actual eviction. Any tax, fee or charge of municipal authorities for such vault or area shall be paid by Tenant, if used by Tenant, whether or not specifically leased hereunder.

Occupancy: 15. Tenant will not at any time use or occupy the demised premises in violation of the certificate of occupancy issued for the building of which the demised premises are a part. Tenant has inspected the demised premises and accepts them as is, subject to the riders annexed hereto with respect to Owner's work, if any. In any event, Owner makes no representation as to the condition of the demised premises and Tenant agrees to accept the same subject to violations, whether or not of record. If any governmental license or permit shall be required for the proper and lawful conduct of Tenant's business, Tenant shall be responsible for, and shall procure and maintain, such license or permit.

Bankruptcy: 16. (a) Anything elsewhere in this lease to the contrary notwithstanding, this lease may be cancelled by Owner by sending of a written notice to Tenant within a reasonable time after the happening of any one or more of the following events: (1) the commencement of a case in bankruptcy or under the laws of any state naming Tenant (or a guarantor of any of Tenant's obligations under this lease) as the debtor; or (2) the making by Tenant (or a guarantor of any of Tenant's obligations under this lease) of an assignment or any other arrangement for the benefit of creditors under any state statute. Neither Tenant nor any person claiming through or under Tenant, or by reason of any statute or order of court, shall thereafter be entitled in possession of the premises demised, but shall forthwith quit and surrender the demised premises. If this lease shall be assigned in accordance with its terms, the provisions of this Article 16 shall be applicable only to the party then owning Tenant's interest in this lease.

(b) It is stipulated and agreed that in the event of the termination of this lease pursuant to (a) hereof, Owner shall forthwith, notwithstanding any other provisions of this lease to the contrary, be entitled to recover from Tenant, as and for liquidated damages, an amount equal to the difference between the rental reserved hereunder for the unexpired portion of the term demised and the fair and reasonable rental value of the demised premises for the same period. In the computation of such damages the difference between any installment of rent becoming due hereunder after the date of termination and the fair and reasonable rental value of the demised premises for the period for which such installment was payable shall be discounted to the date of termination at the rate of four percent (4%) per annum. If the demised premises or any part thereof be relet by Owner for the unexpired term of said lease, or any part thereof, before presentation of proof of such liquidated damages to any court, commission or tribunal, the amount of rent reserved upon such reletting shall be deemed to be the fair and reasonable rental value for the part or the whole of the demised premises so re-let during the term of the re-letting. Nothing herein contained shall limit or prejudice the right of the Owner to prove for and obtain as liquidated damages by reason of such termination, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, such damages are to be proved, whether or not such amount be greater, equal to, or less than the amount of the difference referred to above.

Default: 17. (1) If Tenant defaults in fulfilling any of the covenants of this lease other than the covenants for the payment of rent or additional rent; or if the demised premises becomes vacant or deserted, or if this lease be rejected under §365 of Title [ ] of the U.S. Code (Bankruptcy Code); or if any execution or attachment shall be issued against Tenant or any of Tenant's property whereupon the demised premises shall be taken or occupied by someone other than Tenant; or if Tenant shall be in default with respect to any other lease between Owner and Tenant; or if Tenant shall have failed, after five (5) days written notice, to redeposit with Owner any portion of the security deposited hereunder which Owner has applied to the payment of any rent and additional rent due and payable hereunder; or if Tenant fails to move into or take possession of the demised premises within thirty (30) days after the commencement of the term of this lease, of which fact Owner shall be the sole judge; then in any one or more of such events, upon Owner serving a written fifteen (15) days notice upon Tenant specifying the nature of said default, and upon the expiration of said fifteen (15) days. If Tenant shall have failed to comply with or remedy such default, or if the said default or omission complained of shall be of a nature that the same cannot be completely cured or remedied within said fifteen (15) day period, and If Tenant shall not have diligently commenced during such default within such fifteen (15) day period, and shall not thereafter with reasonable diligence and in good faith, proceed to remedy or cure such default, then Owner may serve a written five (5) days notice or cancellation of this lease upon Tenant, and upon the expiration of said five (5) days this lease and the term thereunder shall end and expire as fully and completely as if the expiration of such five (5) day period were the day herein definitely fixed for the end and expiration of this lease and the term thereof, and Tenant shall then quit and surrender the demised premises to Owner, but Tenant shall remain liable as hereinafter provided.

(2) If the notice provided for in (1) hereof shall have been given, and the term shall expire as aforesaid; or if Tenant shall be in default in the payment of the rent reserved herein or any item of additional rent herein mentioned, or any part of either, or in making any other payment herein required; then, and in any of such events, Owner may without notice, re-enter the demised premises either by force or otherwise, and dispossess Tenant by summary proceedings or otherwise, and the legal representative of Tenant or other occupant of the demised premises, and remove their effects and hold the demised premises as if this lease had not been made, and Tenant hereby waiver the service of notice of intention to re-enter or to institute legal proceedings to that end. If Tenant shall make default hereunder prior to the date fixed as the commencement of any renewal or extension of this lease Owner may cancel and terminate such renewal or extension agreement by written notice.

Remedies of Owner and Waiver of Redemption: 18. In case of any such default, re-entry, expiration and/or dispossess by summary proceedings or otherwise (a) the rent, and additional rent, shall become due thereupon and be paid up to the time of such re-entry, dispossess and/or expiration, (b) Owner may re-let the demised premises or any part or parts thereof, either in the name of Owner or otherwise, for a term or terms, which may at Owner's option be less than or exceed the period which would otherwise have constituted the balance of the term of this lease, and may grant concessions or free rent or charge a higher rental than that in this lease, (c) Tenant or the legal representatives of Tenant shall also pay to Owner as liquidated damages for the failure of Tenant to observe and perform said Tenant's covenants herein contained, any deficiency between the rent hereby reserved and or covenanted to be paid and the net amount, if any, of the rents collected on account of the subsequent lease or leases of the demised premises for each month of the period which would otherwise have constituted the balance of the term of this lease. The failure of Owner to re-let the demised premises or any part or parts thereof shall not release or affect Tenant's liability for damages. In computing such liquidated damages there shall be added to the said deficiency such expenses as Owner may incur in connection with re-letting, such as legal expenses, reasonable attorney's fees, brokerage, advertising, and for keeping the demised premises in good order or for preparing the same for re-letting. Any such liquidated damages shall be paid in monthly installments by Tenant on the rent day specified in this lease, and any suit brought to collect the amount of the deficiency for any month shall not prejudice in any way the rights of Owner to collect the deficiency for any subsequent month by a similar proceeding. Owner, in putting the demised premises in good order or preparing the same for re-rental may, at Owner's option, make such alterations, repairs, replacements, and/or decorations in the demised premises as Owner, in Owner's sole judgment, considers advisable and necessary for the purpose of re-letting the demised premises, and the making of such alterations, repairs, replacements, and/or decorations shall not operate or be construed to release Tenant from liability

hereunder as aforesaid. Owner shall in no event be liable in any way whatsoever for failure to re-let the demised premises, or in the event that the demised premises are re-let, for failure to collect the rent thereof under such re-letting, and in no event shall Tenant be entitled to receive any excess, if any, of such net rents collected over the sums payable by Tenant to Owner hereunder. In the event of a breach or threatened breach by Tenant of any of the covenants or provisions hereof. Owner shall have the right of injunction and the right to invoke any remedy allowed at law or in equity as if re-entry, summary proceedings and other remedies were not herein provided for. Mention in this lease of any particular remedy, shall not preclude Owner from any other remedy, in law or in equity. Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws.

Fees and Expenses: 19. If Tenant shall default in the observance or performance of any term or covenant on Tenant's part to be observed or performed under, or by virtue of, any of the terms or provisions in any article of this lease, after notice if required, and upon expiration of the applicable grace period. If any, (except in an emergency), then, unless otherwise provided elsewhere in this lease. Owner may immediately, or at any time thereafter, and without notice, perform the obligation of Tenant thereunder. If Owner, in connection with the foregoing, or in connection with any default by Tenant in the covenant to pay rent hereunder, makes any expenditures or incurs any obligations for the payment of money, including but not limited to reasonable attorneys' fees, in instituting, prosecuting or defending any action or proceeding, and prevails in any such action or proceeding, then Tenant will reimburse Owner for such sums so paid or obligations incurred with interest and costs. The foregoing expenses incurred by reason of Tenant's default shall be deemed to be additional rent hereunder and shall be paid by Tenant to Owner within ten (10) days of rendition of any bill or statement to Tenant therefore. If Tenant's lease term shall have expired at the time of making of such expenditures or incurring of such obligations, such sums shall be recoverable by Owner as damages.

Building Alterations and Management: 20. Owner shall have the right, at any time, without the same constituting an eviction and without incurring liability to Tenant therefore, to change the arrangement and or location of public entrances, passageways, doors, doorways, corridors, elevators, stairs, toilets or other public parts of the building, and to change the name, number or designation by which the building may be known. There shall be no allowance to Tenant for diminution of rental value and no liability on the part of Owner by reason of inconvenience, annoyance or injury to business arising from Owner or other Tenant making any repairs in the building or any such alterations, additions and improvements. Furthermore, Tenant shall not have any claim against Owner by reason of Owner's imposition of any controls of the manner of access to the building by Tenant's social or business visitors, as Owner may deem necessary, for the security of the building and its occupants.

No Representations by Owner: 21. Neither Owner nor Owner's agents have made any representations or promises with respect to the physical condition of the building, the land upon which it is erected, the demised premises, the rents, leases, expenses of operation, or any other matter or thing affecting or related to the demised premises or the building, except as herein expressly set forth, and no rights, casements or licenses are acquired by Tenant by implication or otherwise except as expressly set forth in the provisions of this lease. Tenant has inspected the building and the demised premises and is thoroughly acquainted with their condition and agrees to take the same "as-is" on the date possession is tendered, and acknowledges that the taking of possession of the demised premises by Tenant shall be conclusive evidence that the said premises, and the building of which the same form a part, were in good and satisfactory condition at the time such possession was so taken, except as to latent defects. All understandings and agreements heretofore made between the parties hereto are merged in this contract, which alone fully and completely expresses the agreement between Owner and Tenant, and any executory agreement hereafter made shall be ineffective to change, modify, discharge or effect an abandonment of it in whole or in part, unless such executory agreement is in writing and signed by the party against whom enforcement of the change, modification, discharge or abandonment is sought.

End of Term: 22. Upon the expiration or other termination of the term of this lease, Tenant shall quit and surrender to Owner the demised premises, "broom-clean". In good order and condition, ordinary wear and damages which Tenant is not required to repair as provided elsewhere in this lease excepted, and Tenant shall remove all its property from the demised premises. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of this lease. If the last day of the term of this lease, or any renewal thereof, falls on Sunday, this lease shall expire at noon on the preceding Saturday, unless it be a legal holiday, in which case it shall expire at noon on the preceding business day.

Quiet Enjoyment: 23. Owner covenants and agrees with Tenant that upon Tenant paying the rent and additional rent and observing and performing all the terms, covenants and conditions, on Tenant's part to be observed and performed, Tenant may peaceably and quietly enjoy the premises hereby demised, subject, nevertheless, in the terms and conditions of this lease including, but not limited to, Article 34 hereof, and to the ground leases, underlying leases and mortgages hereinbefore mentioned.

Failure to Give Possession: 24. If Owner is unable to give possession of the demised premises on the date of the commencement of the term hereof because of the holding-over or retention of possession of any tenant, undertenant or occupants, or if the demised premises are located in a building being constructed, because such building has not been sufficiently completed to make the premises ready for occupancy or because of the fact that a certificate of occupancy has not been procured, or if Owner has not completed any work required to be performed by Owner, or for any other reason, Owner shall not be subject to any liability for failure to give possession on said date and the validity of the lease shall not be impaired under such circumstances, nor shall the same be construed in any way to extend the term of this lease, but the rent payable hereunder shall be closed (provided Tenant is not responsible for Owner's inability to obtain possession or complete any work required) until after Owner shall have given Tenant notice that Owner is able to deliver possession in the condition required by this lease. If permission is given to Tenant to enter into possession of the demised premises, or to occupy premises other than the demised premises, prior to the date specified as the commencement of the term of this lease, Tenant covenants and agrees that such possession and/or occupancy shall be deemed to be under all the terms, covenants, conditions and provisions of this lease, except the obligation to pay the fixed annual rent set forth in page one of this lease. The provisions of this article are intended to constitute "an express provision to the contrary" within the meaning of Section 223-a of the New York Real Property Law.

No Waiver: 25. The failure of Owner to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this lease, or of any of the Rules or Regulations, set forth or hereafter adopted by Owner, shall not prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation. The receipt by Owner of rent with knowledge of the breach of any covenant of this lease shall not be deemed a waiver of such breach, and no provision of this lease shall be deemed to have been waived by Owner unless such waiver be in writing signed by Owner. No payment by Tenant, or receipt by Owner, of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement of any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Owner may accept such check or payment without prejudice to Owner's right to recover the balance of such rent or pursue any other remedy in this lease provided. All checks tendered to Owner as and for the rent of the demised premises shall be deemed payments for the account of Tenant. Acceptance by Owner of rent from anyone other than Tenant shall not be deemed to operate as an attornment to Owner by the payor of such rent, or as a consent by Owner to an assignment or subletting by Tenant of the demised premises to such payor, or as a modification of the provisions of this lease. No act or thing done by Owner or Owner's agents during the term hereby demised shall be deemed an acceptance of a surrender of said premises, and no agreement to accept such surrender shall be valid unless in writing signed by Owner. No employee of Owner or Owner's agent shall have any power to accept the keys of said premises prior to the termination of the lease, and the delivery of keys to any such agent or employee shall not operate as termination of the lease or a surrender of the demised premises.

Waiver of Trial by Jury: 26. It is mutually agreed by and between Owner and Tenant that the respective parties hereto shall, and they hereby do, waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other (except for personal injury or property damage) on any matters whatsoever arising out of or in any way connected with this lease, the relationship of Owner and Tenant, Tenant's use of or occupancy of demised premises, and any emergency statutory or any other statutory remedy. It is further mutually agreed that in the event Owner commences any proceeding or action for possession, including a summary proceeding for possession of the demised premises, Tenant will not interpose any counterclaim, of whatever nature or description, in any such proceeding including a counterclaim under Article 4, except for statutory mandatory counterclaims.

Inability to Perform: 27. This lease and the obligation of Tenant to pay rent hereunder and perform all of the other covenants and agreements hereunder on part of Tenant to be performed shall in no way be affected, impaired or excused because Owner is unable to fulfill any of its obligations under this lease, or to supply, or is delayed in supplying, any service expressly or impliedly to be supplied, or is unable to make, or is delayed in making any repairs, additions, alterations or decorations, or is unable to supply, or is delayed in supplying any equipment, fixtures or other materials, if Owner is prevented or delayed from doing so by reason of strike or labor troubles, or any cause whatsoever beyond Owner's sole control including, but not limited to, government preemption or restrictions, or by reason of any rule, order or regulation of any department or subdivision thereof any government agency, or by reason of the conditions which have been or are affected, either directly or indirectly, by war or other emergency.

Bills and Notices: 28. Except as otherwise In this lease provided, any notice, statement demand or other communication required or permitted to be given, endered or made by either party to the other, pursuant to this lease or pursuant to any applicable law or requirement of public authority, shall be in writing (whether or not so stated elsewhere in this lease) and shall be deemed to have been properly given, rendered or made, if sent by registered or certified mail (express mail, if available). Return receipt requested, or by courier guaranteeing overnight delivery and furnishing a receipt in evidence thereof, addressed to the other party at the address herein above set forth (except that after the date specified as the commencement of the term of this lease. Tenant's address unless Tenant shall give notice to the contrary, shall be the building), and shall be deemed to have been given, rendered or made (a) on the date delivered. If delivered to tenant personally. (b) on the data delivered. If delivered by overnight courier (c) on the date which is two (2) days after being mailed. Either party may, by notice as aforesaid designers a different address or addresses for notices, statements, demand or other communications included for it. Notices given by Owner's managing agent shall be deemed a valid notice if addressed and net in accordance with the provisions of this Article. At Owner's option, notices and bills to Tenant may be sent by hand delivery.

Water Charges: 29. If Tenant requires, uses or consumes water for any purpose in addition to ordinary lavatory purposes (of which fact Owner shall be the sole judge) Owner may install a water meter and thereby measure Tenant's water consumption for all purposes. Tenant shall pay Owner for the cost of the meter and the cost of the installation. Throughout the duration of Tenant's occupancy, Tenant shall keep said meter and installation equipment in good working order and repair at Tenant's own cost and expense. In the event Tenant fails to maintain the meter and installation equipment in good working order and repair (of which fact Owner shall be the sole judge) Owner may cause such meter and equipment to be replaced or repaired, and collect the cost thereof from Tenant as additional rent. Tenant agrees to pay for water consumed, as shown on said meter as and when bills are rendered, and in the event Tenant defaults in the making of such payment, Owner may pay such charges and collect the same from Tenant as additional rent. Tenant covenants and agrees to pay, as additional rent, the sewer rent, charge or any other tax, rent or levy which now or hereafter is assessed, imposed or a lien upon the demised premises, or the realtiy of which they are a part, pursuant to any law, order or regulation made or issued in connection with the use, consumption, maintenance or supply of water, the water system or sewage or sewage connection or system. If the building, the demised

premises, or any part thereof, is supplied with water through a meter through which water is also supplied to other premises, Tenant shall pay to Owner, as additional rent, on the first day of each month, % ($) of the total meter charges as Tenant's portion. Independently of, and in addition to, any of the remedies reserved to Owner hereinabove or elsewhere in this lease, Owner may sue for and collect any monies to be paid by Tenant, or paid by Owner, for any of the reasons or purposes hereinabove set forth.

(See Rider Article 43)

Sprinklers: 30. Anything else where in this lease to the contrary notwithstanding, if the New York Board of Fire Underwriters or the New York Fire Insurance Exchange or any bureau, department or official of the federal, state or city government recommend or require the installation of a sprinkler system, or that any changes, modifications, alterations, or additional sprinkler heads or other equipment be made or supplied in an existing sprinkler system by reason of Tenant's business, the location of partitions, trade fixtures, or other contents of the demised premises, or for any other reason, or if any such sprinkler system installations, modifications, alterations, additional sprinkler heads or other such equipment, become necessary to prevent the imposition of a penalty or charge against the full allowance for a sprinkler system in the fire insurance rate set by said Exchange or any other body making fire Insurance rates, or by any fire insurance company, Tenant shall, at Tenant's expense, promptly make such sprinkler system installations, changes, modifications, alterations, and supply additional sprinkler heads or other equipment as required, whether the work involved shall be structural or non-structural in nature. Tenant shall pay to Owner as additional rent the sum of $. on the first day of each month during the term of the this lease, as Tenant's portion of the contract price for sprinkler supervisory service.

(See Rider Article 43)

Elevators, Heat, Cleaning: 31. As long as Tenant is not in default under any the covenants of this lease, beyond the applicable grace period provided in this lease for the curing of such defaults. Owner shall: (a) provide necessary passenger elevator facilities on business days from 8 a.m. to 6 p.m. and on Saturdays from 8 a.m. to 1 p.m.; (b) if freight elevator service is provided, same shall be provided only on regular business days, Monday through Friday inclusive, and on those days only between the hours of 9 a.m. and 12 noon and between 1 p.m. and 5 p.m.; (c) furnish heat, water and other services supplied by Owner to the demised premises, when and as required by law, on business days from 8 a.m. to 6 p.m. and on Saturdays from 8 a.m. to 1 p.m.; (d) clean the public halls and public portions of the building which are used in common by all tenants. Tenant shall, at Tenant's expense, keep the demised premises, including the windows, clean and in order, to the reasonable satisfaction of Owner, and for that purpose shall employ person or persons, or corporations approved by Owner. Tenant shall pay to Owner the cost of removal of any of Tenant's refuse and rubbish from the building. Bills for the same shall be rendered by Owner to Tenant at such time as Owner may elect, and shall be due and payable hereunder, and the amount of such bills shall be deemed to be, and be paid as additional rent. Tenant shall, however, have the option of independently contracting for the removal of such rubbish and refuse in the event that Tenant does not wish to have same done by employees of Owner. Under such circumstances, however, the removal of such refuse and rubbish by others shall be subject to such rules and regulations as, in the judgment of Owner, are necessary for the proper operation of the building, Owner reserves the right to stop service of the heating, elevator, plumbing and electric systems, when necessary, by reason of accident or emergency, or for repairs, alterations, replacements or improvements, which in the judgment of Owner are desirable or necessary to be made, until said repairs, alterations, replacements or improvements shall have been completed. If the building of which the demised premises are a part supplies manually operated elevator service, Owner may proceed diligently with alterations necessary to substitute automatic control elevator service without in any way affecting the obligations of Tenant hereunder.

Security: 32. Tenant has deposited with Owner the sum of $ 243,109.90 as security for the faithful performance and observance by Tenant of the terms, provisions and conditions of this lease. It is agreed that in the event Tenant defaults in respect of any of the terms, provisions and conditions of this lease, including, but not limited to, the payment of rent and additional rent, Owner may use, apply or retain the whole or any part of the security so deposited to the extent required for the payment of any rent and additional rent[1], or any other sum as to which Tenant is in default, or for any sum which Owner may expend[2], or may be required to expend, by reason of Tenant's default in respect of any of the terms, covenants and conditions of this lease, including but not limited to, any damages or deficiency in the re-letting of the demised premises, whether such damages or deficiency accrued before or after summary proceedings or other re-entry by Owner. In the case of every such use, application or retention, Tenant shall, within five (5) days after demand, pay to Owner the sum so used, applied or retained which shall be added to the security deposit so that the same shall be replenished to its former amount. In the event that Tenant shall fully and faithfully comply with all of the terms, provisions, covenants and conditions of this lease, the security shall be returned to Tenant after the date fixed as the end of the lease, and after delivery of entire possession of the demised premises to Owner. In the event of a sale of the land and building or leasing of the building, of which the demised premises form a part. Owner shall have the right to transfer the security to the vendee or lessee, and Owner shall thereupon be released by Tenant from all Liability for the return of such security; and Tenant agrees to look to the new Owner solely for the return of said security, and it is agreed that the provisions hereof shall apply to every transfer or assignment made of the security to a new Owner. Tenant further covenants that it will not assign or encumber, or attempt to assign or encumber, the monies deposited herein as security, and that neither Owner nor its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

Captions: 33. The Captions are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this lease nor the intent of any provision thereof.

Definitions: 34. The term "Owner" as used in this lease means only the owner of the fee or of the leasehold of the building, or the mortgagee in possession for the time being, of the land and building (or the owner of a lease of the building or of the land and building) of which the demised premises form a pan, so that in the event of any sale or sales or conveyance, assignment or transfer of said land and building or of said lease, or in the event of a lease of said building, or of the land and building, the said Owner shall be and hereby is entirely freed and relieved of all covenants and obligations of Owner hereunder, and it shall be deemed and construed without further agreement between the pardon or their successors in interest, or between the parties and the purchaser, grantee, assignee or transferee at any such sale, or the said lessee of the building, or of the land and building, that the purchaser or the lessee of the building has assumed end agreed to carry out any and all covenants and obligations of Owner hereunder. The words "re-enter" and "re-entry" as used in this lease are not restricted to their technical legal meaning. The term "rent" includes the annual rental rate whether so expressed or expressed in monthly installments, and "additional rent." "Additional rent" means all sums which shall be due to Owner from Tenant under this lease, in addition to the annual rental rate. The term "business days" as used in this lease, shall exclude Saturdays, Sundays and all days observed by the State or Federal Government as legal holidays and those designated as holidays by the applicable building service union employees service contract, or by the applicable Operating Engineers contract with respect to HVAC service. Wherever it is expressly provided in this lease that consent shall not be unreasonably withheld, such consent shall not be unreasonably delayed.

Adjacent Excavation-Shoring: 35. If an excavation shall be made upon land adjacent to the demised premises, or shall be authorized to be made, Tenant shall afford as the person causing or authorized to cause such excavation, a license to enter upon the demised premises for the purpose of doing such work as said person shall deem necessary to preserve the wall of the building, of which demised premises form a part, from injury or damage, and to support the same by proper foundations, without any claim for damages or indemnity against Owner, or diminution or abatement of rent.

Rules and Regulations: 36. Tenant and Tenant's servants, employees, agents, visitors, and licensees shall observe faithfully, and comply strictly with, the Rules and Regulations annexed hereto and such other and further reasonable Rules and Regulations as Owner or Owner's agents may from time to time adopt. Notice of any additional Rules or Regulations shall be given in such manner as Owner may elect. In case Tenant disputes the reasonableness of any additional Rules or Regulations hereafter made or adopted by Owner or Owner's agents, the parties hereto agree to submit the question of the reasonableness of such Rules or Regulations for decision to the New York office of the American Arbitration Association, whose determination shall be final and conclusive upon the parties hereto. The right to dispute the reasonableness of any additional Rules or Regulations upon Tenant's part shall be deemed waived unless the same shall be asserted by service of a notice, in-writing, upon Owner, within fifteen (15) days after the giving of notice thereof. Nothing in this lease contained shall be construed to impose upon Owner any duty or obligation to enforce the Rules and Regulations or terms, covenants or conditions in any other lease, as against any other tenant, and Owner shall not be liable to Tenant for violation of the same by any other tenant, its servants, employees, agents, visitors or licensees.

Glass: 37. Owner shall replace, at the expense of Tenant, any and all plate and other glass damaged or broken from any cause whatsoever in and about the demised premises. Owner may insure, and keep insured, at Tenant's expense, all plate and other glass in the demised premises for and in the name of Owner. Bills for the premiums therefore shall be rendered by Owner to Tenant at such times as Owner may elect, and shall be due from, and payable by Tenant when rendered, and the amount thereof shall be deemed to be, and be paid as, additional rent.

Estoppel Certificate: 38. Tenant, at any time, and from time to time, upon at least ten (10) days prior notice by Owner, shall execute, acknowledge and deliver to Owner, and/or to any other person, firm or corporation specified by Owner, a statement certifying that this lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), stating the dates to which the rent and additional rent have been paid, stating whether or not there exists any default by Owner under this lease, and, if so, specifying each such default and such other information as shall be required of Tenant.

Directory Board Listing: 39. If, at the request of, and as accommodation to, Tenant, Owner shall place upon the directory board in the lobby of the building one or more names of persons or entities other than Tenant, such directory board listing shall not be construed as the consent by Owner to an assignment or subletting by Tenant to such persons or entities.

Successors and Assigns: 40. The covenants, conditions and agreements contained in this lease shall bind and inure to the benefit of Owner and Tenant and their respective heirs, distributees, executors, administrators, successors, and except as otherwise provided in this lease, their assigns. Tenant shall look only to Owner's estate and interest in the land and building for the satisfaction of Tenant's remedies for the collection of a judgment (or other judicial process) against Owner in the event of any default by Owner hereunder, and no other property or assets of such Owner (or any partner, member, officer or director thereof, disclosed or undisclosed), shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies under, or with respect to, this lease, the relationship of Owner and Tenant hereunder, or Tenant's use and occupancy of the demised premises.

SEE RIDER(S) AND GUARANTY (IF APPLICABLE) ANNEXED HERETO AND MADE PART HEREOF

In Witness Whereof, Owner and Tenant have respectively signed and sealed this lease as of the day and year first above written.

G & S REALTY 1, LLC

BY: 

Robert Savitt, Member
Zeno Management , Inc.
Docusigned by:

By: /s/ Anthony Sun, MD

Written Name: Anthony Sun, MD

Title: CEO

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1. and/or in the event that this lease is rejected in a bankruptcy or insolvency proceeding.
2. including , but not limited to ,any damages arising from the rejection of this lease in a bankruptcy or insolvency proceeding and use and occupancy charges in the event of Tenant's holding over in the demised premises after the expiration or sooner termination of this lease.

RIDER ATTACHED AND MADE PART OF LEASE DATED: APRIL 12th, 2019

-between-

G&S REALTY 1, LLC, as "OWNER" or "LANDLORD"

and

ZENO MANAGEMENT, INC., as "TENANT"

Covering Suite 2201 at 530 Seventh Avenue, New York, New York

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41. **Term of Lease; Annual Fixed Rental; Electricity Rent Inclusion:**

(A) **Term**: Subject to the terms and conditions set forth in Article 65, this Lease shall commence as of May 1, 2019 and shall expire on June 30, 2023 unless sooner terminated in accordance with the terms and conditions of this Lease.

(B) **Annual Fixed Rental:** The annual (or pro rata partial year, as applicable) and monthly fixed rental rates for the demised premises shall be as follows:

1) Three Hundred Forty Thousand Eight Hundred and 00/100 Dollars ($340,800.00) for the period from May 1, 2019 through April 30, 2020 ($28,400.00 per month);

2) Three Hundred Fifty Thousand Five Hundred Twenty and 00/100 Dollars ($350,520.00) for the period from May 1, 2020 through April 30, 2021 ($29,210.00 per month);

3) Three Hundred Sixty Thousand Five Hundred Thirty-One and 60/100 Dollars ($360,531.60) for the period from May 1, 2021 through April 30, 2022 ($30,044.30 per month);

4) Three Hundred Seventy Thousand Eight Hundred Forty-Three and 55/100 Dollars ($370,843.55) for the period from May 1, 2022 through April 30, 2023 ($30,903.63 per month); and

5) Sixty Three Thousand Five Hundred Seventy Seven and 48/100 Dollars ($63,577.48) for the period from May 1, 2023 through June 30, 2023 ($31,788.74 per month).

The annual fixed rental shall be payable in equal monthly installments on the first day of each month, in advance, throughout the term of this Lease, without any set-off or deduction whatsoever, except that the first monthly installment shall be paid by TENANT on execution and delivery of this Lease to OWNER.

(C) **Free Rent:** Provided and so long as TENANT is not ever in monetary or material non-monetary default of this Lease beyond any applicable cure period, TENANT shall not be required to pay fixed rent for the month of May, 2019. If this Lease is terminated by OWNER because of TENANT's default, then, in addition to all other damages and remedies to which OWNER may be otherwise entitled, OWNER shall also be entitled to the repayment, upon demand, of the unamortized portion of the free fixed rent calculated on a straight-line bases over the initial term of the Lease, OWNER's failure to elect to collect the abated rent upon a default by TENANT shall not be deemed a waiver of OWNER's right to collect such abated rent at any later point. TENANT acknowledges that it shall be responsible for the payment of water, sprinkler and electric charges commencing immediately upon TENANT's having access to the demised premises.

(D) **Owner's Work:** Prior to the commencement of the term, OWNER, at its expense, shall substantially complete the work set forth on Schedule "A" annexed hereto (collectively, the "OWNER's Work"), in building standard manner, using building standard materials and finishes. OWNER represents and warrants that OWNER shall perform OWNER'S Work in a good and workmanlike manner and in compliance with all laws, codes and ordinances and all insurance requirements, and perform such OWNER'S Work in accordance with the plans and specifications. As used herein, "substantially complete" shall be deemed to mean a status of completion which complies with Schedule "A" in all material respects, is in compliance with all applicable laws, and does not materially interfere with TENANT's move-in and use of the demised premises, subject to whatever other work, installations, or improvements TENANT intends to perform with respect to the demised premises. If for any reason the OWNER's work is not substantially completed by the scheduled commencement of the term, said commencement shall be delayed until said work is substantially completed, and the free rent period shall be adjusted accordingly. In the event OWNER's work is not substantially complete, subject to punch list items only, by September, 2019 (as the same may be extended by force majeure), TENANT may terminate this Lease upon written notice to Landlord, in which case, this Lease shall be of no further force or effect and Landlord shall promptly return to TENANT all sums previously delivered to OWNER by TENANT.

(E) **Electricity - Rent Inclusion:** Throughout the term of this Lease, electricity shall be supplied to the demised premises in accordance with the provisions of Clause B of the Electric Rider annexed hereto, on a rent inclusion basis, at the rate of $3.50 per rentable square foot. The annual and fixed rental rates in subparagraph (B) above already include such rent inclusion amounts.

42. **Additional Rent: (Real Estate Taxes):**

(A) In the event that the "Real Estate Taxes" (as hereinafter defined) levied on all or any part of the property of which the demised premises are a part, including the land (collectively, the "***Property***"), shall for any year after the New York City tax

year 2019/2020 (the "***base tax year***") be in excess of the Real Estate Taxes levied against the Property with respect to the base tax year during the Term, TENANT shall pay to the OWNER, as additional rent, an amount equal 1.677% percent ("***TENANT'S Share***") of such excess, if any. Commencing on February 1, 2020, and on February 1st of each year thereafter during the Term, on the first day of each of the following five (5) months (ending with July 1st,) OWNER shall bill TENANT one-sixth (1/6th) of the estimated amount of TENANT's Share of Real Estate Taxes, if any, for the tax year beginning July 1st in each such year, and within sixty (60) days following the expiration of the calendar year in which said monthly payments are made, OWNER shall reconcile the estimated payments and actual Real Estate Taxes payable with respect for the subject tax year. TENANT shall pay, within thirty (30) days after notice from OWNER any deficiency in said estimated payments, and, if any amount is due to TENANT, the same shall be paid to TENANT or credited against the next rent or additional rent payable by TENANT. In addition, TENANT shall pay, as additional rent, for each and every tax year, commencing with the tax year in which the term of this Lease commences, TENANT's Share of the business improvement district ("BID")[1] or special assessment taxes levied against OWNER for the district in which the building is located from dollar one and not of the excess over the aforesaid base tax year. TENANT'S Share of the business improvement district or special taxes shall be payable within thirty (30) days of receipt of OWNER's statement therefor.

(B) If OWNER should incur any expense in connection with OWNER's endeavor to reduce or prevent increase in the Real Estate Taxes and/or any assessed valuation and OWNER does, in fact, achieve such reduction or prevent such assessment, as the case may be, TENANT shall be obligated to pay, as additional rent, the amount computed by multiplying the TENANT'S Share by the expenses incurred by OWNER, provided that in no event shall the expenses paid by Tenant exceed the savings to Tenant. The obligation to make any payments of additional rent pursuant to this Article, including any obligation of OWNER to credit or pay Tenant, as the case may be, pursuant to the next sentence, shall survive the expiration or other termination of this Lease for a period of two (2) years. In the event OWNER receives a refund of Real Estate Taxes arising from OWNER's contest thereof and TENANT has paid TENANT'S Share thereof, TENANT'S Share of such refund (less TENANT'S share of the expenses in procuring said refund to the extent not already paid by TENANT) shall be credited against the next installment of TENANT's Share, and, if any amount is owed to TENANT at the time of the expiration of this Lease, then, so long as TENANT is not in default, the same shall be paid to TENANT within thirty (30) days after such expiration. If Real Estate Taxes for the base tax year shall be reduced, including, but not limited to, as a result of any proceeding brought by OWNER, then for the purposes of this Article 42, Real Estate Taxes for the base tax year shall be deemed to be such amount, and any prior and future payments shall be readjusted to reflect said reduction in the base tax year. TENANT acknowledges and agrees that only OWNER shall be eligible to institute tax reduction or other proceedings. The obligations of the parties shall survive the expiration of the term of this Lease in accordance with this Article.

(C) As used herein, the term "Real Estate Taxes" shall mean the aggregate amount of real estate taxes and any general or special assessments that in each case are imposed upon the Property, without taking into account any discount that OWNER receives by virtue of any early payment of Real Estate Taxes, or otherwise; provided, however, that if, because of any change in the taxation of real estate, any other tax or assessment, however denominated (including, without limitation, any franchise, income, profit, sales, use, occupancy, gross receipts or rental tax), is imposed upon the Real Property, the owner thereof, or the occupancy, rents or income derived therefrom, in substitution for or in addition to any of the Real Estate Taxes, then such other tax or assessment to the extent substituted shall be included in Real Estate Taxes for purposes hereof (calculated on the basis that the Property is OWNER's sole asset and the income therefrom is OWNER's sole income). Real Estate Taxes shall also include, without limitation, (i) assessments made upon or with respect to any "air" and "development" rights now or hereafter appurtenant to or affecting the Property, (ii) any fee, tax or charge imposed by any governmental or quasi-governmental authority for any vaults or vault spaces that in either case are appurtenant to the Property, and (iii) any taxes or assessments levied after the date of this Lease, in whole or in part, for public benefits to the Property, provided that the so-call BID taxes and assessments shall be separately paid in full as provided in subparagraph (A) above. Real Estate Taxes shall not include (a) any franchise, transfer, estate or inheritance taxes imposed on OWNER, or income taxes imposed upon OWNER, or (b) any fines, penalties or interest incurred as a result of OWNER's failure to pay any Real Estate Tax when due. Except as set forth in Section 42(B) above, in no event shall Tenant be entitled to any credit in the event the Real Estate Taxes are less than those in the base year.

43. **Water; Sprinkler:** Supplementing Articles 29 and 30 of the printed portion of this Lease: (i) TENANT shall pay to OWNER $100.00 per month, as additional rent for TENANT's water use, unless OWNER, at its option, elects to install a meter or submeter to measure TENANT's water usage and bill TENANT as provided in Article 29, and (ii) TENANT shall pay to OWNER $100.00 per month, as additional rent for sprinkler supervisory service. Said monthly payments shall be made together with the payment of fixed monthly rent.

44. **Air-Conditioning**

(A) OWNER hereby grants the TENANT permission to use the air-conditioning unit(s), if any, currently installed in the demised premises during its occupancy of the demised premises. It is understood and agreed that TENANT, at its sole cost and expense, will comply with all the laws, rules, orders, ordinances and regulations of any governmental and quasi-governmental bureaus and departments having jurisdiction thereover, and of the New York Board of Fire Underwriters and the New York Fire Insurance Rating Organization. TENANT covenants and agrees to carry liability insurance and water damage legal liability insurance with respect to the said air-conditioning unit(s) and its associated ducting and other equipment (deemed included within the term "air-conditioning unit(s)") throughout the term of the Lease.[2] TENANT further covenants and agrees that upon the expiration or sooner termination of this Lease, said air-conditioning unit(s) shall all remain the property of the OWNER and may not be removed by TENANT without the permission of OWNER. In no event may TENANT install any window or thru-wall air-conditioning units or equipment.

(B) If the demised premises is now or hereafter served by water-cooled air-conditioning unit(s), TENANT agrees to pay Three Hundred Fifty and 00/100 ($350.00) Dollars per annum for each refrigeration ton allocable to the demised premises (9.45 tons) within thirty (30) days after being billed by OWNER except that if the Lease commences during

the period from October 1st through December 31st, TENANT shall not be obligated to pay said amount for such calendar year. TENANT agrees that it shall maintain, repair and replace (if necessary) the air-conditioning unit(s), whether air-cooled or water-cooled, throughout the term of this Lease and shall have the same serviced immediately prior to April 1 of each calendar year. If TENANT fails to properly maintain and service the air conditioning unit(s) by April 1st of each year, OWNER, without limiting any of its other remedies, may have the same serviced at TENANT's sole cost and expense. TENANT shall also keep in full force and effect, throughout the term of this Lease, a full service contract with a reputable provider approved by OWNER, such approval not to be unreasonably withheld, and, prior to April 1 of each year, furnish to OWNER a copy of TENANT's service contract together with proof from the service provider that it has been paid in full for the ensuing cooling season. Notwithstanding the foregoing, OWNER may require TENANT to engage a particular designated service provider, or to pay to OWNER within ten (10) days after demand, from time to time, a pro rata share, as reasonably estimated by OWNER, of OWNER's cost of carrying a service contract on other units as well as the air-conditioning unit(s) serving the demised premises, so long as the rates charged, in each case, are reasonably competitive with other reputable contractors providing comparable quality services in similar buildings similarly located. OWNER shall have all the rights and remedies to enforce the payment of the amounts due hereunder as it now has under this Lease, or otherwise, for the enforcement of the payment of fixed rent. TENANT acknowledges that it may not replace any water cooled unit with an air-cooled unit, nor install an air-cooled unit, without OWNER's prior consent, which may be withheld in OWNER's sole discretion, and that all of said unit(s) and any ductwork and equipment serving same shall be and remain the property of the OWNER. OWNER does not warrant TENANT's right to continue to use the air-conditioning system if such use be prohibited or restricted by any law, ordinance or governmental regulation, directly or indirectly, and TENANT shall be solely responsible for the costs and expenses for the installation and/or modification of all or any part of such system.

(C) Notwithstanding the provisions of subparagraph (B) above, (i) the parties acknowledge that the demised premises is currently served by a common air-conditioning system, and, unless the system is entirely air-cooled, TENANT shall pay the per annum charge set forth in subparagraph (B) above and (ii) unless and until an independent unit is installed, TENANT agrees to pay 63% of the total cost of maintaining, servicing, and repairing the air-conditioning unit(s), but not any necessary replacement of the unit unless the need therefor results from the negligence or willful misconduct of TENANT or any subtenant or licensee, or any of TENANT's or their respective employees, agents, contractors, subcontactors, or invitees.

45. **Maintenance; Cleaning; Repairs; Use of Freight Elevator:**

(A) OWNER shall not be obligated to provide any maintenance, cleaning or rubbish removal services with respect to the demised premises. TENANT, at its cost and expense, shall employ a cleaning contractor to clean the interior of the demised premises and shall contract directly with the building's designated carting company or other third party approved by OWNER to remove all rubbish and refuse from the demised premises (including carting the same from the building and lawfully disposing of same). TENANT agrees not to employ any person or firm for interior cleaning in or to the demised premises, including, without limitation, for any alterations or improvements to the demised premises, without OWNER'S prior written consent, such consent not to be unreasonably withheld or delayed, provided that any such labor would not cause or threaten to cause a strike by any union connected with any employees employed directly or indirectly by OWNER, or others engaged in any work at the building. Notwithstanding the foregoing OWNER may require TENANT to utilize a designated union or other contractor for its interior cleaning so long as the rates charged are reasonably competitive with other reputable union contractors providing comparable quality services in similar buildings, similarly located.

(B) TENANT shall maintain and repair the demised premises and each and every part thereof, including, but not limited to, all electrical, plumbing, lighting, and air-conditioning systems, fixtures and equipment solely serving the demised premises, and the doors and door frames therein or thereto (including all hardware), and any glass areas (the interior of which shall be regularly cleaned) and frames therefor (excepting the curtain wall's window frames), provided, however, that OWNER shall be responsible for the repair of (i) the roof (including roof membrane) and structural portions of the building affecting the demised premises, (ii) the building elevators and fire stairways serving the demised premises, (iii) the existing perimeter radiators and existing piping therefor, and (iv) the portions of the building's electric, heating, lavatory plumbing systems and other building systems to the exterior of the demised premises (or to the point they connect to the subject floor's utility closet, utility room or meter if the same are located outside the demised premises), it being agreed that all branches from the main electric, plumbing, water and heating risers, from the point on each floor of the demised premises at which said branches connect to the building risers, shall be maintained and repaired by TENANT as shall any other systems3 equipment and fixtures heretofore or hereafter installed by TENANT, provided further, however, TENANT shall also be liable to OWNER, in any event, for the cost of any repair required by reason of the negligence or willful misconduct of TENANT or any subtenant or any of their respective employees, agents, contractors or invitees, or resulting from any alterations made by or on behalf of TENANT or any said subtenant. As used herein, the term "repair" shall include replacement and substitutions of all property when necessary, of a quality, class and value at least equal to the property replaced or substituted. TENANT shall also retain a licensed professional exterminating service which will service the demised premises on a regular basis throughout the term so as to keep the demised premises free of vermin, provided that the same is required regularly of more than 75% of the other similarly situated tenants (otherwise on an as-needed basis); OWNER, at its option, may require TENANT to utilize OWNER's designated contractors provided the rates charged are reasonably competitive with other reputable contractors providing comparable quality services in similar buildings, similarly located.

(C) Supplementing the provisions of Article 31 and the Rules and Regulations, as the same may be amended, and notwithstanding anything to the contrary contained therein, Owner shall provide to Tenant, at no charge, non-exclusive freight elevator service Monday through Friday (excluding Holidays) from 8:00 A.M. to 4:00 P.M., subject to prior appointment and availability. For usage of the freight elevator at other times, TENANT shall pay OWNER's standard rates for the building, which rates may change from time to time during the term of this Lease. Use of the freight elevator shall in all events be arranged by TENANT on not less than twenty-four (24) hours' prior notice and shall be provided by OWNER to the extent that no conflict exists with other tenants or other parties requesting such usage (all conflicts to be resolved by OWNER, in OWNER's sole discretion).

46. **Signage:** No sign, advertisement, notice, display or any other item (for any purpose) shall be inscribed, painted or affixed on any part of the building, including the exterior of the demised premises, or on the inside or outside of door frames, side lights or glass areas, or within the demised premises (if visible from the exterior of the demised premises) without the prior written consent of OWNER, provided, however, that TENANT shall be entitled to place a building standard sign on the door to the demised premises showing the label of TENANT'S merchandise as approved by OWNER upon execution of this Lease, and TENANT shall also be provided with one (1) listing on the lobby directory for said label, TENANT shall utilize OWNER's designated sign vendor for said door sign and pay the cost thereof when due. OWNER may remove any sign or other item installed in violation of this provision, and TENANT shall pay the cost of such removal. Unless approved in writing by OWNER, no advertising of any kind by TENANT shall refer to the building, other than the address, nor shall TENANT use any picture, photograph or drawing of the building (or a silhouette thereof) in TENANT's letterhead or promotional materials. OWNER's agreement to list any name other than that of TENANT shall neither grant such party or entity any right or interest in this Lease or in the demised premises nor constitute OWNER's consent to any assignment or sublease or occupancy of the demised premises by such party or entity. OWNER shall have the right to impose its then building standard charges upon TENANT for its door sign and any requested changes to the lobby directory or said door sign. In the event of a permitted assignment or sublease, the assignee or sublessee shall be entitled to the building directory listing which TENANT would have otherwise been permitted hereunder.

47. **Broker(s):** Each party warrants and represents to the other party that such party has had no dealings with any broker or agent except Savitt Partners LLC and Michael Heaner, Partner, Kaufman Organization, 450 Seventh Avenue New York, NY 10123, in connection with this Lease, and each such party covenants and agrees to hold harmless and indemnify the other party and its agents from and against any and all costs, expenses and/or liability, including, without limitation, attorneys' fee and court costs, suffered or incurred by such party, for any compensation, commissions, fees and charges claimed by any other broker(s) or an agent with respect to this Lease or the negotiation thereof, or any renewal, extension or modification hereof. The obligation of each party contained in this Article shall survive the expiration or earlier termination of this Lease. As between TENANT and OWNER, OWNER shall be responsible for the brokerage fee, if any, due the above-named broker(s).

48. **Alterations:** Supplementing the terms and conditions of Article 3 and the Rules and Regulations, as the same may be amended:

(A) TENANT, at its sole cost and expense, shall obtain all necessary governmental permits and certificates for the commencement and prosecution of any alterations, improvements or other work (including demolition) undertaken by TENANT in and to the demised premises ("TENANT Changes") and for final approval thereof upon completion (including all necessary sign-offs), and shall cause TENANT Changes to be performed in compliance therewith and with all applicable laws and requirements of insurance bodies, and in good and workmanlike manner, using new materials and equipment at least equal in quality and class to the original installations in the building. All contractors, subcontractors and others engaged in TENANT Changes (including, but not limited to, those performing electrical and plumbing work) shall be subject to the approval of OWNER, which approval shall not be unreasonably withheld, provided that the same are not likely to cause any labor disharmony. Notwithstanding the foregoing, TENANT shall be obligated, at its cost and expense, to employ OWNER's supervising engineer and designated contractors for any alterations and improvements or other work which involves or relates to the building's electrical system and/or fixtures, or the New York City and New York State Life and Safety Code, including, but not limited to, the building's Class E system and sprinkler system; without limiting the foregoing, in the event that TENANT performs any future alterations, TENANT, at its cost and expense, agrees to install all necessary exit lighting, strobe lights and smoke detector equipment as required in connection with such future alterations under the above stated code(s) and other applicable laws and regulations. Prior to commencing any TENANT Changes, TENANT shall first give to OWNER written notice thereof which shall include four (4) copies of the plans and specifications for the proposed TENANT Changes prepared by TENANT's architect and/or engineer, as the case may be (including, without limitation, layout, architectural, mechanical and structural drawings, to the extent applicable) in CADD format that contain sufficient detail for OWNER and OWNER's consultants to reasonably assess the proposed TENANT Changes, and, upon completion of TENANT Changes, shall furnish OWNER with "as-built" plans prepared by TENANT's architect showing the entire demised premises and any permitted TENANT Changes outside thereof. OWNER agrees not to unreasonably withhold its consent to any TENANT Changes which are interior and non-structural, and do not affect any of the building's systems or operations, or any of the windows, or areas visible from the public portions of the demised premises OWNER agrees that TENANT may perform painting of walls without OWNER's consent, on at least seven (7) days prior notice to Owner, but TENANT acknowledges that any floor treatment or covering (including, but not limited to, staining, tiling and/or carpeting (but not area rugs)) shall require OWNER's prior written consent.

(B) In no event shall TENANT commence any TENANT changes before OWNER has approved the same, OWNER has received true copies of the applicable governmental permits and approvals issued in connection therewith, as well as the insurance in form and content as required by this Lease, and TENANT has paid any out-of-pocket fees, costs and expenses incurred by OWNER to date in connection with said TENANT Changes. All TENANT Changes shall be performed in such manner as not to unreasonably interfere with and not to impose any direct or indirect additional expenses upon OWNER in the maintenance or operation of the building. Throughout the performance of TENANT Changes, TENANT, at its cost and expense, shall carry, or cause to be carried, workmen's compensation insurance in statutory limits and general liability insurance for any occurrence in or about the building, in which OWNER and its agents (and any other parties required by OWNER) shall be named as parties insured, in such limits as OWNER may reasonably prescribe, with insurers reasonably satisfactory to OWNER. TENANT shall furnish OWNER, on request, with satisfactory evidence that such insurance is in effect at or before the commencement of TENANT Changes and, at reasonable intervals thereafter during the continuance of TENANT'S Changes. If any of TENANT Changes shall involve the removal of any fixtures, equipment or other property in the demised premises which are not TENANT'S moveable office furniture and trade fixtures, such fixtures, equipment or other property shall be promptly replaced, at TENANT'S cost and expense, with new fixtures, equipment or other property (as the case may be) of like utility and at least equal value unless OWNER shall otherwise expressly consent in writing and TENANT shall, upon OWNER'S request, deliver, at TENANT'S cost and expense, any such fixtures, equipment or property so removed to OWNER or

to such locations in New York City as OWNER shall direct. Except as otherwise expressly provided herein, the provisions of Article 3 shall apply to any of TENANT Changes made hereunder. In the event of any such installations or alterations whether made pursuant to Article 3 or otherwise, TENANT acknowledges that OWNER does not consent and TENANT shall not allow the reservation of any title to or a security interest in such goods.

(C) TENANT agrees that it shall not exercise any of its rights pursuant to the provisions of this Article in any manner which could result in or threaten any work stoppage, picketing, labor disruption or dispute or violate OWNER'S union contracts affecting the land and/or building, or lead to interference with the business of OWNER or any lessee or occupant of the building, and a violation hereof shall be deemed a material default under this Lease; provided that no default shall be deemed to exist if TENANT utilizes contractors selected by OWNER. In the event of the occurrence of any condition described above arising from the exercise by TENANT of its rights pursuant to the provisions of this Article, TENANT shall, immediately upon notice from OWNER, cease the manner of exercise of such rights giving rise to such conditions. In the event TENANT fails to cease such manner of exercise of its rights as aforesaid, OWNER, in addition to any rights available to it under this Lease and pursuant to law, shall have the right to injunction upon notice to the office of TENANT'S attorney, which notice, notwithstanding anything to the contrary contained elsewhere herein, shall be effective and deemed given when hand delivered, or delivered by facsimile or email transmission, to the offices of TENANT'S attorneys.

(D) TENANT, at its cost and expense, and with due diligence and dispatch, shall, within fifteen (15) business days after issuance, procure the cancellation or discharge of record of each and all notices of violation arising from or otherwise connected with TENANT Changes or TENANT'S operations which shall be issued by the Department of Buildings or any other public or quasi-public authority having or asserting jurisdiction. TENANT shall defend, indemnify and save harmless OWNER and its agents from and against any and all mechanic's and other liens filed in connection with TENANT Changes, including the liens of any security interest in, conditional sales of, or chattel mortgages upon, any materials, fixtures or articles so installed in and constituting part of the demised premises and against all costs, expenses and liabilities incurred in connection with any such lien, security deposit, conditional sale or chattel mortgage or any action or proceeding brought thereon. Notwithstanding anything to the contrary contained in Article 3, TENANT, at its cost and expense, shall likewise procure the satisfaction or discharge of record of all mechanic liens by bonding or otherwise within fifteen (15) business days after the filing of any such lien. Notice is hereby given that TENANT has no power, authority or right to do any act or make any contract which may create or be the foundation for any lien upon the fee or leasehold estate of the OWNER in the demised premises or upon the land or building of which they are a part or the improvements now or hereafter erected upon the demised premises or the land or the building of which they are a part. If TENANT shall fail to procure the satisfaction or discharge of all liens as hereinabove provided, OWNER may, without having to contest the validity or amount of any such lien, pay (and/or utilize the TENANT's security deposit to pay) the amount of such lien or discharge the same by deposit or by bond or in any manner according to law, and pay any judgment recovered in any action to establish or foreclose such lien or order, and any amount so paid, together with any fee, costs and expenses incurred by the OWNER, (including all reasonable attorney's fees and disbursements incurred in and the defense of any such action, bonding or other proceeding) shall be payable by TENANT as additional rent hereunder. TENANT'S failure to repay OWNER within fifteen (15) days of written demand therefor shall constitute an Event of Default under this Lease.

(E) All alterations, additions or improvements to the demised premises, including those installed by and at the cost and expense of TENANT, in accordance with the terms of Articles 3 and 48 hereof, shall become the property of the OWNER and remain upon the expiration or sooner termination of this Lease, except that all furnishings, business equipment (including but not limited to audio visual and information technology equipment) unattached trade fixtures and other moveable personal property items shall belong to TENANT and may be removed by TENANT at the expiration or earlier termination of this Lease, provided that any damage to any area in which any of the same were located, whether such damage was caused by attachment or any other method of installation, shall be repaired and restored to match the surrounding areas.

(F) Whenever TENANT requests OWNER's consent or approval to TENANT CHANGES or to any other matter or thing requiring OWNER's consent or approval, then OWNER, as a condition precedent to considering such request, may require (in addition to any other requirements of OWNER in connection therewith) that TENANT pay the reasonable fee of OWNER's attorneys, architect and/or engineer in connection with the consideration of such request, the preparation of any documents pertaining thereto, and/or the monitoring of said CHANGES.

(G) Notwithstanding anything to the contrary in Article 3, Tenant shall not be required to remove such alteration at or prior to the expiration of the term of this Lease, except, at Landlord's option, "Specialty Alterations" (as hereinafter defined) which Landlord may require to be removed (and any damaged areas affected by such removal repaired) by Tenant at Tenant's sole cost and expense at the expiration or sooner termination of this Lease. As used herein, "Specialty Alterations" shall be any alterations not customarily undertaken in the typical construction of office space and require incremental increases in demolition costs for the removal thereof, but shall specifically include but not be limited to the following: (a) beam cuts, slab penetrations and floor openings, (b) raised, reinforced, or special flooring, and (c) data centers, and vaults. Landlord shall advise Tenant as to whether it will require removal of any Specialty Alteration prior to the installation thereof provided Tenant sends notice to Landlord of the intended Specialty Alteration and plans and specifications therefor, which notice includes the following specific language in bold capital letters on the face page of Tenant's notice: "WE HEREBY REQUEST THAT YOU ADVISE US AT THIS TIME WHETHER YOU DEEM THE PROPOSED ALTERATION TO BE A "SPECIALTY ALTERATION," AND, IF SO, WHETHER YOU REQUIRE THAT THE SAME BE REMOVED AND THE PREMISES RESTORED TO THE CONDITION EXISTING PRIOR TO SAID SPECIALTY ALTERATION AT THE EXPIRATION OR SOONER TERMINATION OF THE LEASE FAILURE TO NOTIFY TENANT WITHIN TEN (10) DAYS THAT REMOVAL AND RESTORATION IS REQUIRED WILL CONSTITUTE LANDLORD'S AGREEMENT THAT SUCH ALTERATION MAY REMAIN UPON EXPIRATION OF THE LEASE." In the event Tenant strictly complies with the foregoing and Landlord does not state in its response to Tenant's request that Landlord deems the alteration to be a Specialty Alterations and requires its removal, Tenant shall not be required to remove said alteration at the expiration of this Lease. Notwithstanding anything to the contrary contained elsewhere in this Lease, Specialty Alterations required by Landlord to be removed shall be removed within the last thirty (30) days of the term. No portion of OWNER'S Work shall be considered a specialty alteration.

49. **Insurance:**

(A) TENANT, at TENANT's sole cost and expense, shall obtain and provide, prior to entry upon the demised premises, and thereafter maintain throughout the term of this Lease and any renewal or extension thereof:

(1) PROPERTY INSURANCE AGAINST LOSS OR DAMAGE BY FIRE, CASUALTY AND OTHER HAZARDS covered by a standard "special form" policy or its equivalent, including, but not limited to terrorism. This coverage shall be written on a full replacement cost basis and shall cover all personal property, including TENANT's goods, wares, merchandise, equipment and fixtures (owned, rented, leased, installed or brought in, on or about the demised premises) and leasehold and other improvements to the demised premises as now or hereafter existing, as well as plate glass (if applicable), (collectively, "Property") Failure of TENANT to secure and maintain adequate coverage shall not obligate OWNER or its agents or employees for any loss. TENANT hereby expressly releases OWNER from, and waives all claims against OWNER, and agrees to OWNER harmless for any damage to or loss of Property or property of others. As used in the preceding sentence and last sentence of this subparagraph (1), OWNER shall be deemed to include all of the additional insured parties hereinafter named TENANT shall procure a clause in, or endorsement on, each of such policies pursuant to which the insurance carrier waives subrogation or consents to a waiver of right or recovery against G&S REALTY 1, LLC, SAVITT PARTNERS LLC, New York State Teachers' Retirement System, 475 Adler Realty LG Holdings Company LLC, 530 Adler Realty LG Holdings Company LLC, and 550 Adler Realty LG Holdings Company LLC, TENANT agrees not to make claims against or seek to recover from OWNER, G&S REALTY 1, LLC, SAVITT PARTNERS LLC, New York State Teachers' Retirement System, 475 Adler Realty LG Holdings Company LLC, 530 Adler Realty LG Holdings Company LLC, or 550 Adler Realty LG Holdings Company LLC for loss or damage to its Property or Property of others covered by such insurance. To the extent TENANT shall be a self-insurer, TENANT waives its right to recovery, if any, against OWNER, its agents and employees, for loss, damage or destruction of its Property;

(2) BUSINESS INTERRUPTION INSURANCE on a "special form" or equivalent basis in an amount equal to or greater than all Rent, Additional Rent and any other costs and expenses sustained by TENANT over a period of twelve (12) months commencing with the date of loss;

(3) WORKERS' COMPENSATION AND EMPLOYERS LIABILITY INSURANCE, affording coverage under the Workers Compensation laws of the State of New York and Employers Liability coverage, subject to a limit of not less than One Million Dollars ($1,000,000) each employee, One Million Dollars ($1,000,000) each accident, and One Million Dollars ($1,000,000) policy limit, covering all persons employed by TENANT or its agents or representatives in connection with work performed by or on behalf of TENANT or any party claiming through TENANT;

(4) COMMERCIAL GENERAL LIABILITY INSURANCE written on an occurrence basis and including Products Liability/Completed Operations coverage, at a One Million Dollar ($1,000,000) per occurrence Combined Single Limit applying to Bodily Injury and Property Damage, subject to no deductible or Self-Insured Retention, and including all standard Broad Form Commercial General Liability extensions, (including but not limited to coverage for the indemnification obligations of TENANT under this Lease), occurring in, upon or adjacent to the demised premises and any part thereof, or in any way connected with the conduct and operation of TENANT'S use or occupancy of the demised premises, The policy shall contain Fire Legal Liability coverage subject to a limit equal to the replacement cost of the portion of the premised occupied by TENANT, such amount to be agreed upon by OWNER. If coverage is written on a form under which an aggregate limit applies, such aggregate limit shall not be less than Two Million ($2,000,000.00) Dollars and shall apply on a per location basis. The policy shall be endorsed to name OWNER and SAVITT PARTNERS LLC and New York State Teachers' Retirement System, 475 Adler Realty LG Holdings Company LLC, 530 Adler Realty LG Holdings Company LLC, and 550 Adler Realty LG Holdings Company LLC as additional insureds on a primary, non-contributory basis under ISO Endorsement 12/93 CG 20 10 11 85 (Form, B) or its equivalent. The policy shall further be endorsed to waive the carrier's subrogation rights against OWNER, G&S REALTY 1, LLC and SAVITT PARTNERS LLC and New York State Teachers' Retirement System, 475 Adler Realty LG Holdings Company LLC, 530 Adler Realty LG Holdings Company LLC, and 550 Adler Realty LG Holdings Company LLC, and contain an indemnification and hold harmless agreement in favor of OWNER, G&S REALTY 1, LLC and SAVITT PARTNERS LLC and New York State Teachers' Retirement System, 475 Adler Realty LG Holdings Company LLC, 530 Adler Realty LG Holdings Company LLC, and 550 Adler Realty LG Holdings Company LLC. Such policy shall include, but not be limited to, coverage for all operations of TENANT, TENANT'S contractors and subcontractors, including contractual liability, completed operations liability and contingent or protective liability and excluding any employee exclusion provision.

(5) LIQUOR LIABILITY INSURANCE (if TENANT is engaged in the sale of alcoholic beverages) subject to a limit of not less than $1,000,000 per occurrence and $2,000,000 in the aggregate. This policy shall be written on an Occurrence basis and include OWNER and its agents as additional insureds;

(6) AUTOMOBILE LIABILITY INSURANCE (if applicable) providing liability insurance providing a One Million Dollar ($1,000,000) combined single limit for Bodily Injury and Property Damage, and covering all owned, non-owned and hired vehicles. Employees shall be included as additional insureds, including "Non-Ownership" and "Hired Car" coverages; and

(7) UMBRELLA LIABILITY INSURANCE with a limit of not less than Two Million ($2,000,000.00) Dollars providing excess coverage over all limits and coverages required in Paragraphs (3), (4), (5) and (6) above without exception. This policy shall be written on an "occurrence" basis and include OWNER and the additional insureds named in subparagraph (l) (and later designees) as additional insureds on a primary and non-contributing basis The policy shall further be endorsed to waive the carrier's subrogation rights against OWNER.

(B) CONTRACTOR'S INSURANCE. In the event TENANT engages contractors and/or subcontractors to perform work on the demised premises during the course of this Lease, TENANT shall cause its contractors and subcontractors to procure, evidence and maintain insurance coverages at all times during such work or their entry onto the demised premises for any reason, as follows:

(1) WORKERS' COMPENSATION AND EMPLOYERS LIABILITY INSURANCE, affording coverage under the Workers Compensation laws of the State of New York and Employers Liability coverage, subject to a limit of not less than One Million Dollars ($1,000,000) each employee, One Million Dollars ($1,000,000) each accident, and One Million Dollars ($1,000,000) policy limit;

(2) COMMERCIAL GENERAL LIABILITY INSURANCE written on an occurrence basis and including Products Liability/Completed Operations coverage, at a One Million Dollar ($1,000,000) per occurrence Combined Single Limit applying to Bodily Injury and Property Damage, subject to no deductible or Self-Insured Retention, and including all standard Broad Form Commercial General Liability extensions. If coverage is written on a form under which an aggregate limit applies, such aggregate limit shall not be less than Two Million Dollar ($2,000,000) and shall apply on a per project basis. The policy shall provide Contractual Liability Coverage which shall contain no exclusion pertaining to injuries or death to employees of any contractor or subcontractors. The policy shall be endorsed to name OWNER and SAVITT PARTNERS LLC and New York State Teachers' Retirement System, 475 Adler Realty LG Holdings Company LLC, 530 Adler Realty LG Holdings Company LLC, and 550 Adler Realty LG Holdings Company LLC as additional insureds on a primary, non-contributory basis under ISO Endorsement 12/93 CG 20 10 11 85 (Form, B) or its equivalent. The policy shall further be endorsed to waive the carrier's subrogation rights against OWNER, G&S REALTY 1, LLC and SAVITT PARTNERS LLC and New York State Teachers' Retirement System, 475 Adler Realty LG Holdings Company LLC, 530 Adler Realty LG Holdings Company LLC, and 550 Adler Realty LG Holdings Company LLC, and contain an indemnification and hold harmless agreement in favor of OWNER, G&S REALTY 1, LLC and SAVITT PARTNERS LLC and New York State Teachers' Retirement System, 475 Adler Realty LG Holdings Company LLC, 530 Adler Realty LG Holdings Company LLC, and 550 Adler Realty LG Holdings Company LLC;

(3) AUTOMOBILE LIABILITY INSURANCE (if applicable) providing Liability insurance under Symbol "I", providing a One Million Dollar ($1,000,000) combined single limit for Bodily Injury and Property Damage and covering all owned, non-owned and hired vehicles; and

(4) UMBRELLA LIABILITY INSURANCE with a limit of not less than $5,000,000 providing excess coverage over all limits and coverages noted in subparagraphs (1), (2) and 3 above. This policy shall be written on an "occurrence" basis and include TENANT, This policy shall be written on an "occurrence" basis and include OWNER and the additional insureds named in subparagraph (1) (and later designees), as additional insureds on a primary and non-contributing basis. The policy shall further be endorsed to waive the carrier's subrogation rights against OWNER.

The certificate(s) of insurance shall be provided to OWNER prior to the contractors' and subcontractors' entry onto the demised premises or anywhere else in the Building where they may perform work by or on behalf of TENANT or anyone claiming through TENANT.

(C) All insurance required to be carried under this Lease shall be in a form reasonably satisfactory to OWNER with insurance companies licensed to do business in New York and rated no lower than A:VIII by the most recent edition of A.M. Best's Property-Casualty Rating Guide (and any successor thereto). All policies shall provide that in the event of cancellation, non-renewal or material modification, OWNER shall receive 30 days written notice thereof (by certified or registered mail, return receipt requested). All insurance required to be carried by TENANT under this Lease shall have a term of not less than one (1) year and shall be written as primary policies non-contributing with or in excess of coverage that OWNER or TENANT may carry, as the case may be. All insurance required to be carried under this Lease shall have no exclusions with respect to the employees of TENANT or any contractor or subcontractor. Copies of all such policies and endorsements (with evidence of payment of the premium and the waivers of subrogation required pursuant to this Article) shall be deposited with OWNER prior to the day such insurance is required to be in force (but no later than ten (10) days prior to Tenant taking possession of the demised premises or being allowed access thereto), and binding certificates evidencing renewals thereof at least thirty (30) days prior to the expiration of the term of coverage. OWNER shall have the right from time to time during the term to require that TENANT name any other person or entity as an additional insured. OWNER shall have the right from time to time during the term to require that TENANT increase the amount and/or types of coverage required to be maintained under this Article to the amounts and/or types generally required of TENANTS in comparable situations, or as otherwise required by the holder of any mortgage encumbering the demised premises. In the event of any dispute, TENANT shall timely comply with OWNER'S demand, and separately seek judicial determination as to any claimed unreasonableness. The minimum limits of liability insurance required pursuant to this Article.

