UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2017

OR

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

For the transition period from to

Commission File Number 000-55668

MUSTANG BIO, INC.

(Exact name of registrant as specified in its charter)

Delaware	**47-3828760**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2 Gansevoort Street, 9th Floor
New York, New York 10014
(Address including zip code of principal executive offices)

(781) 652-4500
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	☒ (Do not check if a smaller reporting company)	Smaller reporting company	☐
		Emerging growth company	☒

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

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

Class of Common Stock	**Outstanding Shares as of November 13, 2017**
Class A Common Stock, $0.0001 par value	1,000,000
Common Stock, $0.0001 par value	25,232,139

MUSTANG BIO, INC.
QUARTERLY REPORT ON FORM 10-Q
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PART I. FINANCIAL INFORMATION

Item 1. Unaudited Condensed Financial Statements

MUSTANG BIO, INC.
CONDENSED BALANCE SHEETS
($ in thousands, except for share and per share amounts)

	September 30, 2017 (Unaudited)	December 31, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 33,209	$ 27,499
Short-term investments (certificates of deposit) - held to maturity	34,088	-
Prepaid expenses	414	-
Interest receivables	35	-
Total current assets	67,746	27,499
Property and equipment	139	-
Total Assets	**$ 67,885**	**$ 27,499**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	$ 2,723	$ 683
Common shares issuable liability	-	1,682
Payables and accrued expenses - related party	69	445
Accrued interest - related party	-	413
Total Current Liabilities	**2,792**	**3,223**
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock ($0.0001 par value), 2,000,000 shares authorized, 250,000 shares of Class A preferred stock issued and outstanding as of September 30, 2017 and December 31, 2016, respectively	-	-
Common Stock ($0.0001 par value), 50,000,000 shares authorized		
Class A common shares, 1,000,000 shares issued and outstanding as of September 30, 2017 and December 31, 2016, respectively	-	-
Common shares, 25,232,139 and 15,165,244 shares issued and outstanding as of September 30, 2017 and December 31, 2016, respectively	3	2
Common stock issuable, 0 and 767,264 shares as of September 30, 2017 and December 31, 2016, respectively	-	4,396
Additional paid-in capital	97,897	36,998
Accumulated deficit	(32,807)	(17,120)
Total Stockholders' Equity	**65,093**	**24,276**
Total Liabilities and Stockholders' Equity	**$ 67,885**	**$ 27,499**

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

MUSTANG BIO, INC.
CONDENSED STATEMENTS OF OPERATIONS
($ in thousands, except for share and per share amounts)
(Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Operating expenses:				
Research and development	$ 2,188	$ 569	$ 5,388	$ 1,718
Research and development – licenses acquired	300	-	2,375	-
General and administrative	4,596	1,101	8,293	1,814
Total operating expenses	7,084	1,670	16,056	3,532
Loss from operations	(7,084)	(1,670)	(16,056)	(3,532)
Other income (expense)				
Interest income	144	-	369	-
Interest expense - related party	-	(46)	-	(220)
Interest expense	-	(156)	-	(156)
Change in fair value of derivative liabilities	-	2	-	2
Total other income (expense)	144	(200)	369	(374)
Net Loss	**$ (6,940)**	**$ (1,870)**	**$ (15,687)**	**$ (3,906)**
Net loss per common share outstanding, basic and diluted	$ (0.27)	$ (0.19)	$ (0.63)	$ (0.39)
Weighted average number of common shares outstanding, basic and diluted	26,186,924	10,089,269	24,936,626	10,130,338

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

MUSTANG BIO, INC.
CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY
($ in thousands)
(Unaudited)

	Class A Preferred Stock		Class A Common Shares		Common Shares		Common Stock	Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Shares	Amount	Issuable	Capital	Deficit	Equity
Balances at December 31, 2016	**250,000**	**$ -**	**1,000,000**	**$ -**	**15,165,244**	**$ 2**	**$ 4,396**	**$ 36,998**	**$ (17,120)**	**$ 24,276**
Issuance of common shares - Founders Agreement	-	-	-	-	982,533	-	(4,396)	5,630	-	1,234
Issuance of common shares for license expenses	-	-	-	-	293,588	-	-	1,682	-	1,682
Issuance of common shares and warrants for cash	-	-	-	-	8,610,774	1	-	55,969	-	55,970
Offering cost	-	-	-	-	-	-	-	(5,674)	-	(5,674)
Stock-based compensation expenses	-	-	-	-	180,000	-	-	1,230	-	1,230
Capital contribution from Fortress	-	-	-	-	-	-	-	2,062	-	2,062
Net loss	-	-	-	-	-	-	-	-	(15,687)	(15,687)
Balances at September 30, 2017	**250,000**	**$ -**	**1,000,000**	**$ -**	**25,232,139**	**$ 3**	**$ -**	**$ 97,897**	**$ (32,807)**	**$ 65,093**

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

MUSTANG BIO, INC.
CONDENSED STATEMENTS OF CASH FLOWS
($ in thousands)
(Unaudited)

	For the nine months ended September 30,	
	2017	**2016**
Cash flows from operating activities:		
Net loss	$ (15,687)	$ (3,906)
Research and development-licenses acquired, expensed	2,375	-
Issuance of common shares - Founders Agreement	1,234	274
Amortization of debt discount	-	90
Change in fair value of derivative liabilities	-	(2)
Stock-based compensation expenses	1,230	-
Capital contribution from Fortress	2,062	-
Adjustments to reconcile net loss to net cash used in operating activities:		
Changes in operating assets and liabilities:		
Prepaid expenses	(414)	-
Interest receivables	(35)	-
Accounts payable and accrued expenses	1,923	1,025
Payable and accrued expenses - related party	(56)	375
Accrued interest - related party	(413)	278
Net cash used in operating activities	(7,781)	(1,866)
Cash Flows from Investing Activities:		
Purchase of short-term investment (certificates of deposit)	(34,088)	-
Purchase of research and development licenses	(2,375)	-
Purchase of fixed assets - construction-in-process	(22)	-
Net cash used in investing activities	(36,485)	-
Cash Flows from Financing Activities:		
Proceeds from Fortress Note	-	1,963
Payment of Fortress Note	(320)	(3,533)
Proceeds from NSC Note	-	3,600
Payment of debt issue costs associated with NSC Note	-	(129)
Proceeds from issuance of common stock and warrants, net of offering cost of $5,674 and $0, respectively	50,296	11,083
Net cash provided by financing activities	49,976	12,984
Net change in cash and cash equivalents	5,710	11,118
Cash and cash equivalents, beginning of the period	27,499	-
Cash and cash equivalents, end of the period	**$ 33,209**	**$ 11,118**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 413	$ -
Supplemental disclosure of noncash investing and financing activities:		
Construction-in-progress included in accounts payable and accrued expenses	$ 117	$ -
Issuance of common shares - Founders Agreement	$ 4,396	$ 190
Warrant liability associated with NSC Note	$ -	$ 634
Common shares issuable for license acquired	$ 1,682	$ -

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

Note 1 - Organization, Description of Business and Liquidity and Capital Resources

Mustang Bio, Inc. (the "Company" or "Mustang") was incorporated in Delaware on March 13, 2015 and commenced its principal operations on March 13, 2015. Mustang was formed as a clinical-stage biopharmaceutical company focused on the acquisition, development and commercialization of novel cancer immunotherapy products designed to utilize the power of the patient's own immune system to eliminate cancer cells. The Company may acquire rights to these technologies by licensing the rights or otherwise acquiring an ownership interest in the technologies, funding their research and development and eventually either out-licensing or bringing the technologies to market.

The Company is a majority controlled subsidiary of Fortress Biotech, Inc. ("Fortress" or "Parent").

The Company has incurred substantial operating losses since its inception, and expects to continue to incur significant operating losses for the foreseeable future and may never become profitable. As of September 30, 2017, the Company had an accumulated deficit of $32.8 million.

The Company expects to continue to use the proceeds from previous financing transactions primarily for general corporate purposes, which may include financing the Company's growth, developing new or existing product candidates, and funding capital expenditures, acquisitions and investments. The Company currently anticipates that its cash and cash equivalents balances and short-term investments held to maturity at September 30, 2017, are sufficient to fund its anticipated operating cash requirements for at least the next 12 months.

Note 2 - Significant Accounting Policies

Basis of Presentation

The accompanying unaudited interim condensed financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, the unaudited interim condensed financial statements reflect all adjustments, which include only normal recurring adjustments necessary for the fair statement of the balances and results for the periods presented. Certain information and footnote disclosures normally included in the Company's annual financial statements prepared in accordance with GAAP have been condensed or omitted. These condensed financial statement results are not necessarily indicative of results to be expected for the full fiscal year or any future period.

Therefore, these condensed financial statements should be read in conjunction with the Company's audited financial statements and notes thereto for the year ended December 31, 2016, which were included in the Company's Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC") on March 31, 2017. The results of operations for any interim periods are not necessarily indicative of the results that may be expected for the entire fiscal year or any other interim period.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Significant Accounting Policies

There have been no material changes to the Company's significant accounting policies previously disclosed in the Company's Form 10-K filed with the SEC on March 31, 2017, with the exception of the policies listed below.

Short-term Investments – Held to Maturity

The Company classifies its certificates of deposit as cash and cash equivalents or held to maturity in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 320, *Investments – Debt and Equity Securities.* The Company considers all investments with an original maturity in excess of three months when purchased to be short-term investments. Investments consist of short-term FDIC insured certificates of deposit carried at amortized cost using the effective interest method. The cost of the Company's certificates of deposit approximated fair value. The Company reassesses the appropriateness of the classification of its investments at the end of each reporting period.

At September 30, 2017, the Company had approximately $40.1 million in certificates of deposit with no more than $250,000 at any individual institution. The Company classified $6.0 million as cash and cash equivalents and classified $34.1 million of its certificates of deposits as held-to-maturity as of September 30, 2017. There were no short-term investments as of December 31, 2016. This classification was based upon management's determination that it has the positive intent and ability to hold the securities until their maturity dates, as its investments mature within one year and the underlying cash invested in these securities is not required for current operations.

Stock-Based Compensation

The Company expenses stock-based compensation to employees and board members over the requisite service period based on the estimated grant-date fair value of the awards. Stock-based awards with graded vesting schedules are recognized on a straight-line basis over the requisite service period for each separately vesting portion of the award. For stock-based compensation awards to non-employees, the Company measures the fair value of the non-employee awards at each reporting period prior to vesting and finally at the vesting date of the award. Changes in the estimated fair value of these non-employee awards are recognized as compensation expense in the period of change.

The assumptions used in calculating the fair value of stock-based awards represent management's best estimates and involve inherent uncertainties and the application of management's judgment.

Property and equipment – construction in process

Leasehold improvements are amortized over the shorter of the estimated useful lives or the term of the respective leases, upon the improvement being placed in service. In connection with the Company's manufacturing facility, the Company incurred $0.1 million related to the design of the facility which is recorded in property and equipment on the condensed balance sheet at September 30, 2017. Upon completion of the buildout all costs associated with the buildout will be recorded as leasehold improvements.

Recently Adopted Accounting Pronouncements

In March 2016, the FASB issued Accounting Standards Update ("ASU") 2016-09 *Compensation-Stock Compensation (Topic 718), Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"). Under ASU 2016-09, companies will no longer record excess tax benefits and certain tax deficiencies in additional paid-in capital ("APIC"). Instead, they will record all excess tax benefits and tax deficiencies as income tax expense or benefit in the income statement and the APIC pools will be eliminated. In addition, ASU 2016-09 eliminates the requirement that excess tax benefits be realized before companies can recognize them. ASU 2016-09 also requires companies to present excess tax benefits as an operating activity on the statement of cash flows rather than as a financing activity. Furthermore, ASU 2016-09 will increase the amount an employer can withhold to cover income taxes on awards and still qualify for the exception to liability classification for shares used to satisfy the employer's statutory income tax withholding obligation. An employer with a statutory income tax withholding obligation will now be allowed to withhold shares with a fair value up to the amount of taxes owed using the maximum statutory tax rate in the employee's applicable jurisdiction(s). ASU 2016-09 requires a company to classify the cash paid to a tax authority when shares are withheld to satisfy its statutory income tax withholding obligation as a financing activity on the statement of cash flows. Under current GAAP, it was not specified how these cash flows should be classified. In addition, companies will now have to elect whether to account for forfeitures on share-based payments by (1) recognizing forfeitures of awards as they occur or (2) estimating the number of awards expected to be forfeited and adjusting the estimate when it is likely to change, as is currently required. The Amendments of this ASU are effective for reporting periods beginning after December 15, 2016, with early adoption permitted but all of the guidance must be adopted in the same period. The Company adopted ASU 2016-09 on January 1, 2017. The adoption did not have a material impact on the Company's condensed financial statements and related disclosures.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business* ("ASU 2017-01"). The amendments in this update clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. The guidance is effective for fiscal periods beginning after December 15, 2017, including interim periods within those periods. The Company adopted ASU 2017-01 on January 1, 2017. The adoption did not have a material impact on the Company's condensed consolidated financial statements and related disclosures.

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842).* ASU 2016-02 requires an entity to recognize right-of-use assets and lease liabilities on its balance sheet and disclose key information about leasing arrangements. Lessees and lessors are required to disclose qualitative and quantitative information about leasing arrangements to enable a user of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018. Early adoption is permitted. The Company is currently evaluating the impact, if any, of adopting this standard on its condensed consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows - Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"), which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The standard is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The Company is currently in the process of evaluating the impact of this new pronouncement on its condensed statements of cash flows and related disclosures.

In May 2017, the FASB issued ASU 2017-09, Compensation—Stock Compensation (Topic 718): *Scope of Modification Accounting* ("ASU 2017-09"), which clarifies when to account for a change to the terms or conditions of a share-based payment award as a modification. Under the new guidance, modification accounting is required only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions. It is effective prospectively for the annual period ending December 31, 2018 and interim periods within that annual period. Early adoption is permitted. The Company is currently evaluating the impact of adopting this standard on the condensed financial statements and disclosures, but does not expect it to have a significant impact.

Note 3 - License Agreements and Clinical Research Support Agreements

City of Hope Licenses

In February, 2017, the Company and City of Hope National Medical Center ("City of Hope" or "COH") amended and restated their license agreement, dated March 17, 2015 (the "Original Agreement"), in connection with the covered patents by entering into three separate amended and restated exclusive license agreements, one relating to CD123, one relating to IL13Rα2 and one relating to the Spacer technology, that amended the Original Agreement in certain other respects, and collectively replace the Original Agreement in its entirety. The total potential consideration payable to COH by the Company, in equity or cash, did not, in the aggregate, change materially from the Original Agreement. As of September 30, 2017, COH owns 1,000,000 Class A common shares and 293,588 common shares representing approximately 5.0% of ownership, at September 30, 2017 and has the right to appoint a director to the Board of Directors (the "Board").

In addition, the Company entered into a sponsored research agreement with COH in which the Company will fund continued research in the amount of $2.0 million per year, payable in four equal installments, until 2020. The research covered under this arrangement is for IL13Rα2, CD123 and the Spacer technology. For the three months ended September 30, 2017 and 2016, the Company recorded $0.5 million and $0.5 million, respectively, in research and development expenses on the condensed statement of operations in connection with this agreement. For the nine months ended September 30, 2017 and 2016, the Company recorded $1.5 million and $1.5 million, respectively, on research and development expenses in the condensed statement of operations in connection with this agreement.

In December 2016, the Company entered into two consulting agreements, one with two COH scientists, whereby effective January 1, 2017, in exchange for services provided to the Company each consultant shall be paid $60,000 per year, paid quarterly, through January 31, 2019. Further, each consultant has agreed to serve on our Scientific Advisory Board on an as needed basis, and will receive additional compensation for those services. In addition, for services provided during the fourth quarter of 2016, pursuant to the terms of the agreement each consultant earned $60,000, which was paid in the first quarter of 2017. For the three and nine months ended September 30, 2017, the Company recorded $60,000 and $90,000, respectively, on the condensed statement of operations in connection with these agreements.

CD123 License

In February 2017, the Company entered into an Amended and Restated Exclusive License Agreement with COH to acquire intellectual property rights pertaining to patent rights related to CD123 (the "CD123 License"). Pursuant to the CD123 License, the Company and COH acknowledge that an upfront fee has already been paid under the Original Agreement. In addition, COH is eligible to receive an annual maintenance fee of $25,000 and milestone payments totaling approximately $14.5 million upon and subject to the achievement of certain milestones. Royalty payments in the mid-single digits are due on net sales of licensed products. The Company is obligated to pay COH a percentage of certain revenues received in connection with a sublicense in the mid-teens to mid-thirties, depending on the timing of the sublicense in the development of any product. In addition, equity grants made under the Original Agreement were acknowledged, and the anti-dilution provisions of the Original Agreement were carried forward.

CD123 CRA

In February 2017, the Company entered into a Clinical Research Support Agreement for CD123 (the "CD123 CRA"). Pursuant to the terms of the CD123 CRA the Company made an upfront payment of $19,450 and will contribute an additional $97,490 per patient in connection with the on-going investigator initiated study. Further, the Company agreed to fund approximately $0.2 million over three years pertaining to the clinical development of CD123. For the three and nine months ended September 30, 2017 the Company recorded $0.6 million and $1.2, respectively, in research and development expenses under the CD123 CRA on the condensed statement of operations. The Company recorded no expenses in 2016 related to this arrangement.

IL13Rα2 License

In February 2017, the Company entered into an Amended and Restated Exclusive License Agreement with COH to acquire intellectual property rights pertaining to patent rights related to IL13Rα2 (the "IL13Rα2 License"). Pursuant to the IL13Rα2 License, the Company and COH acknowledge that an upfront fee has already been paid under the Original Agreement. In addition, COH is eligible to receive an annual maintenance fee of $25,000 and milestone payments totaling approximately $14.5 million upon and subject to the achievement of certain milestones. Royalty payments in the mid-single digits are due on net sales of licensed products. The Company is obligated to pay COH a percentage of certain revenues received in connection with a sublicense in the mid-teens to mid-thirties, depending on the timing of the sublicense in the development of any product. In addition, equity grants made under the Original Agreement were acknowledged, and the anti-dilution provisions of the Original Agreement were carried forward.

IL13Rα2 CRA

In February 2017, the Company entered into a Clinical Research Support Agreement for IL13Rα2 (the "IL13Rα2 CRA"). Pursuant to the terms of the IL13Rα2 CRA the Company made an upfront payment of approximately $9,300 and will contribute an additional $0.1 million related to patient costs in connection with the on-going investigator initiated study. Further, the Company agreed to fund approximately $0.2 million over three years pertaining to the clinical development of IL13Rα2. For the three and nine months ended September 30, 2017 the Company recorded $0.2 million and $1.2 million respectively, in research and development expenses under the IL13Rα2 CRA on the condensed statement of operations. The Company recorded no expenses in 2016 related to this arrangement.

Spacer License

In February 2017, the Company entered into an Amended and Restated Exclusive License Agreement with COH to acquire intellectual property rights pertaining to patent rights related to Spacer (the "Spacer License"). Pursuant to the Spacer License, the Company and COH acknowledged that an upfront fee has already been paid under the Original Agreement. In addition, COH will receive an annual maintenance fee of $10,000. No royalties are due if the Spacer technology is used in conjunction with a CD123 CAR or an IL13Rα2 CAR, and royalty payments in the low single digits are due on net sales of licensed products if the Spacer technology is used in conjunction with other intellectual property. The Company is obligated to pay COH a percentage of certain revenues received in connection with a sublicense in the mid-thirties. In addition, equity grants made under the Original Agreement were acknowledged, and the anti-dilution provisions of the Original Agreement were carried forward.

IV/ICV License

In February 2017, the Company entered into an exclusive license agreement (the "IV/ICV License") with COH to acquire intellectual property rights in patent applications related to the intraventricular and intracerebroventricular methods of delivering T cells that express CARs. Pursuant to the IV/ICV License, in March 2017, the Company paid COH an upfront fee of $0.1 million. COH is eligible to receive a milestone payment totaling approximately $0.1 million, upon and subject to the achievement of a milestone, and an annual maintenance fee. Royalty payments in the low single digits are due on net sales of licensed products.

HER2 Technology License

On May 31, 2017, the Company entered into an exclusive license agreement (the "HER2 Agreement") with the COH for the use of human epidermal growth factor receptor 2 (HER2) CAR T technology (HER2 Technology), which will initially be applied in the treatment of glioblastoma multiforme. Pursuant to the HER2 Agreement, the Company paid an upfront fee of $0.6 million and will owe an annual maintenance fee of $50,000 (beginning in 2019). Additional payments are due for the achievement of ten development milestones totaling $14.9 million and royalty payments in the mid-single digits are due on net sales of licensed products.

CS1 Technology License

On May 31, 2017, the Company entered into an exclusive license agreement (the "CS1 Agreement) with the COH for the use of CS1-specific CAR T technology (CS1 Technology) to be directed against multiple myeloma. Pursuant to the CS1 Agreement, the Company paid an upfront fee of $0.6 million and will owe an annual maintenance fee of $50,000 (beginning in 2019). Additional payments are due for the achievement of ten development milestones totaling $14.9 million and royalty payments in the mid-single digits are due on net sales of licensed products.

PSCA Technology License

On May 31, 2017, the Company entered into an exclusive license agreement (the "PSCA Agreement") with the COH for the use of prostate stem cell antigen (PSCA) CAR T technology (PSCA Technology) to be used in the treatment of prostate cancer. Pursuant to the PSCA Agreement, the Company paid an upfront fee of $0.3 million and will owe an annual maintenance fee of $50,000 (beginning in 2019). Additional payments are due for the achievement of ten development milestones totaling $14.9 million and royalty payments in the mid-single digits are due on net sales of licensed products.

University of California License

On March 17, 2017, the Company entered into an exclusive license agreement with the Regents of the University of California (the "UCLA License") to acquire intellectual property rights in patent applications related to the engineered anti-prostate stem cell antigen antibodies for cancer targeting and detection. Pursuant to the UCLA License, the Company paid UCLA the upfront fee of $0.2 million and will owe an annual maintenance fee of $15,000 for the first two years, $25,000 for years three and four, and $50,000 per year thereafter. Additional payments are due for the achievement of seven development milestones, totaling $14.3 million, and royalty payments in the mid-single digits are due on net sales of licensed products.

Fred Hutchinson Cancer Research Center License

CD20 Technology License

On July 3, 2017, Mustang entered into an exclusive, worldwide licensing agreement with Fred Hutchinson Cancer Research Center ("Fred Hutch") for the use of a CAR T therapy related to autologous T cells engineered to express a CD20-specific chimeric antigen receptor ("CD20 Technology License"). Pursuant to the CD 20 Technology License, the Company paid Fred Hutch an upfront fee of $0.3 million and will owe an annual maintenance fee of $50,000 on each anniversary of the license until the achievement by the Company of regulatory approval of a licensed product using CD20 Technology. Additional payments are due for the achievement of eleven development milestones totaling $39.1 million and royalty payments in the mid-single digits are due on net sales of licensed products.

CD20 CTA

Also, on July 3, 2017, in conjunction with the CD20 Technology License from Fred Hutch, Mustang entered into an investigator-initiated clinical trial agreement ("CD20 CTA") to provide partial funding for a Phase 1/2 clinical trial at Fred Hutch evaluating the safety and efficacy of the CD20 Technology in patients with relapsed or refractory B-cell non-Hodgkin lymphomas. In connection with the CD20 CTA, the Company agreed to fund up to $5.3 million of costs associated with the clinical trial, which commenced during the fourth quarter of 2017. For the three and nine months ended September 30, 2017, the Company recorded $88,000 of expense in connection with this agreement. Further the Company made an upfront payment of $0.4 million recorded on the condensed balance sheets as of September 30, 2017, as a prepaid expense, in connection with a startup fee related to the study.

Research and Development Expenses – All Licenses

For the three and nine months ended September 30, 2017 and 2016, the Company recorded the following expense in research and development for licenses acquired:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
($ in thousands)	2017	2016	2017	2016
City of Hope				
IL13Rα2	$ -	$ -	$ 250	$ -
IV/ICV	-	-	125	-
PSCA	-	-	300	-
HER2	-	-	600	-
CS-1	-	-	600	-
UCLA	-	-	200	-
Fred Hutch CD20	300	-	300	-
Total	$ 300	$ -	$ 2,375	$ -

Note 4 - Related Party Agreements

Founders Agreement and Management Services Agreement with Fortress

Effective March 13, 2015, the Company entered into a Founders Agreement with Fortress, which was amended and restated on May 17, 2016 and again on July 26, 2016 (the "Mustang Founders Agreement"). The Mustang Founders Agreement provides that, in exchange for the time and capital expended in the formation of Mustang and the identification of specific assets the acquisition of which result in the formation of a viable emerging growth life science company, Fortress loaned $2.0 million, representing the up-front fee required to acquire the Company's license agreement with COH. The Mustang Founders Agreement has a term of 15 years, which upon expiration automatically renews for successive one-year periods unless terminated by Fortress and the Company or a Change in Control (as defined in the Mustang Founders Agreement) occurs. Concurrently with the second amendment on July 26, 2016 to the Mustang Founders Agreement, Fortress entered into an Exchange Agreement whereby Fortress exchanged its 7.25 million Class B common shares for 7.0 million common shares and 250,000 Class A preferred shares. Class A Preferred Stock is identical to common shares other than as to voting rights, conversion rights and the PIK Dividend right (as described below). Each share of Class A Preferred Stock will be entitled to vote the number of votes that is equal to one and one-tenth (1.1) times a fraction, the numerator of which is the sum of (A) the shares of outstanding Mustang common stock and (B) the whole shares of Mustang common stock into which the shares of outstanding Class A common shares and Class A Preferred Stock are convertible and the denominator of which is the number of shares of outstanding Class A Preferred Stock. Thus, the Class A Preferred Stock will at all times constitute a voting majority. Each share of Class A Preferred Stock is convertible, at Fortress' option, into one fully paid and nonassessable share of Mustang common stock, subject to certain adjustments. As holders of Class A Preferred Stock, Fortress will receive on each March 13 (each a "PIK Dividend Payment Date") until the date all outstanding Class A Preferred Stock is converted into common stock or redeemed (and the purchase price is paid in full), pro rata per share dividends paid in additional fully paid and nonassessable shares of common stock ("PIK Dividends") such that the aggregate number of shares of common stock issued pursuant to such PIK Dividend is equal to two and one-half percent (2.5%) of Mustang's fully-diluted outstanding capitalization on the date that is one (1) business day prior to any PIK Dividend Payment Date.

As additional consideration under the Mustang Founders Agreement, Mustang will also: (i) pay an equity fee in shares of common stock, payable within five (5) business days of the closing of any equity or debt financing for Mustang or any of its respective subsidiaries that occurs after the effective date of the Mustang Founders Agreement and ending on the date when Fortress no longer has majority voting control in the Company's voting equity, equal to two and one-half (2.5%) of the gross amount of any such equity or debt financing; and (ii) pay a cash fee equal to four and one-half percent (4.5%) of the Company's annual net sales, payable on an annual basis, within ninety (90) days of the end of each calendar year. In the event of a Change in Control, the Company will pay a one-time change in control fee equal to five (5x) times the product of (A) net sales for the twelve (12) months immediately preceding the change in control and (B) four and one-half percent (4.5%).

On March 13, 2016, pursuant to the then in effect Mustang Founders Agreement, on the anniversary date of the Founders' Agreement, the Company issued 250,000 shares of its Class B common stock to Fortress representing 2.5% of the fully diluted outstanding shares of the Company. Pursuant to the terms of the Mustang Founders Agreement, as amended in July 2016, this equity fee is no longer payable.

Effective as of March 13, 2015, the Company entered into a Management Services Agreement (the "MSA") with Fortress. Pursuant to the terms of the MSA, for a period of five years, Fortress will render advisory and consulting services to the Company. Services provided under the MSA may include, without limitation, (i) advice and assistance concerning any and all aspects of the Company's operations, clinical trials, financial planning and strategic transactions and financings and (ii) conducting relations on behalf of the Company with accountants, attorneys, financial advisors and other professionals (collectively, the "Services"). The Company is obligated to utilize clinical research services, medical education, communication and marketing services and investor relations/public relation services of companies or individuals designated by Fortress, provided those services are offered at market prices. However, the Company is not obligated to take or act upon any advice rendered from Fortress and Fortress shall not be liable for any of its actions or inactions based upon their advice. Fortress and its affiliates, including the Company's Board of Directors, have been contractually exempt from fiduciary duties to the Company relating to corporate opportunities. In consideration for the Services, the Company will pay Fortress an annual consulting fee of $0.5 million (the "Annual Consulting Fee"), payable in advance in equal quarterly installments on the first business day of each calendar quarter in each year, provided, however, that such Annual Consulting Fee shall be increased to $1.0 million for each calendar year in which the Company has net assets in excess of $100 million at the beginning of the calendar year.

For the three months ended September 30, 2017 and 2016, the Company recorded approximately $0.1 million and $0.1 million, respectively, as expense related to the MSA. For the nine months ended September 30, 2017 and 2016, the Company recorded approximately $0.4 million and $0.4 million, respectively, as expense related to the MSA. For the three and nine months ended September 30, 2017 and 2016, respectively, expenses related to the MSA are recorded 50% in research and development expenses and 50% in general and administrative expenses on the condensed consolidated statement of operations.

Consulting Agreement with Chord Advisors, LLC ("Chord")

On April 8, 2016, the Company entered into a full-service consulting agreement with Chord to provide advisory accounting services to the Company. Under the terms of the agreement, the Company paid Chord up to $5,000 per month to perform back office accounting functions, accounting analysis and financial reporting prior to the Company's filing of its Registration Statement on Form 10 on July 27, 2016, and $7,500 per month following that date. Either party upon 30-days written notice can terminate the agreement. In addition to these services, Mr. Horin, a Managing Partner of Chord, serves as the Company's Interim Chief Financial Officer. Chord also provides advisory accounting services to Fortress under a separate agreement. For the three months ended September 30, 2017 and 2016, $22,500 and $17,500, respectively, of expense was recognized. For the nine months ended September 30, 2017 and 2016, $67,500 and $30,300, respectively, of expense was recognized. The expense was recorded in general and administrative expenses on the condensed statements of operations.

Payable and Accrued Expenses Related Party

The Company had a working capital promissory note with Fortress, which was paid in full in 2016. In 2017, in the normal course of business Fortress pays for certain expenses on behalf of the Company. Such expenses are recorded as Payable and accrued expenses – related party and are reimbursed to Fortress in the normal course of business.

National Securities Inc.

Fortress owns approximately 56.6% of National Holdings Corporation ("NHLD"). National Securities Inc. ("NSC") a subsidiary of NHLD acted as placement agent for the Company's third-party financings (see Note 6). For the nine months ended September 30, 2017, the Company paid NSC placement agent fees of $5.6 million and issued to NSC 861,077 warrants to purchase the Company's common stock. The warrants have a five-year term and an exercise price of $8.50 per share. No fees were incurred for the three and nine months ended September 30, 2016.

Director Compensation

Dr. Rosenwald

Pursuant to the terms of the Director Compensation Plan, Dr. Rosenwald will receive a cash fee of $50,000 per year paid quarterly and an annual stock award of the greater of (i) a number of shares of common stock having a fair market value on the grant date of $50,000 or (ii) 10,000 shares of common stock, which shares shall vest and become non-forfeitable on the third anniversary of the grant date, subject to continued service on the Board on such date. For the three and nine months ended September 30, 2017, the Company recognized $12,500 and $25,052, in expense in its Condensed Statements of Operations related to the director compensation, including approximately $4,900 in expense related to an annual equity incentive grant of 10,000 restricted shares. No expense was recorded in 2016.

Mr. Weiss - Advisory Agreement with Caribe BioAdvisors, LLC

The Board of the Company by unanimous written consent approved and authorized the execution of an advisory agreement dated January 1, 2017 (the "Advisory Agreement"), with Caribe BioAdvisors, LLC (the "Advisor"), owned by Michael S. Weiss, the Chairman of the Board, to provide the board advisory services of Mr. Weiss as Chairman of the Board. Pursuant to the Advisory Agreement, the Advisor will be paid an annual cash fee of $60,000, paid quarterly and an annual stock award of the greater of (i) a number of shares of common stock having a fair market value on the grant date of $50,000 or (ii) 10,000 shares of common stock, which shares shall vest and become non-forfeitable on the third anniversary of the grant date, subject to continued service on the Board on such date. For three and nine months ended September 30, 2017, the Company recognized $15,000 and $46,200, respectively, in expense in its Condensed Statements of Operations related to the advisory agreement, including approximately $4,800 and $6,000, respectively, in expense related to an annual equity incentive grant of 10,000 restricted shares. No expense was recorded in 2016.

Stock Awards Made to Fortress Employees

In April 2017, the Company made an option award to two employees of Fortress (see Note 7).

Note 5 - Commitments and Contingencies

Litigation

On January 15, 2016, Dr. Winson Tang ("Plaintiff") filed a Complaint against the Company in the Superior Court of the State of California, County of Los Angeles. Winson Tang v. Lindsay Rosenwald et al., Case No. BC607346. As amended, the Complaint requested a declaration that Plaintiff was a 15% owner of the Company's outstanding shares, and alleged two claims for breach of contract against other Defendants. On November 3, 2017, Plaintiff and Defendants entered into a Settlement Agreement. The Settlement Agreement did not require issuance of any new shares of the Company.

In connection with the legal settlement, above, Fortress is required to deliver 200,000 Mustang common shares, held by Fortress, to Plaintiff in accordance with this settlement arrangement. At September 30, 2017, the Company recorded this transaction as a capital contribution from Fortress and a corresponding expense of approximately $2.1 million based upon the closing share price of Mustang shares as of the date of the Settlement Agreement. In addition to the share issuance the Company paid, in November 2017, a $0.1 million cash settlement to the plaintiff, such amount was accrued as of September 30, 2017 and recorded in general and administrative expenses on the Condensed Consolidated Statements of Operations.