(D) TENANT shall not commit or permit anything to be done in, to or about the demised premises, or any adjacent property, contrary to law, or which will invalidate or be in conflict with the insurance policies carried by OWNER or by others for OWNER'S benefit, or do or permit anything to be done, or keep, or permit anything to be kept, in the demised premises, which (i) could result in termination of any of such policies, (ii) could reasonably be expected to adversely affect OWNER'S right of recovery under any such policies, (iii) could reasonably be expected to subject OWNER to any liability or responsibility to any person, or (iv) would result in reputable and independent insurance companies refusing to insure the Building or property of OWNER therein in amounts satisfactory to its mortgagees. If any such action by TENANT, or any failure by TENANT to comply with the requirements of insurance bodies or to perform TENANT'S obligations hereunder, or any use of the demised premises by TENANT shall result in the cancellation of any such insurance or an increase in the rate of premiums payable with respect to such policies, TENANT shall indemnify, defend and hold OWNER harmless against all losses, including but not limited to any loss which would have been covered by such insurance and the resulting additional premiums paid by OWNER except any injury or death to persons to the extent caused by the gross negligence or willful misconduct of OWNER. TENANT shall make such reimbursement within thirty (30) days after receipt of notice and evidence from OWNER that such additional premiums have been paid, without limiting OWNER'S rights otherwise provided in this Lease.

(E) Except for injury or death to any persons to the extent caused by the gross negligence or willful misconduct of OWNER, TENANT covenants and agrees to indemnify and save OWNER, its principals, disclosed or undisclosed, the building's managing agent, the holders of any mortgages and ground or underlying lease(s), and all of the foregoing

named parties' respective shareholders, members, employees, officers, directors, agents, contractors, licensees and invitees, (collectively "Indemnitees"), from and against any and all liability (statutory or otherwise), demands, claims, actions, suits, proceedings, damages, judgments, fees, costs, fines, penalties, interest and expenses (including, but not limited to, reasonable attorneys' fees and disbursements incurred in the defense of any and all claims, actions, suits or proceedings), (sometimes collectively referred to as "Claims and Losses") or other liability arising during the term of this Lease out of or in connection with (i) the possession, use, occupancy, and, to the extent such are responsibilities or obligations of TENANT under the Lease, construction, management, repair, maintenance or control of the demised premises or any part thereof or any other part of the building used by TENANT or subtenants or any of TENANT's or said subtenant's respective employees, agents, contractors (including but not limited to subcontractors of said contractors), concessionaires, licensees, invitees, subtenants or assigns, or (ii) any act or omission of TENANT or TENANT'S agents, employees, contractors, subcontractors of said contractors, concessionaires, licensees, invitees, subtenants or assignees in violation of this Lease, or arising from the negligence or willful misconduct of any of the foregoing, or (iii) any default, breach, violation or nonperformance of this Lease or any provision hereof by TENANT, or (iv) any injury to person or property or loss of life sustained in or about the demised premises or any part thereof (each an "Indemnified Claims") TENANT shall, at its own cost and expense, defend any and all Claims and Losses which may be brought against OWNER and/or any of the other Indemnitees in connection with the Indemnified Claims and shall pay, satisfy and discharge any and all judgments, orders, awards, and decrees which may be made or entered against, Indemnitees with respect to the Indemnified Claims. The foregoing indemnity shall include injury to or death of any employee of any contractor or subcontractor and shall not be limited in any way by the amount or type of damages, compensation or benefits payable under any applicable Workers' Compensation, Disability Benefits or other similar employment benefits acts. The commercial general liability coverage maintained by TENANT pursuant to this Lease shall specifically insure the contractual obligations of TENANT as set forth in this Article and/or as otherwise provided in this Lease. TENANT further covenants and agrees that in the event any action, suit or proceeding shall be brought against Indemnitees, on the demised premises as a result of any loss, damage, injury or death as aforesaid, said TENANT will defend such action, suit or proceeding and will pay any, fines, penalties, and judgments against the Indemnitees, or against the demised premises, including reasonable attorneys' fees, costs, fines and expenses of the Indemnitees TENANT shall use reasonable efforts to cause its contractors and/or subcontractors to agree in writing to defend, indemnify and hold Indemnitees harmless from and against any and all liability (statutory or otherwise), demands, claims, actions, suits, proceedings, damages, judgments, fees, costs, fines, penalties, interest and expenses (including, but not limited to, reasonable attorneys' fees and disbursements incurred in the defense of any and all claims, actions, suits or proceedings), resulting from injury and/or death of any person or damage to or loss of any property arising out of any negligent or wrongful act, error or omission or breach of contract, in connection with the operations of the contractor or subcontractor in the demised premises or anywhere else in or about the Building. The foregoing indemnity shall include injury or death of any employee of the contractor or subcontractor and shall not be limited in any way by the amount or type of damages, compensation or benefits payable under any applicable Workers' Compensation, Disability Benefits or other similar employee benefits acts. Notwithstanding the foregoing, an Indemnitee may retain its own attorneys to defend or assist in defending any claim, action, or proceeding involving potential liability, as determined by the Indemnitee in its sole discretion, of Three Million ($3,000,000.00) Dollars or more. The indemnifying party shall pay the reasonable fees and disbursements of such attorneys. The obligations in this subparagraph (E) shall survive the expiration or earlier termination of this Lease. To the extent covered by the mutual release and waiver of subrogation in respect to property contained in Article 9, Tenant is not required to indemnify OWNER.

OWNER covenants and agrees to defend and indemnify and save TENANT from third party Claims and Losses to the extent incurred by TENANT due to death or injury to persons to the extent caused by the negligence or willful misconduct of OWNER or its employees or agents.

50. Use: Subject to and in accordance with the rules, regulations, laws, ordinances, statutory limitations and requirements of all governmental authorities and the fire insurance rating organization and board of fire underwriters and any similar bodies having jurisdiction thereof, and the other terms and conditions of this Lease, TENANT covenants and agrees that it shall use the demised premises solely for design and general offices.

51. **Limitation of Liability:**

(A) If OWNER or any successor in interest to OWNER is an individual (which term as used herein includes aggregates of individuals, such as joint ventures, general or limited partnerships or associations), such individual shall be under no personal liability with respect to any of the provisions of this Lease, Furthermore, irrespective of whether OWNER or any such successor be an individual, a corporation, a limited liability company, or any other business entity, in the event OWNER or any such successor shall be in breach or default with respect to its obligations under this Lease, TENANT shall look solely to the estate of such owner or successor in the land and building of which the demised premises forms a part for the satisfaction of TENANT's remedies for the collection of a judgment (or other judicial process), and no other property or assets of such OWNER or successor, or any officer, director, shareholder, partner, member, principal or agent thereof shall be subject to suit, or to levy, execution or other enforcement procedure for the satisfaction of TENANT's remedies under, with respect to, or arising out of this Lease, the relationship of OWNER and TENANT hereunder, or TENANT's use and occupancy of the demised premises. Anything to the contrary notwithstanding, nothing herein shall be construed to allow the TENANT to withhold rent for any reason whatsoever.

(B) In no event shall TENANT be entitled to make, nor shall TENANT make, any claim, and TENANT hereby waives any claim against OWNER and against any agent of OWNER, for money damage, fees or other monetary relief (nor shall TENANT claim any money damages, fees or other monetary relief by way of set-off, counterclaim or defense) based upon any claim or assertion by TENANT that OWNER has unreasonably withheld or delayed its consent or approval to any request of TENANT in such instances, if any, where OWNER is expressly required hereunder, or under law, not to unreasonably withhold or delay such consent TENANT's sole remedy shall be an action or proceeding to enforce any such provision, or for specific performance, injunction or declaratory judgment, and TENANT shall not accept any award of damages, fees or other relief.

52. **Curing TENANT'S Defaults, Additional Rent:**

(A) Anything to the contrary contained in this Lease notwithstanding, if TENANT shall default in the performance of any of TENANT'S obligations under this Lease, OWNER, without thereby waiving such default, may (but shall not be obligated to) perform the same for the account and at the cost and expense of TENANT, without notice in a case of emergency, and in any other case, only if such default continues after the expiration of the later of (i) five (5) business days from the date OWNER gives TENANT notice of intention to do so, or (ii) the applicable grace period provided in paragraph 17 or elsewhere in this Lease for cure of such default, whichever occurs later.

(B) Bills for any fee, costs and expenses incurred by OWNER in connection with any such performance by it for the account of TENANT, and bills for all fees, costs, expenses and disbursements of every kind and nature whatsoever, including reasonable attorneys' fees, involved in collecting or endeavoring to collect the fixed rent or additional rent or any part thereof or enforcing or endeavoring to enforce any rights against TENANT, under or in connection with this Lease, or pursuant to law, including any such fees, costs, expenses and disbursements, including, but not limited to, reasonable attorneys' fees and court costs involved in instituting and prosecuting summary proceedings, as well as bills for any property, material, labor or services provided, furnished, or rendered, by OWNER or at its instance to TENANT, may be sent by OWNER to TENANT monthly, or immediately, at OWNER'S option, and shall be due and payable by TENANT in accordance with the terms of such bills but no later than ten (10) business days after giving notice of such bills.

53. **Late Charge; Additional Rent:**

(A) If any check given to OWNER for payment of fixed rent, additional rent or other charges under this Lease (collectively, "Rental") shall be returned by TENANT's bank due to insufficient funds, TENANT shall be deemed to have failed to timely pay such Rental to OWNER. TENANT acknowledges further that the actual costs to OWNER in each particular case will vary according to the circumstances of the case and that the determination of the precise costs would, in itself, result in considerable expense. Accordingly, TENANT agrees that if any installment of Rental due under this Lease is not paid within ten (10) days of the date the same is due, or is so dishonored, TENANT shall pay to OWNER a late charge equal to four (0.04) cents for each dollar ($1.00) overdue for each month, or part thereof, until payment of such amount and late charge, and TENANT's failure to pay any late charge due under this Article shall constitute a default in TENANT's obligation to pay Rental; provided that no such late charge shall be payable for the first late Rental in any twelve (12) month period, provide that TENANT pays the overdue amount within three (3) business days after notice to TENANT.

(B) All Rental payable by TENANT under this Lease shall constitute additional rent and shall be payable without set-off or deduction, whether or not so specified elsewhere in this Lease. All Rental in arrears for more than thirty (30) days will bear interest at the rate equal to the rate published by J.P. Morgan Bank as its "prime rate," plus five percent (5%) but in no event more than maximum annual rate of interest chargeable thereto under applicable law, from their respective original due dates until received by OWNER, but the foregoing shall in no way limit any claim for damages or any other rights and remedies available to OWNER for any breach or default by TENANT. TENANT'S obligations under this Lease will survive the expiration or sooner termination of the Term. TENANT agrees that OWNER shall have all of the rights and remedies for the non-payment thereof as the OWNER would have for the non-payment of the fixed or minimum rent required to be paid by the TENANT.

54. **Default:**

(A) After any termination of this Lease pursuant to any of the provisions hereof, including, without limitation, pursuant to summary proceedings or otherwise, (a) all sums payable by TENANT hereunder up to the time of such termination shall become due thereupon and be paid, and (b) OWNER may elect to receive damages calculated in accordance with Article 16(b). In either event, OWNER shall not be liable in any way whatsoever for its failure or refusal to relet the demised premises or any part thereof, or if the demised premises are so relet, or its failure to collect the rent under such reletting, and no refusal or failure to relet to collect rent shall affect TENANT's liability for damages or otherwise hereunder. Nothing herein contained shall limit or prejudice the right of OWNER to prove and obtain as liquidated damages by reason of such termination an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which such damages are to be proved, whether or not such amount be greater, equal to, or less than the amounts referred to herein. TENANT agrees that the rights and remedies afforded to OWNER under this Lease, including, without limitation, the right to collect damages as calculated under Article 16(b) as stated above, constitute a fair and reasonable amount of damages in the circumstances.

(B) TENANT acknowledges that: (i) its agreement to fully and timely pay all rent and additional rent is a material inducement for OWNER to enter into this Lease; (ii) the aggregate amount of all rent and additional rent are due and payable in full at the commencement of the term, but OWNER, solely for TENANT'S convenience, has permitted said amount to be payable in equal monthly installments during the term; (iii) upon default in the full and timely payment of any rent and additional installments, the entire unpaid balance of the aggregate amount of all rent and additional rent for the then remainder of the term (as originally reserved) will immediately become due and payable without notice or demand; and TENANT agrees that the provisions of this Article: (a) will not constitute or be deemed to be liquidated damages or a penalty; (b) will apply notwithstanding any contrary provision of this Lease; and (c) will be in addition to, and not limit, any other rights and remedies available to OWNER pursuant to this Lease and otherwise (including, without limitation, those regarding additional rent reserved under this Lease) upon a default in the fully and timely payment of rent installment. The parties agree that this Article fairly reflects their intent with respect to a default of the nature specified in clause "(iii)" hereof.

(C) The remedies granted to OWNER in the event of TENANT's default or non-compliance are deemed to be cumulative and in addition to all other remedies attainable at law or in equity, and all of the same may be exercised at one time or different times, concurrently or in any order in the sole discretion of OWNER, and the exercise of any one remedy will not operate as a waiver or preclude the exercise of any other remedy.

(D) Notwithstanding anything to the contrary in this Lease, TENANT shall have, after receiving a notice from OWNER regarding a non-monetary default, thirty (30) days to cure such non-monetary default (rather than the fifteen (15) days specified in Article 17(1)); provided that if such cure cannot be completed within such thirty (30) day period, TENANT shall have such additional time as needed (but not more than an additional one hundred twenty (120) days) to complete such cure

so long as the cure is commenced within such thirty (30) day period and is diligently pursued to completion. Furthermore, notwithstanding anything to the contrary in Article 17(2), TENANT shall have a period of seven (7) days after notice from OWNER in which to cure any default in the payment of fixed rent or additional rent The foregoing does not limit the right of OWNER to impose the late charge and interest as applicable in accordance with Article 53(A).

55. **Holdover:** If the demised premises are not surrendered and vacated in the condition required by this Lease and at the time required by this Lease whether it be a natural expiration or an expiration due to default (time being of the essence), TENANT shall be liable to OWNER for (a) all losses, costs, liabilities and damages which OWNER may incur by reason thereof, including without limitation, consequential damages (if such holdover extends for more than sixty (60) days) and reasonable attorneys' fees, and TENANT shall indemnify, defend and hold harmless OWNER against all claims made by any succeeding tenants against OWNER or otherwise arising out of or resulting from the failure of TENANT to timely surrender and vacate the demised premises in accordance with the provisions of this Lease, and (b) per diem use and occupancy with respect to the Demised Premises equal to two (2) times the fixed rent and additional rent payable under this Lease for the last year of the term of this Lease (which amount OWNER and TENANT presently agree is the minimum to which OWNER would be entitled, is presently contemplated by them as being fair and reasonable under such circumstances, and is not a penalty). In no event, however, shall this Article be construed as permitting TENANT to hold over in possession of the demised premises after the expiration or termination of the term of this Lease. The two (2) times rate shall be one and one-half(1-1/2) times for the first thirty (30) days of such holdover, and no consequential damages shall apply unless TENANT holds over for more than sixty 60) days.

56. **Certificates:** TENANT agrees that from time to time, within ten (10) days after OWNER'S written request, TENANT will execute, acknowledge and deliver to OWNER and/or to any other person, firm, corporation, limited liability company, or entity, a statement certifying to such information regarding this Lease as OWNER or any of said others may request, including, without limitation, (i) the commencement and expiration dates of the term of this Lease, (ii) that this Lease is unmodified and in full force and effect (or if there have been modifications, that it is in full force and effect as modified and stating the modifications), (iii) the dates to which fixed rent, additional rent and any other sums due hereunder from TENANT have been paid in advance, (iv) the amount of security (if any), and (v) whether or not, OWNER is in default under this Lease, and if so, specifying each such default. TENANT's certificate shall inure to the benefit of OWNER and its successors and assigns, and may be relied upon by Owner as well as any other person, firm, corporation limited liability company, or other entity to whom such certificate is delivered (even if not addressed to the same), including any lender. Failure of TENANT to deliver such certificate will constitute TENANT'S acknowledgment, which may be relied on by any person holding or proposing to acquire an interest in the building or this Lease (including, without limitation, any interest as mortgagee or ground lessor), that this Lease is unmodified and in full force and effect and will constitute, as to any such person, a waiver of any defaults on OWNER'S part which may exist prior to the date of such notice. The foregoing shall not limit any other rights and remedies available to OWNER for breach of this Article.

57. **Laws Governing:** This Lease shall be governed and construed in accordance with the laws of New York State, applicable to agreements made and/or to be performed wholly within said State, and the parties hereto hereby irrevocably submit to the jurisdiction of the State and federal court located in the County of New York, City of New York. It shall be deemed to have been negotiated at "arms-length" by both the parties hereto, and any ambiguities or uncertainties herein shall not be construed for or against either of them. There shall be no presumption of construction against the drafter of this agreement as this agreement is a product of extensive negotiations between the parties. Each party shall have the right to injunctive relief for restraint of any violation or threatened violation of any term, condition or covenant of this Lease and to a decree compelling performance of any such term, condition of covenant of this Lease. The parties also hereby waive any claim that the State and federal courts located in the County of New York are inconvenient forums.

58. **Security:**

(A) At all times prior to the expiration of the term of this Lease, TENANT shall maintain on deposit with OWNER the sum of $243,109.90 as security for the due and faithful payment, as herein provided, of the rent, additional rent, charges and damages payable by TENANT under this Lease or pursuant to law and for the due and faithful keeping, observance and performance of all the other covenants, agreements, terms, provisions and conditions of this Lease on the part of TENANT to be kept, observed and performed. TENANT expressly acknowledges and agrees that OWNER may use, apply or retain the whole or any part of the security deposit under this Lease for the payment of any rent and additional rent or any other sum as to which TENANT is in default or for any sum which OWNER may expend or may be required to expend by reason of TENANT's default in respect of any of the terms, covenants and conditions of this Lease, as well as for any damages or deficiency in the reletting of the demised premises caused by TENANT'S default, whatever such damages or deficiency accrued before or after summary proceedings or other re-entry by OWNER, all of the foregoing in such order and priority as OWNER may elect in its sole discretion. In the event any bankruptcy, insolvency, reorganization or other creditor-debtor proceedings shall be instituted by or against TENANT, or its successors or assigns, the security deposit shall be deemed to be applied first to the payment of any rents and/or other charges due OWNER for all periods prior to the institution of such proceedings, and/or, at OWNER's option, in partial liquidation of OWNER's damages arising from such default of proceeding(s). If as a result of any such application to all or any part of such security, the amount of cash so on deposit with OWNER (exclusive of any interest) shall be less than the amount set forth above, TENANT shall deposit with OWNER cash in an amount equal to the deficiency within ten (10) business days after demand. The TENANT's obligation to pay such deficiency shall be treated as if it was an obligation to pay fixed rent or additional rent and shall be subject to all of the remedies for non-payment of fixed rent. The security deposit (if held by OWNER and not provided in a letter of credit) shall be held in an interest bearing account and the interest earned thereon, less the maximum annual administrative fee allowable to OWNER under law, shall be deemed a part of the security deposit. Notwithstanding anything to the contrary contained hereinabove or elsewhere in this Lease, in the event that Tenant, for a fourth time, is ever in monetary default or material non-monetary default (beyond any cure period as may apply) of any of the covenants, agreements, terms, provisions and conditions of this Lease, then, OWNER, at its option, may elect to require TENANT to deposit (or to increase the letter of credit), within ten (10) days after notice from OWNER, an additional month's security under this Lease (calculated at the then monthly rate of fixed rent payable under this Lease), and thereafter the amount of security required to be maintained by Tenant throughout the term of this Lease shall be increased by such amount.

(B) Notwithstanding the foregoing, in lieu of a cash deposit, TENANT may deliver to OWNER a clean, irrevocable and unconditional standby Letter of Credit (the "Letter of Credit") issued by and drawn upon Silicon Valley Bank or any commercial bank (hereinafter referred to as the "Issuing Bank") having a tangible net worth of not less than One Billion and 00/100 ($1,000,000,000.00) Dollars, which Letter of Credit may be drawn by facsimile draft (if the issuer's offices are located outside the City of New York), shall have a term of not less than one year, be in form and content acceptable to OWNER, be for the account of OWNER, and be in the amount of the Security Deposit. In the event TENANT defaults in the performance of any of the terms of this Lease, including the payment of rent, beyond any applicable cure period, or in the event of the filing of a bankruptcy proceeding by or against TENANT, OWNER may use, apply or retain the whole or any part of the Security Deposit, as represented by the Letter of Credit, by drawing down on the same to the extent required for the payment of any rent or for any sum which OWNER may expend or may be required to expend by reason of TENANT's default in respect of any of the terms of this Lease, including any damages or deficiency in the re-letting of the demised premises after termination of the Lease for Tenant's default, whether accruing before or after summary proceedings or other re-entry by OWNER. In the case of every such use, application or retention, TENANT shall, on demand, pay to OWNER the sum so used, applied or retained which shall be added to the Security Deposit so that the same shall be replenished to its former amount, or, restore the Letter of Credit to the original required amount. The Letter of Credit shall provide that:

(i) The Issuing Bank shall pay to OWNER or its duly authorized representative an amount up to the face amount of the Letter of Credit upon presentation of the Letter of Credit and a sight draft in the amount to be drawn;

(ii) The Letter of Credit shall be deemed to be automatically renewed, without amendment, for consecutive periods of one year each during the term of this Lease (and shall remain in effect for not less than sixty (60) days following the expiration date of the Lease), unless the Issuing Bank sends written notice (hereinafter referred to as the "Non-Renewal Notice") to OWNER by certified or registered mail, return receipt requested, or national overnight courier service requiring receipt, not less than sixty (60) days next preceding the then expiration date of the Letter of Credit, that it elects not to have such Letter of Credit renewed. OWNER covenants and agrees to return the Letter of Credit to Tenant on or before the sixty-first (61st) day following the expiration or termination date of the Lease;

(iii) If OWNER receives a Non-Renewal Notice and TENANT fails to provide a replacement Letter of Credit which meets the requirements of this Lease with an effective date commencing on the day following the expiration of the existing Letter of Credit not fewer than thirty (30) days prior to the expiration of the Letter of Credit, such failure shall constitute a material default under this Lease and OWNER shall have the right, exercisable by a sight draft, to receive the monies represented by the Letter of Credit (which monies shall be held by OWNER as a cash deposit pursuant to the terms of the printed portion of this Lease, pending the replacement of such Letter of Credit or TENANT's default after notice and the expiration of any applicable cure period hereunder); however, OWNER's holding of such cash security shall not be deemed a waiver of TENANT's default of its obligation to maintain the security in the form of a Letter of Credit); and

(iv) Upon OWNER's sale of OWNER's interest in the land and the Building, the Letter of Credit shall be transferable, without charge, by OWNER

If a bankruptcy proceeding is filed by or against TENANT, OWNER shall have the right, exercisable by a sight draft, to receive monies represented by the Letter of Credit. If a voluntary termination of this Lease occurs, OWNER shall have the right, exercisable by sight draft, to receive monies represented by the Letter of Credit in order to satisfy any fees and payments owed by TENANT in connection with such termination, including without limitation, accrued but unpaid rents and/or other charges payable pursuant to the Lease and any termination fees and all other amounts owed by TENANT to OWNER pursuant to any written agreement entered into between them with respect to such termination. If TENANT shall owe any late charges or fees or interest on late payments to OWNER pursuant to this Lease or otherwise pursuant to legal process or law, OWNER shall have the right, exercisable by sight draft, to receive monies represented by the Letter of Credit in order to satisfy such amounts owed by TENANT. In the event of a sale of OWNER's interest in the land and the Building, OWNER shall have the right to transfer (at no expense to OWNER) the cash security or Letter of Credit, as the case may be, deposited hereunder to the vendee or lessee, and OWNER shall be released by TENANT from all liability for the return of such cash security or Letter of Credit. In such event, TENANT agrees to look solely to the new OWNER for the return of said cash security or Letter of Credit. It is agreed that the provisions hereof shall apply to every transfer or assignment made of said cash security or Letter of Credit to a new OWNER. TENANT covenants that it will not assign or encumber, or attempt to assign or encumber, the monies or Letter of Credit deposited hereunder as security, and that neither OWNER nor its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment, or attempted encumbrance. In the event that at any time during the term of this Lease, OWNER, in OWNER's reasonable opinion, believes (a) that the net worth of the Issuing Bank shall be less than the minimum amount specified above, or (b) that circumstances have occurred indicating that the Issuing Bank may be incapable of, unable to, or prohibited from honoring the then existing Letter of Credit (hereinafter referred to as the "Existing L/C") in accordance with the terms thereof, then, upon the happening of either of the foregoing, OWNER may send written notice to TENANT (hereinafter referred to as the "Replacement Notice") requiring TENANT within fifteen (15) business days to replace the Existing L/C with a new letter of credit (hereinafter referred to as the "Replacement L/C") from an Issuing Bank meeting the qualifications described hereinabove. Upon receipt of a Replacement L/C meeting the qualifications, OWNER shall forthwith return the Existing L/C to TENANT. In the event that (i) a Replacement L/C meeting the qualifications is not received by OWNER within the time specified, or (ii) OWNER reasonably believes an emergency exists, then in either event, the Existing L/C may be presented for payment by OWNER and the proceeds thereof shall be held by OWNER in accordance with this Lease, subject, however, to TENANT's obligation to replace such cash security with a new letter of credit meeting said qualifications.

59. **Attornment; Refinancing:**

(A) If, at any time prior to the termination of this Lease, any holder(s) of any mortgage(s) or underlying lease(s) or any other person or the successors or assigns of the forgoing (collectively referred to as "Successor Owner") shall succeed to the rights of OWNER under this Lease, TENANT agrees, at the election and upon request of any Successor Owner to fully and completely attorn to and recognize any such Successor Owner, as TENANT's OWNER under this Lease upon the then executory terms of this Lease; provided such Successor Owner shall agree in writing to accept TENANT's attornment. The foregoing provisions of this paragraph shall inure to the benefit of any such Successor Owner shall apply notwithstanding that as matter of law, this Lease may terminate upon the termination of the Superior Lease, shall

be self-operative upon any such demand, and no further instruments shall be required to give effect to said provisions. Upon the request of any such Successor Owner, TENANT shall execute and deliver from time to time, instruments satisfactory to any such Successor Owner in recordable form if requested to evidence and confirm the foregoing provisions of this Paragraph acknowledging such attornment and setting forth the terms and conditions of its tenancy. Upon such attornment this Lease shall continue in full force and effect as a direct Lease between such Successor Owner and TENANT upon all of the then executory terms of this Lease except that such Successor Owner shall not be: (i) liable for any previous act or omission or negligence of OWNER under this Lease; (ii) subject to any counterclaim, defense or offset, expressly provided for in this Lease and asserted with reasonable promptness, which therefor shall have accrued to TENANT against OWNER; (iii) bound by any previous modification or amendment of this Lease made after the granting of such senior interest, or by any previous payment of more than one month's Fixed Rent or Additional Rent, unless such modification or payment shall have been approved in writing by any Superior Lessee or Superior Mortgagee through or by reason of which the Successor Owner shall have succeeded to the rights of OWNER under this Lease; (iv) obligated to repair the demised premises or the building or any part thereof, in the event of total or substantial damage beyond such repair as can reasonably be completed with the net proceeds of insurance actually made available to Successor Owner, provided all insurance to be maintained by the OWNER hereunder is thus maintained; or (v) obligated to repair the demised premises or the building or any part thereof, in the event of partial condemnation beyond such repair as can reasonably be completed with the net proceeds of any award actually made available to Successor Owner, or consequential damages allocable to the part of the demised premises or the building not taken. Notwithstanding the foregoing, in the case of (iv) or (v) above, if such Successor Owner elects not to make the repairs set forth in such subsections, TENANT shall have the right to terminate this Lease upon written notice to such Successor Owner. Nothing contained in this subparagraph shall be construed to impair any right otherwise exercisable by any such Successor Owner.

(B) If, in connection with obtaining financing or refinancing for the building, a banking, insurance or other institutional lender shall request reasonable modifications to this Lease as a condition to such financing or refinancing, TENANT will not unreasonably withhold, delay or defer its consent thereto, provided that such modifications do not increase the obligations of TENANT hereunder (except, perhaps, to the extent that TENANT may be required to give notices of any defaults by OWNER to such lender and/or permit the curing of such defaults by such lender together with the granting of lender to get possession of the said building) or materially adversely affect the leasehold interest hereby created. In no event shall a requirement that the consent of any such lender be given for any modification of this Lease or for any assignment or sublease be deemed to materially adversely affect the leasehold interest hereby created, provided that TENANT's Lease term may not be interrupted.

60. **Local Laws**: In the event that the OWNER is required or directed to perform any improvements or other work to the building or any part thereof pertaining to or to conform with any laws, orders, regulations or requirements of any state, federal, municipal or local governments, departments, commissions, boards, agencies or other governmental or quasi-governmental authority, then and in such event TENANT shall pay to OWNER, as additional rent, TENANT's Share of the costs of such work and/or improvements, as the case may be, within ten (10) days after written notice from OWNER.

61. **Partial Invalidity; Rent Regulation.**

(A) If any term, covenant or condition of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or condition of this Lease shall be valid and be enforced to the fullest extent permitted by law.

(B) Should TENANT take advantage of or invoke any provision of any federal, state or local law, or proclamation, order, regulation or direction of any public officer or body, now in force or that may hereafter be enacted, granting to TENANT, during any year of the term of this Lease, the right or option to pay a rental less than the yearly fixed rent and additional rent and other charges payable during any such year by TENANT under this Lease, then and in such event, OWNER shall have the right and option of (i) terminating this Lease and the term hereof upon sixty (60) days prior written notice to TENANT, or (ii) electing to require TENANT to take such actions (at TENANT's cost and expense) and enter into such agreements as may be legally allowed in order to maintain and preserve the payment of the full fixed rent and additional rent payable hereunder. In the event OWNER shall elect to proceed pursuant to said subdivision (ii), and TENANT's obligation under law to pay the full fixed rent and additional rent hereunder shall be suspended or discharged during any period, TENANT covenants and agrees to pay to OWNER the amount of such unpaid fixed rent and additional rent immediately upon the earlier of the expiration of such period or the termination of this Lease. In addition, TENANT hereby waives any and all rights under any law, order or regulation, or under any court order, judgment, decision or direction, to require OWNER to enter into, or permit the renewal or extension of, the term of this Lease, including, without limitation, any right to cause the mandatory arbitration of the terms of any such renewal or extension, or any right of first refusal with respect to the leasing of the demised premises to which TENANT may become entitled. The provisions of this Article shall survive the termination of this Lease.

62. **Sublease, Assignments, etc.:**

(A) Except as may otherwise be expressly provided in this Article 62, TENANT will not, by operation of law or otherwise (including, without limitation, by merger or consolidation) cause or permit the assignment, mortgage, transfer or encumbrance of this Lease, nor sublet or permit the demised premises or any part thereof to be used by others without obtaining the prior written consent of OWNER in each instance. The consent by OWNER to any assignment or subletting shall not in any manner be construed to relieve TENANT from obtaining OWNER's express written consent to any other or further assignment or subletting nor shall any such consent by OWNER serve to relieve or release TENANT from its obligations to fully and faithfully observe and perform all of the terms, covenants and conditions of this Lease on TENANT's part to be observed and performed. TENANT further covenants and agrees that it shall not enter into any agreements for any space in the building with any tenants or subtenants (or affiliates thereof) in the building without the prior written consent of OWNER.

(B) Upon obtaining a proposed assignee or subtenant, upon terms satisfactory to TENANT, TENANT shall submit to OWNER in writing (w) the name of the proposed assignee or subtenant; (x) a fully executed assignment or sublease agreement, subject only to OWNER's consent; (y) the nature and character of the business and credit of the proposed assignee or subtenant; and (z) current financial statements, banking references and any other references and information reasonably requested by the OWNER, including those of the assignee's or subtenant's principals. Within thirty (30) days after receipt of the foregoing, OWNER may elect to recapture the demised premises if the transaction is an assignment or a subletting of all or substantially all of the demised premises (not including, however, the transactions contemplated in subparagraph (D) below), in which event this Lease shall terminate on the date set forth in the sublease or in the assignment, or sooner date as OWNER may elect, but not sooner than thirty (30) days after OWNER's election. TENANT expressly agrees that its notice to OWNER shall be deemed an irrevocable offer to OWNER for OWNER to exercise its recapture rights herein. If OWNER does not elect to recapture the demised premises as aforesaid, then OWNER's consent to any such proposed assignment or to a subletting of the entire demised premises shall not be unreasonably withheld, provided, however, that OWNER may withhold consent thereto if in the exercise of its sole judgment it determines that:

(i) the financial condition and general reputation of the proposed assignee or subtenant are not reasonably acceptable to OWNER;

(ii) the proposed use, including the specific clothing and apparel to be shown at the demised premises, does not comport with the particular market and price-point standards that OWNER has in effect for a majority of the building's tenants (excepting the ground floor tenants), and is not otherwise in keeping with the character of the existing tenancies and the dignity and character of the building (but in no event shall the foregoing be deemed to enlarge the purposes for which the demised premises are expressly permitted to be used, as set forth on the first page of this Lease);

(iii) the nature of the occupancy, even pursuant to the permitted use, is such that it will cause an excessive density of employees or traffic or make excessive demands on the building's services or facilities or in any other way will lessen the dignity or character of the building;

(iv) TENANT proposes to assign or sublet to one who, at the time, is a tenant or an occupant of the building, or a subsidiary, division or affiliate of any such tenant or occupant of the building, or to one with whom OWNER or its agents are, or were within the last six (6) months, negotiating for space in the building, or to one who, at the time, is a tenant or occupant of premises in any other building then owned or managed by OWNER or its affiliates, or proposes to sublet or assign to any person or entity which may be entitled to immunity, or which is not a domestic business entity subject to the jurisdiction of the Supreme Court of the State of New York, County of New York for all purposes; or

(v) TENANT proposes to assign or sublet all or a portion of the demised premises at a rental rate less than the higher of (a) the fixed rent and additional rent then payable under this Lease, or (b) the fixed and additional rental rate OWNER is then asking for other space in the building. Without limiting the foregoing, the demised premises (or the applicable portion thereof) shall not be listed or otherwise publicly advertised at a rental rate that is less than (a) or (b) above, but nothing herein prevents TENANT from (a) consummating a transaction at a rental rate that is less than such prevailing rate, or (b) disseminating broker materials regarding the availability of all or a portion of the demised premises, provided that any information regarding the rental therefor is furnished only upon specific individual request and not in a form or by a method which would identify the demised premises, TENANT and/or the building;

(C) Further, and as a condition of OWNER's consent to any assignment or subletting:

(i) TENANT, at the time of requesting OWNER's consent and at any later time up to and including the date of the proposed assignment or subletting, as the case may be, shall not be in default under this Lease;

(ii) TENANT shall confirm in writing that said assignment shall not relieve TENANT of its continuing liability through the balance of the term of this Lease, including any modifications, renewals or extensions hereof;

(iii) an original or duplicate original of the instrument of assignment and assumption agreement shall have been delivered to OWNER together with the request for OWNER's approval (or, if it was expressly stated herein that no such approval was required, then at least ten (10) days prior to the effective date thereof), which assignment and assumption agreement shall provide that the assignee assumes in writing all of the terms, covenants and conditions of this Lease on the part of TENANT hereunder to be performed and observed;

(iv) an original or duplicate original of the sublease shall have been delivered to OWNER together with the request for OWNER's approval (or, if it was expressly stated herein that no such approval was required, then at least ten (10) days prior to the effective date thereof), which sublease shall specifically state that each sublease is subject to all of the terms, covenants and conditions of this Lease, and shall also provide that in the event that this Lease shall be terminated, then, at OWNER's option, subtenant shall attorn to OWNER pursuant to the then executory terms and conditions of this sublease, except that OWNER shall not (1) be liable for any previous act or omission of TENANT under such sublease, (2) be subject to any offset that theretofore accrued to such subtenant against TENANT, or which will accrue based upon the acts or omissions of the TENANT prior to the date of attornment), or (3) be bound by any previous modification of such sublease or by any previous prepayment of more than one month's fixed rent or any additional rent then due;

(v) OWNER may bill and TENANT shall pay all charges estimated by OWNER to be due through the date of assignment (without relieving TENANT or its assignee of the obligation to pay any balance due when the actual charges are computed);

(vi) each assignee (other than to an Affiliate in accordance with subparagraph (D) shall deposit with OWNER a sum equal to one (1) additional month of the then fixed rent as additional security deposit under this Lease;

(vii) any portion of the demised premises to be sublet and the remaining portion shall each be configured in such manner as to have direct access to the public corridor on the floor and otherwise reasonably configured for potential future use; OWNER may require that the sublet portion and the remainder of the demised premises share a single entrance and reception area; and

(viii) Except with respect to the transaction(s) permitted under subparagraph (D) below, TENANT shall pay to OWNER, as additional rent, an amount equal to fifty (50%) percent of any rents, additional charges or other considerations received by TENANT from the sublessee or assignee which are in excess of the fixed rent and additional rent payable during the balance of the term of this Lease (less reasonable attorneys' fees and brokerage commissions, if applicable), if an assignment, or the balance of the term of the sublease, as the case may be. TENANT and such sublessee or assignee shall each certify the amount of said rental, charges and rent concessions, if any, in form reasonably satisfactory to OWNER. The sums payable under this subdivision (viii) be paid by TENANT to OWNER as and when received by TENANT.

(D) Notwithstanding anything to the contrary contained herein or elsewhere in this Lease, and provided that the same is not for the purpose of avoiding the general prohibitions set forth in printed portion of this Lease or hereinabove, TENANT may, without the prior written consent of OWNER, assign this Lease (i) to an Affiliate of Tenant, (ii) to a successor of TENANT by consolidation or reorganization or (iii) in connection with the bona fide sale of all or substantially all of Tenant's assets and/or shares, including all of its right, title and interest in this Lease and any other leases it holds in Manhattan, to a third party, provided that in each case, the tangible net worth of the acquiring entity of said shares and/or assets, or the successor entity in any merger or consolidation, shall be not less than the greater of the tangible net worth of TENANT existing prior to such transaction or a net tangible worth which is sufficient in the reasonable opinion of OWNER, for the satisfaction of the remaining obligations during the term of this Lease, computed in accordance with generally accepted accounting principles, and said assignee, or the acquiring entity of said shares and/or assets, or the successor entity in any merger or consolidation, as the case may be, shall expressly and unconditionally assume by written agreement to perform all of the obligations of the TENANT hereunder, and such assignee shall be in compliance with subparagraph (C) above. OWNER's right to recapture the demised premises and to share in any excess rentals shall be inapplicable to the transactions set forth in this subparagraph (D) An "***Affiliate***" shall mean with respect to an entity, all entities directly or indirectly controlling, controlled by or under common control with such entity, where control "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract interest or otherwise.

(E) Without limiting any of the other provisions of this Lease, if TENANT is a corporation (other than one whose shares are regularly and publicly traded on the NYSE, AMEX or NASDAQ in which case the regular day-to-day transfer of shares thereof shall be deemed excluded from the provisions of this subparagraph (E)), or if TENANT is a limited liability company, partnership or other entity, other than an individual, TENANT represents that the ownership and power to vote the majority of its entire outstanding capital stock or other controlling interests in TENANT (or in each party comprising TENANT) belongs to and is vested in the individual person executing this Lease on behalf of TENANT. A breach of the foregoing representation or any transfer of said controlling interests in TENANT or in any entity which directly or indirectly controls, or is in ultimate control of TENANT, shall constitute an assignment and a material breach of this Lease, unless TENANT, prior to said assignment, shall have fully complied with the provisions of Article 11 of this Lease and this Rider Article whether the same be accomplished by merger, consolidation, operation of law, bankruptcy or otherwise.

(F) Notwithstanding anything contained in this Article to the contrary, OWNER shall not be obligated to entertain or consider any request by TENANT to assign this Lease or to sublet all or a part of the demised premises unless each request by TENANT is accompanied by (i) a non-refundable fee payable to OWNER in the amount of One Thousand Two Hundred ($1,200.00) Dollars, representing OWNER's administrative costs and expenses in processing each of TENANT's requests, and (ii) a non-refundable fee in the amount of One Thousand Eight Hundred ($1,800.00) Dollars, representing payment of OWNER's attorneys' fees in connection with any such request.

(G) Notwithstanding anything to the contrary contained in this Lease, provided and so long as Tenant is not in default of this Lease beyond any applicable notice and cure period, Tenant shall be entitled to utilize a total amount not to exceed ten percent (10%) of the usable office area of the demised premises as so-called "desk space," provided and so long as: (a) each user (i) has, and continues to have, business dealings with Tenant throughout the period of occupancy (other than by virtue of such occupancy), (ii) does not pay for its occupancy rights an amount greater than the fixed rent and additional rent that is reasonably allocable to the portion of the demised premises that said person utilizes as desk space, (iii) is a person not subject to any diplomatic or other immunity of any kind but rather is subject to the full jurisdiction of the courts of the State, City and County of New York, (iv) is not an occupant of any other part of the Building, and (v) uses the desk space for executive office purposes related to Tenant's business and in keeping with the dignity and character of the building (as determined in Landlord's good faith business judgment); (b) the area in which the desks are located is not separately demised from the balance of the demised premises and all such users enter into the interior areas of the demised premises through Tenant's main reception area, (c) each user procures liability insurance in form and content reasonably acceptable to Landlord, with limits of not less than $1,000,000.00, naming Tenant and Landlord and its managing agent as additional insureds, and (d) Tenant notifies Landlord at least ten (10) business days prior to allowing such desk space to be used, of the name of each such person and their respective social security number, as well as the nature of such person's ongoing business relationship with Tenant and delivers to Landlord, together with said notification, a license agreement in form and content reasonably acceptable to Landlord.

63. **Access to Premises**: Section 13 is hereby supplemented by adding the following sentence as the second sentence in such section: OWNER shall provide TENANT with not less than twenty-four (24) hours prior written notice (except in case of an emergency) in advance of such entry (which notice may be by email, telephone, or hand delivery), and, upon request, OWNER shall be accompanied by a representative of TENANT during such access and entry to the demised premises, if such representative is present when OWNER arrives for such access.

64. **Conditional Limitation and Repeated Material Defaults**:

Notwithstanding any other provision in this Lease, this Lease is expressly subject to the conditional limitation that if TENANT shall default (beyond any applicable grace period) in the performance of any monetary or a material non-monetary term, covenant, or condition of this Lease (including the payment of rent) more than four (4) times in the aggregate in any period of twelve (12) months, then, notwithstanding that such defaults shall have been cured within any applicable grace period, and provided that upon the fourth such material breach OWNER provides TENANT with written notice in its associated notice of breach that upon any further material default OWNER may elect to exercise its right to terminate pursuant to this Section, any further material default shall be deemed to be deliberate for which default OWNER may terminate this Lease without service of any default notice or conditional limitation notice and TENANT shall not have the right to cure such default by application to any court of competent jurisdiction, and upon OWNER serving TENANT a ten (10) day notice of termination of this Lease and upon the expiration of said ten (10) day period, this Lease and term granted hereby shall end and expire as fully and completely as if the expiration of such ten (10) day period were the day herein definitely fixed for the expiration of this Lease and TENANT shall then quit and surrender the demised premises to OWNER as required under the terms of this Lease.

65. **Right of Early Termination:**

(A) Tenant shall have the right to cancel this Lease, effective on or after April 30, 2021 with nine (9) months prior written notice, accompanied by a bank check for the sum of the following: (i) the unamortized free fixed rent and OWNER's Work; and (ii) an amount equal to six (6) months of the then escalated rent as specified in subparagraph 41(B) as of the date of the required notice, minus the electrical inclusion referenced in subparagraph 4l(E) hereof, as shown in Schedule "B" annexed hereto. Notice may not be given prior to July 31, 2020.

(B) Notwithstanding anything to the contrary hereinabove, the effective date of termination must be the last day of a calendar month. Time is of the essence with respect OWNER's receipt of the required payment together with such notice, and the rights of Tenant hereunder shall be null and void if Tenant fails to timely comply. Upon Tenant complying with the provisions hereof, and provided that Tenant is not in monetary default of the Lease or in non-monetary default of this Lease beyond any applicable cure period provided for therein (which non-monetary default is then cured within the applicable cure period), the Lease shall terminate as of the early termination date. The amounts payable under subclauses (i) and (ii) above shall be waived in the event that TENANT leases larger space in the building for a period of not less than three (3) additional years.

66. **Miscellaneous:**

A. **Conflict; Headings:** In the event of any inconsistency between the printed portion of this Lease and this Rider, the terms of this Rider shall control. The Article headings are for each of reference only and shall not be used to construe or in any way define or limit the provisions hereof.

B. **Notices to OWNER:** A copy of any notice required or desired to be given by TENANT to OWNER shall also be given in the same manner and at the same time to: Savitt Partners LLC, 530 Seventh Avenue, Suite 401, New York, NY 10018. Notices to OWNER shall be deemed given upon receipt by OWNER. Notices to TENANT may also be given by OWNER's managing agent and/or OWNER's attorneys.

C. **Removal:** All in-ceiling, wall, hanging and track light fixtures (including heads), and any other light fixtures installed by TENANT or OWNER shall become the property of OWNER and shall remain within the demised premises at the termination of this Lease, unless OWNER grants specific written permission to the TENANT to remove any of the same.

D. **Severability:** Any provision of this agreement that is not enforceable under the laws of the United States or the State of New York shall be construed to be severable from the other provisions of this Lease without affecting the enforceability of the remaining provisions.

E. **Force Majeure:** Neither party shall not be deemed in default in the performance of any obligation or undertaking provided herein in the event and/or so long as the performance of any such obligation is prevented or delayed, retarded or hindered by Act of God, fire, earthquake, floods, explosion, action of the elements, war, hostilities, terrorism, invasion, insurrection, riot, mob violence, sabotage, inability to procure or a general shortage of labor, equipment, facilities, materials or supplies in the open market, failure of transportation, lockouts, action of labor unions, condemnation, requisition, laws, orders of government or civil or military or naval authorities, or any other cause, whether similar or dissimilar to the foregoing, not within the reasonable control of such party, provided, however, that nothing contained herein shall operate to excuse Tenant from the timely payment of fixed rent or from timely payment of any other payments or charges required by the terms of this Lease, or to excuse Tenant's performance of any of its obligations for lack of funds, or any holdover beyond the expiration or sooner termination of the term of this Lease, and, without limiting the foregoing, any Tenant delay or failure to perform resulting from lack of funds shall not be deemed a delay beyond the reasonable control of Tenant.

F. **Damage or Destruction:** Notwithstanding anything to the contrary contained in Article 9 of this Lease, OWNER shall not be required to repair or rebuild the demised premises and may terminate this Lease if fifty percent or more of the building of which the demised premises is a part are damaged by any fire or other casualty (whether or not the demised premises were damaged thereby), or if such damage or destruction occurs during the last year of the term of this Lease, upon thirty days prior notice given within ninety days after such fire or other casualty, or, if later, within thirty days after the date on which the adjustment of the claims relating thereto. The date specified by OWNER for termination shall be not later than sixty days after the giving of OWNER's notice of termination. The exercise of OWNER's rights as provided herein shall not create in TENANT any right or obligation to repair or rebuild the demised premises. Further, nothing contained in Article 9 shall be deemed to require OWNER, as a part of its restoration obligations thereunder, to restore or rebuild any portion of the building except such structural portions of the demised premises and a roof therefor, together with electrical, water and sewer main service to a single point of connection at the demised premises or at a point on the floor on which the demised premises is located, and TENANT shall be responsible, at its sole cost and expense, to make all other leasehold improvements as may be necessary to complete the demised

premises and recommence TENANT's business operations. Anything contained in this Lease to the contrary notwithstanding, if the demised premises shall be so damaged that: (i) Owner's architect estimates the same cannot be repaired to the condition required within nine (9) months following the date of casualty (Owner shall promptly advise TENANT in writing of such determination) or if Owner shall have elected to repair and Owner's repair work is not completed within one (1) year following the date of casualty then, in either of such events, Tenant may, within ten (10) days after receiving notice of (i) or the occurrence of (ii), terminate this Lease by giving Owner a notice in writing of such decision, and thereupon the term of this Lease shall expire by lapse of time upon the thirtieth (30th) day after such notice is given, and Tenant shall vacate the Premises and surrender the same to Owner. If any material casualty occurs during the last twelve (12) months of the term, OWNER and TENANT may each elect to terminate this Lease by notice given to the other party within sixty (60) days of such casualty, in which event this Lease shall terminate thirty (30) days after the giving of such notice.

G. **Expenses:** Without limiting any of OWNER's other rights and remedies set forth in this Lease, all of the same being cumulative, TENANT shall pay to OWNER, as additional rent, within ten (10) days after demand, all reasonable attorneys' fees and disbursements (including court costs and expenses of legal proceedings), as well as all out-of-pocket architectural, engineering and other professional fees, and other costs and expenses which OWNER may incur or pay out by reason of, or in connection with: (a) any assignment or sublease, (b) any proposed alteration of the demised premises by TENANT, and (c) any other instance in which OWNER's consent or approval may be sought.

H. **No Recording:** TENANT shall not record or attempt to record or in any way permit the recording of this Lease, any memorandum of this Lease, any assignment of this Lease, any sublease of the demised premises or any other instrument relative to this Lease, and any attempt to do so shall be null and void.

I. **Authority:** TENANT represents and warrants that the individual signing on behalf of TENANT has the full legal right, power and authority to enter into this Lease on behalf of TENANT and that TENANT has taken all requisite corporate or other actions necessary to authorize it to execute, deliver and enter into this Lease, and perform its obligations hereunder OWNER and the individual signing on behalf of OWNER jointly and severally represent that OWNER has the full legal right, power and authority to enter into this Lease and to carry out its obligations hereunder, and has taken all requisite corporate or other actions necessary to authorize it to execute, deliver and enter into this Lease, and perform its obligations hereunder.

J. **Lighting:** Throughout the term of this Lease, TENANT shall keep the lights in the showrooms and offices which are visible from any interior public hallway fully lit during the building's regular business hours, being 9 AM to 5 PM, Monday through Friday, excluding federal holiday.

K. **Intentionally Deleted.**

L. **Non-Waiver; Survival:** OWNER's failure during the Lease term to prepare and deliver any bills, statements or notices of any amount due, including, but not limited to, the amounts due with respect to real estate taxes, or OWNER's failure to make a demand therefor, shall not in any way cause OWNER to forfeit or surrender its rights to collect any of the foregoing items of Additional Rent which may have become due during the term, and such liability shall survive the expiration of the term.

M. **Blocked Persons**: TENANT represents, warrants and covenants that neither TENANT nor any of its partners, members, shareholders, officers, directors or agents, as now or hereafter existing, shall any time hereafter, be or become listed on (i) the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Asset Control, Department of the Treasury ("OFAC") pursuant to Executive Order No. 13224, 66 Fed, Reg. 490079 (Sept. 25, 2001)("Order") and all applicable provisions of Title III of the USA PATRIOT ACT (Public Law NO. 107-56 (October 26, 2001); (ii) the Denied Persons List and Entity List maintained by the United States Department of Commerce; (iii) the List of Terrorists and List of Disbarred Parties maintained by the United States Department of State, (iv) any list or qualification of "Designated Nationals" as defined in the Cuban Assets Control Regulations 31 C.F.R Part 515; (v) is listed on any other publicly available list of terrorist, terrorist organizations or narcotic traffickers maintained by the United States Department of State, The United States Department of Commerce or any other governmental authority or pursuant to the Order, the rules and regulations of OFAC (including without limitation the Trading with the Enemy Act, 50 U.S.C. App, 1-44; the International Emergency Economic Powers Act, 50 U.S.C. Sections 1701-06; the unrepealed provision of the Iraqi Sanctions Act, Publ. L. No. 101-513; the United Nations Participation Act. 22 U.S.C. Section 287; The Cuban Democracy Act, 22 U.S.C, Sections 60-01-10; The Cuban Liberty and Democratic Solidarity Act, 22 U.S.C. Sections 6021-6091; and the Foreign Narcotic Kingpin Designation Act, 21 U.S.C. 1901-1908,8 U.S.C. 1182, all as may be amended from time to time); or any other applicable requirements contained in any enabling legislation or other Executive Orders in respect of the Order (the Order and such other rules, regulations, legislation or orders are collectively called the "Orders"); nor shall any of said partners, members, shareholders, officers, directors or agents, as now or hereafter existing be or become engaged in activities prohibited in the Orders; or be or have been convicted, pleaded nolo contendere, indicted, arraigned or custodially detained on charges involving money laundering or predicate crimes to money laundering, drug trafficking, tourist-related activities or other money laundering predicate crimes or in connection with the Bank Secrecy Act (31 U.S.C. Sections 5311 et seq.).

N. **Wireless Internet Service; Telecommunications:** TENANT shall have the right to install wireless Internet service in the interior of the demised premises, provided that (i) TENANT shall not solicit other tenants or occupants of the building to use wireless Internet service that emanates from the Demised Premises, and (ii) TENANT shall not permit the signals of TENANT's wireless Internet service (if any) to emanate beyond the demised premises in a manner that interferes in any material respect with any building's systems or with any other occupant's use of other portions of the building. OWNER shall permit TENANT to gain access to the facilities of the telecommunications provider that services the building from time to time through the telecommunication closet on the floor of the building where the demised premises is located (it being understood that OWNER's granting such access to TENANT shall not constitute OWNER's agreement to provide telecommunications services to TENANT or to otherwise have responsibility for the operation or security thereof).

O. **Window Cleaning:** TENANT acknowledges that TENANT, at its expense, is responsible for the regular weekly cleaning of its showroom windows, if any (or more often as is reasonably necessary) as well as the cleaning of the interior and exterior sides of the curtain wall windows, if any, at least twice each year, according to a schedule established by OWNER, as the same may be amended from time to time. If TENANT fails to comply with the foregoing obligations within five (5) days after written notice to TENANT, OWNER may perform such cleaning itself (without the necessity of any additional notice or cure period under this Lease, notwithstanding any other provision of this Lease), and TENANT shall then be obligated to pay the sums expended by OWNER within ten (10) days after demand.

P. **Overtime Services:** If TENANT shall require services not controlled by TENANT within the demised premises or any other services other than during standard building hours ("after hours"), OWNER agrees, subject to the terms of this Lease and provided TENANT is not in default beyond any applicable notice and/or grace period under this Lease, to furnish after hours services upon reasonable advance notice from TENANT, given at least two (2) business days prior to the day in which such after- hours services are required. TENANT shall pay OWNER's then established charges therefor within ten (10) business days after OWNER's demand.

Q. **Additional Rules and Regulations:** The following additional Rules and Regulations are hereby incorporated into and made a part of the Rules and Regulations set forth at the end of the printed form portion of this Lease:

15. (a) TENANT shall not invite to the demised premises, or permit the visit of, persons in such numbers or under such conditions as to interfere with the use and enjoyment of any of the entrances, corridors, passenger elevators, freight elevators, and other facilities of the building by any other tenants. Fire exits and stairways are for emergency use only, and they shall not be used for any other purpose by the TENANT or its employees, licensees, contractors, suppliers, or invitees. OWNER reserves the right to control and operate the public portions of the building and public facilities, as well as facilities furnished for common use of the tenants of the building, in such manner as it deems best for the benefit of said tenants generally. TENANT shall implement a policy that precludes its personnel from smoking in any part of the building or in or near any of the entrances thereto, and shall take whatever steps are lawfully permitted to prevent the same.

(b) TENANT shall comply with the security procedures that OWNER reasonably adopts from time to time for the building. TENANT acknowledges that OWNER's security procedures may include, without limitation, (i) OWNER'S denying entry to the building by any person who does not present a Building pass or who does not comply with OWNER'S procedures regarding the registration of visitors to the building (including, but not limited to valid photo identification), and (ii) procedures governing the inspection of freight that arrives at the loading facilities for the building. TENANT shall subject to inspection by OWNER or OWNER'S designee all items being brought into the building by or on behalf of TENANT (including, without limitation, packages, boxes, bags, handbags, attache cases, and suitcases). OWNER may refuse entry into the building to any person who refuses to cooperate with such inspection or who is carrying any item which has a reasonable likelihood of being dangerous to persons or property. OWNER shall have the right to require TENANT to (x) direct persons who are delivering packages to the demised premises to make delivery to an office in the building that OWNER designates (in which case OWNER shall make arrangements for such packages to be delivered to TENANT using other personnel that OWNER engages and TENANT shall pay TENANT's Share of the costs incurred by OWNER in providing such service, including pick-up of packages from the demised premises if the same is a part of such service), or (y) arrange for such persons to be escorted by a representative of TENANT while such person makes delivery to the demised premises. TENANT acknowledges that it shall be responsible for the acts and omissions of all persons for whom it requests a building pass or who otherwise visit the building as agents, clients, patrons, invitees, suppliers, contractors and/or guests of TENANT or any of TENANT'S employees or subtenants, and shall be liable to OWNER for the acts of each and all of the foregoing. TENANT acknowledges and agrees that any person whose presence in the building at any time shall, in the good faith judgment of OWNER, be prejudicial to the safety, character, reputation and interests of the building or of its tenants (regardless of whether any pass has been issued thereto) may be denied access to the building or may be ejected therefrom. In case of emergency, invasion, riot, public excitement or other commotion, OWNER may prevent all access to the building during the continuance of the same, by closing the doors or otherwise for the safety of the tenants and protection of property in the building. OWNER may require any person leaving the building with any package or other object to exhibit a pass from TENANT from whose premises the package or object is being removed, but the establishment and enforcement of such requirement shall not impose any responsibility on OWNER for the protection of any tenant, including TENANT, against the removal of property from the demised premises, OWNER shall, in no way, be liable to TENANT or any other person for damages or loss arising from the admission, exclusion or ejection of any person to or from TENANT's demised premises or the building under the provisions of this rule.

(c) TENANT covenants and agrees that throughout the term, it shall not suffer, allow or permit any vibration, noise or odor to emanate from the demised premises. If the same occurs, TENANT shall immediately cause the abatement thereof, and if any such condition is not immediately remedied, then OWNER may treat such failure on the part of TENANT to remedy such condition as a material default of this Lease on the part of TENANT hereunder, entitling OWNER to any of its remedies pursuant to the terms of this Lease. TENANT shall not subject any fixtures or equipment in or on the demised premises which are affixed to the realty, to any mortgage, liens, conditions, sales agreements, security interests or encumbrances. TENANT also covenants and agrees not to permit any cooking or food preparation whatsoever in the demised premises except as may occur in connection with use of the pantry including but not limited to use of a microwave oven (but not any warming or heating devices that require exterior exhaust) or otherwise in connection with services provided by service providers approved by Owner, such as caterers.

R. **Entire Agreement; Modification:** TENANT expressly acknowledges and agrees that OWNER has not made and is not making, and TENANT, in executing and delivering this Lease, is not relying upon, any warranties, representations, promises or statements, except to the extent, if any, the same are expressly set forth in this Lease or in any other written agreement which may be made between the parties concurrently with the execution and delivery of this Lease. It is understood and agreed that all understandings and agreements heretofore had between the parties are merged in this Lease which alone fully and completely expresses their agreements and that the same is entered into after full investigation, neither party relying upon any statement or representation not embodied in this Lease, made by the other. Any agreement hereafter made between said parties to change, waive, terminate, release or otherwise modify or supplement the provisions of this Lease, in whole or in part, shall be ineffective unless in writing and signed by the party or parties to be charged therewith.

S. **Submission of Lease; Execution:** The submission by TENANT of an executed counterpart of this Lease shall be deemed to constitute an irrevocable offer by TENANT to OWNER for a period of thirty days from the date of tender thereof; however, the submission by OWNER of this Lease for examination or of any execution copies does not constitute a reservation or option for the demised premises in favor of TENANT, and this Lease shall be binding upon OWNER only upon OWNER's countersignature and the unconditional delivery to TENANT (or TENANT's attorney) of a fully executed counterpart of this Lease, and OWNER's receipt of the checks for the first month's fixed rent and the security deposit, if applicable. If either the check for said first installment or the check for the security deposit, if applicable, is returned for insufficient funds or any other reason, this Lease, shall, at OWNER's option, be of no force and effect, ab inito, whether or not TENANT shall have entered into possession of the demised premises. This Lease may be executed in counterparts, it being understood that all such counterparts, taken together, shall constitute one and the same agreement. If more than one party comprises TENANT, said parties expressly covenant and agree that the obligations under this Lease are joint and several.

Owner: G&S Realty I, LLC

By: 

Print Name: Robert Savitt, Member

Tenant: ZENO MANAGEMENT, INC.

By: Anthony Sun, MD

Print Name: Anthony Sun, MD

Title: Chief Executive Officer

SUBLEASE

1. PARTIES.

This Sublease (this "Sublease") dated September 16, 2019 (the "Effective Date"), is made by and between Lundbeck La Jolla Research Center, Inc. (formerly known as Abide Therapeutics, Inc.), a Delaware corporation ("Sublandlord"), and Zeno Management, Inc., a Delaware corporation ("Subtenant").

2. MASTER LEASE.

Sublandlord is the tenant ("Tenant") under that certain Lease dated as of March 7, 2014 and amended by that certain First Amendment to Lease dated as of July 17, 2015 and further amended by that certain Second Amendment to Lease dated as of February 18, 2016 (collectively the "Master Lease" which is attached to this Sublease as Exhibit 'C'), wherein BMR-ROAD TO THE CURE LP ("Landlord") leased to Sublandlord the real property located in the City of San Diego, County of San Diego, State of California, described as: 10835 Road to the Cure, Suites 210 and 250, San Diego, California 92121 ("Master Premises"). Any capitalized term not otherwise defined in this Sublease shall have the meaning ascribed to it in the Master Lease.

3. PREMISES.

Sublandlord hereby subleases to Subtenant on the terms and conditions set forth in this Sublease a portion of Suite 210 of the Master Premises consisting of approximately 2,333 rentable square feet ("RSF") as shown in Exhibit 'A' (the "Premises"), together with the right to exercise, in common with Sublandlord and others entitled thereto, Sublandlord's right to use the Common Areas of the Building and the Project under the Master Lease necessary and appropriate to Subtenant's use of the Premises, subject to the terms of the Master Lease, any CC&Rs (as defined in the Master Lease), and any rules and regulations established from time to time by Landlord with respect to the use of such Common Areas.

4. WARRANTY BY SUBLANDLORD.

Sublandlord warrants and represents to Subtenant that Sublandlord is not in default or breach of any of the provisions of the Master Lease, and that Sublandlord has no knowledge of any claim by Landlord that Sublandlord is in default or breach of any of the provisions of the Master Lease.

5. TERM.

The term of this Sublease ("Sublease Term") shall commence when Sublandlord delivers possession of the Premises to Subtenant within one (1) business day following the later of: (i) substantial completion of Sublandlord's Work, and (ii) Landlord's delivery of written consent to this Sublease (the "Commencement Date"), which is estimated to occur on approximately September 23, 2019 ("Estimated Commencement Date"), such date to be adjusted based on the actual Commencement Date. The Sublease Term shall expire February 28, 2022 (the "Expiration Date"). Subtenant shall execute and return to Sublandlord written acknowledgment of the actual Commencement Date and Term Expiration Date within ten (10) days after delivery of such acknowledgment by Sublandlord. If for any reason Sublandlord does not deliver Possession to Subtenant on the Estimated Commencement Date, the validity of this Sublease shall not be impaired. Notwithstanding the foregoing, if Sublandlord has not delivered Possession to Subtenant within ninety (90) days after the Estimated Commencement Date, then at any time thereafter and before delivery of possession of the Premises to Subtenant, Subtenant may give written notice to Sublandlord of Subtenant's intention to cancel this Sublease. Said notice shall set forth an effective date for such cancellation which shall be at least ten (10) days after delivery of said notice to Sublandlord (the "Cancellation Date"). If Sublandlord delivers possession to Subtenant on or before such Cancellation Date, this Sublease shall remain in full force and effect. If Sublandlord fails to deliver Possession to Subtenant on or before such Cancellation Date, this Sublease shall be terminated, in which case, all Rent (defined below) previously paid and the Security Deposit (defined below) by Subtenant to Sublandlord on account of this Sublease shall be returned to Subtenant within ten (10) days after the Cancellation Date, this Sublease shall thereafter be of no further force or effect, and Sublandlord shall have no further liability to Subtenant on account of such delay or cancellation.

6. RENT.

From and after the Commencement *Date*, Subtenant shall pay to Sublandlord as rent, without deduction, setoff, notice or demand, at 10835 Road to the Cure, Suite 250, San Diego, California, 92121, or at such other place as Sublandlord shall designate from time to time by written notice to Subtenant, the sum of $10,148.55 per month ("Rent"), on the first day of each month of the first year of the Sublease Term. Subtenant shall pay to Sublandlord upon execution of this Sublease and written consent from Landlord $10,148.55 as Rent for the first month of the Sublease Term and $15,000.00 in cash as a security deposit ("Security Deposit") to be treated in the same manner as is outlined in the Master Lease. If the Commencement Date occurs on a day other than the first day of a month, the Rent for the partial months shall be prorated on a per diem basis based on the actual number of days in the month in which the Sublease commences. Additional provisions:

- **USE:** General office use.
- **RENT SCHEDULE:** The first year's monthly rental rate for the Premises shall be $4.35 per rentable square foot per month. Rental Rate is a "triple net" **(NNN)** rate. The Base Rental Rate shall increase by 3% on each anniversary of the Commencement Date during the Sublease Term.
- **OPERATING EXPENSES:** In addition to the Base Rent above, Subtenant shall also pay Subtenant's Pro- Rata Share of the Operating Expenses, Property Management Fee, and charges for utilities and services for the Master Premises which Sublandlord is invoiced by Landlord per the Master Lease. As used in this Sublease, "Subtenant's Pro-Rata Share" shall be 13.4% (based on 2,333 RSF of the Premises and 17,403 RSF of the Master Premises).
- **BUILDING CONDITION:** Subtenant shall accept the Premises in its "as-is" condition, except that Sublandlord shall deliver the Premises in a broom-clean condition and with HVAC, electrical, plumbing and lighting systems in the condition required pursuant to the Master Lease.
- **TENANT IMPROVEMENTS:** Subject to Landlord's prior written consent, Sublandlord, at Sublandlord's sole expense, shall perform the following work: (1) add locks to secure doors as shown in Exhibit A, (2) install a door as shown in Exhibit A, and (3) remove front door electrical access contact and card reader wiring from Sublandlord's security system and rewire, connect and test on the front door electrical access on Subtenant's security system ("Sublandlord's Work").
- **PARKING:** Subtenant may use up to six (6) parking spaces based on Subtenant's pro-rata share of parking as provided for by the Master Lease at no additional cost to Subtenant.
- **SIGNAGE:** Subtenant, at Subtenant's sole expense, may install building standard identification signage on the suite and the lobby directory. Landlord and Sublandlord shall have review and approval rights of Subtenant's signage in accordance with the terms and conditions of the Master Lease.
- **SUBLEASING:** Subtenant shall have the rights to sublease or assign the Premises in accordance with the terms and conditions of the Master Lease. Notwithstanding the foregoing, Subtenant may not sublease or perform any transfer without Landlord consent.
- **FURNITURE:** Sublandlord shall leave the existing furniture for Subtenant's use at no charge, an itemized list of which is shown in Exhibit 'B'. Subtenant shall return said furniture at end of the Sublease Term in the same condition it was received, except for normal wear and tear; provided however that Subtenant shall have the right to return the furniture to Sublandlord upon thirty (30) days' prior written notice *and*, in such event, Sublandlord shall remove such furniture in accordance with the Subtenant's notice and within thirty (30) days.
- **OTHER REQUIREMENTS:** Subtenant shall deliver Subtenant's payment of first month rent and security deposit and Subtenant's insurance certificates within five (5) business days following Landlord's issuance of written consent to this Sublease.

7. INCORPORATION OF MASTER LEASE BY REFERENCE.

(a) All applicable terms and conditions of the Master Lease are incorporated into and made a part of this Sublease as if Sublandlord were Landlord thereunder, Subtenant were Tenant thereunder,

and the Premises were the Master Premises thereunder, except to the extent such terms and provisions are inconsistent with or are specifically contrary to the express written provisions of this Sublease. Except as provided in this Paragraph 7 of this Sublease, all of the terms, covenants and conditions of the Master Lease are by this reference incorporated herein and made a part of this Sublease with the same force and effect as if fully set forth herein, provided, however, that for purposes of such incorporation, (i) the term "Lease" as used in the Master Lease shall refer to this Sublease; (ii) the term "Landlord" as used in the Master lease shall refer to Sublandlord; (iii) the term "Tenant" as used in the Master lease shall refer to Subtenant; (iv) the term "Term" as used in the Master lease shall refer to the Sublease Term defined herein; (v) the term "Premises" as used in the Master Lease shall refer to the Premises in this Sublease; and (vi) the term "Tenant's Pro Rata Share" as used in the Master lease shall refer to Subtenant's Pro Rata Share provided that Subtenant's Pro Rata Share shall be calculated based on the actual amount of Operating Expenses, Property Management Fee, and charges for utilities and services actually charged to Sublandlord by Landlord for the Master Premises, and (vii) the term "Security Deposit" as used in the Master Lease shall refer to the Security Deposit in this Sublease. In the event of any inconsistency between the provisions set forth in this Sublease and the provisions of the Master Lease, as incorporated herein, the provisions of this Sublease shall control as between Sublandlord and Subtenant. Notwithstanding the foregoing, the following provisions of the Master lease are expressly not incorporated into this Sublease: Sections 1, 2, 3, 4, 21.2, 26, 28.1, 42, 43, and 44 of the Original Lease, and Exhibits A (the Licensed Area), B, C, D, E, and H of the Original lease, the First Amendment, and the Second Amendment.

(b) Landlord shall have all of the same rights and remedies with respect to the Premises as Landlord has with respect thereto under the Master Lease. This Sublease is expressly subject and subordinate to any mortgages or deeds of trust to which the Master Lease is now or hereafter subject and subordinate pursuant to Section 30 of the Master Lease without the requirement of delivering any so-called non-disturbance agreement to Subtenant; provided that Sublandlord will provide Subtenant with a copy of any non-disturbance agreement provided to Sublandlord, if any.

(c) Without limiting any other term or provision of this Sublease, Subtenant shall not have the right to exercise any rights or options, if any, set forth in the Master Lease to extend or renew the Sublease Term, to expand the Premises or lease any expansion space, or to terminate the Sublease earlier than the Expiration Date. Subtenant shall have no right to audit Landlord's records pursuant to Section 7 of the Master Lease nor to request Landlord seek an abatement of real estate taxes, provided that if an audit or abatement results in a refund to Sublandlord, Sublandlord shall promptly pay to Subtenant Subtenant's Pro Rata Share of the refund based on payments made by Subtenant during the Sublease Term.

8. COVENANTS OF THE PARTIES.

(a) Subtenant assumes and agrees to observe and perform all of Tenant's obligations under the Master lease during the Sublease Term only to the extent that such obligations are applicable to the Premises, except that the obligation to pay rent to Landlord under the Master lease shall be considered performed by Subtenant to the extent and in the amount rent is paid to Sublandlord in accordance with Paragraph 6 of this Sublease. Subtenant further agrees that Subtenant's performance of all such obligations shall be performed by Subtenant for the benefit of Sublandlord as well as for the benefit of Landlord, and that Sublandlord shall have, with respect to Subtenant, this Sublease and the Premises, all of the rights and benefits provided to Landlord by the Master Lease.

(b) Subtenant covenants and agrees that this Sublease is expressly made subject and subordinate in all respects to (i) the Master lease and to all of its terms, covenants and conditions (including without limitation those provisions not incorporated herein by reference, as set forth in Paragraph 7 above of this Sublease); and (ii) any and all matters to which the tenancy of Sublandlord, as Tenant under the Master Lease, is or may be subordinate. Subtenant shall not do, or permit or suffer to be done, any act or omission by Subtenant, its agents, employees, contractors or invitees which is prohibited by the Master Lease, or which would constitute a violation or default thereunder, or result in a forfeiture or termination of the Master lease or render Sublandlord liable for damages, fines, penalties, costs or expenses under the Master Lease. If the Master Lease expires or terminates during the Sublease Term for any reason, this Sublease shall terminate on the date of such expiration or termination of the Master Lease with the same force and effect as if such expiration or termination date had been specified in this Sublease as the Expiration Date and the parties shall be relieved of any further liability or obligation under this Sublease.

(c) Notwithstanding anything provided herein or the Master Lease to the contrary, Subtenant covenants and agrees that Sublandlord shall not be obligated to furnish any services or utilities of any nature whatsoever or be responsible for the performance of any of Landlord's obligations under the Master Lease, and shall not be liable in damages or otherwise for any negligence of Landlord or for any damage or injury suffered by Subtenant as a result of any act or failure to act by Landlord, or any default by Landlord in the performance of its obligations under the Master Lease, nor shall any such action, failure to act, or default by Landlord constitute a constructive eviction or default by Sublandlord hereunder. Notwithstanding anything to the contrary contained in this Sublease or the Master Lease, Sublandlord shall not be bound by and expressly does not make any of the indemnifications, representations or warranties, if any, made by Landlord under the Master Lease. If Landlord shall default in the performance of its obligations under the Master Lease, Sublandlord, upon receipt of written notice thereof from Subtenant, shall use commercially reasonable efforts to cause Landlord to perform its obligations under the Master Lease for the benefit of Subtenant and to enforce the terms thereof, provided such commercially reasonable efforts shall not require Sublandlord to expend any money to cause Landlord to perform its obligations under the Master Lease unless Subtenant shall reimburse Sublandlord for any costs incurred by Sublandlord, including, without limitation, reasonable attorneys' fees; provided that if such enforcement also benefits the Master Premises, Subtenant shall only be responsible for Subtenant's Pro Rata Share of such costs. As a condition to Sublandlord exercising any efforts to enforce Landlord's obligations, Sublandlord may require Subtenant to make an advance deposit with Sublandlord of an amount reasonably estimated to reimburse Sublandlord for its costs in connection with such efforts.

(d) Sublandlord shall not incur any liability whatsoever to Subtenant for any injury, inconvenience, incidental or consequential damages incurred or suffered by Subtenant as a result of the exercise by Landlord of any of the rights reserved to Landlord under the Master Lease, nor shall such exercise constitute a constructive eviction or a default by Sublandlord hereunder. Subtenant's obligations to pay Rent and any other charges due under this Sublease shall not be reduced or abated in the event that Landlord fails to provide any service, to perform any maintenance or repairs, or to perform any other obligation of Landlord under the Master Lease, except if and only to the extent that Sublandlord's obligation to pay any such Base Rent, Additional Rent, or other charges under the Master Lease with respect to the Premises is actually abated as a result of Landlord's failure.

(e) In all provisions of the Master Lease requiring the approval or consent of, or notice to, Landlord, Subtenant shall be required to obtain the approval or consent of, or provide notice to, both Landlord and Sublandlord. If Sublandlord's consent shall be required under the terms of this Sublease, Sublandlord shall not be deemed to be unreasonable in withholding such consent if Landlord withholds its consent thereto and Sublandlord shall have no liability to Subtenant for any loss, damage or injury in the event that Landlord withholds its consent.

(f) Whenever a notice is given or received pursuant to the Master Lease by or to Sublandlord or Subtenant which has relevance to the Premises, Sublandlord and Subtenant each agree promptly to provide the other with a copy of such notice.

9. INDEMNIFICATION OF LANDLORD AND SUBLANDLORD.

Notwithstanding any other provision of this Sublease or the Master Lease to the contrary, except to the extent arising from the gross negligence or willful misconduct of Landlord and/or Sublandlord, Subtenant will save Landlord and Sublandlord harmless, and will defend and indemnify Landlord and Sublandlord, from and against any and all costs, expenses (including reasonable attorneys' fees), damages, claims, liabilities, losses, fines or penalties asserted by or on behalf of any person, firm, corporation or public authority arising from or based upon (i) any injury to person, or loss of or damage to property, sustained or occurring in or on the Premises; or (ii) any injury to person, or loss of or damage to property, sustained or occurring elsewhere (other than on the Premises) in or about the Building to the extent arising out of Subtenant's use or occupancy of the Building or the Premises, or caused by the act or omission of any person for whose conduct Subtenant is legally responsible; or (iii) any work or thing whatsoever done (other than by Landlord or Sublandlord or their contractors, agents or employees) in the Premises during the

Sublease Term; or (iv) the omission, fault, willful act, negligence or other misconduct of Subtenant or any of Subtenant's agents, employees, licensees, contractors, customers or invitees; or (v) the breach, default or other failure of Subtenant to perform and discharge any of its covenants and obligations under the Master Lease or this Sublease with respect to the Premises; or (vi) any failure of Subtenant to surrender the Premises to Sublandlord at the expiration or earlier termination of this Sublease in the condition required pursuant to the provisions of the Master lease; or (vii) injury to or death of persons or damage to or loss of any property, real or alleged, arising from the serving of alcoholic beverages at the Premises or Project, including liability under any dram shop law, host liquor law or similar Applicable Law. Subtenant's obligations shall not be affected, reduced or limited by any limitation on the amount or type of damages, compensation or benefits payable by or for Subtenant under workers' compensation acts, disability benefit acts, employee benefit acts or similar legislation. In case any action or proceeding is brought against Sublandlord for which Subtenant has covenanted under this Sublease to indemnify Sublandlord, Subtenant will, at its sole expense, defend such action or proceeding and employ counsel reasonably satisfactory to Sublandlord.

In addition to the foregoing, Subtenant shall not do or permit anything to be done which would cause a default under the Master Lease, or termination or forfeiture by reason of any right of termination or forfeiture, reserved or vested in the Landlord under the Master lease, and Subtenant shall indemnify and hold Sublandlord harmless from and against all claims of any kind whatsoever by reason of breach or default on the part of Subtenant, or termination or forfeiture which is the consequence of any such breach or default, including without limitation, any claims of other subtenants of the Premises. The indemnities and obligations set forth in this Paragraph 9 shall survive the expiration or earlier termination of this Sublease.

10. DEFAULT.

(a) For purposes of this Sublease, in the event Subtenant shall default in the performance of any of the terms, conditions or covenants of this Sublease, Subtenant's cure period shall be as set forth in Article 31 of the Master Lease for Sublandlord's cure of a similar type of default as Tenant under the Master Lease less five (5) business days; provided that in the event a cure period is granted under the Master Lease Subtenant shall have no fewer than three (3) business days to complete any such cure.

(b) In the event that Subtenant shall default in the payment of Base Rent or Additional Rent hereunder, or default in the performance or observance of any of the terms, conditions and covenants of this Sublease, which default shall not be cured within the grace periods set forth in this Sublease, Sublandlord, in addition to and not in limitation of any rights otherwise available to it, shall have the same rights and remedies with respect to such default as are provided to landlord under the Master Lease with respect to defaults by the Tenant thereunder, with the same force and effect as though all such provisions relating to any such default or defaults were herein set forth in full, and Subtenant shall have all of the obligations of the Tenant under the Master Lease with respect to such default.

11. DAMAGE AND DESTRUCTION; CONDEMNATION.

If the Master Lease gives Sublandlord any right to terminate the Master Lease in the event of the partial or total damage, destruction, or condemnation of the Master Premises or the Building or the Project of which the Master Premises are a part, the exercise of such right by Sublandlord shall not constitute a default or breach of this Sublease.

12. ATTORNEYS' FEES.

If Sublandlord or Subtenant shall commence legal action against the other arising out of or in connection with this Sublease, the prevailing party shall be entitled to recover its costs of suit and reasonable attorneys' fees.

13. BROKERS.

Sublandlord and Subtenant each warrant that they have dealt with no other real estate broker in connection with this transaction except Hughes Marino, who represents both the Sublandlord and Subtenant. Sublandlord and Subtenant hereby confirm that they were timely advised of the dual representation and

that they consent to the same, and that they do not expect Hughes Marino to disclose to either of them the confidential information of the other party. Pursuant to a separate agreement, Hughes Marino has waived any commission related to this transaction and for clarity neither party shall be obligated to pay a commission to Hughes Marino.

14. NOTICES.

All notices and demands which may or are to be required or permitted to be given by either party on the other hereunder shall be in writing. All notices and demands by the Sublandlord to Subtenant shall be delivered or mailed to the Subtenant at the Premises, or to such other place as Subtenant may from time to time designate in a notice to the Sublandlord. All notices and demands by the Subtenant to Sublandlord shall be mailed to the Sublandlord at Suites 250 in the Building, and to such other person or place as the Sublandlord may from time to time designate in a notice to the Subtenant.

[*Signatures appear on the following page.*]

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the Effective Date.

SUBLANDLORD:	**SUBTENANT:**
LUNDBECK LA JOLLA RESEARCH CENTER, INC., a Delaware corporation	ZENO MANAGEMENT, INC., a Delaware corporation
By: _____ Name: _____	By: /s/ Kevin Bunker Name: Kevin Bunker, PhD
Title: VP	Title: COO
Date: 10/16/2019	Date: 09/24/2019
By:	By:
Name:	Name:
Title:	Title:
Date:	Date:

LANDLORD'S CONSENT TO SUBLEASE

[Note To Draft: LANDLORD TO PROVIDE LANDLORD'S FORM OF CONSENT]

LEASE

by and between

BMR-ROAD TO THE CURE LP,
a Delaware limited partnership

and

ABIDE THERAPEUTICS, INC.,
a Delaware corporation

BioMed Realty form dated 12/30/13

LEASE

THIS LEASE (this "Lease") is entered into as of this 7th day of March, 2014 (the "Execution Date"), by and between BMR-ROAD TO THE CURE LP, a Delaware limited partnership ("Landlord"), and ABIDE THERAPEUTICS, INC., a Delaware corporation ("Tenant").

RECITALS

A. WHEREAS, Landlord owns certain real property (the "Property") and the improvements on the Property located at 10835 Road to the Cure, San Diego, California, including the building located thereon (the "Building''); and

B. WHEREAS, Landlord wishes to lease to Tenant, and Tenant desires to lease from Landlord, certain premises (the "Premises") known as Suite 250 and located on the second (2nd) floor of the Building, pursuant to the terms and conditions of this Lease, as detailed below.

AGREEMENT

NOW, THEREFORE, Landlord and Tenant, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

1. Lease of Premises.

1.1. Effective on the Term Commencement Date (as defined below), Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises, as shown on Exhibit A attached hereto, for use by Tenant in accordance with the Permitted Use (as defined below) and no other uses. The Property and all landscaping, parking facilities, private drives and other improvements and appurtenances related thereto, including the Building, are hereinafter collectively referred to as the "Project" All portions of the Project that are for the non-exclusive use of tenants of the Building, including driveways, sidewalks, parking areas, landscaped areas, service corridors, stairways, elevators, public restrooms and public lobbies, are hereinafter referred to as "Common Area."

2. Basic Lease Provisions. For convenience of the parties, certain basic provisions of this Lease are set forth herein. The provisions set forth herein are subject to the remaining terms and conditions of this Lease and are to be interpreted in light of such remaining terms and conditions.

2.1. This Lease shall take effect upon the Execution Date and, except as specifically otherwise provided within this Lease, each of the provisions hereof shall be binding upon and inure to the benefit of Landlord and Tenant from the date of execution and delivery hereof by all parties hereto.

2.2. In the definitions below, each current Rentable Area (as defined below) is expressed in square feet. Rentable Area and "Tenant's Pro Rata Share" are both subject to adjustment as provided in this Lease.

Definition or Provision	Means the Following (As of the Term Commencement Date)
Rentable Area of Premises	11,247 square feet
Rentable Area of Project	67,998 square feet
Tenant's Pro Rata Share of Project	16.54%

2.3. Initial monthly installments of Base Rent for the Premises ("Base Rent") as of the Term Commencement Date:

Dates	Square Feet of Rentable Area	Base Rent per Square Foot of Rentable Area	Monthly Base Rent
Month 1	11,247		
Months 2 - 7	11,247		
Months 8 -12	11,247		
Months 13 - 24	11,247		
Months 25 - 36	11,247		
Months 37 - 48	11,247		
Months 49 - 60	11,247		
Months 61 - 66	11,247		

2.4. Estimated Term Commencement Date: September 1, 2014

2.5. Estimated Term Expiration Date: February 29, 2020

2.6. Security Deposit:

2.7. Permitted Use: Office and laboratory use in conformity with all federal, state, municipal and local laws, codes, ordinances, rules and regulations of Governmental Authorities

(as defined below), committees, associations, or other regulatory committees, agencies or governing bodies having jurisdiction over the Premises, the Building, the Property, the Project, Landlord or Tenant, including both statutory and common law and hazardous waste rules and regulations ("Applicable Laws")

2.8.	Address for Rent Payment:	BMR-Road to the Cure LP Attention Entity 630 P.O. Box 511415 Los Angeles, California 90051-7970
2.9.	Address for Notices to Landlord:	BMR-Road to the Cure LP 17190 Bernardo Center Drive San Diego, California 92128 Attn: Vice President, Real Estate Legal
2.10.	Address for Notices to Tenant:	Abide Therapeutics, Inc. Attn: Legal 3545 John Hopkins Court, #250 San Diego, California 92121
2.11.	Address for Invoices to Tenant:	Abide Therapeutics, Inc. Attn: Accounts Payable 3545 John Hopkins Court, #250 San Diego, California 92121

2.12. The following Exhibits are attached hereto and incorporated herein by reference:

Exhibit A	Premises and Licensed Area
Exhibit B	Work Letter
Exhibit B-1	Tenant Work Insurance Schedule
Exhibit C	Acknowledgement of Term Commencement Date and Term Expiration Date
Exhibit D	Available ROFR Premises
Exhibit E	Form of Letter of Credit
Exhibit F	Rules and Regulations
Exhibit G	[Intentionally omitted]
Exhibit H	Tenant's Personal Property
Exhibit I	Form of Estoppel Certificate

3. Term. The actual term of this Lease (as the same may be extended pursuant to Article 42 hereof, and as the same may be earlier terminated in accordance with this Lease, the "Term") shall commence on the actual Term Commencement Date (as defined in Article 4) and end on the date that is sixty-six (66) months after the actual Term Commencement Date (such date, the "Term Expiration Date"), subject to earlier termination of this Lease as provided herein. TENANT HEREBY WAIVES THE REQUIREMENTS OF SECTION 1933 OF THE CALIFORNIA CIVIL CODE, AS THE SAME MAY BE AMENDED FROM TIME TO TIME.

4. Possession and Commencement Date.

4.1. Landlord shall use commercially reasonable efforts to tender possession of the Premises to Tenant on the Estimated Term Commencement Date, with the work (the ‘‘Tenant Improvements”) required of Landlord described in the Work Letter attached hereto as Exhibit B (the “Work Letter’’) Substantially Complete (as defined below). Tenant agrees that in the event such work is not Substantially Complete on or before the Estimated Term Commencement Date for any reason, then (a) this Lease shall not be void or voidable, (b) Landlord shall not be liable to Tenant for any loss or damage resulting therefrom, (c) the Term Commencement Date and Term Expiration Date shall be extended accordingly and (d) Tenant shall not be responsible for the payment of any Base Rent or Tenant’s Share of Operating Expenses (as defined below) until the actual Term Commencement Date as described in Section 4.2 occurs. The term “Substantially Complete” or “Substantial Completion” means that (y) the Tenant Improvements are substantially complete in accordance with the Approved Plans (as defined in the Work Letter), except for minor punch list items that will not materially adversely affect Tenant’s normal operations in the Premises, and (z) a certificate of occupancy or temporary certificate of occupancy has been issued by the applicable governmental agencies to occupy the Premises or the applicable governmental agencies have otherwise signed off permitting the Premises to be occupied. Notwithstanding anything in this Lease (including the Work Letter) to the contrary, Landlord’s obligation to timely achieve Substantial Completion shall be subject to extension on a day-for-day basis as a result of Force Majeure (as defined below).

4.2. The “Term Commencement Date” shall be the day Landlord tenders possession of the Premises to Tenant with the Tenant Improvements Substantially Complete. If possession is delayed by Tenant Delay (as defined in Exhibit B), then the Term Commencement Date shall be the date that the Term Commencement Date would have occurred but for such Tenant Delay. Tenant shall execute and deliver to Landlord written acknowledgment of the actual Term Commencement Date and the Term Expiration Date within ten (10) days after Tenant takes occupancy of the Premises, in the form attached as Exhibit C hereto. Failure to execute and deliver such acknowledgment, however, shall not affect the Term Commencement Date or Landlord’s or Tenant’s liability hereunder. Failure by Tenant to obtain validation by any medical review board or other similar governmental licensing of the Premises required for the Permitted Use by Tenant shall not serve to extend the Term Commencement Date.

4.3. Landlord shall permit Tenant to enter upon the Premises no less than fifteen (15) days prior to the Term Commencement Date for the purpose of installing improvements or the placement of personal property so long as Tenant has furnished to Landlord evidence satisfactory to Landlord that insurance coverages required of Tenant under the provisions of Article 23 are in effect, and such entry shall be subject to all the terms and conditions of this Lease other than the payment of Base Rent or Tenant’s Share of Operating Expenses (as defined below); and provided, further, that if the Term Commencement Date is delayed due to a Tenant Delay in connection with such early access, then the Term Commencement Date shall be the date that the Term Commencement Date would have occurred but for such Tenant Delay.

4.4. Subject to all of the terms, conditions, provisions, covenants and agreements set forth in this Lease, Landlord shall cause the Tenant Improvements to be constructed in the

Premises pursuant to the Work Letter at Landlord's sole cost and expense. All costs incurred by Landlord in connection with the Tenant Improvements including, without limitation, costs related to (a) construction, (b) project management, (c) space planning, architect, engineering and other related services, (d) building permits and other taxes, fees, charges and levies by Governmental Authorities (as defined below) for permits or for inspections of the Tenant Improvements, and (e) costs and expenses for labor, material, equipment and fixtures, shall be referred to in this Lease as the "Tenant Improvement Costs." In the event that Tenant fails to comply with any of its obligations under this Lease and such failure causes Landlord to incur additional Tenant Improvement Costs, Tenant shall pay to Landlord as Additional Rent (as defined below) the amount of any such additional Tenant Improvement Costs within thirty (30) days of receiving an invoice from Landlord.

4.5. Landlord shall, within thirty (30) business days after the Reimbursement Date (as defined below), reimburse Tenant for amounts actually paid by Tenant to Ferguson Pape Baldwin Architects in connection with the preparation of the Approved Schematic Plans (as defined in the Work Letter) (such amounts, collectively, the "Design Costs"); provided, however, that Landlord's obligation to reimburse Tenant for the Design Costs shall not exceed the amount of, and in no event shall Landlord be required to pay to Tenant amounts exceeding, Eighty-Four Thousand Dollars ($84,000). The "Reimbursement Date" shall be the date that is the later of (a) the Execution Date, and (b) the date that Landlord receives from Tenant a written request for reimbursement of the Design Costs, which written request must include (i) a statement setting forth the total amount of the Design Costs, (ii) all applicable invoices from Ferguson Pape Baldwin Architects in connection with the Design Costs (accompanied by reasonable documentary evidence of full payment by Tenant), (iii) any lien releases reasonably requested by Landlord in connection with the Design Costs and (iv) any other information or documentation reasonably requested by Landlord.

4.6. Notwithstanding anything to the contrary in this Lease, if Substantial Completion has not occurred by the date that is the later of (a) September 30, 2014, and (b) the date that is eight (8) months after the Execution Date (such date, the "Outside Date"), then Tenant shall be entitled to receive one (1) day of Base Rent abatement for each day after the Outside Date that Substantial Completion has not occurred; provided, however, that the Outside Date shall be subject to extension on a day-for-day basis as a result of (y) Force Majeure and (z) Tenant Delay.

4.7. Notwithstanding anything to the contrary in this Lease, if Substantial Completion has not occurred by March 31, 2015 (the "Outside Termination Date"), then Tenant shall have the right to terminate this Lease by delivering written notice to Landlord (the "Outside Termination Date Notice") within five (5) business days after the Outside Termination Date; provided, however, that the Outside Termination Date shall be subject to extension on a day-for-day basis as a result of (a) Force Majeure and (b) Tenant Delay. In the event that Tenant fails to deliver the Outside Termination Date Notice within such five (5) business day period, then Tenant's right to terminate this Lease under this Section shall be void and of no further force or effect. In the event that Tenant timely and properly terminates this Lease in accordance with this Section, Landlord and Tenant shall be released thereby without further obligation to the other from the date of such termination (except with respect to those provisions of this Lease that, by their express terms, survive the expiration or earlier termination hereof).

5. Condition of Premises. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the condition of the Premises, the Building or the Project, or with respect to the suitability of the Premises, the Building or the Project for the conduct of Tenant's business. Tenant acknowledges that (a) it is fully familiar with the condition of the Premises and agrees to take the same in its condition "as is" as of the Term Commencement Date and (b) Landlord shall have no obligation to alter, repair or otherwise prepare the Premises for Tenant's occupancy or to pay for or construct any improvements to the Premises, other than pursuant to the terms and provisions of the Work Letter. Tenant's taking of possession of the Premises shall, except as otherwise agreed to in writing by Landlord and Tenant, conclusively establish that the Premises, the Building and the Project were at such time in good, sanitary and satisfactory condition and repair. Notwithstanding anything to the contrary in this Lease (but subject to the last grammatical sentence of this Section 5), Landlord hereby represents and warrants that, as of the Term Commencement Date, (y) the Premises shall be in compliance with the ADA (as defined below), and (z) the (i) roof of the Building, (ii) plumbing, electrical and heating, ventilating and air conditioning systems serving the Premises, and (iii) centralized vacuum, industrial hot water and deionized water systems serving the Premises, shall be in good working order, condition and repair; provided, however, that Tenant's sole and exclusive remedy for a breach of such representation and warranty shall be to deliver notice to Landlord ("Repair Notice") on or before the date that is six (6) months after the Execution Date (such date, the "Warranty Date") detailing the nature of such breach. In the event that Landlord receives a Repair Notice on or before the Warranty Date, Landlord shall promptly make any repairs reasonably necessary to correct the breach described in the Repair Notice (but only to the extent that Landlord determines that the breach described in the Repair Notice constitutes an actual breach of the representation and warranty provided by Landlord in subsections (y) and (z) above). The representation and warranty provided by Landlord in subsections (y) and (z) above shall expire, and be of no further force or effect, on the Warranty Date and Landlord shall not have any further obligations or liabilities in connection with such representation and warranty (except with respect to any actual breaches identified in a Repair Notice delivered by Tenant to Landlord on or before the Warranty Date); provided, however, that the expiration of such representation and warranty shall not derogate from Landlord's repair and maintenance obligations under Section 18.1 of this Lease.

6. Rentable Area.

6.1. The term "Rentable Area" shall reflect such areas as reasonably calculated by Landlord's architect, as the same may be reasonably adjusted from time to time by Landlord in consultation with Landlord's architect to reflect changes to the Premises, the Building or the Project, as applicable. Notwithstanding the foregoing to the contrary, in no event shall the Rentable Area of the Premises, the Building or the Project be deemed to have increased unless due to a change in the outer dimensions of the exterior walls of the same.

6.2. The Rentable Area of the Building is generally determined by making separate calculations of Rentable Area applicable to each floor within the Building and totaling the Rentable Area of all floors within the Building. The Rentable Area of a floor is computed by measuring to the outside finished surface of the permanent outer Building walls. The full area

calculated as previously set forth is included as Rentable Area, without deduction for columns and projections or vertical penetrations, including stairs, elevator shafts, flues, pipe shafts, vertical ducts and the like, as well as such items' enclosing walls.

6.3. The term "Rentable Area," when applied to the Premises, is that area equal to the usable area of the Premises, plus an equitable allocation of Rentable Area within the Building that is not then utilized or expected to be utilized as usable area, including that portion of the Building devoted to corridors, equipment rooms, restrooms, elevator lobby, atrium and mailroom.

7. Rent.

7.1. Tenant shall pay to Landlord as Base Rent for the Premises, commencing on the Term Commencement Date, the sums set forth in Section 2.3. Base Rent shall be paid in equal monthly installments as set forth in Section 2.3, each in advance on the first day of each and every calendar month during the Term.

7.2. In addition to Base Rent, Tenant shall pay to Landlord as additional rent ("Additional Rent") at times hereinafter specified in this Lease (a) Tenant's Share (as defined in Section 9.l(c) below) of Operating Expenses (as defined below), (b) the Property Management Fee (as defined below) and (c) any other amounts that Tenant assumes or agrees to pay under the provisions of this Lease that are owed to Landlord, including any and all other sums that may become due by reason of any default of Tenant or failure on Tenant's part to comply with the agreements, terms, covenants and conditions of this Lease to be performed by Tenant, after notice and the lapse of any applicable cure periods.

7.3. Base Rent and Additional Rent shall together be denominated "Rent." Rent shall be paid to Landlord, without abatement, deduction or offset, in lawful money of the United States of America at the office of Landlord as set forth in Section 2.8 or to such other person or at such other place as Landlord may from time designate in writing. In the event the Term commences or ends on a day other than the first day of a calendar month, then the Rent for such fraction of a month shall be prorated for such period on the basis of the number of days in the month and shall be paid at the then-current rate for such fractional month.

7.4. Except as expressly provided herein, Tenant's obligation to pay Rent shall not be discharged or otherwise affected by (a) any Applicable Laws now or hereafter applicable to the Premises, (b) any other restriction on Tenant's use, (c) any casualty or taking or (d) any other occurrence; and Tenant 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 abate rent. Tenant's obligation to pay Rent with respect to any period or obligations arising, existing or pertaining to the period prior to the date of the expiration or earlier termination of the Term or this Lease shall survive any such expiration or earlier termination; provided, however, that nothing in this sentence shall in any way affect Tenant's obligations with respect to any other period.

8. [Intentionally omitted]

9. Operating Expenses.

9.1. As used herein, the term "Operating Expenses" shall include:

(a) Government impositions, including property tax costs consisting of real and personal property taxes and assessments (including amounts due under any improvement bond upon the Building or the Project (including the parcel or parcels of real property upon which the Building and areas serving the Building and the Project are located)) or assessments in lieu thereof imposed by any federal, state, regional, local or municipal governmental authority, agency or subdivision (each, a "Governmental Authority"); taxes on or measured by gross rentals received from the rental of space in the Project; taxes based on the square footage of the Premises, the Building or the Project, as well as any parking charges, utilities surcharges or any other costs levied, assessed or imposed by, or at the direction of, or resulting from Applicable Laws or interpretations thereof, promulgated by any Governmental Authority in connection with the use or occupancy of the Project or the parking facilities serving the Project; taxes on this transaction or any document to which Tenant is a party creating or transferring an interest in the Premises; any fee for a business license to operate an office building; and any expenses, including the reasonable cost of attorneys or experts, reasonably incurred by Landlord in seeking reduction by the taxing authority of the applicable taxes, less tax refunds obtained as a result of an application for review thereof. Operating Expenses shall not include any net income, franchise, capital stock, documentary transfer tax, estate or inheritance taxes, or taxes that are the personal obligation of Tenant or of another tenant of the Project; and

(b) All other costs of any kind paid or incurred by Landlord in connection with the operation or maintenance of the Building and the Project, which shall include costs of repairs and replacements to improvements within the Project as appropriate to maintain the Project as required hereunder; costs of utilities furnished to the Common Areas; sewer fees; trash collection; cleaning, including windows; heating, ventilation and air-conditioning ("HVAC"); maintenance of landscaping and grounds; maintenance of drives and parking areas; maintenance of the roof; security services and devices; building supplies; maintenance or replacement of equipment utilized for operation and maintenance of the Project; license, permit and inspection fees; sales, use and excise taxes on goods and services purchased by Landlord in connection with the operation, maintenance or repair of the Building or Project systems and equipment; telephone, postage, stationery supplies and other expenses incurred in connection with the operation, maintenance or repair of the Project; accounting, legal and other professional fees and expenses incurred in connection with the Project; costs of furniture, draperies, carpeting, landscaping, snow removal and other customary and ordinary items of personal property provided by Landlord for use in Common Areas or in the Project office; Project office rent or rental value for a commercially reasonable amount of space, to the extent an office used for Project operations is maintained at the Project, plus customary expenses for such office; capital expenditures incurred (i) in replacing obsolete equipment, (ii) for the primary purpose of reducing Operating Expenses or (iii) required by any Governmental Authority to comply with changes in Applicable Laws that take effect after the Execution Date or to ensure continued compliance with Applicable Laws in effect as of the Execution Date, in each case amortized over the useful life thereof, as reasonably determined by Landlord, in accordance with generally accepted accounting principles, (collectively, "Permitted Capital Expenditures"); costs of

complying with Applicable Laws (except to the extent such costs are incurred to remedy non-compliance as of the Execution Date with Applicable Laws); costs to keep the Project in compliance with, or fees otherwise required under, any CC&Rs (as defined below); insurance premiums, including premiums for commercial general liability, property casualty, earthquake, terrorism and environmental coverages; portions of insured losses paid by Landlord as part of the deductible portion of a loss pursuant to the terms of insurance policies; service contracts; costs of services of independent contractors retained to do work of a nature referenced above; and costs of compensation (including employment taxes and fringe benefits) of all persons who perform regular and recurring duties connected with the day-to-day operation and maintenance of the Project, its equipment, the adjacent walks, landscaped areas, drives and parking areas, including janitors, floor waxers, window washers, watchmen, gardeners, sweepers, plow trucks and handymen.

(c) Notwithstanding the foregoing, Operating Expenses shall not include any leasing commissions; expenses that relate to preparation of rental space for a tenant; expenses of initial development and construction, including grading, paving, landscaping and decorating (as distinguished from maintenance, repair and replacement of the foregoing); legal expenses relating to other tenants; costs of repairs to the extent reimbursed by payment of insurance proceeds received by Landlord; principal and interest and other payments upon loans to Landlord or secured by a mortgage or deed of trust covering the Project or a portion thereof (provided that interest upon a government assessment or improvement bond payable in installments shall constitute an Operating Expense under Subsection 9.1(a)); salaries of employees and executive officers of Landlord above the level of senior property manager; depreciation claimed by Landlord for tax purposes (provided that this exclusion of depreciation is not intended to delete from Operating Expenses actual costs of repairs and replacements that are provided for in Subsection 9.1(b)); and taxes that are excluded from Operating Expenses by the last sentence of Subsection 9.l(a). To the extent that Tenant uses more than Tenant's Pro Rata Share of any item of Operating Expenses (as reasonably determined and documented by Landlord), Tenant shall pay Landlord for such excess in addition to Tenant's obligation to pay Tenant's Pro Rata Share of Operating Expenses (such excess, together with Tenant's Pro Rata Share, "Tenant's Share").

Operating Expenses shall also not include (a) marketing costs, leasing commissions, finders' fees and attorney's fees incurred in connection with negotiations or disputes with tenants, other occupants or prospective tenants, or the sale or refinancing of the Building, or legal fees incurred in connection with this Lease; (b) expenses, including permits, license, design, space planning, and inspection costs, incurred in the preparation of rental space for tenants or other occupants of space; (c) any cost or expense to the extent to which Landlord is paid or reimbursed by other tenants at the Project (other than as a payment for Operating Expenses); (d) except for Permitted Capital Expenditures, costs incurred by Landlord for alterations, improvements or replacement which are considered capital improvements under generally accepted accounting principles consistently applied; (e) expenses in connection with non-Building standard services which are not provided to Tenant but which are provided to other tenants or occupants of the Building, or for which Tenant is charged directly outside of Operating Expenses but which are provided to another tenant or occupant of the Building without direct charge; (f) amounts paid to subsidiaries or other affiliates of Landlord (i.e., persons or companies controlled by, under common control

with, or which control, Landlord) for services on or to the Project (or any portion thereof), but only to the extent that the costs of such services exceed competitive costs of such services were they not so rendered by a subsidiary or other affiliate of Landlord; (g) advertising and promotional expenditures; (h) any fines or penalties incurred due to violations by Landlord of any Applicable Laws; (i) building, project, asset or other management fees other than the Property Management Fee (as defined below); (j) costs associated with the operation of the business of the partnership or entity which constitutes Landlord, or the operation of any parent, subsidiary or affiliate of Landlord, as the same are distinguished from the costs of operation of the Building, including without limitation partnership accounting and legal matters; or (k) costs incurred by Landlord to clean up or remediate Hazardous Materials in the Project.

9.2. Tenant shall pay to Landlord on the first day of each calendar month of the Term, as Additional Rent, (a) the Property Management Fee (as defined below) and (b) Landlord's estimate of Tenant's Share of Operating Expenses with respect to the Building and the Project, as applicable, for such month.

(x) The "Property Management Fee" shall equal three percent (3%) of Base Rent due from Tenant. Tenant shall, except as otherwise expressly set forth in this Lease, pay the Property Management Fee in accordance with Section 9.2 with respect to the entire Term, including any extensions thereof or any holdover periods, regardless of whether Tenant is obligated to pay Base Rent with respect to any such period or portion thereof (but not during any period during which Base Rent is abated under Section 16.2 or Article 24). For months two (2) through seven (7) of the Term (and any period of occupancy prior to the Term as further described in Section 9.4), the Property Management Fee shall be calculated as if Tenant were paying per month for Base Rent.

(y) Within ninety (90) days after the conclusion of each calendar year (or such longer period as may be reasonably required by Landlord), Landlord shall furnish to Tenant a statement showing in reasonable detail the actual Operating Expenses and Tenant's Share of Operating Expenses for the previous calendar year. Any additional sum due from Tenant to Landlord shall be due and payable within thirty days. If the amounts paid by Tenant pursuant to this Section exceed Tenant's Share of Operating Expenses for the previous calendar year, then Landlord shall credit the difference against the Rent next due and owing from Tenant; provided that, if the Lease term has expired, Landlord shall accompany such statement with payment for the amount of such difference.

(z) Any amount due under this Section for any period that is less than a full month shall be prorated for such fractional month on the basis of the number of days in the month.

9.3. Landlord may, from time to time, modify Landlord's calculation and allocation procedures for Operating Expenses, so long as such modifications produce Dollar results substantially consistent with Landlord's then-current practice at the Project.

9.4. Tenant shall not be responsible for Operating Expenses attributable to the time period prior to the Term Commencement Date; provided, however, that if Landlord shall permit

Tenant possession of the Premises prior to the Term Commencement Date and Tenant uses the Premises for any purpose other than as permitted under Section 4.3 above, then Tenant shall be responsible for Operating Expenses from such earlier date of possession. Tenant's responsibility for Tenant's Share of Operating Expenses shall continue to the latest of (a) the date of termination of the Lease, (b) the date Tenant has fully vacated the Premises and (c) if termination of the Lease is due to a default by Tenant, the date of rental commencement of a replacement tenant. Landlord's annual statement shall be final and binding upon Tenant unless Tenant, within ninety (90) days after Tenant's receipt thereof, shall contest any item therein by giving written notice to Landlord, specifying each item contested and the reasons therefor; provided that Tenant shall in all events pay the amount specified in Landlord's annual statement, pending the results of the Independent Review and determination of the Accountant(s), as applicable and as each such term is defined below. If, during such ninety (90)-day period, Tenant reasonably and in good faith questions or contests the correctness of Landlord's statement of Tenant's Share of Operating Expenses, Landlord shall provide Tenant with reasonable access to Landlord's books and records to the extent relevant to determination of Operating Expenses, and such information as Landlord reasonably determines to be responsive to Tenant's written inquiries. In the event that, after Tenant's review of such information, Landlord and Tenant cannot agree upon the amount of Tenant's Share of Operating Expenses, then Tenant shall have the right to have an independent public accounting firm hired by Tenant on an hourly basis and not on a contingent-fee basis (at Tenant's sole cost and expense) and approved by Landlord (which approval Landlord shall not unreasonably withhold or delay) audit and review such of Landlord's books and records for the year in question as directly relate to the determination of Operating Expenses for such year (the "Independent Review"), but not books and records of entities other than Landlord. Landlord shall make such books and records available at the location where Landlord maintains them in the ordinary course of its business. Landlord need not provide copies of any books or records. Tenant shall commence the Independent Review within fifteen (15) days after the date Landlord has given Tenant access to Landlord's books and records for the Independent Review. Tenant shall complete the Independent Review and notify Landlord in writing of Tenant's specific objections to Landlord's calculation of Operating Expenses (including Tenant's accounting firm's written statement of the basis, nature and amount of each proposed adjustment) no later than sixty (60) days after Landlord has first given Tenant access to Landlord's books and records for the Independent Review. Landlord shall review the results of any such Independent Review. The parties shall endeavor to agree promptly and reasonably upon Operating Expenses taking into account the results of such Independent Review. If, as of sixty (60) days after Tenant has submitted the Independent Review to Landlord, the parties have not agreed on the appropriate adjustments to Operating Expenses, then the parties shall engage a mutually agreeable independent third party accountant with at least ten (10) years' experience in commercial real estate accounting in the San Diego area (the "Accountant"). If the parties cannot agree on the Accountant, each shall within ten (10) days after such impasse appoint an Accountant (different from the accountant and accounting firm that conducted the Independent Review) and, within ten (10) days after the appointment of both such Accountants, those two Accountants shall select a third (which cannot be the accountant and accounting firm that conducted the Independent Review). If either party fails to timely appoint an Accountant, then the Accountant the other party appoints shall be the sole Accountant. Within ten (10) days after appointment of the Accountant(s), Landlord and Tenant shall each simultaneously give the Accountants (with a copy to the other party) its

determination of Operating Expenses, with such supporting data or information as each submitting party determines appropriate. Within ten (10) days after such submissions, the Accountants shall by majority vote select either Landlord's or Tenant's determination of Operating Expenses. The Accountants may not select or designate any other determination of Operating Expenses. The determination of the Accountant(s) shall bind the parties. If the parties agree or the Accountant(s) determine that the Operating Expenses actually paid by Tenant for the calendar year in question exceeded Tenant's obligations for such calendar year, then Landlord shall, at Tenant's option, either (a) credit the excess to the next succeeding installments of estimated Additional Rent or (b) pay the excess to Tenant within thirty (30) days after delivery of such results. If the parties agree or the Accountant(s) determine that Tenant's payments of Operating Expenses for such calendar year were less than Tenant's obligation for the calendar year, then Tenant shall pay the deficiency to Landlord within thirty (30) days after delivery of such results. If the Independent Review reveals or the Accountant(s) determine that the Operating Expenses billed to Tenant by Landlord and paid by Tenant to Landlord for the applicable calendar year in question exceeded by more than ten percent (10%) what Tenant should have been billed during such calendar year, then Landlord shall pay the reasonable cost of the Independent Review and the reasonable cost of the Accountant(s). In all other cases Tenant shall pay the cost of the Independent Review and the Accountant(s).

9.5. Operating Expenses for the calendar year in which Tenant's obligation to share therein commences and for the calendar year in which such obligation ceases shall be prorated on a basis reasonably determined by Landlord. Expenses such as taxes, assessments and insurance premiums that are incurred for an extended time period shall be prorated based upon the time periods to which they apply so that the amounts attributed to the Premises relate in a reasonable manner to the time period wherein Tenant has an obligation to share in Operating Expenses.

9.6. In the event that the Project is less than fully occupied during a calendar year, Tenant acknowledges that Landlord may extrapolate Operating Expenses that vary depending on the occupancy of the Project to equal Landlord's reasonable estimate of what such Operating Expenses would have been had the Project been fully occupied during such calendar year; provided. however, that Landlord shall not recover more than one hundred percent (100%) of Operating Expenses.

10. Taxes on Tenant's Property.

10.1. Tenant shall pay prior to delinquency any and all taxes levied against any personal property or trade fixtures placed by Tenant in or about the Premises.

10.2. If any such taxes on Tenant's personal property or trade fixtures are levied against Landlord or Landlord's property or, if the assessed valuation of the Building, the Property or the Project is increased by inclusion therein of a value attributable to Tenant's personal property or trade fixtures, and if Landlord, after written notice to Tenant, pays the taxes based upon any such increase in the assessed value of the Building, the Property or the Project, then Tenant shall, upon demand, repay to Landlord the taxes so paid by Landlord.

10.3. If any improvements in or alterations to the Premises, whether owned by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, are assessed for real property tax purposes at a valuation higher than the valuation at which improvements conforming to Landlord's building standards (the "Building Standard") in other spaces in the Building are assessed, then the real property taxes and assessments levied against Landlord or the Building, the Property or the Project by reason of such excess assessed valuation shall be deemed to be taxes levied against personal property of Tenant and shall be governed by the provisions of Section 10.2. Any such excess assessed valuation due to improvements in or alterations to space in the Building leased by other tenants of Landlord shall not be included in Operating Expenses. If the records of the applicable governmental assessor's office are available and sufficiently detailed to serve as a basis for determining whether such Tenant improvements or alterations are assessed at a higher valuation than the Building Standard, then such records shall be binding on both Landlord and Tenant.

11. Security Deposit.

11.1. Tenant shall deposit with Landlord on or before the Execution Date the sum set forth in Section 2.6 (the "Security Deposit"), which sum 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 (as defined below) 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. If any portion of the Security Deposit is so used or applied, then Tenant shall, within ten (10) days following demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its original amount, and Tenant's failure to do so shall be a material breach of this Lease. The provisions of this Article shall survive the expiration or earlier termination of this Lease. TENANT HEREBY WAlVES THE REQUIREMENTS OF SECTION 1950.7 OF THE CALIFORNIA CIVIL CODE, AS THE SAME MAY BE AMENDED FROM TIME TO TIME.

11.2. In the event of bankruptcy or other debtor-creditor proceedings against Tenant, the Security Deposit 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.

11.3. Landlord may deliver to any purchaser of Landlord's interest in the Premises the funds deposited hereunder by Tenant, and thereupon Landlord shall be discharged from any further liability with respect to such deposit. This provision shall also apply to any subsequent transfers.

11.4. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, then the Security Deposit, or any balance thereof after any application as permitted in this Lease, shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) within thirty (30) days after the expiration or earlier termination of this Lease.

11.5. [Intentionally omitted]

11.6. If the Security Deposit shall be in cash, Landlord shall hold the Security Deposit 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 Security Deposit, but may intermingle it with other funds of Landlord. Landlord shall be entitled to all interest and/or dividends, if any, accruing on the Security Deposit. Landlord shall not be required to credit Tenant with any interest for any period during which Landlord does not receive interest on the Security Deposit.

11.7. The Security Deposit may be in the form of cash, a letter of credit or any other security instrument acceptable to Landlord in its sole discretion. Tenant may at any time, except when Tenant is in Default (as defined below), deliver a letter of credit (the "L/C Security") as the entire Security Deposit, as follows:

(a) If Tenant elects to deliver L/C Security, then Tenant shall provide Landlord, and maintain in full force and effect throughout the Term and until the date that is three (3) months after the then-current Term Expiration Date, a letter of credit in the form of Exhibit E issued by an issuer reasonably satisfactory to Landlord, in the amount of the Security Deposit, with an initial term of at least one year. Landlord may require the L/C Security to be re-issued by a different issuer at any time during the Term if Landlord reasonably believes that the issuing bank of the L/C Security is or may soon become insolvent; provided, however, Landlord shall return the existing L/C Security to the existing issuer immediately upon receipt of the substitute L/C Security. If any issuer of the L/C Security shall become insolvent or placed into FDIC receivership, then Tenant shall immediately deliver to Landlord (without the requirement of notice from Landlord) substitute L/C Security issued by an issuer reasonably satisfactory to Landlord, and otherwise conforming to the requirements set forth in 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). If, at the Term Expiration Date, any Rent remains uncalculated or unpaid, then (i) Landlord shall with reasonable diligence complete any necessary calculations, (ii) Tenant shall extend the expiry date of such L/C Security from time to time as Landlord reasonably requires and (iii) in such extended period, Landlord shall not unreasonably refuse to consent to an appropriate reduction of the L/C Security. Tenant shall reimburse Landlord's legal costs (as estimated by Landlord's counsel) in handling Landlord's acceptance of L/C Security or its replacement or extension.

(b) If Tenant delivers to Landlord satisfactory L/C Security in place of the entire Security Deposit, Landlord shall remit to Tenant any cash Security Deposit Landlord previously held.

(c) Landlord may draw upon the L/C Security, and hold and apply the proceeds in the same manner and for the same purposes as the Security Deposit, if (i) an uncured Default (as defined below) exists, (ii) as of the date forty-five (45) days before any L/C Security expires (even if such scheduled expiry date is after the Term Expiration Date) 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 earlier of (l) three (3) months after the then-current Term Expiration Date or (2) the date one year after the then-current expiry date of the L/C Security, (iii) the L/C Security provides for automatic renewals, Landlord asks the issuer to confirm the current L/C Security expiry date, and the issuer fails to do so within ten (10) business days, (iv) Tenant fails to pay (when and as Landlord reasonably requires) any bank charges for Landlord's transfer of the L/C Security or (v) 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.

(d) Tenant shall not seek to enjoin, prevent, or otherwise interfere with Landlord's draw under L/C Security, even if it violates this Lease. Tenant acknowledges that the only effect of a wrongful draw would be to substitute a cash Security Deposit for L/C Security, causing Tenant no legally recognizable damage. Landlord shall hold the proceeds of any draw in the same manner and for the same purposes as a cash Security Deposit. In the event of a wrongful draw, the parties shall cooperate to allow Tenant to post replacement L/C Security simultaneously with the return to Tenant of the wrongfully drawn sums, and Landlord shall upon request confirm in writing to the issuer of the L/C Security that Landlord's draw was erroneous.

(e) If Landlord transfers its interest in the Premises, then Tenant shall at Tenant's expense, within five (5) 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.

12. Use.

12.1. Tenant shall use the Premises for the Permitted Use, and shall not use the Premises, or permit or suffer the Premises to be used, for any other purpose without Landlord's prior written consent, which consent Landlord may withhold in its sole and absolute discretion.

12.2. Tenant shall not use or occupy the Premises in violation of Applicable Laws; zoning ordinances; or the certificate of occupancy issued for the Building or the Project, and shall, upon five (5) days' written notice from Landlord, discontinue any use of the Premises that is declared or claimed by any Governmental Authority having jurisdiction to be a violation of any of the above, or that in Landlord's reasonable opinion violates any of the above. Tenant shall comply with any direction of any Governmental Authority having jurisdiction that shall, by reason of the nature of Tenant's use or occupancy of the Premises, impose any duty upon Tenant or Landlord with respect to the Premises or with respect to the use or occupation thereof.

12.3. Tenant shall not do or permit to be done anything that will invalidate or increase the cost of any fire, environmental, extended coverage or any other insurance policy covering the Building or the Project, and shall comply with all rules, orders, regulations and requirements of the insurers of the Building and the Project, and Tenant shall promptly, upon demand, reimburse Landlord for any additional premium charged for such policy by reason of Tenant's failure to comply with the provisions of this Article.

12.4. Tenant shall keep all doors opening onto public corridors closed, except when in use for ingress and egress.

12.5. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by Tenant, nor shall any changes be made to existing locks or the mechanisms thereof without Landlord's prior written consent. Tenant shall, upon termination of this Lease, return to Landlord all keys to offices and restrooms either furnished to or otherwise procured by Tenant. In the event any key so furnished to Tenant is lost, Tenant shall pay to Landlord the cost of replacing the same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such change.

12.6. No awnings or other projections shall be attached to any outside wall of the Building. 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's standard window coverings. Neither the interior nor exterior of any windows shall be coated or otherwise sunscreened without Landlord's prior written consent, nor shall any bottles, parcels or other articles be placed on the windowsills. No equipment, furniture or other items of personal property shall be placed on any exterior balcony without Landlord's prior written consent.

12.7. No sign, advertisement or notice ("Signage") shall be exhibited, painted or affixed by Tenant on any part of the Premises or the Building without Landlord's prior written consent. Signage shall conform to Landlord's design criteria. For any Signage, Tenant shall, at Tenant's own cost and expense, (a) acquire all permits for such Signage in compliance with Applicable Laws and (b) design, fabricate, install and maintain such Signage in a first-class condition. Tenant shall be responsible for reimbursing Landlord for costs incurred by Landlord in removing any of Tenant's Signage upon the expiration or earlier termination of the Lease. Building standard suite identification signs (adjacent to the entry doors to the Premises) and the directory tablet shall be inscribed, painted or affixed for Tenant by Landlord at Landlord's sole cost and expense, and shall be of a size, color and type and be located in a place acceptable to Landlord. The directory tablet shall be provided exclusively for the display of the name and location of tenants only. Tenant shall not place anything on the exterior of the corridor walls or corridor doors other than Landlord's standard lettering. At Landlord's option, Landlord may install any Tenant Signage, and Tenant shall pay all costs associated with such installation within thirty (30) days after demand therefor (except that Landlord shall be responsible for the costs of Building standard interior suite identification signs (adjacent to the entry doors to the Premises) and the directory tablet as set forth above).

12.8. Tenant may only place equipment within the Premises with floor loading consistent with the Building's structural design unless Tenant obtains Landlord's prior written approval. Tenant may place such equipment only in a location designed to carry the weight of such equipment.

12.9. 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.

12.10. Tenant shall not (a) do or permit anything to be done in or about the Premises that shall in any way obstruct or interfere with the rights of other tenants or occupants of the Project, or injure or annoy them, (b) use or allow the Premises to be used for unlawful purposes, (c) cause, maintain or permit any nuisance or waste in, on or about the Project or (d) take any other action that would in Landlord's reasonable determination in any manner adversely affect other tenants' quiet use and enjoyment of their space or adversely impact their ability to conduct business in a professional and suitable work environment.

12.11. Notwithstanding any other provision herein to the contrary, but subject to Landlord's obligations in connection with Subsection 5(y) above, Tenant shall be responsible for all liabilities, costs and expenses arising out of or in connection with the compliance of the Premises with the Americans with Disabilities Act, 42 U.S.C. § 12101, et seq., and any state and local accessibility laws, codes, ordinances and rules (collectively, and together with regulations promulgated pursuant thereto, the "ADA"), and Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold Landlord and its affiliates, employees, agents and contractors; and any lender, mortgagee or beneficiary (each, a "Lender" and, collectively with Landlord and its affiliates, employees, agents and contractors, the "Landlord Indemnitees") harmless from and against any demands, claims, liabilities, losses, costs, expenses, actions, causes of action, damages, suits or judgments, and all reasonable expenses (including reasonable attorneys' fees, charges and disbursements, regardless of whether the applicable demand, claim, action, cause of action or suit is voluntarily withdrawn or dismissed) incurred in investigating or resisting the same (collectively, "Claims") arising out of any such failure of the Premises to comply with the ADA. The Premises have not undergone inspection by a Certified Access Specialist (as defined in California Civil Code Section 55.52). The provisions of this Section shall survive the expiration or earlier termination of this Lease.

13. Rules and Regulations, CC&Rs, Parking Facilities and Common Areas.

13.1. Tenant shall have the non-exclusive right, in common with others, to use the Common Areas in conjunction with Tenant's use of the Premises for the Permitted Use, and such use of the Common Areas and Tenant's use of the Premises shall be subject to the rules and regulations adopted by Landlord and attached hereto as Exhibit F, together with such other reasonable and nondiscriminatory rules and regulations as are hereafter promulgated by Landlord in its sole and absolute discretion (the "Rules and Regulations"). Tenant shall faithfully observe and comply with the Rules and Regulations. Landlord shall not be responsible to Tenant for the violation or non-performance by any other tenant or any agent, employee or invitee thereof of any of the Rules and Regulations.

13.2. 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 (the "CC&Rs"); 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 (except that Tenant shall

not be required to comply with any requirement in an amendment to the CC&RS executed after the Execution Date to the extent that such requirement materially modifies Tenant's rights or obligations hereunder).

13.3. Tenant shall have a non-exclusive, irrevocable license to use Tenant's Pro Rata Share of parking facilities serving the Project in common on an unreserved basis with other tenants of the Project during the Term at no additional cost. As of the Execution Date and continuing throughout the Term, Tenant's Pro Rata Share of the parking facilities shall be equal to three (3) parking spaces per one thousand (1,000) square feet of Rentable Area of the Premises.

13.4. Tenant agrees not to unreasonably overburden the parking facilities and agrees to cooperate with Landlord and other tenants in the use of the parking facilities. Landlord reserves the right to determine that parking facilities are becoming overcrowded and to limit Tenant's use thereof. Upon such determination, Landlord may reasonably allocate parking spaces among Tenant and other tenants of the Building or the Project. Nothing in this Section, however, is intended to create an affirmative duty on Landlord's part to monitor parking.

14. Project Control by Landlord.

14.1. 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 easements 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, entrances and landscaping; provided, however, that such rights shall be exercised in a way that does not materially adversely affect Tenant's beneficial use and occupancy of the Premises, including the Permitted Use and Tenant's access to the Premises. 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.

14.2. Possession of areas of the Premises necessary for utilities, services, safety and operation of the Building is reserved to Landlord.

14.3. Tenant shall, at Landlord's request, promptly execute such further documents as may be reasonably appropriate to assist Landlord in the performance of its obligations hereunder; provided that Tenant need not execute any document that creates additional liability for Tenant or that materially adversely affects Tenant's use of the Premises as provided for in this Lease.

14.4. Landlord may, at any and all reasonable times during non-business hours (or during business hours, if (a) with respect to Subsections 14.4(u) through 14.4(y), Tenant so requests, and (b) with respect to Subsection 14.4(z), if Landlord so requests), and upon twenty-four (24) hours' prior notice (provided that no time restrictions shall apply or advance notice be required if an emergency necessitates immediate entry), enter the Premises to (u) inspect the same and to determine whether Tenant is in compliance with its obligations hereunder, (v) supply any service Landlord is required to provide hereunder, (w) alter, improve or repair any portion of the Building other than the Premises for which access to the Premises is reasonably necessary, (x) post notices of nonresponsibility, (y) access the telephone equipment, electrical substation and fire risers and (z) show the Premises to prospective purchasers or tenants during the final year of the Term and current and prospective lenders at any time during the Term. In connection with any such alteration, improvement or repair as described in Subsection 14.4(w), Landlord may erect in the Premises or elsewhere in the Project scaffolding and other structures reasonably required for the alteration, improvement or repair work to be performed. In no event shall Tenant's Rent abate as a result of Landlord's activities pursuant to this Section; provided, however, that all such activities shall be conducted in such a manner so as to cause as little interference to Tenant as is reasonably possible. Landlord shall at all times retain a key with which to unlock all of the doors in the Premises. If an emergency necessitates immediate access to the Premises, Landlord may use whatever force is necessary to enter the Premises, and any such entry to the Premises shall not constitute a forcible or unlawful entry to the Premises, a detainer of the Premises, or an eviction of Tenant from the Premises or any portion thereof.

15. Quiet Enjoyment. Landlord covenants that Tenant, so long as no uncured Default exists, may peacefully and quietly have, hold and enjoy the Premises, free from any claim by Landlord or persons claiming under Landlord, but subject to all of the terms and provisions hereof, provisions of Applicable Laws and rights of record to which this Lease is or may become subordinate. This covenant is in lieu of any other quiet enjoyment covenant, either express or implied.

16. Utilities and Services.

16.1. Tenant shall pay for all water (including the cost to service, repair and replace reverse osmosis, de-ionized and other treated water), gas, heat, light, power, telephone, internet service, cable television, other telecommunications and other utilities supplied to the Premises, together with any fees, surcharges and taxes thereon. 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 purchasing, installing and monitoring such metering equipment, which cost shall be paid by Tenant as Additional Rent. To the extent that Tenant uses more than Tenant's Pro Rata Share of any utilities, then Tenant shall pay Landlord for Tenant's Share of such utilities to reflect such excess. In the event that the Project is less than fully occupied during a calendar year, Tenant acknowledges that Landlord may extrapolate utility usage that varies depending on the occupancy of the Project to equal Landlord's reasonable estimate of what such utility usage would have been had the Project been fully occupied during such calendar year; provided, however, that Landlord shall not recover more than one hundred percent (100%) of the cost of such utilities. Tenant shall not be liable for

the cost of utilities supplied to the Premises attributable to the time period prior to the Term Commencement Date; provided, however, that, if Landlord shall permit Tenant possession of the Premises prior to the Term Commencement Date and Tenant uses the Premises for any purpose other than placement of personal property as set forth in Section 4.3, then Tenant shall be responsible for the cost of utilities supplied to the Premises from such earlier date of possession.

16.2. Landlord shall not be liable for, nor shall any eviction of Tenant result from, the failure to furnish any utility or service, whether or not such failure is caused by accidents; breakage; casualties (to the extent not caused by the party claiming Force Majeure); Severe Weather Conditions (as defined below); physical natural disasters (but excluding weather conditions that are not Severe Weather Conditions); strikes, lockouts or other labor disturbances or labor disputes (other than labor disturbances and labor disputes resulting solely from the acts or omissions of the party claiming Force Majeure); acts of terrorism; riots or civil disturbances; wars or insurrections; shortages of materials (which shortages are not unique to the party claiming Force Majeure); regulations, moratoria or other actions, inactions or delays; failures by third parties to deliver gas, oil or another suitable fuel supply, or inability of the party claiming Force Majeure, by exercise of reasonable diligence, to obtain gas, oil or another suitable fuel; or other causes beyond the reasonable control of the party claiming that Force Majeure has occurred (collectively, "Force Majeure"); or, to the extent permitted by Applicable Laws, Landlord's negligence. In the event of such failure, Tenant shall not be entitled to termination of this Lease or any abatement or reduction of Rent, nor shall Tenant be relieved from the operation of any covenant or agreement of this Lease. "Severe Weather Conditions" means weather conditions that are materially worse than those that reasonably would be anticipated for the Property at the applicable time based on historic meteorological records. Notwithstanding anything to the contrary in this Lease, if, for more than ten (10) consecutive business days following written notice to Landlord and as a direct result of Landlord's negligence or willful misconduct (and except to the extent that such failure is caused in whole or in part by the action or inaction of a Tenant Party), the provision of HVAC or other utilities to all or a material portion of the Premises that Landlord must provide pursuant to this Lease is interrupted (a "Material Services Failure"), then Tenant's Base Rent, Operating Expenses and the Property Management Fee (or, to the extent that less than all of the Premises are affected, a proportionate amount (based on the Rentable Area of the Premises that is rendered unusable) of Base Rent, Operating Expenses and the Property Management Fee) shall thereafter be abated until the Premises are again usable by Tenant for the Permitted Use; provided, however, that, if Landlord is diligently pursuing the restoration of such HVAC and other utilities and Landlord provides substitute HVAC and other utilities reasonably suitable for Tenant's continued use and occupancy of the Premises for the Permitted Use (e.g., supplying potable water or portable air conditioning equipment), then none of Base Rent, Operating Expenses or the Property Management Fee shall be abated. During any Material Services Failure, Tenant will cooperate with Landlord to arrange for the provision of any interrupted utility services on an interim basis via temporary measures until final corrective measures can be accomplished, and Tenant will permit Landlord the necessary access to the Premises to remedy such Material Service Failure. In the event of any interruption of HVAC or other utilities that Landlord must provide pursuant to this Lease, regardless of the cause, Landlord shall diligently pursue the restoration of such HVAC and other utilities. Notwithstanding anything in this Lease to the contrary, but subject to Article 24 (which shall govern in the event of a casualty), the provisions of this Section shall be Tenant's sole recourse and remedy in the event of an interruption of HVAC or other utilities to the Premises.

16.3. Tenant shall pay for, prior to delinquency of payment therefor, any utilities and services that may be furnished to the Premises during or, if Tenant occupies the Premises after the expiration or earlier termination of the Term, after the Term, beyond those utilities provided by Landlord, including telephone, internet service, cable television and other telecommunications, together with any fees, surcharges and taxes thereon. Upon Landlord's demand, utilities and services provided to the Premises that are separately metered shall be paid by Tenant directly to the supplier of such utilities or services.

16.4. Tenant shall not, without Landlord's prior written consent, use any device in the Premises (including data processing machines) that will in any way (a) increase the amount of ventilation, air exchange, gas, steam, electricity or water required or consumed in the Premises based upon Tenant's Pro Rata Share of the Project beyond the existing capacity of the Project usually furnished or supplied for the Permitted Use or (b) exceed Tenant's Pro Rata Share of the Project's capacity to provide such utilities or services.

16.5. If Tenant shall require utilities or services in excess of those usually furnished or supplied for tenants in similar spaces in the Building or the Project by reason of Tenant's equipment or extended hours of business operations, then Tenant shall first procure Landlord's consent for the use thereof, which consent Landlord may condition upon the availability of such excess utilities or services, and Tenant shall pay as Additional Rent an amount equal to the cost of providing such excess utilities and services.

16.6. Landlord shall provide water in Common Areas for lavatory and landscaping purposes only, which water shall be from the local municipal or similar source; provided, however, that if Landlord determines that Tenant requires, uses or consumes water provided to the Common Areas for any purpose other than ordinary lavatory purposes, Landlord may install a water meter ("Tenant Water Meter") and thereby measure Tenant's water consumption for all purposes. Tenant shall pay Landlord for the costs of any Tenant Water Meter and the installation and maintenance thereof during the Term. If Landlord installs a Tenant Water Meter, Tenant shall pay for water consumed, as shown on such meter, as and when bills are rendered. If Tenant fails to timely make such payments, Landlord may pay such charges and collect the same from Tenant. Any such costs or expenses incurred or payments made by Landlord for any of the reasons or purposes stated in this Section shall be deemed to be Additional Rent payable by Tenant and collectible by Landlord as such.

16.7. Landlord reserves the right to stop service of the elevator, plumbing, ventilation, air conditioning and utility systems, when Landlord deems necessary or desirable, due to accident, emergency or the need to make repairs, alterations or improvements, until such repairs, alterations or improvements shall have been completed, and Landlord shall further have no responsibility or liability for failure to supply elevator facilities, plumbing, ventilation, air conditioning or utility service when prevented from doing so by Force Majeure or, to the extent permitted by Applicable Laws, Landlord's negligence. 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, to the extent permitted by Applicable Laws, Landlord's negligence.

16.8. Two (2) back-up generators are currently connected to the Premises' emergency electrical panel (such generators are collectively referred to herein as, the "Generator"). Tenant shall be entitled to use up to its proportionate share (after deducting any power from the Generator required for the Common Area) of power from the Generator on a non-exclusive basis with other tenants in the Building. The cost of maintaining, repairing and replacing the Generator shall constitute Operating Expenses. Landlord expressly disclaims any warranties with regard to the Generator or the installation thereof, including any warranty of merchantability or fitness for a particular purpose. Landlord shall contract with a third-party contractor to service and maintain the Generator in good working condition (including quarterly inspections), but shall not be liable for any failure to make any repairs or to perform any maintenance that is an obligation of Landlord unless such failure shall persist for an unreasonable time after Tenant provides Landlord with written notice of the need for such repairs or maintenance. The provisions of Section 16.2 of this Lease shall apply to the Generator.

16.9. For the Premises, Landlord shall (a) maintain and operate the HVAC systems used for the Permitted Use only ("Base HVAC") and (b) subject to Subsection 16.9(a), furnish HVAC as reasonably required (except as this Lease otherwise provides) for reasonably comfortable occupancy of the Premises twenty-four (24) hours a day, every day during the Term, subject to casualty, eminent domain or as otherwise specified in this Article. Notwithstanding anything to the contrary in this Section, Landlord shall have no liability, and Tenant shall have no right or remedy, on account of any interruption or impairment in HVAC services; provided that Landlord diligently endeavors to cure any such interruption or impairment.