Note 6 - Net Loss per Share

Net loss per share is computed by dividing net loss by the weighted average number of common shares outstanding during the period less unvested restricted stock. Since dividends are declared, paid and set aside among the holders of shares of common stock and Class A common shares pro-rata on an as-if-converted basis, the two-class method of computing net loss per share is not required. Diluted net loss per share does not reflect the effect of shares of common stock to be issued upon the exercise of warrants or outstanding Class A preferred shares, as their inclusion would be anti-dilutive. The table below summarizes potentially dilutive securities that were not considered in the computation of diluted net loss per share because they would be anti-dilutive.

Potentially dilutive securities

	For the nine months ended September 30	
	2017	**2016**
Warrants (Note 7)	5,257,434	670,191
Options (Note 7)	1,241,675	-
Class A Preferred Shares (Note 7)	250,000	250,000
Unvested restricted stock awards (Note 7)	180,000	-
Unvested restricted stock units (Note 7)	110,000	-
Total	7,039,109	920,191

Note 7 - Stockholders' Equity

Common Stock

The Company is authorized to issue 50,000,000 common shares with a par value of $0.0001 per share, of which 1,000,000 shares are designated as "Class A common shares" and 2,000,000 of Preferred Stock at $0.0001 par value and 250,000 of which are designated as Class A Preferred Stock.

Pursuant to the Founders Agreement, on March 13, 2016 the Company issued 250,000 shares of Class B common stock to Fortress, which equaled 2.5% of the fully diluted outstanding equity of Mustang at the time of issuance for the annual equity fee. In accordance with the amended and restated certificate of incorporation filed on July 27, 2016, the Company issued 250,000 shares of Class A Preferred Stock, 7.0 million common shares and cancelled 7.2 million Class B common shares. This exchange was recorded as an equity transaction and therefore no gain or loss was recorded (see Note 4).

In February 2017, COH executed a waiver and acknowledgement agreement permitting issuance of the COH Anti-Dilution Shares in the form of Mustang common stock rather than Class A common shares as originally required, and such shares were issued. Therefore, in February 2017, the Company reclassed $1.7 million of common shares issuable liability to additional paid-in capital and issued 293,588 common shares to COH. As of September 30, 2017, COH owns 1,000,000 Class A common shares and 293,588 common shares. The shares were valued utilizing a weighted market model at approximately $5.73 per share or approximately $1.7 million.

On March 13, 2017, the Company issued to Fortress 767,264 shares of common stock at $5.73 per share representing the stock dividend payable in connection with Fortress' ownership of Class A Preferred Stock. Pursuant to this issuance, the Company recorded a $4.4 million decrease in common shares issuable and a corresponding increase in additional paid in capital to account for the issuance of the PIK Dividend (see Note 4).

The holders of common stock are entitled to one vote per share of common stock held.

Class A Common Stock

The holders of Class A common shares are entitled to the number of votes equal to the number of whole shares of common stock into which the shares of Class A common shares held by such holder are convertible and for a period of ten years from its issuance, the holders of the Class A common shares have the right to appoint one member of the board of directors of Mustang; to date, the holders of Class A common shares have not yet appointed such director.

On March 17, 2015, the Company entered into the Original Agreement with COH to acquire intellectual property rights pertaining to CAR-T, (see Note 3). Pursuant to the Original Agreement, the Company paid COH an upfront fee of $2.0 million, in April 2015 (included in research and development-licenses acquired expenses on the Statements of Operations), and granted 1,000,000 shares of Mustang's Class A common shares, representing 10% ownership of Mustang, as of such date.

Offerings and Issuances of Common Stock and Warrants

In September 2016, the Company entered into a Placement Agent Agreement with NSC relating to the Company's offering of shares of common stock in a private placement. Pursuant to the Placement Agent Agreement, the Company agreed to pay NSC a cash fee of 10.0% of the gross proceeds from the offering and granted a warrant exercisable for shares of common stock equal to 10.0% of the aggregate number of shares of common stock sold in the offering (the "Placement Agent Warrants"). In addition, the Company and the investors entered into a unit purchase agreement (the "Unit Purchase Agreement"). The common stock and Warrants were sold in units, with each unit consisting of 10,000 shares of the Company's common stock, and Warrants exercisable for 2,500 shares of common stock at an exercise price of $8.50 per share. The purchase price was $65,000 per unit. The warrants have a five-year term and are only exercisable for cash.

On January 31, 2017, the Company closed the sixth round of financing totaling gross proceeds of $55.5 million, before expenses, in a private placement of shares and warrants for which NSC was the placement agent and received a fee of $5.5 million or approximately 10% of the gross proceeds. The Company issued 8,536,774 unregistered shares of common stock and 2,134,193 warrants in connection with this transaction. In addition, NSC received 853,677 warrants or approximately 10% of the shares issued.

On March 31, 2017, the Company closed the seventh round of financing totaling gross proceeds of $0.4 million, before expenses, in a private placement of shares and warrants for which NSC was the placement agent and received a fee of approximately $42,000 or approximately 10% of the gross proceeds. The Company issued 64,000 unregistered shares of common stock and 16,000 warrants in connection with this transaction. In addition, NSC received 6,400 warrants or approximately 10% of the shares issued.

On August 3, 2017, the Company closed the final round of financing totaling gross proceeds of $65,000. The Company issued 10,000 unregistered shares of common stock and 2,500 warrants in connection with this transaction. In addition, NSC received 1,000 warrants or approximately 10% of the shares issued.

Common Share Issuances to Fortress

Pursuant to the Founders Agreement, the Company issued 215,269 shares and 47,870 shares to Fortress during the nine months ended September 30, 2017 and September 30, 2016, respectively, representing 2.5% of the aggregate number of shares of common stock issued in the offerings noted above. For the nine months ended September 30, 2017 and September 30, 2017, the Company recorded expense of approximately $1.2 million and $0.3 million, respectively, related to this issuance (based upon the fair value of common shares on the date of issuance), which is included in general and administrative expenses in the Company's Statements of Operations.

Class A Preferred Shares

Pursuant to the Company's Amended and Restated Articles of Incorporation, 2,000,000 shares of Preferred Stock were authorized, of which 250,000 have been designated as Class A Preferred Stock and the remainder are undesignated preferred stock. The Class A Preferred Stock is identical to undesignated common stock other than as to voting rights, conversion rights, and the PIK Dividend right (as described below). The undesignated Preferred Stock may be issued from time to time in one or more series. The Company's Board of Directors is authorized to determine or alter the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions, if any), the redemption price or prices, the liquidation preferences and other designations, powers, preferences and relative, participating, optional or other special rights, if any, and the qualifications, limitations and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock, and to fix the number of shares of any series of Preferred Stock (but not below the number of shares of any such series then outstanding).

The holders of the outstanding shares of Class A Preferred Stock shall receive on each March 13 (each a "PIK Dividend Payment Date") after the original issuance date of the Class A Preferred Stock until the date all outstanding Class A Preferred Stock is converted into common stock or redeemed (and the purchase price is paid in full), pro rata per share dividends paid in additional fully paid and non-assessable shares of common stock such that the aggregate number of shares of common stock issued pursuant to such PIK Dividend is equal to 2.5% of the Corporation's fully-diluted outstanding capitalization on the date that is one business day prior to any PIK Dividend Payment Date ("PIK Record Date"). In the event the Class A Preferred Stock converts into common stock, the holders shall receive all PIK Dividends accrued through the date of such conversion. No dividend or other distribution shall be paid, or declared and set apart for payment (other than dividends payable solely in capital stock on the capital stock of the Company) on the shares of common stock until all PIK Dividends on the Class A Preferred Stock shall have been paid or declared and set apart for payment. All dividends are non-cumulative.

On any matter presented to the stockholders of the Company for their action or consideration at any meeting of stockholders of the Company (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Class A Preferred Stock shall be entitled to cast for each share of Class A Preferred Stock held by such holder as of the record date for determining stockholders entitled to vote on such matter, the number of votes that is equal to one and one-tenth (1.1) times a fraction, the numerator of which is the sum of (A) the number of shares of outstanding common stock and (B) the whole shares of common stock in to which the shares of outstanding Class A common shares and the Class A Preferred Stock are convertible, and the denominator of which is number of shares of outstanding Class A Preferred Stock (the "Class A Preferred Stock Ratio"). Thus, the Class A Preferred Stock will at all times constitute a voting majority.

Each share of Class A Preferred Stock is convertible, at the option of the holder, into one fully paid and nonassessable share of common stock (the "Conversion Ratio"), subject to certain adjustments. If the Company, at any time effects a subdivision or combination of the outstanding common stock (by any stock split, stock dividend, recapitalization, reverse stock split or otherwise), the applicable Conversion Ratio in effect immediately before that subdivision is proportionately decreased or increased, as applicable, so that the number of shares of common stock issuable on conversion of each share of Class A Preferred Stock shall be increased or decreased, a applicable, in proportion to such increase or decrease in the aggregate number of shares of common stock outstanding. Additionally, if any reorganization, recapitalization, reclassification, consolidation or merger involving the Company occurs in which the common stock (but not the Class A Preferred Stock) is converted into or exchanged for securities, cash or other property, then each share of Class A Preferred Stock becomes convertible into the kind and amount of securities, cash or other property which a holder of the number of shares of common stock of the Company issuable upon conversion of one share of the Class A Preferred Stock immediately prior to such reorganization, recapitalization, reclassification, consolidation or merger would have been entitled to receive pursuant to such transaction.

Stock Awards

Stock Options

On April 24, 2017, the Company announced that Manuel Litchman, M.D., had been appointed President and Chief Executive Officer. Dr. Litchman was also appointed to the Company's Board of Directors.

The employment agreement grants Dr. Litchman an option to purchase 1,041,675 shares of the Company's common stock (the "Option"). The Option has an exercise price per share equal to the fair market value of a share the Company's common stock, $5.73 on the date of the grant of the stock option, subject to the conditions and vesting schedule set forth in his Employment Agreement.

On April 7, 2017, the Company granted 200,000 options to two employees of Fortress, who provide services to the Company in connection with our research and development. These options have an exercise price of $5.73, representing the fair market value of a share the Company's common stock on the date of the grant of the stock option.

Both grants have the following vesting schedule: 50% of the options vest over-time ("Time Based Option") with 25% vesting over 12 months of continued service and the remaining shares vesting in 12 equal quarterly installments thereafter, subject to continued employment. The remaining 50% (the "Performance Options") vest and become exercisable upon the occurrence of the following milestones being achieved: (i) 25% of the Performance Options vest upon the dosing of the first patient in the first Phase 2 clinical trial of any Company product candidate, (ii) 25% of the Performance Options vest upon the dosing of the first patient in the first Phase 2 clinical trial of a second Company product candidate, (iii) 25% of the Performance Options vest upon the Company's achievement of a fully-diluted market capitalization of $500,000,000 and (iv) 25% of the Performance Options vest upon the Company's achievement of a fully-diluted market capitalization of $1,000,000,000.

The value of the stock options granted approximated $5.5 million and was determined on the grant date using assumptions for risk free interest rate, the expected term, expected volatility, expected dividend yield, and an exercise price of $5.73. Mustang does not expect to pay dividends in the foreseeable future. As a result, the expected dividend yield is 0%. The fair value associated with the market award vesting was determined utilizing a binomial valuation methodology and the following assumptions:

	September 30, 2017
Risk-free interest rate	1.81% - 2.38%
Exercise Price	$ 5.73
Expected term in years	5.5 - 10.0
Expected volatility	77.3%

The following table summarizes stock option activities for the nine months ended September 30, 2017:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)
Nonvested at December 31, 2016	-	$ -	-
Options granted	1,241,675	5.73	9.56
Options outstanding	1,241,675	5.73	9.56
Options vested and exercisable at September 30, 2017	-	$ -	-

As of September 30, 2017, the Company had unrecognized stock-based compensation expense related to options of $2.3 million with a weighted average vesting period of 1.61 years.

Restricted Stock

In accordance with the Company's Director Compensation Plan, the Company granted an aggregate 180,000 restricted shares to members of its board of directors, these shares commence vesting three years from the grant date of June 8, 2017. Annual grants to each director of 10,000 shares vest on the third anniversary of the grant with continuous service, while the initial grant of 50,000 vests in three equal tranches commencing on the third anniversary date of the grant and on each date thereafter so long as continuous service exists. See Note 4 for grants made to Dr. Rosenwald and Mr. Weiss for their service as Directors to the Company.

The following table summarizes restricted stock award activities for the nine months ended September 30, 2017:

	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2016	-	$ -
Granted	180,000	5.73
Nonvested at September 30, 2017	180,000	$ 5.73

As of September 30, 2017, the Company had unrecognized stock-based compensation expense related to restricted stock of $1.0 million with a weighted average vesting period of 3.53 years.

Restricted Stock Units

On June 30, 2017, the Company granted an aggregate of 110,000 restricted stock units to two employees. These grants vest over 4 years on the anniversary date of the grant.

The following table summarizes restricted stock units activities for the nine months ended September 30, 2017:

	Number of Units	Weighted Average Grant Date Fair Value
Nonvested at December 31, 2016	-	$ -
Granted	110,000	5.73
Nonvested at September 30, 2017	110,000	$ 5.73

As of September 30, 2017, the Company had unrecognized stock-based compensation expense related to restricted stock units of approximately $0.6 million with a weighted average vesting period of 2.25 years.

The following table summarizes stock-based compensation expense for the three and nine months ended September 30, 2017 (in thousands).

	For the three months ended September 30,		For the nine months ended September 30,	
	2017	2016	2017	2016
Employee	$ 576	$ -	$ 909	$ -
Non-employee	258	-	321	-
Total stock-based compensation expense	$ 834	$ -	$ 1,230	$ -

Warrants

In connection with the Company's offering of shares of common stock in a private placement, each investor received a warrant equal to 25% of the common shares purchased in connection with the offering. Further, NSC received Placement Agent Warrants.

A summary of warrant activities for nine months ended September 30, 2017 is presented below:

	Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in years)
Outstanding as of December 31, 2016	2,243,664	$ 7.98	5.16
Granted	3,013,770	8.50	4.34
Outstanding as of September 30, 2017	5,257,434	$ 8.28	4.37

Upon the exercise of warrants, the Company will issue new shares of common stock.

Note 8 – Subsequent Events

On October 27, 2017, Mustang entered into a lease agreement with WCS - 377 Plantation Street, Inc., a Massachusetts nonprofit corporation ("Landlord"). Pursuant to the terms of the lease agreement, Mustang agreed to lease 27,043 sf from the Landlord, located at 377 Plantation Street in Worcester, MA (the "Facility"), through November 2026, subject to additional extensions at Mustang's option. Base rent, net of abatements of $0.6 million over the lease term, totals approximately $3.6 million, on a triple-net basis. Mustang plans to make improvements to the facility of approximately $3.5 million.

The terms of the lease also require that Mustang post an initial security deposit of $0.8 million, in the form of $0.5 million letter of credit and $0.3 million in cash, which shall increase to $1.3 million ($1.0 million letter of credit, $0.3 million in cash) when the Facility is fully occupied by Mustang. After the fifth lease year, the letter of credit obligation is subject to reduction.

The Facility is expected to be operational for the production of personalized CAR T therapies in 2018.

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

Forward-Looking Statements

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial statements and the related notes included elsewhere in this Form 10-Q. Our consolidated financial statements have been prepared in accordance with U.S. GAAP. The following discussion and analysis contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), including, without limitation, statements regarding our expectations, beliefs, intentions or future strategies that are signified by the words "expect," "anticipate," "intend," "believe," "may," "plan", "seek" or similar language. All forward-looking statements included in this document are based on information available to us on the date hereof, and we assume no obligation to update any such forward-looking statements. Our business and financial performance are subject to substantial risks and uncertainties. Actual results could differ materially from those projected in the forward-looking statements. In evaluating our business, you should carefully consider the information set forth under the heading "Risk Factors" herein.

Overview

We are a clinical-stage biopharmaceutical company focused on the acquisition, development and commercialization of novel cancer immunotherapy products designed to utilize the power of the patient's own immune system to eliminate cancer cells. We aim to acquire rights to these technologies by licensing or otherwise acquiring an ownership interest in the technologies, funding their research and development and eventually either out-licensing or bringing the technologies to market. We have partnered with the City of Hope National Medical Center ("COH") and Fred Hutchinson Cancer Research Center ("Fred Hutch") in the development of proprietary chimeric antigen receptor (CAR) engineered T cell (CAR T) therapies across many cancers. We believe that harnessing the body's own immune system to treat cancer is the next generation of cancer care that may prove curative across tumor types that have proved resilient to standard pharmacological and biological treatments. CAR T uses the patient's own T-cells to engage and destroy specific tumors. The process involves selecting specific T-cell subtypes, genetically engineering them to express chimeric antigen T-cell receptors and placing them back in the patient where they recognize and destroy cancer cells.

In September 2017, we entered into an exclusive, worldwide licensing agreement with Fred Hutch, effective July 3, 2017, for the use of a CAR T therapy related to autologous T cells engineered to express a CD20-specific chimeric antigen receptor ("CD20 Technology" or "CD 20"). The CAR T was developed in the laboratory of Oliver Press, M.D., Ph.D., and Brian Till, M.D., in Fred Hutch's Clinical Research Division. As part of the transaction, we also entered into an investigator-initiated clinical trial agreement to provide partial funding for a Phase 1/2 clinical trial at Fred Hutch evaluating the safety and efficacy of the CD20 Technology in patients with relapsed or refractory B-cell non-Hodgkin lymphomas. We expect to initiate this trial the fourth quarter of 2017, and will be led by principal investigator Mazyar Shadman, M.D., Assistant Member of Fred Hutch's Clinical Research Division.

On August 22, 2017, we commenced trading on the Nasdaq Global Market under the symbol MBIO.

On May 31, 2017, we entered into exclusive, worldwide licensing agreements with COH for the use of three novel CAR T therapies in the development of cancer treatments. The CAR T therapies covered under the agreements include: human epidermal growth factor receptor 2 (HER2) CAR T technology (HER2 Technology), which will initially be applied in the treatment of glioblastoma multiforme; CS1-specific CAR T technology (CS1 Technology) to be directed against multiple myeloma; and prostate stem cell antigen (PSCA) CAR T technology (PSCA Technology) to be used in the treatment of prostate cancer. All three technologies were developed in the laboratory of Stephen J. Forman, M.D., director of COH's T cell Immunotherapy Research Laboratory, and are still in preclinical development. Currently, we have two candidates undergoing Phase 1 studies at COH: IL13Rα2 CAR T technology (IL13Rα2 Technology) for glioblastoma and CD123 CAR T technology (CD123 Technology) for acute myeloid leukemia (AML) and blastic plasmacytoid dendritic cell neoplasm (BPDCN).

In April 2017, we appointed Manuel Litchman, M.D., as President and Chief Executive Officer. Dr. Litchman also joined our Board of Directors. Michael S. Weiss, who oversaw Mustang's corporate operations on an interim basis, will continue to serve as Chairman of the Board of Directors.

To date, we have not received approval for the sale of our product candidates in any market and, therefore, have not generated any product sales from our product candidates. In addition, we have incurred substantial operating losses since our inception, and expect to continue to incur significant operating losses for the foreseeable future and may never become profitable. As of September 30, 2017, we have an accumulated deficit of $32.8 million.

Results of Operations

Comparison of the Three Months Ended September 30, 2017 and 2016

	For the three months ended September 30,		Change	
	2017	2016	$	%
Operating expenses:				
Research and development	$ 2,188	$ 569	$ 1,619	285%
Research and development – licenses acquired	300	-	300	100%
General and administrative	4,596	1,101	3,495	317%
Total operating expenses	7,084	1,670	5,414	324%
Loss from operations	(7,084)	(1,670)	(5,414)	324%
Other income (expense)				
Interest income	144	-	144	100%
Interest expense - related party	-	(46)	46	-100%
Interest expense	-	(156)	156	-100%
Change in fair value of derivative liabilities	-	2	(2)	-100%
Total other expense	144	(200)	344	-172%
Net Loss	**$ (6,940)**	**$ (1,870)**	**$ (5,070)**	271%

Research and Development Expenses

Research and development expenses primarily consist of personnel related expenses, including salaries, benefits, travel, and other related expenses, stock-based compensation, payments made to third parties for license and milestone costs related to in-licensed products and technology, payments made to third-party contract research organizations for preclinical and clinical studies, investigative sites for clinical trials, consultants, the cost of acquiring and manufacturing clinical trial materials, costs associated with regulatory filings, laboratory costs and other supplies.

For the three months ended September 30, 2017 and 2016, research and development expenses were $2.2 million and $0.6 million, respectively. The increase of $1.6 million pertains to: $0.2 million in connection with our IL13Ra2 Clinical Research Agreement ("CRA"), $0.6 million in connection with our CD123 CRA, and $88,000 related to our CRA with Fred Hutch. Additionally, we incurred $0.3 million for personnel costs, $0.1 million for other activities and $0.3 million in stock compensation for equity awards to employees and consultants.

For the three months ended September 30, 2017 and 2016, research and development expenses for licenses acquired were approximately $0.3 million and nil. The increase of $0.3 million pertains to the acquisition of our license from Fred Hutch for CD20.

We expect our research and development activities to increase as we develop our existing product candidates and potentially acquire new product candidates, reflecting increasing costs associated with the following:

- employee-related expenses, which include salaries and benefits, and rent expense;
- license fees and milestone payments related to in-licensed products and technology;
- expenses incurred under agreements with contract research organizations, investigative sites and consultants that conduct our clinical trials and our preclinical activities;
- the cost of acquiring and manufacturing clinical trial materials; and
- costs associated with non-clinical activities, and obtaining regulatory approvals.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related expenses, including stock-based compensation, for executives and other administrative personnel, recruitment expenses, professional fees and other corporate expenses, including investor relations, legal activities including patent fees, and facilities-related expenses.

For the three months ended September 30, 2017 and 2016, general and administrative expenses were $4.6 million and $1.1 million, respectively. The increase of $3.5 million is attributed to $0.5 million of legal fees, $0.3 million of costs associated with our listing on the Nasdaq Global Market, $2.2 million related to a legal settlement of which $2.1 million relates to the value of the 200,000 Mustang common shares contributed by Fortress and $0.1 million relates to a cash payment, $0.2 million of personnel costs and $0.1 million of consulting fees. Additionally, stock compensation expense increased by $0.2 million primarily related to $0.5 million for the equity award to our chief executive officer offset by a reduction of $0.3 million of expense recognized in 2016 relating to a financing fee we paid to Fortress in connection with our capital raise.

We anticipate general and administrative expenses will increase in future periods, reflecting continued and increasing costs associated with:

- support of our expanded research and development activities, including additional product candidates entering the clinic;
- stock compensation granted to key employees and non-employees;
- support of business development activities; and
- increased professional fees and other costs associated with the regulatory requirements and increased compliance associated with being a public reporting company.

Comparison of the Nine Months Ended September 30, 2017 and 2016

	For the nine months ended September 30,		Change	
	2017	**2016**	**$**	**%**
Operating expenses:				
Research and development	$ 5,388	$ 1,718	$ 3,670	214%
Research and development – licenses acquired	2,375	-	2,375	100%
General and administrative	8,293	1,814	6,479	357%
Total operating expenses	16,056	3,532	12,524	355%
Loss from operations	(16,056)	(3,532)	(12,524)	355%
Other income (expense)				
Interest income	369	-	369	100%
Interest expense - related party	-	(220)	220	-100%
Interest expense	-	(156)	156	-100%
Change in fair value of derivative liabilities	-	2	(2)	-100%
Total other expense	369	(374)	743	-199%
Net Loss	**$ (15,687)**	**$ (3,906)**	**$ (11,781)**	302%

Research and Development Expenses

For the nine months ended September 30, 2017 and 2016, research and development expenses were $5.4 million and $1.7 million, respectively. The increase of $3.7 million consists of $1.3 million for costs under the CD123 CRA, $1.2 million for costs under the IL13Ra2 CRA, $88,000 in connection with our Fred Hutch CRA, $0.5 million for personnel cost due to the hiring of research and development employees, $0.4 million of stock compensation expenses in connection with grants made to employees and consultants, and $0.2 million related to outside services.

For the nine months ended September 30, 2017 and 2016, research and development expenses for licenses acquired were approximately $2.4 million and nil, respectively. The increase of $2.4 million is attributed to $0.3 million related to an upfront fee for our PSCA license, $0.6 million related to an upfront fee for our HER2 license, $0.6 million related to an upfront fee for our CS1 license, $0.1 million upfront payment related to the acquisition of our IV-ICV license and $0.3 million in connection with the achievement of a milestone pursuant to our IL13Ra2 license. Additionally, we incurred expenses of $0.2 million related to the acquisition of our license from UCLA and $0.3 million related to the acquisition of our license from Fred Hutch for CD20.

We expect our research and development activities to increase as we develop our existing product candidates and potentially acquire new product candidates, reflecting increasing costs associated with the following:

- employee-related expenses, which include salaries and benefits, and rent expense;
- license fees and milestone payments related to in-licensed products and technology;
- expenses incurred under agreements with contract research organizations, investigative sites and consultants that conduct our clinical trials and our preclinical activities;
- the cost of acquiring and manufacturing clinical trial materials; and
- costs associated with non-clinical activities, and obtaining regulatory approvals.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and related expenses, including stock-based compensation, for executives and other administrative personnel, recruitment expenses, professional fees and other corporate expenses, including investor relations, legal activities including patent fees, and facilities-related expenses.

For the nine months ended September 30, 2017 and 2016, general and administrative expenses were $8.3 million and $1.8 million, respectively. For the nine months ended September 30, 2017, the increase of $6.5 million relates to $1.8 million in stock compensation expense, of which $1.0 million is related to the fee received by Fortress on third party financings pursuant to our Founders Agreement with Fortress and $0.8 million related to expense for the equity award to our CEO, $1.2 million for legal fees, $0.9 million for outside services of which $0.3 million relates to cost in connection with our listing on Nasdaq, $0.3 million of personnel costs primarily related to the hiring of our chief executive officer and $2.2 million related to a legal settlement.

We anticipate general and administrative expenses will increase in future periods, reflecting continued and increasing costs associated with:

- support of our expanded research and development activities, including additional product candidates entering the clinic;
- stock compensation granted to key employees and non-employees;
- support of business development activities; and
- increased professional fees and other costs associated with the regulatory requirements and increased compliance associated with being a public reporting company.

Liquidity and Capital Resources

We have incurred substantial operating losses since our inception and expect to continue to incur significant operating losses for the foreseeable future and may never become profitable. As of September 30, 2017, we had an accumulated deficit of $32.8 million.

From September 30, 2016 through September 30, 2017, we received net proceeds of $50.3 million in eight separate private placement closings. The financing involved the sale of units, each consisting of 10,000 shares of common stock and a warrant exercisable for 2,500 shares of common stock at an exercise price of $8.50 per share, for a purchase price of $65,000 per unit.

We expect to use the net proceeds from the above financing primarily for general corporate purposes, which may include financing our growth, developing new or existing product candidates, and funding capital expenditures, acquisitions and investments. We currently anticipate that our cash and short-term investment balances at September 30, 2017 are sufficient to fund our anticipated operating cash requirements for at least the next 12 months.

Cash Flows for the Nine Months Ended September 30, 2017 and 2016

	For the nine months ended September 30,	
($ in thousands)	**2017**	**2016**
Statement of cash flows data:		
Total cash (used in)/provided by:		
Operating activities	$ (7,781)	$ (1,866)
Investing activities	(36,485)	-
Financing activities	49,976	12,984
Net increase in cash and cash equivalents	$ 5,710	$ 11,118

Operating Activities

Net cash used in operating activities was $7.8 million for the nine months ended September 30, 2017, compared to $1.9 million for the nine months ended September 30, 2016.

Net cash used in operating activities for the nine months ended September 30, 2017 was primarily due to approximately $15.7 million in net loss, partially offset by $1.0. million in change in operating liabilities, approximately $1.2 million related to the issuance of common shares under the Founders Agreement, $2.4 million of research and development-licenses acquired, $1.2 million of non-cash stock compensation expenses and approximately $2.1 million of capital contribution from Fortress.

Net cash used in operating activities for the nine months ended September 30, 2016, of $1.9 million was primarily due to a $3.9 million in net loss, partially offset by $1.7 million related to changes in operating assets and liabilities and $0.3 million related to the issuance of common shares under the Founders Agreement.

Investing Activities

Net cash used in investing activities was $36.5 million for the nine months ended September 30, 2017, representing our $34.1 million investment in certificates of deposits held to maturity and $2.4 million related to upfront payments relating to our licenses. There was no cash used or provided from investing activities for the nine months ended September 30, 2016.

Financing Activities

Net cash provided by financing activities was $50.0 million during the nine months ended September 30, 2017 due to $50.3 million of net proceeds from issuance of common stock, offset by approximately $0.3 million of proceeds used to repay the Fortress Note. Net cash provided by financing activities of $13.0 million during the nine months ended September 30, 2016 was due to $11.1 million of net proceeds for the issuance of common stock and $3.6 million of proceeds from our NSC Note and $1.9 million of proceeds from our Fortress Note off set by the repayment of our Fortress Note of $3.6 million.

Off-Balance Sheet Arrangements

We are not party to any off-balance sheet transactions. We have no guarantees or obligations other than those which arise out of normal business operations.

Item 3. Quantitative and Qualitative Disclosures About Market Risks

Market risk represents the risk of loss that may result from the change in value of financial instruments due to fluctuations in their market price. Market risk is inherent in all financial instruments. Market risk may be exacerbated in times of trading illiquidity when market participants refrain from transacting in normal quantities and/or at normal bid-offer spreads.

Our assets and liabilities are denominated in U.S. dollars. Consequently, we have not considered it necessary to use foreign currency contracts or other derivative instruments to manage changes in currency rates. We do not now, nor do we plan to, use derivative financial instruments for speculative or trading purposes. However, these circumstances might change.

The primary quantifiable market risk associated with our financial instruments is sensitivity to changes in interest rates. Interest rate risk represents the potential loss from adverse changes in market interest rates. We use an interest rate sensitivity simulation to assess our interest rate risk exposure. For purposes of presenting the possible earnings effect of a hypothetical, adverse change in interest rates over the 12-month period from our reporting date, we assume that all interest rate sensitive financial instruments will be impacted by a hypothetical, immediate 100 basis point increase in interest rates as of the beginning of the period. The sensitivity is based upon the hypothetical assumption that all relevant types of interest rates that affect our results would increase instantaneously, simultaneously and to the same degree. We do not believe that our cash and equivalents have significant risk of default or illiquidity.

The sensitivity analyses of the interest rate sensitive financial instruments are hypothetical and should be used with caution. Changes in fair value based on a 1% or 2% variation in an estimate generally cannot be extrapolated because the relationship of the change in the estimate to the change in fair value may not be linear. Also, the effect of a variation in a particular estimate on the fair value of financial instruments is calculated independent of changes in any other estimate; in practice, changes in one factor may result in changes in another factor, which might magnify or counteract the sensitivities. In addition, the sensitivity analyses do not consider any action that we may take to mitigate the impact of any adverse changes in the key estimates.

Based on our analysis, as of September 30, 2017, the effect of a 100+/- basis point change in interest rates on the value of our financial instruments and the resultant effect on our net loss are considered immaterial.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness, as of September 30, 2017, of the design and operation of our disclosure controls and procedures, as such term is defined in Exchange Act Rules 13a-15(e) and 15d-15(e). Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of such date, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

No change in internal control over financial reporting occurred during the most recent quarter with respect to our operations, which materially affected, or is reasonable likely to materially affect, our internal controls over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

On January 15, 2016, Dr. Winson Tang ("Plaintiff") filed a Complaint against the Company in the Superior Court of the State of California, County of Los Angeles. *Winson Tang v. Lindsay Rosenwald et al.,* Case No. BC607346. As amended, the Complaint requested a declaration that Plaintiff was a 15% owner of the Company's outstanding shares, and alleged two claims for breach of contract against other Defendants. On November 3, 2017, Plaintiff and Defendants entered into a Settlement Agreement. The Settlement did not require issuance of any new shares of the Company (see Note 5).

Item 1ARisk Factors

The following information sets forth risk factors that could cause our actual results to differ materially from those contained in forward-looking statements we have made in this report and those we may make from time to time. You should carefully consider the risks described below. Our business, financial condition or results of operations could be harmed by any of these risks. The risks and uncertainties described below are not the only ones we face. Additional risks not presently known to us or other factors not perceived by us to present significant risks to our business at this time also may impair our business operations.

Risks Related to Our Business and Industry

We currently have no drug products for sale. We are heavily dependent on the success of our product candidates, and we cannot give any assurances that any of our product candidates will receive regulatory approval or be successfully commercialized.

To date, we have invested a significant portion of our efforts and financial resources in the acquisition and development of our product candidates. We have not demonstrated our ability to perform the functions necessary for the successful acquisition, development or commercialization of the technologies we are seeking to develop. As an early stage company, we have limited experience and have not yet demonstrated an ability to successfully overcome many of the risks and uncertainties frequently encountered by companies in new and rapidly evolving fields, particularly in the biopharmaceutical area. Our future success is substantially dependent on our ability to successfully develop, obtain regulatory approval for, and then successfully commercialize such product candidates. Our product candidates are currently in preclinical development or in early stage clinical trials. Our business depends entirely on the successful development and commercialization of our product candidates, which may never occur. We currently generate no revenues from sales of any drugs, and we may never be able to develop or commercialize a marketable drug.

The successful development, and any commercialization, of our technologies and any product candidates would require us to successfully perform a variety of functions, including:

- developing our technology platform;
- identifying, developing, manufacturing and commercializing product candidates;
- entering into successful licensing and other arrangements with product development partners;
- participating in regulatory approval processes;
- formulating and manufacturing products;

- obtaining sufficient quantities of our product candidates from our third-party manufacturers as required to meet clinical trial needs and commercial demand at launch and thereafter;

- establishing and maintaining agreements with wholesalers, distributors and group purchasing organizations on commercially reasonable terms;

- conducting sales and marketing activities including hiring, training, deploying and supporting our sales force and creating market demand for our product candidates through our own marketing and sales activities, and any other arrangements to promote our product candidates that we may later establish; and

- maintaining patent protection and regulatory exclusivity for our product candidates.