16.10. For any utilities serving the Premises for which Tenant is billed directly by such utility provider, Tenant agrees to furnish to Landlord (a) any invoices or statements for such utilities within thirty (30) days after Tenant's receipt thereof, (b) within thirty (30) days after Landlord's request, any other utility usage information reasonably requested by Landlord, and (c) within thirty (30) days after each calendar year during the Term, authorization to allow Landlord to access Tenant's usage information necessary for Landlord to complete an ENERGY STAR® Statement of Performance (or similar comprehensive utility usage report (e.g., related to Labs 21), if requested by Landlord) and any other information reasonably requested by Landlord for the immediately preceding year. Tenant shall retain records of utility usage at the Premises, including invoices and statements from the utility provider, for at least sixty (60) months. Tenant acknowledges that any utility information for the Premises, the Building and the Project may be shared with third parties, including Landlord's consultants and Governmental Authorities. In addition to the foregoing, Tenant shall comply with all Applicable Laws related to the disclosure and tracking of energy consumption at the Premises. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

17. Alterations.

17.1. Tenant shall make no alterations, additions or improvements in or to the Premises or engage in any construction, demolition, reconstruction, renovation or other work (whether major or minor) of any kind in, at or serving the Premises ("Alterations") without Landlord's prior written approval, which approval Landlord shall not unreasonably withhold; provided, however, that, in the event any proposed Alteration affects (a) any structural portions of the Building, including exterior walls, the roof, the foundation, foundation systems (including barriers and subslab systems) or the core of the Building, (b) the exterior of the Building or (c) any Building systems, including elevator, plumbing, HVAC, electrical, security, life safety and power, then Landlord may withhold its approval in its sole and absolute discretion. Tenant shall, in making any Alterations, use only those architects, contractors, suppliers and mechanics of which Landlord has given prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed. In seeking Landlord's approval, Tenant shall provide Landlord, at least fourteen (14) days in advance of any proposed construction, with plans, specifications, bid proposals, certified stamped engineering drawings and calculations by Tenant's engineer of record or architect of record (including connections to the Building's structural system, modifications to the Building's envelope, non-structural penetrations in slabs or walls, and modifications or tie-ins to life safety systems), work contracts, requests for laydown areas and such other information concerning the nature and cost of the Alterations as Landlord may reasonably request. In no event shall Tenant use or Landlord be required to approve any architects, consultants, contractors, subcontractors or material suppliers that Landlord reasonably believes could cause labor disharmony. Notwithstanding the foregoing, Tenant may make strictly cosmetic changes to the Premises ("Cosmetic Alterations") without Landlord's consent; provided that (y) the cost of any Cosmetic Alterations does not exceed Twenty-Five Thousand Dollars ($25,000) in any one instance or Fifty Thousand Dollars ($50,000) annually, (z) such Cosmetic Alterations do not (i) require any structural or other substantial modifications to the Premises, (ii) require any changes to or adversely affect the Building systems, (iii) affect the exterior of the Building or (iv) trigger any requirement under Applicable Laws that would require Landlord to make any alteration or improvement to the Premises, the Building or the Project. Tenant shall give Landlord at least ten (10) days' prior written notice of any Cosmetic Alterations.

17.2. Tenant shall not construct or permit to be constructed partitions or other obstructions that might interfere with free access to mechanical installation or service facilities of the Building or with other tenants' components located within the Building, or interfere with the moving of Landlord's equipment to or from the enclosures containing such installations or facilities.

17.3. Tenant shall accomplish any work performed on the Premises or the Building in such a manner as to permit any life safety systems to remain fully operable at all times.

17.4. Any work performed on the Premises, the Building or the Project by Tenant or Tenant's contractors shall be done at such times and in such manner as Landlord may from time to time designate. Tenant covenants and agrees that all work done by Tenant or Tenant's contractors shall be performed in full compliance with Applicable Laws. Within thirty (30) days after completion of any Alterations, Tenant shall provide Landlord with complete "as built" drawing print sets and electronic CADD files on disc (or files in such other current format in

common use as Landlord reasonably approves or requires) showing any changes in the Premises, as well as a commissioning report prepared by a licensed, qualified commissioning agent hired by Tenant and approved by Landlord for all new or affected mechanical, electrical and plumbing systems. Any such "as built" plans shall show the applicable Alterations as an overlay on the Building as built plans; provided that Landlord provides the Building "as built" plans to Tenant.

17.5. Before commencing any Alterations, Tenant shall give Landlord at least fourteen (14) days' prior written notice of the proposed commencement of such work and shall, if such Alterations exceed the amount of One Hundred Thousand Dollars ($100,000), secure, at Tenant's own cost and expense, a completion and lien indemnity bond satisfactory to Landlord for such work.

17.6. Tenant shall repair any damage to the Premises caused by Tenant's removal of any property from the Premises. During any such restoration period, Tenant shall pay Rent to Landlord as provided herein as if such space were otherwise occupied by Tenant. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

17.7. The Premises plus any Alterations, Signage, Tenant Improvements, attached equipment, decorations, fixtures, movable laboratory casework and related appliances, trade fixtures, and additions and improvements attached to or built into the Premises made by either of the parties (including all floor and wall coverings; paneling; sinks and related plumbing fixtures; laboratory benches; exterior venting fume hoods; walk-in freezers and refrigerators; ductwork; conduits; electrical panels and circuits; attached business and trade fixtures; attached machinery and equipment; and built-in furniture and cabinets, in each case, together with all additions and accessories thereto), shall (unless, prior to such construction or installation, Landlord elects otherwise in writing) at all times remain the property of Landlord, shall remain in the Premises and shall (unless, prior to construction or installation thereof, Landlord elects otherwise in writing) be surrendered to Landlord upon the expiration or earlier termination of this Lease. For the avoidance of doubt, the items listed on Exhibit H attached hereto (which Exhibit H may be updated by Tenant from and after the Term Commencement Date, subject to Landlord's written consent provided that such consent shall not be unreasonably withheld, conditioned or delayed with respect to items purchased and brought onto the Premises by Tenant after the Term Commencement Date) constitute Tenant's property and shall be removed by Tenant upon the expiration or earlier termination of the Lease.

17.8. Notwithstanding any other provision of this Article to the contrary, in no event shall Tenant remove any improvement from the Premises as to which Landlord contributed payment, including the Tenant Improvements, without Landlord's prior written consent, which consent Landlord may withhold in its sole and absolute discretion.

17.9. If Tenant shall fail to remove any of its property from the Premises prior to the expiration or earlier termination of this Lease, then Landlord may, at its option, remove the same in any manner that Landlord shall choose and store such effects without liability to Tenant for loss thereof or damage thereto, and Tenant shall pay Landlord, upon demand, any costs and expenses incurred due to such removal and storage or Landlord may, at its sole option and without notice to Tenant, sell such property or any portion thereof at private sale and without legal process for such price as Landlord may obtain and apply the proceeds of such sale against any (a) amounts due by Tenant to Landlord under this Lease and (b) any expenses incident to the removal, storage and sale of such personal property.

17.10. Tenant shall pay to Landlord an amount equal to three percent (3%) of the cost to Tenant of all Alterations (excluding Cosmetic Alterations) to cover Landlord's overhead and expenses for plan review, coordination, scheduling and supervision thereof. For purposes of payment of such sum, Tenant shall submit to Landlord copies of all bills, invoices and statements covering the costs of such charges, accompanied by payment to Landlord of the fee set forth in this Section. Tenant shall reimburse Landlord for any extra expenses incurred by Landlord by reason of faulty work done by Tenant or its contractors, or by reason of delays caused by such work, or by reason of inadequate clean-up.

17.11. Within sixty (60) days after final completion of any Alterations performed by Tenant with respect to the Premises, Tenant shall submit to Landlord documentation showing the amounts expended by Tenant with respect to such Alterations, together with supporting documentation reasonably acceptable to Landlord.

17.12. Tenant shall take, and shall cause its contractors to take, commercially reasonable steps to protect the Premises during the performance of any Alterations, including covering or temporarily removing any window coverings so as to guard against dust, debris or damage.

17.13. Tenant shall require its contractors and subcontractors performing work on the Premises to name Landlord and its affiliates and Lenders as additional insureds on their respective insurance policies.

18. Repairs and Maintenance.

18.1. Landlord shall repair and maintain the structural and exterior portions and Common Areas of the Building and the Project, including roofing and covering materials; foundations; exterior walls; plumbing; fire sprinkler systems (if any); HVAC systems; elevators; and electrical systems installed or furnished by Landlord.

18.2. Except for services of Landlord, if any, required by Section 18.1, Tenant shall at Tenant's sole cost and expense maintain and keep the Premises and every part thereof in good condition and repair, damage thereto from ordinary wear and tear and casualty or condemnation excepted. Tenant shall, upon the expiration or sooner termination of the Term, surrender the Premises to Landlord in as good a condition as when received, ordinary wear and tear and casualty or condemnation excepted; and shall, at Landlord's request and Tenant's sole cost and expense, remove all telephone and data systems, wiring and equipment from the Premises, and repair any damage to the Premises caused thereby. Landlord shall have no obligation to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof, other than pursuant to the terms and provisions of the Work Letter.

18.3. Landlord shall not be liable for any failure to make any repairs or to perform any maintenance that is Landlord's obligation pursuant to this Lease unless such failure shall persist for an unreasonable time after Tenant provides Landlord with written notice of the need of such repairs or maintenance. Tenant waives its rights under Applicable Laws now or hereafter in effect to make repairs at Landlord's expense.

18.4. If any excavation shall be made upon land adjacent to or under the Building, or shall be authorized to be made, Tenant shall afford to the person causing or authorized to cause such excavation, license to enter the Premises for the purpose of performing such work as such person shall deem necessary or desirable to preserve and protect the Building from injury or damage and to support the same by proper foundations, without any claim for damages or liability against Landlord and without reducing or otherwise affecting Tenant's obligations under this Lease.

18.5. This Article relates to repairs and maintenance arising in the ordinary course of operation of the Building and the Project. In the event of a casualty described in Article 24, Article 24 shall apply in lieu of this Article. In the event of eminent domain, Article 25 shall apply in lieu of this Article.

18.6. Costs incurred by Landlord pursuant to this Article shall constitute Operating Expenses, except as otherwise provided in Article 9.

19. Liens.

19.1. Subject to the immediately succeeding sentence, Tenant shall keep the Premises, the Building and the Project free from any liens arising out of work or services performed, materials furnished or obligations incurred by Tenant. Tenant further covenants and agrees that any mechanic's or materialman's lien filed against the Premises, the Building or the Project for work or services claimed to have been done for, or materials claimed to have been furnished to, or obligations incurred by Tenant shall be discharged or bonded by Tenant within ten (10) days after written notice of the filing thereof, at Tenant's sole cost and expense.

19.2. Should Tenant fail to discharge or bond against any lien of the nature described in Section 19.1, Landlord may, at Landlord's election, pay such claim or post a statutory lien bond or otherwise provide security to eliminate the lien as a claim against title, and Tenant shall immediately reimburse Landlord for the costs thereof as Additional Rent. Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against any Claims arising from any such liens, including any administrative, court or other legal proceedings related to such liens.

19.3. In the event that Tenant leases or finances the acquisition of office equipment, furnishings or other personal property of a removable nature utilized by Tenant in the operation of Tenant's business, Tenant warrants that any Uniform Commercial Code financing statement shall, upon its face or by exhibit thereto, indicate that such financing statement is applicable only to removable personal property of Tenant located within the Premises. In no event shall the address of the Premises, the Building or the Project be furnished on a financing statement without qualifying language as to applicability of the lien only to removable personal property located in an identified suite leased by Tenant. Should any holder of a financing statement record or place of record a financing statement that appears to constitute a lien against any

interest of Landlord or against equipment that may be located other than within an identified suite leased by Tenant, Tenant shall, within ten (10) days after filing such financing statement, cause (a) a copy of the Lender security agreement or other documents to which the financing statement pertains to be furnished to Landlord to facilitate Landlord's ability to demonstrate that the lien of such financing statement is not applicable to Landlord's interest and (b) Tenant's Lender to amend such financing statement and any other documents of record to clarify that any liens imposed thereby are not applicable to any interest of Landlord in the Premises, the Building or the Project.

20. Estoppel Certificate. Tenant shall, within ten (10) days of receipt of written notice from Landlord, execute, acknowledge and deliver a statement in writing substantially in the form attached to this Lease as Exhibit I, or on any other form reasonably requested by a current or proposed Lender or encumbrancer or proposed purchaser, (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the dates to which rental and other charges are paid in advance, if any, (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed, and (c) setting forth such further information with respect to this Lease or the Premises as may be requested thereon. Any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the Property. Tenant's failure to deliver such statement within such the prescribed time shall, at Landlord's option, constitute a Default (as defined below) under this Lease, and, in any event, shall be binding upon Tenant that the Lease is in full force and effect and without modification except as may be represented by Landlord in any certificate prepared by Landlord and delivered to Tenant for execution.

21. Hazardous Materials.

21.1. Tenant shall not cause or permit any Hazardous Materials (as defined below) to be brought upon, kept or used in or about the Premises, the Building or the Project in violation of Applicable Laws by Tenant or any of its employees, agents, contractors or invitees (collectively with Tenant, each a "Tenant Party"). If (a) Tenant breaches such obligation, (b) the presence of Hazardous Materials as a result of such a breach results in contamination of the Project, any portion thereof, or any adjacent property, (c) contamination of the Premises otherwise occurs during the Term or any extension or renewal hereof or holding over hereunder (other than (i) if such contamination results from migration of Hazardous Materials from outside the Premises not caused by a Tenant Party or (ii) to the extent such contamination is caused by Landlord's gross negligence or willful misconduct) or (d) contamination of the Project occurs as a result of Hazardous Materials that are placed on or under or are released into the Project by a Tenant Party, then Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against any and all Claims of any kind or nature, including (w) diminution in value of the Project or any portion thereof, (x) damages for the loss or restriction on use of rentable or usable space or of any amenity of the Project, (y) damages arising from any adverse impact on marketing of space in the Project or any portion thereof and (z) sums paid in settlement of Claims that arise during or after the Term as a result of such breach or contamination. This indemnification by

Tenant includes costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work required by any Governmental Authority because of Hazardous Materials present in the air, soil or groundwater above, on, under or about the Project. Without limiting the foregoing, if the presence of any Hazardous Materials in, on, under or about the Project, any portion thereof or any adjacent property caused or permitted by any Tenant Party results in any contamination of the Project, any portion thereof or any adjacent property, then Tenant shall promptly take all actions at its sole cost and expense as are necessary to return the Project, any portion thereof or any adjacent property to its respective condition existing prior to the time of such contamination; provided that Landlord's written approval of such action shall first be obtained, which approval Landlord shall not unreasonably withhold; and provided, further, that it shall be reasonable for Landlord to withhold its consent if such actions could have a material adverse long-term or short-term effect on the Project, any portion thereof or any adjacent property. Tenant's obligations under this Section shall not be affected, reduced or limited by any limitation on the amount or type of damages, compensation or benefits payable by or for Tenant under workers' compensation acts, disability benefit acts, employee benefit acts or similar legislation. Notwithstanding the foregoing, Landlord shall indemnify, save, defend (at Tenant's option and with counsel reasonably acceptable to Tenant) and hold the Tenant Parties harmless from and against any and all Claims resulting from the presence of Hazardous Materials at the Project in violation of Applicable Laws as of the Execution Date, unless placed at the Project by a Tenant Party.

21.2. Landlord acknowledges that it is not the intent of this Article to prohibit Tenant from operating its business for the Permitted Use. Tenant may operate its business according to the custom of Tenant's industry so long as the use or presence of Hazardous Materials is strictly and properly monitored in accordance with Applicable Laws. As a material inducement to Landlord to allow Tenant to use Hazardous Materials in connection with its business, Tenant agrees to deliver to Landlord (a) a list identifying each type of Hazardous Material to be present at the Premises that is subject to regulation under any environmental Applicable Laws, (b) a list of any and all approvals or permits from Governmental Authorities required in connection with the presence of such Hazardous Material at the Premises and (c) correct and complete copies of (i) notices of violations of Applicable Laws related to Hazardous Materials and (ii) plans relating to the installation of any storage tanks to be installed in, on, under or about the Project (provided that installation of storage tanks shall only be permitted after Landlord has given Tenant its written consent to do so, which consent Landlord may withhold in its sole and absolute discretion) and closure plans or any other documents required by any and all Governmental Authorities for any storage tanks installed in, on, under or about the Project for the closure of any such storage tanks (collectively, "Hazardous Materials Documents"). Tenant shall deliver to Landlord updated Hazardous Materials Documents, within fourteen (14) days after receipt of a written request therefor from Landlord, not more often than once per year, unless (m) there are any changes to the Hazardous Materials Documents or (n) Tenant initiates any Alterations or changes its business, in either case in a way that involves any material increase in the types or amounts of Hazardous Materials. For each type of Hazardous Material listed, the Hazardous Materials Documents shall include (t) the chemical name, (u) the material state (e.g., solid, liquid, gas or cryogen), (v) the concentration, (w) the storage amount and storage condition (e.g., in cabinets or not in cabinets), (x) the use amount and use condition (e.g., open use or closed use), (y) the location (e.g., room number or other identification) and (z) if known, the chemical

abstract service number. Notwithstanding anything in this Section to the contrary, Tenant shall not be required to provide Landlord with any Hazardous Materials Documents containing information of a proprietary nature, which Hazardous Materials Documents, in and of themselves, do not contain a reference to any Hazardous Materials or activities related to Hazardous Materials. Landlord may, at Landlord's expense, cause the Hazardous Materials Documents to be reviewed by a person or firm qualified to analyze Hazardous Materials to confirm compliance with the provisions of this Lease and with Applicable Laws. In the event that a review of the Hazardous Materials Documents indicates non-compliance with this Lease or Applicable Laws, Tenant shall, at its expense, diligently take steps to bring its storage and use of Hazardous Materials into compliance. Notwithstanding anything in this Lease to the contrary or Landlord's review into Tenant's Hazardous Materials Documents or use or disposal of hazardous materials, however, Landlord shall not have and expressly disclaims any liability related to Tenant's or other tenants' use or disposal of Harzardous Materials, it being acknowledged by Tenant that Tenant is best suited to evaluate the safety and efficacy of its Hazardous Materials usage and procedures.

21.3. Notwithstanding the provisions of Sections 21.1 21.2 or 21.9, if (a) any proposed transferee, assignee or sublessee of Tenant has been required by any prior landlord, Lender or Governmental Authority to take material remedial action in connection with Hazardous Materials contaminating a property if the contamination resulted from such party's action or omission or use of the property in question or (b) any proposed transferee, assignee or sublessee is subject to a material enforcement order issued by any Governmental Authority in connection with the use, disposal or storage of Hazardous Materials, then it shall not be unreasonable for Landlord to withhold its consent to any proposed transfer, assignment or subletting (with respect to any such matter involving a proposed transferee, assignee or sublessee).

21.4. At any time, and from time to time, prior to the expiration of the Term, Landlord shall have the right to conduct appropriate tests of the Project or any portion thereof to demonstrate that Hazardous Materials are present or that contamination has occurred due to the acts or omissions of a Tenant Party. Tenant shall pay all reasonable costs of such tests if such tests reveal that Hazardous Materials exist at the Project in violation of this Lease.

21.5. If underground or other storage tanks storing Hazardous Materials installed or utilized by Tenant are located on the Premises, or are hereafter placed on the Premises by Tenant (or by any other party, if such storage tanks are utilized by Tenant), then Tenant shall monitor the storage tanks, maintain appropriate records, implement reporting procedures, properly close any underground storage tanks, and take or cause to be taken all other steps necessary or required under the Applicable Laws. Tenant shall have no responsibility or liability for underground or other storage tanks installed by anyone other than Tenant unless Tenant utilizes such tanks, in which case Tenant's responsibility for such tanks shall be as set forth in this Section.

21.6. Tenant shall promptly report to Landlord any actual or suspected presence of mold or water intrusion at the Premises.

21.7. Tenant's obligations under this Article shall survive the expiration or earlier termination of the Lease. During any period of time needed by Tenant or Landlord after the termination of this Lease to complete the removal from the Premises of any such Hazardous Materials, Tenant shall be deemed a holdover tenant and subject to the provisions of Article 27.

21.8. As used herein, the term "Hazardous Material" means any toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous substance, material or waste that is or becomes regulated by Applicable Laws or any Governmental Authority.

21.9. Notwithstanding anything to the contrary in this Lease, Landlord shall have sole control over the equitable allocation of fire control areas (as defined in the Uniform Building Code as adopted by the city or municipality(ies) in which the Project is located (the "UBC")) within the Project for the storage of Hazardous Materials. Notwithstanding anything to the contrary in this Lease, the quantity of Hazardous Materials allowed by this Section 21.9 is specific to Tenant and shall not run with the Lease in the event of a Transfer (as defined in Article 29). In the event of a Transfer, if the use of Hazardous Materials by such new tenant ("New Tenant") is such that New Tenant utilizes fire control areas in the Project in excess of New Tenant's Pro Rata Share of the Project, then New Tenant shall, at its sole cost and expense and upon Landlord's written request, establish and maintain a separate area of the Premises classified by the UBC as an "H" occupancy area for the use and storage of Hazardous Materials, or take such other action as is necessary to ensure that its share of the fire control areas of the Project is not greater than New Tenant's Pro Rata Share of the Project. Notwithstanding anything in this Lease to the contrary, Landlord shall not have and expressly disclaims any liability related to Tenant's or other tenants' use or disposal of fire control areas, it being acknowledged by Tenant that Tenant and other tenants are best suited to evaluate the safety and efficacy of its Hazardous Materials usage and procedures.

22. Odors and Exhaust. Tenant acknowledges that Landlord would not enter into this Lease with Tenant unless Tenant assured Landlord that under no circumstances will any other occupants of the Building or the Project (including persons legally present in any outdoor areas of the Project) be subjected to odors or fumes (whether or not noxious), and that the Building and the Project will not be damaged by any exhaust, in each case from Tenant's operations. Landlord and Tenant therefore agree as follows:

22.1. Tenant shall not cause or permit (or conduct any activities that would cause) any release of any odors or fumes of any kind from the Premises.

22.2. If the Building has a ventilation system that, in Landlord's judgment, is adequate, suitable, and appropriate to vent the Premises in a manner that does not release odors affecting any indoor or outdoor part of the Project, Tenant shall vent the Premises through such system. If Landlord at any time determines that any existing ventilation system is inadequate, or if no ventilation system exists, Tenant shall in compliance with Applicable Laws vent all fumes and odors from the Premises (and remove odors from Tenant's exhaust stream) as Landlord requires. The placement and configuration of all ventilation exhaust pipes, louvers and other equipment shall be subject to Landlord's approval. Tenant acknowledges Landlord's legitimate desire to maintain the Project (indoor and outdoor areas) in an odor-free manner, and Landlord may require Tenant to abate and remove all odors in a manner that goes beyond the requirements of Applicable Laws.

22.3. Tenant shall, at Tenant's sole cost and expense, provide odor eliminators and other devices (such as filters, air cleaners, scrubbers and whatever other equipment may in Landlord's judgment be necessary or appropriate from time to time) to completely remove, eliminate and abate any odors, fumes or other substances in Tenant's exhaust stream that, in Landlord's judgment, emanate from Tenant's Premises. Any work Tenant performs under this Section shall constitute Alterations.

22.4. Tenant's responsibility to remove, eliminate and abate odors, fumes and exhaust shall continue throughout the Term. Landlord's construction of the Tenant Improvements shall not preclude Landlord from requiring additional measures to eliminate odors, fumes and other adverse impacts of Tenant's exhaust stream (as Landlord may designate in Landlord's discretion). Tenant shall install additional equipment as Landlord requires from time to time under the preceding sentence. Such installations shall constitute Alterations.

22.5. If Tenant fails to install satisfactory odor control equipment within ten (10) business days after Landlord's demand made at any time, then Landlord may, without limiting Landlord's other rights and remedies, require Tenant to cease and suspend any operations in the Premises that, in Landlord's determination, cause odors, fumes or exhaust. For example, if Landlord determines that Tenant's production of a certain type of product causes odors, fumes or exhaust, and Tenant does not install satisfactory odor control equipment within ten (10) business days after Landlord's request, then Landlord may require Tenant to stop producing such type of product in the Premises unless and until Tenant has installed odor control equipment satisfactory to Landlord.

23. Insurance: Waiver of Subrogation.

23.1. Landlord shall maintain insurance for the Building and the Project in amounts equal to full replacement cost (exclusive of the costs of excavation, foundations and footings, engineering costs or such other costs that would not be incurred in the event of a rebuild and without reference to depreciation taken by Landlord upon its books or tax returns) or such lesser coverage as Landlord may elect, provided that such coverage shall not be less than the amount of such insurance Landlord's Lender, if any, requires Landlord to maintain, providing protection against any peril generally included within the classification "Fire and Extended Coverage," together with insurance against sprinkler damage (if applicable), vandalism and malicious mischief. Landlord, subject to availability thereof, shall further insure, if Landlord deems it appropriate, coverage against flood, environmental hazard, earthquake, loss or failure of building equipment, rental loss during the period of repairs or rebuilding, Workers' Compensation insurance and fidelity bonds for employees employed to perform services. Notwithstanding the foregoing, Landlord may, but shall not be deemed required to, provide insurance for any improvements installed by Tenant or that are in addition to the standard improvements customarily furnished by Landlord, without regard to whether or not such are made a part of or are affixed to the Building.

23.2. In addition, Landlord shall carry Commercial General Liability insurance with limits of not less than One Million Dollars ($1,000,000) per occurrence/general aggregate for bodily injury (including death), or property damage with respect to the Project.

23.3. Tenan: shall, at its own cost and expense, procure and maintain during the Term the insurance described below for the benefit of Tenant and Landlord (as their interests may appear) with insurers financially acceptable and lawfully authorized to do business in the state where the premises are located. Commercial General Liability, Commercial Automobile Liability and Umbrella Liability insurance as required below shall name Landlord, BioMed Realty, L.P., BioMed Realty Trust and their respective officers, employees, agents, general partners, members, subsidiaries, affiliates and Lenders ("Landlord Parties") as additional insureds as respects liability arising from work or operations performed by or on behalf of Tenant, Tenant's use or occupancy of Premises, and ownership, maintenance or use of vehicles by or on behalf of Tenant. Tenant shall maintain the following coverages with minimum and unimpaired limits as specified below:

(a) Commercial General Liability insurance on a broad-based occurrence coverage form, with coverages including but not limited to bodily injury (including death), property damage (including loss of use resulting therefrom), premises/operations, personal & advertising injury, and contractual liability with limits of liability of not less than $5,000,000 for bodily injury and property damage per occurrence, $5,000,000 general aggregate and $3,000,000 products and completed operations aggregate, which limits may be met by use of excess and/or umbrella liability insurance provided that such coverage is at least as broad as the primary coverages required herein.

(b) Commercial Automobile Liability insurance covering liability arising from the use or operation of any auto, including those owned, hired or otherwise operated or used by or on behalf of the Tenant. The coverage shall be on a broad-based occurrence form with combined single limits of not less than $1,000,000 per accident for bodily injury and property damage.

(c) Commercial Property insurance covering property damage to the full replacement cost value and business interruption. Covered property shall include all tenant improvements in the Premises and Tenant's Property including personal property, furniture, fixtures, machinery, equipment, stock, inventory and improvements and betterments, which may be owned by Tenant or Landlord and required to be insured hereunder, or which may be leased, rented, borrowed or in the care custody or control of Tenant, or Tenant's agents, employees or subcontractors. Such insurance shall be written on an "all risk" of physical loss or damage basis including the perils of fire, extended coverage, electrical injury, mechanical breakdown, windstorm, vandalism, malicious mischief, sprinkler leakage, back-up of sewers or drains, flood, earthquake, terrorism and such other risks Landlord may from time to time designate, for the full replacement cost value of the covered items with an agreed amount endorsement with no co-insurance. Business interruption coverage shall have limits sufficient to cover Tenant's lost profits and necessary continuing expenses, including rents due Landlord under the Lease. The minimum period of indemnity for business interruption coverage shall be twelve (12) months.

(d) Workers' Compensation insurance as is required by statute or law, or as may be available on a voluntary basis and Employers' Liability insurance with limits of not less than the following: each accident, Five Hundred Thousand Dollars ($500,000); disease (policy limit), Five Hundred Thousand Dollars ($500,000); disease (each employee), Five Hundred Thousand Dollars ($500,000).

(e) Pollution Legal Liability insurance is required if Tenant stores, handles, generates or treats hazardous materials on or about the Leased Premises. Such coverage shall include bodily injury, sickness, disease, death or mental anguish or shock sustained by any person; property damage including physical injury to or destruction of tangible property including the resulting loss of use thereof, clean up costs, and the loss of use of tangible property that has not been physically injured or destroyed; and defense costs, charges and expenses incurred in the investigation, adjustment or defense of claims for such compensatory damages. Coverage shall apply to both sudden and non-sudden pollution conditions including the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants or pollutants into or upon land, the atmosphere or any watercourse or body of water. Claims-made coverage is permitted, provided the policy retroactive date is continuously maintained prior to the commencement date of this agreement, and coverage is continuously maintained during all periods in which Tenant occupies the Premises. Coverage shall be maintained with limits of not less than $1,000,000 per incident with a $2,000,000 policy aggregate.

(f) During all construction by Tenant at the Premises, with respect to tenant improvements being constructed, adequate builder's risk insurance, together with the insurance required in Exhibit B-l.

23.4. Said insurance shall be with companies at all times having a current rating of not less than A- and financial category rating of at least Class VII in "A.M. Best's Insurance Guide" current edition. Tenant shall obtain for Landlord from the insurance companies or cause the insurance companies to furnish certificates of insurance evidencing all coverages required herein to Landlord. No such policy shall be cancelable or subject to reduction of coverage or other modification or cancellation except after twenty (20) days' prior written notice to Landlord from Tenant or its insurers (except in the event of non-payment of premium, in which case ten (10) days written notice shall be given). All such policies shall be written as primary policies, not contributing with and not in excess of the coverage that Landlord may carry. Tenant's required policies shall contain severability of interests clauses stating that, except with respect to limits of insurance, coverage shall apply separately to each insured or additional insured. Tenant's policies shall contain dedicated or per location limits endorsements so that the amounts of insurance required herein shall not be prejudiced by losses at other locations. Tenant shall, at least twenty (20) days prior to the expiration of such policies, furnish Landlord with renewal certificates of insurance or binders. Tenant agrees that if Tenant does not take out and maintain such insurance, Landlord may (but shall not be required to) procure said insurance on Tenant's behalf and at its cost to be paid by Tenant as Additional Rent.

23.5. Tenant assumes the risk of damage to any fixtures, goods, inventory, merchandise, equipment and leasehold improvements, and Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom, relative to such damage, all as more particularly set forth within this Lease. Tenant shall, at Tenant's sole cost and expense, carry such insurance as Tenant desires for Tenant's protection with respect to personal property of Tenant or business interruption.

23.6. In each instance where insurance is to name Landlord Parties as additional insureds, Tenant shall, upon Landlord's written request, also designate and furnish certificates evidencing such Landlord Parties as additional insureds to (a) any Lender of Landlord holding a security interest in the Building or the Project, (b) the landlord under any lease whereunder Landlord is a tenant of the real property upon which the Building is located if the interest of Landlord is or shall become that of a tenant under a ground lease rather than that of a fee owner and (c) any management company retained by Landlord to manage the Project.

23.7. Landlord, Tenant and each of their respective insurers hereby waive any and all rights of recovery or subrogation against one another or against the officers, directors, employees, agents, general partners, members, subsidiaries, affiliates and Lenders of the other as respects any loss, damage, claims, suits or demands, howsoever caused, that are covered, or should have been covered, by valid and collectible insurance, including any deductibles or self-insurance maintained thereunder. If necessary, each party agrees to endorse the required insurance policies to permit waivers of subrogation as required hereunder and hold harmless and indemnify the other party for any loss or expense incurred as a result of a failure to obtain such waivers of subrogation from insurers. As long as commercially available, such waivers shall continue throughout the Term. Landlord and Tenant, upon obtaining the policies of insurance required or permitted under this Lease, shall give notice to the insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease. If the release of either Landlord or Tenant, as set forth in the first sentence of this Section, shall contravene Applicable Laws, then the liability of the party in question shall be deemed not released but shall be secondary to the other party's insurer.

23.8. After the initial Term, Landlord may require insurance policy limits required under this Lease to be raised to conform with requirements of Landlord's Lender or to bring coverage limits to levels then being required of new tenants within the Project.

23.9. Any costs incurred by Landlord pursuant to this Article shall constitute a portion of Operating Expenses, subject to the provisions of Article 9.

24. Damage or Destruction.

24.1. In the event of a partial destruction of (a) the Premises or (b) Common Areas of the Building or the Project ((a) and (b) together, the "Affected Areas") by fire or other perils covered by extended coverage insurance not exceeding twenty-five percent (25%) of the full insurable value thereof, and provided that (x) the damage thereto is such that the Affected Areas may be repaired, reconstructed or restored within a period of six (6) months from the date of the happening of such casualty, (y) Landlord shall receive insurance proceeds sufficient to cover the cost of such repairs, reconstruction and restoration (except for any deductible amount provided by Landlord's policy, which deductible amount, if paid by Landlord, shall constitute an Operating Expense) and (z) such casualty was not intentionally caused by a Tenant Party, then Landlord shall commence and proceed diligently with the work of repair, reconstruction and restoration of the Affected Areas and this Lease shall continue in full force and effect.

24.2. In the event of any damage to or destruction of the Building or the Project other than as described in Section 24.1, Landlord may elect to repair, reconstruct and restore the Building or the Project, as applicable, in which case this Lease shall continue in full force and effect. If Landlord elects not to repair, reconstruct and restore the Building or the Project, as applicable, then this Lease shall terminate as of the date of such damage or destruction. In the event of any damage or destruction (regardless of whether such damage is governed by Section 24.1 or this Section), if (a) in Landlord's determination as set forth in the Damage Repair Estimate (as defined below), the Affected Areas cannot be repaired, reconstructed or restored within nine (9) months after the date of the Damage Repair Estimate, (b) subject to Section 24.6, the Affected Areas are not actually repaired, reconstructed and restored within ninety (90) days after the date set forth in the Damage Repair Estimate, or (c) the damage and destruction occurs within the last twelve (12) months of the then-current Term, then Tenant shall have the right to terminate this Lease, effective as of the date of such damage or destruction, by delivering to Landlord its written notice of termination (a "Termination Notice") (y) with respect to Subsections 24.2(a) and (c), no later than fifteen (15) days after Landlord delivers to Tenant Landlord's Damage Repair Estimate and (z) with respect to Subsection 24.2(b), no later than fifteen (15) days after such eighteen (18) month period (as the same may be extended pursuant to Section 24.6) expires. If Tenant provides Landlord with a Termination Notice pursuant to Subsection 24.2(z), Landlord shall have an additional thirty (30) days after receipt of such Termination Notice to complete the repair, reconstruction and restoration. If Landlord does not complete such repair, reconstruction and restoration within such thirty (30) day period, then Tenant may terminate this Lease by giving Landlord written notice within two (2) business days after the expiration of such thirty (30) day period. If Landlord does complete such repair, reconstruction and restoration within such thirty (30) day period, then this Lease shall continue in full force and effect.

24.3. As soon as reasonably practicable, but in any event within sixty (60) days following the date of damage or destruction, Landlord shall notify Tenant of Landlord's good faith estimate of the period of time in which the repairs, reconstruction and restoration will be completed (the "Damage Repair Estimate"), which estimate shall be based upon the opinion of a contractor reasonably selected by Landlord and experienced in comparable repair, reconstruction and restoration of similar buildings. Additionally, Landlord shall give written notice to Tenant within sixty (60) days following the date of damage or destruction of its election not to repair, reconstruct or restore the Building or the Project, as applicable.

24.4. Upon any termination of this Lease under any of the provisions of this Article, the parties shall be released thereby without further obligation to the other from the date possession of the Premises is surrendered to Landlord, except with regard to (a) items occurring prior to the damage or destruction and (b) provisions of this Lease that, by their express terms, survive the expiration or earlier termination hereof.

24.5. In the event of repair, reconstruction and restoration as provided in this Article, all Rent to be paid by Tenant under this Lease shall be abated proportionately based on the extent to which Tenant's use of the Premises is impaired during the period of such repair, reconstruction or restoration, unless Landlord provides Tenant with other space during the period of repair, reconstruction and restoration that, in Tenant's reasonable opinion, is suitable for the temporary conduct of Tenant's business; provided, however, that the amount of such abatement shall be reduced by the proceeds of business interruption or loss of rental income insurance actually received by Tenant with respect to the Premises.

24.6. Notwithstanding anything to the contrary contained in this Article, should Landlord be delayed or prevented from completing the repair, reconstruction or restoration of the damage or destruction to the Premises after the occurrence of such damage or destruction by Force Majeure or delays caused by a Tenant Party, then the time for Landlord to commence or complete repairs, reconstruction and restoration shall be extended on a day-for-day basis; provided, however, that, at Landlord's election, Landlord shall be relieved of its obligation to make such repairs, reconstruction and restoration.

24.7. If Landlord is obligated to or elects to repair, reconstruct or restore as herein provided, then Landlord shall be obligated to make such repairs, reconstruction or restoration only with regard to (a) those portions of the Premises that were originally provided at Landlord's expense and (b) the Common Area portion of the Affected Areas. The repairs, reconstruction or restoration of improvements not originally provided by Landlord or at Landlord's expense shall be the obligation of Tenant. In the event Tenant has elected to upgrade certain improvements from the Building Standard, Landlord shall, upon the need for replacement due to an insured loss, provide only the Building Standard, unless Tenant again elects to upgrade such improvements and pay any incremental costs related thereto, except to the extent that excess insurance proceeds, if received, are adequate to provide such upgrades, in addition to providing for basic repairs, reconstruction and restoration of the Premises, the Building and the Project.

24.8. Notwithstanding anything to the contrary contained in this Article, Landlord shall not have any obligation whatsoever to repair, reconstruct or restore the Premises if the damage resulting from any casualty covered under this Article occurs during the last twenty-four (24) months of the Term or any extension thereof, or to the extent that insurance proceeds are not available therefor.

24.9. Landlord's obligation, should it elect or be obligated to repair, reconstruct or restore, shall be limited to the Affected Areas. Tenant shall, at its expense, replace or fully repair all of Tenant's personal property and any Alterations installed by Tenant existing at the time of such damage or destruction. If Affected Areas are to be repaired, reconstructed or restored in accordance with the foregoing, Landlord shall make available to Tenant any portion of insurance proceeds it receives that are allocable to the Alterations constructed by Tenant pursuant to this Lease; provided Tenant is not then in default under this Lease, and subject to the requirements of any Lender of Landlord.

24.10. This Article sets forth the terms and conditions upon which this Lease may terminate in the event of any damage or destruction. Accordingly, the parties hereby waive the provisions of California Civil Code Sections 1932(2) and 1933(4) (and any successor statutes permitting the parties to terminate this Lease as a result of any damage or destruction).

25. Eminent Domain.

25.1. In the event (a) the whole of all Affected Areas or (b) such part thereof as shall substantially interfere with Tenant's use and occupancy of the Premises for the Permitted Use shall be taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking, Tenant or Landlord may terminate this Lease effective as of the date possession is required to be surrendered to such authority, except with regard to (y) items occurring prior to the taking and (z) provisions of this Lease that, by their express terms, survive the expiration or earlier termination hereof.

25.2. In the event of a partial taking of (a) the Building or the Project or (b) drives, walkways or parking areas serving the Building or the Project for any public or quasi-public purpose by any lawful power or authority by exercise of right of appropriation, condemnation, or eminent domain, or sold to prevent such taking, then, without regard to whether any portion of the Premises occupied by Tenant was so taken, Landlord may elect to terminate this Lease (except with regard to (y) items occurring prior to the taking and (z) provisions of this Lease that, by their express terms, survive the expiration or earlier termination hereof) as of such taking if such taking is, in Landlord's sole opinion, of a material nature such as to make it uneconomical to continue use of the unappropriated portion for purposes of renting office or laboratory space.

25.3. Tenant shall be entitled to any award that is specifically awarded as compensation for (a) the taking of Tenant's personal property that was installed at Tenant's expense and (b) the costs of Tenant moving to a new location. Except as set forth in the previous sentence, any award for such taking shall be the property of Landlord.

25.4. If, upon any taking of the nature described in this Article, this Lease continues in effect, then Landlord shall promptly proceed to restore the Affected Areas to substantially their same condition prior to such partial taking. To the extent such restoration is infeasible, as determined by Landlord in its sole and absolute discretion, the Rent shall be decreased proportionately to reflect the loss of any portion of the Premises no longer available to Tenant.

25.5. This Article sets forth the terms and conditions upon which this Lease may terminate in the event of any damage or destruction. Accordingly, the parties hereby waive the provisions of California Code of Civil Procedure Section 1265.130 (and any successor statutes permitting the parties to terminate this Lease as a result of any damage or destruction).

26. Surrender.

26.1. At least thirty (30) days prior to Tenant's surrender of possession of any part of the Premises, Tenant shall provide Landlord with a facility decommissioning and Hazardous Materials closure plan for the Premises ("Exit Survey") prepared by an independent third party state-certified professional with appropriate expertise, which Exit Survey must be reasonably acceptable to Landlord. The Exit Survey shall comply with the American National Standards Institute's Laboratory Decommissioning guidelines (ANSI/AIHA Z9.11-2008) or any successor standards published by ANSI or any successor organization (or, if ANSI and its successors no longer exist, a similar entity publishing similar standards). In addition, at least ten (10) days prior to Tenant's surrender of possession of any part of the Premises, Tenant shall (a) provide Landlord with written evidence of all appropriate governmental releases obtained by Tenant in accordance with Applicable Laws, including laws pertaining to the surrender of the Premises, (b)

place Laboratory Equipment Decontamination Forms on all decommissioned equipment to assure safe occupancy by future users and (c) conduct a site inspection with Landlord. In addition, Tenant agrees to remain responsible after the surrender of the Premises for the remediation of any recognized environmental conditions set forth in the Exit Survey for which Tenant is responsible under this Lease and comply with any recommendations set forth in the Exit Survey. Tenant's obligations under this Section shall survive the expiration or earlier termination of the Lease.

26.2. No surrender of possession of any part of the Premises shall release Tenant from any of its obligations hereunder, unless such surrender is accepted in writing by Landlord.

26.3. The voluntary or other surrender of this Lease by Tenant shall not effect a merger with Landlord's fee title or leasehold interest in the Premises, the Building, the Property or the Project, unless Landlord consents in writing, and shall, at Landlord's option, operate as an assignment to Landlord of any or all subleases.

26.4. The voluntary or other surrender of any ground or other underlying lease that now exists or may hereafter be executed affecting the Building or the Project, or a mutual cancellation thereof or of Landlord's interest therein by Landlord and its lessor shall not effect a merger with Landlord's fee title or leasehold interest in the Premises, the Building or the Property and shall, at the option of the successor to Landlord's interest in the Building or the Project, as applicable, operate as an assignment of this Lease.

27. Holding Over.

27.1. If, with Landlord's prior written consent, Tenant holds possession of all or any part of the Premises after the Term, Tenant shall become a tenant from month to month after the expiration or earlier termination of the Term, and in such case Tenant shall continue to pay (a) Base Rent in accordance with Article 7 and (b) any amounts for which Tenant would otherwise be liable under this Lease if the Lease were still in effect, including payments for Tenant's Share of Operating Expenses. Any such month-to-month tenancy shall be subject to every other term, covenant and agreement contained herein.

27.2. Notwithstanding the foregoing, if Tenant remains in possession of the Premises after the expiration or earlier termination of the Term without Landlord's prior written consent, (a) Tenant shall become a tenant at sufferance subject to the terms and conditions of this Lease, except that the monthly rent shall be equal to one hundred fifty percent (150%) of the Rent in effect during the last thirty (30) days of the Term, and (b) Tenant shall be liable to Landlord for any and all damages suffered by Landlord as a result of such holdover, including any lost rent or consequential, special and indirect damages (in each case, regardless of whether such damages are foreseeable).

27.3. Acceptance by Landlord of Rent after the expiration or earlier termination of the Term shall not result in an extension, renewal or reinstatement of this Lease.

27.4. The foregoing provisions of this Article are in addition to and do not affect Landlord's right of reentry or any other rights of Landlord hereunder or as otherwise provided by Applicable Laws.

27.5. The provisions of this Article shall survive the expiration or earlier termination of this Lease.

28. Indemnification and Exculpation.

28.1. Tenant agrees to indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against any and all Claims of any kind or nature, real or alleged, arising from injury to or death of any person or damage to any property occurring within or about the Licensed Area, the Premises, the Building, the Property or the Project, arising directly or indirectly out of the presence at or use or occupancy of the Premises or Project by a Tenant Party, (b) an act or omission on the part of any Tenant Party, (c) a breach or default by Tenant in the performance of any of its obligations hereunder, (d) injury to or death of persons or damage to or loss of any property, real or alleged, arising from the serving of alcoholic beverages at the Premises or Project, including liability under any dram shop law, host liquor law or similar Applicable Law, except to the extent directly caused by Landlord's negligence or willful misconduct. Tenant's obligations under this Section shall not be affected, reduced or limited by any limitation on the amount or type of damages, compensation or benefits payable by or for Tenant under workers' compensation acts, disability benefit acts, employee benefit acts or similar legislation. Tenant's obligations under this Section shall survive the expiration or earlier termination of this Lease.

28.2. Notwithstanding anything in this Lease to the contrary, Landlord shall not be liable to Tenant for and Tenant assumes all risk of (a) damage or losses caused by fire, electrical malfunction, gas explosion or water damage of any type (including broken water lines, malfunctioning fire sprinkler systems, roof leaks or stoppages of lines), unless any such loss is due to Landlord's willful disregard of written notice by Tenant of need for a repair that Landlord is responsible to make for an unreasonable period of time, and (b) damage to personal property or scientific research, including loss of records kept by Tenant within the Premises (in each case, regardless of whether such damages are foreseeable). Tenant further waives any claim for injury to Tenant's business or loss of income relating to any such damage or destruction of personal property as described in this Section. Notwithstanding anything in the foregoing or this Lease to the contrary, except (x) as otherwise provided herein, (y) as may be provided by Applicable Laws or (z) in the event of Tenant's breach of Article 21 or Section 26.1, in no event shall Landlord or Tenant be liable to the other for any consequential, special or indirect damages arising out of this Lease (provided that this Subsection 28.2(z) shall not limit Tenant's liability for Base Rent or Additional Rent pursuant to this Lease).

28.3. Landlord shall not be liable for any damages arising from any act, omission or neglect of any other tenant in the Building or the Project, or of any other third party.

28.4. Tenant acknowledges that security devices and services, if any, while intended to deter crime, may not in given instances prevent theft or other criminal acts. Landlord shall not be liable for injuries or losses caused by criminal acts of third parties, and Tenant assumes the risk that any security device or service may malfunction or otherwise be circumvented by a criminal. If Tenant desires protection against such criminal acts, then Tenant shall, at Tenant's sole cost and expense, obtain appropriate insurance coverage.

28.5. The provisions of this Article shall survive the expiration or earlier termination of this Lease.

29. Assignment or Subletting.

29.1. Except as hereinafter expressly permitted, Tenant shall not, either voluntarily or by operation of Applicable Laws, directly or indirectly sell, hypothecate, assign, pledge, encumber or otherwise transfer this Lease or sublet the Premises (each, a "Transfer"), without Landlord's prior written consent, which consent Landlord may not unreasonably withhold, condition or delay. Notwithstanding the foregoing, Tenant shall have the right to Transfer without Landlord's prior written consent the Premises or any part thereof to (a) any person that as of the date of determination and at all times thereafter directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with Tenant ("Tenant's Affiliate") provided that any such Tenant's Affiliate taking an assignment of this Lease agrees in writing to assume all of the terms, covenants and conditions of this Lease arising after the effective date of such assignment or (b) any entity that succeeds to Tenant's interest in this Lease by reason of merger, sale or acquisition (whereby the sale or acquisition consists of all or substantially all of Tenant's stock or assets), consolidation or reorganization ("Tenant's Successor"); provided that Tenant shall notify Landlord in writing at least thirty (30) days prior to the effectiveness of such Transfer to Tenant's Affiliate or Tenant's Successor (an "Exempt Transfer") and otherwise comply with the requirements of this Lease regarding such Transfer; and provided, further, that the person that will be the tenant under this Lease after the Exempt Transfer has a net worth (as of both the day immediately prior to and the day immediately after the Exempt Transfer) that is equal to or greater than the net worth (as of both the Execution Date and the date of the Exempt Transfer) of the transferring Tenant. For purposes of Exempt Transfers, "control" requires both (a) owning (directly or indirectly) more than fifty percent (50%) of the stock or other equity interests of another person and (b) possessing, directly or indirectly, the power to direct or cause the direction of the management and policies of such person. In no event shall Tenant perform a Transfer to or with an entity that is a tenant at the Project or that is in discussions or negotiations with Landlord or an affiliate of Landlord to lease premises at the Project or a property owned by Landlord or an affiliate of Landlord.

29.2. In the event Tenant desires to effect a Transfer, then, at least thirty (30) but not more than ninety (90) days prior to the date when Tenant desires the Transfer to be effective (the "Transfer Date"), Tenant shall provide written notice to Landlord (the "Transfer Notice") containing information (including references) concerning the character of the proposed transferee, assignee or sublessee; the Transfer Date; the most recent unconsolidated financial statements of Tenant and of the proposed transferee, assignee or sublessee satisfying the requirements of Section 40.2 ("Required Financials"); any ownership or commercial relationship between Tenant and the proposed transferee, assignee or sublessee; and the consideration and all other material terms and conditions of the proposed Transfer, all in such detail as Landlord shall reasonably require.

29.3. Landlord, in determining whether consent should be given to a proposed Transfer, may give consideration to (a) the financial strength of Tenant and of such transferee, assignee or sublessee (notwithstanding Tenant remaining liable for Tenant's performance), (b) any change in use that such transferee, assignee or sublessee proposes to make in the use of the Premises and (c) Landlord's desire to exercise its rights under Section 29.7 to cancel this Lease. In no event shall Landlord be deemed to be unreasonable for declining to consent to a Transfer to a transferee, assignee or sublessee of poor reputation, lacking financial qualifications or seeking a change in the Permitted Use, or jeopardizing directly or indirectly the status of Landlord or any of Landlord's affiliates as a Real Estate Investment Trust under the Internal Revenue Code of 1986 (as the same may be amended from time to time, the "Revenue Code"). Notwithstanding anything contained in this Lease to the contrary, (w) no Transfer shall be consummated on any basis such that the rental or other amounts to be paid by the occupant, assignee, manager or other transferee thereunder would be based, in whole or in part, on the income or profits derived by the business activities of such occupant, assignee, manager or other transferee; (x) Tenant shall not furnish or render any services to an occupant, assignee, manager or other transferee with respect to whom transfer consideration is required to be paid, or manage or operate the Premises or any capital additions so transferred, with respect to which transfer consideration is being paid; (y) Tenant shall not consummate a Transfer with any person in which Landlord owns an interest, directly or indirectly (by applying constructive ownership rules set forth in Section 856(d)(5) of the Revenue Code); and (z) Tenant shall not consummate a Transfer with any person or in any manner that could cause any portion of the amounts received by Landlord pursuant to this Lease or any sublease, license or other arrangement for the right to use, occupy or possess any portion of the Premises to fail to qualify as "rents from real property" within the meaning of Section 856(d) of the Revenue Code, or any similar or successor provision thereto or which could cause any other income of Landlord to fail to qualify as income described in Section 856(c)(2) of the Revenue Code.

29.4. The following are conditions precedent to a Transfer or to Landlord considering a request by Tenant to a Transfer:

(a) Tenant shall remain fully liable under this Lease during the unexpired Term. Tenant agrees that it shall not be (and shall not be deemed to be) a guarantor or surety of this Lease, however, and waives its right to claim that is it is a guarantor or surety or to raise in any legal proceeding any guarantor or surety defenses permitted by this Lease or by Applicable Laws;

(b) If Tenant or the proposed transferee, assignee or sublessee does not or cannot deliver the Required Financials, then Landlord may elect to have either Tenant's ultimate parent company or the proposed transferee's, assignee's or sublessee's ultimate parent company provide a guaranty of the applicable entity's obligations under this Lease, in a form acceptable to Landlord, which guaranty shall be executed and delivered to Landlord by the applicable guarantor prior to the Transfer Date;

(c) In the case of an Exempt Transfer, Tenant shall provide Landlord with evidence reasonably satisfactory to Landlord that the Transfer qualifies as an Exempt Transfer;

(d) Tenant shall provide Landlord with evidence reasonably satisfactory to Landlord respecting the relevant business experience and financial responsibility and status of the proposed transferee, assignee or sublessee;

(e) Tenant shall reimburse Landlord for Landlord's actual reasonable out of pocket costs and expenses, including reasonable attorneys' fees, charges and disbursements incurred in connection with the review, processing and documentation of such request;

(f) If Tenant's transfer of rights or sharing of the Premises provides for the receipt by, on behalf of or on account of Tenant of any consideration of any kind whatsoever (including a premium rental for a sublease or lump sum payment for an assignment, but excluding Tenant's reasonable costs in marketing and subleasing the Premises) in excess of the rental and other charges due to Landlord under this Lease, Tenant shall pay fifty percent (50%) of all of such excess to Landlord, after making deductions for any reasonable marketing expenses, tenant improvement funds expended by Tenant, alterations, cash concessions, brokerage commissions, attorneys' fees and free rent actually paid by Tenant. If such consideration consists of cash paid to Tenant, payment to Landlord shall be made upon receipt by Tenant of such cash payment;

(g) The proposed transferee, assignee or sublessee shall agree that, in the event Landlord gives such proposed transferee, assignee or sublessee notice that Tenant is in default under this Lease, such proposed transferee, assignee or sublessee shall thereafter make all payments otherwise due Tenant directly to Landlord, which payments shall be received by Landlord without any liability being incurred by Landlord, except to credit such payment against those due by Tenant under this Lease, and any such proposed transferee, assignee or sublessee shall agree to attorn to Landlord or its successors and assigns should this Lease be terminated for any reason; provided, however, that in no event shall Landlord or its Lenders, successors or assigns be obligated to accept such attornment;

(h) Landlord's consent to any such Transfer shall be effected on Landlord's forms;

(i) Tenant shall not then be in default hereunder in any respect;

(j) Such proposed transferee, assignee or sublessee's use of the Premises shall be the same as the Permitted Use;

(k) Landlord shall not be bound by any provision of any agreement pertaining to the Transfer, except for Landlord's written consent to the same;

(l) Tenant shall pay all transfer and other taxes (including interest and penalties) assessed or payable for any Transfer;

(m) Landlord's consent (or waiver of its rights) for any Transfer shall not waive Landlord's right to consent or refuse consent to any later Transfer;

(n) Tenant shall deliver to Landlord one executed copy of any and all written instruments evidencing or relating to the Transfer; and

(o) Tenant shall deliver to Landlord a list of Hazardous Materials (as defined below), certified by the proposed transferee, assignee or sublessee to be true and correct, that the proposed transferee, assignee or sublessee intends to use or store in the Premises. Additionally, Tenant shall deliver to Landlord, on or before the date any proposed transferee, assignee or sublessee takes occupancy of the Premises, all of the items relating to Hazardous Materials of such proposed transferee, assignee or sublessee as described in Section 21.2.

29.5. Any Transfer that is not in compliance with the provisions of this Article or with respect to which Tenant does not fulfill its obligations pursuant to this Article shall be void and shall, at the option of Landlord, terminate this Lease.

29.6. Notwithstanding any Transfer, Tenant shall remain fully and primarily liable for the payment of all Rent and other sums due or to become due hereunder, and for the full performance of all other terms, conditions and covenants to be kept and performed by Tenant. The acceptance of Rent or any other sum due hereunder, or the acceptance of performance of any other term, covenant or condition thereof, from any person or entity other than Tenant shall not be deemed a waiver of any of the provisions of this Lease or a consent to any Transfer.

29.7. If Tenant delivers to Landlord a Transfer Notice indicating a desire to transfer this Lease to a proposed transferee, assignee or sublessee other than pursuant to an Exempt Transfer, then Landlord shall have the option, exercisable by giving notice to Tenant at any time within ten (10) days after Landlord's receipt of such Transfer Notice, to terminate this Lease (or, in the event of a proposed sublease, Landlord shall have the option to terminate the Lease only as to the portion of the Premises proposed to be subleased) as of the date specified in the Transfer Notice as the Transfer Date, except for those provisions that, by their express terms, survive the expiration or earlier termination hereof. If Landlord exercises such option, then Tenant shall have the right to withdraw such Transfer Notice by delivering to Landlord written notice of such election within five (5) days after Landlord's delivery of notice electing to exercise Landlord's option to terminate this Lease. In the event Tenant withdraws the Transfer Notice as provided in this Section, this Lease shall continue in full force and effect. No failure of Landlord to exercise its option to terminate this Lease shall be deemed to be Landlord's consent to a proposed Transfer.

29.8. If Tenant sublets the Premises or any portion thereof, Tenant hereby immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent from any such subletting, and appoints Landlord as assignee and attorney-in-fact for Tenant, and Landlord (or a receiver for Tenant appointed on Landlord's application) may collect such rent and apply it toward Tenant's obligations under this Lease; provided that, until the occurrence of a Default (as defined below) by Tenant, Tenant shall have the right to collect such rent.

30. Subordination and Attornment.

30.1. This Lease shall be subject and subordinate to the lien of any mortgage, deed of trust, or lease in which Landlord is tenant now or hereafter in force against the Building or the Project and to all advances made or hereafter to be made upon the security thereof without the necessity of the execution and delivery of any further instruments on the part of Tenant to effectuate such subordination.

30.2. Notwithstanding the foregoing, Tenant shall execute and deliver upon demand such further instrument or instruments evidencing such subordination of this Lease to the lien of any such mortgage or mortgages or deeds of trust or lease in which Landlord is tenant as may be required by Landlord. If any such mortgagee, beneficiary or landlord under a lease wherein Landlord is tenant (each, a "Mortgagee") so elects, however, this Lease shall be deemed prior in lien to any such lease, mortgage, or deed of trust upon or including the Premises regardless of date and Tenant shall execute a statement in writing to such effect at Landlord's request. If Tenant fails to execute any document required from Tenant under this Section within ten (10) days after written request therefor, such failure shall constitute a Default under this Lease. Landlord represents to Tenant that, as of the Execution Date, the Project is not encumbered by a mortgage, deed of trust or ground lease.

30.3. Upon written request of Landlord and opportunity for Tenant to review, Tenant agrees to execute any Lease amendments not materially altering the terms of this Lease, if required by a mortgagee or beneficiary of a deed of trust encumbering real property of which the Premises constitute a part incident to the financing of the real property of which the Premises constitute a part.

30.4. In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by Landlord covering the Premises, Tenant shall at the election of the purchaser at such foreclosure or sale attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as Landlord under this Lease.

30.5. Notwithstanding anything to the contrary in this Article, the obligation of Tenant to subordinate to any future mortgage, deed of trust, or lease shall be subject to the condition that the holder of any such mortgage or deed of trust or the lessor under any such lease shall enter into a commercially reasonable non-disturbance agreement that does not materially adversely affect any of the rights or obligations of Tenant under this Lease.

31. Defaults and Remedies.

31.1. Late payment by Tenant to Landlord of Rent and other sums due shall cause Landlord to incur costs not contemplated by this Lease, the exact amount of which shall be extremely difficult and impracticable to ascertain. Such costs include processing and accounting charges and late charges that may be imposed on Landlord by the terms of any mortgage or trust deed covering the Premises. Therefore, if any installment of Rent due from Tenant is not received by Landlord within five (5) days after the date such payment is due, Tenant shall pay to Landlord (a) an additional sum of six percent (6%) of the overdue Rent as a late charge plus (b)

interest at an annual rate (the "Default Rate") equal to the lesser of (a) twelve percent (12%) and (b) the highest rate permitted by Applicable Laws. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Landlord shall incur by reason of late payment by Tenant and shall be payable as Additional Rent to Landlord due with the next installment of Rent or within five (5) business days after Landlord's demand, whichever is earlier. Landlord's acceptance of any Additional Rent (including a late charge or any other amount hereunder) shall not be deemed an extension of the date that Rent is due or prevent Landlord from pursuing any other rights or remedies under this Lease, at law or in equity.

31.2. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent payment herein stipulated shall be deemed to be other than on account of the Rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other remedy provided in this Lease or in equity or at law. If a dispute shall arise as to any amount or sum of money to be paid by Tenant to Landlord hereunder, Tenant shall have the right to make payment "under protest," such payment shall not be regarded as a voluntary payment, and there shall survive the right on the part of Tenant to institute suit for recovery of the payment paid under protest.

31.3. If Tenant fails to pay any sum of money required to be paid by it hereunder or perform any other act on its part to be performed hereunder, in each case within the applicable cure period (if any) described in Section 31.4, then Landlord may (but shall not be obligated to), without waiving or releasing Tenant from any obligations of Tenant, make such payment or perform such act; provided that such failure by Tenant unreasonably interfered with the use of the Building or the Project by any other tenant or with the efficient operation of the Building or the Project, or resulted or could have resulted in a violation of Applicable Laws or the cancellation of an insurance policy maintained by Landlord. Notwithstanding the foregoing, in the event of an emergency, Landlord shall have the right to enter the Premises and act in accordance with its rights as provided elsewhere in this Lease. In addition to the late charge described in Section 31.1, Tenant shall pay to Landlord as Additional Rent all sums so paid or incurred by Landlord, together with interest at the Default Rate, computed from the date such sums were paid or incurred.

31.4. The occurrence of any one or more of the following events shall constitute a "Default" hereunder by Tenant:

(a) Tenant abandons the Premises;

(b) Tenant fails to make any payment of Rent, as and when due, or to satisfy its obligations under Article 19, where such failure shall continue for a period of five (5) business days after written notice thereof from Landlord to Tenant;

(c) Tenant fails to observe or perform any obligation or covenant contained herein (other than described in Sections 31.4(a) and 31.4(b)) to be performed by Tenant, where such failure continues for a period of fifteen (15) days after written notice thereof from Landlord to Tenant; provided that, if the nature of Tenant's default is such that it reasonably requires more

than fifteen (15) to cure, Tenant shall not be deemed to be in Default if Tenant commences such cure within such fifteen (15) day period and thereafter diligently prosecute the same to completion; and provided, further, that such cure is completed no later than forty-five (45) days after Tenant's receipt of written notice from Landlord;

(d) Tenant makes an assignment for the benefit of creditors;

(e) A receiver, trustee or custodian is appointed to or does take title, possession or control of all or substantially all of Tenant's assets;

(f) Tenant files a voluntary petition under the United States Bankruptcy Code or any successor statute (as the same may be amended from time to time, the "Bankruptcy Code") or an order for relief is entered against Tenant pursuant to a voluntary or involuntary proceeding commenced under any chapter of the Bankruptcy Code;

(g) Any involuntary petition is filed against Tenant under any chapter of the Bankruptcy Code and is not dismissed within one hundred twenty (120) days;

(h) A default exists under that certain Lease dated as of January 31, 2014, by and between Tenant and BMR-3545-3575 John Hopkins LP, after the expiration of any applicable notice and cure periods;

(i) Tenant fails to deliver an estoppel certificate in accordance with Article 20; or

(j) Tenant's interest in this Lease is attached, executed upon or otherwise judicially seized and such action is not released within one hundred twenty (120) days of the action.

Notices given under this Section shall specify the alleged default and shall demand that Tenant perform the provisions of this Lease or pay the Rent that is in arrears, as the case may be, within the applicable period of time, or quit the Premises. No such notice shall be deemed a forfeiture or a termination of this Lease unless Landlord elects otherwise in such notice.

31.5. In the event of a Default by Tenant, and at any time thereafter prior to Tenant curing said Default, with or without notice or demand and without limiting Landlord in the exercise of any right or remedy that Landlord may have, Landlord has the right to do any or all of the following:

(a) Halt any Tenant Improvements and Alterations and order Tenant's contractors, subcontractors, consultants, designers and material suppliers to stop work;

(b) Terminate Tenant's right to possession of the Premises by written notice to Tenant or by any lawful means, in which case Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall have the immediate right to re-enter and remove all persons and property, and such property may be removed and stored in a public warehouse or elsewhere at the cost and for the account of Tenant, all without service of notice or resort to legal process and without being deemed guilty of trespass or becoming liable for any loss or damage that may be occasioned thereby; and

(c) Terminate this Lease, in which event Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall have the immediate right to re-enter and remove all persons and property, and such property may be removed and stored in a public warehouse or elsewhere at the cost and for the account of Tenant, all without service of notice or resort to legal process and without being deemed guilty of trespass or becoming liable for any loss or damage that may be occasioned thereby. In the event that Landlord shall elect to so terminate this Lease, then Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default, including:

(i) The sum of:

A. The worth at the time of award of any unpaid Rent that had accrued at the time of such termination; plus

B. The worth at the time of award of the amount by which the unpaid Rent that would have accrued during the period commencing with termination of the Lease and ending at the time of award exceeds that portion of the loss of Landlord's rental income from the Premises that Tenant proves to Landlord's reasonable satisfaction could have been reasonably avoided; plus

C. The worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds that portion of the loss of Landlord's rental income from the Premises that Tenant proves to Landlord's reasonable satisfaction could have been reasonably avoided; plus

D. Any other amount necessary to compensate Landlord for all the detriment caused by Tenant's failure to perform its obligations under this Lease or that in the ordinary course of things would be likely to result therefrom, including the cost of restoring the Premises to the condition required under the terms of this Lease, including any rent payments not otherwise chargeable to Tenant (e.g., during any "free" rent period or rent holiday); plus

E. 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 Laws; or

(ii) At Landlord's election, as minimum liquidated damages in addition to any (A) amounts paid or payable to Landlord pursuant to Section 31.5(c)(i)(A) prior to such election and (B) costs of restoring the Premises to the condition required under the terms of this Lease, an amount (the "Election Amount") equal to either (Y) the positive difference (if any, and measured at the time of such termination) between (1) the then-present value of the total Rent and other benefits that would have accrued to Landlord under this Lease for the remainder of the Term if Tenant had fully complied with the Lease minus (2) the then-present cash rental value of the Premises as determined by Landlord for what would be the then- unexpired Term if the Lease remained in effect, computed using the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one (1) percentage point (the

"Discount Rate") or (Z) twelve (12) months (or such lesser number of months as may then be remaining in the Term) of Base Rent and Additional Rent at the rate last payable by Tenant pursuant to this Lease, in either case as Landlord specifies in such election. Landlord and Tenant agree that the Election Amount represents a reasonable forecast of the minimum damages expected to occur in the event of a breach, taking into account the uncertainty, time and cost of determining elements relevant to actual damages, such as fair market rent, time and costs that may be required to re-lease the Premises, and other factors; and that the Election Amount is not a penalty.

As used in Sections 31.5(c)(i)(A) and (B), "worth at the time of award" shall be computed by allowing interest at the Default Rate. As used in Section 31.5(c)(i)(C), the "worth at the time of the award" shall be computed by taking the present value of such amount, using the Discount Rate.

31.6. In addition to any other remedies available to Landlord at law or in equity and under this Lease, Landlord shall have the remedy described in California Civil Code Section 1951.4 and may continue this Lease in effect after Tenant's Default and abandonment and recover Rent as it becomes due, provided Tenant has the right to sublet or assign, subject only to reasonable limitations. In addition, Landlord shall not be liable in any way whatsoever for its failure or refusal to relet the Premises. For purposes of this Section, the following acts by Landlord will not constitute the termination of Tenant's right to possession of the Premises:

(a) Acts of maintenance or preservation or efforts to relet the Premises, including alterations, remodeling, redecorating, repairs, replacements or painting as Landlord shall consider advisable for the purpose of reletting the Premises or any part thereof; or

(b) The appointment of a receiver upon the initiative of Landlord to protect Landlord's interest under this Lease or in the Premises.

Notwithstanding the foregoing, in the event of a Default by Tenant, Landlord may elect at any time to terminate this Lease and to recover damages to which Landlord is entitled.

31.7. If Landlord does not elect to terminate this Lease as provided in Section 31.5, then Landlord may, from time to time, recover all Rent as it becomes due under this Lease. At any time thereafter, Landlord may elect to terminate this Lease and to recover damages to which Landlord is entitled.

31.8. In the event Landlord elects to terminate this Lease and relet the Premises, Landlord may execute any new lease in its own name. Tenant hereunder shall have no right or authority whatsoever to collect any Rent from such tenant. The proceeds of any such reletting shall be applied as follows:

(a) First, to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord, including storage charges or brokerage commissions owing from Tenant to Landlord as the result of such reletting;

(b) Second, to the payment of the costs and expenses of reletting the Premises, including (i) alterations and repairs that Landlord deems reasonably necessary and advisable and (ii) reasonable attorneys' fees, charges and disbursements incurred by Landlord in connection with the retaking of the Premises and such reletting;

(c) Third, to the payment of Rent and other charges due and unpaid hereunder; and

(d) Fourth, to the payment of future Rent and other damages payable by Tenant under this Lease.

31.9. All of Landlord's rights, options and remedies hereunder shall be construed and held to be nonexclusive and cumulative. Landlord shall have the right to pursue any one or all of such remedies, or any other remedy or relief that may be provided by Applicable Laws, whether or not stated in this Lease. No waiver of any default of Tenant hereunder shall be implied from any acceptance by Landlord of any Rent or other payments due hereunder or any omission by Landlord to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect defaults other than as specified in such waiver. Notwithstanding any provision of this Lease to the contrary, in no event shall Landlord be required to mitigate its damages with respect to any default by Tenant. Any obligation imposed by Applicable Law upon Landlord to relet the Premises after any termination of this Lease shall be subject to the reasonable requirements of Landlord to (a) lease to high quality tenants on such terms as Landlord may from time to time deem appropriate in its discretion and (b) develop the Project in a harmonious manner with a mix of uses, tenants, floor areas, terms of tenancies, etc., as determined by Landlord. Landlord shall not be obligated to relet the Premises to any party to whom Landlord or an affiliate of Landlord may desire to lease other available space in the Project or at another property owned by Landlord or an affiliate of Landlord.

31.10. Landlord's termination of (a) this Lease or (b) Tenant's right to possession of the Premises shall not relieve Tenant of any liability to Landlord that has previously accrued or that shall arise based upon events that occurred prior to the later to occur of (y) the date of Lease termination and (z) the date Tenant surrenders possession of the Premises.

31.11. To the extent permitted by Applicable Laws, Tenant waives any and all rights of redemption granted by or under any present or future Applicable Laws if Tenant is evicted or dispossessed for any cause, or if Landlord obtains possession of the Premises due to Tenant's default hereunder or otherwise.

31.12. Landlord shall not be in default or liable for damages under this Lease unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event shall such failure continue for more than thirty (30) days after written notice from Tenant specifying the nature of Landlord's failure; provided, however, that 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 if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. In no event shall Tenant have the right to terminate or cancel this Lease or to withhold or abate rent or to set off any Claims against Rent as a result of any default or breach by Landlord of any of its covenants, obligations, representations, warranties or promises hereunder, except as may otherwise be expressly set forth in this Lease.

31.13. In the event of any default by Landlord, Tenant shall give notice by registered or certified mail to any (a) beneficiary of a deed of trust or (b) mortgagee under a mortgage covering the Premises, the Building or the Project and to any landlord of any lease of land upon or within which the Premises, the Building or the Project is located, and shall offer such beneficiary, mortgagee or landlord a reasonable opportunity to cure the default, including time to obtain possession of the Building or the Project by power of sale or a judicial action if such should prove necessary to effect a cure; provided that Landlord shall furnish to Tenant in writing, upon written request by Tenant, the names and addresses of all such persons who are to receive such notices.

32. Bankruptcy. In the event a debtor, trustee or debtor in possession under the Bankruptcy Code, or another person with similar rights, duties and powers under any other Applicable Laws, proposes to cure any default under this Lease or to assume or assign this Lease and is obliged to provide adequate assurance to Landlord that (a) a default shall be cured, (b) Landlord shall be compensated for its damages arising from any breach of this Lease and (c) future performance of Tenant's obligations under this Lease shall occur, then such adequate assurances shall include any or all of the following, as designated by Landlord in its sole and absolute discretion:

32.1. Those acts specified in the Bankruptcy Code or other Applicable Laws as included within the meaning of "adequate assurance," even if this Lease does not concern a shopping center or other facility described in such Applicable Laws;

32.2. A prompt cash payment to compensate Landlord for any monetary defaults or actual damages arising directly from a breach of this Lease;

32.3. A cash deposit in an amount at least equal to the then-current amount of the Security Deposit; or

32.4. The assumption or assignment of all of Tenant's interest and obligations under this Lease.

33. Brokers.

33.1. Tenant represents and warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease other than Hughes Marino ("Broker"), and that it knows of no other real estate broker or agent that is or might be entitled to a commission in connection with this Lease. Landlord shall compensate Broker in relation to this Lease pursuant to a separate agreement between Landlord and Broker.

33.2. Tenant represents and warrants that no broker or agent has made any representation or warranty relied upon by Tenant in Tenant's decision to enter into this Lease, other than as contained in this Lease.

33.3. Tenant acknowledges and agrees that the employment of brokers by Landlord is for the purpose of solicitation of offers of leases from prospective tenants and that no authority is granted to any broker to furnish any representation (written or oral) or warranty from Landlord unless expressly contained within this Lease. Landlord is executing this Lease in reliance upon Tenant's representations, warranties and agreements contained within Sections 33.1 and 33.2.

33.4. Tenant agrees to indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from any and all cost or liability for compensation claimed by any broker or agent, other than Broker, employed or engaged by Tenant or claiming to have been employed or engaged by Tenant.

34. Definition of Landlord. With regard to obligations imposed upon Landlord pursuant to this Lease, the term "Landlord," as used in this Lease, shall refer only to Landlord or Landlord's then-current successor-in-interest. In the event of any transfer, assignment or conveyance of Landlord's interest in this Lease or in Landlord's fee title to or leasehold interest in the Property, as applicable, Landlord herein named (and in case of any subsequent transfers or conveyances, the subsequent Landlord) shall be automatically freed and relieved, from and after the date of such transfer, assignment or conveyance, from all liability for the performance of any covenants or obligations contained in this Lease thereafter to be performed by Landlord and, without further agreement, the transferee, assignee or conveyee of Landlord's in this Lease or in Landlord's fee title to or leasehold interest in the Property, as applicable, shall be deemed to have assumed and agreed to observe and perform any and all covenants and obligations of Landlord hereunder during the tenure of its interest in the Lease or the Property. Landlord or any subsequent Landlord may transfer its interest in the Premises or this Lease without Tenant's consent.

35. Limitation of Landlord's Liability.

35.1. If Landlord is in default under this Lease and, as a consequence, Tenant recovers a monetary judgment against Landlord, the judgment shall be satisfied only out of (a) the proceeds of sale received on execution of the judgment and levy against the right, title and interest of Landlord in the Building and the Project, (b) rent or other income from such real property receivable by Landlord or (c) the consideration received by Landlord from the sale, financing, refinancing or other disposition of all or any part of Landlord's right, title or interest in the Building or the Project.

35.2. Landlord shall not be personally liable for any deficiency under this Lease. If Landlord is a partnership or joint venture, then the partners of such partnership shall not be personally liable for Landlord's obligations under this Lease, and no partner of Landlord shall be sued or named as a party in any suit or action, and service of process shall not be made against any partner of Landlord except as may be necessary to secure jurisdiction of the partnership or joint venture. If Landlord is a corporation, then the shareholders, directors, officers, employees and agents of such corporation shall not be personally liable for Landlord's obligations under this Lease, and no shareholder, director, officer, employee or agent of Landlord shall be sued or named as a party in any suit or action, and service of process shall not be made against any shareholder, director, officer, employee or agent of Landlord. If Landlord is a limited liability company, then the members of such limited liability company shall not be personally liable for

Landlord's obligations under this Lease, and no member of Landlord shall be sued or named as a party in any suit or action, and service of process shall not be made against any member of Landlord except as may be necessary to secure jurisdiction of the limited liability company. No partner, shareholder, director, employee, member or agent of Landlord shall be required to answer or otherwise plead to any service of process, and no judgment shall be taken or writ of execution levied against any partner, shareholder, director, employee, member or agent of Landlord.

35.3. Each of the covenants and agreements of this Article shall be applicable to any covenant or agreement either expressly contained in this Lease or imposed by Applicable Laws and shall survive the expiration or earlier termination of this Lease.

36. Joint and Several Obligations. If more than one person or entity executes this Lease as Tenant, then:

36.1. Each of them is jointly and severally liable for the keeping, observing and performing of all of the terms, covenants, conditions, provisions and agreements of this Lease to be kept, observed or performed by Tenant, and such terms, covenants, conditions, provisions and agreements shall be binding with the same force and effect upon each and all of the persons executing this Agreement as Tenant; and

36.2. The term "Tenant," as used in this Lease, shall mean and include each of them, jointly and severally. The act of, notice from, notice to, refund to, or signature of any one or more of them with respect to the tenancy under this Lease, including any renewal, extension, expiration, termination or modification of this Lease, shall be binding upon each and all of the persons executing this Lease as Tenant with the same force and effect as if each and all of them had so acted, so given or received such notice or refund, or so signed.

37. Representations. Tenant guarantees, warrants and represents that (a) Tenant is duly incorporated or otherwise established or formed and validly existing under the laws of its state of incorporation, establishment or formation, (b) Tenant has and is duly qualified to do business in the state in which the Property is located, (c) Tenant has full corporate, partnership, trust, association or other appropriate power and authority to enter into this Lease and to perform all Tenant's obligations hereunder, (d) each person (and all of the persons if more than one signs) signing this Lease on behalf of Tenant is duly and validly authorized to do so and (e) neither (i) the execution, delivery or performance of this Lease nor (ii) the consummation of the transactions contemplated hereby will violate or conflict with any provision of documents or instruments under which Tenant is constituted or to which Tenant is a party. In addition, Tenant guarantees, warrants and represents that none of (x) it, (y) its affiliates or partners nor (z) to the best of its knowledge, its members, shareholders or other equity owners or any of their respective employees, officers, directors, representatives or agents is a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism) or other similar governmental action.

38. Confidentiality. Tenant shall keep the terms and conditions of this Lease and any information provided to Tenant or its employees, agents or contractors pursuant to Article 9 confidential and shall not (a) disclose to any third party any terms or conditions of this Lease or any other Lease-related document (including subleases, assignments, work letters, construction contracts, letters of credit, subordination agreements, non-disturbance agreements, brokerage agreements or estoppels) or (b) provide to any third party an original or copy of this Lease (or any Lease-related document). Landlord shall not release to any third party any non-public financial information or non-public information about Tenant's ownership structure that Tenant gives Landlord. Notwithstanding die foregoing, confidential information under this Section may be released by Landlord or Tenant under the following circumstances: (x) if required by Applicable Laws or in any judicial proceeding; provided that the releasing party has given the other party reasonable notice of such requirement, if feasible, (y) to a party's attorneys, accountants, brokers and other bona fide consultants or advisers (with respect to this Lease only); provided such third parties agree to be bound by this Section or (z) to bona fide prospective assignees or subtenants of this Lease; provided they agree in writing to be bound by this Section.

39. Notices. Except as otherwise stated in this Lease, any notice, consent, demand, invoice, statement or other communication required or permitted to be given hereunder shall be in writing and shall be given by (a) personal delivery, or (b) overnight delivery with a reputable international overnight delivery service, such as FedEx. Any such notice, consent, demand, invoice, statement or other communication shall be deemed delivered (x) upon receipt, if given in accordance with Subsection 39(a); or (y) one business (1) day after deposit with a reputable international overnight delivery service, if given if given in accordance with Subsection 39(b). Except as otherwise stated in this Lease, any notice, consent, demand, invoice, statement or other communication required or permitted to be given pursuant to this Lease shall be addressed to Tenant at the Premises, or to Landlord or Tenant at the addresses shown in Sections 2.9 and 2.10 or 2.11, respectively. Either party may, by notice to the other given pursuant to this Section, specify additional or different addresses for notice purposes.

40. Miscellaneous.

40.1. Landlord reserves the right to change the name of the Building or the Project in its sole discretion.

40.2. To induce Landlord to enter into this Lease, Tenant agrees that it shall promptly furnish to Landlord, from time to time, upon Landlord's written request, but in no event more than once in any twelve month period, the most recent year-end unconsolidated financial statements reflecting Tenant's current financial condition audited by a nationally recognized accounting firm. Tenant represents and warrants that all financial statements, records and information furnished by Tenant to Landlord in connection with this Lease are true, correct and complete in all respects. If audited financials are not otherwise prepared, unaudited financials complying with generally accepted accounting principles and certified by the chief financial officer of Tenant as true, correct and complete in all respects shall suffice for purposes of this Section.

40.3. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for a lease, and shall not be effective as a lease or otherwise until execution by and delivery to both Landlord and Tenant.

40.4. The terms of this Lease are intended by the parties as a final, complete and exclusive expression of their agreement with respect to the terms that are included herein, and may not be contradicted or supplemented by evidence of any other prior or contemporaneous agreement.

40.5. Landlord may, but shall not be obligated to, record a short form or memorandum hereof without Tenant's consent. Within ten (10) days after receipt of written request from Landlord, Tenant shall execute a termination of any short form or memorandum of lease recorded with respect hereto. Tenant shall be responsible for the cost of recording any short form or memorandum of this Lease only if requested by Tenant, including any transfer or other taxes incurred in connection with such recordation. Neither party shall record this Lease.

40.6. Where applicable in this Lease, the singular includes the plural and the masculine or neuter includes the masculine, feminine and neuter. The words "include," "includes," "included" and "including" mean "'include,' etc., without limitation." The word "shall" is mandatory and the word "may" is permissive. The section headings of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part of this Lease. Landlord and Tenant have each participated in the drafting and negotiation of this Lease, and the language in all parts of this Lease shall be in all cases construed as a whole according to its fair meaning and not strictly for or against either Landlord or Tenant.

40.7. Except as otherwise expressly set forth in this Lease, each party shall pay its own costs and expenses incurred in connection with this Lease and such party's performance under this Lease; provided that, if either party commences an action, proceeding, demand, claim, action, cause of action or suit against the other party arising out of or in connection with this Lease, then the substantially prevailing party shall be reimbursed by the other party for all reasonable costs and expenses, including reasonable attorneys' fees and expenses, incurred by the substantially prevailing party in such action, proceeding, demand, claim, action, cause of action or suit, and in any appeal in connection therewith (regardless of whether the applicable action, proceeding, demand, claim, action, cause of action, suit or appeal is voluntarily withdrawn or dismissed).

40.8. Time is of the essence with respect to the performance of every provision of this Lease.

40.9. Each provision of this Lease performable by Tenant shall be deemed both a covenant and a condition.

40.10. Notwithstanding anything to the contrary contained in this Lease, Tenant's obligations under this Lease are independent and shall not be conditioned upon performance by Landlord.

40.11. Whenever consent or approval of either party is required, that party shall not unreasonably withhold such consent or approval, except as may be expressly set forth to the contrary.

40.12. Any provision of this Lease that shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and all other provisions of this Lease shall remain in full force and effect and shall be interpreted as if the invalid, void or illegal provision did not exist.

40.13. Each of the covenants, conditions and agreements herein contained shall inure to the benefit of and shall apply to and be binding upon the parties hereto and their respective heirs; legatees; devisees; executors; administrators; and permitted successors and assigns. This Lease is for the sole benefit of the parties and their respective heirs, legatees, devisees, executors, administrators and permitted successors and assigns, and nothing in this Lease shall give or be construed to give any other person or entity any legal or equitable rights. Nothing in this Section shall in any way alter the provisions of this Lease restricting assignment or subletting.

40.14. This Lease shall be governed by, construed and enforced in accordance with the laws of the state in which the Premises are located, without regard to such state's conflict of law principles.

40.15. Tenant guarantees, warrants and represents that the individual or individuals signing this Lease have the power, authority and legal capacity to sign this Lease on behalf of and to bind all entities, corporations, partnerships, limited liability companies, joint venturers or other organizations and entities on whose behalf such individual or individuals have signed.

40.16. This Lease may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document.

40.17. No provision of this Lease may be modified, amended or supplemented except by an agreement in writing signed by Landlord and Tenant.

40.18. No waiver of any term, covenant or condition of this Lease shall be binding upon either party unless executed in writing by the waiving party. The waiver by either party of any breach or default of any term, covenant or condition contained in this Lease shall not be deemed to be a waiver of any preceding or subsequent breach or default of such term, covenant or condition or any other term, covenant or condition of this Lease.

40.19. To the extent permitted by Applicable Laws, the parties waive trial by jury in any action, proceeding or counterclaim brought by the other party hereto related to matters arising out of or in any way connected with this Lease; the relationship between Landlord and Tenant; Tenant's use or occupancy of the Premises; or any claim of injury or damage related to this Lease or the Premises.

41. [Intentionally omitted]

42. Option to Extend Term. Tenant shall have the option ("Option") to extend the Term by five (5) years as to the entire Premises (and no less than the entire Premises) upon the following terms and conditions. Any extension of the Term pursuant to the Option shall be on all the same terms and conditions as this Lease, except as follows:

42.1. Base Rent during the Option term (including annual escalations, if applicable) shall equal the then-current fair market value for comparable office and laboratory space in the Torrey Pines submarket of comparable age, quality, level of finish and proximity to amenities and public transit ("FMV"). Tenant may, no more than twelve (12) months prior to the date the Term is then scheduled to expire, request Landlord's estimate of the FMV for the Option term. Landlord shall, within fifteen (15) days after receipt of such request, give Tenant a written proposal of such FMV. If Tenant gives written notice to exercise the Option, such notice shall specify whether Tenant accepts Landlord's proposed estimate of FMV. If Tenant does not accept the FMV, then the parties shall endeavor to agree upon the FMV, taking into account all relevant factors, including (a) the size of the Premises, (b) the length of the Option term, (c) rent in comparable buildings in the relevant submarket, including concessions offered to new tenants, such as free rent, tenant improvement allowances and moving allowances, (d) Tenant's creditworthiness and (e) the quality and location of the Building and the Project. In the event that the parties are unable to agree upon the FMV within thirty (30) days after Tenant notifies Landlord that Tenant is exercising the Option, then either party may request that the same be determined as follows: a senior officer of a nationally recognized leasing brokerage firm with local knowledge of the Torrey Pines laboratory/research and development leasing submarket (the "Baseball Arbitrator") shall be selected and paid for jointly by Landlord and Tenant. If Landlord and Tenant are unable to agree upon the Baseball Arbitrator, then the same shall be designated by the local chapter of the American Arbitration Association or any successor organization thereto (the "AAA"). The Baseball Arbitrator selected by the parties or designated by the AAA shall (y) have at least ten (10) years' experience in the leasing of laboratory/research and development space in the Torrey Pines submarket and (z) not have been employed or retained by either Landlord or Tenant or any affiliate of either for a period of at least ten (10) years prior to appointment pursuant hereto. Each of Landlord and Tenant shall submit to the Baseball Arbitrator and to the other party its determination of the FMV. The Baseball Arbitrator shall grant to Landlord and Tenant a hearing and the right to submit evidence. The Baseball Arbitrator shall determine which of the two (2) FMV determinations more closely represents the actual FMV. The arbitrator may not select any other FMV for the Premises other than one submitted by Landlord or Tenant. The FMV selected by the Baseball Arbitrator shall be binding upon Landlord and Tenant and shall serve as the basis for determination of Base Rent payable for the Option term. If, as of the commencement date of the Option term, the amount of Base Rent payable during the Option term shall not have been determined, then, pending such determination, Tenant shall pay Base Rent equal to the Base Rent payable with respect to the last year of the then-current Term. After the final determination of Base Rent payable for the Option term, the parties shall promptly execute a written amendment to this Lease specifying the amount of Base Rent to be paid during the Option term. Any failure of the parties to execute such amendment shall not affect the validity of the FMV determined pursuant to this Section.

42.2. The Option is not assignable separate and apart from this Lease.

42.3. The Option is conditional upon Tenant giving Landlord written notice of its election to exercise the Option on or before the date that is nine (9) months prior to the expiration of the then-current Term (such date, the "Option Date"). Time shall be of the essence as to Tenant's exercise of the Option. Tenant assumes full responsibility for maintaining a record of the deadlines to exercise the Option. Tenant acknowledges that it would be inequitable to require Landlord to accept any exercise of the Option after the date provided for in this Section.

42.4. Notwithstanding anything contained in this Article to the contrary, Tenant shall not have the right to exercise the Option:

(a) During the time commencing from the date Landlord delivers to Tenant a written notice that Tenant is in default under any provisions of this Lease and continuing until Tenant has cured the specified default to Landlord's reasonable satisfaction; or

(b) At any time after any Default as described in Article 31 of the Lease and continuing until Tenant cures any such Default, if such Default is susceptible to being cured; or

(c) In the event that Tenant has defaulted in the performance of its obligations under this Lease two (2) or more times and a service or late charge has become payable under Section 31.1 for each of such defaults during the twelve (12)-month period immediately prior to the date that Tenant intends to exercise the Option, whether or not Tenant has cured such defaults.

42.5. The period of time within which Tenant may exercise the Option shall not be extended or enlarged by reason of Tenant's inability to exercise such Option because of the provisions of Section 42.4.

42.6. All of Tenant's rights under the provisions of the Option shall terminate and be of no further force or effect even after Tenant's due and timely exercise of the Option if, after such exercise, but prior to the commencement date of the new term, (a) Tenant fails to pay to Landlord a monetary obligation of Tenant for a period of twenty (20) days after written notice from Landlord to Tenant, (b) Tenant fails to commence to cure a default (other than a monetary default) within thirty (30) days after the date Landlord gives notice to Tenant of such default or (c) Tenant has defaulted under this Lease two (2) or more times and a service or late charge under Section 31.1 has become payable for any such default, whether or not Tenant has cured such defaults.

43. Right of First Refusal. Tenant shall have a right of first refusal ("ROFR") as to Suite 210 located in the Building (as more particularly described on Exhibit D hereto, "Available ROFR Premises") in the event that such Available ROFR Premises becomes available for lease and Landlord is seeking a new tenant for such Available ROFR Premises; provided, however, that in no event shall Landlord be required to lease any Available ROFR Premises to Tenant for any period past the date on which this Lease expires or is terminated pursuant to its terms. To the extent that Landlord renews or extends a then-existing lease with any then-existing tenant or

subtenant of any space, or enters into a new lease with such then-existing tenant or subtenant, the affected space shall not be deemed to be Available ROFR Premises. In the event Landlord desires to lease Available ROFR Premises to a third-party tenant upon terms and conditions offered or accepted by such third-party tenant, Landlord shall provide written notice thereof to Tenant (the "Notice of Offer"), specifying the material terms and conditions of such proposed lease (including, without limitation, any additional space Landlord desires to lease with the Available ROFR Premises).

43.1. Within seven (7) days following its receipt of a Notice of Offer, Tenant shall advise Landlord in writing whether Tenant elects to lease all (not just a portion) of the space described in the Notice of Offer on the terms and conditions set forth in the Notice of Offer. If Tenant fails to notify Landlord of Tenant's election within such seven (7) day period, then Tenant shall be deemed to have elected not to lease the Available ROFR Premises.

43.2. If Tenant timely notifies Landlord that Tenant elects to lease all (not just a portion) of the space described in the Notice of Offer on the terms and conditions set forth in the Notice of Offer, then Landlord shall lease such space to Tenant upon the terms and conditions set forth in the Notice of Offer.

43.3. If Tenant notifies Landlord that Tenant elects not to lease the space described in the Notice of Offer on the terms and conditions set forth in the Notice of Offer, or if Tenant fails to notify Landlord of Tenant's election within the seven (7)-day period described above, then Landlord shall have the right to consummate the lease of the Available ROFR Premises to any other party on any terms and conditions that Landlord desires.

43.4. Notwithstanding anything in this Article to the contrary, Tenant shall not exercise the ROFR during such period of time that Tenant is in default under any provision of this Lease. Any attempted exercise of the ROFR during a period of time in which Tenant is so in default shall be void and of no effect. In addition, Tenant shall not be entitled to exercise the ROFR if Landlord has given Tenant two (2) or more notices of default under this Lease, whether or not the defaults are cured, during the twelve (12) month period prior to the date on which Tenant seeks to exercise the ROFR.

43.5. Notwithstanding anything in this Lease to the contrary, Tenant shall not assign or transfer the ROFR, either separately or in conjunction with an assignment or transfer of Tenant's interest in the Lease, without Landlord's prior written consent, which consent Landlord may withhold in its sole and absolute discretion.

43.6. If Tenant exercises the ROFR, Landlord does not guarantee that the Available ROFR Premises will be available on the anticipated commencement date for the Lease as to such Premises due to a holdover by the then-existing occupants of the Available ROFR Premises or for any other reason beyond Landlord's reasonable control.

43.7. Notwithstanding anything in this Lease to the contrary, the ROFR shall expire on the Option Date.

44. Exclusive License. Landlord hereby grants to Tenant, and Tenant hereby accepts and assumes from Landlord, an exclusive license (the "License") to use that certain space located in the Common Area of the Project (as more particularly described on Exhibit A attached hereto, the "Licensed Area"), solely for the License Use (as defined below).

44.1. The term with respect to the License (the "License Term") shall commence on the Term Commencement Date and shall expire upon the expiration or earlier termination of this Lease.

44.2. Tenant shall be permitted to use the Licensed Area solely for purposes of storing liquid nitrogen in conformity with all Applicable Laws (the "License Use") and for no other purposes. All of the terms, conditions and provisions of this Lease with respect to Hazardous Materials (including, without limitation, Article 21) shall be applicable to Tenant's use of the Licensed Area for the License Use.

44.3. Tenant acknowledges that (a) it is fully familiar with the condition of the Licensed Area and, notwithstanding anything contained in this Lease to the contrary, agrees to take the same in its condition "as is" as of the Term Commencement Date, (b) Landlord has not made and does not hereby make any representation or warranty of any kind, express or implied, with respect to the Licensed Area, including (without limitation) any representation or warranty that the Licensed Area is suitable for the License Use, and (c) Landlord shall have no obligation to alter, repair or otherwise prepare the Licensed Area for Tenant's use for the License Term or to pay for any improvements to the Licensed Area, other than pursuant any of the terms and provisions of the Work Letter that are applicable to the Licensed Area.

44.4. Tenant shall at Tenant's sole cost and expense, maintain and keep (a) the Licensed Area and every part thereof and (b) all piping and other facilities serving the Licensed Area or connecting the Licensed Area to the Premises, in good condition and repair, damage thereto from ordinary wear and tear and casualty or condemnation excepted. Tenant shall, upon the expiration or sooner termination of the License Term, surrender the Licensed Area to Landlord in as good a condition as when received, ordinary wear and tear and casualty or condemnation excepted; and shall otherwise surrender the Licensed Area pursuant to the all of the same terms, conditions and provisions that Tenant is required to surrender the Premises under this Lease (including, without limitation, Article 26). Landlord shall have no obligation to alter, remodel, improve, repair, decorate or paint the Licensed Area or any part thereof, other than pursuant any of the terms and provisions of the Work Letter that are applicable to the Licensed Area.

44.5. All of the terms, conditions and provisions of this Lease with respect to Alterations (including, without limitation, Article 17) shall be applicable to the Licensed Area.

44.6. Notwithstanding anything to the contrary in this Lease, the License shall be appurtenant to this Lease and may not be separately assigned, sub-licensed or otherwise transferred to any other person or entity without Landlord's prior written consent (which consent Landlord may withhold in its sole and absolute discretion), and any such purported assignment, sub-license or other transfer of the License shall be null and void.

44.7. The insurance policies required to be maintained by Tenant pursuant to Article 23 of this Lease must cover the Licensed Area (including any property located thereon).

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Exhibit 10.8

LEASE

by and between

BMR-ROAD TO THE CURE LP,
a Delaware limited partnership

and

ZENO PHARMACEUTICALS, INC.,
a Delaware corporation

BioMed Realty form dated 8/21/15

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LEASE

THIS LEASE (this "Lease") is entered into as of this 12th day of November, 2015 (the "Execution Date"), by and between BMR-ROAD TO THE CURE LP, a Delaware limited partnership ("Landlord"), and ZENO PHARMACEUTICALS, INC., a Delaware corporation ("Tenant").

RECITALS

A. WHEREAS, Landlord owns certain real property (the "Property") and the improvements on the Property located at 10835 Road to the Cure in San Diego, California, including the building located thereon; and

B. WHEREAS, Landlord wishes to lease to Tenant, and Tenant desires to lease from Landlord, certain premises (the "Premises") known as Suite 205 and located on the second (2nd) floor of the building in which the Premises are located (the "Building"), pursuant to the terms and conditions of this Lease, as detailed below.

AGREEMENT

NOW, THEREFORE, Landlord and Tenant, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

1. Lease of Premises.

1.1. Effective on the Term Commencement Date (as defined below), Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises, as shown on Exhibit A attached hereto, for use by Tenant in accordance with the Permitted Use (as defined below) and no other uses. The Property and all landscaping, parking facilities, private drives and other improvements and appurtenances related thereto, including the Building, are hereinafter collectively referred to as the "Project." All portions of the Project that are for the non-exclusive use of tenants of the Building, including driveways, sidewalks, parking areas, landscaped areas, service corridors, stairways, elevators, public restrooms and public lobbies, are hereinafter referred to as "Common Area."

2. Basic Lease Provisions. For convenience of the parties, certain basic provisions of this Lease are set forth herein. The provisions set forth herein are subject to the remaining terms and conditions of this Lease and are to be interpreted in light of such remaining terms and conditions.

2.1. This Lease shall take effect upon the Execution Date and, except as specifically otherwise provided within this Lease, each of the provisions hereof shall be binding upon and inure to the benefit of Landlord and Tenant from the date of execution and delivery hereof by all parties hereto.

2.2. In the definitions below, each current Rentable Area (as defined below) is expressed in square feet. Rentable Area and "Tenant's Pro Rata Share" are both subject to adjustment as provided in this Lease.

Definition or Provision	Means the Following (As of the Term Commencement Date)
Approximate Rentable Area of Premises	11,121 square feet
Approximate Rentable Area of Project	67,998 square feet
Tenant's Pro Rata Share of Project	16.35%

2.3. Initial monthly and annual installments of Base Rent for the Premises ("Base Rent") as of the Term Commencement Date, subject to adjustment under this Lease:

Dates (as of Term Commencement Date)	Square Feet of Rentable Area	Base Rent per Square Foot of Rentable Area	Monthly Base Rent	Annual Base Rent
Term Commencement Date – Month 12*	11,121	$3.45 monthly	$38,367.45	$460,409.40
Months 13-24	11,121	$3.55 monthly	$39,479.55	$473,754.60
Months 25-36	11,121	$3.66 monthly	$40,702.86	$488,434.32
Months 37-39	11,121	$3.77 monthly	$41,926.17	$503,114.04

* *Note: Subject to any Base Rent Abatement during any Base Rent Abatement Period (as such terms are defined in Section 7.5).*

2.4. Estimated Term Commencement Date: December 9, 2015

2.5. Estimated Term Expiration Date: March 8, 2019

2.6. Security Deposit: $38,367.45, subject to increase in accordance with the terms hereof

2.7. Permitted Use: Office and laboratory use (including all lawful uses ancillary thereto) in conformity with all federal, state, municipal and local laws, codes, ordinances, rules and regulations of Governmental Authorities (as defined below), committees, associations, or other regulatory committees, agencies or governing bodies having jurisdiction over the Premises, the Building, the Property, the Project, Landlord or Tenant, including both statutory and common law and hazardous waste rules and regulations ("Applicable Laws")

2.8. Address for Rent Payment:

BMR-Road to the Cure LP
Attention Entity 630
P.O. Box 511415
Los Angeles, California 90051-7970

2.9. Address for Notices to Landlord:

BMR-Road to the Cure LP
17190 Bernardo Center Drive
San Diego, California 92128
Attn: Real Estate Legal Department

2.10. Address for Notices to Tenant:

Prior to the Term Commencement Date:

Zeno Pharmaceuticals, Inc.
6181 Cornerstone Court East, #106
San Diego, California 92121

From and after the Term Commencement Date:

Zeno Pharmaceuticals, Inc.
10835 Road to the Cure, #205
San Diego, California 92121

2.11. Address for Invoices to Tenant:

Prior to the Term Commencement Date:

Zeno Pharmaceuticals, Inc.
6181 Cornerstone Court East, #106
San Diego, California 92121

From and after the Term Commencement Date:

Zeno Pharmaceuticals, Inc.
10835 Road to the Cure, #205
San Diego, California 92121

2.12. The following Exhibits are attached hereto and incorporated herein by reference:

Exhibit A	Premises
Exhibit B	Work Letter
Exhibit B-1	Initial Landlord Work
Exhibit B-2	Secondary Landlord Work
Exhibit B-3	Tenant Work Insurance Schedule

Exhibit C	Acknowledgement of Term Commencement Date and Term Expiration Date
Exhibit D	[Intentionally omitted]
Exhibit E	Form of Letter of Credit
Exhibit F	Rules and Regulations
Exhibit G	[Intentionally omitted]
Exhibit H	Tenant's Personal Property
Exhibit I	Form of Estoppel Certificate

3. Term. The actual term of this Lease (as the same may be extended pursuant to Article 42 hereof, and as the same may be earlier terminated in accordance with this Lease, the "Term") shall commence on the actual Term Commencement Date (as defined in Article 4) and end on the date (the "Term Expiration Date") that is thirty-nine (39) months after the actual Term Commencement Date, subject to extension or earlier termination of this Lease as provided herein. TENANT HEREBY WAIVES THE REQUIREMENTS OF SECTION 1933 OF THE CALIFORNIA CIVIL CODE, AS THE SAME MAY BE AMENDED FROM TIME TO TIME.

4. Possession and Improvements.

4.1. Landlord shall use commercially reasonable efforts to tender possession of the Premises to Tenant on the Estimated Term Commencement Date, with the work (the "Initial Landlord Work") required of Landlord described on Exhibit B-1 Substantially Complete (as defined below). Tenant agrees that in the event the Initial Landlord Work is not Substantially Complete on or before the Estimated Term Commencement Date for any reason, then (a) this Lease shall not be void or voidable, (b) Landlord shall not be liable to Tenant for any loss or damage resulting therefrom, (c) the Term Expiration Date shall be extended accordingly and (d) Tenant shall not be responsible for the payment of any Base Rent or Tenant's Adjusted Share of Operating Expenses (as defined below) until the actual Term Commencement Date as described in Section 4.2 occurs.

4.2. The "Term Commencement Date" shall be the day Landlord tenders possession of the Premises to Tenant with the Initial Landlord Work Substantially Complete. If possession is delayed by action of Tenant, then the Term Commencement Date shall be the date that the Term Commencement Date would have occurred but for such delay. Tenant shall execute and deliver to Landlord written acknowledgment of the actual Term Commencement Date and the Term Expiration Date within ten (10) days after Tenant takes occupancy of the Premises, in the form attached as Exhibit C hereto. Failure to execute and deliver such acknowledgment, however, shall not affect the Term Commencement Date or Landlord's or Tenant's liability hereunder. Failure by Tenant to obtain validation by any medical review board or other similar governmental licensing of the Premises required for the Permitted Use by Tenant shall not serve to extend the Term Commencement Date.

4.3. Landlord shall permit Tenant to enter upon the Premises fifteen (15) days prior to then-estimated Term Commencement Date for the purpose of installing improvements and/or the placement of personal property; provided that, (a) Tenant shall furnish to Landlord evidence satisfactory to Landlord in advance that insurance coverages required of Tenant under the provisions of Article 23 are in effect, (b) such entry shall be subject to all the terms and

conditions of this Lease other than the payment of Base Rent or Tenant's Adjusted Share of Operating Expenses (as defined below), (c) if the Term Commencement Date is delayed due to such early access, then the Term Commencement Date shall be the date that the Term Commencement Date would have occurred but for such delay and (d) Landlord shall not be obligated to permit such entry to the extent such entry would interfere with Landlord's performance of the Landlord Work.

4.4. Landlord shall cause the Initial Landlord Work and the work (the "Secondary Landlord Work," together with the Initial Landlord Work, the "Landlord Work") required of Landlord described in Exhibit B-2 to be performed at Landlord's sole cost and expense. In addition, Landlord shall cause the work (the "Tenant Improvements") described on Exhibit B to be constructed in the Premises pursuant to the Work Letter at a cost to Landlord not to exceed Forty-Nine Thousand Dollars ($49,000) (the "TI Allowance"). The TI Allowance may be applied (in connection with the Tenant Improvements) to the costs of (m) construction, (n) project management by Landlord (which fee shall equal three percent (3%) of the cost of the Tenant Improvements, including the TI Allowance), (o) commissioning of mechanical, electrical and plumbing systems by a licensed, qualified commissioning agent hired by Landlord, and review of such party's commissioning report by a licensed, qualified commissioning agent hired by Tenant, (p) space planning, architect, engineering and other related services performed by third parties unaffiliated with Tenant, (q) building permits and other taxes, fees, charges and levies by Governmental Authorities (as defined below) for permits or for inspections of the Tenant Improvements, and (r) costs and expenses for labor, material, equipment and fixtures. In no event shall the TI Allowance be used for (u) costs of any Landlord Work, (w) payments to Tenant or any affiliates of Tenant, (x) the purchase of any furniture, personal property or other non-building system equipment, (y) costs resulting from any default by Tenant of its obligations under this Lease or (z) costs that are recoverable by Tenant from a third party (e.g., insurers, warrantors, or tortfeasors). The term "Substantially Complete" or "Substantial Completion" means, (x) with respect to the Tenant Improvements, that the Tenant Improvements are substantially complete in accordance with the Approved Plans (as defined in the Work Letter), except for minor punch list items, (y) with respect to the Initial Landlord Work, that the Initial Landlord Work is substantially complete in accordance with Exhibit B-1, except for minor punch list items and (z) with respect to the Secondary Landlord Work, that the Secondary Landlord Work is substantially complete in accordance with Exhibit B-2, except for minor punch list items. Notwithstanding anything in this Lease to the contrary, Landlord's obligation, if any, to timely achieve Substantial Completion shall be subject to extension on a day-for-day basis as a result of Force Majeure (as defined below) and/or any delay caused by any action or inaction of Tenant.

4.5. Tenant shall have until the date (the "TI Deadline") that is eighteen (18) months after the Term Commencement Date, to expend the unused portion of the TI Allowance, after which date Landlord's obligation to fund such costs shall expire. In no event shall any unused TI Allowance entitle Tenant to a credit against Rent payable under this Lease.

4.6. Tenant understands and agrees that in order to construct the Secondary Landlord Work and the Tenant Improvements, certain work must be performed within the Premises during the Term and during Tenant's occupancy of the Premises for the Permitted Use, and therefore, significant cooperation of, and coordination with, Tenant will be required and Tenant shall

reasonably cooperate with Landlord, as requested by Landlord, during the construction of the Secondary Landlord Work and the Tenant Improvements. Tenant, upon at least forty-eight (48) hours prior notice from Landlord, shall permit Landlord and its employees, contractors and representatives to enter the Premises at any time (including during business hours) for the purpose of constructing the Secondary Landlord Work and the Tenant Improvements. In no event shall Landlord's construction of the Secondary Landlord Work and/or Tenant Improvements (a) cause Tenant's rent to abate under the Lease, (b) give rise to any claim by Tenant for damages or (c) constitute a forcible or unlawful entry, a detainer or an eviction of Tenant.

5. Condition of Premises. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the condition of the Premises, the Building or the Project, or with respect to the suitability of the Premises, the Building or the Project for the conduct of Tenant's business. Tenant acknowledges that (a) it is fully familiar with the condition of the Premises and agrees to take the same in its condition "as is" as of the Execution Date and (b) Landlord shall have no obligation to alter, repair or otherwise prepare the Premises for Tenant's occupancy or to pay for or construct any improvements to the Premises, except with respect to the Landlord Work, the TI Allowance and Landlord's Delivery Obligation (as defined below, but subject to the terms below). Tenant's taking of possession of the Premises shall, except as otherwise agreed to in writing by Landlord and Tenant, conclusively establish that the Premises, the Building and the Project were at such time in good, sanitary and satisfactory condition and repair (provided that Landlord shall remain obligated to complete any punch list items in connection with the Initial Landlord Work (provided that Landlord agrees that any such items are punch list items)).

5.1. Notwithstanding anything to the contrary in this Article, Landlord shall deliver the Premises to Tenant on the Term Commencement Date with the Building systems that Landlord is required to repair and maintain hereunder, including the heating, ventilating, air conditioning (but excluding any supplemental cooling system installed with respect to any server room in the Premises), electrical, plumbing and fire and life safety systems serving the Premises in good working order, condition and repair as of the Term Commencement Date ("Landlord's Delivery Obligation").

5.2. In the event that Landlord fails to satisfy Landlord's Delivery Obligation, and Tenant delivers written notice to Landlord ("Repair Notice") on or before the date that is sixty (60) days after the Term Commencement Date (such date, the "Repair Notice Date") detailing the nature of such failure, then Landlord shall, at Landlord's sole cost and expense and as Tenant's sole and exclusive remedy for such failure, promptly make any repairs reasonably necessary to correct such failure. Landlord shall not have any obligations or liabilities in connection with a failure to satisfy Landlord's Delivery Obligation except to provide the express remedies set forth in the immediately preceding grammatical sentence in connection with a failure identified by Tenant in a Repair Notice delivered to Landlord on or before the Repair Notice Date.

5.3. For the sake of clarity, in no event shall anything in this Article 5 be construed to relieve Tenant of any costs or obligations related to the normal operation, repairs and maintenance of the relevant systems and equipment that are the subject of Landlord's Delivery Obligation.

6. Rentable Area.

6.1. The term "Rentable Area" shall reflect such areas as reasonably calculated by Landlord's architect, as the same may be reasonably adjusted from time to time by Landlord in consultation with Landlord's architect to reflect changes to the Premises, the Building or the Project, as applicable.

6.2. The Rentable Area of the Building is generally determined by making separate calculations of Rentable Area applicable to each floor within the Building and totaling the Rentable Area of all floors within the Building. The Rentable Area of a floor is computed by measuring to the outside finished surface of the permanent outer Building walls. The full area calculated as previously set forth is included as Rentable Area, without deduction for columns and projections or vertical penetrations, including stairs, elevator shafts, flues, pipe shafts, vertical ducts and the like, as well as such items' enclosing walls.

6.3. The term "Rentable Area," when applied to the Premises, is that area equal to the usable area of the Premises, plus an equitable allocation of Rentable Area within the Building that is not then utilized or expected to be utilized as usable area, including that portion of the Building devoted to corridors, equipment rooms, restrooms, elevator lobby, atrium and mailroom.

7. Rent.

7.1. Tenant shall pay to Landlord as Base Rent for the Premises, commencing on the Term Commencement Date, the sums set forth in Section 2.3. Base Rent shall be paid in equal monthly installments as set forth in Section 2.3, each in advance on the first day of each and every calendar month during the Term.

7.2. In addition to Base Rent, Tenant shall pay to Landlord as additional rent ("Additional Rent") at times hereinafter specified in this Lease (a) Tenant's Adjusted Share (as defined below) of Operating Expenses (as defined below), (b) the Property Management Fee (as defined below) and (c) any other amounts that Tenant assumes or agrees to pay under the provisions of this Lease that are owed to Landlord, including any and all other sums that may become due by reason of any default of Tenant or failure on Tenant's part to comply with the agreements, terms, covenants and conditions of this Lease to be performed by Tenant, after notice and the lapse of any applicable cure periods.

7.3. Base Rent and Additional Rent shall together be denominated "Rent." Rent shall be paid to Landlord, without abatement, deduction or offset, in lawful money of the United States of America to the address set forth in Section 2.8 or to such other person or at such other place as Landlord may from time designate in writing. In the event the Term commences or ends on a day other than the first day of a calendar month, then the Rent for such fraction of a month shall be prorated for such period on the basis of the number of days in the month and shall be paid at the then-current rate for such fractional month.

7.4. Tenant's obligation to pay Rent shall not be discharged or otherwise affected by (a) any Applicable Laws now or hereafter applicable to the Premises, (b) any other restriction on Tenant's use, (c) except as expressly provided herein, any casualty or taking or (d) any other occurrence; and Tenant waives all rights now or hereafter existing to terminate or cancel this Lease or quit or surrender the Premises or any part thereof, or to assert any defense in the nature of constructive eviction to any action seeking to recover Rent. Tenant's obligation to pay Rent with respect to any period or obligations arising, existing or pertaining to the period prior to the date of the expiration or earlier termination of the Term or this Lease shall survive any such expiration or earlier termination; provided, however, that nothing in this sentence shall in any way affect Tenant's obligations with respect to any other period.

7.5. Provided Tenant is not in Default under the Lease, Landlord agrees to abate Tenant's obligation to pay Base Rent for the Premises for months one (1) through three (3) of the initial Term in full (the "Base Rent Abatement"). The period of time in which Tenant is entitled to any Base Rent Abatement shall be referred to herein as the "Base Rent Abatement Period". During the Base Rent Abatement Period, Tenant will remain responsible for the payment of the Property Management Fee (which shall be calculated as if there were no Base Rent Abatement), utilities, Operating Expenses and all Additional Rent attributable to the Premises. Tenant acknowledges and agrees that the foregoing Base Rent Abatement has been granted to Tenant as additional consideration for entering into this Lease, and for agreeing to pay the Base Rent and perform the terms and conditions otherwise required under this Lease. If Tenant shall be in Default under this Lease, then Tenant's right to receive the Base Rent Abatement for the Base Rent Abatement Period shall automatically terminate and Tenant shall immediately be obligated to begin paying Base Rent for the Premises in full. The Base Rent Abatement shall be personal to the original Tenant and shall only apply to the extent that the original Tenant (and not any assignee, or any sublessee or other transferee of the original Tenant's interest in this Lease) is the Tenant under this Lease during the Base Rent Abatement Period.

8. [Intentionally omitted].

9. Operating Expenses.

9.1. As used herein, the term "Operating Expenses" shall include:

(a) Government impositions, including property tax costs consisting of real and personal property taxes (including amounts due under any improvement bond upon the Building or the Project (including the parcel or parcels of real property upon which the Building and areas serving the Building and the Project are located)) or assessments in lieu thereof imposed by any federal, state, regional, local or municipal governmental authority, agency or subdivision (each, a "Governmental Authority"); taxes on or measured by gross rentals received from the rental of space in the Project; taxes based on the square footage of the Premises, the Building or the Project, as well as any parking charges, utilities surcharges or any other costs levied, assessed or imposed by, or at the direction of, or resulting from Applicable Laws or interpretations thereof, promulgated by any Governmental Authority in connection with the use or occupancy of the Project or the parking facilities serving the Project; taxes on this transaction or any document to which Tenant is a party creating or transferring an interest in the Premises; any fee for a business license to operate an office building; and any expenses, including the reasonable cost of attorneys or experts, reasonably incurred by Landlord in seeking reduction by the taxing authority of the applicable taxes, less tax refunds obtained as a result of an application for review thereof; and

(b) All other costs of any kind paid or incurred by Landlord in connection with the operation or maintenance of the Building and the Project, which shall include Project office rent at fair market rental for a commercially reasonable amount of space for Project management personnel, to the extent an office used for Project operations is maintained at the Project, plus customary expenses for such office, and costs of repairs and replacements to improvements within the Project as appropriate to maintain the Project as required hereunder, including costs of funding such reasonable reserves as Landlord, consistent with good business practice, may establish to provide for future repairs and replacements; costs of utilities furnished to the Common Area; sewer fees; cable television; trash collection; cleaning, including windows; heating, ventilation and air-conditioning ("HVAC"); maintenance of landscaping and grounds; snow removal; maintenance of drives and parking areas; maintenance of the roof; security services and devices; building supplies; maintenance or replacement of equipment utilized for operation and maintenance of the Project; license, permit and inspection fees; sales, use and excise taxes on goods and services purchased by Landlord in connection with the operation, maintenance or repair of the Building or Project systems and equipment; telephone, postage, stationery supplies and other expenses incurred in connection with the operation, maintenance or repair of the Project; accounting, legal and other professional fees and expenses incurred in connection with the Project; costs of furniture, draperies, carpeting, landscaping supplies, snow removal and other customary and ordinary items of personal property provided by Landlord for use in Common Area or in the Project office; Project office rent or rental value for a commercially reasonable amount of space, to the extent an office used for Project operations is maintained at the Project, plus customary expenses for such office; capital expenditures; costs of complying with Applicable Laws (except to the extent such costs are incurred to remedy non-compliance as of the Execution Date with Applicable Laws); costs to keep the Project in compliance with, or costs or fees otherwise required under or incurred pursuant to any CC&Rs (as defined below), including condominium fees; insurance premiums, including premiums for commercial general liability, property casualty, earthquake, terrorism and environmental coverages; portions of insured losses paid by Landlord as part of the deductible portion of a loss pursuant to the terms of insurance policies; service contracts; costs of services of independent contractors retained to do work of a nature referenced above; and costs of compensation (including employment taxes and fringe benefits) of all persons who perform regular and recurring duties connected with the day-to-day operation and maintenance of the Project, its equipment, the adjacent walks, landscaped areas, drives and parking areas, including janitors, floor waxers, window washers, watchmen, gardeners, sweepers, plow truck drivers, handymen, and engineering/maintenance/facilities personnel.

(c) Notwithstanding the foregoing, Operating Expenses shall not include any net income, franchise, capital stock, estate or inheritance taxes, or taxes that are the personal obligation of Tenant or of another tenant of the Project; any leasing commissions; expenses that relate to preparation of rental space for a tenant; expenses of initial development and construction, including grading, paving, landscaping and decorating (as distinguished from maintenance, repair and replacement of the foregoing); legal expenses relating to other tenants; costs of repairs to the extent reimbursed by payment of insurance proceeds received by Landlord; interest upon loans to Landlord or secured by a mortgage or deed of trust covering the Project or

a portion thereof (provided that interest upon a government assessment or improvement bond payable in installments shall constitute an Operating Expense under Subsection 9.1(a)); salaries of executive officers of Landlord; depreciation claimed by Landlord for tax purposes (provided that this exclusion of depreciation is not intended to delete from Operating Expenses actual costs of repairs and replacements and reasonable reserves in regard thereto that are provided for in Subsection 9.1(b)); taxes that are excluded from Operating Expenses by the last sentence of Subsection 9.1(a); costs or expenses incurred in connection with the financing or sale of the Project or any portion thereof; costs expressly excluded from Operating Expenses elsewhere in this Lease or that are charged to or paid by Tenant under other provisions of this Lease; professional fees and disbursements and other costs and expenses related to the ownership (as opposed to the use, occupancy, operation, maintenance or repair) of the Project; charitable contributions; initial purchase costs of any fine art; and any item that, if included in Operating Expenses, would involve a double collection for such item by Landlord. To the extent that Tenant uses more than Tenant's Pro Rata Share of any item of Operating Expenses, Tenant shall pay Landlord for such excess in addition to Tenant's obligation to pay Tenant's Pro Rata Share of Operating Expenses (such excess, together with Tenant's Pro Rata Share, "Tenant's Adjusted Share").

9.2. Tenant shall pay to Landlord on the first day of each calendar month of the Term, as Additional Rent, (a) the Property Management Fee (as defined below) and (b) Landlord's estimate of Tenant's Adjusted Share of Operating Expenses with respect to the Building and the Project, as applicable, for such month.

(w) The "Property Management Fee" shall equal three percent (3%) of Rent due from Tenant. Tenant shall pay the Property Management Fee (on a monthly basis) in accordance with Section 9.2 with respect to the entire Term, including any extensions thereof or any holdover periods, regardless of whether Tenant is obligated to pay Base Rent, Operating Expenses or any other Rent with respect to any such period or portion thereof. For the first three (3) months of the Term (and any period of occupancy prior to the Term as further described in Section 9.5), the Property Management Fee shall be calculated as if Tenant were paying Thirty-Eight Thousand Three Hundred Sixty-Seven and 45/100 Dollars $38,367.45 per month for Base Rent.

(x) Within ninety (90) days after the conclusion of each calendar year (or such longer period as may be reasonably required by Landlord), Landlord shall furnish to Tenant a statement showing in reasonable detail the actual Operating Expenses, Tenant's Adjusted Share of Operating Expenses, and the cost of providing utilities to the Premises for the previous calendar year ("Landlord's Statement"). Any additional sum due from Tenant to Landlord shall be due and payable within thirty (30) days after receipt of an invoice therefor. If the amounts paid by Tenant pursuant to this Section exceed Tenant's Adjusted Share of Operating Expenses for the previous calendar year, then Landlord shall credit the difference against the Rent next due and owing from Tenant; provided that, if the Lease term has expired, Landlord shall accompany Landlord's Statement with payment for the amount of such difference.

(y) Any amount due under this Section for any period that is less than a full month shall be prorated for such fractional month on the basis of the number of days in the month.

9.3. Landlord may, from time to time, modify Landlord's calculation and allocation procedures for Operating Expenses, so long as such modifications produce Dollar results substantially consistent with Landlord's then-current practice at the Project (and are applied in a substantially consistent manner to all tenants of the Project). Landlord or an affiliate(s) of Landlord currently own other property(ies) adjacent to the Project or its neighboring properties (collectively, "Neighboring Properties"). In connection with Landlord performing services for the Project pursuant to this Lease, similar services may be performed by the same vendor(s) for Neighboring Properties. In such a case, Landlord shall reasonably allocate to each Building and the Project the costs for such services based upon the ratio that the square footage of the Building or the Project (as applicable) bears to the total square footage of all of the Neighboring Properties or buildings within the Neighboring Properties for which the services are performed, unless the scope of the services performed for any building or property (including the Building and the Project) is disproportionately more or less than for others, in which case Landlord shall equitably allocate the costs based on the scope of the services being performed for each building or property (including the Building and the Project).

9.4. [Intentionally omitted.]

9.5. Tenant shall not be responsible for Operating Expenses with respect to any time period prior to the Term Commencement Date; provided, however, that Landlord may annualize certain Operating Expenses incurred prior to the Term Commencement Date over the course of the budgeted year during which the Term Commencement Date occurs, and Tenant shall be responsible for the annualized portion of such Operating Expenses corresponding to the number of days during such year, commencing with the Term Commencement Date, for which Tenant is otherwise liable for Operating Expenses pursuant to this Lease. Tenant's responsibility for Tenant's Adjusted Share of Operating Expenses shall continue to the latest of (a) the date of termination of the Lease, (b) the date Tenant has fully vacated the Premises and (c) if termination of the Lease is due to a default by Tenant, the date of rental commencement of a replacement tenant.

9.6. Operating Expenses for the calendar year in which Tenant's obligation to share therein commences and for the calendar year in which such obligation ceases shall be prorated on a basis reasonably determined by Landlord. Expenses such as taxes, assessments and insurance premiums that are incurred for an extended time period shall be prorated based upon the time periods to which they apply so that the amounts attributed to the Premises relate in a reasonable manner to the time period wherein Tenant has an obligation to share in Operating Expenses.

9.7. Within thirty (30) days after the end of each calendar month, Tenant shall submit to Landlord an invoice, or, in the event an invoice is not available, an itemized list, of all costs and expenses that (a) Tenant has incurred (either internally or by employing third parties) during the prior month and (b) for which Tenant reasonably believes it is entitled to reimbursements from Landlord pursuant to the terms of this Lease or that Tenant reasonably believes is the responsibility of Landlord pursuant to this Lease, Exhibit B or the Work Letter.

9.8. In the event that the Building or Project is less than fully occupied during a calendar year, Tenant acknowledges that Landlord may extrapolate Operating Expenses that vary

depending on the occupancy of the Building or Project, as applicable, to equal Landlord's reasonable estimate of what such Operating Expenses would have been had the Building or Project, as applicable, been ninety-five percent (95%) occupied during such calendar year; provided, however, that Landlord shall not recover more than one hundred percent (100%) of Operating Expenses.

10. Taxes on Tenant's Property.

10.1. Tenant shall be solely responsible for the payment of any and all taxes levied upon (a) personal property and trade fixtures located at the Premises and (b) any gross or net receipts of or sales by Tenant, and shall pay the same at least twenty (20) days prior to delinquency.

10.2. If any such taxes on Tenant's personal property or trade fixtures are levied against Landlord or Landlord's property or, if the assessed valuation of the Building, the Property or the Project is increased by inclusion therein of a value attributable to Tenant's personal property or trade fixtures, and if Landlord, after written notice to Tenant, pays the taxes based upon any such increase in the assessed value of the Building, the Property or the Project, then Tenant shall, upon demand, repay to Landlord the taxes so paid by Landlord; provided that, if Tenant is contesting such levy and such contest is finally determined (beyond all applicable appeal periods) in favor of Tenant, Landlord shall return such amount to Tenant, but only to the extent such amounts are actually received by Landlord from the applicable Governmental Authority.

10.3. If any improvements in or alterations to the Premises, whether owned by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, are assessed for real property tax purposes at a valuation higher than the valuation at which improvements conforming to Landlord's building standards (the "Building Standard") in other spaces in the Building are assessed, then the real property taxes and assessments levied against Landlord or the Building, the Property or the Project by reason of such excess assessed valuation shall be deemed to be taxes levied against personal property of Tenant and shall be governed by the provisions of Section 10.2. Any such excess assessed valuation due to improvements in or alterations to space in the Project leased by other tenants at the Project shall not be included in Operating Expenses. If the records of the applicable governmental assessor's office are available and sufficiently detailed to serve as a basis for determining whether such Tenant improvements or alterations are assessed at a higher valuation than the Building Standard, then such records shall be binding on both Landlord and Tenant.

11. Security Deposit.

11.1. Tenant shall deposit with Landlord on or before the Execution Date the sum set forth in Section 2.6 (the "Security Deposit"), which sum 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 (as defined below) 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. If any portion of the Security Deposit is so used or applied, then Tenant shall, within ten (10) days following demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its original amount, and Tenant's failure to do so shall be a material breach of this Lease. The provisions of this Article shall survive the expiration or earlier termination of this Lease. TENANT HEREBY WAIVES THE REQUIREMENTS OF SECTION 1950.7 OF THE CALIFORNIA CIVIL CODE, AS THE SAME MAY BE AMENDED FROM TIME TO TIME.

11.2. In the event of bankruptcy or other debtor-creditor proceedings against Tenant, the Security Deposit 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.

11.3. Landlord may deliver to any purchaser of Landlord's interest in the Premises the funds deposited hereunder by Tenant, and thereupon Landlord shall be discharged from any further liability with respect to such deposit. This provision shall also apply to any subsequent transfers.

11.4. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, then the Security Deposit, or any balance thereof, shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) within thirty (30) days after the expiration or earlier termination of this Lease.

11.5. If the Security Deposit shall be in cash, Landlord shall hold the Security Deposit 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 Security Deposit, but may intermingle it with other funds of Landlord. Landlord shall be entitled to all interest and/or dividends, if any, accruing on the Security Deposit. Landlord shall not be required to credit Tenant with any interest on the Security Deposit.

11.6. The Security Deposit may be in the form of cash, a letter of credit or any other security instrument acceptable to Landlord in its sole discretion. Tenant may at any time, except when Tenant is in Default (as defined below), deliver a letter of credit (the "L/C Security") as the entire Security Deposit, as follows:

(a) If Tenant elects to deliver L/C Security, then Tenant shall provide Landlord, and maintain in full force and effect throughout the Term and until the date that is four (4) months after the then-current Term Expiration Date (or date of earlier termination), a letter of credit in the form of Exhibit E issued by an issuer reasonably satisfactory to Landlord, in the amount of the Security Deposit, with an initial term of at least one year. Landlord may require the L/C Security to be re-issued by a different issuer at any time during the Term if Landlord reasonably believes that the issuing bank of the L/C Security is or may soon become insolvent; provided, however, Landlord shall return the existing L/C Security to the existing issuer immediately upon receipt of the substitute L/C Security. If any issuer of the L/C Security shall become insolvent or placed into FDIC receivership, then Tenant shall immediately deliver to Landlord (without the requirement of notice from Landlord) substitute L/C Security issued by an issuer reasonably satisfactory to Landlord, and otherwise conforming to the requirements set forth in 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). If, at the Term Expiration Date (or date of earlier termination), any Rent remains uncalculated or unpaid, then (i) Landlord shall with reasonable diligence complete any necessary calculations, (ii) Tenant shall extend the expiry date of such L/C Security from time to time as Landlord reasonably requires and (iii) in such extended period, Landlord shall not unreasonably refuse to consent to an appropriate reduction of the L/C Security. Tenant shall reimburse Landlord's legal costs (as estimated by Landlord's counsel) in handling Landlord's acceptance of L/C Security or its replacement or extension.

(b) If Tenant delivers to Landlord satisfactory L/C Security in place of the entire Security Deposit, Landlord shall remit to Tenant any cash Security Deposit Landlord previously held.

(c) Landlord may draw upon the L/C Security, and hold and apply the proceeds in the same manner and for the same purposes as the Security Deposit, if (i) an uncured Default (as defined below) exists, (ii) as of the date forty-five (45) days before any L/C Security expires (even if such scheduled expiry date is after the Term Expiration Date) 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 earlier of (1) six (6) months after the then-current Term Expiration Date or (2) the date one year after the then-current expiry date of the L/C Security, (iii) the L/C Security provides for automatic renewals, Landlord asks the issuer to confirm the current L/C Security expiry date, and the issuer fails to do so within ten (10) business days, (iv) Tenant fails to pay (when and as Landlord reasonably requires) any bank charges for Landlord's transfer of the L/C Security or (v) 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.

(d) Tenant shall not seek to enjoin, prevent, or otherwise interfere with Landlord's draw under L/C Security, even if it violates this Lease. Tenant acknowledges that the only effect of a wrongful draw would be to substitute a cash Security Deposit for L/C Security, causing Tenant no legally recognizable damage. Landlord shall hold the proceeds of any draw in the same manner and for the same purposes as a cash Security Deposit. In the event of a wrongful draw, the parties shall cooperate to allow Tenant to post replacement L/C Security simultaneously with the return to Tenant of the wrongfully drawn sums, and Landlord shall upon request confirm in writing to the issuer of the L/C Security that Landlord's draw was erroneous.

(e) If Landlord transfers its interest in the Premises, then Tenant shall at Tenant's expense, within five (5) 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.

12. Use.

12.1. Tenant shall use the Premises for the Permitted Use, and shall not use the Premises, or permit or suffer the Premises to be used, for any other purpose without Landlord's prior written consent, which consent Landlord may withhold in its sole and absolute discretion.

12.2. Tenant shall not use or occupy the Premises in violation of Applicable Laws; zoning ordinances; or the certificate of occupancy issued for the Building or the Project, and shall, upon five (5) days' written notice from Landlord, discontinue any use of the Premises that is declared or claimed by any Governmental Authority having jurisdiction to be a violation of any of the above, or that in Landlord's reasonable opinion violates any of the above. Tenant shall comply with any direction of any Governmental Authority having jurisdiction that shall, by reason of the nature of Tenant's use or occupancy of the Premises, impose any duty upon Tenant or Landlord with respect to the Premises or with respect to the use or occupation thereof, and 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, ground lessor or beneficiary (each, a "Lender" and, collectively with Landlord and its affiliates, employees, agents and contractors, the "Landlord Indemnitees") harmless from and against any and all demands, claims, liabilities, losses, costs, expenses, actions, causes of action, damages, suits or judgments, and all reasonable expenses (including reasonable attorneys' fees, charges and disbursements, regardless of whether the applicable demand, claim, action, cause of action or suit is voluntarily withdrawn or dismissed) incurred in investigating or resisting the same (collectively, "Claims") of any kind or nature that arise before, during or after the Term as a result of Tenant's breach of this Section. For the avoidance of doubt, "Lenders" shall also include historic tax credit investors and new market tax credit investors.

12.3. Tenant shall not do or permit to be done anything that will invalidate or increase the cost of any fire, environmental, extended coverage or any other insurance policy covering the Building or the Project, and shall comply with all rules, orders, regulations and requirements of the insurers of the Building and the Project, and Tenant shall promptly, upon demand, reimburse Landlord for any additional premium charged for such policy by reason of Tenant's failure to comply with the provisions of this Article.

12.4. Tenant shall keep all doors opening onto public corridors closed, except when in use for ingress and egress.

12.5. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by Tenant, nor shall any changes be made to existing locks or the mechanisms thereof without Landlord's prior written consent. Tenant shall, upon termination of this Lease, return to Landlord all keys to offices and restrooms either furnished to or otherwise procured by Tenant. In the event any key so furnished to Tenant is lost, Tenant shall pay to Landlord the cost of replacing the same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such change.

12.6. No awnings or other projections shall be attached to any outside wall of the Building. 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's standard window

coverings. Neither the interior nor exterior of any windows shall be coated or otherwise sunscreened without Landlord's prior written consent (which shall not be unreasonably withheld, conditioned or delayed), nor shall any bottles, parcels or other articles be placed on the windowsills or items attached to windows that are visible from outside the Premises. No equipment, furniture or other items of personal property shall be placed on any exterior balcony without Landlord's prior written consent (which shall not be unreasonably withheld, conditioned or delayed).

12.7. No sign, advertisement or notice ("Signage") shall be exhibited, painted or affixed by Tenant on any part of the Premises or the Building without Landlord's prior written consent. Signage shall conform to Landlord's design criteria. For any Signage, Tenant shall, at Tenant's own cost and expense, (a) acquire all permits for such Signage in compliance with Applicable Laws and (b) design, fabricate, install and maintain such Signage in a first-class condition. Tenant shall be responsible for reimbursing Landlord for costs incurred by Landlord in removing any of Tenant's Signage upon the expiration or earlier termination of the Lease. Interior signs on entry doors to the Premises and the directory tablet shall be inscribed, painted or affixed for Tenant by Landlord at Tenant's sole cost and expense, and shall be of a size, color and type and be located in a place acceptable to Landlord. The directory tablet shall be provided exclusively for the display of the name and location of tenants only. Tenant shall not place anything on the exterior of the corridor walls or corridor doors other than Landlord's standard lettering. At Landlord's option, Landlord may install any Tenant Signage, and Tenant shall pay all costs associated with such installation within thirty (30) days after demand therefor.

12.8. Tenant may only place equipment within the Premises with floor loading consistent with the Building's structural design unless Tenant obtains Landlord's prior written approval. Tenant may place such equipment only in a location designed to carry the weight of such equipment.

12.9. 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 Area or other offices in the Project.

12.10. Tenant shall not (a) do or permit anything to be done in or about the Premises that shall in any way obstruct or interfere with the rights of other tenants or occupants of the Project, or injure or unreasonably annoy them, (b) use or allow the Premises to be used for immoral, unlawful or objectionable purposes, (c) cause, maintain or permit any nuisance or waste in, on or about the Project or (d) take any other action that would in Landlord's reasonable determination in any manner adversely affect other tenants' quiet use and enjoyment of their space or adversely impact their ability to conduct business in a professional and suitable work environment. Notwithstanding anything in this Lease to the contrary, Tenant may not install any security systems (including cameras) outside the Premises or that record sounds or images outside the Premises without Landlord's prior written consent, which Landlord may withhold in its sole and absolute discretion.

12.11. Notwithstanding any other provision herein to the contrary, Tenant shall be responsible for all liabilities, costs and expenses arising out of or in connection with the compliance of the Premises with the Americans with Disabilities Act, 42 U.S.C. § 12101, et seq.,

and any state and local accessibility laws, codes, ordinances and rules (collectively, and together with regulations promulgated pursuant thereto, the "ADA"), and Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against Claims arising out of any such failure of the Premises to comply with the ADA. The Premises have not undergone inspection by a Certified Access Specialist (as defined in California Civil Code Section 55.52). As of the Execution Date, to Landlord's actual knowledge, and without any duty to investigate, Landlord is not aware of any ADA violations within the Premises. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

12.12. Tenant shall maintain temperature and humidity in any server room within the Premises in which a supplemental cooling system is installed in accordance with ASHRAE standards at all times.

13. Rules and Regulations, CC&Rs, Parking Facilities and Common Area.

13.1. Tenant shall have the non-exclusive right, in common with others, to use the Common Area in conjunction with Tenant's use of the Premises for the Permitted Use, and such use of the Common Area and Tenant's use of the Premises shall be subject to the rules and regulations adopted by Landlord and attached hereto as Exhibit F, together with such other reasonable and nondiscriminatory rules and regulations as are hereafter promulgated by Landlord in its sole and absolute discretion (the "Rules and Regulations"). Tenant shall and shall ensure that its contractors, subcontractors, employees, subtenants and invitees faithfully observe and comply with the Rules and Regulations. Landlord shall not be responsible to Tenant for the violation or non-performance by any other tenant or any agent, employee or invitee thereof of any of the Rules and Regulations.

13.2. This Lease is subject to any recorded covenants, conditions or restrictions on the Project or Property, as the same may be amended, amended and restated, supplemented or otherwise modified from time to time (the "CC&Rs").