Our operations have been limited to organizing our company, acquiring, developing and securing our proprietary technology and identifying and obtaining preclinical data or clinical data for various product candidates. These operations provide a limited basis for you to assess our ability to continue to develop our technology, identify product candidates, develop and commercialize any product candidates we are able to identify and enter into successful collaborative arrangements with other companies, as well as for you to assess the advisability of investing in our securities. Each of these requirements will require substantial time, effort and financial resources.

Each of our product candidates will require additional preclinical or clinical development, management of preclinical, clinical and manufacturing activities, regulatory approval in multiple jurisdictions, obtaining manufacturing supply, building of a commercial organization, and significant marketing efforts before we generate any revenues from product sales. We are not permitted to market or promote any of our product candidates before we receive regulatory approval from the FDA or comparable foreign regulatory authorities, and we may never receive such regulatory approval for any of our product candidates.

Preclinical development is highly speculative and has a high risk of failure.

Three of our current product candidates are in Phase 1 clinical trials and three are preclinical. Our preclinical product candidates have never been used in humans. Preclinical development is highly speculative and carries a high risk of failure. We can provide no assurances that preclinical toxicology and/or preclinical activity of our product candidates will support moving any of these product candidates into clinical development. If we are unsuccessful in our preclinical development efforts for any of these product candidates and they fail to reach clinical development, it would have a material adverse effect on our business and financial condition.

Delays in clinical testing could result in increased costs to us and delay our ability to generate revenue.

Although we are planning for certain clinical trials relating to our product candidates, there can be no assurance that the FDA will accept our proposed trial designs. We may experience delays in our clinical trials and we do not know whether planned clinical trials will begin on time, need to be redesigned, enroll patients on time or be completed on schedule, if at all. Clinical trials can be delayed for a variety of reasons, including delays related to:

- obtaining regulatory approval to commence a trial;

- reaching agreement on acceptable terms with prospective contract research organizations, or 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 institutional review board, or IRB, approval at each site;

- recruiting suitable patients to participate in a trial;

- clinical sites deviating from trial protocol or dropping out of a trial;

- having patients complete a trial or return for post-treatment follow-up;
- developing and validating companion diagnostics on a timely basis, if required;
- adding new clinical trial sites; or
- manufacturing sufficient quantities of product candidate for use in clinical trials.

Patient enrollment, a significant factor in the timing of clinical trials, is affected by many factors including the size and nature of the patient population, the proximity of patients to clinical sites, the eligibility criteria for the trial, the design of the clinical trial, competing clinical trials and clinicians' and patients' perceptions as to the potential advantages of the drug being studied in relation to other available therapies, including any new drugs that may be approved for the indications we are investigating. Furthermore, we intend to rely on CROs and clinical trial sites to ensure the proper and timely conduct of our clinical trials and we intend to have agreements governing their committed activities; however, we will have limited influence over their actual performance.

We could 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 the Data Safety Monitoring Board, or DSMB, for such trial or by the FDA or other 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 other 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.

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. In addition, 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. Any of these occurrences may harm our business, financial condition and prospects significantly. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

We may not receive regulatory approval for our product candidates, or their approval may be further delayed, which would have a material adverse effect on our business and financial condition.

Our product candidates and the activities associated with their development and commercialization, including their design, testing, manufacture, safety, efficacy, recordkeeping, labeling, storage, approval, advertising, promotion, sale and distribution, are subject to comprehensive regulation by the FDA and other regulatory agencies in the US and by the European Medicines Agency and similar regulatory authorities outside the US. Failure to obtain marketing approval for one or more of our product candidates or any future product candidate will prevent us from commercializing the product candidate. We have not received approval to market any of our product candidates from regulatory authorities in any jurisdiction. We have only limited experience in filing and supporting the applications necessary to gain marketing approvals and expect to rely on third-party contract research organizations to assist us in this process. Securing marketing approval requires the submission of extensive preclinical and clinical data and supporting information to regulatory authorities for each therapeutic indication to establish the product candidate's safety and efficacy. Securing marketing approval also requires the submission of information about the product manufacturing process to, and inspection of manufacturing facilities by, the regulatory authorities. One or more of our product candidates or any future product candidate may not be effective, may be only moderately effective or may prove to have undesirable or unintended side effects, toxicities or other characteristics that may preclude our obtaining marketing approval or prevent or limit commercial use. If any of our product candidates or any future product candidate receives marketing approval, the accompanying label may limit the approved use of our drug in this way, which could limit sales of the product.

The process of obtaining marketing approvals, both in the United States and abroad, is expensive, may take many years if approval is obtained at all, and can vary substantially based upon a variety of factors, including the type, complexity and novelty of the product candidates involved. Changes in marketing approval policies during the development period, changes in or the enactment of additional statutes or regulations, or changes in regulatory review for each submitted product application may cause delays in the approval or rejection of an application. Regulatory authorities have substantial discretion in the approval process and may refuse to accept any application or may decide that our data is insufficient for approval and require additional preclinical studies or clinical trials. In addition, varying interpretations of the data obtained from preclinical and clinical testing could delay, limit or prevent marketing approval of a product candidate. Any marketing approval we ultimately obtain may be limited or subject to restrictions or post-approval commitments that render the approved product not commercially viable.

If we experience delays in obtaining approval or if we fail to obtain approval of one or more of our product candidates or any future product candidate, the commercial prospects for our product candidates may be harmed and our ability to generate revenue will be materially impaired.

In addition, even if we were to obtain approval, regulatory authorities may approve any of our product candidates or any future product candidate for fewer or more limited indications than we request, may not approve the price we intend to charge for our products, 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 these scenarios could compromise the commercial prospects for one or more of our product candidates or any future product candidate.

Moreover, in all interactions with regulatory authorities, we are exposed to liability risks under the Foreign Corrupt Practices Act or similar anti-bribery laws.

If any of our product candidates is approved and we or our contract manufacturer(s) fail to produce the product in the volumes that we require on a timely basis, or fail to comply with stringent regulations applicable to pharmaceutical drug manufacturers, we may face delays in the commercialization of our product candidates or be unable to meet market demand, and may lose potential revenues.

The manufacture of pharmaceutical products requires significant expertise and capital investment, including the development of advanced manufacturing techniques and process controls, and the use of specialized processing equipment. We may enter into development and supply agreements with contract manufacturers for the completion of pre-commercialization manufacturing development activities and the manufacture of commercial supplies for one or more of our product candidates. Any termination or disruption of our relationships with our contract manufacturers may materially harm our business and financial condition, and frustrate any commercialization efforts for each respective product candidate.

All of our contract manufacturers must comply with strictly enforced federal, state and foreign regulations, including cGMP requirements enforced by the FDA through its facilities inspection program, and we have little control over their compliance with these regulations. Any failure to comply with applicable regulations may result in fines and civil penalties, suspension of production, suspension or delay in product approval, product seizure or recall, or withdrawal of product approval, and would limit the availability of our product and customer confidence in our product. Any manufacturing defect or error discovered after products have been produced and distributed could result in even more significant consequences, including costly recall procedures, re-stocking costs, damage to our reputation and potential for product liability claims.

If the commercial manufacturers upon whom we may rely to manufacture one or more of our product candidates, and any future product candidate we may in-license, fail to deliver the required commercial quantities on a timely basis at commercially reasonable prices, we would likely be unable to meet demand for our products and we would lose potential revenues.

Our approach to the discovery and development of our product candidates is unproven, and we do not know whether we will be able to develop any products of commercial value.

Our products candidates are emerging technologies and, consequently, it is conceivable that such technologies may ultimately fail to identify commercially viable drugs to treat human patients with cancer or other diseases.

If serious adverse or unacceptable side effects are identified during the development of one or more of our product candidates or any future product candidate, we may need to abandon or limit our development of some of our product candidates.

If one or more of our product candidates or any future product candidate are associated with undesirable side effects in clinical trials or have characteristics that are unexpected, we may need to 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. In our industry, many compounds that initially showed promise in early stage testing have later been found to cause serious side effects that prevented further development of the compound. In the event that our clinical trials reveal a high or unacceptable severity and prevalence of side effects, our trials could be suspended or terminated, and the FDA or comparable foreign regulatory authorities could order us to cease further development or deny approval of one or more of our product candidates or any future product candidate for any or all targeted indications. The FDA could also issue a letter requesting additional data or information prior to making a final decision regarding whether or not to approve a product candidate. The number of requests for additional data or information issued by the FDA in recent years has increased and has resulted in substantial delays in the approval of several new drugs. Undesirable side effects caused by one or more of our product candidates or any future product candidate could also result in the inclusion of unfavorable information in our product labeling, denial of regulatory approval by the FDA or other regulatory authorities for any or all targeted indications, and in turn prevent us from commercializing and generating market acceptance and revenues from the sale of that product candidate. Drug-related side effects could affect patient recruitment or the ability of enrolled patients to complete the trial and could result in potential product liability claims.

Additionally, if one or more of our product candidates or any future product candidate receives marketing approval and we or others later identify undesirable side effects caused by this product, a number of potentially significant negative consequences could result, including:

- regulatory authorities may require the addition of unfavorable labeling statements, specific warnings or a contraindication;
- regulatory authorities may suspend or withdraw their approval of the product, or require it to be removed from the market;
- we may be required to change the way the product is administered, conduct additional clinical trials or change the labeling of the product; or
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of any of our product candidates or any future product candidate or could substantially increase our commercialization costs and expenses, which in turn could delay or prevent us from generating significant revenues from its sale.

Even if one or more of our product candidates receives regulatory approval, it and any other products we may market will remain subject to substantial regulatory scrutiny.

One or more of our product candidates that we may license or acquire will also be subject to ongoing requirements and review of the FDA and other regulatory authorities. These requirements include labeling, packaging, storage, advertising, promotion, record-keeping and submission of safety and other post-market information and reports, registration and listing requirements, cGMP requirements relating to manufacturing, quality control, quality assurance and corresponding maintenance of records and documents, requirements regarding the distribution of samples to physicians and recordkeeping of the drug, and requirements regarding our presentations to and interactions with health care professionals.

The FDA may also impose requirements for costly post-marketing studies or clinical trials and surveillance to monitor the safety or efficacy of the product. The FDA closely regulates the post-approval marketing and promotion of drugs to ensure drugs are marketed only for the approved indications and in accordance with the provisions of the approved labeling. The FDA imposes stringent restrictions on manufacturers' communications regarding off-label use and if we do not market our products for only their approved indications, we may be subject to enforcement action for off-label marketing. Violations of the FDCA relating to the promotion of prescription drugs may lead to investigations alleging violations of federal and state health care fraud and abuse laws, as well as state consumer protection laws.

In addition, later discovery of previously unknown adverse events or other problems with our products, manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may yield various results, including:

- restrictions on such products, operations, manufacturers or manufacturing processes;
- restrictions on the labeling or marketing of a product;
- restrictions on product distribution or use;
- requirements to conduct post-marketing studies or clinical trials;
- warning letters;
- withdrawal of the products from the market;
- refusal to approve pending applications or supplements to approved applications that we submit;
- recall of products;
- fines, restitution or disgorgement of profits;
- suspension or withdrawal of marketing or regulatory approvals;
- suspension of any ongoing clinical trials;
- refusal to permit the import or export of our products;
- product seizure; or
- injunctions or the imposition of civil or criminal penalties.

The FDA's 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.

We will need to obtain FDA approval of any proposed product brand names, and any failure or delay associated with such approval may adversely impact our business.

A pharmaceutical product cannot be marketed in the US or other countries until we have completed a rigorous and extensive regulatory review processes, including approval of a brand name. Any brand names we intend to use for our product candidates will require approval from the FDA regardless of whether we have secured a formal trademark registration from the US Patent and Trademark Office (PTO). The FDA typically conducts a review of proposed product brand names, including an evaluation of potential for confusion with other product names. The FDA may also object to a product brand name if it believes the name inappropriately implies medical claims. If the FDA objects to any of our proposed product brand names, we may be required to adopt an alternative brand name for our product candidates. If we adopt an alternative brand name, we would lose the benefit of our existing trademark applications for such product candidate and may be required to expend significant additional resources in an effort to identify a suitable product brand name that would qualify under applicable trademark laws, not infringe the existing rights of third parties and be acceptable to the FDA. We may be unable to build a successful brand identity for a new trademark in a timely manner or at all, which would limit our ability to commercialize our product candidates.

Our current and future relationships with customers and third-party payors in the United States and elsewhere may be subject, directly or indirectly, to applicable anti-kickback, fraud and abuse, false claims, transparency, health information privacy and security and other healthcare laws and regulations, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm, administrative burdens and diminished profits and future earnings.

Healthcare providers, physicians and third-party payors in the US and elsewhere will play a primary role in the recommendation and prescription of any product candidates for which we obtain marketing approval. Our future arrangements with third-party payors and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations, including, without limitation, the federal Anti-Kickback Statute and the federal False Claims Act, which may constrain the business or financial arrangements and relationships through which we sell, market and distribute any product candidates for which we obtain marketing approval. In addition, we may be subject to transparency laws and patient privacy regulation by the federal and state governments and by governments in foreign jurisdictions in which we conduct our business. The applicable federal, state and foreign healthcare laws and regulations that may affect our ability to operate include, but are not necessarily limited to:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons 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 federal and state healthcare programs, such as Medicare and Medicaid;

- federal civil and criminal false claims laws and civil monetary penalty laws, including the federal False Claims Act, which impose criminal and civil penalties, including civil whistleblower or *qui tam* actions, against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, including the Medicare and Medicaid programs, 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, which imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, and their respective implementing regulations, which impose obligations on covered healthcare providers, health plans, and healthcare clearinghouses, as well as their business associates that create, receive, maintain or transmit individually identifiable health information for or on behalf of a covered entity, with respect to safeguarding the privacy, security and transmission of individually identifiable health information;

- the federal Open Payments program, which requires manufacturers of certain approved 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 report annually to the Centers for Medicare & Medicaid Services, or CMS, information related to "payments or other transfers of value" made to physicians, which is defined to include doctors, dentists, optometrists, podiatrists and chiropractors, and teaching hospitals and applicable manufacturers and applicable group purchasing organizations to report annually to CMS ownership and investment interests held by the physicians and their immediate family members. Data collection began on August 1, 2013 with requirements for manufacturers to submit reports to CMS by March 31, 2014 and 90 days after the end each subsequent calendar year. Disclosure of such information was made by CMS on a publicly available website beginning in September 2014 and is annually updated; and

- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, which may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers; state and foreign 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; state and foreign laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; and state and foreign laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations may involve 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 civil, criminal and administrative penalties, including, without limitation, damages, fines, imprisonment, exclusion from participation in government healthcare programs, such as Medicare and Medicaid, and the curtailment or restructuring of our operations, which could have a material adverse effect on our business. If any of the physicians or other healthcare providers or entities with whom we expect to do business, including our collaborators, is found not to be in compliance with applicable laws, it may be subject to criminal, civil or administrative sanctions, including exclusions from participation in government healthcare programs, which could also materially affect our business.

Regulatory approval for any approved product is limited by the FDA to those specific indications and conditions for which clinical safety and efficacy have been demonstrated.

Any regulatory approval is limited to those specific diseases and indications for which a product is deemed to be safe and effective by the FDA. In addition to the FDA approval required for new formulations, any new indication for an approved product also requires FDA approval. If we are not able to obtain FDA approval for any desired future indications for our products, our ability to effectively market and sell our products may be reduced and our business may be adversely affected.

While physicians may choose to prescribe drugs for uses that are not described in the product's labeling and for uses that differ from those tested in clinical studies and approved by the regulatory authorities, our ability to promote the products is limited to those indications that are specifically approved by the FDA. These "off-label" uses are common across medical specialties and may constitute an appropriate treatment for some patients in varied circumstances. Regulatory authorities in the US generally do not regulate the behavior of physicians in their choice of treatments. Regulatory authorities do, however, restrict communications by pharmaceutical companies on the subject of off-label use. If our promotional activities fail to comply with these regulations or guidelines, we may be subject to warnings from, or enforcement action by, these authorities. In addition, our failure to follow FDA rules and guidelines relating to promotion and advertising may cause the FDA to suspend or withdraw an approved product from the market, require a recall or institute fines, or could result in disgorgement of money, operating restrictions, corrective advertising, injunctions or criminal prosecution, any of which could harm our business.

We are subject to new legislation, regulatory proposals and managed care initiatives that may increase our costs of compliance and adversely affect our ability to market our products, obtain collaborators and raise capital.

In the US and some foreign jurisdictions, there have been a number of proposed and enacted legislative and regulatory changes regarding the healthcare system that could prevent or delay marketing approval of one or more of our product candidates, restrict or regulate post-approval activities and affect our ability to profitably sell any of our product candidates for which we obtain marketing approval.

Among policy makers and payors in the US and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality and expanding access. In the US, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by major legislative initiatives.

In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, or collectively the ACA, a sweeping law intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements for the healthcare and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms.

Among the provisions of the ACA of importance to our potential product candidates are:

- an annual, nondeductible fee on any entity that manufactures or imports specified branded prescription drugs and biologic agents, apportioned among these entities according to their market share in certain government healthcare programs;
- an increase in the statutory minimum rebates a manufacturer must pay under the Medicaid Drug Rebate Program to 23.1% and 13.0% of the average manufacturer price for branded and generic drugs, respectively;
- expansion of healthcare fraud and abuse laws, including the federal False Claims Act and the federal Anti-Kickback Statute, new government investigative powers and enhanced penalties for non-compliance;
- a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 50% point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for a manufacturer's outpatient drugs to be covered under Medicare Part D;
- extension of a manufacturer's Medicaid rebate liability to covered drugs dispensed to individuals who are enrolled in Medicaid managed care organizations;
- expansion of eligibility criteria for Medicaid programs by, among other things, allowing states to offer Medicaid coverage to additional individuals and by adding new mandatory eligibility categories for certain individuals with income at or below 138% of the federal poverty level, thereby potentially increasing a manufacturer's Medicaid rebate liability;
- expansion of the entities eligible for discounts under the 340B Drug Pricing Program;
- the new requirements under the federal Open Payments program and its implementing regulations;

- a new requirement to annually report drug samples that manufacturers and distributors provide to physicians; and
- a new Patient-Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research.

The Supreme Court upheld the ACA in the main challenge to the constitutionality of the law in 2012. The Supreme Court also upheld federal subsidies for purchasers of insurance through federally facilitated exchanges in a decision released in June 2015. Any remaining legal challenges to the ACA are viewed generally as not significantly impacting the implementation of the law if the plaintiffs prevail.

President Trump ran for office on a platform that supported the repeal of the ACA, and one of his first actions after his inauguration was to sign an Executive Order instructing federal agencies to waive or delay requirements of the ACA that impose economic or regulatory burdens on states, families, the health-care industry and others. Modifications to or repeal of all or certain provisions of the ACA have been attempted in Congress as a result of the outcome of the recent presidential and congressional elections, consistent with statements made by the incoming administration and members of Congress during the presidential and congressional campaigns and following the election. In January 2017, Congress voted to adopt a budget resolution for fiscal year 2017, or the Budget Resolution, that authorizes the implementation of legislation that would repeal portions of the ACA. The Budget Resolution is not a law. However, it is widely viewed as the first step toward the passage of legislation that would repeal certain aspects of the ACA. In March 2017, following the passage of the budget resolution for fiscal year 2017, the U.S. House of Representatives passed legislation known as the American Health Care Act of 2017, which, if enacted, would amend or repeal significant portions of the ACA. Attempts in the Senate in 2017 to pass ACA repeal legislation, including the Better Care Reconciliation Act of 2017, so far have been unsuccessful.

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 drug. Any reduction in reimbursement from Medicare or other government healthcare 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 drugs.

Legislative proposals such as expanding the Medicaid drug rebate program to the Medicare Part D program, providing authority for the government to negotiate drug prices under the Medicare Part D program and lowering reimbursement for drugs covered under the Medicare Part B program have been raised in Congress, but have been met with opposition and have not been enacted so far.

The administration can rely on its existing statutory authority to make policy changes that could have an impact on the drug industry. For example, the Medicare program has in the past proposed to test alternative payment methodologies for drugs covered under the Part B program and currently is proposing to pay hospitals less for Part B-covered drugs purchased through the 340B Drug Pricing Program.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for drugs. We cannot be sure whether additional legislative changes will be enacted, or whether the 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 the US 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.

Public concern regarding the safety of drug products could delay or limit our ability to obtain regulatory approval, result in the inclusion of unfavorable information in our labeling, or require us to undertake other activities that may entail additional costs.

In light of widely publicized events concerning the safety risk of certain drug products, the FDA, members of the US Congress, the Government Accountability Office, medical professionals and the general public have raised concerns about potential drug safety issues. These events have resulted in the withdrawal of drug products, revisions to drug labeling that further limit use of the drug products and the establishment of risk management programs. The Food and Drug Administration Amendments Act of 2007, or FDAAA, grants significant expanded authority to the FDA, much of which is aimed at improving the safety of drug products before and after approval. In particular, the new law authorizes the FDA to, among other things, require post-approval studies and clinical trials, mandate changes to drug labeling to reflect new safety information and require risk evaluation and mitigation strategies for certain drugs, including certain currently approved drugs. It also significantly expands the federal government's clinical trial registry and results databank, which we expect will result in significantly increased government oversight of clinical trials. Under the FDAAA, companies that violate these and other provisions of the new law are subject to substantial civil monetary penalties, among other regulatory, civil and criminal penalties. The increased attention to drug safety issues may result in a more cautious approach by the FDA in its review of data from our clinical trials. Data from clinical trials may receive greater scrutiny, particularly with respect to safety, which may make the FDA or other regulatory authorities more likely to require additional preclinical studies or clinical trials. If the FDA requires us to conduct additional preclinical studies or clinical trials prior to approving any of our product candidates, our ability to obtain approval of this product candidate will be delayed. If the FDA requires us to provide additional clinical or preclinical data following the approval of any of our product candidates, the indications for which this product candidate is approved may be limited or there may be specific warnings or limitations on dosing, and our efforts to commercialize our product candidates may be otherwise adversely impacted.

If we experience delays or difficulties in the enrollment of patients in clinical trials, our receipt of necessary regulatory approvals could be delayed or prevented.

We may not be able to initiate or continue clinical trials for one or more of our product candidates if we are unable to locate and enroll a sufficient number of eligible patients to participate in these trials as required by the FDA or similar regulatory authorities outside the United States. Some of our competitors have ongoing clinical trials for product candidates that treat the same indications as our product candidates, and patients who would otherwise be eligible for our clinical trials may instead enroll in clinical trials of our competitors' product candidates. Available therapies for the indications we are pursuing can also affect enrollment in our clinical trials. Patient enrollment is affected by other factors including, but not necessarily limited to:

- the severity of the disease under investigation;
- the eligibility criteria for the study in question;
- the perceived risks and benefits of the product candidate under study;
- the efforts to facilitate timely enrollment in clinical trials;
- the patient referral practices of physicians;
- the number of clinical trials sponsored by other companies for the same patient population;
- the ability to monitor patients adequately during and after treatment; and
- the proximity and availability of clinical trial sites for prospective patients.

Our inability to enroll a sufficient number of patients for our clinical trials would result in significant delays and could 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 candidate or future product candidates, which would cause the value of our company to decline and limit our ability to obtain additional financing.

Our product candidates are in scientific areas of intense competition from many large pharmaceutical and biotechnology companies, many of which are significantly further along in development or are already on the market with competing products. We expect competition for our product candidates will intensify, and new products may emerge that provide different or better therapeutic alternatives for our targeted indications.

The biotechnology and pharmaceutical industries are subject to rapid and intense technological change. We face, and will continue to face, competition in the development and marketing of our product candidates from academic institutions, government agencies, research institutions and biotechnology and pharmaceutical companies. There can be no assurance that developments by others will not render one or more of our product candidates obsolete or noncompetitive. Furthermore, new developments, including the development of other drug technologies and methods of preventing the incidence of disease, occur in the pharmaceutical industry at a rapid pace. These developments may render one or more of our product candidates obsolete or noncompetitive.

Competitors may seek to develop alternative formulations that do not directly infringe on our in-licensed patent rights. The commercial opportunity for one or more of our product candidates could be significantly harmed if competitors are able to develop alternative formulations outside the scope of our in-licensed patents. Compared to us, many of our potential competitors have substantially greater:

- capital resources;
- development resources, including personnel and technology;
- clinical trial experience;
- regulatory experience;
- expertise in prosecution of intellectual property rights; and
- manufacturing, distribution and sales and marketing experience.

As a result of these factors, our competitors may obtain regulatory approval of their products more rapidly than we are able to or may obtain patent protection or other intellectual property rights that limit our ability to develop or commercialize one or more of our product candidates. Our competitors may also develop drugs that are more effective, safe, useful and less costly than ours and may be more successful than us in manufacturing and marketing their products.

Our commercial success depends upon us attaining significant market acceptance of our product candidates, if approved for sale, among physicians, patients, healthcare payors and major operators of cancer and other clinics.

Even if we obtain regulatory approval for one or more of our product candidates, the product may not gain market acceptance among physicians, health care payors, patients and the medical community, which are critical to commercial success. Market acceptance of any product candidate for which we receive approval depends on a number of factors, including, but not necessarily limited to:

- the efficacy and safety as demonstrated in clinical trials;
- the timing of market introduction of such product candidate as well as competitive products;
- the clinical indications for which the drug is approved;
- acceptance by physicians, major operators of cancer clinics and patients of the drug as a safe and effective treatment;
- the safety of such product candidate seen in a broader patient group, including its use outside the approved indications;

- the availability, cost and potential advantages of alternative treatments, including less expensive generic drugs;
- the availability of adequate reimbursement and pricing by third-party payors and government authorities;
- changes in regulatory requirements by government authorities for our product candidates;
- the relative convenience and ease of administration of the product candidate for clinical practices;
- the product labeling or product insert required by the FDA or regulatory authority in other countries;
- the approval, availability, market acceptance and reimbursement for a companion diagnostic, if any;
- the prevalence and severity of adverse side effects; and
- the effectiveness of our sales and marketing efforts.

If any product candidate that we develop does not provide a treatment regimen that is as beneficial as, or is not perceived as being as beneficial as, the current standard of care or otherwise does not provide patient benefit, that product candidate, if approved for commercial sale by the FDA or other regulatory authorities, likely will not achieve market acceptance. Our ability to effectively promote and sell any approved products will also depend on pricing and cost-effectiveness, including our ability to produce a product at a competitive price and our ability to obtain sufficient third-party coverage or reimbursement. If any product candidate is approved but does not achieve an adequate level of acceptance by physicians, patients and third-party payors, our ability to generate revenues from that product would be substantially reduced. In addition, our efforts to educate the medical community and third-party payors on the benefits of our product candidates may require significant resources, may be constrained by FDA rules and policies on product promotion, and may never be successful.

If approved, our product candidates will face competition from less expensive generic products of competitors, and, if we are unable to differentiate the benefits of our product candidates over these less expensive alternatives, we may never generate meaningful product revenues.

Generic therapies are typically sold at lower prices than branded therapies and are generally preferred by hospital formularies and managed care providers of health services. We anticipate that, if approved, our product candidates will face increasing competition in the form of generic versions of branded products of competitors that have lost or will lose their patent exclusivity. In the future, we may face additional competition from a generic form when the patents covering it begin to expire, or earlier if the patents are successfully challenged. If we are unable to demonstrate to physicians and payers that the key differentiating features of our product candidates translate to overall clinical benefit or lower cost of care, we may not be able to compete with generic alternatives.

Reimbursement may be limited or unavailable in certain market segments for our product candidates, which could make it difficult for us to sell our products profitably.

There is significant uncertainty related to the third-party coverage and reimbursement of newly approved drugs. Such third-party payors include government health programs such as Medicare, managed care providers, private health insurers and other organizations. We intend to seek approval to market our product candidates in the US, the EU and other selected foreign jurisdictions. Market acceptance and sales of our product candidates in both domestic and international markets will depend significantly on the availability of adequate coverage and reimbursement from third-party payors for any of our product candidates and may be affected by existing and future health care reform measures. Government and other third-party payors are increasingly attempting to contain healthcare costs by limiting both coverage and the level of reimbursement for new drugs and, as a result, they may not cover or provide adequate payment for our product candidates. These payors may conclude that our product candidates are less safe, less effective or less cost-effective than existing or future introduced products, and third-party payors may not approve our product candidates for coverage and reimbursement or may cease providing coverage and reimbursement for these product candidates.

Obtaining coverage and reimbursement approval for a product from a government or other third-party payor is a time consuming and costly process that could require us to provide to the payor supporting scientific, clinical and cost-effectiveness data for the use of our products. We may not be able to provide data sufficient to gain acceptance with respect to coverage and reimbursement. If reimbursement of our future products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, we may be unable to achieve or sustain profitability.

In some foreign countries, particularly in the EU, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product candidate. To obtain reimbursement or pricing approval in some countries, we may be required to conduct additional clinical trials that compare the cost-effectiveness of our product candidates to other available therapies. If reimbursement of our product candidates is unavailable or limited in scope or amount in a particular country, or if pricing is set at unsatisfactory levels, we may be unable to achieve or sustain profitability of our products in such country.

If we are unable to establish sales, marketing and distribution capabilities or to enter into agreements with third parties to market and sell our product candidates, we may not be successful in commercializing our product candidates if and when they are approved.

We currently do not have a marketing or sales organization for the marketing, sales and distribution of pharmaceutical products. In order to commercialize any product candidate that receives marketing approval, we would need to build marketing, sales, distribution, managerial and other non-technical capabilities or make arrangements with third parties to perform these services, and we may not be successful in doing so. In the event of successful development and regulatory approval of one or more of our product candidates or any future product candidate, we expect to build a targeted specialist sales force to market or co-promote the product. There are risks involved with establishing our own sales, marketing and distribution capabilities. For example, recruiting and training a sales force is expensive and time consuming and could delay any product launch. If the commercial launch of a product candidate for which we recruit a sales force and establish marketing capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization expenses. This may be costly, and our investment would be lost if we cannot retain or reposition our sales and marketing personnel.

Factors that may inhibit our efforts to commercialize our products on our own include, but are not necessarily limited to:

- our inability to recruit, train and retain adequate numbers of effective sales and marketing personnel;
- the inability of sales personnel to obtain access to physicians or persuade adequate numbers of physicians to prescribe any future products;
- the lack of complementary or other products to be offered by sales personnel, which may put us at a competitive disadvantage from the perspective of sales efficiency relative to companies with more extensive product lines; and
- unforeseen costs and expenses associated with creating an independent sales and marketing organization.

As an alternative to establishing our own sales force, we may choose to partner with third parties that have well-established direct sales forces to sell, market and distribute our products.

We rely, and expect to continue to rely, on third parties to conduct our preclinical studies and clinical trials, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such trials or complying with applicable regulatory requirements.

We rely on third-party contract research organizations and site management organizations to conduct some of our preclinical studies and all of our clinical trials for our product candidates and for any future product candidate. We expect to continue to rely on third parties, such as contract research organizations, site management organizations, clinical data management organizations, medical institutions and clinical investigators, to conduct some of our preclinical studies and all of our clinical trials. The agreements with these third parties might terminate for a variety of reasons, including a failure to perform by the third parties. If we need to enter into alternative arrangements, that could delay our product development activities.

Our reliance on these third parties for research and development activities will reduce our control over these activities but will not relieve us of our responsibilities. For example, we will remain responsible for ensuring that each of our preclinical studies and clinical trials are conducted in accordance with the general investigational plan and protocols for the trial and for ensuring that our preclinical studies are conducted in accordance with good laboratory practice (GLP) as appropriate. Moreover, the FDA requires us to comply with standards, commonly referred to as good clinical practices (GCPs) for conducting, recording and reporting the results of clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. Regulatory authorities enforce these requirements through periodic inspections of trial sponsors, clinical investigators and trial sites. If we or any of our clinical research organizations 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 complies 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. We also are required to register ongoing clinical trials and post the results of completed clinical trials on a government-sponsored database, ClinicalTrials.gov, within specified timeframes. Failure to do so can result in fines, adverse publicity and civil and criminal sanctions.

The third parties with whom we have contracted to help perform our preclinical studies or clinical trials may also have relationships with other entities, some of which may be our competitors. If these third parties do not successfully carry out their contractual duties, meet expected deadlines or conduct our preclinical studies or clinical trials in accordance with regulatory requirements or our stated protocols, we will not be able to obtain, or may be delayed in obtaining, marketing approvals for our product candidates and will not be able to, or may be delayed in our efforts to, successfully commercialize our product candidates.

If any of our relationships with these third-party contract research organizations or site management organizations terminates, we may not be able to enter into arrangements with alternative contract research organizations or site management organizations or to do so on commercially reasonable terms. Switching or adding additional contract research organizations or site management organizations involves additional cost and requires management time and focus. In addition, there is a natural transition period when a new contract research organization or site management organization commences work. As a result, delays could occur, which could compromise our ability to meet our desired development timelines. Though we carefully manage our relationships with our contract research organizations or site management organizations, there can be no assurance that we will not encounter similar challenges or delays in the future.

We contract with third parties for the manufacture of our product candidates for preclinical and clinical testing and may also do so for commercialization. This reliance on third parties increases the risk that we will not have sufficient quantities of our product candidates or any future product candidate or such quantities at an acceptable cost, which could delay, prevent or impair our development or commercialization efforts.

We do not have any manufacturing facilities or manufacturing personnel. While we have signed a lease to construct our own facility (See Note 8 to Unaudited Condensed Financial Statements), currently we rely on third parties for the manufacture of our product candidates for preclinical and clinical testing. This reliance on third parties increases the risk that we will not have sufficient quantities of our product candidates or any future product candidate or such quantities at an acceptable cost or quality, which could delay, prevent or impair our development or commercialization efforts.