13.3. Tenant shall have a non-exclusive, irrevocable license to use Tenant's Pro Rata Share of parking facilities serving the Building in common on an unreserved basis with other tenants of the Building during the Term at no additional cost.

13.4. Tenant agrees not to unreasonably overburden the parking facilities and agrees to cooperate with Landlord and other tenants in the use of the parking facilities. Landlord reserves the right to determine that parking facilities are becoming overcrowded and to reasonably limit Tenant's use thereof. Upon such determination, Landlord may reasonably allocate parking spaces among Tenant and other tenants of the Building or the Project. Nothing in this Section, however, is intended to create an affirmative duty on Landlord's part to monitor parking.

13.5. Subject to the terms of this Lease including the Rules and Regulations and the rights of other tenants of the Building, Tenant shall have the non-exclusive right to access the freight loading dock, at no additional cost.

14. Project Control by Landlord.

14.1. 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 easements 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, entrances and landscaping; provided, however, that such rights shall be exercised in a way that does not materially adversely affect Tenant's beneficial use and occupancy of the Premises, including the Permitted Use and Tenant's access to the Premises. 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.

14.2. Possession of areas of the Premises necessary for utilities, services, safety and operation of the Building is reserved to Landlord.

14.3. Tenant shall, at Landlord's request, promptly execute such further documents as may be reasonably appropriate to assist Landlord in the performance of its obligations hereunder; provided that Tenant need not execute any document that creates additional liability for Tenant, materially changes the size or location of the Premises (except as otherwise permitted under this Lease) or that deprives Tenant of the quiet enjoyment and use of the Premises as provided for in this Lease.

14.4. Landlord may, at any and all reasonable times during non-business hours (or during business hours, if (a) with respect to Subsections 14.4(u) through 14.4(y), Tenant so requests, and (b) with respect to Subsection 14.4(z), if Landlord so requests), and upon forty eight (48) hours' prior notice (which may be oral or by email to the office manager or other Tenant-designated individual at the Premises; but provided that no time restrictions shall apply or advance notice be required if an emergency necessitates immediate entry), enter the Premises to (u) inspect the same and to determine whether Tenant is in compliance with its obligations hereunder, (v) supply any service Landlord is required to provide hereunder, (w) alter, improve or repair any portion of the Building other than the Premises for which access to the Premises is reasonably necessary, (x) post notices of nonresponsibility, (y) access the telephone equipment, electrical substation and fire risers and (z) show the Premises to prospective tenants during the final year of the Term and current and prospective purchasers and lenders at any time. In connection with any such alteration, improvement or repair as described in Subsection 14.4(w), Landlord may erect in the Premises or elsewhere in the Project scaffolding and other structures reasonably required for the alteration, improvement or repair work to be performed. In no event shall Tenant's Rent abate as a result of Landlord's activities pursuant to this Section; provided,

however, that all such activities shall be conducted in such a manner so as to cause as little interference to Tenant as is reasonably possible. Landlord shall at all times retain a key with which to unlock all of the doors in the Premises. If an emergency necessitates immediate access to the Premises, Landlord may use whatever force is necessary to enter the Premises, and any such entry to the Premises shall not constitute a forcible or unlawful entry to the Premises, a detainer of the Premises, or an eviction of Tenant from the Premises or any portion thereof.

15. Quiet Enjoyment. Landlord covenants that Tenant, upon paying the Rent and performing its obligations contained in this Lease, may peacefully and quietly have, hold and enjoy the Premises, free from any claim by Landlord or persons claiming under Landlord, but subject to all of the terms and provisions hereof, provisions of Applicable Laws and rights of record to which this Lease is or may become subordinate. This covenant is in lieu of any other quiet enjoyment covenant, either express or implied.

16. Utilities and Services.

16.1. Tenant shall pay for all water (including the cost to service, repair and replace reverse osmosis, de-ionized and other treated water), gas, heat, light, power, telephone, internet service, cable television, other telecommunications and other utilities supplied to the Premises, together with any fees, surcharges and taxes thereon. If any such utility is not separately metered to Tenant, Tenant shall pay Tenant's Adjusted 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 purchasing, installing and monitoring such metering equipment, which cost shall be paid by Tenant as Additional Rent. Landlord may base its bills for utilities on reasonable estimates; provided that Landlord adjusts such billings promptly thereafter or as part of the next Landlord's Statement to reflect the actual cost of providing utilities to the Premises. To the extent that Tenant uses more than Tenant's Pro Rata Share of any utilities, then Tenant shall pay Landlord for Tenant's Adjusted Share of such utilities to reflect such excess. In the event that the Building or Project is less than fully occupied during a calendar year, Tenant acknowledges that Landlord may extrapolate utility usage that varies depending on the occupancy of the Building or Project (as applicable) to equal Landlord's reasonable estimate of what such utility usage would have been had the Building or Project, as applicable, been ninety-five percent (95%) occupied during such calendar year; provided, however, that Landlord shall not recover more than one hundred percent (100%) of the cost of such utilities. Tenant shall not be liable for the cost of utilities supplied to the Premises attributable to the time period prior to the Term Commencement Date; provided, however, that, if Landlord shall permit Tenant possession of the Premises prior to the Term Commencement Date and Tenant uses the Premises for any purpose other than as expressly permitted in Section 4.3, then Tenant shall be responsible for the cost of utilities supplied to the Premises from such earlier date of possession.

16.2. Landlord shall not be liable for, nor shall any eviction of Tenant result from, the failure to furnish any utility or service, whether or not such failure is caused by accidents; breakage; casualties (to the extent not caused by the party claiming Force Majeure); Severe Weather Conditions (as defined below); physical natural disasters (but excluding weather conditions that are not Severe Weather Conditions); strikes, lockouts or other labor disturbances or labor disputes (other than labor disturbances and labor disputes resulting solely from the acts

or omissions of the party claiming Force Majeure); acts of terrorism; riots or civil disturbances; wars or insurrections; shortages of materials (which shortages are not unique to the party claiming Force Majeure); government regulations, moratoria or other governmental actions, inactions or delays; failures by third parties to deliver gas, oil or another suitable fuel supply, or inability of the party claiming Force Majeure, by exercise of reasonable diligence, to obtain gas, oil or another suitable fuel; or other causes beyond the reasonable control of the party claiming that Force Majeure has occurred (collectively, "Force Majeure"); or, to the extent permitted by Applicable Laws, Landlord's negligence (other than Landlord's gross negligence). In the event of such failure, Tenant shall not be entitled to termination of this Lease or any abatement or reduction of Rent, nor shall Tenant be relieved from the operation of any covenant or agreement of this Lease. "Severe Weather Conditions" means weather conditions that are materially worse than those that reasonably would be anticipated for the Property at the applicable time based on historic meteorological records.

16.3. Tenant shall pay for, prior to delinquency of payment therefor, any utilities and services that may be furnished to the Premises during or, if Tenant occupies the Premises after the expiration or earlier termination of the Term, after the Term, beyond those utilities provided by Landlord, including telephone, internet service, cable television and other telecommunications, together with any fees, surcharges and taxes thereon. Upon Landlord's demand, utilities and services provided to the Premises that are separately metered shall be paid by Tenant directly to the supplier of such utilities or services.

16.4. Tenant shall not, without Landlord's prior written consent, use any device in the Premises (including data processing machines) that will in any way (a) increase the amount of ventilation, air exchange, gas, steam, electricity or water required or consumed in the Premises based upon Tenant's Pro Rata Share of the Building or Project (as applicable) beyond the existing capacity of the Building or the Project usually furnished or supplied for the Permitted Use or (b) exceed Tenant's Pro Rata Share of the Building's or Project's (as applicable) capacity to provide such utilities or services.

16.5. If Tenant shall require utilities or services in excess of those usually furnished or supplied for tenants in similar spaces in the Building or the Project by reason of Tenant's equipment or extended hours of business operations, then Tenant shall first procure Landlord's consent for the use thereof, which consent Landlord may condition upon the availability of such excess utilities or services, and Tenant shall pay as Additional Rent an amount equal to the cost of providing such excess utilities and services.

16.6. Landlord shall provide water in Common Area for lavatory and landscaping purposes only, which water shall be from the local municipal or similar source; provided, however, that if Landlord determines that Tenant requires, uses or consumes water provided to the Common Area for any purpose other than ordinary lavatory purposes, Landlord may install a water meter ("Tenant Water Meter") and thereby measure Tenant's water consumption for all purposes. Tenant shall pay Landlord for the costs of any Tenant Water Meter and the installation and maintenance thereof during the Term. If Landlord installs a Tenant Water Meter, Tenant shall pay for water consumed, as shown on such meter, as and when bills are rendered (provided that, Tenant shall not be required to pay for any such water consumed by another tenant at the Project). If Tenant fails to timely make such payments, Landlord may pay such charges and

collect the same from Tenant. Any such costs or expenses incurred or payments made by Landlord for any of the reasons or purposes stated in this Section shall be deemed to be Additional Rent payable by Tenant and collectible by Landlord as such.

16.7. Landlord reserves the right to stop service of the elevator, plumbing, ventilation, air conditioning and utility systems, when Landlord deems necessary or desirable, due to accident, emergency or the need to make repairs, alterations or improvements, until such repairs, alterations or improvements shall have been completed, and Landlord shall further have no responsibility or liability for failure to supply elevator facilities, plumbing, ventilation, air conditioning or utility service when prevented from doing so by Force Majeure or, to the extent permitted by Applicable Laws, Landlord's negligence (other than Landlord's gross negligence). 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, to the extent permitted by Applicable Laws, Landlord's negligence (other than Landlord's gross negligence).

16.8. As of the Execution Date, there is one (1) back-up generator connected to the Premises' emergency electrical panel (the "Generator"). Tenant shall be entitled to use up to its proportionate share (after deducting any power from the Generator required for the Common Area) of power from the Generator on a non-exclusive basis with other tenants in the Building. The cost of maintaining, repairing and replacing the Generator shall constitute Operating Expenses. Landlord expressly disclaims any warranties with regard to the Generator or the installation thereof, including any warranty of merchantability or fitness for a particular purpose. Landlord shall maintain the Generator in good working condition, but shall not be liable for any failure to make any repairs or to perform any maintenance that is an obligation of Landlord unless such failure shall persist for an unreasonable time after Tenant provides Landlord with written notice of the need for such repairs or maintenance. The provisions of Section 16.2 of this Lease shall apply to the Generator.

16.9. For the Premises, Landlord shall (a) maintain and operate the HVAC systems (but excluding any supplemental cooling system installed with respect to any server room in the Premises) used for the Permitted Use only ("Base HVAC") and (b) subject to Subsection 16.9(a), furnish HVAC as reasonably required (except as this Lease otherwise provides) for reasonably comfortable occupancy of the Premises twenty-four (24) hours a day, every day during the Term, subject to casualty, eminent domain or as otherwise specified in this Article. Notwithstanding anything to the contrary in this Section, Landlord shall have no liability, and Tenant shall have no right or remedy, on account of any interruption or impairment in HVAC services; provided that Landlord diligently endeavors to cure any such interruption or impairment.

16.10. For any utilities serving the Premises for which Tenant is billed directly by such utility provider, Tenant agrees to furnish to Landlord (a) within thirty (30) days after Landlord's request (which request therefor shall not be made more than four (4) times in any calendar year during the Term), any invoices or statements for such utilities and any other utility usage information reasonably requested by Landlord and (b) within thirty (30) days after each calendar year during the Term, authorization to allow Landlord to access Tenant's usage information

necessary for Landlord to complete an ENERGY STAR® Statement of Performance (or similar comprehensive utility usage report (e.g., related to Labs 21), if requested by Landlord) and any other information reasonably requested by Landlord for the immediately preceding year; and Tenant shall comply with any other energy usage or consumption requirements required by Applicable Laws. 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 period of time as may be requested by Landlord. Tenant acknowledges that any utility information for the Premises, the Building and the Project may be shared with third parties, including Landlord's consultants and Governmental Authorities. In the event that Tenant fails to comply with this Section, Tenant hereby authorizes Landlord to collect utility usage information directly from the applicable utility providers, and, in the event Tenant fails to comply with this Section within ten (10) days after written notice from Landlord, Tenant shall pay Landlord a fee of Five Hundred Dollars ($500) per month to collect such utility usage information. In addition to the foregoing, Tenant shall comply with all Applicable Laws related to the disclosure and tracking of energy consumption at the Premises. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

17. Alterations.

17.1. Tenant shall make no alterations, additions or improvements other than the Tenant Improvements in or to the Premises or engage in any construction, demolition, reconstruction, renovation or other work (whether major or minor) of any kind in, at or serving the Premises ("Alterations") without Landlord's prior written approval, which approval Landlord shall not unreasonably withhold; provided, however, that, in the event any proposed Alteration affects (a) any structural portions of the Building, including exterior walls, the roof, the foundation or slab, foundation or slab systems (including barriers and subslab systems) or the core of the Building, (b) the exterior of the Building or (c) any Building systems, including elevator, plumbing, HVAC, electrical, security, life safety and power, then Landlord may withhold its approval in its sole and absolute discretion. Tenant shall, in making any Alterations, use only those architects, contractors, suppliers and mechanics of which Landlord has given prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed. In seeking Landlord's approval, Tenant shall provide Landlord, at least thirty (30) days in advance of any proposed construction, with plans, specifications, bid proposals, certified stamped engineering drawings and calculations by Tenant's engineer of record or architect of record (including connections to the Building's structural system, modifications to the Building's envelope, non-structural penetrations in slabs or walls, and modifications or tie-ins to life safety systems), work contracts, requests for laydown areas and such other information concerning the nature and cost of the Alterations as Landlord may reasonably request. In no event shall Tenant use or Landlord be required to approve any architects, consultants, contractors, subcontractors or material suppliers that Landlord reasonably believes could cause labor disharmony or may not have sufficient experience, in Landlord's reasonable opinion, to perform work in an occupied Class "A" laboratory research building and in tenant-occupied lab areas.

17.2. Tenant shall not construct or permit to be constructed partitions or other obstructions that might interfere with free access to mechanical installation or service facilities of the Building or with other tenants' components located within the Building, or interfere with the moving of Landlord's equipment to or from the enclosures containing such installations or facilities.

17.3. Tenant shall accomplish any work performed on the Premises or the Building in such a manner as to permit any life safety systems to remain fully operable at all times.

17.4. Any work performed on the Premises, the Building or the Project by Tenant or Tenant's contractors shall be done at such times and in such manner as Landlord may from time to time designate. Tenant covenants and agrees that all work done by Tenant or Tenant's contractors shall be performed in full compliance with Applicable Laws. Within thirty (30) days after completion of any Alterations, Tenant shall provide Landlord with complete "as built" drawing print sets and electronic CADD files on disc (or files in such other current format in common use as Landlord reasonably approves or requires) showing any changes in the Premises, as well as a commissioning report prepared by a licensed, qualified commissioning agent hired by Tenant and approved by Landlord for all new or affected mechanical, electrical and plumbing systems. Any such "as built" plans shall show the applicable Alterations as an overlay on the Building as-built plans; provided that Landlord provides the Building "as built" plans to Tenant.

17.5. Before commencing any Alterations, Tenant shall (a) give Landlord at least thirty (30) days' prior written notice of the proposed commencement of such work and the names and addresses of the persons supply labor or materials therefor so that Landlord may enter the Premises to post and keep posted thereon and therein notices or to take any further action that Landlord may reasonably deem proper for the protection of Landlord's interest in the Project and (b) shall, if required by Landlord, secure, at Tenant's own cost and expense, a completion and lien indemnity bond satisfactory to Landlord for such work.

17.6. Tenant shall repair any damage to the Premises caused by Tenant's removal of any property from the Premises. During any such restoration period, Tenant shall pay Rent to Landlord as provided herein as if such space were otherwise occupied by Tenant. The provisions of this Section shall survive the expiration or earlier termination of this Lease.

17.7. The Premises plus any Alterations; Signage; Landlord Work; Tenant Improvements; attached equipment, decorations, fixtures and trade fixtures; movable laboratory casework and related appliances; and other additions and improvements attached to or built into the Premises made by either of the parties (including all floor and wall coverings; paneling; sinks and related plumbing fixtures; laboratory benches; exterior venting fume hoods; walk-in freezers and refrigerators; ductwork; conduits; electrical panels and circuits; attached machinery and equipment; and built-in furniture and cabinets, in each case, together with all additions and accessories thereto), shall (unless, prior to such construction or installation, Landlord elects otherwise in writing) at all times remain the property of Landlord, shall remain in the Premises and shall (unless, prior to construction or installation thereof, Landlord elects otherwise in writing) be surrendered to Landlord upon the expiration or earlier termination of this Lease. For the avoidance of doubt, the items listed on Exhibit H attached hereto (which Exhibit H may be updated by Tenant from and after the Term Commencement Date, subject to Landlord's written consent) constitute Tenant's property and shall be removed by Tenant upon the expiration or earlier termination of the Lease.

17.8. Notwithstanding any other provision of this Article to the contrary, in no event shall Tenant remove any improvement from the Premises as to which Landlord contributed payment, including the Landlord Work and the Tenant Improvements, without Landlord's prior written consent, which consent Landlord may withhold in its sole and absolute discretion.

17.9. If Tenant shall fail to remove any of its property from the Premises prior to the expiration or earlier termination of this Lease, then Landlord may, at its option, remove the same in any manner that Landlord shall choose and store such effects without liability to Tenant for loss thereof or damage thereto, and Tenant shall pay Landlord, upon demand, any costs and expenses incurred due to such removal and storage or Landlord may, at its sole option and without notice to Tenant, sell such property or any portion thereof at private sale and without legal process for such price as Landlord may obtain and apply the proceeds of such sale against any (a) amounts due by Tenant to Landlord under this Lease and (b) any expenses incident to the removal, storage and sale of such personal property.

17.10. Tenant shall pay to Landlord an amount equal to three percent (3%) of the cost to Tenant of all Alterations to cover Landlord's overhead and expenses for plan review, engineering review, coordination, scheduling and supervision thereof. For purposes of payment of such sum, Tenant shall submit to Landlord copies of all bills, invoices and statements covering the costs of such charges, accompanied by payment to Landlord of the fee set forth in this Section. Tenant shall reimburse Landlord for any extra expenses incurred by Landlord by reason of faulty work done by Tenant or its contractors, or by reason of delays caused by such work, or by reason of inadequate clean-up.

17.11. Within sixty (60) days after final completion of the Tenant Improvements or any Alterations performed by Tenant with respect to the Premises, Tenant shall submit to Landlord documentation showing the amounts expended by Tenant with respect to such Tenant Improvements and Alterations, together with supporting documentation reasonably acceptable to Landlord.

17.12. Tenant shall take, and shall cause its contractors to take, commercially reasonable steps to protect the Premises during the performance of any Alterations, including covering or temporarily removing any window coverings so as to guard against dust, debris or damage.

17.13. Tenant shall require its contractors and subcontractors performing work on the Premises to name Landlord and its affiliates and Lenders as additional insureds on their respective insurance policies.

18. Repairs and Maintenance.

18.1. Landlord shall repair and maintain the structural and exterior portions and Common Area of the Building and the Project, including roofing and covering materials; foundations (excluding any architectural slabs, but including any structural slabs); exterior walls; plumbing; fire sprinkler systems (if any); HVAC systems (but excluding any supplemental cooling system installed with respect to any server room in the Premises); elevators; and electrical systems installed or furnished by Landlord outside the Premises.

18.2. Except for services of Landlord, if any, required by Section 18.1, Tenant shall at Tenant's sole cost and expense maintain and keep the Premises and every part thereof in good condition and repair, damage thereto from ordinary wear and tear excepted, and shall, within ten (10) business days after receipt of written notice from Landlord, provide to Landlord any maintenance records that Landlord reasonably requests to the extent within Tenant's possession or control or otherwise reasonably attainable by Tenant. Tenant shall, upon the expiration or sooner termination of the Term, surrender the Premises to Landlord in as good a condition as when received, ordinary wear and tear excepted and with the Tenant Improvements and the Landlord Work in substantially the same condition as existed on the applicable date(s) of Substantial Completion of such work, ordinary wear and tear excepted; and shall, at Landlord's request and Tenant's sole cost and expense, remove all telephone and data systems, wiring and equipment from the Premises, and repair any damage to the Premises caused thereby. Landlord shall have no obligation to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof, other than pursuant to the terms and provisions of the Work Letter and as described in Exhibit B.

18.3. Landlord shall not be liable for any failure to make any repairs or to perform any maintenance that is Landlord's obligation pursuant to this Lease unless such failure shall persist for an unreasonable time after Tenant provides Landlord with written notice of the need of such repairs or maintenance and, after such unreasonable time, Landlord is not diligently pursuing such repair(s). Tenant waives its rights under Applicable Laws now or hereafter in effect to make repairs at Landlord's expense.

18.4. If any excavation shall be made upon land adjacent to or under the Building, or shall be authorized to be made, Tenant shall, upon forty-eight (48) hours' prior notice (which may be oral or by email to the office manager or other Tenant-designated individual at the Premises; but provided that no time restrictions shall apply or advance notice be required if an emergency necessitates immediate entry), afford to the person causing or authorized to cause such excavation, license to enter the Premises for the purpose of performing such work as such person shall deem necessary or desirable to preserve and protect the Building from injury or damage and to support the same by proper foundations, without any claim for damages or liability against Landlord and without reducing or otherwise affecting Tenant's obligations under this Lease.

18.5. This Article relates to repairs and maintenance arising in the ordinary course of operation of the Building and the Project. In the event of a casualty described in Article 24, Article 24 shall apply in lieu of this Article. In the event of eminent domain, Article 25 shall apply in lieu of this Article.

18.6. Costs incurred by Landlord pursuant to this Article shall constitute Operating Expenses.

19. Liens.

19.1. Subject to the immediately succeeding sentence, Tenant shall keep the Premises, the Building and the Project free from any liens arising out of work or services performed, materials furnished to or obligations incurred by Tenant. Tenant further covenants and agrees that any mechanic's or materialman's lien filed against the Premises, the Building or the Project

for work or services claimed to have been done for, or materials claimed to have been furnished to, or obligations incurred by Tenant shall be discharged or bonded by Tenant within ten (10) business days after the filing thereof, at Tenant's sole cost and expense. Notwithstanding the foregoing, Tenant shall not be responsible for mechanic's or materialman's liens in connection with any Landlord Work or Tenant Improvements performed by Landlord in accordance with a contract executed by Landlord.

19.2. Should Tenant fail to discharge or bond against any lien of the nature described in Section 19.1, Landlord may, at Landlord's election, pay such claim or post a statutory lien bond or otherwise provide security to eliminate the lien as a claim against title, and Tenant shall immediately reimburse Landlord for the costs thereof as Additional Rent. Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against any Claims arising from any such liens, including any administrative, court or other legal proceedings related to such liens.

19.3. In the event that Tenant leases or finances the acquisition of office equipment, furnishings or other personal property of a removable nature utilized by Tenant in the operation of Tenant's business, Tenant warrants that any Uniform Commercial Code financing statement shall, upon its face or by exhibit thereto, indicate that such financing statement is applicable only to removable personal property of Tenant located within the Premises. In no event shall the address of the Premises, the Building or the Project be furnished on a financing statement without qualifying language as to applicability of the lien only to removable personal property located in an identified suite leased by Tenant. Should any holder of a financing statement record or place of record a financing statement that appears to constitute a lien against any interest of Landlord or against equipment that may be located other than within an identified suite leased by Tenant, Tenant shall, within ten (10) days after filing such financing statement, cause (a) a copy of the lender security agreement or other documents to which the financing statement pertains to be furnished to Landlord to facilitate Landlord's ability to demonstrate that the lien of such financing statement is not applicable to Landlord's interest and (b) Tenant's lender to amend such financing statement and any other documents of record to clarify that any liens imposed thereby are not applicable to any interest of Landlord in the Premises, the Building or the Project.

20. Estoppel Certificate. Tenant shall, within ten business (10) days after receipt of written notice from Landlord, execute, acknowledge and deliver a statement in writing substantially in the form attached to this Lease as Exhibit I, or on any other form reasonably requested by a current or proposed Lender or encumbrancer or proposed purchaser, (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the dates to which rental and other charges are paid in advance, if any, (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed, and (c) setting forth such further information with respect to this Lease or the Premises as may be requested thereon. Any such statements may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the Property. Tenant's failure to deliver any such statement within such the prescribed time shall, at Landlord's option, constitute a Default (as defined below) under this Lease, and, in any event, shall be binding upon

Tenant that the Lease is in full force and effect and without modification except as may be represented by Landlord in any certificate prepared by Landlord and delivered to Tenant for execution.

21. Hazardous Materials.

21.1. Tenant shall not cause or permit any Hazardous Materials (as defined below) to be brought upon, kept or used in or about the Premises, the Building or the Project in violation of Applicable Laws by Tenant or any of its employees, agents, contractors or invitees (collectively with Tenant, each a "Tenant Party"). If (a) Tenant breaches such obligation, (b) the presence of Hazardous Materials as a result of such a breach results in contamination of the Project, any portion thereof, or any adjacent property, (c) contamination of the Premises otherwise occurs during the Term or any extension or renewal hereof or holding over hereunder or (d) contamination of the Project occurs as a result of Hazardous Materials that are placed on or under or are released into the Project by a Tenant Party, then Tenant shall indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against any and all Claims of any kind or nature, including (w) diminution in value of the Project or any portion thereof, (x) damages for the loss or restriction on use of rentable or usable space or of any amenity of the Project, (y) damages arising from any adverse impact on marketing of space in the Project or any portion thereof and (z) sums paid in settlement of Claims that arise before, during or after the Term as a result of such breach or contamination. This indemnification by Tenant includes costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work required by any Governmental Authority because of Hazardous Materials present in the air, soil or groundwater above, on, under or about the Project. Without limiting the foregoing, if the presence of any Hazardous Materials in, on, under or about the Project, any portion thereof or any adjacent property caused or permitted by any Tenant Party results in any contamination of the Project, any portion thereof or any adjacent property, then Tenant shall promptly take all actions at its sole cost and expense as are necessary to return the Project, any portion thereof or any adjacent property to its respective condition existing prior to the time of such contamination; provided that Landlord's written approval of such action shall first be obtained, which approval Landlord shall not unreasonably withhold; and provided, further, that it shall be reasonable for Landlord to withhold its consent if such actions could have a material adverse long-term or short-term effect on the Project, any portion thereof or any adjacent property. Tenant's obligations under this Section shall not be affected, reduced or limited by any limitation on the amount or type of damages, compensation or benefits payable by or for Tenant under workers' compensation acts, disability benefit acts, employee benefit acts or similar legislation.

21.2. Landlord acknowledges that it is not the intent of this Article to prohibit Tenant from operating its business for the Permitted Use. Tenant may operate its business according to the custom of Tenant's industry so long as the use or presence of Hazardous Materials is strictly and properly monitored in accordance with Applicable Laws. As a material inducement to Landlord to allow Tenant to use Hazardous Materials in connection with its business, Tenant agrees to deliver to Landlord (a) a list identifying each type of Hazardous Material to be present at the Premises that is subject to regulation under any environmental Applicable Laws in the form of a Tier II form pursuant to Section 312 of the Emergency Planning and Community

Right-to-Know Act of 1986 (or any successor statute) or any other form reasonably requested by Landlord, (b) a list of any and all approvals or permits from Governmental Authorities required in connection with the presence of such Hazardous Material at the Premises and (c) correct and complete copies of (i) notices of violations of Applicable Laws related to Hazardous Materials and (ii) plans relating to the installation of any storage tanks to be installed in, on, under or about the Project (provided that installation of storage tanks shall only be permitted after Landlord has given Tenant its written consent to do so, which consent Landlord may withhold in its sole and absolute discretion) and closure plans or any other documents required by any and all Governmental Authorities for any storage tanks installed in, on, under or about the Project for the closure of any such storage tanks (collectively, "Hazardous Materials Documents"). Tenant shall deliver to Landlord updated Hazardous Materials Documents, within fourteen (14) days after receipt of a written request therefor from Landlord, not more often than once per year, unless (m) there are any changes to the Hazardous Materials Documents or (n) Tenant initiates any Alterations or changes its business, in either case in a way that involves any material increase in the types or amounts of Hazardous Materials. For each type of Hazardous Material listed, the Hazardous Materials Documents shall include (t) the chemical name, (u) the material state (e.g., solid, liquid, gas or cryogen), (v) the concentration, (w) the storage amount and storage condition (e.g., in cabinets or not in cabinets), (x) the use amount and use condition (e.g., open use or closed use), (y) the location (e.g., room number or other identification) and (z) if known, the chemical abstract service number. Notwithstanding anything in this Section to the contrary, Tenant shall not be required to provide Landlord with any documents containing information of a proprietary nature, unless such documents contain a reference to Hazardous Materials or activities related to Hazardous Materials. Landlord may, at Landlord's expense, cause the Hazardous Materials Documents to be reviewed by a person or firm qualified to analyze Hazardous Materials to confirm compliance with the provisions of this Lease and with Applicable Laws. In the event that a review of the Hazardous Materials Documents indicates non-compliance with this Lease or Applicable Laws, Tenant shall, at its expense, diligently take steps to bring its storage and use of Hazardous Materials into compliance. Notwithstanding anything in this Lease to the contrary or Landlord's review into Tenant's Hazardous Materials Documents or use or disposal of hazardous materials, however, Landlord shall not have and expressly disclaims any liability related to Tenant's or other tenants' use or disposal of Hazardous Materials, it being acknowledged by Tenant that Tenant is best suited to evaluate the safety and efficacy of its Hazardous Materials usage and procedures.

21.3. Tenant represents and warrants to Landlord that is not nor has it been, in connection with the use, disposal or storage of Hazardous Materials, (a) subject to a material enforcement order issued by any Governmental Authority or (b) required to take any remedial action.

21.4. At any time, and from time to time, prior to the expiration of the Term, Landlord shall have the right to conduct appropriate tests of the Project or any portion thereof to demonstrate that Hazardous Materials are present or that contamination has occurred due to the acts or omissions of a Tenant Party. Tenant shall pay all reasonable costs of such tests if such tests reveal that Hazardous Materials (for which Tenant is responsible for under this Lease) exist at the Project in violation of this Lease.

21.5. If underground or other storage tanks storing Hazardous Materials installed or utilized by Tenant are located on the Premises, or are hereafter placed on the Premises by Tenant (or by any other party, if such storage tanks are utilized by Tenant), then Tenant shall monitor the storage tanks, maintain appropriate records, implement reporting procedures, properly close any underground storage tanks, and take or cause to be taken all other steps necessary or required under the Applicable Laws. Tenant shall have no responsibility or liability for underground or other storage tanks installed by anyone other than Tenant unless Tenant utilizes such tanks, in which case Tenant's responsibility for such tanks shall be as set forth in this Section.

21.6. Tenant shall promptly report to Landlord any actual or suspected presence of mold or water intrusion at the Premises.

21.7. Tenant's obligations under this Article shall survive the expiration or earlier termination of the Lease. During any period of time needed by Tenant or Landlord after the termination of this Lease to complete the removal from the Premises of any such Hazardous Materials, Tenant shall be deemed a holdover tenant and subject to the provisions of Article 27.

21.8. As used herein, the term "Hazardous Material" means any toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous substance, material or waste that is or becomes regulated by Applicable Laws or any Governmental Authority.

21.9. Notwithstanding anything to the contrary in this Lease, Landlord shall have sole control over the equitable allocation of fire control areas (as defined in the Uniform Building Code as adopted by the city or municipality(ies) in which the Project is located (the "UBC")) within the Project for the storage of Hazardous Materials. Notwithstanding anything to the contrary in this Lease, the quantity of Hazardous Materials allowed by this Section is specific to Tenant and shall not run with the Lease in the event of a Transfer (as defined in Article 29). In the event of a Transfer, if the use of Hazardous Materials by such new tenant ("New Tenant") is such that New Tenant utilizes fire control areas in the Project in excess of New Tenant's Pro Rata Share of the Building or the Project, as applicable, then New Tenant shall, at its sole cost and expense and upon Landlord's written request, establish and maintain a separate area of the Premises classified by the UBC as an "H" occupancy area for the use and storage of Hazardous Materials, or take such other action as is necessary to ensure that its share of the fire control areas of the Building and the Project is not greater than New Tenant's Pro Rata Share of the Building or the Project, as applicable. Notwithstanding anything in this Lease to the contrary, Landlord shall not have and expressly disclaims any liability related to Tenant's or other tenants' use or disposal of fire control areas, it being acknowledged by Tenant that Tenant and other tenants are best suited to evaluate the safety and efficacy of its Hazardous Materials usage and procedures.

22. Odors and Exhaust. Tenant acknowledges that Landlord would not enter into this Lease with Tenant unless Tenant assured Landlord that under no circumstances will any other occupants of the Building or the Project (including persons legally present in any outdoor areas of the Project) be subjected to odors or fumes (whether or not noxious), and that the Building and the Project will not be damaged by any exhaust, in each case from Tenant's operations. Landlord and Tenant therefore agree as follows:

22.1. Tenant shall not cause or permit (or conduct any activities that would cause) any release of any odors or fumes of any kind from the Premises.

22.2. If the Building has a ventilation system that, in Landlord's judgment, is adequate, suitable, and appropriate to vent the Premises in a manner that does not release odors affecting any indoor or outdoor part of the Project, Tenant shall vent the Premises through such system. If Landlord at any time determines that any existing ventilation system is inadequate, or if no ventilation system exists, Tenant shall in compliance with Applicable Laws vent all fumes and odors from the Premises (and remove odors from Tenant's exhaust stream) as Landlord requires. The placement and configuration of all ventilation exhaust pipes, louvers and other equipment shall be subject to Landlord's approval. Tenant acknowledges Landlord's legitimate desire to maintain the Project (indoor and outdoor areas) in an odor-free manner, and Landlord may require Tenant to abate and remove all odors in a manner that goes beyond the requirements of Applicable Laws.

22.3. Tenant shall, at Tenant's sole cost and expense, after receiving written notice from Landlord, provide odor eliminators and other devices (such as filters, air cleaners, scrubbers and whatever other equipment may in Landlord's judgment be necessary or appropriate from time to time) to completely remove, eliminate and abate any odors, fumes or other substances in Tenant's exhaust stream that, in Landlord's judgment, emanate from Tenant's Premises. Any work Tenant performs under this Section shall constitute Alterations.

22.4. Tenant's responsibility to remove, eliminate and abate odors, fumes and exhaust shall continue throughout the Term. Landlord's construction of the Tenant Improvements and/or construction of the Landlord Work shall not preclude Landlord from requiring additional measures to eliminate odors, fumes and other adverse impacts of Tenant's exhaust stream (as Landlord may designate in Landlord's discretion). Tenant shall install additional equipment as Landlord requires from time to time under the preceding sentence. Such installations shall constitute Alterations.

22.5. If Tenant fails to install satisfactory odor control equipment within ten (10) business days after Landlord's demand made at any time, then Landlord may, without limiting Landlord's other rights and remedies, require Tenant to cease and suspend any operations in the Premises that, in Landlord's determination, cause odors, fumes or exhaust; provided that, if the nature of such installation is such that it reasonably requires more than ten (10) business days to complete, Tenant's timeframe for such installation shall be extended so long as Tenant commences such installation within such ten (10) business day period and thereafter diligently prosecutes the same to completion; and provided, further, that such installation is completed no later than twenty (20) business days after Landlord's initial demand. For example, if Landlord determines that Tenant's production of a certain type of product causes odors, fumes or exhaust,

and Tenant does not install satisfactory odor control equipment within ten (10) business days after Landlord's request (subject to extension as provided above), then Landlord may require Tenant to stop producing such type of product in the Premises unless and until Tenant has installed odor control equipment satisfactory to Landlord.

23. Insurance; Waiver of Subrogation.

23.1. Landlord shall maintain insurance for the Building and the Project in amounts equal to full replacement cost (exclusive of the costs of excavation, foundations and footings, engineering costs or such other costs to the extent the same are not incurred in the event of a rebuild and without reference to depreciation taken by Landlord upon its books or tax returns) or such lesser coverage as Landlord may elect, provided that such coverage shall not be less than the amount of such insurance Landlord's Lender, if any, requires Landlord to maintain, providing protection against any peril generally included within the classification "Fire and Extended Coverage," together with insurance against sprinkler damage (if applicable), vandalism and malicious mischief. Landlord, subject to availability thereof, shall further insure, if Landlord deems it appropriate, coverage against flood, environmental hazard, earthquake, loss or failure of building equipment, rental loss during the period of repairs or rebuilding, Workers' Compensation insurance and fidelity bonds for employees employed to perform services. Notwithstanding the foregoing, Landlord may, but shall not be deemed required to, provide insurance for any improvements installed by Tenant or that are in addition to the standard improvements customarily furnished by Landlord, without regard to whether or not such are made a part of or are affixed to the Building.

23.2. In addition, Landlord shall carry Commercial General Liability insurance with limits of not less than One Million Dollars ($1,000,000) per occurrence/general aggregate for bodily injury (including death), or property damage with respect to the Project.

23.3. Tenant shall, at its own cost and expense, procure and maintain during the Term the following insurance for the benefit of Tenant and Landlord (as their interests may appear) with insurers financially acceptable and lawfully authorized to do business in the state where the Premises are located:

(a) Commercial General Liability insurance on a broad-based occurrence coverage form, with coverages including but not limited to bodily injury (including death), property damage (including loss of use resulting therefrom), premises/operations, personal & advertising injury, and contractual liability with limits of liability of not less than $2,000,000 for bodily injury and property damage per occurrence, $2,000,000 general aggregate, which limits may be met by use of excess and/or umbrella liability insurance provided that such coverage is at least as broad as the primary coverages required herein.

(b) Commercial Automobile Liability insurance covering liability arising from the use or operation of any auto, including those owned, hired or otherwise operated or used by or on behalf of the Tenant. The coverage shall be on a broad-based occurrence form with combined single limits of not less than $1,000,000 per accident for bodily injury and property damage.

(c) Commercial Property insurance covering property damage to the full replacement cost value and business interruption. Covered property shall include all tenant

improvements in the Premises (to the extent not insured by Landlord pursuant to Section 23.1) and Tenant's Property including personal property, furniture, fixtures, machinery, equipment, stock, inventory and improvements and betterments, which may be owned by Tenant or Landlord and required to be insured hereunder, or which may be leased, rented, borrowed or in the care custody or control of Tenant, or Tenant's agents, employees or subcontractors. Such insurance, with respect only to all Tenant Improvements, Alterations or other work performed on the Premises by Tenant (collectively, "Tenant Work"), shall name Landlord and Landlord's current and future mortgagees as loss payees as their interests may appear. Such insurance shall be written on an "all risk" of physical loss or damage basis including the perils of fire, extended coverage, electrical injury, mechanical breakdown, windstorm, vandalism, malicious mischief, sprinkler leakage, back-up of sewers or drains, terrorism and such other risks Landlord may from time to time designate, for the full replacement cost value of the covered items with an agreed amount endorsement with no co-insurance. Business interruption coverage shall have limits sufficient to cover Tenant's lost profits and necessary continuing expenses, including rents due Landlord under the Lease. The minimum period of indemnity for business interruption coverage shall be twelve (12) months plus twelve (12) months' extended period of indemnity.

(d) Workers' Compensation insurance as is required by statute or law, or as may be available on a voluntary basis and Employers' Liability insurance with limits of not less than the following: each accident, Five Hundred Thousand Dollars ($500,000); disease ($500,000); disease (each employee), Five Hundred Thousand Dollars ($500,000).

(e) Medical malpractice insurance at limits of not less than $1,000,000 each claim during such periods, if any, that Tenant engages in the practice of medicine at the Premises.

(f) [Intentionally omitted.]

(g) During all construction by Tenant at the Premises, with respect to tenant improvements being constructed (including any Alterations, insurance required in Exhibit B-3 must be in place.

23.4. The insurance required of Tenant by this Article shall be with companies at all times having a current rating of not less than A- and financial category rating of at least Class VII in "A.M. Best's Insurance Guide" current edition. Tenant shall obtain for Landlord from the insurance companies/broker or cause the insurance companies/broker to furnish certificates of insurance evidencing all coverages required herein to Landlord. Landlord reserves the right to require complete, certified copies of all required insurance policies including any endorsements. No such policy shall be cancelable or subject to reduction of coverage or other modification or cancellation except after twenty (20) days' prior written notice to Landlord from Tenant or its insurers (except in the event of non-payment of premium, in which case ten (10) days' written notice shall be given). All such policies shall be written as primary policies, not contributing with and not in excess of the coverage that Landlord may carry. Tenant's required policies shall contain severability of interests clauses stating that, except with respect to limits of insurance, coverage shall apply separately to each insured or additional insured. Tenant shall, at least twenty-five (25) days prior to the expiration of such policies, furnish Landlord with renewal certificates of insurance or binders. Tenant agrees that if Tenant does not take out and maintain

such insurance, Landlord may (but shall not be required to) procure such insurance on Tenant's behalf and at its cost to be paid by Tenant as Additional Rent. Commercial General Liability, Commercial Automobile Liability, Umbrella Liability and Pollution Legal Liability insurance as required above shall name Landlord, BioMed Realty, L.P., and BioMed Realty Trust, Inc., and their respective officers, employees, agents, general partners, members, subsidiaries, affiliates and Lenders ("Landlord Parties") as additional insureds as respects liability arising from work or operations performed by or on behalf of Tenant, Tenant's use or occupancy of Premises, and ownership, maintenance or use of vehicles by or on behalf of Tenant.

23.5. In each instance where insurance is to name Landlord Parties as additional insureds, Tenant shall, upon Landlord's written request, also designate and furnish certificates evidencing such Landlord Parties as additional insureds to (a) any Lender of Landlord holding a security interest in the Building or the Project, (b) the landlord under any lease whereunder Landlord is a tenant of the real property upon which the Building is located if the interest of Landlord is or shall become that of a tenant under a ground lease rather than that of a fee owner and (c) any management company retained by Landlord to manage the Project.

23.6. Tenant assumes the risk of damage to any fixtures, goods, inventory, merchandise, equipment and leasehold improvements, and Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom, relative to such damage, all as more particularly set forth within this Lease. Tenant shall, at Tenant's sole cost and expense, carry such insurance as Tenant desires for Tenant's protection with respect to personal property of Tenant or business interruption.

23.7. Tenant and its insurers hereby waive any and all rights of recovery or subrogation against the Landlord Parties with respect to any loss, damage, claims, suits or demands, howsoever caused, that are covered, or should have been covered, by valid and collectible insurance, including any deductibles or self-insurance maintained thereunder. If necessary, Tenant agrees to endorse the required insurance policies to permit waivers of subrogation as required hereunder and hold harmless and indemnify the Landlord Parties for any loss or expense incurred as a result of a failure to obtain such waivers of subrogation from insurers. Such waivers shall continue so long as Tenant's insurers so permit. Any termination of such a waiver shall be by written notice to Landlord, containing a description of the circumstances hereinafter set forth in this Section. Tenant, upon obtaining the policies of insurance required or permitted under this Lease, shall give notice to its insurance carriers that the foregoing waiver of subrogation is contained in this Lease. If such policies shall not be obtainable with such waiver or shall be so obtainable only at a premium over that chargeable without such waiver, then Tenant shall notify Landlord of such conditions.

23.8. Landlord may require insurance policy limits required under this Lease to be raised to conform with requirements of Landlord's Lender or to bring coverage limits to levels then being required of new tenants within the Project.

23.9. Any costs incurred by Landlord pursuant to this Article shall constitute a portion of Operating Expenses.

23.10. The provisions of this Article shall survive the expiration or earlier termination of this Lease.

24. Damage or Destruction.

24.1. In the event of a partial destruction of (a) the Premises or (b) Common Area of the Building or the Project ((a) and (b) together, the "Affected Areas") by fire or other perils covered by extended coverage insurance not exceeding twenty-five percent (25%) of the full insurable value thereof, and provided that (x) the damage thereto is such that the Affected Areas may be repaired, reconstructed or restored within a period of six (6) months from the date of the happening of such casualty, (y) Landlord shall receive insurance proceeds sufficient to cover the cost of such repairs, reconstruction and restoration (except for any deductible amount provided by Landlord's policy, which deductible amount, if paid by Landlord, shall constitute an Operating Expense) and (z) such casualty was not intentionally caused by a Tenant Party, then Landlord shall commence and proceed diligently with the work of repair, reconstruction and restoration of the Affected Areas and this Lease shall continue in full force and effect.

24.2. In the event of any damage to or destruction of the Building or the Project other than as described in Section 24.1, Landlord may elect to repair, reconstruct and restore the Building or the Project, as applicable, in which case this Lease shall continue in full force and effect. If Landlord elects not to repair, reconstruct and restore the Building or the Project, as applicable, then this Lease shall terminate as of the date of such damage or destruction. In the event of any damage or destruction (regardless of whether such damage is governed by Section 24.1 or this Section), if (a) in Landlord's determination as set forth in the Damage Repair Estimate (as defined below), the Affected Areas cannot be repaired, reconstructed or restored within nine (9) months after the date of the Damage Repair Estimate, (b) subject to Section 24.6, the Affected Areas are not actually repaired, reconstructed and restored within twelve (12) months after the date of the Damage Repair Estimate, or (c) the damage and destruction occurs within the last twelve (12) months of the then-current Term, then Tenant shall have the right to terminate this Lease, effective as of the date of such damage or destruction, by delivering to Landlord its written notice of termination (a "Termination Notice") (y) with respect to Subsections 24.2(a) and (c), no later than fifteen (15) days after Landlord delivers to Tenant Landlord's Damage Repair Estimate and (z) with respect to Subsection 24.2(b), no later than fifteen (15) days after such twelve (12) month period (as the same may be extended pursuant to Section 24.6) expires. If Tenant provides Landlord with a Termination Notice pursuant to Subsection 24.2(z), Landlord shall have an additional thirty (30) days after receipt of such Termination Notice to complete the repair, reconstruction and restoration. If Landlord does not complete such repair, reconstruction and restoration within such thirty (30) day period, then Tenant may terminate this Lease by giving Landlord written notice within two (2) business days after the expiration of such thirty (30) day period. If Landlord does complete such repair, reconstruction and restoration within such thirty (30) day period, then this Lease shall continue in full force and effect.

24.3. As soon as reasonably practicable, but in any event within sixty (60) days following the date of damage or destruction, Landlord shall notify Tenant of Landlord's good faith estimate of the period of time in which the repairs, reconstruction and restoration will be completed (the "Damage Repair Estimate"), which estimate shall be based upon the opinion of a

contractor reasonably selected by Landlord and experienced in comparable repair, reconstruction and restoration of similar buildings. Additionally, Landlord shall give written notice to Tenant within sixty (60) days following the date of damage or destruction of its election not to repair, reconstruct or restore the Building or the Project, as applicable.

24.4. Upon any termination of this Lease under any of the provisions of this Article, the parties shall be released thereby without further obligation to the other from the date possession of the Premises is surrendered to Landlord, except with regard to (a) items occurring prior to the damage or destruction and (b) provisions of this Lease that, by their express terms, survive the expiration or earlier termination hereof.

24.5. In the event of repair, reconstruction and restoration as provided in this Article, all Rent to be paid by Tenant under this Lease shall be abated proportionately based on the extent to which Tenant's use of the Premises is impaired during the period of such repair, reconstruction or restoration, unless Landlord provides Tenant with other space during the period of repair, reconstruction and restoration that, in Tenant's reasonable opinion, is suitable for the temporary conduct of Tenant's business; provided, however, that the amount of such abatement shall be reduced solely by the amount of business interruption proceeds actually received by Tenant which are expressly attributable to Tenant's obligation to pay Rent under this Lease.

24.6. Notwithstanding anything to the contrary contained in this Article, should Landlord be delayed or prevented from completing the repair, reconstruction or restoration of the damage or destruction to the Premises after the occurrence of such damage or destruction by Force Majeure or delays caused by a Tenant Party, then the time for Landlord to commence or complete repairs, reconstruction and restoration shall be extended on a day-for-day basis; provided, however, that, at Landlord's election, Landlord shall be relieved of its obligation to make such repairs, reconstruction and restoration if such delays exceed 180 days in the aggregate.

24.7. If Landlord is obligated to or elects to repair, reconstruct or restore as herein provided, then Landlord shall be obligated to make such repairs, reconstruction or restoration only with regard to (a) those portions of the Premises that were originally provided at Landlord's expense and (b) the Common Area portion of the Affected Areas. The repairs, reconstruction or restoration of improvements not originally provided by Landlord or at Landlord's expense shall be the obligation of Tenant. In the event Tenant has elected to upgrade certain improvements from the Building Standard, Landlord shall, upon the need for replacement due to an insured loss, provide only the Building Standard, unless Tenant again elects to upgrade such improvements and pay any incremental costs related thereto, except to the extent that excess insurance proceeds, if received, are adequate to provide such upgrades, in addition to providing for basic repairs, reconstruction and restoration of the Premises, the Building and the Project.

24.8. Notwithstanding anything to the contrary contained in this Article, Landlord shall not have any obligation whatsoever to repair, reconstruct or restore the Premises if the damage resulting from any casualty covered under this Article occurs during the last twenty-four (24) months of the Term or any extension thereof, or to the extent that insurance proceeds are not available therefor.

24.9. Landlord's obligation, should it elect or be obligated to repair, reconstruct or restore, shall be limited to the Affected Areas, and shall be conditioned upon Landlord receiving any permits or authorizations required by Applicable Laws. Tenant shall, at its expense, replace or fully repair all of Tenant's personal property and any Alterations installed by Tenant existing at the time of such damage or destruction. If Affected Areas are to be repaired, reconstructed or restored in accordance with the foregoing, Landlord shall make available to Tenant any portion of insurance proceeds it receives that are allocable to the Alterations constructed by Tenant pursuant to this Lease; provided Tenant is not then in default under this Lease, and subject to the requirements of any Lender of Landlord.

24.10. This Article sets forth the terms and conditions upon which this Lease may terminate in the event of any damage or destruction. Accordingly, the parties hereby waive the provisions of California Civil Code Sections 1932(2) and 1933(4) (and any successor statutes) permitting the parties to terminate this Lease as a result of any damage or destruction.

25. Eminent Domain.

25.1. In the event (a) the whole of all Affected Areas or (b) such part thereof as shall substantially interfere with Tenant's use and occupancy of the Premises for the Permitted Use shall be taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking, Tenant or Landlord may terminate this Lease effective as of the date possession is required to be surrendered to such authority, except with regard to (y) items occurring prior to the taking and (z) provisions of this Lease that, by their express terms, survive the expiration or earlier termination hereof.

25.2. In the event of a partial taking of (a) the Building or the Project or (b) drives, walkways or parking areas serving the Building or the Project for any public or quasi-public purpose by any lawful power or authority by exercise of right of appropriation, condemnation, or eminent domain, or sold to prevent such taking, then, without regard to whether any portion of the Premises occupied by Tenant was so taken, Landlord may elect to terminate this Lease (except with regard to (y) items occurring prior to the taking and (z) provisions of this Lease that, by their express terms, survive the expiration or earlier termination hereof) as of such taking if such taking is, in Landlord's sole opinion, of a material nature such as to make it uneconomical to continue use of the unappropriated portion for purposes of renting office or laboratory space.

25.3. Tenant shall be entitled to any award that is specifically awarded as compensation for (a) the taking of Tenant's personal property that was installed at Tenant's expense and (b) the costs of Tenant moving to a new location. Except as set forth in the previous sentence, any award for such taking shall be the property of Landlord.

25.4. If, upon any taking of the nature described in this Article, this Lease continues in effect, then Landlord shall promptly proceed to restore the Affected Areas to substantially their same condition prior to such partial taking. To the extent such restoration is infeasible, as determined by Landlord in its sole and absolute discretion, the Rent shall be decreased proportionately to reflect the loss of any portion of the Premises no longer available to Tenant.

25.5. This Article sets forth the terms and conditions upon which this Lease may terminate in the event of any damage or destruction. Accordingly, the parties hereby waive the provisions of California Code of Civil Procedure Section 1265.130 (and any successor statutes) permitting the parties to terminate this Lease as a result of any damage or destruction.

26. Surrender.

26.1. At least thirty (30) days prior to Tenant's surrender of possession of any part of the Premises, Tenant shall provide Landlord with a facility decommissioning and Hazardous Materials closure plan for the Premises ("Exit Survey") prepared by an independent third party state-certified professional with appropriate expertise, which Exit Survey must be reasonably acceptable to Landlord. The Exit Survey shall comply with the American National Standards Institute's Laboratory Decommissioning guidelines (ANSI/AIHA Z9.11-2008) or any successor standards published by ANSI or any successor organization (or, if ANSI and its successors no longer exist, a similar entity publishing similar standards). In addition, at least ten (10) days prior to Tenant's surrender of possession of any part of the Premises, Tenant shall provide Landlord with written evidence of all appropriate governmental releases obtained by Tenant in accordance with Applicable Laws, including laws pertaining to the surrender of the Premises, (b) place Laboratory Equipment Decontamination Forms on all decommissioned equipment to assure safe occupancy by future users and (c) conduct a site inspection with Landlord. In addition, Tenant agrees to remain responsible after the surrender of the Premises for the remediation of any recognized environmental conditions set forth in the Exit Survey and comply with any recommendations set forth in the Exit Survey. Tenant's obligations under this Section shall survive the expiration or earlier termination of the Lease.

26.2. No surrender of possession of any part of the Premises shall release Tenant from any of its obligations hereunder, unless such surrender is accepted in writing by Landlord.

26.3. The voluntary or other surrender of this Lease by Tenant shall not effect a merger with Landlord's fee title or leasehold interest in the Premises, the Building, the Property or the Project, unless Landlord consents in writing, and shall, at Landlord's option, operate as an assignment to Landlord of any or all subleases.

26.4. The voluntary or other surrender of any ground or other underlying lease that now exists or may hereafter be executed affecting the Building or the Project, or a mutual cancellation thereof or of Landlord's interest therein by Landlord and its lessor shall not effect a merger with Landlord's fee title or leasehold interest in the Premises, the Building or the Property and shall, at the option of the successor to Landlord's interest in the Building or the Project, as applicable, operate as an assignment of this Lease.

27. Holding Over.

27.1. If, with Landlord's prior written consent, Tenant holds possession of all or any part of the Premises after the Term, Tenant shall become a tenant from month to month after the expiration or earlier termination of the Term, and in such case Tenant shall continue to pay (a) Base Rent in accordance with Article 7 and (b) any amounts for which Tenant would otherwise be liable under this Lease if the Lease were still in effect, including payments for Tenant's Adjusted Share of Operating Expenses. Any such month-to-month tenancy shall be subject to every other term, covenant and agreement contained herein.

27.2. Notwithstanding the foregoing, if Tenant remains in possession of the Premises after the expiration or earlier termination of the Term without Landlord's prior written consent, (a) Tenant shall become a tenant at sufferance subject to the terms and conditions of this Lease, except that the monthly rent shall be equal to one hundred fifty percent (150%) of the Rent in effect during the last thirty (30) days of the Term, and (b) Tenant shall be liable to Landlord for any and all damages suffered by Landlord as a result of such holdover, including any lost rent or consequential, special and indirect damages (in each case, regardless of whether such damages are foreseeable).

27.3. Acceptance by Landlord of Rent after the expiration or earlier termination of the Term shall not result in an extension, renewal or reinstatement of this Lease.

27.4. The foregoing provisions of this Article are in addition to and do not affect Landlord's right of reentry or any other rights of Landlord hereunder or as otherwise provided by Applicable Laws.

27.5. The provisions of this Article shall survive the expiration or earlier termination of this Lease.

28. Indemnification and Exculpation.

28.1. Tenant agrees to indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from and against any and all Claims of any kind or nature, real or alleged, arising from injury to or death of any person or damage to any property occurring within or about the Premises, the Building, the Property or the Project, arising directly or indirectly out of (a) the presence at or use or occupancy of the Premises or Project by a Tenant Party, (b) an act or omission on the part of any Tenant Party, (c) a breach or default by Tenant in the performance of any of its obligations hereunder or (d) injury to or death of persons or damage to or loss of any property, real or alleged, arising from the serving of alcoholic beverages at the Premises or Project, including liability under any dram shop law, host liquor law or similar Applicable Law, except to the extent directly caused by Landlord's negligence or willful misconduct. Tenant's obligations under this Section shall not be affected, reduced or limited by any limitation on the amount or type of damages, compensation or benefits payable by or for Tenant under workers' compensation acts, disability benefit acts, employee benefit acts or similar legislation. Tenant's obligations under this Section shall survive the expiration or earlier termination of this Lease.

28.2. Notwithstanding anything in this Lease to the contrary, Landlord shall not be liable to Tenant for and Tenant assumes all risk of (a) damage or losses caused by fire, electrical malfunction, gas explosion or water damage of any type (including broken water lines, malfunctioning fire sprinkler systems, roof leaks or stoppages of lines), unless any such loss is due to Landlord's willful disregard of written notice by Tenant of need for a repair that Landlord is responsible to make for an unreasonable period of time, and (b) damage to personal property or scientific research, including loss of records kept by Tenant within the Premises (in each case, regardless of whether such damages are foreseeable). Tenant further waives any claim for injury

to Tenant's business or loss of income relating to any such damage or destruction of personal property as described in this Section. Notwithstanding anything in the foregoing or this Lease to the contrary, except (x) as otherwise provided herein (including Section 27.2), (y) as may be provided by Applicable Laws or (z) in the event of Tenant's breach of Article 21 or Section 26.1, in no event shall Landlord or Tenant be liable to the other for any consequential, special or indirect damages arising out of this Lease, including lost profits (provided that this Subsection 28.2(z) shall not limit Tenant's liability for Base Rent or Additional Rent pursuant to this Lease).

28.3. Landlord shall not be liable for any damages arising from any act, omission or neglect of any other tenant in the Building or the Project, or of any other third party.

28.4. Tenant acknowledges that security devices and services, if any, while intended to deter crime, may not in given instances prevent theft or other criminal acts. Landlord shall not be liable for injuries or losses caused by criminal acts of third parties, and Tenant assumes the risk that any security device or service may malfunction or otherwise be circumvented by a criminal. If Tenant desires protection against such criminal acts, then Tenant shall, at Tenant's sole cost and expense, obtain appropriate insurance coverage. Tenant's security programs and equipment for the Premises shall be coordinated with Landlord and subject to Landlord's reasonable approval.

28.5. The provisions of this Article shall survive the expiration or earlier termination of this Lease.

29. Assignment or Subletting.

29.1. Except as hereinafter expressly permitted, none of the following (each, a "Transfer"), either voluntarily or by operation of Applicable Laws, shall be directly or indirectly performed without Landlord's prior written consent: (a) Tenant selling, hypothecating, assigning, pledging, encumbering or otherwise transferring this Lease or subletting the Premises or (b) a controlling interest in Tenant being sold, assigned or otherwise transferred (other than as a result of shares in Tenant being sold on a public stock exchange). For purposes of the preceding sentence, "control" means (a) owning (directly or indirectly) more than fifty percent (50%) of the stock or other equity interests of another person or (b) possessing, directly or indirectly, the power to direct or cause the direction of the management and policies of such person. Notwithstanding the foregoing, Tenant shall have the right to Transfer, without Landlord's prior written consent, Tenant's interest in this Lease or the Premises or any part thereof to any person that as of the date of determination and at all times thereafter directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with Tenant or to the surviving company resulting from a merger with or acquisition of Tenant or to an entity which purchases all or substantially all of the assets or stock of Tenant (each of the foregoing, a "Tenant's Affiliate"); provided that Tenant shall notify Landlord in writing at least thirty (30) days prior to the effectiveness of such Transfer to Tenant's Affiliate (an "Exempt Transfer") and otherwise comply with the requirements of this Lease regarding such Transfer; and provided, further, that the person that will be the tenant under this Lease after the Exempt Transfer has a net worth (as of both the day immediately prior to and the day immediately after the Exempt Transfer) that is equal to or greater than the net worth (as of both the Execution Date and the date of the Exempt Transfer) of the transferring Tenant. For purposes of the immediately preceding sentence, "control" requires both (a) owning (directly or

indirectly) more than fifty percent (50%) of the stock or other equity interests of another person and (b) possessing, directly or indirectly, the power to direct or cause the direction of the management and policies of such person. In no event shall Tenant perform a Transfer to or with an entity that is a tenant at the Project or that is in discussions or negotiations with Landlord or an affiliate of Landlord to lease premises at the Project or a property owned by Landlord or an affiliate of Landlord. Notwithstanding anything in this Lease to the contrary, if (a) Tenant or any proposed transferee, assignee or sublessee of Tenant has been required by any prior landlord, Lender or Governmental Authority to take material remedial action in connection with Hazardous Materials contaminating a property if the contamination resulted from such party's action or omission or use of the property in question or (b) Tenant or any proposed transferee, assignee or sublessee is subject to a material enforcement order issued by any Governmental Authority in connection with the use, disposal or storage of Hazardous Materials, then Landlord shall have the right to terminate this Lease in Landlord's sole and absolute discretion (with respect to any such matter involving Tenant), and it shall not be unreasonable for Landlord to withhold its consent to any proposed transfer, assignment or subletting (with respect to any such matter involving a proposed transferee, assignee or sublessee).

29.2. In the event Tenant desires to effect a Transfer, then, at least thirty (30) but not more than ninety (90) days prior to the date when Tenant desires the Transfer to be effective (the "Transfer Date"), Tenant shall provide written notice to Landlord (the "Transfer Notice") containing information (including references) concerning the character of the proposed transferee, assignee or sublessee; the Transfer Date; the most recent unconsolidated financial statements of Tenant and of the proposed transferee, assignee or sublessee satisfying the requirements of Section 40.2 ("Required Financials"); any ownership or commercial relationship between Tenant and the proposed transferee, assignee or sublessee; and the consideration and all other material terms and conditions of the proposed Transfer, all in such detail as Landlord shall reasonably require.

29.3. Landlord, in determining whether consent should be given to a proposed Transfer, may give consideration to (a) the financial strength of Tenant and of such transferee, assignee or sublessee (notwithstanding Tenant remaining liable for Tenant's performance), (b) any change in use that such transferee, assignee or sublessee proposes to make in the use of the Premises and (c) Landlord's desire to exercise its rights under Section 29.7 to cancel this Lease. In no event shall Landlord be deemed to be unreasonable for declining to consent to a Transfer to a transferee, assignee or sublessee of poor reputation, lacking financial qualifications or seeking a change in the Permitted Use, or jeopardizing directly or indirectly the status of Landlord or any of Landlord's affiliates as a Real Estate Investment Trust under the Internal Revenue Code of 1986 (as the same may be amended from time to time, the "Revenue Code"). Notwithstanding anything contained in this Lease to the contrary, (w) no Transfer shall be consummated on any basis such that the rental or other amounts to be paid by the occupant, assignee, manager or other transferee thereunder would be based, in whole or in part, on the income or profits derived by the business activities of such occupant, assignee, manager or other transferee; (x) Tenant shall not furnish or render any services to an occupant, assignee, manager or other transferee with respect to whom transfer consideration is required to be paid, or manage or operate the Premises or any capital additions so transferred, with respect to which transfer consideration is being paid; (y) Tenant shall not consummate a Transfer with any person in which Landlord owns an interest, directly or indirectly (by applying constructive ownership rules set forth in Section 856(d)(5) of

the Revenue Code); and (z) Tenant shall not consummate a Transfer with any person or in any manner that could cause any portion of the amounts received by Landlord pursuant to this Lease or any sublease, license or other arrangement for the right to use, occupy or possess any portion of the Premises to fail to qualify as "rents from real property" within the meaning of Section 856(d) of the Revenue Code, or any similar or successor provision thereto or which could cause any other income of Landlord to fail to qualify as income described in Section 856(c)(2) of the Revenue Code.

29.4. The following are conditions precedent to a Transfer or to Landlord considering a request by Tenant to a Transfer:

(a) Tenant shall remain fully liable under this Lease. Tenant agrees that it shall not be (and shall not be deemed to be) a guarantor or surety of this Lease, however, and waives its right to claim that is it is a guarantor or surety or to raise in any legal proceeding any guarantor or surety defenses permitted by this Lease or by Applicable Laws;

(b) If Tenant or the proposed transferee, assignee or sublessee does not or cannot deliver the Required Financials, then Landlord may elect to have either Tenant's ultimate parent company or the proposed transferee's, assignee's or sublessee's ultimate parent company provide a guaranty of the applicable entity's obligations under this Lease, in a form reasonably acceptable to Landlord, which guaranty shall be executed and delivered to Landlord by the applicable guarantor prior to the Transfer Date;

(c) In the case of an Exempt Transfer, Tenant shall provide Landlord with evidence reasonably satisfactory to Landlord that the Transfer qualifies as an Exempt Transfer;

(d) Tenant shall provide Landlord with evidence reasonably satisfactory to Landlord that the value of Landlord's interest under this Lease shall not be diminished or reduced by the proposed Transfer. Such evidence shall include evidence respecting the relevant business experience and financial responsibility and status of the proposed transferee, assignee or sublessee;

(e) Tenant shall reimburse Landlord for Landlord's actual costs and expenses, including reasonable attorneys' fees, charges and disbursements incurred in connection with the review, processing and documentation of such request;

(f) Except with respect to an Exempt Transfer, if Tenant's transfer of rights or sharing of the Premises provides for the receipt by, on behalf of or on account of Tenant of any consideration of any kind whatsoever (including a premium rental for a sublease or lump sum payment for an assignment, but excluding Tenant's reasonable costs in marketing and subleasing the Premises) in excess of the rental and other charges due to Landlord under this Lease, Tenant shall pay fifty percent (50%) of all of such excess to Landlord, after making deductions for any reasonable marketing expenses, tenant improvement funds expended by Tenant, alterations, cash concessions, brokerage commissions, attorneys' fees and free rent actually paid by Tenant. If such consideration consists of cash paid to Tenant, payment to Landlord shall be made upon receipt by Tenant of such cash payment;

(g) The proposed transferee, assignee or sublessee shall agree that, in the event Landlord gives such proposed transferee, assignee or sublessee notice that Tenant is in default under this Lease, such proposed transferee, assignee or sublessee shall thereafter make all payments otherwise due Tenant directly to Landlord, which payments shall be received by Landlord without any liability being incurred by Landlord, except to credit such payment against those due by Tenant under this Lease, and any such proposed transferee, assignee or sublessee shall agree to attorn to Landlord or its successors and assigns should this Lease be terminated for any reason; provided, however, that in no event shall Landlord or its Lenders, successors or assigns be obligated to accept such attornment;

(h) Landlord's consent to any such Transfer shall be effected on Landlord's forms;

(i) Tenant shall not then be in default hereunder in any respect (as set forth in a written notice from Landlord);

(j) Such proposed transferee, assignee or sublessee's use of the Premises shall be the same as the Permitted Use;

(k) Landlord shall not be bound by any provision of any agreement pertaining to the Transfer, except for Landlord's written consent to the same;

(l) Tenant shall pay all transfer and other taxes (including interest and penalties) assessed or payable for any Transfer;

(m) Landlord's consent (or waiver of its rights) for any Transfer shall not waive Landlord's right to consent or refuse consent to any later Transfer;

(n) Tenant shall deliver to Landlord one executed copy of any and all written instruments evidencing or relating to the Transfer; and

(o) Tenant shall deliver to Landlord a list of Hazardous Materials (as defined below), certified by the proposed transferee, assignee or sublessee to be true and correct, that the proposed transferee, assignee or sublessee intends to use or store in the Premises. Additionally, Tenant shall deliver to Landlord, on or before the date any proposed transferee, assignee or sublessee takes occupancy of the Premises, all of the items relating to Hazardous Materials of such proposed transferee, assignee or sublessee as described in Section 21.2.

29.5. Any Transfer that is not in compliance with the provisions of this Article or with respect to which Tenant does not fulfill its obligations pursuant to this Article shall be void and shall, at the option of Landlord, terminate this Lease.

29.6. Notwithstanding any Transfer, Tenant shall remain fully and primarily liable for the payment of all Rent and other sums due or to become due hereunder, and for the full performance of all other terms, conditions and covenants to be kept and performed by Tenant. The acceptance of Rent or any other sum due hereunder, or the acceptance of performance of any other term, covenant or condition thereof, from any person or entity other than Tenant shall not be deemed a waiver of any of the provisions of this Lease or a consent to any Transfer.