We may also rely on third-party manufacturers or third-party collaborators for the manufacture of commercial supply of one or more product candidates for which our collaborators or we obtain marketing approval. We may be unable to establish any 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, but not necessarily limited to:

- reliance on the third party for regulatory compliance and quality assurance;
- the possible breach of the manufacturing agreement by the third party;
- manufacturing delays if our third-party manufacturers 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 agreement between us;
- the possible misappropriation of our proprietary information, including our trade secrets and know-how; and
- the possible termination or nonrenewal of the agreement by the third party at a time that is costly or inconvenient for us.

We rely on our third-party manufacturers to produce or purchase from third-party suppliers the materials and equipment necessary to produce our product candidates for our preclinical and clinical trials. There are a limited number of suppliers for raw materials and equipment that we use (or that are used on our behalf) to manufacture our drugs, and there may be a need to assess alternate suppliers to prevent a possible disruption of the manufacture of the materials and equipment necessary to produce our product candidates for our preclinical and clinical trials, and if approved, ultimately for commercial sale. We do not have any control over the process or timing of the acquisition of these raw materials or equipment by our third-party manufacturers. Any significant delay in the supply of a product candidate, or the raw material components thereof, for an ongoing preclinical or clinical trial due to the need to replace a third-party manufacturer could considerably delay completion of our preclinical or clinical trials, product testing and potential regulatory approval of our product candidates. If our manufacturers or we are unable to purchase these raw materials or equipment after regulatory approval has been obtained for our product candidates, the commercial launch of our product candidates would be delayed or there would be a shortage in supply, which would impair our ability to generate revenues from the sale of our product candidates.

The facilities used by our contract manufacturers to manufacture our product candidates must be approved by the FDA pursuant to inspections that will be conducted after we submit an NDA to the FDA. We do not control the manufacturing process of, and are completely dependent on, our contract manufacturers for compliance with cGMP regulations for manufacture of our product candidates. Third-party manufacturers may not be able to comply with the cGMP regulations or similar regulatory requirements outside the United States. Our failure, or the failure of our third-party manufacturers, to comply with applicable regulations could result in sanctions being imposed on us, including clinical holds, fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of product candidates or products, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of our products.

One or more of the product candidates that we may develop may compete with other product candidates and products for access to manufacturing facilities. There are a limited number of manufacturers that operate under cGMP regulations and that might be capable of manufacturing for us. Any performance failure on the part of our existing or future manufacturers could delay clinical development or marketing approval. We do not currently have arrangements in place for redundant supply. If our current contract manufacturers cannot perform as agreed, we may be required to replace such manufacturers. We may incur added costs and delays in identifying and qualifying any replacement manufacturers. The DEA restricts the importation of a controlled substance finished drug product when the same substance is commercially available in the United States, which could reduce the number of potential alternative manufacturers for one or more of our product candidates.

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

We also expect to rely on other third parties to distribute drug supplies for our clinical trials. Any performance failure on the part of our distributors could delay clinical development or marketing approval of our product candidates or commercialization of our products, producing additional losses and depriving us of potential product revenue.

We rely on clinical data and results obtained by third parties that could ultimately prove to be inaccurate or unreliable.

As part of our strategy to mitigate development risk, we seek to develop product candidates with validated mechanisms of action and we utilize biomarkers to assess potential clinical efficacy early in the development process. This strategy necessarily relies upon clinical data and other results obtained by third parties that may ultimately prove to be inaccurate or unreliable. Further, such clinical data and results may be based on products or product candidates that are significantly different from our product candidates or any future product candidate. If the third-party data and results we rely upon prove to be inaccurate, unreliable or not applicable to our product candidates or future product candidate, we could make inaccurate assumptions and conclusions about our product candidates and our research and development efforts could be compromised.

If we breach any of the agreements under which we license rights to one or more of product candidates from others, we could lose the ability to continue to develop and commercialize such product candidate.

Because we have in-licensed the rights to all of our product candidates from COH and Fred Hutch, and in the future will continue to in-license from additional third parties, if there is any dispute between us and our licensor regarding our rights under our license agreement, our ability to develop and commercialize these product candidates may be adversely affected. Any uncured, material breach under our license agreement could result in our loss of exclusive rights to our product candidate and may lead to a complete termination of our related product development efforts.

We may not be able to manage our business effectively if we are unable to attract and retain key personnel.

We may not be able to attract or retain qualified management and commercial, scientific and clinical personnel in the future due to the intense competition for qualified personnel among biotechnology, pharmaceutical and other businesses. If we are not able to attract and retain necessary personnel to accomplish our business objectives, we may experience constraints that will significantly impede the achievement of our development objectives, our ability to raise additional capital and our ability to implement our business strategy.

Our employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could have a material adverse effect on our business.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional failures to comply with FDA regulations, provide accurate information to the FDA, comply with manufacturing standards we have established, comply with federal and state health-care fraud and abuse laws and regulations, report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, 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. Employee misconduct 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. 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 be in compliance with such 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 and results of operations, including the imposition of significant fines or other sanctions.

We face potential product liability exposure, and if successful claims are brought against us, we may incur substantial liability for one or more of our product candidates or a future product candidate we may license or acquire and may have to limit their commercialization.

The use of one or more of our product candidates and any future product candidate we may license or acquire in clinical trials and the sale of any products for which we obtain marketing approval expose us to the risk of product liability claims. For example, we may be sued if any product we develop allegedly causes injury or is found to be otherwise unsuitable during clinical testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability or a breach of warranties. Product liability claims might be brought against us by consumers, health care providers or others using, administering or selling our products. If we cannot successfully defend ourselves against these claims, we will incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- withdrawal of clinical trial participants;
- suspension or termination of clinical trial sites or entire trial programs;
- decreased demand for any product candidates or products that we may develop;
- initiation of investigations by regulators;
- impairment of our business reputation;
- costs of related litigation;
- substantial monetary awards to patients or other claimants;
- loss of revenues;
- reduced resources of our management to pursue our business strategy; and
- the inability to commercialize our product candidate or future product candidates.

We will obtain limited product liability insurance coverage for any and all of our upcoming clinical trials. However, our insurance coverage may not reimburse us or may not be sufficient to reimburse us for any expenses or losses we may suffer. Moreover, insurance coverage is becoming increasingly expensive, and, in the future, we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses due to liability. When needed we intend to expand our insurance coverage to include the sale of commercial products if we obtain marketing approval for one or more of our product candidates in development, but we may be unable to obtain commercially reasonable product liability insurance for any products approved for marketing. On occasion, large judgments have been awarded in class action lawsuits based on drugs that had unanticipated side effects. A successful product liability claim or series of claims brought against us could cause our stock price to fall and, if judgments exceed our insurance coverage, could decrease our cash and adversely affect our business.

Our future growth depends on our ability to identify and acquire or in-license products and if we do not successfully identify and acquire or in-license related product candidates or integrate them into our operations, we may have limited growth opportunities.

An important part of our business strategy is to continue to develop a pipeline of product candidates by acquiring or in-licensing products, businesses or technologies that we believe are a strategic fit with our focus on novel combinations of CAR-T cells with immuno-oncology antibodies and small molecule kinase inhibitors. Future in-licenses or acquisitions, however, may entail numerous operational and financial risks, including, but not necessarily limited to:

- exposure to unknown liabilities;
- disruption of our business and diversion of our management's time and attention to develop acquired products or technologies;
- difficulty or inability to secure financing to fund development activities for such acquired or in-licensed technologies in the current economic environment;
- incurrence of substantial debt or dilutive issuances of securities to pay for acquisitions;
- higher than expected acquisition and integration costs;
- increased amortization expenses;
- difficulty and cost in combining the operations and personnel of any acquired businesses with our operations and personnel;
- impairment of relationships with key suppliers or customers of any acquired businesses due to changes in management and ownership; and
- inability to retain key employees of any acquired businesses.

We have limited resources to identify and execute the acquisition or in-licensing of third-party products, businesses and technologies and integrate them into our current infrastructure. In particular, we may compete with larger pharmaceutical companies and other competitors in our efforts to establish new collaborations and in-licensing opportunities. These competitors likely will have access to greater financial resources than us and may have greater expertise in identifying and evaluating new opportunities. Moreover, we may devote resources to potential acquisitions or in-licensing opportunities that are never completed, or we may fail to realize the anticipated benefits of such efforts.

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 and product candidates that we identify for specific indications. As a result, we may forego or delay pursuit of opportunities with other product candidates or for other indications that later prove to have greater commercial potential. 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 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 to such product candidate.

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 harm 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. Although we believe that the safety procedures for handling and disposing of these materials comply with the standards prescribed by these laws and regulations, we cannot eliminate the risk of accidental 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 for failure to comply with such laws and regulations.

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 biological, hazardous or radioactive 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 production efforts. Our failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

Our business and operations would suffer in the event of system failures.

Despite the implementation of security measures, our internal computer systems are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. Any system failure, accident or security breach that causes interruptions in our operations could result in a material disruption of our drug development programs. For example, the loss of clinical trial data from completed clinical trials for one or more of our product conducts could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach results in a loss or damage to our data or applications, or inappropriate disclosure of confidential or proprietary information, we may incur liability and the further development of one or more of our product candidates may be delayed.

We are currently reliant on the City of Hope National Medical Center and the Fred Hutchinson Cancer Research Center for a substantial portion of our research and development efforts and the early clinical testing of our product candidates.

A substantial portion of our research and development has been and will continue to be conducted by COH and Fred Hutch pursuant to a sponsored research agreement and/or clinical trial agreements with each of those parties. As a result, our future success is heavily dependent on the results of research and development efforts of Dr. Stephen Forman and his laboratory team at COH and of Dr. Brian Till and his laboratory team at Fred Hutch. We have limited control over the nature or timing of their research and limited visibility into their day-to-day activities, and as a result can provide little assurance that their efforts will be successful.

CAR-T is a new approach to cancer treatment that presents significant challenges.

We have concentrated our research and development efforts on CAR-T technology, and our future success is highly dependent on the successful development of T cell immunotherapies in general and our CAR-T technology and product candidates in particular. Because CAR-T is a new approach to cancer immunotherapy and cancer treatment generally, developing and commercializing our product candidates subjects us to a number of challenges, including, but not necessarily limited to:

- obtaining regulatory approval from the FDA and other regulatory authorities that may have very limited experience with the commercial development of genetically modified T cell therapies for cancer;
- developing and deploying consistent and reliable processes for engineering a patient's T cells ex vivo and infusing the engineered T cells back into the patient;
- conditioning patients with chemotherapy in conjunction with delivering each of our products, which may increase the risk of adverse side effects of our products;

- educating medical personnel regarding the potential side effect profile of each of our products;
- developing processes for the safe administration of these products, including long-term follow-up for all patients who receive our product candidates;
- sourcing clinical and, if approved, commercial supplies for the materials used to manufacture and process our product candidates;
- developing a manufacturing process and distribution network with a cost of goods that allows for an attractive return on investment;
- establishing sales and marketing capabilities after obtaining any regulatory approval to gain market acceptance, and obtaining adequate coverage, reimbursement and pricing by third-party payors and government authorities; and
- developing therapies for types of cancers beyond those addressed by our current product candidates.

Product candidates, even if successfully developed and commercialized, may be effective only in combating certain specific types of cancer, and the market for drugs designed to combat such cancer type(s) may be small and unprofitable.

There are many different types of cancer, and a treatment that is effective against one type of cancer may not be effective against another. CAR-T or other technologies we pursue may only be effective in combating specific types of cancer but not others. Even if one or more of our products proves to be an effective treatment against a given type of cancer, the number of patients suffering from such cancer may be small, in which case potential sales from a drug designed to combat such cancer would be limited.

Risks Related to Intellectual Property

If we are unable to obtain and maintain patent protection for our technology and products or if the scope of the patent protection obtained is not sufficiently broad, our competitors could develop and commercialize technology and products similar or identical to ours, and our ability to successfully commercialize our technology and products may be impaired.

Our commercial success will depend in part on obtaining and maintaining patent protection and trade secret protection in the US and other countries with respect to our product candidates or any future product candidate that we may license or acquire and the methods we use to manufacture them, as well as successfully defending these patents and trade secrets against third-party challenges. We seek to protect our proprietary position by filing patent applications in the United States and abroad related to our novel technologies and product candidates, and by maintenance of our trade secrets through proper procedures. We will only be able to protect our technologies from unauthorized use by third parties to the extent that valid and enforceable patents or trade secrets cover them in the market they are being used or developed.

The patent prosecution process is expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we will fail to identify any patentable aspects of our research and development output and methodology, and, even if we do, an opportunity to obtain patent protection may have passed. Given the uncertain and time-consuming process of filing patent applications and prosecuting them, it is possible that our product(s) or process(es) originally covered by the scope of the patent application may have changed or been modified, leaving our product(s) or process(es) without patent protection. If our licensors or we fail to obtain or maintain patent protection or trade secret protection for one or more product candidates or any future product candidate we may license or acquire, third parties may be able to leverage our proprietary information and products without risk of infringement, which could impair our ability to compete in the market and adversely affect our ability to generate revenues and achieve profitability. Moreover, should we enter into other collaborations we may be required to consult with or cede control to collaborators regarding the prosecution, maintenance and enforcement of licensed patents. Therefore, these patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of our business.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has in recent years been the subject of much litigation. In addition, no consistent policy regarding the breadth of claims allowed in pharmaceutical or biotechnology patents has emerged to date in the US. The patent situation outside the US is even more uncertain. The laws of foreign countries may not protect our rights to the same extent as the laws of the US, and we may fail to seek or obtain patent protection in all major markets. For example, European patent law restricts the patentability of methods of treatment of the human body more than US law does. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the US and other jurisdictions are typically not published until 18 months after a first filing, or in some cases not at all. Therefore, we cannot know with certainty whether we or our licensors were the first to make the inventions claimed in patents or pending patent applications that we own or licensed, or that we or our licensors were the first to file for patent protection of such inventions. In the event that a third party has also filed a US patent application relating to our product candidates or a similar invention, depending upon the priority dates claimed by the competing parties, we may have to participate in interference proceedings declared by the PTO to determine priority of invention in the US. The costs of these proceedings could be substantial and it is possible that our efforts to establish priority of invention would be unsuccessful, resulting in a material adverse effect on our US patent position. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. Our pending and future patent applications may not result in patents being issued which protect our technology or products, in whole or in part, or which effectively prevent others from commercializing competitive technologies and products. Changes in either the patent laws or interpretation of the patent laws in the US and other countries may diminish the value of our patents or narrow the scope of our patent protection. For example, the federal courts of the US have taken an increasingly dim view of the patent eligibility of certain subject matter, such as naturally occurring nucleic acid sequences, amino acid sequences and certain methods of utilizing same, which include their detection in a biological sample and diagnostic conclusions arising from their detection. Such subject matter, which had long been a staple of the biotechnology and biopharmaceutical industry to protect their discoveries, is now considered, with few exceptions, ineligible in the first instance for protection under the patent laws of the US. Accordingly, we cannot predict the breadth of claims that may be allowed or enforced in our patents or in those licensed from a third party.

Recent 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. On September 16, 2011, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, was signed into law. The Leahy-Smith Act includes a number of significant changes to United States patent law. These include changes to transition from a "first-to-invent" system to a "first-to-file" system and to the way issued patents are challenged. The formation of the Patent Trial and Appeal Board now provides a quicker and less expensive process for challenging issued patents. The PTO recently developed new regulations and procedures to govern administration of the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act, and in particular, the first inventor-to-file provisions, only became effective on March 16, 2013. Accordingly, it is not clear what, if any, impact the Leahy-Smith Act will have on the operation of our business. However, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents, all of which could have a material adverse effect on our business and financial condition.

Moreover, we may be subject to a third-party preissuance submission of prior art to the PTO, or become involved in opposition, derivation, reexamination, *inter partes* review, post-grant review or interference proceedings challenging our patent rights or the patent rights of others. The costs of these proceedings could be substantial and it is possible that our efforts to establish priority of invention would be unsuccessful, resulting in a material adverse effect on our US patent position. An adverse determination in any such submission, patent office trial, proceeding or litigation could reduce the scope of, render unenforceable, or invalidate, our patent rights, allow third parties to commercialize our technology or products and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third-party patent rights. In addition, if the breadth or strength of protection provided by our patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates.

Even if our patent applications issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors from competing with us or otherwise provide us with any competitive advantage. Our competitors may be able to circumvent our owned or licensed patents by developing similar or alternative technologies or products in a non-infringing manner.

The issuance of a patent does not foreclose challenges to its inventorship, scope, validity or enforceability. Therefore, our owned and licensed patents may be challenged in the courts or patent offices in the United States and abroad. Such challenges may result in loss of exclusivity or in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which 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 technology and products. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such product candidates might expire before or shortly after such product candidates are commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

We depend on our licensors for the maintenance and enforcement of intellectual property covering certain of our product candidates and have limited control, if any, over the amount or timing of resources that our licensors devote on our behalf, or whether any financial difficulties experienced by our licensors could result in their unwillingness or inability to secure, maintain and enforce patents protecting certain of our product candidates.

We depend on our licensors to protect the proprietary rights covering our product candidates and we have limited, if any, control over the amount or timing of resources that they devote on our behalf, or the priority they place on, maintaining patent rights and prosecuting patent applications to our advantage. Moreover, we have limited, if any, control over the strategies and arguments employed in the maintenance of patent rights and the prosecution of patent applications to our advantage.

Our licensors, depending on the patent or application, are responsible for maintaining issued patents and prosecuting patent applications. We cannot be sure that they will perform as required. Should they decide they no longer want to maintain any of the patents licensed to us, they are required to afford us the opportunity to do so at our expense. If our licensors do not perform, and if we do not assume the maintenance of the licensed patents in sufficient time to make required payments or filings with the appropriate governmental agencies, we risk losing the benefit of all or some of those patent rights. Moreover, and possibly unbeknownst to us, our licensors may experience serious difficulties related to their overall business or financial stability, and they may be unwilling or unable to continue to expend the financial resources required to maintain and prosecute these patents and patent applications. While we intend to take actions reasonably necessary to enforce our patent rights, we depend, in part, on our licensors to protect a substantial portion of our proprietary rights and to inform us of the status of those protections and efforts thereto.

Our licensors may also be notified of alleged infringement and be sued for infringement of third-party patents or other proprietary rights. We may have limited, if any, control or involvement over the defense of these claims, and our licensors could be subject to injunctions and temporary or permanent exclusionary orders in the US or other countries. Our licensors are not obligated to defend or assist in our defense against third-party claims of infringement. We have limited, if any, control over the amount or timing of resources, if any, that our licensors devote on our behalf or the priority they place on defense of such third-party claims of infringement.

Because of the uncertainty inherent in any patent or other litigation involving proprietary rights, we or our licensors may not be successful in defending claims of intellectual property infringement alleged by third parties, which could have a material adverse effect on our results of operations. Regardless of the outcome of any litigation, defending the litigation may be expensive, time-consuming and distracting to management.

Because it is difficult and costly to protect our proprietary rights, we may not be able to ensure their protection.

The degree of future protection for our proprietary rights is uncertain, because legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep our competitive advantage, in addition to being costly and time consuming to undertake. For example:

- our licensors might not have been the first to make the inventions covered by each of our pending patent applications and issued patents;
- our licensors might not have been the first to file patent applications for these inventions;
- others may independently develop similar or alternative technologies or duplicate our product candidates or any future product candidate technologies;
- it is possible that none of the pending patent applications licensed to us will result in issued patents;
- the scope of our issued patents may not extend to competitive products developed or produced by others;
- the issued patents covering our product candidates or any future product candidate may not provide a basis for market exclusivity for active products, may not provide us with any competitive advantages, or may be challenged by third parties;
- we may not develop additional proprietary technologies that are patentable; or
- intellectual property rights of others may have an adverse effect on our business.

We may become involved in lawsuits to protect or enforce our patents or other intellectual property, which could be expensive, time consuming and unsuccessful.

Competitors may infringe our issued patents or other intellectual property. To counter infringement or unauthorized use, we may be required to file one or more actions for patent infringement, which can be expensive and time consuming. Any claims we assert against accused infringers could provoke these parties to assert counterclaims against us alleging that we infringe their patents; or provoke those parties to petition the PTO to institute *inter partes* review against the asserted patents, which may lead to a finding that all or some of the claims of the patent are invalid. In addition, in a patent infringement proceeding, a court may decide that a patent of ours is invalid or unenforceable, in whole or in part, construe the patent's claims narrowly or refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. An adverse result in any litigation proceeding could put one or more of our patents at risk of being invalidated, rendered unenforceable, or interpreted narrowly. Furthermore, adverse results on US patents may affect related patents in our global portfolio.

If we are sued for infringing intellectual property rights of third parties, it will be costly and time consuming, and an unfavorable outcome in any litigation would harm our business.

Our ability to develop, manufacture, market and sell one or more of our product candidates or any future product candidate that we may license or acquire depends upon our ability to avoid infringing the proprietary rights of third parties. Numerous US and foreign issued patents and pending patent applications, which are owned by third parties, exist in the general fields of fully human immuno-oncology targeted antibodies and cover the use of numerous compounds and formulations in our targeted markets. Because of the uncertainty inherent in any patent or other litigation involving proprietary rights, we and our licensors may not be successful in defending intellectual property claims asserted by third parties, which could have a material adverse effect on our results or operations. Regardless of the outcome of any litigation, defending the litigation may be expensive, time-consuming and distracting to management. In addition, because patent applications can take many years to issue, there may be currently pending applications that are unknown to us, which may later result in issued patents that one or more of our product candidates may infringe. There could also be existing patents of which we are not aware that one or more of our product candidates may infringe, even if only inadvertently.

There is a substantial amount of litigation involving patent and other intellectual property rights in the biotechnology and biopharmaceutical industries generally. If a third party claims that we infringe their patents or misappropriated their technology, we could face a number of issues, including:

- infringement and other intellectual property claims which, with or without merit, can be expensive and time consuming to litigate and can divert management's attention from our core business;
- substantial damages for past infringement which we may have to pay if a court decides that our product infringes a competitor's patent;
- a court prohibiting us from selling or licensing our product unless the patent holder licenses the patent to us, which it would not be required to do;
- if a license is available from a patent holder, we may have to pay substantial royalties or grant cross licenses to our patents; and
- redesigning our processes so they do not infringe, which may not be possible or could require substantial funds, time, and may result in an inferior or less-desirable process or product.

Intellectual property litigation could cause us to spend substantial resources and distract our personnel from their normal responsibilities.

Even if resolved in our favor, litigation or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses, and could distract our technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. 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.

We may need to license certain intellectual property from third parties, and such licenses may not be available or may not be available on commercially reasonable terms.

A third party may hold intellectual property, including patent rights that are important or necessary to the development and commercialization of our products. It may be necessary for us to use the patented or proprietary technology of third parties, whom may or may not be interested in granting such a license, to commercialize our products, in which case we would be required to obtain a license from these third parties on commercially reasonable terms, or our business could be harmed, possibly materially.

If we fail to comply with our obligations in our intellectual property licenses and funding arrangements with third parties, we could lose rights that are important to our business.

We are currently a party to license agreements with the City of Hope and the Regents of the University of California. In the future, we may become party to licenses that are important for product development and commercialization. If we fail to comply with our obligations under current or future license and funding agreements, our counterparties may have the right to terminate these agreements, in which event we might not be able to develop, manufacture or market any product or utilize any technology that is covered by these agreements or may face other penalties under the agreements. Such an occurrence could materially and adversely affect the value of a product candidate being developed under any such agreement or could restrict our drug discovery activities. Termination of these agreements or reduction or elimination of our rights under these agreements may result in our having to negotiate new or reinstated agreements with less favorable terms, or cause us to lose our rights under these agreements, including our rights to important intellectual property or technology.

We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

As is common in the biotechnology and pharmaceutical industry, we employ individuals who were previously employed at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although no claims against us are currently pending, we may be subject to claims that we or these employees have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Even if frivolous or unsubstantiated in nature, litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management and the implicated employee(s).

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

In addition to seeking patent protection for our product candidates or any future product candidate, we also rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position, particularly where we do not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to protect. We limit disclosure of such trade secrets where possible but we also seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements with parties who do have access to them, such as our employees, our licensors, corporate collaborators, outside scientific collaborators, contract manufacturers, consultants, advisors and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants. Despite these efforts, any of these parties may breach the agreements and may unintentionally or willfully 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, if any of our trade secrets were to be lawfully obtained or independently developed by a competitor, we would have no right to prevent them, or those to whom they communicate it, from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor, our competitive position would be harmed.

Risks Related to Our Finances and Capital Requirements

We have incurred significant losses since our inception. We expect to incur losses for the foreseeable future, and may never achieve or maintain profitability.

We are an emerging growth company with a limited operating history. We have focused primarily on in-licensing and developing our product candidates, with the goal of supporting regulatory approval for these product candidates. We have incurred losses since our inception in March 2015, and have an accumulated deficit of $32.8 million as of September 30, 2017. We expect to continue to incur significant operating losses for the foreseeable future. We also do not anticipate that we will achieve profitability for a period of time after generating material revenues, if ever. If we are unable to generate revenues, we will not become profitable and may be unable to continue operations without continued funding.

Because of the numerous risks and uncertainties associated with developing pharmaceutical products, we are unable to predict the timing or amount of increased expenses or when or if, we will be able to achieve profitability. Our net losses may fluctuate significantly from quarter to quarter and year to year. We anticipate that our expenses will increase substantially if:

- one or more of our product candidates are approved for commercial sale, due to our ability to establish the necessary commercial infrastructure to launch this product candidate without substantial delays, including hiring sales and marketing personnel and contracting with third parties for warehousing, distribution, cash collection and related commercial activities;

- we are required by the FDA or foreign regulatory authorities, to perform studies in addition to those currently expected;

- there are any delays in completing our clinical trials or the development of any of our product candidates;
- we execute other collaborative, licensing or similar arrangements and the timing of payments we may make or receive under these arrangements;
- there are variations in the level of expenses related to our future development programs;
- there are any product liability or intellectual property infringement lawsuits in which we may become involved;
- there are any regulatory developments affecting product candidates of our competitors; and
- one or more of our product candidates receives regulatory approval.

Our ability to become profitable depends upon our ability to generate revenue. To date, we have not generated any revenue from our development stage products, and we do not know when, or if, we will generate any revenue. Our ability to generate revenue depends on a number of factors, including, but not limited to, our ability to:

- obtain regulatory approval for one or more of our product candidates, or any future product candidate that we may license or acquire;
- manufacture commercial quantities of one or more of our product candidates or any future product candidate, if approved, at acceptable cost levels; and
- develop a commercial organization and the supporting infrastructure required to successfully market and sell one or more of our product candidates or any future product candidate, if approved.

Even 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 depress the value of our company and could impair our ability to raise capital, expand our business, maintain our research and development efforts, diversify our product offerings or even continue our operations. A decline in the value of our company could also cause you to lose all or part of your investment.

Our short operating history makes it difficult to evaluate our business and prospects.

We were incorporated in March 2015 and have only been conducting operations since March 2015. Our operations to date have been limited to preclinical operations and the in-licensing of our product candidates. We have not yet demonstrated an ability to successfully complete clinical trials, obtain regulatory approvals, manufacture a clinical scale or 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. Consequently, any predictions about our future performance may not be as accurate as they could be if we had a history of successfully developing and commercializing pharmaceutical products.

In addition, as a young business, we may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. We will need to expand our capabilities to support commercial activities. We may not be successful in adding such capabilities.

We expect our financial condition and operating results to continue to fluctuate significantly from quarter to quarter and year to year due to a variety of factors, many of which are beyond our control. Accordingly, you should not rely upon the results of any past quarterly period as an indication of future operating performance.

We do not have any products that are approved for commercial sale and therefore do not expect to generate any revenues from product sales in the foreseeable future, if ever.

We have not generated any product related revenues to date, and do not expect to generate any such revenues for at least the next several years, if at all. To obtain revenues from sales of our product candidates, we must succeed, either alone or with third parties, in developing, obtaining regulatory approval for, manufacturing and marketing products with commercial potential. We may never succeed in these activities, and we may not generate sufficient revenues to continue our business operations or achieve profitability.

We will require substantial additional funding which may not be available to us on acceptable terms, or at all. If we fail to raise the necessary additional capital, we may be unable to complete the development and commercialization of our product candidates, or continue our development programs.

Our operations have consumed substantial amounts of cash since inception. We expect to significantly increase our spending to advance the preclinical and clinical development of our product candidates and launch and commercialize any product candidates for which we receive regulatory approval, including building our own commercial organizations to address certain markets. We will require additional capital for the further development and commercialization of our product candidates, as well as to fund our other operating expenses and capital expenditures. As of September 30, 2017, we had $67.3 million in cash and short-term investments (certificates of deposit). We cannot provide any assurance that we will be able to raise funds to complete the development of our product.

We cannot be certain that additional funding will be available on acceptable terms, or at all. If we are unable to raise additional capital in sufficient amounts or on terms acceptable to us we may have to significantly delay, scale back or discontinue the development or commercialization of one or more of our product candidates. We may also seek collaborators for one or more of our current or future product candidates at an earlier stage than otherwise would be desirable or on terms that are less favorable than might otherwise be available. Any of these events could significantly harm our business, financial condition and prospects.

Our future funding requirements will depend on many factors, including, but not limited to:

- the timing, design and conduct of, and results from, preclinical and clinical trials for our product candidates;
- the potential for delays in our efforts to seek regulatory approval for our product candidates, and any costs associated with such delays;
- the costs of establishing a commercial organization to sell, market and distribute our product candidates;
- the rate of progress and costs of our efforts to prepare for the submission of an NDA for any product candidates that we may in-license or acquire in the future, and the potential that we may need to conduct additional clinical trials to support applications for regulatory approval;
- the costs of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights associated with our product candidates, including any such costs we may be required to expend if our licensors are unwilling or unable to do so;
- the cost and timing of securing sufficient supplies of our product candidates from our contract manufacturers for clinical trials and in preparation for commercialization;
- the effect of competing technological and market developments;
- the terms and timing of any collaborative, licensing, co-promotion or other arrangements that we may establish;

- if one or more of our product candidates are approved, the potential that we may be required to file a lawsuit to defend our patent rights or regulatory exclusivities from challenges by companies seeking to market generic versions of one or more of our product candidates; and

- the success of the commercialization of one or more of our product candidates.

Future capital requirements will also depend on the extent to which we acquire or invest in additional complementary businesses, products and technologies, but we currently have no commitments or agreements relating to any of these types of transactions.

In order to carry out our business plan and implement our strategy, we anticipate that we will need to obtain additional financing from time to time and may choose to raise additional funds through strategic collaborations, licensing arrangements, public or private equity or debt financing, bank lines of credit, asset sales, government grants, or other arrangements. We cannot be sure that any additional funding, if needed, will be available on terms favorable to us or at all. Furthermore, any additional equity or equity-related financing may be dilutive to our stockholders, and debt or equity financing, if available, may subject us to restrictive covenants and significant interest costs. If we obtain funding through a strategic collaboration or licensing arrangement, we may be required to relinquish our rights to certain of our product candidates or marketing territories.

Our inability to raise capital when needed would harm our business, financial condition and results of operations, and could cause our stock value to decline or require that we wind down our operations altogether.

Raising additional capital may cause dilution to our existing stockholders, restrict our operations or require us to relinquish proprietary rights.

Until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of equity offerings, debt financings, grants and license and development agreements in connection with any collaborations. 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 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 collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, 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 product candidates that we would otherwise prefer to develop and market ourselves.

We will continue to incur significant increased costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives.

On August 22, 2017 we became a listed and traded public company. As a public company, we incur significant legal, accounting and other expenses under the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, as well as rules subsequently implemented by the SEC, and the rules of the Nasdaq Stock Exchange. These rules impose various requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls and appropriate corporate governance practices. Our management and other personnel have devoted and will continue to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations increase our legal and financial compliance costs and make some activities more time-consuming and costly. For example, these rules and regulations make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective internal controls for financial reporting and disclosure controls and procedures. As a result, we are required to periodically perform an evaluation of our internal controls over financial reporting to allow management to report on the effectiveness of those controls, as required by Section 404 of the Sarbanes-Oxley Act. Additionally, our independent auditors are required to perform a similar evaluation and report on the effectiveness of our internal controls over financial reporting. These efforts to comply with Section 404 and related regulations have required, and continue to require, the commitment of significant financial and managerial resources. While we anticipate maintaining the integrity of our internal controls over financial reporting and all other aspects of Section 404, we cannot be certain that a material weakness will not be identified when we test the effectiveness of our control systems in the future. If a material weakness is identified, we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources, costly litigation or a loss of public confidence in our internal controls, which could have an adverse effect on the market price of our stock.

Compliance with the Sarbanes-Oxley Act of 2002 will require substantial financial and management resources and may increase the time and costs of completing an acquisition.

A business that we identify as a potential acquisition target may not be in compliance with the provisions of the Sarbanes-Oxley Act regarding the adequacy of internal controls. The development of the internal controls of any such entity to achieve compliance with the Sarbanes-Oxley Act may increase the time and costs necessary to complete any such acquisition. Furthermore, any failure to implement required new or improved controls, or difficulties encountered in the implementation of adequate controls over our financial processes and reporting in the future, could harm our operating results or cause us to fail to meet our reporting obligations. 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 securities.

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

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act (the "JOBS Act"). We will remain an "emerging growth company" for up to five years. However, if our non-convertible debt issued within a three-year period or revenues exceeds $1 billion, or the market value of our equity shares that are held by non-affiliates exceeds $700 million on the last day of the second fiscal quarter of any given fiscal year, we would cease to be an emerging growth company as of the following fiscal year. As an emerging growth company, we are not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, we have reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and we are exempt from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

Further, Section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies, but any such an election to opt out is irrevocable. We have elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, will not adopt the new or revised standard until the time private companies are required to adopt the new or revised standard. This may make comparison of our financial statements with another public company, which is neither an emerging growth company nor an emerging growth company, which has opted out of using the extended transition period, difficult or impossible because of the potential differences in accounting standards used.

Our results of operations and liquidity needs could be materially negatively affected by market fluctuations and economic downturn.

Our results of operations could be materially negatively affected by economic conditions generally, both in the US and elsewhere around the world. Continuing concerns over inflation, energy costs, geopolitical issues, the availability and cost of credit, the US mortgage market and residential real estate market in the US have contributed to increased volatility and diminished expectations for the economy and the markets going forward. These factors, combined with volatile oil prices, declining business and consumer confidence and increased unemployment, have precipitated an economic recession and fears of a possible depression. Domestic and international equity markets continue to experience heightened volatility and turmoil. These events and the continuing market upheavals may have an adverse effect on us. In the event of a continuing market downturn, our results of operations could be adversely affected by those factors in many ways, including making it more difficult for us to raise funds if necessary, and our stock price may further decline.

Our ability to use our pre-change NOLs and other pre-change tax attributes to offset post-change taxable income or taxes may be subject to limitation.

We may, from time to time, carry net operating loss carryforwards ("NOLs") as deferred tax assets on our balance sheet. Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, if a corporation undergoes an "ownership change" (generally defined as a greater than 50-percentage- point cumulative change (by value) in the equity ownership of certain stockholders over a rolling three-year period), the corporation's ability to use its pre-change NOLs and other pre-change tax attributes to offset its post-change taxable income or taxes may be limited. We may experience ownership changes in the future as a result of shifts in our stock ownership, some of which changes are outside our control. As a result, our ability to use our pre-change NOLs and other pre-change tax attributes to offset post-change taxable income or taxes may be subject to limitation.

Risks Relating to Securities Markets and Investment in Our Stock

Our stock may be subject to substantial price and volume fluctuations due to a number of factors, many of which are beyond our control and may prevent our stockholders from reselling our common stock at a profit.

The market prices for securities of biotechnology and pharmaceutical companies have historically been highly volatile, and the market has from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies.

The market price of our common stock is likely to be highly volatile and may fluctuate substantially due to many factors, including:

- announcements concerning the progress of our efforts to obtain regulatory approval for and commercialize our product candidates or any future product candidate, including any requests we receive from the FDA for additional studies or data that result in delays in obtaining regulatory approval or launching these product candidates, if approved;
- market conditions in the pharmaceutical and biotechnology sectors or the economy as a whole;
- price and volume fluctuations in the overall stock market;
- the failure of one or more of our product candidates or any future product candidate, if approved, to achieve commercial success;
- announcements of the introduction of new products by us or our competitors;
- developments concerning product development results or intellectual property rights of others;
- litigation or public concern about the safety of our potential products;

- actual fluctuations in our quarterly operating results, and concerns by investors that such fluctuations may occur in the future;
- deviations in our operating results from the estimates of securities analysts or other analyst comments;
- additions or departures of key personnel;
- health care reform legislation, including measures directed at controlling the pricing of pharmaceutical products, and third-party coverage and reimbursement policies;
- developments concerning current or future strategic collaborations; and
- discussion of us or our stock price by the financial and scientific press and in online investor communities.

Fortress controls a voting majority of our common stock.

Pursuant to the terms of the Class A Preferred Stock held by Fortress, Fortress is entitled to cast, for each share of Class A Preferred held by Fortress, the number of votes that is equal to one and one-tenth (1.1) times a fraction, the numerator of which is the sum of (A) the shares of outstanding common stock and (B) the whole shares of common stock into which the shares of outstanding Class A common shares and the Class A Preferred Stock are convertible and the denominator of which is the number of shares of outstanding Class A Preferred Stock. Accordingly, Fortress is able to control or significantly influence all matters requiring approval by our stockholders, including the election of directors and the approval of mergers or other business combination transactions. The interests of Fortress may not always coincide with the interests of other stockholders, and Fortress may take actions that advance its own interests and are contrary to the desires of our other stockholders. Moreover, this concentration of voting power may delay, prevent or deter a change in control of us even when such a change may be in the best interests of all stockholders, could deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of Mustang or our assets, and might affect the prevailing market price of our common stock.

Fortress has the right to receive a significant grant of shares of our common stock annually which will result in the dilution of your holdings of common stock upon each grant, which could reduce their value. City of Hope has anti-dilution protection that could result in the dilution of your holding.

Under the terms of the Second Amended and Restated Founders Agreement, which became effective July 22, 2016, Fortress will receive a grant of shares of our common stock equal to two and one-half percent (2.5%) of the gross amount of any equity or debt financing. Additionally, the Class A Preferred Stock, as a class, will receive an annual dividend on March 13th, payable in shares of common stock in an amount equal to two and one-half percent (2.5%) of our fully-diluted outstanding capital stock as of the business day immediately prior to March 13th of such year. Fortress currently owns all outstanding shares of Class A Preferred Stock. These share issuances to Fortress and any other holder of Class A Preferred Stock will dilute your holdings in our common stock and, if the value of Mustang has not grown proportionately over the prior year, would result in a reduction in the value of your shares. The Second Amended and Restated Founders Agreement has a term of 15 years and renews automatically for subsequent one-year periods unless terminated by Fortress or upon a Change in Control (as defined in the Second Amended and Restated Founders Agreement).

The Class A common shares held by the City of Hope has anti-dilution protection that gives them the right to additional shares of stock under certain circumstances. The number of shares received by COH will vary depending on the triggering event. If any shares are required to be issued to COH, your holdings in our common stock will be diluted and result in a reduction in the value of your shares.

We might have received better terms from unaffiliated third parties than the terms we receive in our agreements with Fortress.

The agreements we have entered into with Fortress include a Management Services Agreement and the Founders Agreement. While we believe the terms of these agreements are reasonable, they might not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties. The terms of the agreements relate to, among other things, payment of a royalty on product sales and the provision of employment and transition services. We might have received better terms from third parties because, among other things, third parties might have competed with each other to win our business.

The dual roles of our officers and directors who also serve in similar roles with Fortress could create a conflict of interest and will require careful monitoring by our independent directors.

We share some directors with Fortress, and in addition, under the Management Services Agreement, we will also share some officers with Fortress. This could create conflicts of interest between the two companies in the future. While we believe that the Founders Agreement and the Management Services Agreement were negotiated by independent parties on both sides on arm's length terms, and the fiduciary duties of both parties were thereby satisfied, in the future situations may arise under the operation of both agreements that may create a conflict of interest. We will have to be diligent to ensure that any such situation is resolved by independent parties. In particular, under the Management Services Agreement, Fortress and its affiliates are free to pursue opportunities which could potentially be of interest to Mustang, and they are not required to notify Mustang prior to pursuing such opportunities. Any such conflict of interest or pursuit by Fortress of a corporate opportunity independent of Mustang could expose us to claims by our investors and creditors and could harm our results of operations.

We may become involved in securities class action litigation that could divert management's attention and harm our business.

The stock markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for the common stock of biotechnology and pharmaceutical companies. These broad market fluctuations may cause the market price of our stock to decline. In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because biotechnology and biopharmaceutical companies have experienced significant stock price volatility in recent years. We may become involved in this type of litigation in the future. Litigation often is expensive and diverts management's attention and resources, which could adversely affect our business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

The exhibits listed on the Exhibit Index are either filed or furnished with this report or incorporated herein by reference.

EXHIBIT INDEX

Exhibit No.	Description
10.1	Lease Agreement, by and between the Company and WCS - 377 Plantation Street, Inc., dated October 27, 2017.
31.1	Certification of Chairman, President and Chief Executive Officer (Principal Executive Officer), pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification of Interim Chief Financial Officer (Principal Financial Officer), pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification of Chairman, President and Chief Executive Officer (Principal Executive Officer), pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.2	Certification of Interim Chief Financial Officer (Principal Financial Officer), pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).
101	The following financial information from the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2017, formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Balance Sheets, (ii) the Condensed Statements of Operations, (iii) the Condensed Statement of Stockholders' Equity, (iv) the Condensed Statements of Cash Flows, and (v) Notes to the Condensed Financial Statements (filed herewith).

Signatures

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

MUSTANG BIO, INC.

November 13, 2017

By: /s/ Manuel Litchman
Manuel Litchman, M.D., President and
Chief Executive Officer (Principal Executive Officer)

By: /s/ David J. Horin
David J. Horin
Interim Chief Financial Officer (Principal Financial Officer)

Exhibit 10.1

LEASE AGREEMENT

Landlord:	**WCS - 377 Plantation Street, Inc.**
Tenant:	**Mustang Bio, Inc.**
Building:	**377 Plantation Street, Worcester, Massachusetts**
Premises:	**27,043 Rentable Square Feet on the First Floor of the Building**

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LEASE AGREEMENT

THIS LEASE AGREEMENT (this "**Lease**") is made as of the ____ day of October, 2017 between WCS - 377 Plantation Street, Inc., a Massachusetts nonprofit corporation ("**Landlord**"), and Mustang Bio, Inc., a Delaware corporation ("**Tenant**").

Address: 377 Plantation Street, Worcester, Massachusetts

Premises: That portion of the Property located on the first floor, as shown on **Exhibit A**, containing approximately 27,043 rentable square feet, as determined by Landlord.

Property: The real property including the building (the "**Building**") in which the Premises are located, together with all improvements thereon and appurtenances thereto as described on **Exhibit B**.

Base Rent

Lease Year:	Annual Base Rent:	Payable in following Monthly Installments:
1	$ 419,166.50	$ 34,930.54
2	$ 432,688.00	$ 36,057.33
3	$ 446,209.50	$ 37,184.13
4	$ 459,731.00	$ 38,310.92
5	$ 473,252.50	$ 39,437.71
6	$ 486,774.00	$ 40,564.50
7	$ 500,295.50	$ 41,691.29
8	$ 513,817.00	$ 42,818.08
9	$ 527,338.50	$ 43,944.88

Provided there is no Default under the Lease during the Base Term, (i) during the first Lease Year, Base Rent shall be fully abated and (ii) during the second Lease Year, 47.41% of Base Rent shall be abated.

Rentable Area of Premises 27,043 sq. ft. consisting of two parcels: 14,222 square feet ("**Section A**") and 12,821 square feet ("**Section B**") as shown on **Exhibit A.**

Rentable Area of Property: 91,147 sq. ft.

Tenant's Share of Operating Expenses:	The Rentable Area of Premises from time to time divided by the Rentable Area of Property from time to time, initially being 29.67%, provided, however that Tenant shall not be responsible for Tenant's Share of Operating Expenses until the first day of the seventh month of the first Lease Year, at which time Tenant's Share of Operating Expenses shall be calculated solely including Section A of the Premises and thus will constitute 15.60% (14,222/91,147), until the Section B Occupancy Date at which time and thereafter Tenant's Share of Operating Expenses shall constitute the Rentable Area of Premises from time to time divided by the Rentable Area of Property from time to time, currently being 29.67%.
Security Deposit:	$250,000.00 Cash Security Deposit and $500,000 Security Deposit in the form of a Letter of Credit, which shall be increased to a $1,000,000 Letter of Credit on or before the Section B Occupancy Date ("**Letter of Credit Security Deposit**"). The Letter of Credit shall be subject to reduction as set forth in Section 6.
Base Term:	The Base Term shall be for nine (9) years (plus any initial partial period should the Commencement Date occur other than on the first day of a month), such term beginning on the Commencement Date and ending at the end of the day prior to the ninth anniversary of the Commencement Date, provided that if the Commencement Date does not occur on the first day of the month, the Base Term shall expire on the last day of the month in which the ninth anniversary of the Commencement Date occurs.
Lease Year:	The first Lease Year shall be the period commencing on the Commencement Date and ending on the day prior to the first anniversary of the Commencement Date, provided that if the Commencement Date does not occur on the first day of the month, the first Lease Year shall expire on the last day of the month in which the first anniversary of the Commencement Date occurs and each Lease Year thereafter shall commence on the day following the expiration of the previous Lease Year and expire on the anniversary of the expiration of the previous Lease Year.
Section B Occupancy Date:	The earlier of (i) the date on which the Tenant commences use of any portion of Section B for the Permitted Use hereunder (as opposed to use of Section B for construction, setting up furniture, fixtures and equipment, conducting inspections and testing, and similar activities needed to prepare for occupancy) and (ii) the first day of the third Lease Year.

Permitted Use:	Scientific research and development laboratory, related office and other related uses consistent with the character of the Property and otherwise in compliance with the provisions of Section 7 hereof.
Address for Rent Payment:	WCS – 377 Plantation Street, Inc. c/o University of Massachusetts Medical School 55 Lake Avenue North Worcester, MA 01655 Attn: Bursar's Office
Landlord's Notice Address:	WCS – 377 Plantation Street, Inc. c/o University of Massachusetts Medical School 55 Lake Avenue North Worcester, MA 01655 Attn: Director of Property Services With a copy to: Paul C. Bauer, Esq. Bowditch & Dewey, LLP 200 Crossing Boulevard, Suite 500 Framingham, Massachusetts 01702
Tenant's Notice Address:	Mustang Bio, Inc. Attn: Manuel Litchman, CEO 2 Gansevoort Street, 9th floor New York, NY 10014 With a copy to: the Premises Attn: Knut Niss, VP, Program Management With a copy to: Wyrick Robbins Yates & Ponton LLP 4101 Lake Boone Trail, Suite 300 Raleigh, NC 27607 Attn: Anna P. McLamb, Esq.

The following Exhibits and Addenda are attached hereto and incorporated herein by this reference:

EXHIBIT A - PREMISES DESCRIPTION
EXHIBIT B - DESCRIPTION OF PROPERTY
EXHIBIT C - COMMENCEMENT DATE
EXHIBIT D - RULES AND REGULATIONS
EXHIBIT E- TENANT'S PERSONAL PROPERTY
EXHIBIT F - FORM OF SURRENDER PLAN
EXHIBIT G – RESERVED PARKING
EXHIBIT H – WORK LETTER
EXHIBIT I – HAZARDOUS MATERIALS LIST

1. **Lease of Premises**. Upon and subject to all of the terms and conditions hereof, Landlord hereby leases the Premises to Tenant and Tenant hereby leases the Premises from Landlord. The portions of the Property which are for the non-exclusive use of tenants of the Property are collectively referred to herein as the "**Common Areas**." Landlord reserves the right to modify Common Areas, provided that such modifications do not materially adversely affect Tenant's use of the Premises for the Permitted Use, Tenant's access to the Premises, or Tenant's usage of reserved parking.

2. **Delivery; Acceptance of Premises; Commencement Date; Extension Option**

(a) **Premises Delivery.** Landlord shall deliver ("**Delivery**" or "**Deliver**") the Premises to Tenant on or about November 1, 2017. The "**Commencement Date**" shall be the date Landlord Delivers the Premises to Tenant. The "**Rent Commencement Date**" shall be the Commencement Date, subject to the rent abatement set forth in the definition of Base Rent set forth above. Upon request of Landlord, Tenant shall execute and deliver a written acknowledgment of the Commencement Date, the Rent Commencement Date, the expiration date of the Term and the Section B Occupancy Date when such are established, in the form of the "**Acknowledgement of Commencement Date**" attached to this Lease as **Exhibit C**; provided, however, Tenant's failure to execute and deliver such acknowledgment shall not affect Landlord's rights hereunder. The "Term" of this Lease shall be the Base Term, as defined above on the first page of this Lease, together with any Extension Term that comes into effect in accordance with this Lease.

(b) **As Is Condition.** Except as set forth in this Lease: (i) Tenant shall accept the Premises in their "as-is" condition as of the Commencement Date, subject to all applicable Legal Requirements (as defined in Section 7 hereof); (ii) Landlord shall have no obligation for any defects in the Premises; and (iii) Tenant's taking possession of the Premises shall be conclusive evidence that Tenant accepts the Premises and that the Premises were in good condition at the time possession was taken. Any occupancy of the Premises by Tenant before the Commencement Date shall be subject to all of the terms and conditions of this Lease, excluding the obligation to pay Base Rent and Operating Expenses. Tenant shall undertake Tenant's Work to prepare the Premises for occupancy pursuant to and in accordance with Section 12 and **Exhibit H.**

(c) **Complete Agreement.** Tenant agrees and acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the condition of all or any portion of the Premises or the Property, and/or the suitability of the Premises or the Property for the conduct of Tenant's business, and Tenant waives any implied warranty that the Premises or the Property are suitable for the Permitted Use. This Lease constitutes the complete agreement of Landlord and Tenant with respect to the subject matter hereof and supersedes any and all prior representations, inducements, promises, agreements, understandings and negotiations which are not contained herein. Landlord in executing this Lease does so in reliance upon Tenant's representations, warranties, acknowledgments and agreements contained herein.

(d) **Extension Option.** Provided Tenant is not in Default under this Lease at the time of notice or commencement of the Extension Term, has not Defaulted more than three times during the Term or first Extension Term, as the case may be, and occupies at least 75% of the Premises, Tenant shall have the option to extend the Lease (each, an "**Extension Option**") beyond the expiration of the Term for two (2) additional periods (each an "**Extension Term**") consisting of five (5) years each by providing written notice to Landlord not earlier than 15 months nor later than 12 months prior to the expiration of the Term or the first Extension Term, as the case may be; provided, however, Tenant shall have no further right to extend the Lease. In the event Tenant does not exercise an option to extend it shall have no further extension options. Any extension of the Lease for an Extension Term shall be upon the same terms and conditions set forth in the Lease, except that commencing on the first day of the first Extension Term, Base Rent shall be payable at the at the Market Rate (as defined below). Base Rent shall thereafter be adjusted on the annual anniversary of the commencement of such Extension Term by a percentage as determined by Landlord and agreed to by Tenant at the time the Market Rate is determined (the "**Escalation Rate**"). As used herein, "**Market Rate**" shall mean the higher of (i) 95% of the then market rental rate in Worcester, Massachusetts, taking into account all relevant factors including comparable building age, condition, type of use, level of finish and proximity to amenities, as well as length of lease term and any concessions, allowances or other incentives provided to tenants in comparable space as determined by Landlord and agreed to by Tenant or (ii) the Base Rent in effect in the last year of the Term (or first Extension Term with respect to Base Rent for the second Extension Term).

If Tenant, in a notice to Landlord sent no sooner than fifteen (15) months prior to the scheduled expiration of the Term, requests that Landlord confirm the Market Rate and Escalation Rate that would apply during the upcoming Extension Term, Landlord shall confirm Market Rate and Escalation Rate in a responsive notice to Tenant (the "**Advance Market Confirmation**") within fifteen (15) business days. Any delay of Landlord beyond fifteen (15) business days in sending the Advance Market Confirmation to Tenant shall reduce the period prior to scheduled expiration of the Term in which Tenant has to exercise the Extension Option (e.g., if Landlord takes 7 days beyond the fifteen business days to deliver its Advance Market Confirmation to Tenant, then Tenant shall be able to give Landlord notice of exercise of the Extension Option until the day that is 7 days after the end of the twelfth month before the scheduled expiration of the Term).

If, on or before the date which is 270 days prior to the expiration of the Base Term of this Lease, Tenant has not agreed with Landlord's determination of the Market Rate and the rent escalations during the Extension Term, if Tenant does not by such date notify Landlord of Tenant's rescission of its exercise of the Extension Option, then Tenant shall be deemed to have elected arbitration as described below. If Tenant timely provides such notice of rescission, the Extension Option shall be rescinded and of no further force or effect.

(i) Within 10 business days of Tenant's notice to Landlord of its election (or deemed election) to arbitrate the Market Rate and the Escalation Rate, each party shall deliver to the other a proposal containing the Market Rate and the Escalation Rate that the submitting party believes to be correct ("**Extension Proposal**"). If either party fails to timely submit an Extension Proposal, the other party's submitted proposal shall determine the Base Rent and escalations for the Extension Term. If both parties submit Extension Proposals, then Landlord and Tenant shall meet within 7 days after delivery of the last Extension Proposal and make a good faith attempt to mutually appoint a single Arbitrator (and defined below) to determine the Market Rate and escalations. If Landlord and Tenant are unable to agree upon a single Arbitrator, then each shall, by written notice delivered to the other within 10 business days after the meeting, select an Arbitrator. If either party fails to timely give notice of its selection for an Arbitrator, the other party's submitted Extension Proposal shall determine the Market Rate and the Escalation Rate for the Extension Term. The 2 Arbitrators so appointed shall, within 5 business days after their appointment, appoint a third Arbitrator. If the 2 Arbitrators so selected cannot agree on the selection of the third Arbitrator within the time above specified, then either party, on behalf of both parties, may request such appointment of such third Arbitrator by application to any state court of general jurisdiction in the jurisdiction in which the Premises are located, upon 10 business days' prior written notice to the other party of such intent.

(ii) The decision of the Arbitrator(s) on the appropriate Extension Proposal shall be made within 30 days after the appointment of a single Arbitrator or the third Arbitrator, as applicable. If only one Arbitrator is appointed, the decision of the single Arbitrator shall be final and binding upon the parties. The average of the two closest Arbitrators in a three Arbitrator panel shall be final and binding upon the parties. Each party shall pay the fees and expenses of the Arbitrator appointed by or on behalf of such party and the fees and expenses of the third Arbitrator shall be borne equally by both parties. If the Market Rate and the Escalation Rate are not determined by the first day of the Extension Term, then Tenant shall pay Landlord Base Rent in an amount equal to the Base Rent in effect immediately prior to the Extension Term, increased by $0.50 per rentable square foot per annum, until such determination is made. After the determination of the Market Rate and the Escalation Rate, the parties shall make any necessary adjustments to such payments made by Tenant. Landlord and Tenant shall then execute an amendment recognizing the Market Rate and escalations for the Extension Term.

(iii) An "Arbitrator" shall be any person appointed by or on behalf of either party or appointed pursuant to the provisions hereof and: (i) shall be (A) a member of the American Institute of Real Estate Appraisers with not less than 10 years of experience in the appraisal of improved office and high tech industrial real estate in the greater Worcester metropolitan area, or (B) a licensed commercial real estate broker with not less than 15 years' experience representing landlords and/or tenants in the leasing of high tech or life sciences space in the greater Worcester metropolitan area, (ii) devoting substantially all of their time to professional appraisal or brokerage work, as applicable, at the time of appointment and (iii) be in all respects impartial and disinterested.

The Extension Right is personal to Tenant and is not assignable without Landlord's consent, which may be granted or withheld in Landlord's sole discretion separate and apart from any consent by Landlord to an assignment of Tenant's interest in the Lease.

Notwithstanding anything set forth above to the contrary, the Extension Right shall not be in effect and Tenant may not exercise the Extension Right:

(i) during any period of time that Tenant is in Default under any provision of this Lease; or

(ii) if Tenant has been in Default under any provision of this Lease 3 or more times, whether or not the Defaults are cured, during the 12 month period immediately prior to the date that Tenant intends to exercise the Extension Right, whether or not the Defaults are cured.

The period of time within which the Extension Right may be exercised shall not be extended or enlarged by reason of Tenant's inability to exercise the Extension Right. The Extension Right shall terminate and be of no further force or effect even after Tenant's due and timely exercise of the Extension Right, if, after such exercise, but prior to the commencement date of the Extension Term, (i) Tenant fails to timely cure any Default by Tenant under this Lease; or (ii) Tenant has Defaulted 3 or more times during the period from the date of the exercise of the Extension Right to the date of the commencement of the Extension Term, whether or not such Defaults are cured.

3. **Rent.**

(a) **Base Rent**. The Security Deposit shall be due and payable on delivery of an executed copy of this Lease to Landlord. Tenant shall pay to Landlord in advance, without demand, abatement, deduction or set-off, equal monthly installments of Base Rent on or before the first day of each calendar month during the Term hereof after the Rent Commencement Date, in lawful money of the United States of America , at the office of Landlord for payment of Rent set forth above, or to such other person or at such other place as Landlord may from time to time designate in writing.; provided, however, that the installment of Rent that is payable on the Rent Commencement Date shall not be overdue if paid by Tenant within five (5) business days of the Rent Commencement Date. Payments of Base Rent for any fractional calendar month shall be prorated. The obligation of Tenant to pay Base Rent and other sums to Landlord and the obligations of Landlord under this Lease are independent obligations. Tenant shall have no right at any time to abate, reduce, or set-off any Rent (as defined in **Section 5**) due hereunder except for those abatement rights that are expressly provided in this Lease.

(b) **Additional Rent**. In addition to Base Rent, Tenant agrees to pay to Landlord as additional rent ("**Additional Rent**"): (i) Tenant's Share of "Operating Expenses" (as defined in Section 5), and (ii) any and all other amounts Tenant assumes or agrees to pay under the provisions of this Lease, including, without limitation, any and all other sums that may become due by reason of any default of Tenant or failure to comply with the agreements, terms, covenants and conditions of this Lease to be performed by Tenant, after any applicable notice and cure period.

4. **Intentionally Omitted.**

5 . **Operating Expense Payments**. Landlord shall deliver to Tenant a written estimate of Operating Expenses for each calendar year during the Term (the "**Annual Estimate**"), which may be revised by Landlord from time to time during such calendar year. Commencing on the Rent Commencement Date and continuing thereafter on the first day of each month during the Term, Tenant shall pay Landlord an amount equal to 1/12th of Tenant's Share of the Annual Estimate. Payments for any fractional calendar month shall be prorated.

The term "Operating Expenses" means all costs and expenses of any kind or description whatsoever incurred or accrued each calendar year by Landlord with respect to the Property and the Generator (including, without duplication, Taxes (as defined in Section 9), reasonable reserves consistent with good business practice for future repairs and replacements, and the costs of Landlord's third party property manager (provided that Tenant's Share of such property management costs shall not exceed 5.0% of Base Rent) or, if there is no third party property manager, administration rent in the amount of 5.0% of Base Rent), excluding only:

(a) the original construction costs of the Property and renovation prior to the date of the Lease, costs of correcting defects in such original construction or renovation and costs of any improvements made to the Property for purposes of compliance with Legal Requirements to the extent such Legal Requirements exist as of the date hereof or insurance requirements because of another tenant at the Property or such tenant's use of the Property;

(b) interest and principal payments under any Mortgage (as defined in Section 27) or other debts of Landlord, financing costs and amortization of funds borrowed by Landlord, whether secured or unsecured, and any rent payable under any ground lease pertaining to the Property or under any leases of base building equipment for the Building such as HVAC or elevator;

(c) depreciation of the Property (except for those capital improvements, for which the costs are not excluded from Operating Expenses as provided below);

(d) advertising, legal and space planning expenses and leasing commissions and other costs and expenses incurred in procuring and leasing space to tenants for the Property, including any leasing office maintained in the Property, free rent, construction allowances and other concessions for such tenants;

(e) legal, accounting, administrative and other expenses incurred in the purchase, financing or refinancing of the Property or related to the operation of Landlord or its affiliates as entities to the extent not related to the operation and maintenance of the Property;

(f) completing, fixturing, improving, renovating, painting, redecorating or other work, which Landlord pays for or performs for other tenants within their premises, and costs of correcting defects in such work as well as the cost of furnishing services to any tenant materially in excess of Building standard services provided to tenants;

(g) costs to the extent reimbursed by other tenants of the Property or Taxes to be paid directly by Tenant or other tenants of the Property

(h) costs (including attorneys' fees and costs of settlement, judgments and payments in lieu thereof) incurred in connection with disputes with tenants, other occupants, or prospective tenants, and costs and expenses, including legal fees, incurred in connection with negotiations or disputes with employees, consultants, management agents, leasing agents, purchasers or mortgagees of the Building;

(i) costs incurred by Landlord (i) for the benefit of any particular tenant in the Building but not for the benefit of all tenants in the Building, or (ii) due to the violation by Landlord, its employees, agents or contractors or any tenant of the terms and conditions of any lease of space in the Property or any Legal Requirement (as defined in Section 7);

(j) penalties, fines or interest incurred as a result of Landlord's failure to make payment of Taxes and/or to file any tax or informational returns when due, or from Landlord's failure to make any payment of Taxes, or any other payment obligation of Landlord, required to be made by Landlord hereunder before delinquency;

(k) net income taxes of Landlord or the owner of any interest in the Property, franchise, capital stock, gift, estate or inheritance taxes or any federal, state or local documentary taxes imposed against the Property or any portion thereof or interest therein;

(l) any expenses otherwise includable within Operating Expenses to the extent actually reimbursed by persons other than tenants of the Property under leases for space in the Property, including, without limitation, reimbursements from insurance proceeds, condemnation awards, warranties and rebates; and

(m) costs for capital equipment and capital expenditures unless the same are (x) incurred to comply with laws or other governmental requirements that only become applicable to the Property after the Effective Date, (y) incurred to achieve savings or reductions in other Operating Expenses, or (z) incurred to make a replacement or capital repair with respect to any equipment or component with respect to which Landlord reasonably determines that repairs are no longer commercially reasonable.

Within 90 days after the end of each calendar year (or such longer period as may be reasonably required), Landlord shall furnish to Tenant a statement (an "**Annual Statement**") showing in reasonable detail: (a) the total and Tenant's Share of actual Operating Expenses for the previous calendar year, and (b) the total of Tenant's payments in respect of Operating Expenses for such year. If Tenant's Share of actual Operating Expenses for such year exceeds Tenant's payments of Operating Expenses for such year, the excess shall be due and payable by Tenant as Rent within 30 days after delivery of such Annual Statement to Tenant. If Tenant's payments of Operating Expenses for such year exceed Tenant's Share of actual Operating Expenses for such year Landlord shall pay the excess to Tenant within 30 days after delivery of such Annual Statement, except that after the expiration, or earlier termination of the Term or if Tenant is delinquent in its obligation to pay Rent, Landlord shall pay the excess to Tenant after deducting all other amounts due Landlord. Landlord shall reasonably attempt to deliver an Annual Statement by June 1 of the year following the year to which such Annual Statement pertains. If Landlord shall failure to so deliver an Annual Statement to Tenant by August 1 of the year following the year to which such Annual Statement pertains, then Landlord shall be deemed to have waived Landlord’s rights to payment, if any, from Tenant for such year.

The Annual Statement shall be final and binding upon Tenant unless Tenant, within 60 days after Tenant's receipt thereof, shall contest any item therein by giving written notice to Landlord, specifying each item contested and the reason therefor. Operating Expenses for the calendar years in which Tenant's obligation to share therein begins and ends shall be prorated. Any such contest by Tenant shall be based upon review of the Annual Statement by a certified public accountant engaged by Tenant ("**Tenant's CPA**"). Tenant's CPA shall not be compensated on a contingency basis, in whole or in part, will not in any manner solicit or agree to represent any other tenant of the Property for an audit or other review of Operating Expenses or an Annual Statement, shall maintain in strict confidence any and all information obtained in connection with its review of the Annual Statement and Operating Expenses, and shall not disclose that information to any person or entity other than to the ownership and management of Tenant and Landlord. Notwithstanding anything set forth herein to the contrary, if the Property is not at least 95% occupied on average during any year of the Term, Tenant's Share of Operating Expenses for such year shall be computed as though the Property had been 95% occupied on average during such year; provided, however, that (i) Landlord shall disclose in writing to Tenant if any such adjustment is made, and (ii) no such adjustment shall result in Landlord receiving payments for Operating Expenses in excess of the amounts incurred by Landlord for Operating Expenses. [

"**Tenant's Share**" shall be the percentage set forth on the first page of this Lease as Tenant's Share as reasonably adjusted by Landlord for changes in the physical size of the Premises or the Property occurring thereafter Base Rent, Tenant's Share of Operating Expenses and all other amounts payable by Tenant to Landlord hereunder are collectively referred to herein as "**Rent**."

6. **Security Deposit**. As security for the performance of all of Tenant's obligations hereunder, Tenant shall deposit with Landlord, upon delivery of an executed copy of this Lease to Landlord, (a) a security deposit (the "**Security Deposit**") in the amounts set forth in the defined terms of this Lease, which Security Deposit shall, as described in the defined terms, be in the form of cash and an unconditional and irrevocable letter of credit (the "**Letter of Credit**"): (i) in form and substance satisfactory to Landlord, (ii) naming Landlord as beneficiary, (iii) expressly allowing Landlord to draw upon it at any time from time to time by delivering to the issuer notice that Landlord is entitled to draw thereunder, (iv) issued by an FDIC-insured financial institution satisfactory to Landlord, and (v) redeemable by presentation of a sight draft in the state of Landlord's choice. If Tenant does not provide Landlord with a substitute Letter of Credit complying with all of the requirements hereof at least 10 days before the stated expiration date of any then current Letter of Credit, Landlord shall have the right to draw the full amount of the current Letter of Credit and hold the funds drawn in cash without obligation for interest thereon as the Security Deposit. The Security Deposit shall be held by Landlord as security for the performance of Tenant's obligations under this Lease. The Security Deposit is not an advance rental deposit or a measure of Landlord's damages in case of Tenant's default. Upon each occurrence of a Default (as defined in Section 20), Landlord may use all or any part of the Security Deposit to pay delinquent payments due under this Lease, future rent damages provided in this Lease as they come due, and the cost of any damage, injury, expense or liability caused by such Default, without prejudice to any other remedy provided herein or provided by law. Landlord's right to use the Security Deposit under this Section 6 includes the right to use the Security Deposit to pay future rent damages following the termination of this Lease pursuant to Section 21(c) below. Upon any use of all or any portion of the Security Deposit, Tenant shall pay Landlord on demand the amount that will restore the Security Deposit to the amount set forth on Page 1 of this Lease. Tenant hereby waives the provisions of any law, now or hereafter in force which provide that Landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of Rent, to repair damage caused by Tenant or to clean the Premises, it being agreed that Landlord may, in addition, claim those sums reasonably necessary to compensate Landlord for any other loss or damage, foreseeable or unforeseeable, caused by the act or omission of Tenant or any officer, employee, agent or invitee of Tenant, as long as the same also constitutes a Default under this Lease. Upon 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 periods prior to the filing of such proceedings. Upon any such use of all or any portion of the Security Deposit, Tenant shall, within 5 days after demand from Landlord, restore the Security Deposit to its original amount. If Tenant shall fully perform every provision of this Lease to be performed by Tenant, the Security Deposit, or any balance thereof (i.e., after deducting therefrom all amounts to which Landlord is entitled under the provisions of this Lease), shall be returned to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) within 30 days after the expiration or earlier termination of this Lease.