29.7. If Tenant delivers to Landlord a Transfer Notice indicating a desire to transfer this Lease to a proposed transferee, assignee or sublessee other than pursuant to an Exempt Transfer, then Landlord shall have the option, exercisable by giving notice to Tenant at any time within ten (10) days after Landlord's receipt of such Transfer Notice, to terminate this Lease as of the date specified in the Transfer Notice as the Transfer Date, except for those provisions that, by their express terms, survive the expiration or earlier termination hereof. If Landlord exercises such option, then Tenant shall have the right to withdraw such Transfer Notice by delivering to Landlord written notice of such election within ten (10) days after Landlord's delivery of notice electing to exercise Landlord's option to terminate this Lease. In the event Tenant withdraws the Transfer Notice as provided in this Section, this Lease shall continue in full force and effect. No failure of Landlord to exercise its option to terminate this Lease shall be deemed to be Landlord's consent to a proposed Transfer.

29.8. If Tenant sublets the Premises or any portion thereof, Tenant hereby immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent from any such subletting, and appoints Landlord as assignee and attorney-in-fact for Tenant, and Landlord (or a receiver for Tenant appointed on Landlord's application) may collect such rent and apply it toward Tenant's obligations under this Lease; provided that, until the occurrence of a Default (as defined below) by Tenant, Tenant shall have the right to collect such rent.

29.9. In the event that Tenant enters into a sublease for the entire Premises in accordance with this Article that expires within two (2) days of the Term Expiration Date, the term expiration date of such sublease shall, notwithstanding anything in this Lease, the sublease or any consent to the sublease to the contrary, be deemed to be the date that is two (2) days prior to the Term Expiration Date.

30. Subordination and Attornment.

30.1. This Lease shall be subject and subordinate to the lien of any mortgage, deed of trust, or lease in which Landlord is tenant now or hereafter in force against the Building or the Project and to all advances made or hereafter to be made upon the security thereof without the necessity of the execution and delivery of any further instruments on the part of Tenant to effectuate such subordination.

30.2. Notwithstanding the foregoing, Tenant shall execute and deliver upon demand such further instrument or instruments evidencing such subordination of this Lease to the lien of any such mortgage or mortgages or deeds of trust or lease in which Landlord is tenant as may be required by Landlord. If any such mortgagee, beneficiary or landlord under a lease wherein Landlord is tenant (each, a "Mortgagee") so elects, however, this Lease shall be deemed prior in lien to any such lease, mortgage, or deed of trust upon or including the Premises regardless of date and Tenant shall execute a statement in writing to such effect at Landlord's request. If Tenant fails to execute any document required from Tenant under this Section within ten (10) days after written request therefor, Tenant hereby constitutes and appoints Landlord or its special attorney-in-fact to execute and deliver any such document or documents in the name of Tenant. Such power is coupled with an interest and is irrevocable. For the avoidance of doubt, "Mortgagees" shall also include historic tax credit investors and new market tax credit investors.

30.3. Upon written request of Landlord and opportunity for Tenant to review, Tenant agrees to execute any Lease amendments not materially altering the terms of this Lease, if required by a Mortgagee incident to the financing of the real property of which the Premises constitute a part.

30.4. In the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by Landlord covering the Premises, Tenant shall at the election of the purchaser at such foreclosure or sale attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as Landlord under this Lease.

31. Defaults and Remedies.

31.1. Late payment by Tenant to Landlord of Rent and other sums due shall cause Landlord to incur costs not contemplated by this Lease, the exact amount of which shall be extremely difficult and impracticable to ascertain. Such costs include processing and accounting charges and late charges that may be imposed on Landlord by the terms of any mortgage or trust deed covering the Premises. Therefore, if any installment of Rent due from Tenant is not received by Landlord within three (3) days after the date such payment is due, Tenant shall pay to Landlord (a) an additional sum of six percent (6%) of the overdue Rent as a late charge plus (b) interest at an annual rate (the "Default Rate") equal to the lesser of (a) twelve percent (12%) and (b) the highest rate permitted by Applicable Laws. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Landlord shall incur by reason of late payment by Tenant and shall be payable as Additional Rent to Landlord due with the next installment of Rent or within five (5) business days after Landlord's demand, whichever is earlier. Landlord's acceptance of any Additional Rent (including a late charge or any other amount hereunder) shall not be deemed an extension of the date that Rent is due or prevent Landlord from pursuing any other rights or remedies under this Lease, at law or in equity.

31.2. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent payment herein stipulated shall be deemed to be other than on account of the Rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other remedy provided in this Lease or in equity or at law. If a dispute shall arise as to any amount or sum of money to be paid by Tenant to Landlord hereunder, Tenant shall have the right to make payment "under protest," such payment shall not be regarded as a voluntary payment, and there shall survive the right on the part of Tenant to institute suit for recovery of the payment paid under protest.

31.3. If Tenant fails to pay any sum of money required to be paid by it hereunder or perform any other act on its part to be performed hereunder, in each case within the applicable cure period (if any) described in Section 31.4, then Landlord may (but shall not be obligated to), without waiving or releasing Tenant from any obligations of Tenant, make such payment or perform such act; provided that such failure by Tenant unreasonably interfered with the use of the Building or the Project by any other tenant or with the efficient operation of the Building or the Project, or resulted or could have resulted in a violation of Applicable Laws or the cancellation of an insurance policy maintained by Landlord. Notwithstanding the foregoing, in

the event of an emergency, Landlord shall have the right to enter the Premises and act in accordance with its rights as provided elsewhere in this Lease. In addition to the late charge described in Section 31.1, Tenant shall pay to Landlord as Additional Rent all sums so paid or incurred by Landlord, together with interest at the Default Rate, computed from the date such sums were paid or incurred.

31.4. The occurrence of any one or more of the following events shall constitute a "Default" hereunder by Tenant:

(a) Tenant (i) abandons the Premises; or (ii)(A) Landlord receives notice of Tenant's vacation of or Tenant's intention to vacate the Premises prior to the scheduled expiration or earlier termination of this Lease, other than in accordance with a right expressly granted to Tenant under this Lease, and such vacation (or intention to vacate) is related to financial hardship or Tenant's inability to pay its debts as they become due, a dissolution of Tenant, or the liquidation or winding up of Tenant's business operations; or (B) Tenant vacates the Premises prior to the scheduled expiration or earlier termination of this Lease, other than in accordance with a right expressly granted to Tenant under this Lease, within the one-hundred twenty (120) day period following the filing of any involuntary petition against Tenant or the attachment of Tenant's interest in this Lease (notwithstanding anything to the contrary in Sections 31.4(g) and 31.4(i));

(b) Tenant fails to make any payment of Rent, as and when due, or to satisfy its obligations under Article 19, where such failure shall continue for a period of three (3) days after written notice thereof from Landlord to Tenant;

(c) Tenant fails to observe or perform any obligation or covenant contained herein (other than described in Sections 31.4(a) and 31.4(b)) to be performed by Tenant, where such failure continues for a period of twenty (20) days after written notice thereof from Landlord to Tenant; provided that, if the nature of Tenant's default is such that it reasonably requires more than twenty (20) days to cure, Tenant shall not be deemed to be in Default if Tenant commences such cure within such twenty (20) day period and thereafter diligently prosecutes the same to completion; and provided, further, that such cure is completed no later than sixty (60) days after Tenant's receipt of written notice from Landlord;

(d) Tenant makes an assignment for the benefit of creditors;

(e) A receiver, trustee or custodian is appointed to or does take title, possession or control of all or substantially all of Tenant's assets;

(f) Tenant files a voluntary petition under the United States Bankruptcy Code or any successor statute (as the same may be amended from time to time, the "Bankruptcy Code") or an order for relief is entered against Tenant pursuant to a voluntary or involuntary proceeding commenced under any chapter of the Bankruptcy Code;

(g) Any involuntary petition is filed against Tenant under any chapter of the Bankruptcy Code and is not dismissed within one hundred twenty (120) days;

(h) Tenant fails to deliver an estoppel certificate in accordance with Article 20; or

(i) Tenant's interest in this Lease is attached, executed upon or otherwise judicially seized and such action is not released within one hundred twenty (120) days of the action.

Notices given under this Section shall specify the alleged default and shall demand that Tenant perform the provisions of this Lease or pay the Rent that is in arrears, as the case may be, within the applicable period of time, or quit the Premises. No such notice shall be deemed a forfeiture or a termination of this Lease unless Landlord elects otherwise in such notice.

31.5. In the event of a Default by Tenant, and at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of any right or remedy that Landlord may have, Landlord has the right to do any or all of the following:

(a) Halt any Landlord Work, Tenant Improvements and Alterations and order Tenant's contractors, subcontractors, consultants, designers and material suppliers to stop work;

(b) Terminate Tenant's right to possession of the Premises by written notice to Tenant or by any lawful means, in which case Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall have the immediate right to re-enter and remove all persons and property, and such property may be removed and stored in a public warehouse or elsewhere at the cost and for the account of Tenant, all without service of notice or resort to legal process and without being deemed guilty of trespass or becoming liable for any loss or damage that may be occasioned thereby; and

(c) Terminate this Lease, in which event Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall have the immediate right to re-enter and remove all persons and property, and such property may be removed and stored in a public warehouse or elsewhere at the cost and for the account of Tenant, all without service of notice or resort to legal process and without being deemed guilty of trespass or becoming liable for any loss or damage that may be occasioned thereby. In the event that Landlord shall elect to so terminate this Lease, then Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default, including:

(i) The sum of:

A. The worth at the time of award of any unpaid Rent that had accrued at the time of such termination; plus

B. The worth at the time of award of the amount by which the unpaid Rent that would have accrued during the period commencing with termination of the Lease and ending at the time of award exceeds that portion of the loss of Landlord's rental income from the Premises that Tenant proves to Landlord's reasonable satisfaction could have been reasonably avoided; plus

C. The worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds that portion of the loss of Landlord's rental income from the Premises that Tenant proves to Landlord's reasonable satisfaction could have been reasonably avoided; plus

D. Any other amount necessary to compensate Landlord for all the detriment caused by Tenant's failure to perform its obligations under this Lease or that in the ordinary course of things would be likely to result therefrom, including the cost of restoring the Premises to the condition required under the terms of this Lease, including any rent payments not otherwise chargeable to Tenant (e.g., during any "free" rent period or rent holiday); plus

E. 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 Laws; or

(ii) At Landlord's election, as minimum liquidated damages in addition to any (A) amounts paid or payable to Landlord pursuant to Section 31.5(c)(i)(A) prior to such election and (B) costs of restoring the Premises to the condition required under the terms of this Lease, an amount (the "Election Amount") equal to either (Y) the positive difference (if any, and measured at the time of such termination) between (1) the then-present value of the total Rent and other benefits that would have accrued to Landlord under this Lease for the remainder of the Term if Tenant had fully complied with the Lease minus (2) the then-present cash rental value of the Premises as determined by Landlord for what would be the then-unexpired Term if the Lease remained in effect, computed using the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one (1) percentage point (the "Discount Rate") or (Z) twelve (12) months (or such lesser number of months as may then be remaining in the Term) of Base Rent and Additional Rent at the rate last payable by Tenant pursuant to this Lease, in either case as Landlord specifies in such election. Landlord and Tenant agree that the Election Amount represents a reasonable forecast of the minimum damages expected to occur in the event of a breach, taking into account the uncertainty, time and cost of determining elements relevant to actual damages, such as fair market rent, time and costs that may be required to re-lease the Premises, and other factors; and that the Election Amount is not a penalty.

As used in Sections 31.5(c)(i)(A) and (B), "worth at the time of award" shall be computed by allowing interest at the Default Rate. As used in Section 31.5(c)(i)(C), the "worth at the time of the award" shall be computed by taking the present value of such amount, using the Discount Rate.

31.6. In addition to any other remedies available to Landlord at law or in equity and under this Lease, Landlord shall have the remedy described in California Civil Code Section 1951.4 and may continue this Lease in effect after Tenant's Default or abandonment and recover Rent as it becomes due, provided Tenant has the right to sublet or assign, subject only to reasonable limitations. In addition, Landlord shall not be liable in any way whatsoever for its failure or refusal to relet the Premises. For purposes of this Section, the following acts by Landlord will not constitute the termination of Tenant's right to possession of the Premises:

(a) Acts of maintenance or preservation or efforts to relet the Premises, including alterations, remodeling, redecorating, repairs, replacements or painting as Landlord shall consider advisable for the purpose of reletting the Premises or any part thereof; or

(b) The appointment of a receiver upon the initiative of Landlord to protect Landlord's interest under this Lease or in the Premises.

Notwithstanding the foregoing, in the event of a Default by Tenant, Landlord may elect at any time to terminate this Lease and to recover damages to which Landlord is entitled.

31.7. If Landlord does not elect to terminate this Lease as provided in Section 31.5, then Landlord may, from time to time, recover all Rent as it becomes due under this Lease. At any time thereafter, Landlord may elect to terminate this Lease and to recover damages to which Landlord is entitled.

31.8. In the event Landlord elects to terminate this Lease and relet the Premises, Landlord may execute any new lease in its own name. Tenant hereunder shall have no right or authority whatsoever to collect any Rent from such tenant. The proceeds of any such reletting shall be applied as follows:

(a) First, to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord, including storage charges or brokerage commissions owing from Tenant to Landlord as the result of such reletting;

(b) Second, to the payment of the costs and expenses of reletting the Premises, including (i) alterations and repairs that Landlord deems reasonably necessary and advisable and (ii) reasonable attorneys' fees, charges and disbursements incurred by Landlord in connection with the retaking of the Premises and such reletting;

(c) Third, to the payment of Rent and other charges due and unpaid hereunder; and

(d) Fourth, to the payment of future Rent and other damages payable by Tenant under this Lease.

31.9. All of Landlord's rights, options and remedies hereunder shall be construed and held to be nonexclusive and cumulative. Landlord shall have the right to pursue any one or all of such remedies, or any other remedy or relief that may be provided by Applicable Laws, whether or not stated in this Lease. No waiver of any default of Tenant hereunder shall be implied from any acceptance by Landlord of any Rent or other payments due hereunder or any omission by Landlord to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect defaults other than as specified in such waiver. Notwithstanding any provision of this Lease to the contrary, in no event shall Landlord be required to mitigate its damages with respect to any default by Tenant, except as required by Applicable Laws. Any such obligation imposed by Applicable Laws upon Landlord to relet the Premises after any termination of this Lease shall be subject to the reasonable requirements of Landlord to (a) lease to high quality tenants on such terms as Landlord may from time to time deem appropriate in its discretion and (b) develop the Project in a harmonious manner with a mix of uses, tenants, floor

areas, terms of tenancies, etc., as determined by Landlord. Landlord shall not be obligated to relet the Premises to (y) any Tenant's Affiliate or (z) any party (i) unacceptable to a Lender, (ii) that requires Landlord to make improvements to or re-demise the Premises, (iii) that desires to change the Permitted Use, (iv) that desires to lease the Premises for more or less than the remaining Term or (v) to whom Landlord or an affiliate of Landlord may desire to lease other available space in the Project or at another property owned by Landlord or an affiliate of Landlord.

31.10. Landlord's termination of (a) this Lease or (b) Tenant's right to possession of the Premises shall not relieve Tenant of any liability to Landlord that has previously accrued or that shall arise based upon events that occurred prior to the later to occur of (y) the date of Lease termination and (z) the date Tenant surrenders possession of the Premises.

31.11. To the extent permitted by Applicable Laws, Tenant waives any and all rights of redemption granted by or under any present or future Applicable Laws if Tenant is evicted or dispossessed for any cause, or if Landlord obtains possession of the Premises due to Tenant's default hereunder or otherwise.

31.12. Landlord shall not be in default or liable for damages under this Lease unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event shall such failure continue for more than thirty (30) days after written notice from Tenant specifying the nature of Landlord's failure; provided, however, that 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 if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. In no event shall Tenant have the right to terminate or cancel this Lease or to withhold or abate rent or to set off any Claims against Rent as a result of any default or breach by Landlord of any of its covenants, obligations, representations, warranties or promises hereunder, except as may otherwise be expressly set forth in this Lease.

31.13. In the event of any default by Landlord, Tenant shall give notice by registered or certified mail to any (a) beneficiary of a deed of trust or (b) mortgagee under a mortgage covering the Premises, the Building or the Project and to any landlord of any lease of land upon or within which the Premises, the Building or the Project is located, and shall offer such beneficiary, mortgagee or landlord a reasonable opportunity to cure the default, including time to obtain possession of the Building or the Project by power of sale or a judicial action if such should prove necessary to effect a cure; provided that Landlord shall furnish to Tenant in writing, upon written request by Tenant, the names and addresses of all such persons who are to receive such notices.

32. Bankruptcy. In the event a debtor, trustee or debtor in possession under the Bankruptcy Code, or another person with similar rights, duties and powers under any other Applicable Laws, proposes to cure any default under this Lease or to assume or assign this Lease and is obliged to provide adequate assurance to Landlord that (a) a default shall be cured, (b) Landlord shall be compensated for its damages arising from any breach of this Lease and (c) future performance of Tenant's obligations under this Lease shall occur, then such adequate assurances shall include any or all of the following, as designated by Landlord in its sole and absolute discretion:

32.1. Those acts specified in the Bankruptcy Code or other Applicable Laws as included within the meaning of "adequate assurance," .even if this Lease does not concern a shopping center or other facility described in such Applicable Laws;

32.2. A prompt cash payment to compensate Landlord for any monetary defaults or actual damages arising directly from a breach of this Lease;

32.3. A cash deposit in an amount at least equal to the then-current amount of the Security Deposit; or

32.4. The assumption or assignment of all of Tenant's interest and obligations under this Lease.

33. Brokers.

33.1. Tenant represents and warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease other than Cushman & Wakefield of San Diego, Inc. ("Broker"), and that it knows of no other real estate broker or agent that is or might be entitled to a commission in connection with this Lease. Landlord shall compensate Broker in relation to this Lease pursuant to a separate agreement between Landlord and Broker.

33.2. Tenant represents and warrants that no broker or agent has made any representation or warranty relied upon by Tenant in Tenant's decision to enter into this Lease, other than as contained in this Lease.

33.3. Tenant acknowledges and agrees that the employment of brokers by Landlord is for the purpose of solicitation of offers of leases from prospective tenants and that no authority is granted to any broker to furnish any representation (written or oral) or warranty from Landlord unless expressly contained within this Lease. Landlord is executing this Lease in reliance upon Tenant's representations, warranties and agreements contained within Sections 33.1 and 33.2.

33.4. Tenant agrees to indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord) and hold the Landlord Indemnitees harmless from any and all cost or liability for compensation claimed by any broker or agent, other than Broker, employed or engaged by Tenant or claiming to have been employed or engaged by Tenant.

34. Definition of Landlord. With regard to obligations imposed upon Landlord pursuant to this Lease, the term "Landlord," as used in this Lease, shall refer only to Landlord or Landlord's then-current successor-in-interest. In the event of any transfer, assignment or conveyance of

Landlord's interest in this Lease or in Landlord's fee title to or leasehold interest in the Property, as applicable, Landlord herein named (and in case of any subsequent transfers or conveyances, the subsequent Landlord) shall be automatically freed and relieved, from and after the date of such transfer, assignment or conveyance, from all liability for the performance of any covenants or obligations contained in this Lease thereafter to be performed by Landlord and, without further agreement, the transferee, assignee or conveyee of Landlord's in this Lease or in Landlord's fee title to or leasehold interest in the Property, as applicable, shall be deemed to have assumed and agreed to observe and perform any and all covenants and obligations of Landlord hereunder during the tenure of its interest in the Lease or the Property. Landlord or any subsequent Landlord may transfer its interest in the Premises or this Lease without Tenant's consent.

35. Limitation of Landlord's Liability.

35.1. If Landlord is in default under this Lease and, as a consequence, Tenant recovers a monetary judgment against Landlord, the judgment shall be satisfied only out of (a) the proceeds of sale received on execution of the judgment and levy against the right, title and interest of Landlord in the Building and the Project, (b) rent or other income from such real property receivable by Landlord or (c) the consideration received by Landlord from the sale, financing, refinancing or other disposition of all or any part of Landlord's right, title or interest in the Building or the Project.

35.2. Neither Landlord nor any of its affiliates, nor any of their respective partners, shareholders, directors, officers, employees, members or agents shall be personally liable for Landlord's obligations or any deficiency under this Lease, and service of process shall not be made against any shareholder, director, officer, employee or agent of Landlord or any of Landlord's affiliates. No partner, shareholder, director, officer, employee, member or agent of Landlord or any of its affiliates shall be sued or named as a party in any suit or action, and service of process shall not be made against any partner or member of Landlord except as may be necessary to secure jurisdiction of the partnership, joint venture or limited liability company, as applicable. No partner, shareholder, director, officer, employee, member or agent of Landlord or any of its affiliates shall be required to answer or otherwise plead to any service of process, and no judgment shall be taken or writ of execution levied against any partner, shareholder, director, officer, employee, member or agent of Landlord or any of its affiliates.

35.3. Each of the covenants and agreements of this Article shall be applicable to any covenant or agreement either expressly contained in this Lease or imposed by Applicable Laws and shall survive the expiration or earlier termination of this Lease.

36. Joint and Several Obligations. If more than one person or entity executes this Lease as Tenant, then:

36.1. Each of them is jointly and severally liable for the keeping, observing and performing of all of the terms, covenants, conditions, provisions and agreements of this Lease to be kept, observed or performed by Tenant, and such terms, covenants, conditions, provisions and agreements shall be binding with the same force and effect upon each and all of the persons executing this Agreement as Tenant; and

36.2. The term "Tenant," as used in this Lease, shall mean and include each of them, jointly and severally. The act of, notice from, notice to, refund to, or signature of any one or more of them with respect to the tenancy under this Lease, including any renewal, extension, expiration, termination or modification of this Lease, shall be binding upon each and all of the persons executing this Lease as Tenant with the same force and effect as if each and all of them had so acted, so given or received such notice or refund, or so signed.

37. Representations. Tenant guarantees, warrants and represents that (a) Tenant is duly incorporated or otherwise established or formed and validly existing under the laws of its state of incorporation, establishment or formation, (b) Tenant has been and is duly qualified to do business in the state in which the Property is located, (c) Tenant has full corporate, partnership, trust, association or other appropriate power and authority to enter into this Lease and to perform all Tenant's obligations hereunder, (d) each person (and all of the persons if more than one signs) signing this Lease on behalf of Tenant is duly and validly authorized to do so and (e) neither (i) the execution, delivery or performance of this Lease nor (ii) the consummation of the transactions contemplated hereby will violate or conflict with any provision of documents or instruments under which Tenant is constituted or to which Tenant is a party. In addition, Tenant guarantees, warrants and represents that none of (x) it, (y) its affiliates or partners nor (z) to the best of its knowledge, its members, shareholders or other equity owners or any of their respective employees, officers, directors, representatives or agents is a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism) or other similar governmental action.

38. Confidentiality. Tenant shall keep the terms and conditions of this Lease and any information provided to Tenant or its employees, agents or contractors pursuant to Article 9 confidential and shall not (a) disclose to any third party any terms or conditions of this Lease or any other Lease-related document (including subleases, assignments, work letters, construction contracts, letters of credit, subordination agreements, non-disturbance agreements, brokerage agreements or estoppels) or (b) provide to any third party an original or copy of this Lease (or any Lease-related document). Landlord shall not release to any third party any non-public financial information or non-public information about Tenant's ownership structure that Tenant gives Landlord. Notwithstanding the foregoing, confidential information under this Section may be released by Landlord or Tenant under the following circumstances: (x) if required by Applicable Laws or in any judicial proceeding; provided that the releasing party has given the other party reasonable notice of such requirement, if feasible, (y) to a party's employees, attorneys, accountants, brokers and other bona fide consultants or advisers (with respect to this Lease only); provided such third parties agree to be bound by this Section or (z) to bona fide prospective assignees or subtenants of this Lease; provided they agree in writing to be bound by this Section.

39. Notices. Except as otherwise stated in this Lease, any notice, consent, demand, invoice, statement or other communication required or permitted to be given hereunder shall be in writing and shall be given by (a) personal delivery, (b) overnight delivery with a reputable international

overnight delivery service, such as FedEx, or (c) facsimile or email transmission, so long as such transmission is followed within one (1) business day by delivery utilizing one of the methods described in Subsection 39(a) or (b). Any such notice, consent, demand, invoice, statement or other communication shall be deemed delivered (x) upon receipt, if given in accordance with Subsection 39(a); (y) one (1) business day after deposit with a reputable international overnight delivery service, if given if given in accordance with Subsection 39(b); or (z) upon transmission, if given in accordance with Subsection 39(c). Except as otherwise stated in this Lease, any notice, consent, demand, invoice, statement or other communication required or permitted to be given pursuant to this Lease shall be addressed to Tenant at the Premises, or to Landlord or Tenant at the addresses shown in Sections 2.9 and 2.10 or 2.11, respectively. Either party may, by notice to the other given pursuant to this Section, specify additional or different addresses for notice purposes.

40. Miscellaneous.

40.1. Landlord reserves the right to change the name of the Building or the Project in its sole discretion.

40.2. To induce Landlord to enter into this Lease, Tenant agrees that it shall furnish to Landlord, from time to time, within ten (10) business days after receipt of Landlord's written request, the most recent year-end unconsolidated financial statements reflecting Tenant's current financial condition audited by a nationally recognized accounting firm. Tenant shall, within ninety (90) days after the end of Tenant's financial year, furnish Landlord with a certified copy of Tenant's year-end unconsolidated financial statements for the previous year audited by a nationally recognized accounting firm. Tenant represents and warrants that all financial statements, records and information furnished by Tenant to Landlord in connection with this Lease are true, correct and complete in all respects. If audited financials are not otherwise prepared, unaudited financials complying with generally accepted accounting principles and certified by the chief financial officer of Tenant as true, correct and complete in all respects shall suffice for purposes of this Section. If Tenant fails to deliver to Landlord any financial statement within the time period required under this Section, then Tenant shall be required to pay to Landlord an administrative fee equal to Five Dollars ($500) within five (5) business days after receiving written notice from Landlord advising Tenant of such failure (provided, however, that Landlord's acceptance of such fee shall not prevent Landlord from pursuing any other rights or remedies under this Lease, at law or in equity). The provisions of this Section shall not apply at any time while Tenant is a corporation whose shares are traded on any nationally recognized stock exchange.

40.3. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for a lease, and shall not be effective as a lease or otherwise until execution by and delivery to both Landlord and Tenant.

40.4. The terms of this Lease are intended by the parties as a final, complete and exclusive expression of their agreement with respect to the terms that are included herein, and may not be contradicted or supplemented by evidence of any other prior or contemporaneous agreement.

40.5. Landlord may, but shall not be obligated to, record a short form or memorandum hereof without Tenant's consent. Within ten (10) business days after receipt of written request from Landlord, Tenant shall execute a termination of any short form or memorandum of lease recorded with respect hereto. Tenant shall be responsible for the cost of recording any short form or memorandum of this Lease, including any transfer or other taxes incurred in connection with such recordation. Neither party shall record this Lease.

40.6. Where applicable in this Lease, the singular includes the plural and the masculine or neuter includes the masculine, feminine and neuter. The words "include," "includes," "included" and "including" mean "'include,' etc., without limitation." The word "shall" is mandatory and the word "may" is permissive. The section headings of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part of this Lease. Landlord and Tenant have each participated in the drafting and negotiation of this Lease, and the language in all parts of this Lease shall be in all cases construed as a whole according to its fair meaning and not strictly for or against either Landlord or Tenant.

40.7. Except as otherwise expressly set forth in this Lease, each party shall pay its own costs and expenses incurred in connection with this Lease and such party's performance under this Lease; provided that, if either party commences an action, proceeding, demand, claim, action, cause of action or suit against the other party arising out of or in connection with this Lease, then the substantially prevailing party shall be reimbursed by the other party for all reasonable costs and expenses, including reasonable attorneys' fees and expenses, incurred by the substantially prevailing party in such action, proceeding, demand, claim, action, cause of action or suit, and in any appeal in connection therewith (regardless of whether the applicable action, proceeding, demand, claim, action, cause of action, suit or appeal is voluntarily withdrawn or dismissed).

40.8. Time is of the essence with respect to the performance of every provision of this Lease.

40.9. Each provision of this Lease performable by Tenant shall be deemed both a covenant and a condition.

40.10. Notwithstanding anything to the contrary contained in this Lease, Tenant's obligations under this Lease are independent and shall not be conditioned upon performance by Landlord.

40.11. Whenever consent or approval of either party is required, that party shall not unreasonably withhold, condition or delay such consent or approval, except as may be expressly set forth to the contrary.

40.12. Any provision of this Lease that shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and all other provisions of this Lease shall remain in full force and effect and shall be interpreted as if the invalid, void or illegal provision did not exist.

40.13. Each of the covenants, conditions and agreements herein contained shall inure to the benefit of and shall apply to and be binding upon the parties hereto and their respective heirs;

legatees; devisees; executors; administrators; and permitted successors and assigns. This Lease is for the sole benefit of the parties and their respective heirs, legatees, devisees, executors, administrators and permitted successors and assigns, and nothing in this Lease shall give or be construed to give any other person or entity any legal or equitable rights. Nothing in this Section shall in any way alter the provisions of this Lease restricting assignment or subletting.

40.14. This Lease shall be governed by, construed and enforced in accordance with the laws of the state in which the Premises are located, without regard to such state's conflict of law principles.

40.15. Tenant guarantees, warrants and represents that the individual or individuals signing this Lease have the power, authority and legal capacity to sign this Lease on behalf of and to bind all entities, corporations, partnerships, limited liability companies, joint venturers or other organizations and entities on whose behalf such individual or individuals have signed.

40.16. This Lease may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document.

40.17. No provision of this Lease may be modified, amended or supplemented except by an agreement in writing signed by Landlord and Tenant.

40.18. No waiver of any term, covenant or condition of this Lease shall be binding upon Landlord unless executed in writing by Landlord. The waiver by Landlord of any breach or default of any term, covenant or condition contained in this Lease shall not be deemed to be a waiver of any preceding or subsequent breach or default of such term, covenant or condition or any other term, covenant or condition of this Lease.

40.19. To the extent permitted by Applicable Laws, the parties waive trial by jury in any action, proceeding or counterclaim brought by the other party hereto related to matters arising out of or in any way connected with this Lease; the relationship between Landlord and Tenant; Tenant's use or occupancy of the Premises; or any claim of injury or damage related to this Lease or the Premises.

41. Intentionally omitted.

42. Option to Extend Term. Tenant shall have the option ("Option") to extend the Term by four (4) years as to the entire Premises (and no less than the entire Premises) upon the following terms and conditions. Any extension of the Term pursuant to the Option shall be on all the same terms and conditions as this Lease, except as follows:

42.1. Base Rent at the commencement of the Option term shall equal the then-current fair market value for comparable office and laboratory space in the Torrey Pines submarket of comparable age, quality, level of finish and proximity to amenities and public transit ("FMV"), and shall be further increased on each annual anniversary of the Option term commencement date by three percent (3%). Tenant may, no more than twelve (12) months prior to the date the Term is then scheduled to expire, request Landlord's estimate of the FMV for the Option term. Landlord shall, within fifteen (15) days after receipt of such request, give Tenant a written proposal of such FMV. If Tenant gives written notice to exercise the Option, such notice shall

specify whether Tenant accepts Landlord's proposed estimate of FMV. If Tenant does not accept the FMV, then the parties shall endeavor to agree upon the FMV, taking into account all relevant factors, including (a) the size of the Premises, (b) the length of the Option term, (c) rent in comparable buildings in the relevant submarket, including concessions offered to new tenants, such as free rent, tenant improvement allowances and moving allowances, (d) Tenant's creditworthiness and (e) the quality and location of the Building and the Project. In the event that the parties are unable to agree upon the FMV within thirty (30) days after Tenant notifies Landlord that Tenant is exercising the Option, then either party may request that the same be determined as follows: a senior officer of a nationally recognized leasing brokerage firm with local knowledge of the Torrey Pines laboratory/research and development leasing submarket (the "Baseball Arbitrator") shall be selected and paid for jointly by Landlord and Tenant. If Landlord and Tenant are unable to agree upon the Baseball Arbitrator, then the same shall be designated by the local chapter of the Judicial Arbitration and Mediation Services or any successor organization thereto (the "JAMS"). The Baseball Arbitrator selected by the parties or designated by JAMS shall (y) have at least ten (10) years' experience in the leasing of laboratory/research and development space in the Torrey Pines submarket and (z) not have been employed or retained by either Landlord or Tenant or any affiliate of either for a period of at least ten (10) years prior to appointment pursuant hereto. Each of Landlord and Tenant shall submit to the Baseball Arbitrator and to the other party its determination of the FMV. The Baseball Arbitrator shall grant to Landlord and Tenant a hearing and the right to submit evidence. The Baseball Arbitrator shall determine which of the two (2) FMV determinations more closely represents the actual FMV. The arbitrator may not select any other FMV for the Premises other than one submitted by Landlord or Tenant. The FMV selected by the Baseball Arbitrator shall be binding upon Landlord and Tenant and shall serve as the basis for determination of Base Rent payable for the Option term. If, as of the commencement date of the Option term, the amount of Base Rent payable during the Option term shall not have been determined, then, pending such determination, Tenant shall pay Base Rent equal to the Base Rent payable with respect to the last year of the then-current Term. After the final determination of Base Rent payable for the Option term, the parties shall promptly execute a written amendment to this Lease specifying the amount of Base Rent to be paid during the Option term. Any failure of the parties to execute such amendment shall not affect the validity of the FMV determined pursuant to this Section.

42.2. The Option is not assignable separate and apart from this Lease.

42.3. The Option is conditional upon Tenant giving Landlord written notice of its election to exercise the Option at least eight (8) months prior to the end of the expiration of the then-current Term. Time shall be of the essence as to Tenant's exercise of the Option. Tenant assumes full responsibility for maintaining a record of the deadlines to exercise the Option. Tenant acknowledges that it would be inequitable to require Landlord to accept any exercise of the Option after the date provided for in this Section.

42.4. Notwithstanding anything contained in this Article to the contrary, Tenant shall not have the right to exercise the Option:

(a) During the time commencing from the date Landlord delivers to Tenant a written notice that Tenant is in default under any provisions of this Lease and continuing until Tenant has cured the specified default to Landlord's reasonable satisfaction; or

(b) At any time after any Default as described in Article 31 of the Lease (provided, however, that, for purposes of this Section 42.4(b), Landlord shall not be required to provide Tenant with notice of such Default) and continuing until Tenant cures any such Default, if such Default is susceptible to being cured; or

(c) In the event that Tenant has, collectively, defaulted in the performance of any monetary obligation or any material non-monetary obligation under this Lease two (2) or more times during the twelve (12)-month period immediately prior to the date that Tenant intends to exercise the Option, whether or not Tenant has cured such defaults.

42.5. The period of time within which Tenant may exercise the Option shall not be extended or enlarged by reason of Tenant's inability to exercise such Option because of the provisions of Section 42.4.

42.6. All of Tenant's rights under the provisions of the Option shall terminate and be of no further force or effect even after Tenant's due and timely exercise of the Option if, after such exercise, but prior to the commencement date of the new term, (a) Tenant fails to pay to Landlord a monetary obligation of Tenant for a period of twenty (20) days after written notice from Landlord to Tenant, (b) Tenant fails to commence to cure a default (other than a monetary default) within thirty (30) days after the date Landlord gives notice to Tenant of such default or (c) Tenant has defaulted under this Lease two (2) or more times and a service or late charge under Section 31.1 has become payable for any such default, whether or not Tenant has cured such defaults.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

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

LANDLORD:

BMR-ROAD TO THE CURE LP,
a Delaware limited partnership

By: _____
Name: Kevin M. Simonsen
Title: Sr. VP, Real Estate Legal

APPROVED
BIOMED REALTY LEGAL

TENANT:

ZENO PHARMACEUTICALS, INC.,
a Delaware corporation

By: _____
Name:
Title:

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

LANDLORD:

BMR-ROAD TO THE CURE LP,
a Delaware limited partnership

By: _____
Name:
Title:

TENANT:

ZENO PHARMACEUTICALS, INC.,
a Delaware corporation

By: _____
Name: Anthony Sun
Title: President

Exhibit 10.9

FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE (this "Amendment") is entered into as of this 6 day of December 2018 (the "Amendment Effective Date"), by and between BMR-ROAD TO THE CURE LP, a Delaware limited partnership ("Landlord"), and ZENO PHARMACEUTICALS, INC., a Delaware corporation ("Tenant").

RECITALS

A. WHEREAS, Landlord and Tenant are parties to that certain Lease dated as of November 12, 2015 (as the same may have been amended, supplemented or modified from time to time, the "Lease"), with respect to certain premises known as Suite 205 (the "Premises") on the second floor of the building located at 10835 Road to the Cure in San Diego, California (the "Building"); and

B. WHEREAS, Landlord and Tenant now desire to modify and amend the Lease only in the respects and on the conditions hereinafter stated.

AGREEMENT

NOW, THEREFORE, Landlord and Tenant, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, agree as follows:

1. Definitions. For purposes of this Amendment, capitalized terms shall have the meanings ascribed to them in the Lease unless otherwise defined herein. From and after the Amendment Effective Date, the term "Lease" shall mean the Lease, as amended by this Amendment.

2. Term. The Term is hereby extended for an additional 38 months, commencing on April 22, 2019 (the "Extension Term Commencement Date") and expiring on June 21, 2022 (the "Amended Term Expiration Date"), subject to extension or earlier termination in accordance with the Lease (the "Extension Term"). From and after the Amendment Effective Date, the term "Term," as used in the Lease, shall mean the Term, as extended by the Extension Term, and the term "Term Expiration Date" shall mean the Amended Term Expiration Date.

3. Base Rent. During the Extension Term, the monthly and annual Base Rent for the Premises shall be as follows:

Dates	Square Feet of Rentable Area	Base Rent per Square Foot of Rentable Area	Monthly Base Rent	Annual Base Rent
Month 1-2	11,121	$0.00 monthly	$ 0.00	N/A
Month 3-12	11,121	$4.00 monthly	$ 44,484.00	$533,808.00
Month 13-24	11,121	$4.12 monthly	$ 45,818.52	$549,822.24
Month 25-36	11,121	$4.24 monthly	$ 47,153.04	$565,836.48
Month 37-38	11,121	$4.37 monthly	$ 48,598.77	$583,185.24

4. Rent Adjustments. The Base Rent for the Premises during the Extension Term shall be subject to annual upward adjustments of three percent (3%) of the then-current Base Rent, with the first adjustment becoming effective commencing on the first (1st) anniversary of the Extension Term Commencement Date and subsequent adjustments becoming effective on every successive anniversary of the Extension Term Commencement Date. The amounts set forth in the table of Base Rent set forth in Section 3 above reflect such annual upward adjustments.

5. Base Rent Abatement. The Base Rent Abatement set forth in Section 7.5 of the Lease shall not apply to the Extension Term. Provided that Tenant is not in monetary default (without reference to any notice or cure periods) or material non-monetary default (beyond applicable notice and cure periods) under the Lease, Landlord agrees to abate Tenant's obligation to pay Base Rent for the Premises for the first two (2) months of the Extension Term (the "Extension Term Base Rent Abatement"). The period of time in which Tenant is entitled to any Extension Term Base Rent Abatement shall be referred to herein as the "Extension Term Base Rent Abatement Period." During the Extension Term Base Rent Abatement Period, Tenant will remain responsible for the payment of the Property Management Fee (which shall be calculated as if there were no Extension Term Base Rent Abatement and Tenant were paying Base Rent of $44,484.00 per month), utilities, Tenant's Adjusted Share of Operating Expenses and all Additional Rent attributable to the Premises. Tenant acknowledges and agrees that the foregoing Extension Term Base Rent Abatement has been granted to Tenant as additional consideration for entering into this Amendment, and for agreeing to pay the Base Rent and perform the terms and conditions otherwise required under the Lease. If Tenant shall be in monetary default (without reference to any notice or cure periods) or material non-monetary default (beyond applicable notice and cure periods) under the Lease, then Tenant's right to receive the Extension Term Base Rent Abatement for the Extension Term Base Rent Abatement Period shall automatically terminate and Tenant shall immediately be obligated to begin paying Base Rent for the Premises in full. The Extension Term Base Rent Abatement shall be personal to the original Tenant and any Tenant's Affiliate that assumes the original Tenant's interest in the Lease pursuant to an Exempt Transfer and shall only apply to the extent that the original Tenant or a Tenant's Affiliate that assumes the original Tenant's interest in the Lease pursuant to an Exempt Transfer (and not any assignee, or any sublessee or other transferee of the original Tenant's interest in this Lease pursuant to a Transfer that is not an Exempt Transfer) is the Tenant under this Lease during the Extension Term Base Rent Abatement Period.

6. Condition of Premises. Tenant acknowledges that (a) it is in possession of and is fully familiar with the condition of the Premises and, notwithstanding anything contained in the Lease to the contrary, agrees to take the same in its condition "as is" as of the Extension Term Commencement Date, and (b) Landlord shall have no obligation to alter, repair or otherwise prepare the Premises for Tenant's continued occupancy for the Extension Term or to pay for any improvements to the Premises, except for any repair and maintenance obligations of Landlord as may be expressly provided in the Lease.

7. Termination Option. If (a) Tenant delivers to Landlord written notice that Tenant desires to expand the Premises to include additional premises at the Building, and (b) after Landlord's receipt of such written notice from Tenant, Landlord and Tenant fail to execute and deliver a further amendment to the Lease expanding the Premises to include such additional premises at the Building, but Landlord's Affiliate (as hereinafter defined) and Tenant execute and deliver a lease for additional premises comprising at least twenty thousand (20,000) square feet of Rentable Area for office and laboratory use at another building owned by Landlord's Affiliate located in San Diego, California (an "Expansion Lease"), then upon the satisfaction of the conditions described in subsections (a) and (b) above (the "Termination Option Conditions"), Tenant shall have the one-time unilateral right to terminate the Lease, on the terms and conditions set forth in this Section 7 (the "Termination Option"). For purposes of this Section 7. "Landlord's Affiliate" shall mean another entity that controls, is controlled by or is under common control with Landlord, where "control" means owning (directly or indirectly) more than fifty percent (50%) of the stock or other equity interests of another entity or possessing (directly or indirectly) the power to direct or cause the direction of the management and policies of such entity.

7.1 In the event that the Termination Option Conditions are satisfied, then Tenant may exercise the Termination Option by delivering to Landlord, within ninety (90) days after satisfaction of the Termination Option Conditions, written notice informing Landlord that Tenant has elected to exercise the Termination Option (the "Termination Notice"). Time shall be of the essence as to Tenant's exercise of the Termination Option pursuant to this Section 7, and the period of time within which Tenant may exercise the Termination Option shall not be extended or enlarged for any reason whatsoever, including by reason of Force Majeure.

7.2 If Tenant exercises the Termination Option by delivering the Termination Notice within ninety (90) days after the full execution and delivery of the Expansion Lease by both parties thereto in accordance with Section 7.1 above, then the Lease shall terminate on the date set forth in the Termination Notice (provided that (a) such date shall be no earlier than the date upon which the term of the Expansion Lease commences in accordance with the Expansion Lease (the "Expansion Lease Term Commencement Date"), and (b) if a date is not specified in the Termination Notice, or if the date set forth in the Termination Notice is earlier than the Expansion Lease Term Commencement Date, then such date shall be the Expansion Lease Term

Commencement Date) (such date, the "Effective Termination Date"), and the Lease shall thereafter be of no further force or effect and neither party shall have any further rights or obligations with respect to the Premises under the Lease, except with respect to those terms, conditions and provisions that, by their express terms, survive the expiration or earlier termination of the Lease (including, without limitation, Tenant's obligations under Section 7.3 below). If Tenant does not exercise the Termination Option by delivering the Termination Notice within ninety (90) days of full execution and delivery of the Expansion Lease by both parties thereto, Tenant shall be conclusively deemed to have irrevocably waived the Termination Option and shall have no further right to exercise the Termination Option or to terminate the Lease pursuant to the Termination Option, and the Lease shall remain in full force and effect with respect to the Premises.

7.3 In the event that Tenant exercises the Termination Option in accordance with Section 7.1 above, then Tenant shall surrender the Premises to Landlord on the Effective Termination Date in accordance with all of the terms, conditions and provisions of the Lease. If Tenant fails to surrender the Premises in accordance with all of the terms, conditions and provisions of the Lease on or before the Effective Termination Date, then Tenant shall be deemed in holdover of the Premises without Landlord's prior written consent pursuant to the terms, conditions and provisions of Section 27.2 of the Lease. In the event Tenant exercises the Termination Option in accordance with Section 7.1, Tenant's obligations under this Section 7.3 shall survive the Effective Termination Date.

7.4 Tenant's right to exercise the Termination Option shall be personal to the original Tenant and any Tenant's Affiliate that assumes the original Tenant's interest in the Lease pursuant to an Exempt Transfer and shall only apply to the extent that the original Tenant or a Tenant's Affiliate that assumes the original Tenant's interest in the Lease pursuant to an Exempt Transfer (and not any assignee, or any sublessee or other transferee of the original Tenant's interest in this Lease pursuant to a Transfer that is not an Exempt Transfer) is the Tenant under this Lease.

8. Option to Extend Term. From and after the Amendment Effective Date, Tenant shall continue to have one (1) Option to extend the Term in accordance with Section 42 of the Lease, except that the Option shall be amended to be an Option to extend the Term by three (3) years instead of four (4) years, and therefore the phrase "four (4) years" in the first sentence of Section 42 is hereby deleted and replaced with "three (3) years".

9. Acknowledgement of No Assignment. The parties acknowledge and agree that any attempted assignments of the Lease prior to the Amendment Effective Date are null and void and without force or effect.

10. Broker. Tenant represents and warrants that it has not dealt with any broker or agent in the negotiation for or the obtaining of this Amendment, other than Cushman & Wakefield ("Broker"), and Tenant agrees to reimburse, indemnify, save, defend (at Landlord's option and with counsel reasonably acceptable to Landlord, at Tenant's sole cost and expense)

and hold harmless the Landlord Indemnitees for, from and against any and all cost or liability for compensation claimed by any such broker or agent, other than Broker, employed or engaged by Tenant or claiming to have been employed or engaged by Tenant. Landlord shall pay a leasing commission to Broker in connection with this Amendment pursuant to a separate agreement between Landlord and Broker, subject to and contingent upon the execution and delivery of this Amendment by Landlord and Tenant and satisfaction of any other conditions precedent to the payment of such commission set forth in such separate agreement. Landlord represents and warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation of this proposal other than Broker, and that it knows of no other real estate broker or agent that is or might be entitled to a commission in connection with the Amendment. Landlord agrees to reimburse, indemnify, save, defend and hold Tenant harmless from any and all cost or liability for compensation claimed by any broker or agent, other than Broker, employed or engaged by Landlord or claiming to have been employed or engaged by Landlord.

11. No Default. Tenant represents, warrants and covenants that, to the best of Tenant's knowledge, Landlord and Tenant are not in default of any of their respective obligations under the Lease and no event has occurred that, with the passage of time or the giving of notice (or both) would constitute a default by either Landlord or Tenant thereunder.

12. Effect of Amendment. Except as modified by this Amendment, the Lease and all the covenants, agreements, terms, provisions and conditions thereof shall remain in full force and effect and are hereby ratified and affirmed. In the event of any conflict between the terms contained in this Amendment and the Lease, the terms herein contained shall supersede and control the obligations and liabilities of the parties.

13. Successors and Assigns. Each of the covenants, conditions and agreements contained in this Amendment shall inure to the benefit of and shall apply to and be binding upon the parties hereto and their respective heirs, legatees, devisees, executors, administrators and permitted successors and assigns and sublessees. Nothing in this section shall in any way alter the provisions of the Lease restricting assignment or subletting.

14. Miscellaneous. This Amendment becomes effective only upon execution and delivery hereof by Landlord and Tenant. The captions of the paragraphs and subparagraphs in this Amendment are inserted and included solely for convenience and shall not be considered or given any effect in construing the provisions hereof. All exhibits hereto are incorporated herein by reference. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for a lease, and shall not be effective as a lease, lease amendment or otherwise until execution by and delivery to both Landlord and Tenant.

15. Authority. Each party guarantees, warrants and represents that the individual or individuals signing this Amendment on its behalf have the power, authority and legal capacity to sign this Amendment on behalf of and to bind all entities, corporations, partnerships, limited liability companies, joint venturers or other organizations and entities on whose behalf such individual or individuals have signed.

16. Counterparts; Facsimile and PDF Signatures. This Amendment may be executed in one or more counterparts, each of which, when taken together, shall constitute one and the same document. A facsimile or portable document format (PDF) signature on this Amendment shall be equivalent to, and have the same force and effect as, an original signature.

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IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the Amendment Effective Date set forth above.

LANDLORD:

BMR-ROAD TO THE CURE LP,
a Delaware limited partnership

By: /s/ Marie Lewis
Name: Marie Lewis
Title: Vice President, Legal

TENANT:

ZENO PHARMACEUTICALS, INC.,
a Delaware corporation

By: /s/ Kevin Bunker, Ph.D.
Name: Kevin Bunker, Ph.D.
Title: Chief Operating Officer

Exhibit 10.15

Execution Version

[***] Certain information in this document has been excluded pursuant to Regulation S-K, Item 601(b)(10). Such excluded information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

SECOND AMENDED AND RESTATED LICENSE AGREEMENT

between

Recurium IP Holdings, LLC,

and

Zeno Management, Inc.

Dated: September 6, 2019

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AMENDED AND RESTATED LICENSE AGREEMENT

THIS SECOND AMENDED AND RESTATED LICENSE AGREEMENT ("**Agreement**"), dated September 6, 2019 and made effective as of December 21, 2017 (the "**Effective Date**"), is by and between Recurium IP Holdings, LLC (f/k/a Zeno Royalties & Milestones, LLC), a Delaware Limited Liability Company ("**LICENSOR**") and Zeno Management, Inc., a corporation organized and existing under the laws of Delaware ("**LICENSEE**"). LICENSOR and LICENSEE may, from time-to-time, be individually referred to as a "**Party**" and collectively referred to as the "**Parties**".

RECITALS

WHEREAS, Kalyra Pharmaceuticals, Inc. and Zeno Pharmaceuticals, Inc. entered into that certain License Agreement dated December 31, 2014 (the ("**Original License Agreement**");

WHEREAS, LICENSOR has acquired the Original License Agreement and the Licensed Technology (hereinafter defined) pursuant to that certain Asset Purchase Agreement by and between LICENSOR and Kalyra Pharmaceuticals, Inc. dated as of December 21, 2017;

WHEREAS, Zeno Pharmaceuticals, Inc. assigned its rights and obligations under the Original License Agreement to ZIP Pharma, Inc., effective as of December 21, 2017;

WHEREAS, ZIP Pharma, Inc. and LICENSOR amended and restated the Original License Agreement in that certain Amended and Restated License Agreement, effective as of December 21, 2017 (the "**ARLA**");

WHEREAS, ZIP Pharma, Inc. merged into LICENSEE, effective as of September 3, 2019; and

WHEREAS, LICENSEE and LICENSOR desire to amend and restate the ARLA in its entirety as set forth below in order to more clearly reflect the original intent of the parties to the Original License Agreement on December 21, 2017.

NOW, THEREFORE, in consideration of the mutual agreements and covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which the Parties hereby acknowledge, the Parties, intending to be legally bound hereby, agree to the foregoing and as follows:

1. DEFINITIONS

1.1 "**AAA**" is defined in Section 14.4.1.

1.2 "**Affiliate**" means, with respect to a Party, any Person that controls, is controlled by, or is under common control with that Party. For the purpose of this definition, "control" shall refer to: (a) the possession, directly or indirectly, of the power to direct the management or policies of an entity, whether through the ownership of voting securities, by contract or otherwise, or (b) the ownership, directly or indirectly, of fifty percent (50%) or more of the voting securities of such entity. For purposes of this Agreement, LICENSOR shall not be deemed an Affiliate of LICENSEE and LICENSEE shall not be deemed an Affiliate of LICENSOR.

1.3 "**Affiliated Sublicensee**" is defined in Section 2.2.1.

1.4 "**[***] Program Compound**" means any compound Covered by a Valid Claim of an [***] Program Patent or any compound that is an analog of [***].

1.5 "**[***] Program Patents**" means: (a) the patents and patent applications listed in Schedule D hereto; (b) all regular, divisional, continuation, substitution, continuation-in-part and continued prosecution applications that claim priority to those patents or patent applications described in subsection (a); (c) all patents that have issued or in the future issue from any of the foregoing patent applications in subsections (a) and (b), including utility, model and design patents, certificates of invention and applications for certificates of invention; (d) any reissues, renewals, extensions (including patent term extensions and supplemental certificates and the like), adjustments, re-examinations, revalidations, registrations and pediatric exclusivity periods of any of the foregoing; and (e) any foreign equivalents of any of the foregoing.

1.6 "**Applicable Laws**" means all applicable laws, statutes, rules, regulations and guidelines, including, without limitation, all good clinical practices, good manufacturing practices and all applicable standards or guidelines promulgated by the appropriate Regulatory Authority.

1.7 "**Bankruptcy Code**" is defined in Section 12.3.

1.8 "**Bankruptcy Event**" is defined in Section 12.3.

1.9 "**Bioisosteres**" means substituent(s) (an atom or groups of bonded atoms) that (i) have physical or chemical properties similar to certain atoms within a compound and that (ii) when substituted into such compound, produce biological properties similar to such original compound.

1.10 "**Business Day**" means any day other than a Saturday, a Sunday or a day on which commercial banks located in New York, New York are authorized or required by law to remain closed.

1.11 "**Calendar Quarter**" means the respective periods of three (3) consecutive calendar months ending on March 31, June 30, September 30 and December 31, or portion thereof, during the Term.

1.12 "**Change in Control**" means (a) the acquisition of any voting securities of a Party by any Person other than an Affiliate of such Party, immediately after which such Person has "Beneficial Ownership" (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than fifty percent (50%) of (i) the then-outstanding shares or (ii) the combined voting power of the Party's then-outstanding voting securities, or (b) the sale to a Person other than an Affiliate of such Party of all or substantially all of the assets of such Party. Notwithstanding the foregoing, (1) a stock sale to underwriters of a public offering of a Party's capital stock or other Third Parties solely for the purpose of financing or a transaction solely to change the domicile of a Party or (2) a shift in the majority of the voting power of a Party as a resulting of a financing in which a Party issues convertible preferred shares or other securities to investors (including existing investors) in an arm's length transaction shall not constitute a Change in Control.

1.13 "**Claims**" is defined in Section 10.1.

1.14 "**Commencement**" when used with respect to a clinical trial, means the first dosing of the first subject for such trial.

1.15 "**Commercialize**" or "**Commercialization**" means any and all activities directed to commercialization, including to manufacture for sale (along with any and all activities directed to the manufacture, receipt, incoming inspections, storage, quality control and handling of raw materials and components and the manufacture, formulation, packaging, storage, handling, assembly, production, processing, labeling, testing, disposition, packaging and quality control of any Licensed Product, including manufacturing process development, scale-up and validation), market, promote, distribute, offer for sale and sell (as well as importing and exporting activities in connection therewith).

1.16 "**Commercially Reasonable Efforts**" means: (a) with respect to Development of a Licensed Product, the efforts and expenditures required to obtain Regulatory Approval that would be employed by a company in the pharmaceutical or biotechnology industry of similar size and resources to LICENSEE for a product of similar commercial potential with similar rights; and (b) with respect to Commercialization of a Licensed Product, the efforts and expenditures that would be employed by a company in the pharmaceutical or biotechnology industry of similar size and resources to LICENSEE and for a product of similar commercial potential with similar rights.

1.17 "**Competing Product**" means any product that contains the same active pharmaceutical ingredient as a Licensed Product and is approved for the same indication for which such Licensed Product is approved.

1.18 "**Compound Specific Improvements**" means any improvement, modification or enhancement to any Know-How that is (a) related to any structure-activity relationships concerning a Program Compound and (b) Controlled by LICENSOR as of the Effective Date. For clarity and by way of example only, if LICENSOR conceived or reduced to practice one or more analogs of a cholesterol scaffold as a Program Compound(s) as of the Effective Date, then any additional analogs of a cholesterol scaffold conceived or reduced to practice by LICENSEE after the Effective Date that modulate the same target(s) as the initial Program Compound(s) would be deemed Compound Specific Improvements.

1.19 "**Compound Specific Patent Abandonment Notice**" is defined in Section 6.4(d).

1.20 "**Compound Specific Patent Action**" is defined in Section 7.2.2.

1.21 "**Compound Specific Patents**" means: (a) (i) the patents and patent applications listed in Schedule B hereto, (ii) the [***] Program Patents, (iii) any patents and patent applications with claims Covering inventions within the Licensed Know-How, and (iv) any patents and patent applications with claims Covering any Compound Specific Improvements; (b) all regular, divisional, continuation, substitution, continuation-in-part and continued prosecution applications that claim priority to those patents or patent applications described in subsection (a); (c) all patents that have issued or in the future issue from any of the foregoing patent applications in subsections (a) and (b), including utility, model and design patents, certificates of invention and applications for certificates of invention; (d) any reissues, renewals, extensions (including patent term extensions and supplemental certificates and the like), adjustments, re-examinations, revalidations, registrations and pediatric exclusivity periods of any of the foregoing; and (e) any foreign equivalents of any of the foregoing. Notwithstanding the foregoing, Compound Specific Patents shall exclude Platform Patents and Reagent Patents.

1.22 "**Confidential Information**" is defined in Section 8.1.

1.23 "**Control**" or "**Controlled**" means, with respect to any Intellectual Property Rights, the legal authority or right (whether by ownership, license or otherwise) of a Party to grant a license or a sublicense under Intellectual Property Rights, as applicable, to the other Party pursuant to the terms of this Agreement without breaching an obligation to or other arrangement with a Third Party, having to provide a royalty to a Third Party, or infringing or misappropriating the rights of a Third Party. Notwithstanding the foregoing, upon a Change in Control of LICENSOR that results in LICENSOR being merged into a Third Party and/or all or substantially of LICENSOR's assets being assigned to a Third Party, the term Control shall be limited to only those Intellectual Property Rights that were Controlled by LICENSOR immediately prior to such Change of Control.

1.24 "**Cover**" or "**Covering**" means, with respect to a Patent or claim of a Patent and a product or compound, that the making, use, sale, offer for sale or importation of such product or compound would infringe such claim or Patent, but for the ownership of such Patent or the licenses granted under such Patent in this Agreement.

1.25 "**Deductions**" is defined in Section 1.65.

1.26 "**Designated Affiliate/Third Party**" is defined in Section 12.4.5(c).

1.27 "**Develop**" or "**Development**" means to conduct any and all research and development activities necessary to obtain Regulatory Approval.

1.28 "**Dispute**" is defined in Section 14.2.

1.29 "**Dispute Resolution Period**" is defined in Section 14.2.

1.30 "**Executive Officers**" means the Chief Executive Officer of each Party.

1.31 "**FDA**" means the United States Food and Drug Administration, or a successor federal agency thereto.

1.32 "**Field**" means the Initial Field and, on a Licensed Product-by-Licensed Product basis, the Licensee Extended Field.

1.33 "**First Commercial Sale**" means the first Net Sale generated in an arms-length transaction in a country in the Territory.

1.34 "**Force Majeure Event**" is defined in Section 15.4.

1.35 "**GAAP**" means the generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board.

1.36 "**Government Official**" is defined in Section 9.2.2.

1.37 "**Improvement**" means the Compound Specific Improvements and the Platform Improvements.

1.38 "**IND**" means (a) an investigational new drug application filed with the FDA for authorization for the investigation of a Licensed Product and (b) any of its foreign equivalents as filed with the applicable Regulatory Authorities in other countries or regulatory jurisdictions in the Territory, as applicable.

1.39 "**Indemnitee**" is defined in Section 10.3.

1.40 "**Indemnifying Party**" is defined in Section 10.3.

1.41 "**Indication**" means an indication, disease or condition for which a particular medical treatment or procedure is medically advisable

1.42 "**Initial Field**" means any use in humans and/or animals for the treatment or prevention of any diseases, but specifically excluding any use in humans and/or animals for [***].

1.43 "**Intellectual Property Rights**" means all trade secrets, copyrights, patents and other patent rights, trademarks, service marks, moral rights, Know-How and any and all other intellectual property or proprietary rights (including, without limitation, applications relating thereto) in any inventions, compounds, techniques, or discoveries, whether or not patentable, now known or hereafter recognized in any jurisdiction.

1.44 "**Know-How**" means tangible and intangible information, techniques, technology, practices, inventions (whether patentable or not), methods, knowledge, know-how, trade secrets, data and results (including all biological, chemical, pharmacological, toxicological, clinical, analytical and quality control data and methods (including any applicable reference standards), manufacturing assay and related data, data and results relating to drug substance, drug product, starting materials, and radiolabeled compounds, know-how and trade secrets).

1.45 "**License**" is defined in Section 2.1.1.

1.46 "**Licensed Know-How**" means all Know-How Controlled by LICENSOR that relates to a Program Compound or that relates to the inventions and technology described in the Patent Rights, but excluding any Know-How to the extent claimed in any Patent Rights.

1.47 "**Licensed Product**" means any drug product which uses a compound as an active pharmaceutical ingredient, wherein such compound (i) is Covered by the Patent Rights; (ii) is Developed using the Licensed Technology; or (iii) is a Program Compound, provided that for any compound that is solely covered by this subsection (iii) and that is Covered by a valid claim of an in-licensed (by LICENSEE) patent or patent application from a Third Party, the use of such in-licensed compound in a drug product shall not in and of itself cause such drug product to be a Licensed Product. Furthermore, any drug product which uses as an active pharmaceutical ingredient a compound Covered by the Reagent Patents is excluded from Licensed Product.

1.48 "**Licensed Technology**" means the Patent Rights and the Licensed Know-How.

1.49 "**Licensee Election Notice**" is defined in Section 2.1.2.

1.50 "**Licensee Extended Field**" is defined in Section 2.1.2.

1.51 "**Licensee Indemnitee(s)**" is defined in Section 10.2.

1.52 "**Licensee Inventory**" is defined in Section 12.4.5(c).

1.53 "**Licensee Withholding Tax Action**" is defined in Section 4.3.1.

1.54 "**Licensor Bioisostere**" means any and all (a) Bioisosteres Controlled by LICENSOR as of the Effective Date and (b) Platform Improvements Controlled by LICENSOR at any time on or after the Effective Date and prior to the expiration or termination of this Agreement or prior to a Change of Control.

1.55 "**Licensor Cap**" is defined in Section 11.2.

1.56 "**Licensor Election Notice**" is defined in Section 3.3.

1.57 "**Licensor Extended Field**" is defined in Section 3.3.

1.58 "**Licensor Extended Field Products**" means any Licensed Product Covered by the Platform Patents for which LICENSOR has properly provided the Licensor Election Notice pursuant to Section 3.3.

1.59 "**Licensor's Product Family Equity**" is defined in Section 4.1.1.

1.60 "**Migration Period**" is defined in Section 12.4.5(c).

1.61 "**Milestone**" is defined in Section 4.1.1.

1.62 "**Milestone Payment**" is defined in Section 4.1.1.

1.63 "**NDA**" means (a) a new drug application filed with the FDA for authorization for marketing a Licensed Product and (b) any of its foreign equivalents as filed with the applicable Regulatory Authorities in other countries or regulatory jurisdictions in the Territory, as applicable.

1.64 "**Net Sales**" means, with respect to each Royalty & Milestone Product, the gross amount invoiced by or on behalf of LICENSEE, its Affiliates and their respective sublicensees for sales of such Royalty & Milestone Product (other than sales by LICENSEE, its Affiliates or sublicensees for subsequent resale in which case the final sale to the end user shall be used for calculation of Net Sales), less the following deductions if and to the extent they are included in the gross invoiced sales price of such Royalty & Milestone Product or otherwise directly incurred by LICENSEE, its Affiliates and their respective sublicensees with respect to the sale of such Royalty & Milestone Product: [***].

The following principles shall apply in the calculation of Net Sales:

1.64.1 [***].

1.64.2 [***].

1.64.3 Notwithstanding anything in this Agreement to the contrary, the transfer of Royalty & Milestone Products between or among LICENSEE, its Affiliates and sublicensees will not be considered a sale, provided, that in the event an Affiliate or sublicensee is the end-user of Royalty & Milestone Product, the transfer of Royalty & Milestone Products to such Affiliate or sublicensee shall be included in the calculation of Net Sales at the average selling price charged in an arm's length sale to a Third Party who is not an Affiliate or sublicensee in the relevant period.

1.64.4 Unless otherwise specified herein, Net Sales shall be calculated in accordance with GAAP generally and consistently applied.

1.65 "**Patent Rights**" means the Compound Specific Patents and the Platform Patents.

1.66 "**Person**" means an individual, corporation, partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, pool, syndicate, sole proprietorship, unincorporated organization, governmental authority or any other form of entity not specifically listed herein.

1.67 "**Phase I Clinical Trial**" means any human clinical trial of a Royalty & Milestone Product, the principal purpose of which is preliminary determination of safety in healthy individuals or patients as described under 21 C.F.R. § 312.21(a) (as hereafter modified or amended) and any of its foreign equivalents.

1.68 "**Phase II Clinical Trial**" means any human clinical trial of a Royalty & Milestone Product conducted for purposes of preliminary determination of efficacy and/or preliminary establishment of appropriate dosage ranges for efficacy and safety in patients, as described under 21 C.F.R. § 312.21(b) (as hereafter modified or amended) and any of its foreign equivalents.

1.69 "**Phase III Clinical Trial**" means a clinical study of a Royalty & Milestone Product as described in 21 C.F.R. § 312.21(c) (as hereafter modified or amended) and any of its foreign equivalents.

1.70 "**Platform Improvement**" means any improvement, modification or enhancement to a [***].

1.71 **"Platform Patent Abandonment Notice"** is defined in Section 6.4(b).

1.72 "**Platform Patent Action**" is defined in Section 7.2.1.

1.73 "**Platform Patents**" means: (a) the patents and patent applications listed on Schedule A, hereto; (b) any patents and patent applications with claims Covering any Platform Improvements, but excluding the Reagent Patents; (c) all regular, divisional, continuation, substitution, continuation-in-part, and continued prosecution applications that claim priority to those patents or patent applications described in subsections (a) and (b); (d) all patents that have issued or in the future issue from any of the foregoing patent applications in subsections (a) - (c), including utility, model and design patents, certificates of invention and applications for certificates of invention; (e) any reissues, renewals, extensions (including patent term extensions and supplemental certificates and the like), adjustments, re-examinations, revalidations, registrations and pediatric exclusivity periods of any of the foregoing; and (f) any foreign equivalents of any of the foregoing.

1.74 "**PRC Sublicensee**" means [***] and/or one of its Affiliates.

1.75 "**Proceeding**" shall mean any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, investigative or informal) commenced, brought, conducted or heard by or before, or otherwise involving any governmental entity or arbitrator.

1.76 "**Product Family**" means one or more Royalty & Milestone Products which contain the same active compound(s) (or any isomers, salts, hydrates, solvates, amides, esters, metabolites, or prodrugs of the active compound(s)) or contain lead compound(s) or backup compound(s) from a development program targeting the same biological target or cell receptor ligand, but irrespective of whether such Royalty & Milestone Products are marketed for the same indications, contain different dosage forms, proportions or formulations of such compound(s) or utilize different inactive ingredients. Notwithstanding the foregoing, a Royalty & Milestone Product based on a compound shall be deemed to be in a distinct Royalty & Milestone Product Family from a Royalty & Milestone Product based on the combination of the same relevant compound with any other active pharmaceutical ingredient. As such, then two distinct sets of milestone payments shall be potentially due under this Agreement, one for each of such two distinct Royalty & Milestone Products.