If Landlord transfers its interest in the Property or this Lease, Landlord shall transfer any Security Deposit then held by Landlord to a person or entity assuming Landlord's obligations under this Section 6. Only upon such transfer to such transferee, shall Landlord have no further obligation with respect to the Security Deposit, and Tenant's right to the return of the Security Deposit shall apply solely against Landlord's transferee. The Security Deposit is not an advance rental deposit or a measure of Landlord's damages in case of Tenant's default. Landlord's obligation respecting the Security Deposit is that of a debtor, not a trustee, and no interest shall accrue thereon.

The Letter of Credit Security Deposit shall be subject to adjustment as follows:

(i) If, after the expiration of the fifth Lease Year, Tenant is not then in Default under this Lease, has not been in Default more than twice during the Term, and the Landlord has not drawn on the Letter of Credit Security Deposit, then the Letter of Credit Security Deposit shall be reduced to $750,000.00 either by amendment or replacement of the Letter of Credit).

(ii) If, after the expiration of the sixth Lease Year, Tenant is not then in Default under this Lease, has not been in Default more than twice during the Term, and the Landlord has not drawn on the Letter of Credit Security Deposit, then the Letter of Credit Security Deposit shall be reduced to $375,000.00 either by amendment or replacement of the Letter of Credit).

(iii) If, after the expiration of the seventh Lease Year, Tenant is not then in Default under this Lease, has not been in Default more than twice during the Term, and the Landlord has not drawn on the Letter of Credit Security Deposit, then the Letter of Credit Security Deposit shall be released and cancelled.

7. **Use**.

(a) **Permitted Use**. The Premises shall be used solely for the Permitted Use set forth in the basic lease provisions on page 1 of this Lease, and in compliance with all laws, orders, judgments, ordinances, regulations, codes, directives, permits, licenses, covenants and restrictions now or hereafter applicable to the Premises, and to the use and occupancy thereof, including, without limitation, the Americans With Disabilities Act, 42 U.S.C. § 12101, et seq. (together with the regulations promulgated pursuant thereto, "**ADA**") (collectively, "**Legal Requirements**" and each, a "**Legal Requirement**"). Except as provided herein, Landlord shall be responsible for compliance of those portions of the Property not then leased to Tenant or other parties other than Landlord or Landlord's affiliates, including but not limited to common areas, with Legal Requirements. Tenant shall, upon 5 days' written notice from Landlord, discontinue any use of the Premises which is declared by any Governmental Authority (as defined in Section 9) having jurisdiction to be a violation of a Legal Requirement. Tenant will not use or permit the Premises to be used for any purpose or in any manner that would void Tenant's or Landlord's insurance, increase the insurance risk, or cause the disallowance of any sprinkler or other credits, it being acknowledged that use of the Premises for the Permitted Use shall not be prohibited or impaired hereby. Tenant shall not permit any part of the Premises to be used as a "place of public accommodation", as defined in the ADA or any similar legal requirement. Tenant shall reimburse Landlord promptly upon demand for any additional premium charged for any such insurance policy by reason of Tenant's failure to comply with the provisions of this Section or otherwise caused by Tenant's use and/or occupancy of the Premises for any use or purpose other than the Permitted Use. Tenant will use the Premises in a careful, safe and proper manner and will not commit or permit waste, overload the floor or structure of the Premises, subject the Premises to use that would damage the Premises or obstruct or interfere with the rights of Landlord or other tenants or occupants of the Property, including conducting or giving notice of any auction, liquidation, or going out of business sale on the Premises, or using or allowing the Premises to be used for any unlawful purpose. Tenant shall cause any equipment or machinery to be installed in the Premises so as to reasonably prevent or mitigate sounds or vibrations from the Premises from extending into Common Areas, or other occupied space in the Property. Tenant shall not transport or move any machinery or equipment weighing 500 pounds or more through the Common Areas of the Property or in the Property elevators without the prior written consent of Landlord, not to be unreasonably withheld, conditioned or delayed. Tenant shall not exceed Building floor load limits within the Premises or Building. Except as the same may be accommodated by Tenant's Work or other approved Alterations to the Premises, Tenant shall not, without the prior written consent of Landlord, use the Premises in any manner which will require ventilation, air exchange, heating, gas, steam, electricity or water beyond the existing capacity of the Property as proportionately allocated to the Premises based upon Tenant's Share as usually furnished for the Permitted Use. Subject to security protocols established by Landlord from time to time for the Building and other express provisions of this Lease, Tenant will have access to the Building, Common Areas and the Premises 24 hours a day, 7 days a week and 365/366 days a year.

(b) **Legal Requirements**. Tenant, at its sole expense, shall make any alterations or modifications to the interior or the exterior of the Premises or the Property that are required by Legal Requirements (including, without limitation, compliance of the Premises with the ADA), related to Tenant's particular use or occupancy of the Premises or required as part of any Alterations. Landlord shall be responsible for any such alterations or modifications to the extent they arise out of use or occupancy of, or alterations to, the Property made by or for Landlord or other tenants or prospective tenants at the Property (other than Tenant). Notwithstanding any other provision herein to the contrary, Tenant shall be responsible for any and all demands, claims, liabilities, losses, costs, expenses, actions, causes of action, damages or judgments, and all reasonable expenses incurred in investigating or resisting the same (including, without limitation, reasonable attorneys' fees, charges and disbursements and costs of suit) (collectively, "**Claims**") arising out of or in connection with Legal Requirements that are related to Tenant's particular use or occupancy of the Premises, and Tenant shall indemnify, defend, hold and save Landlord harmless from and against any and all Claims arising out of or in connection with any failure of the Premises to comply with any such Legal Requirement except to the extent such compliance is expressly Landlord's responsibility under this Lease.

(c) **Emergency Generator**.

(i) Tenant shall have the right to use on a shared basis in common with other tenants and occupants of the Property the emergency standby generator ("**Generator**") at the Property in the event of a power outage. Tenant's use of the Generator shall not exceed 30 kW. Without limiting the generality of the foregoing or any other term or provision of this Lease, Tenant, in its use of the Generator, shall comply with all permits with respect to the Generator and all Environmental Laws and other Legal Requirements. Tenant shall indemnify and hold Landlord harmless from and against any and all claims of any kind or nature to the extent related to the use of the Generator by Tenant or any other Tenant Party.

(ii) Landlord shall have no obligation or liability to Tenant on account of, or in any way related to, the condition, use or operation of the Generator nor shall Landlord have any obligation or liability to Tenant or any other party on account of any use or non-use of or damage to the Generator caused by any other tenant, subtenant, licensee, invitee, agent, servant, contractor or other party who may, from time to time, make use of the same nor shall Landlord have any obligation to Tenant on account of or in any way related to any failure of the Generator to comply with Environmental Requirements or other Legal Requirements or, except as specifically set forth in this Section 7(c), for any failure of the Generator to function or operate in any particular manner. While the Generator installed at the Property as of the Effective Date may meet National Fire Protection Association ("**NFPA**") Life Safety Code requirements, Landlord makes no warranty or representation as to such compliance and shall not be responsible for maintaining the Generator or any additional or replacement Generator in compliance with such requirements. In the event Tenant requires generator capacity that is NFPA Life Safety Code compliant, Tenant shall be solely responsible for ensuring such compliance or obtaining generator capacity that is so compliant, all at Tenant's sole cost and expense. If replacement of the Generator is appropriate in Landlord's judgment, Landlord shall replace the Generator with one having capacity sufficient to allow Tenant 30 kW of usage.

(iii) Tenant shall be solely responsible for all costs and expenses which Landlord may suffer or incur or pay on account of or in any way related to the use of Generator by Tenant or any Tenant Party (including, without limitation, any damage caused to the Generator).

(iv) All costs and expenses incurred by Landlord from time to time to maintain and repair the Generator shall be included in Operating Expenses. Notwithstanding the foregoing to the contrary, Tenant shall be responsible for one hundred (100%) percent of the Generator expenses that are attributable to any (a) damage caused to the Generator by Tenant or any Tenant Party, (b) any failure of Tenant or any Tenant Party to comply with Legal Requirements related to the Generator and all such costs and expenses shall be due and payable as Additional Rent within fifteen (15) days after being billed by Landlord.

(v) Landlord shall be responsible for maintenance, repair and replacement of the Generator but in no event shall Landlord be responsible for any maintenance, repair or replacement of the Generator to the extent the need therefor is caused by any failure of Tenant or any Tenant Party to observe, perform and comply with this Lease or by any act or omission of the Tenant or any Tenant Party or by reason of any damage caused to the Generator by Tenant or any Tenant Party. Without limiting any other term or provision of this Lease in no event shall Landlord have any obligation or liability to Tenant on account of, or in any way related to, any use, non-use of, or damage to the Generator nor any failure of the Generator to operate or function caused by any other tenant, subtenant, licensee, invitee, agent, servant, contractor or other party who may from time to time make use of the same nor on account of any failure of any such other Tenant, subtenant, licensee, invitee, agent, servant, contractor or other party to comply with Legal Requirements in any way related to the Generator or the use thereof. In no event shall Landlord have any liability to Tenant for lost revenues, profits, damage to business or consequential damages on account of, or in any way related to, the failure of Landlord to maintain, repair or replace the Generator nor for any failure of the Generator to operate or function properly, nor shall Landlord have any obligation to Tenant on account of or in any way related to any failure of the Generator to comply with Environmental Requirements or other Legal Requirements.

(vi) Without limiting any other term or provision of this Lease, Landlord reserves the right to curtail, suspend, interrupt and/or stop use of the Generator without thereby incurring any liability to Tenant or any Tenant Party when necessary by reason of accident or emergency, or for repairs, alterations, replacements or improvements in the judgment of Landlord desirable or necessary or when required in order to comply with Legal Requirements or when use thereof is interrupted, suspended or prevented under Legal Requirements or by strikes, lockouts, difficulty of obtaining materials, accidents or any other cause beyond Landlord's control or by laws, orders or inability by exercise of reasonable diligence, to obtain electricity, water, gas, steam, coal, oil or other suitable fuel or power. No diminution or abatement of rent or other compensation, nor any direct, indirect or consequential damages or claims for lost profits, or damage to business shall, or will be, claimed by Tenant (or any Tenant Party) as a result of, nor shall this Lease nor any of the obligations of Tenant or any Tenant Party be affected or reduced by reason of any such interruption, curtailment, or suspension. Failure or omission on the part of Landlord to maintain, repair or replace the Generator or to comply with Legal Requirements related to the Generator shall not be construed as an eviction of Tenant, actual or constructive, or, except as noted in Section 11, entitle Tenant to an abatement of Base Rent, nor to render the Landlord liable in damages, nor release Tenant from prompt fulfillment of any of its covenants under this Lease.

(vii) In addition, Tenant, at its sole cost, may install its own generator using the concrete pad located adjacent to the Generator. Installation and wiring shall be pursuant to plans submitted for approval to Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. Tenant shall be responsible for all repair, maintenance and replacement costs associated with this Tenant-installed generator. At the end of the term, Tenant shall remove any Tenant-installed generator and all wiring associated with the same and restore the property on which it was located to its previous condition.

8. **Holding Over**. If, with Landlord's express written consent, Tenant retains possession of the Premises after the termination of the Term, (i) unless otherwise agreed in such written consent, such possession shall be subject to immediate termination by Landlord at any time, (ii) all of the other terms and provisions of this Lease (including, without limitation, the adjustment of Base Rent pursuant to Section 4 hereof) shall remain in full force and effect (excluding any expansion or renewal option or other similar right or option) during such holdover period, (iii) Tenant shall continue to pay Base Rent in the amount payable upon the date of the expiration or earlier termination of this Lease or such other amount as Landlord may indicate, in Landlord's sole and absolute discretion, in such written consent, and (iv) all other payments shall continue under the terms of this Lease. If Tenant remains in possession of the Premises after the expiration or earlier termination of the Term without the express written consent of Landlord, (A) Tenant shall become a tenant at sufferance upon the terms of this Lease except that the monthly Base Rent payment shall be equal to 150% of Base Rent in effect during the last 30 days of the Term, and (B) Tenant shall be responsible for all damages suffered by Landlord resulting from or occasioned by Tenant's holding over, including consequential damages. No holding over by Tenant, whether with or without consent of Landlord, shall operate to extend this Lease except as otherwise expressly provided, and this Section 8 shall not be construed as consent for Tenant to retain possession of the Premises. Acceptance by Landlord of Rent after the expiration of the Term or earlier termination of this Lease shall not result in a renewal or reinstatement of this Lease.

9. **Taxes**. Tenant shall pay, as part of Operating Expenses, all taxes, levies, fees, assessments and governmental charges of any kind, existing as of the Commencement Date or thereafter enacted (collectively referred to as "**Taxes**"), imposed by any federal, state, regional, municipal, local or other governmental authority or agency, including, without limitation, quasi-public agencies (collectively, "**Governmental Authority**") during the Term, including, without limitation, all Taxes if imposed in lieu of a tax on Landlord's income: (i) imposed on or measured by or based, in whole or in part, on rent payable to (or gross receipts received by) Landlord under this Lease and/or from the rental by Landlord of the Property or any portion thereof, or (ii) based on the square footage, assessed value or other measure or evaluation of any kind of the Premises or the Property, or (iii) assessed or imposed by or on the operation or maintenance of any portion of the Premises or the Property, including parking, or (iv) assessed or imposed by, or at the direction of, or resulting from Legal Requirements, or interpretations thereof, promulgated by any Governmental Authority, or (v) imposed as a license or other fee, charge, tax, or assessment on Landlord's business or occupation of leasing space in the Property. Landlord may contest by appropriate legal proceedings the amount, validity, or application of any Taxes or liens securing Taxes. Taxes shall not include any net income taxes imposed on Landlord except to the extent such net income taxes are in substitution for any Taxes payable hereunder. If any such Tax is levied or assessed directly against Tenant, then Tenant shall be responsible for and shall pay the same at such times and in such manner as the taxing authority shall require. Tenant shall pay, prior to delinquency, any and all Taxes levied or assessed against any personal property or trade fixtures placed by Tenant in the Premises, whether levied or assessed against Landlord or Tenant. If any Taxes on Tenant's personal property or trade fixtures are levied against Landlord or Landlord's property, or if the assessed valuation of the Property is increased by a value attributable to improvements in or alterations to the Premises made after the Commencement Date, whether owned by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, higher than the base valuation on which Landlord from time-to-time allocates Taxes to all tenants in the Property, Landlord shall have the right, but not the obligation, to pay such Taxes. The amount of any such payment by Landlord shall constitute Additional Rent due from Tenant to Landlord within 30 days of demand. Notwithstanding anything set forth herein to the contrary, if any portion of the Property is exempt from real property taxation and the Premises is not exempt from real property taxation, Tenant shall pay its share of such Taxes based on multiplying the Taxes for Property by a fraction of which the rentable square footage of the Premises is the numerator and the rentable square footage of the Property that is not exempt from real property taxation is the denominator.

10. **Parking**. Subject to all matters of record, Force Majeure, a Taking (as defined in Section 19 below) and the exercise by Landlord of its rights hereunder, Tenant shall have the right to park in up to 28 parking spaces of which 6 will be reserved, in the location shown on the site plan attached hereto as **Exhibit G**, until the Section B Occupancy Date and thereafter 54 parking spaces of which 12 will be reserved, in the location shown on the site plan attached hereto as **Exhibit G**, at no additional expense to the Tenant during the Term of the Lease, subject in each case to Landlord's rules and regulations. Landlord shall not be responsible for enforcing Tenant's parking rights against any third parties, other than other tenants of the Property. Parking shall be for licensed, operative motor vehicles only by officers, directors, employees, visitors and contractors of Tenant. No overnight parking shall be permitted without Landlord's prior written consent.

11. **Utilities, Services**. The Building will be operated with twenty-four hour, seven day access, such access to be controlled during non-Business Hours (as hereinafter defined). Landlord shall provide, subject to the terms and limitations of this Section 11, water, electricity, heat, chilled water, hot water, electrical, fire protection, light, power, sewer, and other utilities (including gas and fire sprinklers to the extent the Property is plumbed for such services), refuse and trash collection and janitorial services (collectively, "**Utilities**"). Central heat and air conditioning shall be provided during Business Hours in season, at such temperatures and in such amounts as are provided by Landlord as standard to other tenants of the Building or as may be controlled by applicable laws, ordinances, rules and regulations or by voluntary conservation programs with which comparable laboratory and office buildings in the greater Worcester metropolitan area are complying. The term "**Business Hours**" shall be deemed to be Monday through Friday from 8:00 A.M. to 6:00 P.M. and Saturday from 8:00 A.M. to 1:00 P.M., excepting Holidays. The term " **Holidays**" shall mean all federally observed holidays, including New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, and to the extent of utilities or services provided by union members engaged at the Property, such other holidays observed by such unions. The term "**Business Day**" or "**business day**" shall mean all days other than Holidays, Saturdays and Sundays. Tenant may request heating, ventilation, air conditioning provided by Landlord to Tenant (i) during hours other than Business Hours, (ii) on Saturdays (after Business Hours), Sundays, or Holidays, said heating, ventilation and air conditioning or extra service to be furnished solely upon the prior written request of Tenant given with such advance notice as Landlord may reasonably require and Tenant shall pay to Landlord Landlord's standard charge for overtime HVAC on an hourly basis from time to time established by Landlord (the current standard charge for after-hours heating from November to March is $15.00 per hour, for after-hours cooling from April through October is $5.00 per hour, in either case with a four hour minimum. Landlord shall pay, as Operating Expenses or subject to Tenant's reimbursement obligation, for all utilities used on the Premises, all maintenance charges for utilities, and any storm sewer charges or other similar charges for utilities imposed by any Governmental Authority or utility provider, and any taxes, penalties, surcharges or similar charges thereon. Landlord may cause, at Tenant's expense, any utilities to be separately metered or charged directly to Tenant by the provider. Tenant shall pay directly to the utility provider, prior to delinquency, any separately metered utilities and services which may be furnished to Tenant or the Premises during the Term. Tenant shall pay, as part of Operating Expenses, its share of all charges for jointly metered utilities based upon consumption, as reasonably determined by Landlord. No interruption or failure of utilities, from any cause whatsoever other than the negligence or willful misconduct of Landlord or its officers, directors, employees, managers, agents, invitees and contractors (collectively, "**Landlord Parties**"), shall result in eviction or constructive eviction of Tenant, termination of this Lease or the abatement of Rent, provided, however that, in the event that Landlord is unable to supply any of the Utilities due to the negligence or willful misconduct of a Landlord Party, and such inability materially impairs Tenant's ability to carry on the Permitted Use in the Premises for a period of three (3) consecutive Business Days, Base Rent and Additional Rent shall be abated effective as of the first day of such material interference with the Permitted Use. Such abatement shall continue until the applicable Utilities have been restored to such extent that the lack of any remaining services no longer materially impairs Tenant's ability to carry on the Permitted Use in the Premises. Tenant shall not be entitled to such an abatement to the extent that Landlord's inability to supply a Utility to Tenant is caused by Tenant or Tenant Parties. In the event of any stoppage or interruption of a Utility to the Premises, Landlord shall use commercially reasonable efforts to restore such Utility to the Premises as soon as possible, which as to restoration actions in the control of an applicable Utility provider shall only require notice to such provider and reasonable follow up and shall not require any restoration action by Landlord. Landlord shall promptly notify Tenant of any planned or actual interruption of Utilities, and shall keep Tenant advised of the status of such restoration efforts. Tenant agrees to limit use of water and sewer with respect to Common Areas to normal restroom use. Notwithstanding the foregoing, Tenant shall pay directly to the utility or direct to Landlord for its own electricity usage as measured by a separate electric meter or submeter exclusively serving the Premises (to be installed by Landlord at its expense as herein provided), including usage for any specialty HVAC equipment for Tenant's lab, except during the first six (6) months of the first Lease Year, in which Landlord shall cause such amounts to be paid. Additionally, but without any duplication of expense, Tenant shall pay Tenant's Share of any single-meter utilities that are chargeable hereunder as Operating Expenses and for the equal benefit to all Building tenants. It shall be Landlord's sole cost and expense to meter either by meter or submeter promptly, separately both Section A and Section B of the Premises. Tenant shall commence payment of electricity charges for Section A commencing with the seventh (7^{th}) month of the first Lease Year and with respect to Section B commencing on the Section B Occupancy Date.

If required, and subject to Landlord's reasonable approval, Tenant shall be allowed to place additional HVAC equipment to serve the Premises outside of the Premises in a location to be mutually agreed upon by Landlord and Tenant. Installation of such equipment shall constitute an Alteration and the installation and maintenance of such equipment shall be performed by Tenant's contractor at Tenant's sole expense.

12. **Alterations and Tenant's Property; Tenant's Work**. Tenant's initial work to prepare the Premises for occupancy (**"Tenant's Work"**) shall constitute Alterations and be constructed by Tenant pursuant to the terms and conditions of **Exhibit H**. Any alterations, additions, or improvements made to the Premises by or on behalf of Tenant other than Tenant's Work, including additional locks or bolts of any kind or nature upon any doors or windows in the Premises, but excluding installation, removal or realignment of furniture systems (other than removal of furniture systems owned by Landlord) not involving any modifications to the structure or connections (other than by ordinary plugs or jacks) to Building Systems (as defined in Section 13) ("**Alterations**") shall be subject to Landlord's prior written consent, which may be given or withheld in Landlord's sole discretion if any such Alteration affects the structure or Building Systems and shall not be otherwise unreasonably withheld, conditioned or delayed. Any request for approval of Alterations shall be in writing, delivered not less than 15 business days in advance of any proposed construction, and accompanied by plans, specifications, bid proposals, work contracts and such other information concerning the nature and cost of the Alterations as may be reasonably requested by Landlord, including the identities and mailing addresses of all persons performing work or supplying materials. Landlord's right to review plans and specifications and to monitor construction shall be solely for its own benefit, and Landlord shall have no duty to ensure that such plans and specifications or construction comply with applicable Legal Requirements. Tenant shall cause, at its sole cost and expense, all Alterations to comply with insurance requirements and with Legal Requirements and shall implement at its sole cost and expense any alteration or modification required by Legal Requirements as a result of any Alterations. Except with respect to Tenant's Work (the terms of which payment from Tenant to Landlord are provided in Section 3.C. of **Exhibit H**), Tenant shall pay to Landlord, as Additional Rent, an amount equal to any third-party costs actually incurred by Landlord and reasonable allocated costs associated with in-house evaluation for plan review, coordination, scheduling and supervision. Before Tenant begins any Alteration, Landlord may post on and about the Premises notices of non-responsibility pursuant to applicable law. Tenant shall reimburse Landlord for, and indemnify and hold Landlord harmless from, any expense incurred by Landlord by reason of faulty work done by Tenant or its contractors, delays caused by such work, or inadequate cleanup, in each case, in connection with an Alteration by Tenant.

Tenant shall provide (and cause each contractor or subcontractor to provide) certificates of insurance for workers' compensation and other coverage in amounts and from an insurance company satisfactory to Landlord protecting Landlord against liability for personal injury or property damage during construction. Upon completion of any Alterations, Tenant shall deliver to Landlord: (i) sworn statements setting forth the names of all contractors and subcontractors who did the work and final lien waivers from all such contractors and subcontractors; and (ii) "as built" plans for any such Alteration, unless the Alteration did not require the issuance of a permit from a Governmental Authority.

Except for Removable Installations (as hereinafter defined), all Installations (as hereinafter defined) shall be and shall remain the property of Landlord during the Term and following the expiration or earlier termination of the Term, shall not be removed by Tenant at any time during the Term, and shall remain upon and be surrendered with the Premises as a part thereof. Notwithstanding the foregoing, Landlord may, at the time its approval of any such Installation is requested, notify Tenant that Landlord requires that Tenant remove such Installation upon the expiration or earlier termination of the Term, in which event Tenant shall remove such Installation in accordance with the immediately succeeding sentence. Upon the expiration or earlier termination of the Term, Tenant shall remove (i) all wires, cables or similar equipment which Tenant has installed in the Premises or in the risers or plenums of the Building, (ii) any Installations for which Landlord has given Tenant notice of removal in accordance with the immediately preceding sentence, and (iii) all of Tenant's Property (as hereinafter defined), and Tenant shall restore and repair any damage caused by or occasioned as a result of such removal, including, without limitation, capping off all such connections behind the walls of the Premises and repairing any holes. During any restoration period beyond the expiration or earlier termination of the Term, Tenant shall pay Rent to Landlord as provided herein as if said space were otherwise occupied by Tenant. If Landlord is requested by Tenant or any lender, lessor or other person or entity claiming an interest in any of Tenant's Property to waive any lien Landlord may have against any of Tenant's Property, and Landlord consents to such waiver, then Landlord shall be entitled to be paid as administrative rent a fee of $1,000 per occurrence for its time and effort in preparing and negotiating such a waiver of lien.

For purposes of this Lease, (x) "**Removable Installations**" means any items listed on **Exhibit E** attached hereto and any items agreed by Landlord in writing to be characterized as Removable Installations, (y) "**Tenant's Property**" means Removable Installations and, other than Installations, any personal property or equipment of Tenant that may be removed without material damage to the Premises, and (z) "**Installations**" means, except to the extent included in Tenant's Work, all property of any kind if paid for by Landlord, all Alterations, all fixtures, and all partitions, hardware, built-in machinery, built-in casework and cabinets and other similar additions, equipment, property and improvements built into the Premises so as to become an integral part of the Premises, including, without limitation, fume hoods which penetrate the roof or plenum area, built-in cold rooms, built-in warm rooms, walk-in cold rooms, walk-in warm rooms, deionized water systems, glass washing equipment, autoclaves, chillers, built-in plumbing, electrical and mechanical equipment and systems, and any power generator and transfer switch.

13. **Landlord's Repairs**. Landlord, as an Operating Expense, shall maintain all of the structural, exterior, parking and other Common Areas of the Property, including the Building foundation, roof, roof system, and exterior walls, exterior windows and doors and the frames and casing therefor, and HVAC, plumbing, fire sprinklers and other life-safety systems, security systems for the Building, elevators, the Generator, and all other building systems serving the Premises and other portions of the Property ("**Building Systems**") (but excluding therefrom systems solely serving the Premises as listed in Section 14(ii) below), in good repair, reasonable wear and tear and uninsured losses and damages caused by Tenant, or by any of Tenant's agents, servants, employees, invitees and contractors (collectively, " **Tenant Parties**" and each, a "**Tenant Party**") excluded. Losses and damages caused by Tenant or any Tenant Party shall be repaired by Landlord, to the extent not covered by insurance, at Tenant's sole cost and expense. Landlord reserves the right to stop Building Systems services when necessary (i) by reason of accident or emergency, or (ii) for planned repairs, alterations or improvements, which are, in the judgment of Landlord, desirable or necessary to be made, until said repairs, alterations or improvements shall have been completed. Landlord shall have no responsibility or liability for failure to supply Building Systems services during any such period of interruption; provided, however, that Landlord shall, except in case of emergency, make a commercially reasonable effort to give Tenant 24 hours' advance notice of any planned stoppage of Building Systems services for routine maintenance, repairs, alterations or improvements, and, if reasonably feasible, to conduct any routine maintenance, repairs, alterations or improvements to Building Systems that would require a stoppage that would materially affect Tenant's use and enjoyment of the Premises for the Permitted Use after Business Hours. Tenant shall promptly give Landlord written notice of any repair required by Landlord pursuant to this Section, after which Landlord shall make a commercially reasonable effort to effect such repair.

If Landlord is in default in the performance of any of its obligations under this Section 13, beyond applicable notice and cure periods, then Tenant shall have the right to remedy such default on Landlord's behalf (provided that Tenant uses reasonable efforts to avoid violating or rendering void any warranties maintained by Landlord), in which event Landlord shall reimburse Tenant within forty five (45) days after invoice for all reasonable costs and expenses incurred by Tenant in connection therewith. Tenant's self-help rights under this Section 13 shall be exercised by Tenant only (i) with respect to conditions actually existing within the Premises (and not affecting the structural components of the Building or systems serving other tenants of the Building), (ii) with respect to conditions that materially affect Tenant's ability to use and enjoy the Premises, and (iii) after Tenant has provided Landlord with notice of Tenant's intention to exercise such right, and Landlord has failed to commence action to remedy the condition complained of within ten (10) days after its receipt of such notice (or if Landlord commences to do the act required within such period but fails to proceed diligently thereafter). Tenant's remedies under this Section 13 are personal to Tenant and may not be exercised by any subtenants or assignees (other than an assignee through a Permitted Assignment) against Landlord. Tenant shall indemnify, save harmless and defend Landlord and its members, managers, officers, mortgagees, agents, employees, independent contractors, invitees and other persons acting under them from and against all liability, claim or cost (including reasonable attorneys' fees) arising in whole or in part out of any negligence or willful misconduct in connection with Tenant's exercise of its remedies pursuant to this Section 13. Except as provided in the preceding sentence, Tenant waives its rights under any state or local law to terminate this Lease or to make such repairs at Landlord's expense and agrees that the parties' respective rights with respect to such matters shall be solely as set forth herein. Repairs required as the result of fire, earthquake, flood, vandalism, war, or similar cause of damage or destruction shall be controlled by Section 18.

14. **Tenant's Repairs**. Subject to Section 13 hereof, Tenant, at its expense, (i) shall repair, replace and maintain in good condition all portions of the Premises, including, without limitation, entries, doors, ceilings, interior windows, interior walls, and the interior side of demising walls, and (ii) shall bear the cost of maintenance and repair, by contractors reasonably acceptable to the Landlord (Landlord approval of contractors for HVAC and plumbing in clean rooms as part of Tenant's Work shall be deemed approved for repairs to such installations), or, in Landlord's discretion by Landlord or Landlord's contractor on behalf of Tenant at Tenant's expense (except that Tenant shall not be required to pay expenses that exceed pricing available in the Worcester, MA area for similar services from third-party vendors), of all facilities which are not expressly required to be maintained or repaired by Landlord and which are located in the Premises, including, without limitation, lavatory, shower, toilet, wash basin and kitchen facilities, and supplemental heating and air conditioning systems (including all plumbing connected to said facilities or systems installed by or on behalf of Tenant or existing in the Premises at the time of Landlord's delivery of the Premises to Tenant). Such repair and replacement may include capital expenditures and repairs whose benefit may extend beyond the Term. Should Tenant fail to make any such repair or replacement or fail to maintain the Premises, Landlord shall give Tenant notice of such failure. If Tenant fails to commence cure of such failure within 10 days of Landlord's notice, and thereafter diligently prosecute such cure to completion, Landlord may perform such work and shall be reimbursed by Tenant within 10 days after demand therefor; provided, however, that if such failure by Tenant creates or could create an emergency, Landlord may immediately commence cure of such failure and shall thereafter be entitled to recover the costs of such cure from Tenant. Subject to Sections 17 and 18, Tenant shall bear the full uninsured cost of any repair or replacement to any part of the Property that results from damage caused by Tenant or any Tenant Party.

15. **Mechanic's Liens**. Tenant shall discharge, by bond or otherwise, any mechanic's lien filed against the Premises or against the Property for work validly claimed to have been done for, or materials validly claimed to have been furnished to, Tenant within 30 days after the filing thereof, at Tenant's sole cost and shall otherwise keep the Premises and the Property free from any liens arising out of work performed, materials furnished or obligations actually incurred by Tenant. Should Tenant fail to discharge any lien as required herein, Landlord shall have the right, but not the obligation, to pay such claim or post a bond or otherwise provide security to eliminate the lien as a claim against title to the Property and the cost thereof shall be immediately due from Tenant as Additional Rent. If Tenant shall lease or finance 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 filed as a matter of public record by any lessor or creditor of Tenant will 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 Property be furnished on the statement without qualifying language as to applicability of the lien only to removable personal property, located in an identified suite held by Tenant.

16. **Indemnification**. Tenant hereby indemnifies and agrees to defend, save and hold Landlord harmless from and against any and all Claims for injury or death to persons or damage to property occurring within or about the Premises, to the extent arising directly or indirectly out of the use or occupancy of the Premises or a breach or default by Tenant in the performance of any of its obligations hereunder, but not to the extent caused by the willful misconduct or negligence of Landlord. Landlord shall not be liable to Tenant for, and Tenant assumes all risk of damage to, personal property (including, without limitation, loss of records kept within the Premises), except due to the negligence of willful misconduct of Landlord or a Landlord Party. Tenant further hereby irrevocably waives any and all Claims for injury to Tenant's business or loss of income relating to any such damage or destruction of personal property (including, without limitation, any loss of records), unless caused by the willful misconduct or negligence of Landlord. Landlord shall not be liable for any damages arising from any act, omission or neglect of any tenant in the Property or of any other third party.