1.78 "**Program Compound**" means [***].

1.79 "**Qualifying Clinical Trial**" is defined in Section 2.1.2.

1.80 "**Reagent Patents**" means: (a) the patents and patent applications listed in Schedule C hereto; (b) all regular, divisional, continuation, substitution, continuation-in-part and continued prosecution applications that claim priority to those patents or patent applications described in subsection (a); (c) all patents that have issued or in the future issue from any of the foregoing patent applications in subsections (a) and (b), including utility, model and design patents, certificates of invention and applications for certificates of invention; (d) any reissues, renewals, extensions (including patent term extensions and supplemental certificates and the like), adjustments, re-examinations, revalidations, registrations and pediatric exclusivity periods of any of the foregoing; and (e) any foreign equivalents of any of the foregoing.

1.81 "**Recipients**" is defined in Section 8.2.

1.82 "**Regulatory Approval**" means, with respect to a Licensed Product in any country or jurisdiction, any approval (including where required, pricing and reimbursement approvals), registration, license or authorization that is required by the applicable Regulatory Authority to market and sell such Licensed Product in such country or jurisdiction.

1.83 "**Regulatory Authority(ies)**" means, collectively, the entities in each country in the Territory responsible for (i) granting Regulatory Approvals for a Licensed Product in the Territory or (ii) the establishment, maintenance and/or protection of rights related to the Patent Rights, or any other successor entities thereto.

1.84 "**Regulatory Filings**" means, with respect to a Licensed Product, any submission to a Regulatory Authority of any appropriate regulatory application, including, without limitation, any IND, NDA, any submission to a regulatory advisory board, any marketing authorization application, and any supplement or amendment thereto.

1.85 "**Relevant Records**" is defined in Section 5.1.

1.86 "**Royalties**" is defined in Section 4.1.2(a).

1.87 "**Royalty & Milestone Product**" means any Licensed Product that comprises or contains a Program Compound.

1.88 "**Royalty Percentage**" is defined in Section 4.1.2(a).

1.89 "**Royalty Term**" means, with respect to a Royalty & Milestone Product in each country, the period commencing on the First Commercial Sale of such Royalty & Milestone Product in such country and expiring upon [***].

1.90 "**Subcontractors**" is defined in Section 2.2.4.

1.91 "**Taxes**" is defined in Section 4.3.1.

1.92 "**Term**" is defined in Section 12.1.

1.93 "**Territory**" means worldwide.

1.94 "**Third Party**" means any Person other than a Party or an Affiliate of a Party.

1.95 "**Use**" means to make, have made, use, sell, offer for sale and import.

1.96 "**Valid Claim**" means (a) a claim of an issued and unexpired patent included within the Patent Rights that (i) has not been revoked, declared unenforceable or unpatentable, or held invalid by a court or other governmental agency of competent jurisdiction that is unappealable or unappealed within the time allowed for appeal, (ii) has not been admitted to be rendered invalid or unenforceable through reissue, disclaimer or otherwise, and (iii) has not been finally cancelled, withdrawn, abandoned, allowed to lapse, or rejected by any governmental agency of competent jurisdiction and (b) a pending application within the Licensed Patents, provided that such application has not been pending for more than [***] ([***]) [***] and that has not been canceled, withdrawn, finally determined to be unallowable, or abandoned.

1.97 "**Recurium Equity**" is defined in Section 4.1.1.

2. LICENSE GRANT

2.1 License Grant.

2.1.1 **Licensed Technology**. Subject to the terms and conditions of this Agreement, LICENSOR hereby grants to LICENSEE an exclusive (even as against LICENSOR and its Affiliates, except as provided in Sections 2.3 and 3.3), sublicensable (subject to Section 2.2) right and

license under the Licensed Technology to Develop and Commercialize Licensed Products (except for any Licensor Extended Field Product) solely for Use within the Field and within the Territory (the "**License**").

2.1.2 **Licensee Rights Outside Initial Field**. If at any time after Commencement of the first Qualifying Clinical Trial for a Licensed Product in the Initial Field LICENSEE and/or its sublicensees desire to market and offer for sale such Licensed Product in any Indication outside the Initial Field, LICENSEE shall have the right and option to notify LICENSOR in writing (the "**Licensee Election Notice**") that LICENSEE and/or its sublicensees desires to Develop and Commercialize such Licensed Product in the Territory for Indications outside the Initial Field (the "**Licensee Extended Field**"). LICENSEE shall provide the structure of the Licensed Product in its Licensee Election Notice, but LICENSEE will not be required to identify which Indication(s) outside the Initial Field such Licensed Product will be Developed in. If LICENSEE delivers a Licensee Election Notice then any Indication for which such Licensed Product is Developed or Commercialized shall automatically (without any requirement to amend this Agreement) be included in the Licensee Extended Field with respect to such Licensed Product, subject to all of the terms and conditions of this Agreement. For purposes of this Section 2.1.2, the term "**Qualifying Clinical Trial**" shall mean, on a Licensed Product-by-Licensed Product basis [***].

2.1.3 **Reagent License**. Subject to the terms and conditions of this Agreement, LICENSOR hereby grants to LICENSEE a non-exclusive right and license under the Reagent Patents to use compounds Covered by the Reagent Patents solely as reagents for the synthesis of Licensed Products solely for Use within the Field and within the Territory. LICENSEE shall have the right to sublicense the rights granted under this Section 2.1.3 solely to Affiliated Sublicensees. LICENSEE acknowledges and agrees that neither it nor any Affiliated Sublicensee shall use any compound Covered by the Reagent Patents or any simple derivative of such compound in any drug product.

2.2 Sublicense Rights.

2.2.1 LICENSEE shall have the right to sublicense the rights granted under the License in Section 2.1 to one or more of its Affiliates (each an "**Affiliated Sublicensee**"), provided that LICENSEE shall cause such Affiliated Sublicensees to comply with and be bound by those terms and conditions under this Agreement that by their terms are intended to obligate LICENSEE or its Affiliated Sublicensees. Notwithstanding the foregoing, LICENSEE shall remain responsible for complying with such applicable terms and conditions. A breach by any such Affiliated Sublicensee of any such obligation of LICENSEE shall constitute a breach by LICENSEE of this Agreement and shall entitle LICENSOR to exercise its rights hereunder, in addition to any other rights and remedies to which LICENSOR may be entitled.

2.2.2 LICENSEE shall also have the right to sublicense the rights granted under the License in Sections 2.1.1 and 2.1.2 to Third Parties subject to the following: LICENSEE shall provide LICENSOR with an executed copy thereof (provided that LICENSEE shall be permitted to redact confidential financial terms in such agreement) within [***] ([***]) days after execution thereof. Each sublicense shall contain covenants by the sublicensee for such sublicensee to observe and perform materially the same terms and conditions as those set out for LICENSEE in this Agreement to the extent applicable. In the event that LICENSEE becomes aware of a material breach of any such sublicense by the sublicensee, LICENSEE shall promptly notify LICENSOR of the particulars of same and use its Commercially Reasonable Efforts to enforce the terms of such sublicense. [***].

2.2.3 The terms of this Section 2.2 shall apply to each subsequent sublicensee or sub-sublicensee, as if same were LICENSEE's original sublicensee.

2.2.4 LICENSEE and its sublicensees shall have the right to utilize subcontractors, including service providers, manufacturers, clinical research organizations and distributors who are performing services on LICENSEE's and/or its sublicensee's behalf ("**Subcontractors**"). Any use of such Subcontractors shall not require the consent of LICENSOR nor shall such Subcontractors be deemed sublicensees for purposes of this Agreement, including this Section 2.2.

2.3 **Retained Rights.** LICENSOR reserves all rights with respect to Licensed Know-How, Patent Rights, Reagent Patents and other Intellectual Property Rights that are not specifically granted herein. Without limiting the foregoing, LICENSEE acknowledges and agrees that LICENSOR retains the right under the Licensed Technology (but excluding the Compound Specific Patents) to make, have made and use the Licensor Bioisosteres and/or Licensed Products for research purposes, to Develop and/or Commercialize the Licensor Bioisosteres and/or Licensed Products outside the Field, and to Develop and/or Commercialize Licensor Extended Field Products in the Licensor Extended Field.

2.4 **No Additional Rights.** Nothing in this Agreement shall be construed to confer any rights upon LICENSEE by implication, estoppel, or otherwise as to any technology or Intellectual Property Rights of LICENSOR or its Affiliates other than the Licensed Technology.

2.5 **Licensor Covenant.** LICENSOR hereby acknowledges and agrees that it shall not license the Compound Specific Patents to any Third Party in any field during the Term.

2.6 **Reimbursements.** LICENSEE shall reimburse LICENSOR for all reasonable legal and other reasonable and documented costs and expenses incurred by LICENSOR in the administration of this contract within [***] ([***]) days of invoice therefor. Upon LICENSEE'S request, LICENSOR shall provide all documentation necessary for LICENSEE to verify such costs and expenses prior to being required to pay the same.

3. DEVELOPMENT AND COMMERCIALIZATION

3.1 **Development.** LICENSEE shall itself, or through its sublicensees, use Commercially Reasonable Efforts to Develop at least one (1) Royalty & Milestone Product in the Territory. In connection with its efforts to Develop Licensed Products, LICENSEE shall bear all responsibility and expense for filing Regulatory Filings in LICENSEE's name and obtaining Regulatory Approval for such Products. LICENSEE shall, on an annual basis, provide LICENSOR with one or more Development plans detailing LICENSEE's plans to Develop Royalty & Milestone Products in the Territory for LICENSOR's review and comment. LICENSEE will use Commercially Reasonable Efforts to timely and diligently execute the activities under such development plans and shall provide to LICENSOR reports regarding LICENSEE's progress within [***] ([***]) days following the expiration of each Calendar Quarter.

3.2 **Commercialization.** LICENSEE shall itself, or through its sublicensees, use Commercially Reasonable Efforts to Commercialize [***] ([***]) [***] in the Territory.

3.3 **Licensor's Rights In The Initial Field.** If at any time after Commencement by LICENSOR (or its other licensees of any Platform Patent outside the Initial Field) of [***] Licensed Product Covered by the Platform Patents outside the Initial Field LICENSOR and/or its other licensees desire to market and offer for sale such Licensed Product in any Indication inside the Initial Field, LICENSOR shall have the right and option to notify LICENSEE in writing (the **"Licensor Election Notice"**) that LICENSOR and/or its licensees desires to Develop such Licensed Product in the Territory for Indications inside the Initial Field (the **"Licensor Extended Field"**). LICENSOR shall

provide the structure of such Licensed Product in its Licensor Election Notice, but LICENSOR will not be required to identify which Indication(s) outside the Initial Field such Licensed Product will be Developed in. If LICENSOR delivers a Licensor Election Notice then any Indication for which such Licensed Product is Developed shall automatically (without any requirement to amend this Agreement) be included in the LICENSOR Extended Field with respect to such Licensed Product, subject to all of the terms and conditions of this Agreement.

4. PAYMENT TERMS

4.1 Payment Terms.

4.1.1 **Milestone Payments**. LICENSEE shall notify LICENSOR as soon as practicable upon achievement of each milestone set forth in the applicable table below (each, a "**Milestone**"). In further consideration of the licenses and rights granted to LICENSEE, within [***] ([***]) days upon achievement of each Milestone set forth in the applicable table below, LICENSEE shall pay to LICENSOR the corresponding non-creditable and non-refundable milestone payment (each, a "**Milestone Payment**") as determined on a Product Family-by-Product Family basis according to Recurium Equity, LLC's ("**Recurium Equity**") aggregate direct and/or indirect equity ownership percentage (on a fully diluted basis) of LICENSEE or the furthest down-stream Affiliated Sublicensee of the applicable Product Family in the case of a Product Family that has been sublicensed to an Affiliated Sublicensee (the applicable percentage with respect to a Product Family is referred to herein as "**LICENSOR's Product Family Equity**") at the time such Milestone is achieved, as set forth below; provided that any sales by Recurium Equity of equity of LICENSEE owned by Recurium Equity as of the Effective Date shall be disregarded for purposes of the foregoing calculations, such that Recurium Equity cannot unilaterally reduce its ownership percentage. (For example, if Recurium Equity's equity ownership percentage of LICENSEE is [***] and the applicable Product Family has not been sublicensed to an Affiliated Sublicensee, then LICENSOR's Product Family Equity would be [***] with respect to such Product Family. If Recurium Equity's equity ownership percentage of LICENSEE is [***] and a Product Family has been sublicensed to an Affiliated Sublicensee, and LICENSEE's equity ownership percentage of the Affiliated Sublicensee is [***], then LICENSOR's Product Family Equity with respect to such Product Family would be [***] (i.e., [***] multiplied by [***]).)

(a) If LICENSOR's Product Family Equity is less than [***] ([***]) with respect to an applicable Product Family:

MILESTONE	MILESTONE PAYMENT
(1) Upon Commencement of the first Phase II Clinical Trial in any country for a Royalty & Milestone Product in such Product Family*	[***]
(2) Upon Commencement of the first Phase III Clinical Trial in any country for a Royalty & Milestone Product in such Product Family*	[***]
(3) Upon the first NDA Filing Acceptance in any country for a Royalty & Milestone Product in such Product Family*	[***]
(4) Upon obtaining Regulatory Approval in any country for the first indication of a Royalty & Milestone Product in such Product Family*	[***]
(5) Upon obtaining Regulatory Approval in any country for each additional indication of a Royalty & Milestone Product in such Product Family**	[***]

* such Milestone shall only be payable once per Product Family.
** such Milestone shall only be payable once per each indication.

(b) If LICENSOR's Product Family Equity is not less than [***] ([***]), but no greater than [***] ([***]) with respect to an applicable Product Family:

MILESTONE	MILESTONE PAYMENT
(1) Upon Commencement of the first Phase II Clinical Trial in any country for a Royalty & Milestone Product in such Product Family*	[***]
(2) Upon Commencement of the first Phase III Clinical Trial in any country for a Royalty & Milestone Product in such Product Family*	[***]
(3) Upon the first NDA Filing Acceptance in any country for a Royalty & Milestone Product in such Product Family*	[***]
(4) Upon obtaining Regulatory Approval in any country for the first indication of a Royalty & Milestone Product in such Product Family*	[***]
(5) Upon obtaining Regulatory Approval in any country for each additional indication of a Royalty & Milestone Product in such Product Family**	[***]

* such Milestone shall only be payable once per Product Family.
** such Milestone shall only be payable once per each indication.

(c) LICENSEE shall also pay to LICENSOR Milestone Payments upon obtaining Regulatory Approval for indications of a Royalty & Milestone Product in a Product Family for use in animals as set forth below.

MILESTONE	MILESTONE PAYMENT
(1) Upon Regulatory Approval for the first indication of a Royalty & Milestone Product in a Product Family*	[***]
(2) Upon Regulatory Approval for the second and each subsequent indication of a Royalty & Milestone Product in a Product Family**	[***]

* such Milestone shall only be payable once per Product Family.
** such Milestone shall only be payable once per each indication.

(d) IF LICENSOR's Product Family Equity is greater than [***] ([***]) at the time LICENSEE achieves any specific Milestone is achieved, no payments will be due resulting from such Milestone.

(e) For the avoidance of doubt and notwithstanding anything to the contrary herein: (i) no Milestone Payment shall be due to LICENSOR in connection with any Milestone resulting from the Development and/or Regulatory Approval of a Royalty & Milestone Product in a country in the Territory which has been exclusively licensed to the PRC Sublicensee; (ii) payment of a Milestone by a sublicensee, assignee or other transferee of, or Third Party retained by, LICENSEE shall be deemed to have been satisfied by LICENSEE for purposes of this Section 4.1.1; and (iii) if a clinical trial is designed to accomplish the end point of both a Phase II Clinical Trial and a Phase III Clinical Trial, then (A) the Milestone Payment under (1) above for Commencement of the Phase II Clinical Trial will only be due at the Commencement of such combined trial and (B) the Milestone Payment under (2) above, for Commencement of the Phase III Clinical Trial will only be due upon the filing for Regulatory Approval of a Royalty & Milestone Product in the applicable country or at the commencement of the necessary subsequent trial required to file, whichever comes first. For the sake of clarity, in the case of (B) in the preceding sentence, LICENSEE must also pay the Milestone Payment due under (3) above, when due.

4.1.2 **Royalty Payments**.

(a) **Royalties**. In consideration of the licenses and rights granted to LICENSEE hereunder, LICENSEE shall pay to LICENSOR a royalty equal to the Royalty Percentage of Net Sales of Royalty & Milestone Product in the Territory during the Royalty Term (collectively, "**Royalties**"). As used herein, "**Royalty Percentage**" means a percentage, as determined by LICENSOR's Product Family Equity, as set forth below. For any royalty payment that the PRC Sublicensee shall provide for, LICENSEE shall only be required to pay to LICENSOR Royalties equal [***]of the royalty payment actually owed by the PRC Sublicensee to LICENSEE.

	Royalty Percentage By LICENSOR Ownership		
LICENSOR's Product Family Equity	[***]	[***]	[***]
Royalty Percentage	[***]	[***]	[***]

(b) **Quarterly Payments**. LICENSEE shall pay to LICENSOR the applicable Royalties within [***] ([***]) days following the expiration of each Calendar Quarter after the date of the First Commercial Sale. Royalties will be payable on a country-by-country, Royalty & Milestone Product-by-Royalty & Milestone Product, basis commencing as of the First Commercial Sale of a Royalty & Milestone Product in each country until the expiration of the Royalty Term for such Royalty & Milestone Product in each country.

(c) **Reports**. All payments shall be accompanied by a report that includes reasonably detailed information regarding a total monthly sales calculation of Net Sales of Royalty & Milestone Product (including all Deductions) and all Royalties payable to LICENSOR for the applicable Calendar Quarter (including any foreign exchange rates employed)

(d) **Anti-Stacking**. Royalties may be reduced with respect to Net Sales in a particular country by deducting [***] ([***]) of any and all royalties paid by LICENSEE, its Affiliates and/or sublicensees to any Third Party for the Royalty & Milestone Product in such country, up to a maximum reduction of [***] ([***]) in the aggregate of the Royalties owing for Net Sales in such country for: (i) any license that LICENSEE determines in good faith would be prudent to obtain given the potential to resolve or avoid any claims that any Royalty & Milestone Product infringes or misappropriates the Intellectual Property Rights of any Third Party in such country; (ii) any final, unappealed judgment awarded against LICENSEE, its Affiliates or sublicensees for damages for infringement of Third Party Intellectual Property Rights with respect to Use of a Royalty & Milestone Product in such country; or (iii) any license for technology that is necessary to Develop or Commercialize a Royalty & Milestone Product in such country. LICENSEE shall use Commercially Reasonable Efforts to minimize any such royalties or other payments to Third Parties on account of sales of Royalty & Milestone Products hereunder.

(e) **Combination Products**. In the event that a Royalty & Milestone Product is Commercialized in combination with one or more products which are themselves not Royalty & Milestone Products under this Agreement for a single price, the Net Sales for such Royalty & Milestone Product shall be calculated by [***]. If the fair market value for any product sold in combination with a Royalty & Milestone Product cannot be reasonably determined, the price attributed to such product will be based on the relative cost of goods for such product, as determined in accordance with GAAP. In addition, in the event that a Royalty & Milestone Product is sold with any other product(s) or if any giveaways, discounts, rebates or charge-backs (whether as part of a customer loyalty, bundling or "loss leader" program, or otherwise) are provided for a Royalty & Milestone Product to promote or sell other products or otherwise, the Net Sales for such Royalty & Milestone Product shall be no less than the fair market value of such Royalty & Milestone Product on a stand-alone basis (excluding any such discounts, rebates or charge-backs).

4.1.3 **Sublicense Fees**. In consideration of the licenses and rights granted to LICENSEE hereunder, LICENSEE shall pay to LICENSOR the applicable percentage of all Third Party Fees payable from any of LICENSEE's sublicensees, assignees and other transferees (including without limitation the PRC Sublicensee but excluding any sublicensee, assignee or transferee that is an Affiliate of LICENSEE immediately following the applicable sublicense, assignment or transfer) (the "**Sublicense Fees**") as set forth below. As used herein, "**Third Party Fees**" means any and all consideration in any form provided by sublicensees, assignees and other transferees (including without limitation the PRC Sublicensee) hereunder for rights under the Licensed Technology related to the Royalty & Milestone Products, excluding: (a) Royalties (which shall be subject to Section 4.1.2 above); (b) reimbursement of actual research and Development expenses for Royalty & Milestone Product; (c) manufacturing costs for the Royalty & Milestone Product; (d) payments for prosecution, enforcement or maintenance of any Licensed Technology; (e) Milestone Payments which are less than the Milestone Payments due to LICENSOR hereunder, if for achievement of the same Milestone event; and (f) any proceeds from a Change in Control of LICENSEE or a sale of all or substantially all of LICENSEE's assets wherein [***] ([***]) [***]. LICENSEE shall pay all Sublicense Fees received during each Calendar Quarter within [***] ([***]) following the expiration of each such Calendar Quarter. All payments shall be accompanied by a report that includes a calculation of all Sublicense Fees payable to LICENSOR for the applicable Calendar Quarter.

Sublicense Fees Percentage by LICENSOR's Product Family Equity

	Percentage of Third Party Fees By LICENSOR Ownership		
LICENSOR's Product Family Equity	[***]	[***]	[***]
Percentage of Third Party Fees	[***]	[***]	[***]

4.1.4 **Other Payments**. LICENSEE shall pay to LICENSOR any other amounts due under this Agreement within [***] ([***]) days following receipt of invoice.

4.1.5 **Late Payments**. In the event that any payments due hereunder are not made when due, each such payment shall accrue interest from the date due until paid at [***], plus [***] ([***]). The payment of such interest shall not limit or otherwise be deemed to be in satisfaction of LICENSOR exercising any other rights it may have under this Agreement arising from LICENSEE's failure to make such payment when due.

4.1.6 **After Royalty Term**. After the expiration of the Royalty Term in any relevant country for a Royalty & Milestone Product, LICENSEE shall not have any further obligation under this Agreement to pay royalties to LICENSOR in such country for such Royalty & Milestone Product.

4.2 Payment Method.

4.2.1 Any payments that are recorded in currencies other than the US Dollar shall be converted into US Dollars at the average of the daily foreign exchange rates published in the Wall Street Journal, Western Edition (or any other qualified source that is acceptable to both Parties) for the Calendar Quarter in which such payments or expenses occurred, or for periods less than a Calendar Quarter, the average of the daily rates published in the Wall Street Journal, Western Edition for such period.

4.2.2 All payments from LICENSEE to LICENSOR shall be made by wire transfer in US Dollars to the credit of such bank account as may be designated by LICENSOR in writing to LICENSEE. Any payment which falls due on a date which is not a Business Day may be made on the next succeeding Business Day.

4.3 Taxes.

4.3.1 It is understood and agreed between the Parties that any amounts payable by LICENSEE to LICENSOR hereunder are exclusive of any and all applicable sales, use, VAT, GST, excise, property, and other taxes, levies, duties or fees (collectively, "**Taxes**"), which shall be added thereon as applicable. LICENSEE shall be responsible for billing and collection from its customers and remitting to the appropriate taxing authority any and all Taxes which it is required to collect or remit. Each Party will be responsible for their own income and property taxes. If LICENSEE is required to make a payment to LICENSOR subject to a deduction of tax or withholding tax, (i) if such withholding or deduction obligation arises as a direct result of any failure on the part of LICENSEE to comply with applicable tax laws or filing or record retention requirements, that has the effect of modifying the tax treatment of the Parties hereto (a "**LICENSEE Withholding Tax Action**"), then the sum

payable by LICENSEE (in respect of which such deduction or withholding is required to be made) shall be increased to the extent necessary to ensure that LICENSOR receives a sum equal to the sum which it would have received had no such LICENSEE Withholding Tax Action occurred, (ii) otherwise, the sum payable by LICENSEE (in respect of which such deduction or withholding is required to be made) shall be made to LICENSOR after deduction of the amount required to be so deducted or withheld, which deducted or withheld amount shall be remitted in accordance with applicable law.

4.3.2 To the extent LICENSEE is required to deduct and withhold taxes on any payments to LICENSOR, LICENSEE shall pay the amounts of such taxes to the proper governmental authority in a timely manner and promptly transmit to LICENSOR an official tax certificate or other evidence of such withholding sufficient to enable LICENSOR to claim such payments of taxes. LICENSOR shall provide to LICENSEE any tax forms that may be reasonably necessary in order for LICENSEE not to withhold tax or to withhold tax at a reduced rate under an applicable bilateral income tax treaty. Each Party shall provide the other with reasonable assistance to enable the recovery, as permitted by law, of withholding taxes, VAT, or similar obligations resulting from payments made under this Agreement, such recovery to be for the benefit of the Party bearing such withholding tax or VAT.

4.3.3 The Parties agree to cooperate and produce on a timely basis any tax forms or reports, including an IRS Form W-8BEN, reasonably requested by the other Party in connection with any payment made by LICENSEE to LICENSOR under this Agreement.

5. RECORDS; AUDIT RIGHTS

5.1 **Relevant Records.** LICENSEE shall maintain accurate financial books and records pertaining to the sublicensing of the Licensed Technology pursuant to Section 2.2 and LICENSEE's sale of each Royalty & Milestone Product, including any and all calculations of the applicable Fees (collectively, "**Relevant Records**"). LICENSEE shall maintain the Relevant Records for the longer of: (a) the period of time required by Applicable Law, or (b) [***] ([***]) following expiration or termination of this Agreement.

5.2 **Audit Request.** LICENSOR shall have the right during the Term and for [***] ([***]) [***] thereafter to engage, at its own expense, an independent auditor reasonably acceptable to LICENSEE to examine the Relevant Records from time-to-time, but no more frequently than [***] ([***]) [***], as may be necessary to verify compliance with the terms of this Agreement. Such audit shall be requested in writing at least [***] ([***]) [***]in advance, and shall be conducted during LICENSEE's normal business hours and otherwise in manner that minimizes any interference to LICENSEE's business operations.

5.3 **Audit Fees and Expenses.** LICENSOR shall bear any and all fees and expenses it may incur in connection with any such audit of the Relevant Records; provided, however, in the event an audit reveals an underpayment of LICENSEE of more than [***] ([***]) as to the period subject to the audit, LICENSEE shall reimburse LICENSOR for any reasonable and documented out-of-pocket costs and expenses of the audit within [***] ([***]) days after receiving invoices thereof.

5.4 **Payment of Deficiency.** If any audit establishes that LICENSEE underpaid any amounts due to LICENSOR under this Agreement, then LICENSEE shall pay LICENSOR any such deficiency within [***] ([***]) days after receipt of written notice thereof unless it disputes the results of such audit in accordance with Section 14 (Dispute Resolution) of this Agreement. For the avoidance of doubt, such payment will be considered a late payment, subject to Section 4.1.5. If any audit establishes that LICENSEE overpaid any amounts due to LICENSOR under this Agreement, then LICENSEE shall be credited any such overpayment against future Royalties.

6. INTELLECTUAL PROPERTY RIGHTS

6.1 **Pre-existing IP.** Each Party shall retain all rights, title and interests in and to any Intellectual Property Rights that are owned, licensed or sublicensed by such Party prior to or independent of this Agreement.

6.2 **Inventions.** Inventorship of inventions conceived or reduced to practice in the course of research and other Development activities under this Agreement shall be determined by application of United States patent laws pertaining to inventorship. Subject to Section 6.3, if such inventions are jointly invented in the course of such Development activities by or on behalf of both Parties, such inventions shall be jointly owned ("**Joint Invention**"), and if one or more claims included in an issued patent or pending patent application which is filed in a patent office in the Territory claim such Joint Invention, such patent or patent application shall be jointly owned. Subject to Section 6.3, if such an invention is solely invented by or on behalf of a Party, such invention shall be solely owned by such Party, and any patent filed claiming such solely owned invention shall also be solely owned by such Party.

6.3 **Improvements.** Notwithstanding Section 6.2, any Improvement conceived or reduced to practice by or on behalf of LICENSEE and/or any sublicensee on or after [***] and prior to the expiration or termination of this Agreement, shall be owned exclusively by LICENSOR, and LICENSEE hereby assigns all right, title and interest to any such Improvement (including all rights to sue for infringement, including past infringement) to LICENSOR. LICENSEE shall disclose any such Improvement to LICENSOR in writing within [***] ([***]) days after its actual or constructive reduction to practice. LICENSEE hereby agrees to sign all necessary papers and do all lawful acts reasonably requisite in connection with the prosecution, assignment and enforcement of each and every patent application related to any Improvement, without further compensation, but at the expense of LICENSOR or its successors and assigns.

6.4 **Patent Prosecution.**

(a) **Platform Patents**. Except as set forth in subsection (b) below, LICENSOR has the first right but not the obligation to conduct, control and pay for the prosecution, maintenance, challenges against validity and unenforceability or patentability with respect to the Platform Patents in the Territory. At LICENSOR's reasonable request, LICENSEE shall reasonably cooperate with and assist LICENSOR in connection with such activities. As between the Parties, LICENSEE shall be responsible for the cost of the prosecution and maintenance of the Platform Patents.

(b) **Failure to Prosecute or Maintain Platform Patents**. In the event that LICENSOR elects to forgo the prosecution or maintenance of any of the Platform Patents, LICENSOR shall notify LICENSEE of such election at least [***] ([***]) days prior to any filing or payment due date, or any other due date that requires action ("**Platform Patent Abandonment Notice**"). Upon receipt of a Platform Patent Abandonment Notice, LICENSEE shall have the right, but not the obligation, upon written notice to LICENSOR, at its sole discretion and expense, to file or to continue the prosecution or maintenance of such Platform Patent in such country in LICENSOR's name and on LICENSOR's behalf using counsel of its own choice and at its own expense.

(c) **Compound Specific Patents**. Except as set forth in subsection (d) below, LICENSEE has the first right, but not the obligation, to conduct and control the prosecution, maintenance, and challenges against validity and unenforceability or patentability in LICENSOR'S name before any patent office or other equivalent intellectual property regulatory authority with respect to the Compound Specific Patents, provided that LICENSEE pays the costs and expenses in connection with the same.

(d) **Failure to Prosecute or Maintain Compound Specific Patents**. In the event that LICENSEE elects to forgo the prosecution or maintenance of any of the Compound Specific Patents, LICENSEE shall notify LICENSOR of such election at least [***] ([***]) days prior to any filing or payment due date, or any other due date that requires action ("**Compound Specific Patent Abandonment Notice**"). Upon receipt of an Compound Specific Patent Abandonment Notice, LICENSOR (or a licensee of the Platform Patents designated by LICENSOR) shall have the right, but not the obligation, upon written notice to LICENSEE, at its sole discretion and expense, to file or to continue the prosecution or maintenance of such Compound Specific Patent in such country in LICENSOR'S name and on LICENSEE'S behalf using counsel of its own choice and at its own expense.

(e) **Information Rights**. The Party which is then responsible for prosecuting and maintaining a Patent Right in the Territory shall: (a) keep the other Party reasonably informed as to the status of such Patent Right in the Territory; (b) consider in good faith the reasonable requests, suggestions and advice of the other Party with respect to the prosecution, maintenance and defense of such Patent Right in the Territory; and (c) promptly provide the other Party with copies of correspondence and materials received from or filed with any Regulatory Authority within the Territory related to the Patent Rights.

(f) **Patent Term Extension**. If election with respect to obtaining patent term extension or supplemental protection certificates or their equivalents in any country with respect to a Licensed Product becomes available, upon Regulatory Approval or otherwise, the Parties will discuss in good faith which of the Patent Rights, if any, will be extended. LICENSEE will have final decision making authority for which of the Patent Rights, if any, to extend, provided that LICENSOR will have the right to prevent a Platform Patent from being subject to such extension.

(g) **Reagent Patents**. For clarity, the Section 6.4 shall not be deemed to apply to the Reagent Patents, for which LICENSOR retains sole rights.

7. INFRINGEMENT; MISAPPROPRIATION

7.1 **Notification**. Each Party will promptly notify the other Party in writing of any actual, suspected or threatened infringement, misappropriation or other violation by a Third Party of any Licensed Technology in the Field and in the Territory of which it becomes aware.

7.2 Enforcement Action.

7.2.1 **Enforcement of Platform Patents**. LICENSEE or any of its sublicensees shall have the first right, but not the obligation, using counsel of its choice, to enforce the Platform Patents against any actual or suspected infringement of the Platform Patents with respect to the Development or Commercialization of a Competing Product in the Field and Territory by a Third Party or defend any declaratory action with respect thereto brought by such Third Party (a "**Platform Patent Action**"), at its expense, and LICENSOR shall provide all reasonable assistance to LICENSEE in such Platform Patent Action, including joining, at LICENSEE's reasonable expense, such Platform Patent Action if necessary to maintain the Platform Patent Action, or to seek additional or alternative damages or injunctive relief under such Platform Patent Action. Notwithstanding anything to the contrary herein, neither LICENSEE nor any of its sublicensees shall, without the prior written consent of LICENSOR, enter into any settlement that would: (i) adversely affect the validity, enforceability or scope of any of the Platform Patents anywhere in the world; (ii) give rise to liability of LICENSOR or its Affiliates; or (iii) otherwise impair LICENSOR'S rights in the Platform Patents or under this Agreement.

7.2.2 **Enforcement of Compound Specific Patents**. LICENSEE shall have the sole right, but not the obligation, using counsel of its choice, to enforce the Compound Specific Patents or defend any declaratory action with respect thereto in the Field in the Territory (an "**Compound Specific Patent Action**"), at its expense, and LICENSOR shall provide all reasonable assistance to LICENSEE in such Compound Specific Patent Action, including joining, at LICENSEE'S reasonable expense, if necessary to maintain the Compound Specific Patent Action, or to seek additional or alternative damages or injunctive relief under such Compound Specific Patent Action.

7.2.3 **Recoveries**. Any recovery received as a result of any Platform Patent Action shall be used first to reimburse the Parties for their costs and expenses (including attorneys' and professional fees) incurred in connection with such action (and not previously reimbursed), and any remaining amount of such recovery shall be awarded to [***] unless otherwise agreed by the Parties. Any recovery received as a result of any Compound Specific Patent Action shall be used first to reimburse the Parties for their costs and expenses (including attorneys' and professional fees) incurred in connection with such action (and not previously reimbursed), and any remaining amount of such recovery shall be awarded [***].

7.2.4 **Reagent Patents**. For clarity, the Section 7.2 shall not be deemed to apply to the Reagent Patents, for which LICENSOR retains sole rights.

7.3 Infringement Claimed by Third Parties.

7.3.1 In the event a Third Party commences, or threatens to commence, any Proceeding against a Party to this Agreement alleging infringement of a Third Party's Intellectual Property Rights by the use, sale, offer for sale, export and/or import by LICENSEE, its Affiliates or sublicensees of the Licensed Product, the Party against whom such Proceeding is threatened or commenced shall give prompt notice to the other Party.

7.3.1 Except to the extent LICENSEE seeks indemnification under Section 10.2, LICENSEE shall control the defense and settlement of any such Proceeding under this Section 7.3 at its own Cost and shall pay and indemnify LICENSOR from and against any and all damages and Costs awarded to such Third Party; provided that, in the event that the validity and enforceability of the claims of Platform Patents are in issue in any such Proceeding under this Section 7.3, LICENSOR may (but shall have no obligation to do so) control the defense and settlement of any such Proceeding at its own Cost solely to the extent that such defense and settlement relates to validity and enforceability of the claims of the Platform Patents.

8. CONFIDENTIALITY

8.1 **Definition.** "**Confidential Information**" means all types of financial, business, scientific, technical (including but not limited to information concerning Bioisosteres, biological materials, gene or protein sequences, antibodies, antigens, cell lines, compounds, assays or test results), economic or engineering information, including without limitation, business strategies, business forecasts, product development plans, promotional and marketing objectives, results of operations, customer lists, supplier lists, patent disclosures, unpublished patent applications, Know-How, trade secrets, compilations, ideas, inventions, discoveries, techniques, methods, processes, procedures, formulae, designs, patterns, drawings, schematics, plans, configurations, specifications, data sheets, mock-ups, models, compounds, compositions, structures, prototypes, clinical trial protocols, clinical data and analysis, formulae, software programs, source documents, programs, code, materials, equipment, samples, test results, opinions, data, analysis and other proprietary information, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing, which is disclosed by one Party to the other Party hereunder or obtained by a Party through observation or examination of the other Party's facilities, information and/or materials (such observation or examination hereinafter also referred to as "disclosure" for purposes of this Agreement).

8.2 **Obligations.** The receiving Party shall protect all the disclosing Party's Confidential Information against unauthorized disclosure to Third Parties with the same degree of care as the receiving Party uses for its own similar information, but in no event less than a reasonable degree of care. The receiving Party may disclose the disclosing Party's Confidential Information to its Affiliates, and their respective directors, officers, employees, Subcontractors, sublicensees, consultants, attorneys, accountants, acquirers, merger partners, banks and investors and other potential sources of funding or evaluating an actual or potential investment or acquisition, and in the case of LICENSOR as the receiving Party to an actual or prospective assignee of LICENSOR's rights to receive some or all of the Fees payable hereunder (collectively, "**Recipients**") who have a need-to-know such information for purposes related to this Agreement or for due diligence purposes, but only to the extent necessary to fulfill such purpose, provided that the receiving Party shall hold such Recipients to written obligations of confidentiality with terms and conditions at least as restrictive as those set forth in this Agreement.

8.3 **Exceptions.**

8.3.1 The obligations under this Section 8 shall not apply to any information to the extent the receiving Party can demonstrate by competent evidence that such information:

(a) is (at the time of disclosure) or becomes (after the time of disclosure) known to the public or part of the public domain through no breach of this Agreement by the receiving Party or any Recipients to whom it disclosed such information;

(b) was known to, or was otherwise in the possession of, the receiving Party prior to the disclosure thereof by or on behalf of the disclosing Party;

(c) is disclosed to the receiving Party on a non-confidential basis by a Third Party who is entitled to disclose it without breaching any confidentiality obligation to the disclosing Party; or

(d) is independently developed by or on behalf of the receiving Party or any of its Affiliates outside of this Agreement, as evidenced by its written records, without use of the Confidential Information.

8.3.2 The receiving Party may disclose the disclosing Party's Confidential Information if required to do so under Applicable Laws or a court order or other governmental order, provided that the receiving Party (to the extent allowed by the Applicable Law): (a) provides the disclosing Party with prompt notice of such disclosure requirement if legally permitted; (b) affords the disclosing Party an opportunity to oppose or limit, or secure confidential treatment for such required disclosure; and (c) if the disclosing Party is unsuccessful in its efforts pursuant to subsection (b), discloses only that portion of the Confidential Information that the receiving Party is legally required to disclose as advised by the receiving Party's legal counsel. In the event of a limited disclosure of the disclosing Party's Confidential Information that is required by law or regulation, the receiving Party shall continue to treat such disclosed information as the disclosing Party's Confidential Information for all other purposes and subject to the other terms and conditions of this Agreement.

8.4 **Right to Injunctive Relief.** LICENSEE agrees that breaches of this Section 8 may cause irreparable harm to LICENSOR and shall entitle LICENSOR, in addition to any other remedies available to it (subject to the terms of this Agreement), the right to seek injunctive relief enjoining such action.

8.5 **Ongoing Obligation for Confidentiality.** Except to the extent necessary for LICENSEE to practice or enjoy the rights granted to LICENSEE under Section 12.4.1, upon expiration or termination of this Agreement, the receiving Party shall, and shall cause its Recipients to, destroy or return (as requested by the disclosing Party) any Confidential Information of the disclosing Party, except for one (1) copy which may be retained in its confidential files for archive purposes.

8.6 **Publicity Review.** Subject to this Section 8.6, the Parties shall jointly discuss and must mutually agree, based on the principles of this Section 8.6, on any statement to the public regarding this Agreement, subject in each case to disclosure otherwise required by Applicable Laws or the rules of any applicable securities exchange. When a Party elects to make any such statement or disclosure required under Applicable Law, it will give the other Party at least [***] ([***]) [***] notice to review and approve such statement, unless the applicable Regulatory Authority requires disclosure such that a Party is prohibited by Applicable Law to provide such advance review by the other Party (in which case it shall be disclosed according to such requirement and notice will be provided as soon as possible). Notwithstanding anything in this Section 8.6 to the contrary, the terms of this Agreement may be disclosed to Regulatory Authorities, including the United States Securities and Exchange Commission or any other exchange or securities commission having authority over a Party, where required by and in accordance with Applicable Law with redaction of financial information not otherwise required to be disclosed under Applicable Laws, in the reasonable judgment of the Party subject to such disclosure requirement, in which event the disclosing Party shall provide in advance of submission to the other Party for review and comment a copy of such redactions made to this Agreement.

9. REPRESENTATIONS, WARRANTIES AND COVENANTS

9.1 **Representations, Warranties and Covenants by Each Party.** Each Party represents, warrants and covenants to the other Party as of the Effective Date that:

(a) it is a company duly organized, validly existing, and in good standing under the laws of its jurisdiction of formation;

(b) it has full power and authority to execute, deliver, and perform under this Agreement, and has taken all corporate action required by Applicable Law and its organizational documents to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement;

(c) this Agreement constitutes a valid and binding agreement enforceable against it in accordance with its terms;

(d) all consents, approvals and authorizations from all governmental authorities or other Third Parties required to be obtained by such Party in connection with this Agreement have been obtained; and

(e) the execution and delivery of this Agreement and all other instruments and documents required to be executed pursuant to this Agreement, and the consummation of the transactions contemplated hereby do not and shall not: (i) conflict with or result in a breach of any provision of its organizational documents; (ii) result in a breach of any agreement to which it is a Party that would impair the performance of its obligations hereunder; or (iii) violate any Applicable Law.

9.2 Additional Representations, Warranties and Covenants by LICENSEE.

9.2.1 LICENSEE represents and warrants to LICENSOR that it shall comply with all Applicable Law with respect to the performance of rights and its obligations hereunder; and

9.2.2 Without limiting the generality of Section 9.2.1, LICENSEE shall comply with the U.S. Foreign Corrupt Practices Act of 1977 (as modified or amended). LICENSEE represents and warrants that it has not and will not directly or indirectly offer or pay, or authorize such offer or payment of, any money, or transfer anything of value, to improperly seek to influence any Government Official. If LICENSEE is itself a Government Official, LICENSEE represents and warrants that it has not accepted, and will not accept in the future, such a payment or transfer. As used herein, "**Government Official**" means: (a) any elected or appointed government official (e.g., a member of a ministry of health); (b) any employee or person acting for or on behalf of a government official, agency, or enterprise performing a governmental function; (c) any political party officer, employee, or person acting for or on behalf of a political party or candidate for public office; (d) an employee or person acting for or on behalf of a public international organization; or (e) any person otherwise categorized as a government official under local law. "Government" is meant to include all levels and subdivisions of non-U.S. governments (i.e., local, regional, or national and administrative, legislative, or executive). LICENSEE will update these warranties if it or any of its employees, or a relative of such an individual, becomes a Government Official, or if a Government or Government Official becomes an owner of LICENSEE.

9.3 Additional Representations, Warranties and Covenants by LICENSOR. LICENSOR, hereby represents, warrants and covenants to LICENSEE that:

9.3.1 All licenses to Third Parties granted by LICENSOR under the Platform Patents will be consistent with LICENSEE'S rights under Section 2.1.2 and will incorporate terms and conditions sufficient to enable LICENSEE to practice the full scope of its rights under Section 2.1.2;

9.3.2 All licenses to Third Parties granted by LICENSOR under the Platform Patents will incorporate terms and conditions effecting assignment of any licensee Improvements to LICENSOR and requiring licensees to disclose all Improvements to LICENSOR.

9.3.3 It has the full right, power and authority to grant all of the licenses granted to LICENSEE under this Agreement;

9.3.4 It is the sole and exclusive owner of all right, title and interest in and to the Patent Rights existing as of the Effective Date;

9.3.5 Except for any license granted to a Third Party under the rights reserved for LICENSOR pursuant to Section 3.3, as of the Effective Date, LICENSOR has not granted to any Third Party any license to any of the Patent Rights in the Initial Field with respect to which LICENSEE has been granted a license hereunder; and

9.3.6 As of the Effective Date, there is no pending Proceeding that has been commenced by or against LICENSOR or any of its Affiliates specifically regarding the Patent Rights or the Licensor Bioisosteres. To the knowledge of LICENSOR no such Proceeding has been threatened.

9.4 No Other Warranties. EXCEPT AS EXPRESSLY STATED IN THIS SECTION 9, NEITHER PARTY MAKES ANY REPRESENTATIONS OR EXTENDS ANY WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, INCLUDING BUT NOT LIMITED TO WARRANTIES OF TITLE, NON-INFRINGEMENT, VALIDITY, ENFORCEABILITY, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. ANY INFORMATION AND INVENTORY PROVIDED BY LICENSOR OR ITS AFFILIATES IS MADE AVAILABLE ON AN "AS IS" BASIS WITHOUT WARRANTY WITH RESPECT TO COMPLETENESS, COMPLIANCE WITH REGULATORY STANDARDS OR REGULATIONS OR FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER KIND OF WARRANTY WHETHER EXPRESS OR IMPLIED. LICENSEE acknowledges and agrees that any Licensed Bioisosteres are experimental in nature and may have unknown characteristics. LICENSEE shall use prudence and reasonable care in the use, handling, storage, transportation, disposition, and containment of the Licensed Bioisosteres. LICENSOR makes no representations or warranties, and assumes no liability, for LICENSEE's use of the Licensed Bioisosteres.

10. INDEMNIFICATION

10.1 Indemnification by LICENSEE. LICENSEE agrees to indemnify, hold harmless and defend LICENSOR and its Affiliates, licensees and distributors and their respective officers, directors, employees, contractors, agents and permitted assigns, from and against any and all Claims arising or resulting from: (a) the Development of a Licensed Product by any LICENSEE Indemnitee; (b) the Commercialization of a Licensed Product by any LICENSEE Indemnitee; (c) the negligence, recklessness or wrongful intentional acts or omissions or violations of Applicable Law by any LICENSEE Indemnitee in exercising its rights or carrying out its obligations hereunder; (d) breach by any LICENSEE Indemnitee of any representation, warranty or covenant as set forth in this Agreement; or (e) breach by any LICENSEE Indemnitee of the scope of the license set forth in Section 2.1. As used herein, "**Claims**" means collectively, any and all Third Party demands, claims and Proceedings (whether criminal or civil, in contract, tort or otherwise) for losses, damages, liabilities, costs and expenses (including reasonable attorneys' fees).

10.2 Indemnification by LICENSOR. LICENSOR hereby agrees to indemnify, defend and hold harmless LICENSEE, its Affiliates, licensees or distributors or their respective officers, directors, employees, contractors, agents and permitted assigns ("**LICENSEE Indemnitee(s)**") from and against any and all Claims arising or resulting from any breach of a representation or warranty made by LICENSOR.

10.3 Indemnification Procedure. Promptly after receipt by a party seeking indemnification under this Section 10 (an **"Indemnitee"**) of notice of any pending or threatened Claim against it, such

Indemnitee shall give written notice to the Party from whom the Indemnitee is entitled to seek indemnification pursuant to this Section 10 (the "**Indemnifying Party**") of the commencement thereof; provided that the failure so to notify the Indemnifying Party shall not relieve it of any liability that it may have to any Indemnitee hereunder, except to the extent the Indemnifying Party demonstrates that it is materially prejudiced thereby. The Indemnifying Party shall be entitled to participate in the defense of such Claim and, to the extent that it elects within [***] ([***]) [***] of its receipt of notice of the Claim from the Indemnitee, to assume control of the defense and settlement of such Claim (unless the Indemnifying Party is also a party to such proceeding and the Indemnifying Party has asserted a cross claim against the Indemnified Party or a court has otherwise determined that such joint representation would be inappropriate) with counsel reasonably satisfactory to the Indemnitee and, after notice from the Indemnifying Party to the Indemnitee of its election to assume the defense of such Claim, the Indemnifying Party shall not, as long as it diligently conducts such defense, be liable to the Indemnitee for any Litigation Costs subsequently incurred by the Indemnitee. No compromise or settlement of any Claim may be effected by the Indemnifying Party without the Indemnitee's written consent, which consent shall not be unreasonably withheld or delayed, provided no consent shall be required if: (A) there is no finding or admission of any violation of Applicable Laws or any violation of the rights of any person and no effect on any other claims that may be made against the Indemnitee; (B) the sole relief provided is monetary damages that are paid in full by the Indemnifying Party; and (C) the Indemnitee's rights under this Agreement are not restricted by such compromise or settlement.

11. LIMITATION OF LIABILITY

11.1 **Consequential Damages Waiver.** EXCEPT FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, OR A BREACH OF SECTION 8 (CONFIDENTIALITY), NEITHER PARTY SHALL BE LIABLE FOR ANY INDIRECT, CONSEQUENTIAL, SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES, INCLUDING DAMAGES FOR LOST PROFITS OR LOST REVENUES REGARDLESS OF WHETHER IT HAS BEEN INFORMED OF THE POSSIBILITY OR LIKELIHOOD OF SUCH DAMAGES OR THE TYPE OF CLAIM, CONTRACT OR TORT (INCLUDING NEGLIGENCE).

11.2 **Liability Cap.** IN NO EVENT SHALL LICENSOR'S LIABILITY FOR DAMAGES IN CONNECTION WITH THIS AGREEMENT EXCEED THE LICENSOR CAP, REGARDLESS OF WHETHER LICENSOR HAS BEEN INFORMED OF THE POSSIBILITY OR LIKELIHOOD OF SUCH DAMAGES OR THE TYPE OF CLAIM, CONTRACT OR TORT (INCLUDING NEGLIGENCE). "**LICENSOR CAP**" MEANS [***].

12. TERM; TERMINATION

12.1 **Term.** The term of this Agreement shall commence as of the Effective Date and shall expire on the later of (a) on a country-by-country basis, upon the date of expiration of the last-to-expire Royalty Term for all Licensed Products in such country and (b) [***] (collectively, the "**Term**").

12.2 **Termination for Cause.** Each Party shall have the right, without prejudice to any other remedies available to it at law or in equity, to terminate this Agreement in its entirety in the event the other Party has materially breached any of its obligations hereunder and fails to cure such breach within [***] ([***]) days of receiving written notice thereof; provided, however, if such breach is capable of being cured, but cannot be cured within such [***] ([***]) day period, and the breaching Party initiates actions to cure such breach within such period and thereafter diligently pursues such actions, the breaching Party shall have such additional period as is reasonable to cure such breach, but in no event will such additional period exceed [***] ([***]) days. For the avoidance of doubt, LICENSEE's failure to use Commercially Reasonable Efforts to Develop and Commercialize the Royalty & Milestone Products shall constitute a material breach by LICENSEE under this Agreement.

12.3 **Termination for a Bankruptcy Event.** Each Party shall have the right to terminate this Agreement in the event of a Bankruptcy Event with respect to the other Party. **"Bankruptcy Event"** means the occurrence of any of the following: (a) the institution of any bankruptcy, receivership, insolvency, reorganization or other similar proceedings by or against a Party under any bankruptcy, insolvency, or other similar law now or hereinafter in effect, including any section or chapter of the United States Bankruptcy Code, as amended or under any similar laws or statutes of the United States or any state thereof (the **"Bankruptcy Code"**), where in the case of involuntary proceedings such proceedings have not been dismissed or discharged within [***] ([***]) days after they are instituted; (b) the insolvency or making of an assignment for the benefit of creditors or the admittance by a Party of any involuntary debts as they mature; (c) the institution of any reorganization, arrangement or other readjustment of debt plan of a Party not involving the Bankruptcy Code; (d) appointment of a receiver for all or substantially all of a Party's assets; or (e) any corporate action taken by the board of directors of a Party in furtherance of any of the foregoing actions.

12.4 **Effect of Termination or Expiration.**

12.4.1 Upon the natural expiration of this Agreement, LICENSOR hereby grants to LICENSEE a royalty-free, fully paid-up right and non-exclusive license to use the Licensed Know-How for the purpose of the Development and Commercialization of the Licensed Products in the Field within the Territory.

12.4.2 Upon termination or the natural expiration of this Agreement, LICENSEE shall pay to LICENSOR all amounts due to LICENSOR as of the effective date of termination or expiration within [***] ([***]) days following the effective date of termination or expiration.

12.4.3 Upon termination of this Agreement, LICENSEE shall have the right to sell its remaining inventory of Licensed Product for a period of [***] ([***]) days following the termination of this Agreement so long as LICENSEE is able to do so in compliance with Applicable Laws and has fully paid, and continues to fully pay when due, any and all Royalties, Milestone Payments and Sublicense Fees owed to LICENSOR, and LICENSEE otherwise is not in material breach of this Agreement.

12.4.4 Subject to Section 12.4.3, upon termination of this Agreement, all licenses granted by LICENSOR to LICENSEE shall terminate, provided that any sublicenses granted by LICENSEE hereunder shall survive; provided further that each sublicensee is then in full compliance with its sublicense agreement and promptly agrees in writing to be bound by the applicable terms of this Agreement and agrees to pay directly to LICENSOR the amounts due thereunder.

12.4.5 Upon termination of this Agreement for LICENSEE's breach pursuant to Section 12.2 or Section 12.3:

(a) LICENSEE hereby grants to LICENSOR a non-exclusive, royalty-bearing (pursuant to subsection (d) below), worldwide, transferable, perpetual and irrevocable license, with the right to sublicense, to Use any Intellectual Property Rights Controlled by LICENSEE that are necessary for the Development or Commercialization of the Licensed Products and were not already required to be assigned to LICENSOR pursuant to Section 6.3.

(b) To the extent permitted by applicable Regulatory Authorities, LICENSEE shall at LICENSOR's sole cost and expense (i) transfer to LICENSOR all Regulatory Filings, Regulatory Approvals and data (including safety data) held by

LICENSEE with respect to the Licensed Products and (ii) to the extent subsection (i) is not permitted by the applicable Regulatory Authority, permit LICENSOR to cross-reference and rely upon any Regulatory Approvals and Regulatory Filings filed by LICENSEE with respect to the Licensed Products.

(c) Upon LICENSOR's request and so long as LICENSOR was not otherwise in breach of this Agreement, LICENSEE shall use Commercially Reasonable Efforts to continue, at LICENSOR's sole cost and expense, all on-going Development for a mutually agreed upon migration period after termination of this Agreement, which period shall not be less than [***] ([***]) [***] unless otherwise agreed to by the Parties ("**Migration Period**"). During the Migration Period, LICENSEE shall use Commercially Reasonable Efforts to provide such knowledge transfer and other training to LICENSOR or its Affiliates or a Third Party, at LICENSOR's sole costs and expense that is designated in writing by LICENSOR ("**Designated Affiliate/Third Party**") as reasonably necessary for LICENSOR or the Designated Affiliate/Third Party to continue such activities. In connection with such transfer, LICENSEE shall, at LICENSOR's option: (i) transfer to LICENSOR or the Designated Affiliate/Third Party all Licensed Product at the cost paid by LICENSEE to manufacture such Licensed Product; (ii) transfer to LICENSOR or the Designated Affiliate/Third Party all Licensee Inventory owned by LICENSEE at the cost paid by LICENSEE for such Licensee Inventory; and (iii) assign to LICENSOR or the Designated Affiliate/Third Party any agreements with Third Parties related exclusively to the Development or Commercialization of the Licensed Products. As used herein, "**Licensee Inventory**" means all components and works in process produced or held by LICENSEE with respect to the manufacture of Licensed Product.

(d) The licenses and assignments to be granted to LICENSOR pursuant to this Section 12.4 shall be subject to the following royalties on Net Sales by LICENSOR and its sublicensees for any Licensed Product that is covered by a claim of an issued patent arising from LICENSEE's (or its Affiliates' or sublicensees') Development of the Licensed Product:

(i) [***] ([***]) until the total amount of such royalties paid pursuant to this Section 12.4.5(d) equal, in aggregate, the actual, auditable out-of-pocket expenses spent on Development by LICENSEE; and thereafter:

(ii) [***] ([***]) if the termination occurs prior to completion of a Phase I Clinical Trial for such Licensed Product; and

(iii) [***] ([***]) if the termination occurs after completion of a Phase I Clinical Trial for such Licensed Product but prior to completion of a Phase II Clinical Trial for such Licensed Product;

(iv) [***] ([***]) if the termination occurs after completion of a Phase II Clinical Trial for such Licensed Product but prior to completion of a Phase III Clinical Trial for such Licensed Product; and

(v) [***] ([***]) if the termination occurs after completion of a Phase III Clinical Trial for such Licensed Product.

All royalties shall be paid by LICENSOR pursuant to the terms of Section 4.1.2 and LICENSEE shall have audit rights consistent with the terms of Section 5, in each case *mutatis mutandis*.

12.5 **Remedies.** All of the non-breaching/terminating Party's remedies shall be cumulative, and the exercise of one remedy hereunder by the non-defaulting/terminating Party shall not be deemed to be an election of remedies. These remedies shall include the non-breaching/terminating Party's other rights of recovery for such breach with or without terminating this Agreement.

12.6 **Survival.** Expiration or termination of this Agreement shall not relieve the Parties of any obligation accruing hereunder prior to such expiration or termination. Without limiting the foregoing, the provisions of Sections 1, 5, 6.1, 6.2, 6.3, 8, 10, 11, 12.4, 12.5, 12.6, 13, 15.3 and 15.8 shall survive expiration or termination of this Agreement.

13. LICENSEE INSURANCE

13.1 **Insurance Requirements.** Prior to the Commencement of any Phase I Clinical Trial for a Licensed Product or otherwise Commercializing the Licensed Product, LICENSEE shall, at its sole cost and expense, obtain and keep in force during the Term and for a period of not less than (a) [***] ([***]) [***] after termination or expiration of this Agreement, or (b) the date that all statutes of limitation covering claims or suits that may be instituted for personal injury based on the sale or use of the Licensed Products have expired, commercial general liability insurance from a minimum "A-" AM Bests rated insurance company, including contractual liability and product liability or clinical trials, if applicable, with coverage limits of not less than [***] ([***]) per occurrence and [***] ([***]) in the aggregate. LICENSEE has the right to provide the total limits required by any combination of primary and umbrella/excess coverage. The minimum level of insurance set forth herein shall not be construed to create a limit on LICENSEE's liability hereunder. Such policies shall name LICENSOR and its Affiliates as additional insured and provide a waiver of subrogation in favor of LICENSOR and its Affiliates. Such insurance policies shall be primary and non-contributing with respect to any other similar insurance policies available to LICENSOR or its Affiliates. Any deductibles for such insurance shall be assumed by LICENSEE.

13.2 **Policy Notification.** LICENSEE shall provide LICENSOR with a certificate of insurance signed by an authorized representative of LICENSEE's insurance underwriter evidencing the insurance coverage required by this Agreement: (a) prior to Commencement of any Phase I Clinical Trial for a Licensed Product; (b) [***] ([***]) days prior to expiration, termination, or reduction of such insurance coverage; and (c) upon LICENSOR's request.

13.3 **Third Parties.** LICENSEE shall use Commercially Reasonable Efforts to cause Third Parties engaged by LICENSEE to perform LICENSEE's obligations under this Agreement to maintain such types of insurance coverages and for such period of time as are customary for such Third Parties given the nature of the services to be provided.

14. DISPUTE RESOLUTION

14.1 **General.** Except for disputes for which injunctive or other equitable relief is sought to prevent the unauthorized use or disclosure of proprietary materials or information or prevent the infringement or misappropriation of a Party's Intellectual Property Rights, the following procedures shall be used to resolve any dispute arising out of or in connection with this Agreement.

14.2 **Meeting.** Promptly after the written request of either Party, each of the Parties shall appoint a designated representative to meet in person or by telephone to attempt in good faith to resolve any dispute arising out of or resulting from this Agreement ("**Dispute**"). If such designated representatives do not resolve such Dispute within [***] ([***]) [***] of such written request, then the Executive Officer of each Party shall meet in person or by telephone to review and attempt to resolve such Dispute in good faith. The Executive Officers shall have [***] ([***]) [***] to attempt to resolve the dispute (such total [***] ([***]) [***] the "**Dispute Resolution Period**"). If the Parties are unable to resolve a Dispute within a Dispute Resolution Period, then such Dispute shall be resolved in accordance with Section 14.3.

14.3 **Mediation.** If the Parties are unable to resolve a Dispute within a Dispute Resolution Period in accordance with Section 14.2, then either Party may submit such Dispute for resolution by mediation pursuant to the Center for Public Resources Model Procedure for Mediation of Business Disputes as then in effect. The mediation shall be conducted in San Diego County, California. At the request of either Party, the mediator will be asked to provide an evaluation of the Dispute and the Parties' relative positions. Each Party shall bear its own costs with respect to the mediation effort. The Parties shall have [***] ([***]) [***] to attempt to resolve the dispute through mediation.

14.4 **Arbitration.**

14.4.1 Any Disputes that are not resolved by the Parties in accordance with Section 14.2 and 14.3 shall be submitted to binding arbitration with the office of the American Arbitration Association ("**AAA**") in San Diego County, California in accordance with the then-prevailing commercial arbitration rules of the American Arbitration Association. Such Dispute shall be heard by a panel of three (3) arbitrators appointed in accordance with such rules.

14.4.2 All such arbitration proceedings shall be held in English and a transcribed record shall be prepared in English. The Party submitting the Dispute to arbitration shall select the first of the three (3) arbitrators and shall provide notice of the same at the time it submits the Dispute to arbitration. The non-initiating Party shall then have [***] ([***]) days to select the second arbitrator. Thereafter, the first and second arbitrators shall have [***] ([***]) days to choose the third arbitrator. If no arbitrator is appointed within the times herein provided or any extension of time which is mutually agreed upon, the AAA shall make such appointment of the first two (2) arbitrators within [***] ([***]) days of such failure who shall thereafter pick the third as set forth herein. Each Party in any arbitration proceeding commenced hereunder shall initially bear such Party's own costs and expenses (including expert witness and attorneys' fees) of investigating, preparing and pursuing such arbitration claim. The fees and expenses of the arbitrators, will be shared equally by the Parties. Nothing in this Agreement shall be deemed as preventing either Party from seeking injunctive relief (or any other provisional remedy) from any court having jurisdiction over the Parties and the subject matter of the Dispute as necessary to protect either Party's name, Confidential Information, Intellectual Property or any other proprietary rights. If the Dispute involves scientific or technical matters, each arbitrator chosen hereunder shall have educational training and experience relevant to the field of cosmetics. The award rendered by the arbitrators shall be written, final and non-appealable, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The prevailing Party shall be entitled to recover from the losing Party the prevailing Party's attorneys' fees and costs. The arbitrator shall have the right to apportion liability between the Parties, but will not have the authority to award any damages or remedies not available under the express terms of this Agreement. The arbitration award will be presented to the Parties in writing, and upon the request of either Party, will include findings of fact and conclusions of law. The award may be confirmed and enforced in any court of competent jurisdiction.

15. GENERAL PROVISIONS

15.1 **Assignment.** Neither Party may assign its rights and obligations under this Agreement without the other Party's prior written consent, except that: (a) [***].

15.2 **Severability.** Should one or more of the provisions of this Agreement become void or unenforceable as a matter of law, then such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement, and the Parties agree to substitute a valid and enforceable provision therefor which, as nearly as possible, achieves the desired economic effect and mutual understanding of the Parties under this Agreement.

15.3 **Governing Law.** This Agreement shall be governed by and construed under the laws in effect in the State of California, without giving effect to any conflicts of laws provision thereof or of any other jurisdiction that would produce a contrary result, except that issues subject to the arbitration clause and any arbitration hereunder shall be governed by the applicable commercial arbitration rules and regulations.

15.4 **Force Majeure.** Except with respect to delays or nonperformance by a Party caused by the negligent or intentional act or omission of such Party, any delay or nonperformance by such Party (other than payment obligations under this Agreement) will not be considered a breach of this Agreement to the extent such delay or nonperformance is caused by acts of God, natural disasters, acts or failures to act of the government (including any Regulatory Authority) or civil or military authority, fire, floods, epidemics, quarantine, energy crises, war or riots or other similar cause outside of the reasonable control of such Party (each, a "**Force Majeure Event**"), provided that the Party affected by such Force Majeure Event will promptly begin or resume performance as soon as reasonably practicable after the event has abated. If the Force Majeure Event prevents a Party from performing any of its obligations under this Agreement for [***] ([***]) [***] or more, then the other Party may terminate this Agreement immediately upon written notice to the non-performing Party.

15.5 **Waivers and Amendments.** The failure of any Party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition by the other Party. No waiver shall be effective unless it has been given in writing and signed by the Party giving such waiver. No provision of this Agreement may be amended or modified other than by a written document signed by authorized representatives of each Party.

15.6 **Relationship of the Parties.** Nothing contained in this Agreement shall be deemed to constitute a partnership, joint venture, or legal entity of any type between LICENSOR and LICENSEE, or to constitute one Party as the agent of the other. Moreover, each Party agrees not to construe this Agreement, or any of the transactions contemplated hereby, as a partnership for any tax purposes. Each Party shall act solely as an independent contractor, and nothing in this Agreement shall be construed to give any Party the power or authority to act for, bind, or commit the other Party.

15.7 **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

15.8 **Notices.** All notices, consents, waivers, and other communications under this Agreement must be in writing and will be deemed to have been duly given when: (a) delivered by hand (with written confirmation of receipt); (b) sent by fax (with written confirmation of receipt), provided that a copy is sent by an internationally recognized overnight delivery service (receipt requested); or (c) when

received by the addressee, if sent by an internationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses and fax numbers set forth below (or to such other addresses and fax numbers as a Party may designate by written notice):

If to LICENSOR:

Recurium IP Holdings, LLC
Attention: Chief Business Officer
10835 Road to the Cure, Suite 205
San Diego, CA

If to LICENSEE:

Zeno Management, Inc.
Attention: Anthony Y. Sun, MD
10835 Road to the Cure, Suite 205
San Diego, CA

With a copy to:

Anthony Y. Sun, MD
[***][1]

15.9 **Further Assurances.** LICENSEE and LICENSOR hereby covenant and agree without the necessity of any further consideration, to execute, acknowledge and deliver any and all such other documents and take any such other action as may be reasonably necessary or appropriate, at the cost of the requesting Party (unless otherwise set forth herein), to carry out the intent and purposes of this Agreement.

15.10 **No Third Party Beneficiary Rights.** Except as expressly stated herein, this Agreement is not intended to and shall not be construed to give any Third Party any interest or rights (including, without limitation, any third party beneficiary rights) with respect to or in connection with any agreement or provision contained herein or contemplated hereby.

15.11 **Entire Agreement.**

(a) This Agreement, together with its Schedules, sets forth the entire agreement and understanding of the Parties as to the subject matter hereof and supersedes all proposals, oral or written, and all other prior communications between the Parties with respect to such subject matter.

(b) In the event of any conflict between a provision of this Agreement and any Schedule hereto, the Agreement shall control.

15.12 **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

15.13 **Cumulative Remedies.** No remedy referred to in this Agreement is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to in this Agreement or otherwise available under law.

15.14 **Waiver of Rule of Construction.** Each Party has had the opportunity to consult with counsel in connection with the review, drafting and negotiation of this Agreement. Accordingly, any rule of construction that any ambiguity in this Agreement shall be construed against the drafting Party shall not apply.

[Signatures on next page]

1 [***].

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of September 6, 2019.

LICENSOR:

RECURIUM IP HOLDINGS, LLC

By: _____
Cam Gallagher, Manager

LICENSEE:

ZENO MANAGEMENT, INC.

By: _____
Anthony Y. Sun, M.D.

SCHEDULE A: PLATFORM PATENTS

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* These applications contain pending claims directed to bioisosteres and claims directed to specific compounds. Prior to issuance of any such application, LICENSOR will file such claims directed to specific compounds in a continuation application and such continuation application will be added to Schedule B to this Agreement. LICENSOR will cancel any such claims directed to specific compounds from the pending applications prior to issuance.

SCHEDULE B: COMPOUND SPECIFIC PATENTS

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SCHEDULE C: REAGENT PATENTS

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SCHEDULE D: [***] PROGRAM PATENTS

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