17. **Insurance**. Tenant, at its sole cost and expense, shall maintain during the Term: (i) all risk property insurance with business interruption and extra expense coverage, covering the full replacement cost of all property and improvements installed or placed in the Premises by Tenant at Tenant's expense, including its laboratory equipment, office furniture, trade fixtures, office equipment, inventory, merchandise and all other items of Tenant Property, in an amount adequate to cover their replacement cost, including a vandalism and malicious mischief endorsement, and sprinkler leakage coverage; business interruption insurance, loss of income and extra expense insurance covering all perils covered by a standard, “Special Form” (as defined from time-to-time by the insurance industry) property insurance policy; (ii) workers' compensation insurance with no less than the minimum limits required by law; (iii) employer's liability insurance with such limits as required by law; and (iv) commercial general liability insurance, with a minimum limit of not less than $3,000,000 per occurrence for bodily injury and property damage with respect to the Premises. In addition, Tenant shall carry such other coverages, and in such amounts, as are required by Landlord from time to time, so long as such coverages and amounts are consistent with properties comparable to the Property in the greater Worcester metropolitan area. The commercial general liability insurance policy shall name Worcester Campus Services, and Landlord and Landlord Parties as additional insureds; insure on an occurrence and not a claims-made basis; be issued by insurance companies which have a rating of not less than policyholder rating of A and financial category rating of at least Class X in "Best's Insurance Guide"; shall not be cancelable for nonpayment of premium unless 30 days prior written notice shall have been given to Landlord from the insurer; contain a hostile fire endorsement and a contractual liability endorsement; and provide primary coverage to Landlord (any policy issued to Landlord providing duplicate or similar coverage shall be deemed excess over Tenant's policies). Certificates of insurance showing the limits of coverage required hereunder and showing Landlord and Property Agent as additional insureds, along with reasonable evidence of the payment of premiums for the applicable period, shall be delivered to Landlord by Tenant within three (3) days of the Commencement Date, but in any event prior to Tenant entering the Premises, and upon each renewal of said insurance. Any of Tenant’s policies may be a "blanket policy" with an aggregate per location endorsement, which specifically provides that the amount of insurance shall not be prejudiced by other losses covered by the policy. Tenant shall, at least 5 days prior to the expiration of such policies, furnish Landlord with renewal certificates.

In each instance where insurance is to name Landlord as an additional insured, Tenant shall upon written request of Landlord also designate and furnish certificates so evidencing Landlord as additional insured to: (i) any lender of Landlord holding a security interest in the Property or any portion thereof, (ii) the landlord under any lease wherein Landlord is tenant of the real property on which the Property is located, if the interest of Landlord is or shall become that of a tenant under a ground or other underlying lease rather than that of a fee owner, and/or (iii) any management company retained by Landlord to manage the Property.

Landlord shall maintain the following insurance during the Term either through third party insurance or Commonwealth of Massachusetts self-insurance: (i) Property insurance for the Building and Property, including the Tenant's Work, 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), provided that such coverage shall not be less than the amount of such insurance Landlord's Holder, 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 and sprinkler leakage; (ii) Commercial General Liability insurance with limits of not less than Three Million Dollars ($3,000,000) per occurrence/general aggregate for bodily injury (including death), or property damage with respect to the Property; and (iii) subject to availability thereof and 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.

Landlord shall maintain such other liability, property and other insurance coverage as it deems prudent in its sole discretion and all such insurance shall be included as part of the Operating Expenses. The Property may be included in a blanket policy (in which case the cost of such insurance allocable to the Property will be determined by Landlord based upon the insurer's cost calculations). Tenant shall also reimburse Landlord for any increased premiums or additional insurance which Landlord reasonably deems necessary as a result of Tenant's use of the Premises.

The property insurance obtained by Landlord and Tenant shall include a waiver of subrogation by the insurers and all rights based upon an assignment from its insured, against Landlord or Tenant, and their respective officers, directors, employees, managers, agents, invitees and contractors ("**Related Parties**"), in connection with any loss or damage thereby insured against. Neither party nor its respective Related Parties shall be liable to the other for loss or damage caused by any risk insured against under property insurance required to be maintained hereunder, and each party waives any claims against the other party, and its respective Related Parties, for such loss or damage. The failure of a party to insure its property shall not void this waiver. Landlord and its respective Related Parties shall not be liable for, and Tenant hereby waives all claims against such parties for, business interruption and losses occasioned thereby sustained by Tenant or any person claiming through Tenant resulting from any accident or occurrence in or upon the Premises or the Property from any cause whatsoever. If the foregoing waivers shall contravene any law with respect to exculpatory agreements, the liability of Landlord or Tenant shall be deemed not released but shall be secondary to the other's insurer.

Landlord may require insurance policy limits to be raised to conform with requirements of Landlord's lender and/or to bring coverage limits to levels then being generally required of new tenants within the Property.

18. **Restoration**. If, at any time during the Term, the Property or the Premises are damaged or destroyed by a fire or other insured casualty, Landlord shall notify Tenant as soon as possible but in any event within 60 days after the earlier of notification or discovery of such damage as to the amount of time Landlord reasonably estimates it will take to restore the Property or the Premises, as applicable (the "**Restoration Period**"). If the Restoration Period is estimated to exceed 270 days from the later of receipt of insurance proceeds and commencement of such work with all required permits therefor (the "**Maximum Restoration Period**"), Landlord may, in such notice, elect to terminate this Lease as of the date of such damage or destruction. Unless Landlord so elects to terminate this Lease, Landlord shall, subject to receipt of sufficient insurance proceeds (with any deductible to be treated as a current Operating Expense), promptly restore the Premises (excluding the improvements installed by Tenant or by Landlord and paid for by Tenant), subject to delays arising from the collection of insurance proceeds, from Force Majeure events or as needed to obtain any license, clearance or other authorization of any kind required to enter into and restore the Premises issued by any Governmental Authority having jurisdiction over the use, storage, handling, treatment, generation, release, disposal, removal or remediation of Hazardous Materials (as defined in Section 30) in, on or about the Premises (collectively referred to herein as "**Hazardous Materials Clearances**"); provided, however, that if repair or restoration of the Premises is not substantially complete as of the end of the Maximum Restoration Period or, if longer, the Restoration Period, Landlord may, in its sole and absolute discretion, by notice to Tenant elect not to proceed with such repair and restoration, in which event Landlord shall be relieved of its obligation to make such repairs or restoration and this Lease shall terminate as of the date that is 75 days after the earlier of: (i) discovery of such damage or destruction, or (ii) the date all required permits, including any Hazardous Materials Clearances, are obtained, and Landlord shall return to Tenant any Rent previously paid by Tenant for any portion of the Term after the date of such termination.

Tenant, at its expense, shall promptly perform, subject to delays arising from the collection of insurance proceeds, from Force Majeure (as defined in Section 34) events or to obtain Hazardous Material Clearances, all repairs or restoration not required to be done by Landlord and shall promptly re-enter the Premises upon Landlord's completion of the restorations and repairs and issuance of any certificate of occupancy in connection therewith and commence doing business in accordance with this Lease. Notwithstanding the foregoing, Landlord or Tenant may terminate this Lease if the Premises are damaged during the last 12 months of the Term and Landlord reasonably estimates that it will take more than 2 months to repair such damage, or if Landlord is denied its claim for insurance proceeds for such restoration. Rent shall be abated from the date of the damage or destruction until the Premises are repaired and restored, in the proportion which the area of the Premises, if any, which is not usable by Tenant bears to the total area of the Premises, unless Landlord provides Tenant with other comparable space in the Building for the Permitted Use during the period of repair that is suitable for the temporary conduct of the Permitted Use. The remedies provided to Tenant in this Section 18 shall be the sole remedies of Tenant, and except as provided in this Section 18, Tenant waives any right to terminate the Lease by reason of damage or casualty loss.

The provisions of this Lease, including this Section 18, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, or any other portion of the Property, and any statute or regulation which is now or may hereafter be in effect shall have no application to this Lease or any damage or destruction to all or any part of the Premises or any other portion of the Property, the parties hereto expressly agreeing that this Section 18 sets forth their entire understanding and agreement with respect to such matters.

19. **Condemnation**. If the whole or any material part of the Premises or the Property is taken for any public or quasi-public use under governmental law, ordinance, or regulation, or by right of eminent domain, or by private purchase in lieu thereof (a "**Taking**" or "**Taken**"), and the Taking would in Landlord's reasonable judgment, either prevent or materially interfere with Tenant's use of the Premises or materially interfere with or impair Landlord's ownership or operation of the Property, then upon written notice by Landlord this Lease shall terminate and Rent shall be apportioned as of said date. If part of the Premises shall be Taken, and this Lease is not terminated as provided above, Landlord shall promptly restore the Premises and the Property as nearly as is commercially reasonable under the circumstances to their condition prior to such partial Taking and the rentable square footage of the Building, the rentable square footage of the Premises, Tenant's Share of Operating Expenses and the Rent payable hereunder during the unexpired Term shall be reduced to such extent fair and reasonable under the circumstances. Upon any such Taking, Landlord shall be entitled to receive the entire price or award from any such Taking without any payment to Tenant, and Tenant hereby assigns to Landlord Tenant's interest, if any, in such award. Tenant shall have the right, to the extent that same shall not diminish Landlord's award, to make a separate claim against the condemning authority (but not Landlord) for such compensation as may be separately awarded or recoverable by Tenant for moving expenses and damage to Tenant's trade fixtures, if a separate award for such items is made to Tenant. Tenant hereby waives any and all rights it might otherwise have pursuant to any provision of state law to terminate this Lease upon a partial Taking of the Premises or the Property.

20. **Events of Default**. Each of the following events shall be a default ("**Default**") by Tenant under this Lease:

(a) **Payment Defaults**. Tenant shall fail to pay any installment of Rent or any other payment hereunder when due; provided, however, that for the first two (2) overdue payments in any twelve (12) month period, there shall be no Default unless Tenant shall have failed to make such overdue payment within five (5) days after receiving written notice of such failure from Landlord.

(b) **Insurance**. Any insurance required to be maintained by Tenant pursuant to this Lease shall be canceled or terminated or shall expire or shall be reduced or materially changed, or Landlord shall receive a notice of nonrenewal of any such insurance and Tenant shall fail to obtain replacement insurance within 20 days of notice from Landlord to renew the same.

(c) **Abandonment**. Tenant shall abandon the Premises by vacating the Premises and failing to secure and maintain the Premises as required herein.

(d) **Improper Transfer**. Tenant shall assign, sublease or otherwise transfer or attempt to transfer all or any portion of Tenant's interest in this Lease or the Premises except as expressly permitted herein, or Tenant's interest in this Lease shall be attached, executed upon, or otherwise judicially seized and such action is not released within 90 days of the action.

(e) **Liens**. Tenant shall fail to discharge or otherwise obtain the release of any lien placed upon the Premises in violation of this Lease within 30 days after Tenant receives notice that any such lien is filed against the Premises.

(f) **Insolvency Events**. Tenant or any guarantor or surety of Tenant's obligations hereunder shall: (A) make a general assignment for the benefit of creditors; (B) commence any case, proceeding or other action seeking to have an order for relief entered on its behalf as a debtor or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of it or its debts or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or of any substantial part of its property (collectively a "**Proceeding for Relief"**); (C) become the subject of any Proceeding for Relief which is not dismissed within 90 days of its filing or entry; or (D) die or suffer a legal disability (if Tenant, guarantor, or surety is an individual) or be dissolved or otherwise fail to maintain its legal existence (if Tenant, guarantor or surety is a corporation, partnership or other entity).

(g) **Estoppel Certificate or Subordination Agreement**. Tenant fails to execute any document required from Tenant under Sections 23 or 27 within 7 days after a second notice requesting such document.

(h) **Other Defaults**. Tenant shall fail to comply with any provision of this Lease other than those specifically referred to in this Section 20, and, except as otherwise expressly provided herein, such failure shall continue for a period of 10 business days after written notice thereof from Landlord to Tenant.

Any notice given under Section 20(h) hereof shall: (i) specify the alleged default, (ii) demand that Tenant cure such default, (iii) be in lieu of, and not in addition to, or shall be deemed to be, any notice required under any provision of applicable law, and (iv) not be deemed a forfeiture or a termination of this Lease unless Landlord elects otherwise in such notice; provided that if the nature of Tenant's default pursuant to Section 20(h) is such that it cannot be cured by the payment of money and reasonably requires more than 10 business days to cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said 10 business day period and thereafter diligently prosecutes the same to completion; provided, however, that such cure shall be completed no later than 60 days from the date of Landlord's notice.

21. **Landlord's Remedies.**

(a) **Payment By Landlord; Interest**. Upon a Default by Tenant hereunder, Landlord may, without waiving or releasing any obligation of Tenant hereunder, make such payment or perform such act. All sums so paid or incurred by Landlord, together with interest thereon, from the date such sums were paid or incurred, at the annual rate equal to 12% per annum or the highest rate permitted by law (the "**Default Rate**"), whichever is less, shall be payable to Landlord on demand as Additional Rent. Nothing herein shall be construed to create or impose a duty on Landlord to mitigate any damages resulting from Tenant's Default hereunder.

(b) **Late Payment Rent**. Late payment by Tenant to Landlord of Rent and other sums due will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult and impracticable to ascertain. Such costs include, but are not limited to, processing and accounting charges and late charges which may be imposed on Landlord under any Mortgage covering the Premises. Therefore, if any installment of Rent due from Tenant is not received by Landlord within 5 days after the date such payment is due, Tenant shall pay to Landlord an additional sum equal to 6% of the overdue Rent as a late charge. The parties agree that this late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. In addition to the late charge, Rent not paid when due shall bear interest at the Default Rate from the 5th day after the date due until paid. Notwithstanding the preceding provisions of this Section, for the first overdue payment in any twelve (12) month period, there shall be no late charge or interest unless Tenant shall have failed to make such overdue payment within five (5) days after receiving written notice of such failure from Landlord.

(c) **Remedies**. Upon the occurrence of a Default, Landlord, at its option, without further notice or demand to Tenant, shall have in addition to all other rights and remedies provided in this Lease, at law or in equity, the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever:

(i) Terminate this Lease, or at Landlord's option, Tenant's right to possession only, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim or damages therefor;

(ii) Upon any termination of this Lease, whether pursuant to the foregoing Section 21(c)(i) or otherwise, Landlord may recover from Tenant the following:

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

(B) The worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided (it being agreed that Tenant shall be notified and provided a reasonable opportunity to offer such proof); 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 the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(D) Any other amount necessary to compensate Landlord for all the detriment incurred by Landlord due to Tenant's failure to perform its obligations under this Lease, specifically including, but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant; and

(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 law.

The term "**rent**" as used in this Section 21 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in Sections 21(c)(ii) (A) and (B), above, the "**worth at the time of award**" shall be computed by allowing interest at the Default Rate. As used in Section 21(c)(ii)(C) above, the "**worth at the time of award**" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of Boston at the time of award plus 1%.

(iii) Landlord may continue this Lease in effect after Tenant's Default and recover rent as it becomes due (Landlord and Tenant hereby agreeing that Tenant has the right to sublet or assign hereunder, subject only to reasonable limitations). Accordingly, if Landlord does not elect to terminate this Lease following a Default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies hereunder, including the right to recover all Rent as it becomes due.

(iv) Whether or not Landlord elects to terminate this Lease following a Default by Tenant, Landlord shall have the right to terminate any and all subleases, licenses, concessions or other consensual arrangements for possession entered into by Tenant and affecting the Premises or may, in Landlord's sole discretion, succeed to Tenant's interest in such subleases, licenses, concessions or arrangements. Upon Landlord's election to succeed to Tenant's interest in any such subleases, licenses, concessions or arrangements, Tenant shall, as of the date of notice by Landlord of such election, have no further right to or interest in the rent or other consideration receivable thereunder.

(v) Independent of the exercise of any other remedy of Landlord hereunder or under applicable law, Landlord may conduct an environmental test of the Premises as generally described in Section 30(d) hereof, at Tenant's expense.

(d) **Effect of Exercise**. Exercise by Landlord of any remedies hereunder or otherwise available shall not be deemed to be an acceptance of surrender of the Premises and/or a termination of this Lease by Landlord, it being understood that such surrender and/or termination can be effected only by the express written agreement of Landlord and Tenant. Any law, usage, or custom to the contrary notwithstanding, Landlord shall have the right at all times to enforce the provisions of this Lease in strict accordance with the terms hereof; and the failure of Landlord at any time to enforce its rights under this Lease strictly in accordance with same shall not be construed as having created a custom in any way or manner contrary to the specific terms, provisions, and covenants of this Lease or as having modified the same and shall not be deemed a waiver of Landlord's right to enforce one or more of its rights in connection with any subsequent default. A receipt by Landlord of Rent or other payment with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver by Landlord of any provision of this Lease shall be deemed to have been made unless expressed in writing and signed by Landlord. To the greatest extent permitted by law, Tenant waives the service of notice of Landlord's intention to re-enter, re-take or otherwise obtain possession of the Premises as provided in any statute, or to institute legal proceedings to that end, and also waives all right of redemption in case Tenant shall be dispossessed by a judgment or by warrant of any court or judge. Any reletting of the Premises or any portion thereof shall be on such terms and conditions as Landlord in its sole discretion may determine. Landlord shall not be liable for, nor shall Tenant's obligations hereunder be diminished because of, Landlord's failure to relet the Premises or collect rent due in respect of such reletting or otherwise to mitigate any damages arising by reason of Tenant's Default.

22. **Assignment and Subletting.**

(a) **General Prohibition**. Without Landlord's prior written consent subject to and on the conditions described in this Section 22, Tenant shall not, directly or indirectly, voluntarily or by operation of law, assign this Lease or sublease the Premises or any part thereof or mortgage, pledge, or hypothecate its leasehold interest or grant any concession or license within the Premises, and any attempt to do any of the foregoing shall be void and of no effect. If Tenant is a corporation, partnership or limited liability company, the shares or other ownership interests thereof which are not actively traded upon a stock exchange or in the over-the-counter market, a transfer or series of transfers whereby 50% or more of the issued and outstanding shares or other ownership interests of such corporation are, or voting control is, transferred (but excepting transfers upon deaths of individual owners) from a person or persons or entity or entities which were owners thereof on the Effective Date to persons or entities who were not owners of shares or other ownership interests of the corporation, partnership or limited liability company on the Effective Date, shall be deemed an assignment of this Lease requiring the consent of Landlord as provided in this Section 22.

(b) **Permitted Transfers**. If Tenant desires to assign, sublease, hypothecate or otherwise transfer this Lease or sublet the Premises, then at least 10 business days but not more than 45 business days, before the date Tenant desires the assignment or sublease to be effective (the "**Assignment Date**"), Tenant shall give Landlord a notice (the "**Assignment Notice**") containing such information about the proposed assignee or sublessee, including the proposed use of the Premises and any Hazardous Materials proposed to be used, stored handled, treated, generated in or released or disposed of from the Premises, the Assignment Date, any relationship between Tenant and the proposed assignee or sublessee, and all material terms and conditions of the proposed assignment or sublease, including a copy of any proposed assignment or sublease in its final form, and such other information as Landlord may deem reasonably necessary or appropriate to its consideration whether to grant its consent. Landlord may, by giving written notice to Tenant within 15 business days after receipt of the Assignment Notice: (i) grant such consent, which shall not be unreasonably withheld, conditioned or delayed, (ii) refuse such consent, in its reasonable discretion, or (iv) terminate this Lease with respect to the space described in the Assignment Notice as of the Assignment Date (an "**Assignment Termination**"). Any proposed assignee or sublessee, with respect to any research and development laboratory use, will use the Premises for a scientific use consistent with a Science Plan (i.e., a brief description of the scientific uses to be made of the research and development space) approved for its proposed use of the Premises, which approval Landlord shall be in Landlord's reasonable discretion. If Landlord delivers notice of its election to exercise an Assignment Termination, which must be given (if at all) within 10 business days of Landlord's receipt of the Assignment Notice, Tenant shall have the right to withdraw such Assignment Notice by written notice to Landlord of such election within 5 business days after Landlord's notice electing to exercise the Assignment Termination. If Tenant withdraws such Assignment Notice, this Lease shall continue in full force and effect. If Tenant does not withdraw such Assignment Notice, this Lease, and the term and estate herein granted, shall terminate as of the Assignment Date with respect to the space described in such Assignment Notice. No failure of Landlord to exercise any such option to terminate this Lease, or to deliver a timely notice in response to the Assignment Notice, shall be deemed to be Landlord's consent to the proposed assignment, sublease or other transfer. Tenant shall pay to Landlord a fee equal to One Thousand Five Hundred Dollars ($1,500) in connection with its consideration of any Assignment Notice and/or its preparation or review of any consent documents.

(i) Notwithstanding the preceding provisions of this Section 22(b), Tenant shall have the right to assign the Lease or sublet the Premises, or any part thereof, without Landlord's consent, but subject to Landlord's rights to notice and prohibition contained herein, to any parent, subsidiary, affiliate or controlled corporation or to corporation which Tenant may be converted or with which Tenant may merge (each a "**Permitted Assignment**") provided such transferee has a net worth equal to or greater than that of Tenant immediately prior to such transfer and such transferee agrees to be bound under the terms of this Lease. Tenant shall in any event provide prior written notice to Landlord of Tenant's intent to undertake a Permitted Assignment, the identity of the assignee or sublessee, as applicable, and financial information for the proposed transferee and the Tenant dated within thirty (30) days of the submission that is reasonably satisfactory to Landlord.

(c) **Additional Conditions**. As a condition to any such assignment or subletting, whether or not Landlord's consent is required, Landlord may require:

(i) that any assignee or subtenant agree, in writing at the time of such assignment or subletting, that if Landlord gives such party notice that Tenant is in default under this Lease, such party shall thereafter make all payments otherwise due Tenant directly to Landlord, which payments will be received by Landlord without any liability except to credit such payment against those due under the Lease, and any such third party shall agree to attorn to Landlord or its successors and assigns should this Lease be terminated for any reason; provided, however, in no event shall Landlord or its successors or assigns be obligated to accept such attornment; and

(ii) A list of Hazardous Materials, certified by the proposed assignee or sublessee to be true and correct, which the proposed assignee or sublessee intends to use, store, handle, treat, generate in or release or dispose of from the Premises, together with copies of all documents relating to such use, storage, handling, treatment, generation, release or disposal of Hazardous Materials by the proposed assignee or subtenant in the Premises or on the Property, prior to the proposed assignment or subletting, including, without limitation: permits; approvals; reports and correspondence; storage and management plans; plans relating to the installation of any storage tanks to be installed in or under the Property (provided, said installation of tanks shall only be permitted after Landlord has given its written consent to do so, which consent may be withheld in Landlord's sole and absolute discretion); and all closure plans or any other documents required by any and all federal, state and local Governmental Authorities for any storage tanks installed in, on or under the Property for the closure of any such tanks. Neither Tenant nor any such proposed assignee or subtenant is required, however, to provide Landlord with any portion(s) of the such documents containing information of a proprietary nature which, in and of themselves, do not contain a reference to any Hazardous Materials or hazardous activities.

(d) **No Release of Tenant, Sharing of Excess Rents**. Notwithstanding any assignment or subletting, Tenant and any guarantor or surety of Tenant's obligations under this Lease shall at all times remain full and primarily responsible and liable for the payment of Rent and for compliance with all of Tenant's other obligations under this Lease. If the Rent due and payable by a sublessee or assignee (or a combination of the rental payable under such sublease or assignment plus any bonus or other consideration therefore or incident thereto in any form) less the reasonable expenses of Tenant in assigning or subletting (including broker commissions, improvement allowances and other concessions, renovation expenses and legal fees, each as incurred by Tenant and amortized over the remaining term of this Lease with respect to an assignment or over the term of the sublease with respect to a sublease), exceeds the rental payable under this Lease, (excluding however, any Rent payable under this Section) ("**Excess Rent**"), then Tenant shall be bound and obligated to pay Landlord as Additional Rent hereunder 50% of such Excess Rent within 10 days following receipt thereof by Tenant. If Tenant shall sublet the Premises or any part 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 Landlord as assignee and as attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of a Default, Tenant shall have the right to collect such rent.

(e) **No Waiver**. The consent by Landlord to an assignment or subletting shall not relieve Tenant or any assignees of this Lease or any sublessees of the Premises from obtaining the consent of Landlord to any further assignment or subletting nor shall it release Tenant or any assignee or sublessee of Tenant from full and primary liability under the Lease. The acceptance of Rent hereunder, or the acceptance of performance of any other term, covenant, or condition thereof, from any other person or entity shall not be deemed to be a waiver of any of the provisions of this Lease or a consent to any subletting, assignment or other transfer of the Premises.

(f) **Prior Conduct of Proposed Transferee**. Notwithstanding any other provision of this Section 22, if (i) the proposed assignee or sublessee of Tenant has been required by any prior landlord, lender or Governmental Authority to take remedial action in connection with Hazardous Materials contaminating a property, where the contamination resulted from such party's action or use of the property in question, (ii) the proposed assignee or sublessee is subject to an enforcement order issued by any Governmental Authority in connection with the use, storage, handling, treatment, generation, release or disposal of Hazardous Materials (including, without limitation, any order related to the failure to make a required reporting to any Governmental Authority), or (iii) because of the existence of a pre-existing environmental condition in the vicinity of or underlying the Property, the risk that Landlord would be targeted as a responsible party in connection with the remediation of such pre-existing environmental condition would be materially increased or exacerbated by the proposed use of Hazardous Materials by such proposed assignee or sublessee, Landlord shall have the absolute right to refuse to consent to any assignment or subletting to any such party.

23. **Estoppel Certificate**. Tenant shall, within 10 business days of written notice from Landlord, execute, acknowledge and deliver a statement in writing in any form reasonably requested by a proposed lender or purchaser, (i) 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 the rental and other charges are paid in advance, if any, (ii) acknowledging that there are not any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed, and (iii) setting forth such further information with respect to the status of this Lease or the Premises as may be reasonably requested thereon. Any such statement may be relied upon by any prospective purchaser or encumbrancer of all or any portion of the real property of which the Premises are a part. If Tenant shall fail to deliver such statement within such time, Landlord may, at its option, send a second notice to Tenant with the same statement, which notice also shall provide in large bold type **THIS IS THE SECOND NOTICE REQUESTING AN ESTOPPEL CERTIFICATE PURSUANT TO SECTION 23 OF THE LEASE; ANY FAILURE TO RESPOND IN SEVEN DAYS SHALL BE A DEFAULT UNDER THE LEASE,** and if such 7 day period shall elapse after Tenant's receipt of the second notice with no executed statement from Tenant, then at the option of Landlord, such shall constitute a Default under this Lease, and, in any event, shall be conclusive upon Tenant that this 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.

24. **Quiet Enjoyment**. So long as Tenant is not in Default under this Lease, Tenant shall, subject to the terms of this Lease, at all times during the Term, have peaceful and quiet enjoyment of the Premises against any person claiming by, through or under Landlord.

25. **Prorations**. All prorations required or permitted to be made hereunder shall be made on the basis of a 360 day year and 30 day months.

26. **Rules and Regulations**. Tenant shall, at all times during the Term and any extension thereof, comply with all reasonable rules and regulations at any time or from time to time established by Landlord covering use of the Premises and the Property. The current rules and regulations are attached hereto as **Exhibit D**. If there is any conflict between said rules and regulations and other provisions of this Lease, the terms and provisions of this Lease shall control. Landlord shall not have any liability or obligation for the breach of any rules or regulations by other tenants in the Property. Landlord shall not enforce such rules and regulations in a discriminatory manner among tenants in the Building.

27. **Subordination**. This Lease and Tenant's interest and rights hereunder are hereby made and shall be subject and subordinate at all times to the lien of any Mortgage now existing or hereafter created on or against the Property or the Premises, and all amendments, restatements, renewals, modifications, consolidations, refinancing, assignments and extensions thereof, without the necessity of any further instrument or act on the part of Tenant; provided, however that so long as there is no Default hereunder, Tenant's right to possession of the Premises shall not be disturbed by the Holder of any such Mortgage. Tenant agrees, at the election of the Holder of any such Mortgage, to attorn to any such Holder. Tenant agrees upon demand to execute, acknowledge and deliver such instruments, confirming such subordination, and such instruments of attornment as shall be requested by any such Holder, provided any such instruments shall contain appropriate non-disturbance provisions assuring Tenant's quiet enjoyment of the Premises as set forth in Section 24 hereof and shall not vary the terms of this Section 27. Notwithstanding the foregoing, any such Holder may at any time subordinate its Mortgage to this Lease, without Tenant's consent, by notice in writing to Tenant, and thereupon this Lease shall be deemed prior to such Mortgage without regard to their respective dates of execution, delivery or recording and in that event such Holder shall have the same rights with respect to this Lease as though this Lease had been executed prior to the execution, delivery and recording of such Mortgage and had been assigned to such Holder. The term "**Mortgage**" whenever used in this Lease shall be deemed to include deeds of trust, security assignments and any other encumbrances, and any reference to the "**Holder**" of a Mortgage shall be deemed to include the beneficiary under a deed of trust.

28. **Surrender**. Upon the expiration of the Term or earlier termination of Tenant's right of possession, Tenant shall surrender the Premises to Landlord (i) in the same condition as received, subject to leaving in place the Tenant's Work (except to the extent that Tenant requested a determination by Landlord as to such removal with Landlord's approval of Tenant's Work and Landlord has identified in writing in its approval(s) of Tenant's Work any items that are not comparable to improvements for lab space in the Worcester market, any of such items to be removed by Tenant under this Section) and any Installations for which removal is not required pursuant to Section 12 above, (ii) free of Hazardous Materials brought upon, kept, used, stored, handled, treated, generated in, or released or disposed of from, the Premises by any person other than a Landlord Party (collectively, "**Tenant HazMat Operations**") and released of all Hazardous Materials Clearances, (iii) broom clean, ordinary wear and tear and casualty loss and condemnation covered by Sections 18 and 19 excepted. At least 3 months prior to the surrender of the Premises, Tenant shall deliver to Landlord a narrative description of the actions proposed (or required by any Governmental Authority) to be taken by Tenant in order to surrender the Premises (including any Installations permitted by Landlord to remain in the Premises) at the expiration or earlier termination of the Term, free from any residual impact from the Tenant HazMat Operations and otherwise released for unrestricted use and occupancy (the "**Surrender Plan**"). Such Surrender Plan shall be in a format and with the amount of detail as reasonably required by Landlord by form provided by Landlord and attached at **Exhibit F** and accompanied by a current listing of (i) all Hazardous Materials licenses and permits held by or on behalf of any Tenant Party with respect to the Premises, and (ii) all Hazardous Materials used, stored, handled, treated, generated, released or disposed of from the Premises, and shall be subject to the review and approval of Landlord's environmental consultant. In connection with the review and approval of the Surrender Plan, upon the request of Landlord, Tenant shall deliver to Landlord or its consultant such additional non-proprietary information concerning Tenant HazMat Operations as Landlord shall request. On or before such surrender, Tenant shall deliver to Landlord evidence that the approved Surrender Plan shall have been satisfactorily completed and Landlord shall have the right, subject to reimbursement at Tenant's expense as set forth below, to cause Landlord's environmental consultant to inspect the Premises and perform such additional procedures as may be deemed reasonably necessary to confirm that the Premises are, as of the effective date of such surrender or early termination of the Lease, free from any residual impact from Tenant HazMat Operations. Tenant shall reimburse Landlord, as Additional Rent, for the actual out-of pocket expense incurred by Landlord for Landlord's environmental consultant to review and approve the Surrender Plan and to visit the Premises and verify satisfactory completion of the same, which cost shall not exceed $5,000. Landlord shall have the unrestricted right to deliver such Surrender Plan and any report by Landlord's environmental consultant with respect to the surrender of the Premises to third parties. Provided Tenant's Work is reasonably standard and comparable to improvements for lab space in the Worcester market, Landlord shall not require Tenant to remove Tenant's Work performed with respect to initial occupancy at the expiration or earlier termination of the Term.

If Tenant shall fail to prepare or submit a Surrender Plan approved by Landlord, or if Tenant shall fail to complete the approved Surrender Plan, or if such Surrender Plan, whether or not approved by Landlord, shall fail to adequately address any residual effect of Tenant HazMat Operations in, on or about the Premises, Landlord shall have the right to take such actions as Landlord may deem reasonable or appropriate to assure that the Premises and the Property are surrendered free from any residual impact from Tenant HazMat Operations, the cost of which actions shall be reimbursed by Tenant as Additional Rent, without regard to the limitation set forth in the first paragraph of this Section 28.

Tenant shall immediately return to Landlord all keys and/or access cards to parking, the Property, restrooms or all or any portion of the Premises furnished to or otherwise procured by Tenant. If any such access card or key provided to Tenant by Landlord is lost, Tenant shall pay to Landlord, at Landlord's election, either the cost of replacing such lost access card or key or the cost of reprogramming the access security system in which such access card was used or changing the lock or locks opened by such lost key. Any Tenant's Property, Alterations and property not so removed by Tenant as permitted or required herein shall be deemed abandoned and, to the extent Tenant was required to remove the same from the Premises under this Lease, may be stored, removed, and disposed of by Landlord at Tenant's expense, and Tenant waives all claims against Landlord for any damages resulting from Landlord's retention and/or disposition of such property. All obligations of Tenant hereunder not fully performed as of the termination of the Term, including the obligations of Tenant under Section 30 hereof, shall survive the expiration or earlier termination of the Term, including, without limitation, indemnity obligations, payment obligations with respect to Rent and obligations concerning the condition and repair of the Premises.

29. **Waiver of Jury Trial**. TO THE EXTENT PERMITTED BY LAW, TENANT AND LANDLORD WAIVE ANY RIGHT TO TRIAL BY JURY OR TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN LANDLORD AND TENANT ARISING OUT OF THIS LEASE OR ANY OTHER INSTRUMENT, DOCUMENT, OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED HERETO.

30. **Environmental Requirements.**

(a) **Prohibition/Compliance/Indemnity**. Tenant shall not cause or permit any Hazardous Materials (as hereinafter defined) to be brought upon, kept, used, stored, handled, treated, generated in or about, or released or disposed of from, the Premises or the Property in violation of applicable Environmental Requirements (as hereinafter defined) by Tenant or any Tenant Party. If Tenant breaches the obligation stated in the preceding sentence, or if the presence of Hazardous Materials in the Premises during the Term or any holding over results in contamination of the Premises, the Property or any adjacent property or if contamination of the Premises, the Property or any adjacent property by Hazardous Materials brought into, kept, used, stored, handled, treated, generated in or about, or released or disposed of from, the Premises by anyone other than Landlord and Landlord's employees, agents and contractors otherwise occurs during the Term or any holding over, Tenant hereby indemnifies and shall defend and hold Landlord, its officers, directors, employees, agents and contractors harmless from any and all actions (including, without limitation, remedial or enforcement actions of any kind, administrative or judicial proceedings, and orders or judgments arising out of or resulting therefrom), costs, claims, damages (including, without limitation, punitive damages and damages based upon diminution in value of the Premises or the Property, or the loss of, or restriction on, use of the Premises or any portion of the Property), expenses (including, without limitation, attorneys', consultants' and experts' fees, court costs and amounts paid in settlement of any claims or actions), fines, forfeitures or other civil, administrative or criminal penalties, injunctive or other relief (whether or not based upon personal injury, property damage, or contamination of, or adverse effects upon, the environment, water tables or natural resources), liabilities or losses (collectively, "**Environmental Claims**") to the extent that the same are caused by a breach of the aforesaid obligation of Tenant, whether such Environmental Claims arise during or after the Term. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, treatment, remedial, removal, or restoration work required by any federal, state or local Governmental Authority because of Hazardous Materials present in the air, soil or ground water above, on, or under the Premises. Without limiting the foregoing, if the presence of any Hazardous Materials on the Premises, the Property or any adjacent property caused or permitted by Tenant or any Tenant Party, results in any contamination of the Premises, the Property or any adjacent property, Tenant shall promptly take all actions at its sole expense and in accordance with applicable Environmental Requirements as are necessary to return the affected portion(s) of the Premises, the Property or any adjacent property to the condition existing prior to the time of such contamination, provided that Landlord's approval of such action shall first be obtained, which approval shall not unreasonably be withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Premises or the Property. Notwithstanding any provisions of this Section 30 or otherwise in this Lease to the contrary, Tenant shall not have or incur no liability under this Section 30 because of the existence of an environmental condition in the vicinity of or underlying the Property dating prior to Tenant being granted possession of the Premises (a “Prior Environmental Condition”), or because of any risk that Landlord or Tenant would be targeted as a responsible party in connection with the remediation of any such Prior Environmental Condition at the Property.

(b) **Business**. Landlord acknowledges that it is not the intent of this Section 30, nor shall this Section be interpreted or applied so as, to prohibit, restrict or impair Tenant's use of the Premises for the Permitted Use. Tenant may operate its business according to prudent industry practices so long as the use or presence of Hazardous Materials is strictly and properly monitored according to all then applicable Environmental Requirements. As a material inducement to Landlord to allow Tenant to use Hazardous Materials in connection with its business, Tenant has provided the list attached hereto as **Exhibit I** identifying each type of Hazardous Materials that Tenant reasonably anticipates will be brought upon, kept, used, stored, handled, treated, generated on, or released or disposed of from, the Premises and setting forth any and all governmental approvals or permits required in connection with the presence, use, storage, handling, treatment, generation, release or disposal of such Hazardous Materials on or from the Premises ("**Hazardous Materials List**"). Tenant shall deliver to Landlord an updated Hazardous Materials List at least once a year and shall also deliver an updated list before any new Hazardous Material is brought onto, kept, used, stored, handled, treated, generated on, or released or disposed of from, the Premises. Tenant shall deliver to Landlord true and correct copies of the following documents (the "**Haz Mat Documents**") relating to the use, storage, handling, treatment, generation, release or disposal of Hazardous Materials prior to the Commencement Date, or if unavailable at that time, concurrent with the receipt from or submission to a Governmental Authority: permits; approvals; reports, and correspondence to and from a Governmental Authority; storage and management plans, notice of violations of any Legal Requirements; and the following only in the event that Tenant installs any storage tanks in or under the Property (provided, said installation of tanks shall only be permitted after Landlord has given Tenant its written consent to do so, which consent may be withheld in Landlord's sole and absolute discretion): (x) plans relating to the installation of any such storage tanks to be installed in or under the Property; and (y) all closure plans or any other documents, which Tenant is required to deliver to any and all federal, state and local Governmental Authorities for any storage tanks installed in, on or under the Property for the closure of any such tanks; and a Surrender Plan (to the extent surrender in accordance with Section 28 cannot be accomplished in 3 months). Tenant is not, and shall not be, required to provide Landlord with any portion(s) of the Haz Mat Documents containing information of a confidential or proprietary nature which, in and of themselves, do not contain a reference to any Hazardous Materials or hazardous activities. It is not the intent of this Section to obligate Tenant to provide Landlord with information which could be detrimental to Tenant's business should such information become possessed by Tenant's competitors. On request, Landlord will execute and deliver to Tenant a confidentiality agreement covering disclosures from Tenant to Landlord under this Section 30.

(c) **Tenant Representation and Warranty** . Tenant hereby represents and warrants to Landlord that (i) neither Tenant nor any of its legal predecessors has been required by any prior landlord, lender or Governmental Authority at any time to take remedial action in connection with Hazardous Materials contaminating a property which contamination was permitted by Tenant of such predecessor or resulted from Tenant's or such predecessor's action or use of the property in question, and (ii) Tenant is not subject to any enforcement order issued by any Governmental Authority in connection with the use, storage, handling, treatment, generation, release or disposal of Hazardous Materials (including, without limitation, any order related to the failure to make a required reporting to any Governmental Authority). If Landlord determines that this representation and warranty was not true as of the Effective Date, Landlord shall have the right to terminate this Lease in Landlord's sole and absolute discretion by notice to Tenant. To the best knowledge of Tenant, Mustang Therapeutics, Inc., is the only legal predecessor to Tenant.

(d) **Testing**. At any time, and from time to time, prior to the expiration or earlier termination of the Term, Landlord shall have the right to conduct appropriate tests of the Premises and the Property to determine if contamination has occurred as a result of Tenant's use of the Premises. If needed in connection with such testing, upon the request of Landlord, Tenant shall deliver to Landlord or its consultant such non-proprietary information concerning the use of Hazardous Materials in or about the Premises by Tenant or any Tenant Party. If the final written report of such testing confirms that contamination has occurred for which Tenant is liable under this Section 30 (i.e., which is not a Prior Environmental Condition), then Tenant shall pay all costs to conduct such tests, but in all other cases, Landlord shall pay the costs of such tests (which shall not constitute an Operating Expense). Landlord shall provide Tenant with a copy of all third party, non-confidential reports and tests of the Premises made by or on behalf of Landlord during the Term without representation or warranty and subject to a confidentiality agreement. Tenant shall, at its sole cost and expense, promptly and satisfactorily remediate, in accordance with all Environmental Requirements, any environmental conditions identified by such testing, other than, and except to the extent arising from, Prior Environmental Conditions. Landlord's receipt of or satisfaction with any environmental assessment in no way waives any rights which Landlord may have against Tenant.

(e) **Control Areas**. Tenant shall be allowed to utilize up to its “pro rata share” (as herein defined) of the Hazardous Materials inventory within any control area or zone (located within the Premises), as designated by the applicable building code, for chemical use or storage. As used in the preceding sentence, Tenant's pro rata share of any control areas or zones located within the Premises shall be determined based on the rentable square footage that Tenant leases within the applicable control area or zone. For purposes of example only, if a control area or zone contains 10,000 rentable square feet and 2,000 rentable square feet of a tenant's premises are located within such control area or zone (while such premises as a whole contains 5,000 rentable square feet), the applicable tenant's pro rata share of such control area would be 20%. The first floor of the Building will constitute one control zone. The maximum quantity permitted in a control zone shall be determined by the standards set forth in the International Building Code and International Fire Code and varies for each floor of a building. The currently permitted quantity for the first floor of the Building is 480 gallons for Class 1B flammable liquids. If additional control zones are required due to excess inventory or different types of flammables, Tenant may request Landlord approval of work necessary to the Building to permit such additional control zones, which approval shall be granted or denied in Landlord’s sole discretion and Tenant shall be responsible for all costs of such necessary work associated with construction and code compliance.

(f) **Underground Tanks**. If underground or other storage tanks storing Hazardous Materials located on the Premises or the Property are used by Tenant or are hereafter placed on the Premises or the Property by Tenant, Tenant shall install, use, monitor, operate, maintain, upgrade and manage such storage tanks, maintain appropriate records, obtain and maintain appropriate insurance, implement reporting procedures, properly close any underground storage tanks, and take or cause to be taken all other actions necessary or required under applicable state and federal Legal Requirements, as such now exists or may hereafter be adopted or amended in connection with Tenant’s installation, use, maintenance, management, operation, upgrading and closure of such storage tanks. Notwithstanding the preceding terms of this paragraph, and other than storage tanks installed by or on behalf of Tenant within the Premises, Tenant shall not be responsible for assuring compliance with Legal Requirements of any storage tanks on the Property, but not the Premises by parties other than Tenant or Tenant Related Parties.

(g) **Tenant's Obligations**. Tenant's obligations under this Section 30 shall survive the expiration or earlier termination of this Lease. During any period of time after the expiration or earlier termination of this Lease required by Tenant (or Landlord after failure of Tenant to do so) to complete the removal from the Premises of any Hazardous Materials (including, without limitation, the release and termination of any licenses or permits restricting the use of the Premises and the completion of Tenant's obligations under Section 28), which Tenant is obligated to remove by the terms of this Lease, Tenant shall continue to be responsible for Rent in accordance with this Lease.

(h) **Definitions**. As used herein, the term "**Environmental Requirements**" means all applicable present and future statutes, regulations, ordinances, rules, codes, judgments, orders or other similar enactments of any Governmental Authority regulating or relating to health, safety, or environmental conditions on, under, or about the Premises or the Property, or the environment, including without limitation, the following: the Comprehensive Environmental Response, Compensation and Liability Act; the Resource Conservation and Recovery Act; and all state and local counterparts thereto, and any regulations or policies promulgated or issued thereunder. As used herein, the term "**Hazardous Materials**" means and includes any substance, material, waste, pollutant, or contaminant listed or defined as hazardous or toxic, or regulated by reason of its impact or potential impact on humans, animals and/or the environment under any Environmental Requirements, asbestos and petroleum, including crude oil or any fraction thereof, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas). As defined in Environmental Requirements, Tenant is and shall be deemed to be the "**operator**" of Tenant's "**facility**" and the "**owner**" of all Hazardous Materials brought on the Premises by Tenant or any Tenant Party, and the wastes, by-products, or residues generated, resulting, or produced therefrom.

31. **Tenant's Remedies/Limitation of Liability**. Landlord shall not be in default hereunder unless Landlord fails to perform any of its obligations hereunder within 30 days after written notice from Tenant specifying such failure (unless such performance will, due to the nature of the obligation, require a period of time in excess of 30 days, then after such period of time as is reasonably necessary). Upon any default by Landlord, Tenant shall give notice by registered or certified mail to any Holder of a Mortgage covering the Premises Tenant shall offer such Holder and/or Landlord a reasonable opportunity to cure the default, including time to obtain possession of the Property by power of sale or a judicial action if such should prove necessary to effect a cure; provided Landlord shall have furnished to Tenant in writing the names and addresses of all such persons who are to receive such notices. All obligations of Landlord hereunder shall be construed as covenants, not conditions; and, except as may be otherwise expressly provided in this Lease, Tenant may not terminate this Lease for breach of Landlord's obligations hereunder.

All obligations of Landlord under this Lease will be binding upon Landlord only during the period of its ownership of the Premises and not thereafter, except insofar as Landlord may fail to transfer the Security Deposit to any successor Landlord under this Lease. Except as provided in the previous sentence, the term "**Landlord**" in this Lease shall mean only the owner for the time being of the Premises. Upon the transfer by such owner to its proper successor under this Lease of the Security Deposit and its interest in the Premises, such owner shall thereupon be released and discharged from all obligations of Landlord thereafter accruing, but such obligations shall be binding during the Term upon each new owner for the duration of such owner's ownership.

32. **Inspection and Access**. Landlord and its agents, representatives, contractors and guests may enter the Premises, subject to the terms of this Section, during Business Hours on not less than 24 hours advance written notice (except in the case of emergencies in which case no such notice shall be required and such entry may be at any time) for the purpose of (i) inspecting the Premises, (ii) making repairs, and (iii) showing the Premises to prospective purchasers or lenders and, during the last year of the Term, to prospective tenants. Tenant shall at all times, except in the case of emergencies, have the right to appoint an employee or other representative to escort Landlord or its agents, representatives, contractors or guests while the same are in the Premises, provided such escort does not materially and adversely impair Landlord's access rights hereunder. Tenant may from time to time adopt commercially reasonable systems and procedures for the security, access and safety of the Premises (whether they be for purposes of confidentiality, guarding of trade secrets, health and safety, mitigation of contamination of scientific research or its results, or other business purposes), its occupants, entry, use and contents, and Landlord, its agents, employees, contractors, guests and invitees, shall comply with such systems and procedures in connection with any entry into the Premises provided that such systems and procedures shall not materially affect Landlord’s access and inspection rights hereunder. Landlord may erect a suitable sign on the Premises, during the last year of the Term, stating the Premises are available to let or that the Property is available for sale. Landlord may grant easements, make public dedications, designate Common Areas and create restrictions on or about the Property, provided that no such easement, dedication, designation or restriction materially, adversely affects Tenant's use or occupancy of the Premises for the Permitted Use. At Landlord's request, Tenant shall execute such instruments as may be necessary for such easements, dedications or restrictions.

33. **Security**. Tenant acknowledges and agrees that security devices and services, if any, while intended to deter crime may not in given instances prevent theft or other criminal acts and that Landlord is not providing any security services with respect to the Premises. Tenant agrees that Landlord shall not be liable to Tenant for, and Tenant waives any claim against Landlord with respect to, any loss by theft or any other damage suffered or incurred by Tenant in connection with any unauthorized entry into the Premises or any other breach of security with respect to the Premises, except to the extent arising from the negligence or misconduct of Landlord or a Landlord Party. Tenant shall be solely responsible for the personal safety of Tenant's officers, employees, agents, contractors, guests and invitees while any such person is in, on or about the Premises and/or the Property. Tenant may at Tenant's cost obtain insurance coverage to the extent Tenant desires protection against such criminal acts.

34. **Force Majeure**. Landlord shall not be responsible or liable for delays in the performance of its obligations hereunder when caused by, related to, or arising out of acts of God, sinkholes or subsidence, strikes, lockouts, or other labor disputes, embargoes, quarantines, weather, national, regional, or local disasters, catastrophes, or catastrophes, inability to obtain labor or materials (or reasonable substitutes therefore) at reasonable costs or failure of, or inability to obtain, utilities necessary for performance, governmental restrictions, orders, limitations, regulations, or controls, national emergencies, delay in issuance or revocation of permits, enemy or hostile governmental action, terrorism, insurrection, riots, civil disturbance or commotion, fire or other casualty, and other causes or events beyond the reasonable control of Landlord ("**Force Majeure**").

35. **Brokers**. Landlord and Tenant each represents and warrants that Kelleher & Sadowsky Associates, Inc. and Cranberry Hill Associates, Inc. (collectively, the "**Broker**"), it has not dealt with any broker, agent or other person in connection with this transaction and that no parties other than Broker brought about this transaction. Landlord and Tenant each hereby agree to indemnify and hold the other harmless from and against any claims by any broker, other than the Broker, if any named in this Section 35, claiming a commission or other form of compensation by virtue of having dealt with Tenant or Landlord, as applicable, with regard to this leasing transaction. In the event that a transaction is consummated, the Landlord shall be responsible for the payment of all brokerage fees to Broker as per a separate agreement.

36. **Limitation on Landlord's Liability**. NOTWITHSTANDING ANYTHING SET FORTH HEREIN OR IN ANY OTHER AGREEMENT BETWEEN LANDLORD AND TENANT TO THE CONTRARY: (A) EXCEPT TO THE EXTENT OF DAMAGE FROM NEGLIGENCE OR MISCONDUCT OF LANDLORD OR A LANDLORD PARTY, LANDLORD SHALL NOT BE LIABLE TO TENANT OR ANY OTHER PERSON FOR (AND TENANT ASSUMES ALL RISK OF) LOSS, DAMAGE OR INJURY, WHETHER ACTUAL OR CONSEQUENTIAL TO: TENANT'S OR ANY OTHER PARTY'S PERSONAL PROPERTY OF EVERY KIND AND DESCRIPTION, INCLUDING, WITHOUT LIMITATION TRADE FIXTURES, EQUIPMENT, INVENTORY, SCIENTIFIC RESEARCH, SCIENTIFIC EXPERIMENTS, LABORATORY ANIMALS, PRODUCT, SPECIMENS, SAMPLES, AND/OR SCIENTIFIC, BUSINESS, ACCOUNTING AND OTHER RECORDS OF EVERY KIND AND DESCRIPTION KEPT AT THE PREMISES AND ANY AND ALL INCOME DERIVED OR DERIVABLE THEREFROM; (B) THERE SHALL BE NO PERSONAL RECOURSE TO LANDLORD FOR ANY ACT OR OCCURRENCE IN, ON OR ABOUT THE PREMISES OR ARISING IN ANY WAY UNDER THIS LEASE OR ANY OTHER AGREEMENT BETWEEN LANDLORD AND TENANT WITH RESPECT TO THE SUBJECT MATTER HEREOF; ANY LIABILITY OF LANDLORD HEREUNDER SHALL BE STRICTLY LIMITED SOLELY TO (i) LANDLORD'S INTEREST IN THE PROPERTY OR ANY PROCEEDS FROM SALE OR CONDEMNATION THEREOF AND (ii) ANY INSURANCE PROCEEDS PAYABLE IN RESPECT OF LANDLORD'S INTEREST IN THE PROPERTY OR IN CONNECTION WITH ANY SUCH LOSS; AND (C) IN NO EVENT SHALL ANY PERSONAL LIABILITY BE ASSERTED AGAINST LANDLORD IN CONNECTION WITH THIS LEASE NOR SHALL ANY RECOURSE BE HAD TO ANY OTHER PROPERTY OR ASSETS OF LANDLORD OR ANY OF LANDLORD'S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR CONTRACTORS. UNDER NO CIRCUMSTANCES SHALL LANDLORD OR ANY OF LANDLORD'S OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR CONTRACTORS BE LIABLE FOR INJURY TO TENANT'S BUSINESS OR FOR ANY LOSS OF INCOME OR PROFIT THEREFROM.

37. **Severability**. If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws, then and in that event, it is the intention of the parties hereto that the remainder of this Lease shall not be affected thereby. It is also the intention of the parties to this Lease that in lieu of each clause or provision of this Lease that is illegal, invalid or unenforceable, there be added, as a part of this Lease, a clause or provision as similar in effect to such illegal, invalid or unenforceable clause or provision as shall be legal, valid and enforceable.

38. **Signs; Exterior Appearance**. Tenant shall not, without the prior written consent of Landlord, which may be granted or withheld in Landlord's sole discretion: (i) attach any awnings, exterior lights, decorations, balloons, flags, pennants, banners, painting or other projection to any outside wall of the Property, (ii) use any curtains, blinds, shades or screens other than Landlord's standard window coverings, (iii) coat or otherwise sunscreen the interior or exterior of any windows, (iv) place any bottles, parcels, or other articles on the window sills, (v) place any equipment, furniture or other items of personal property on any exterior balcony, or (vi) paint, affix or exhibit on any part of the Premises or the Property any signs, notices, window or door lettering, placards, decorations, or advertising media of any type which can be viewed from the exterior of the Premises. Interior signs on doors and the directory tablet shall be inscribed, painted or affixed for Tenant by Landlord at the sole cost and expense of Tenant, and shall be of a size, color and type acceptable to Landlord. Nothing may be placed on the exterior of corridor walls or corridor doors other than Landlord's standard lettering. The directory tablet shall be provided exclusively for the display of the name and location of tenants.

39. **Intentionally Omitted**.

40. **Miscellaneous.**

(a) **Notices**. All notices or other communications between the parties shall be in writing and shall be deemed duly given upon delivery or refusal to accept delivery by the addressee thereof if delivered in person, or upon actual receipt if delivered by reputable overnight guaranty courier, addressed and sent to the parties at their addresses set forth above. Landlord and Tenant may from time to time by written notice to the other designate another address for receipt of future notices.

(b) **Joint and Several Liability**. If and when included within the term "**Tenant**," as used in this instrument, there is more than one person or entity, each shall be jointly and severally liable for the obligations of Tenant.

(c) **Financial Information**. As of the Commencement Date, Tenant is subject to the public reporting requirements of the Securities Exchange Act of 1934, and publically reports such financial information on a nonconsolidated basis with any other entity, but in the event Tenant ceases to be subject to the public reporting requirements of the Securities Exchange Act of 1934 or publically reports financial information on a consolidated or rolled up basis with ny entity other than a wholly owned subsidiary of Tenant, the following terms of this Section 40(c) shall apply, and only in such event. Subject to the terms of the preceding sentence, Tenant shall furnish Landlord with true and complete copies of (i) Tenant's most recent audited annual financial statements within 90 days of the end of each of Tenant's fiscal years during the Term, (ii) Tenant's most recent unaudited quarterly financial statements within 45 days of the end of each of Tenant's first three fiscal quarters of each of Tenant's fiscal years during the Term, (iii) at Landlord's request from time to time, updated business plans, including cash flow projections and/or pro forma balance sheets and income statements, all of which shall be treated by Landlord as confidential information belonging to Tenant, (iv) at Landlord's request from time to time corporate brochures and/or profiles prepared by Tenant for prospective investors, and (v) any other financial information or summaries that Tenant typically provides to its lenders or shareholders.

(d) **Recordation**. This Lease shall not be recorded, but upon request of either party a memorandum of lease shall be executed by the parties and may be recorded at Tenant's expense in the appropriate public registry.

(e) **Interpretation**. The normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Lease or any exhibits or amendments hereto. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires. The captions inserted in this Lease are for convenience only and in no way define, limit or otherwise describe the scope or intent of this Lease, or any provision hereof, or in any way affect the interpretation of this Lease.

(f) **Not Binding Until Executed**. The submission by Landlord to Tenant of this Lease shall have no binding force or effect, shall not constitute an option for the leasing of the Premises, nor confer any right or impose any obligations upon either party until the "Effective Date" (as defined on the signature page hereof).

(g) **Limitations on Interest**. It is expressly the intent of Landlord and Tenant at all times to comply with applicable law governing the maximum rate or amount of any interest payable on or in connection with this Lease. If applicable law is ever judicially interpreted so as to render usurious any interest called for under this Lease, or contracted for, charged, taken, reserved, or received with respect to this Lease, then it is Landlord's and Tenant's express intent that all excess amounts theretofore collected by Landlord be credited on the applicable obligation (or, if the obligation has been or would thereby be paid in full, refunded to Tenant), and the provisions of this Lease immediately shall be deemed reformed and the amounts thereafter collectible hereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder.

(h) **Choice of Law**. Construction and interpretation of this Lease shall be governed by the internal laws of the state in which the Premises are located, excluding any principles of conflicts of laws.

(i) **Time**. Time is of the essence as to the performance of each party's obligations under this Lease.

(j) **OFAC**. Tenant, for itself and for and all beneficial owners of Tenant, and Landlord, for itself and for all beneficial owners of Landlord, each represents and warrants that they currently (a) in compliance with and shall at all times during the Term of this Lease remain in compliance with the regulations of the Office of Foreign Assets Control ("**OFAC**") of the U.S. Department of Treasury and any statute, executive order, or regulation relating thereto (collectively, the "**OFAC Rules**"), (b) not listed on, and shall not during the term of this Lease be listed on, the Specially Designated Nationals and Blocked Persons List maintained by OFAC and/or on any other similar list maintained by OFAC or other governmental authority pursuant to any authorizing statute, executive order, or regulation, and (c) not a person or entity with whom a U.S. person is prohibited from conducting business under the OFAC Rules.

(k) **Incorporation by Reference**. All exhibits and addenda attached hereto are hereby incorporated into this Lease and made a part hereof. If there is any conflict between such exhibits or addenda and the terms of this Lease, such exhibits or addenda shall control.

(l) **Entire Agreement**. This Lease, including the exhibits attached hereto, constitutes the entire agreement between Landlord and Tenant pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, letters of intent, negotiations and discussions, whether oral or written, of the parties, and there are no warranties, representations or other agreements, express or implied, made to either party by the other party in connection with the subject matter hereof except as specifically set forth herein.

(m) **No Accord and Satisfaction**. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly installment of Base Rent or any Additional Rent will be other than on account of the earliest stipulated Base Rent and Additional Rent, nor will any endorsement or statement on any check or letter accompanying a check for payment of any Base Rent or Additional Rent be an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or to pursue any other remedy provided in this Lease.

(n) **Medical School Facilities**. Tenant, together with its employees, will have access to the following University of Massachusetts Medical School facilities and resources: the library (including any computers available for use in the library including use of any online databases subscribed to from time to time by the library for use on such in-library computers), fitness center, cafeteria and certain research cores as identified by the University from time-to-time. Such access shall be subject to any rules and regulations of the University of Massachusetts Medical School in effect from time to time, limits on hours, closure for whatever reason, and fees for use of the fitness center and cafeteria. Any such facilities and resources may be terminated, modified, moved or limited in the sole discretion of the University of Massachusetts Medical School. Access may be limited or prohibited at any times for any purposes including, but not limited to repairs, reserved functions, meetings, or any other purpose.

(o) **Hazardous Activities**. Notwithstanding any other provision of this Lease, Landlord, for itself and its employees, agents and contractors, reserves the right to refuse to perform any repairs or services in any portion of the Premises which, pursuant to Tenant's routine safety guidelines, practices or custom or prudent industry practices, require any form of protective clothing or equipment other than safety glasses. In any such case, Tenant shall contract with parties who are acceptable to Landlord, in Landlord's reasonable discretion, for all such repairs and services, and Landlord shall, to the extent required, equitably adjust Tenant's Share of Operating Expenses in respect of such repairs or services to reflect that Landlord is not providing such repairs or services to Tenant.

(p) **Public Reporting Status**. As of the Commencement Date, Tenant is subject to the public reporting requirements of the Securities Exchange Act of 1934. Landlord acknowledges that this Lease, or material terms of this Lease may need to be disclosed by Tenant for purposes of compliance with applicable laws.

(q) **Publicity**. The content of any public announcement, press release or similar statement or publicity concerning the entering into of this Lease must be pre-approved in writing by both Landlord and Tenant, which approval shall not be unreasonably withheld, conditioned or delayed. Each of Landlord and Tenant will advise the Broker of the requirements of this paragraph.

[Signatures on next page]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

TENANT:

MUSTANG BIO, INC.

By: _____
Its: _____

LANDLORD:

WCS - 377 PLANTATION STREET, INC.

By: _____
Its: _____

EXHIBIT A TO LEASE

DESCRIPTION OF PREMISES

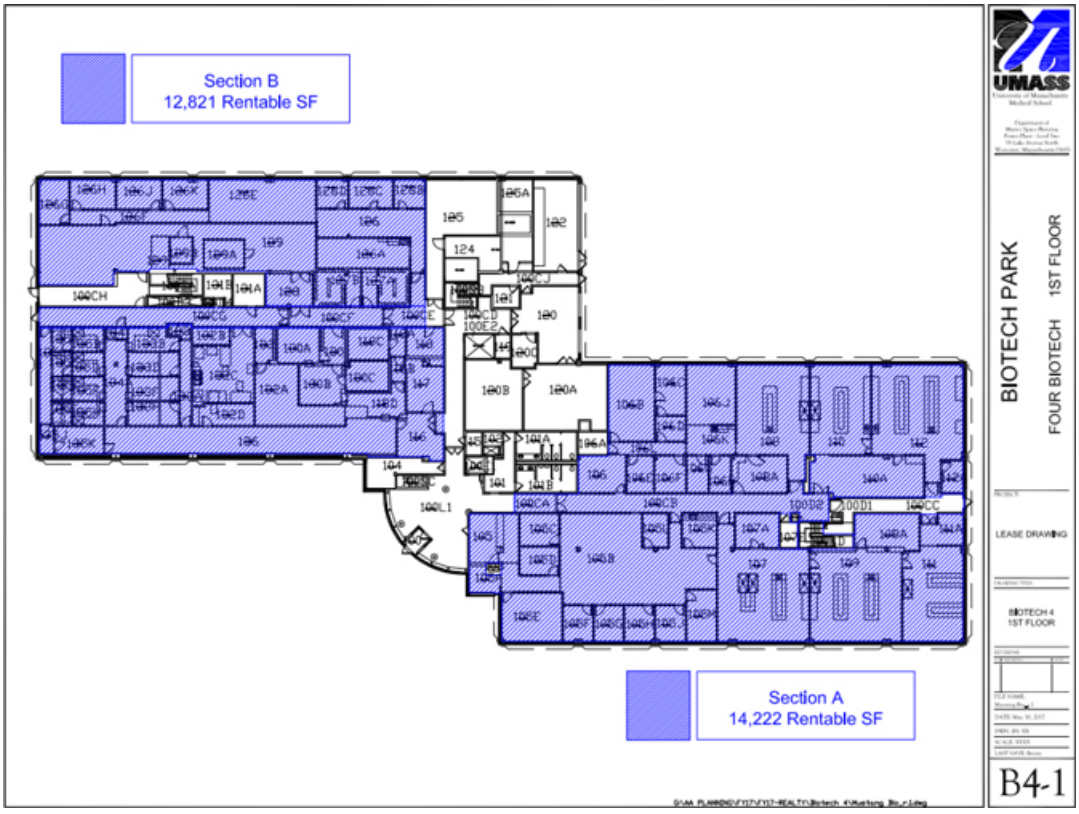

EXHIBIT B TO LEASE

DESCRIPTION OF PROPERTY

The land and the building thereon in Worcester, Worcester County, Massachusetts, on the westerly side of the easement taking of Plantation Street shown as Parcel 10A on a Plan by Cullinan Engineering Co., Inc. entitled "Plan . of Property Owned by Worcester Business Development Corporation of Parcels 10A, 10B, 10C, Plantation Street, Worcester, Massachusetts," dated December 16, 1992, and recorded in the Worcester District Registry of Deeds ("Registry") in Plan Book 670, Plan 70, (the "Plan") containing 4.2929 acres, more or less, bounded and described as follows:

Beginning at a point on the westerly side of the easement taking of Plantation Street at the most easterly corner of Parcel 10A; said point also being the most Southerly corner of Parcel IOC as shown on the Plan;

THENCE	South 23 degrees 14' 23" West by the westerly side of such easement taking of Plantation Street, a distance of three hundred and thirty-nine and thirteen hundredths (339.13) feet to a point at land now or formerly of University of Massachusetts Foundation, Inc.;
THENCE	by land now or formerly of University of Massachusetts Foundation, Inc. the following three (3) courses: North 65 degrees 28' 00" West, a distance of sixty and six hundredths (60.06) feet to a point of curvature; In a westerly direction by a curve to the left having a radius of five hundred and four and fifty hundredths (504.50) feet, an arc distance of one hundred and forty and eighty-two hundredths (140.82) feet to a point of tangency;
THENCE	North 81 degrees 27' 35" West, a distance of one hundred eighty-three and ninety-five hundredths (183.95) feet to a point;
THENCE	North 07 degrees 38' 48" West, along other land now or formerly of Worcester Business Development Corporation a distance of sixty and ninety-two hundredths (60.92) feet to a point;
THENCE	North 07 degrees 38' 50" West along land now or formerly of the Commonwealth of Massachusetts (Department of Mental Health), a distance of one hundred fifty (150.00) feet to a point;
THENCE	North 15 degrees 38' 45" West continuing along land now or formerly of Commonwealth of Massachusetts (Department of Mental Health), a distance of two hundred and seventy-seven and one hundred eighty-five thousandths (277.185) feet to a point at 10C as shown on the Plan;

THENCE South 67 degrees 06' 49" East along other land of Worcester Business Development Corporation, a distance of six hundred and fifty-nine and sixty-seven hundredths (659.67) feet to the point of beginning.

Together with that portion of the parcel shown on the plan as "City of Worcester - Permanent Roadway Easement Taking December 1991" which adjoins Parcel 10A, (said parcel and Parcel 10A being hereinafter together referred to as the "Premises") bounded and described as follows,

BEGINNING at the Northerly line of Parcel 10A and the Southerly line of Parcel IOC as shown on the Plan;

THENCE North 23 degrees 14' 23" East forty-six and eighty-two hundredths (46.82) feet;

THENCE by a curve having a radius of two thousand five hundred and seventeen and sixty hundredths (2517.60) feet, a -distance of two hundred thirty-eight and ninety hundredths (238.90) feet;

THENCE by said curve a distance of twenty (20.00) feet;

THENCE South 71 degrees 47' 26" East eighty-one and seventy-six hundredths (81.76) feet;

THENCE South 19 degrees 17' 00" West two hundred and fifty (250.00) feet;

THENCE South 30 degrees 53' 30" West three hundred and twenty-two and eighty-four hundredths (322.84) feet;

THENCE South 24 degrees 32' 00" West eighty-three and fourteen hundredths (83.14) feet;

THENCE North 65 degrees 28' 00" West forty and fifty-four hundredths (40.54) feet;

THENCE North 23 degrees 14' 23" East three hundred and thirty-nine and thirteen hundredths (339.13) feet to the point of beginning.

Excepting therefrom the premises described in a Deed to Worcester Business Development Corporation dated February 26. 1999 recorded in Book 21120, Page 120.

EXHIBIT C TO LEASE

ACKNOWLEDGMENT OF COMMENCEMENT DATE

This **ACKNOWLEDGMENT OF COMMENCEMENT DATE** is made this _____ day of _____, ____, between _____, a _____ limited liability company ("Landlord"), and _____, a _____ limited liability company ("**Tenant**"), and is attached to and made a part of the Lease dated _____, 2017 (the "**Lease**"), by and between Landlord and Tenant. Any initially capitalized terms used but not defined herein shall have the meanings given them in the Lease.

Landlord and Tenant hereby acknowledge and agree, for all purposes of the Lease, that the Commencement Date of the Base Term of the Lease is _____, _____, the Rent Commencement Date is _____, 20___, and the termination date of the Base Term of the Lease shall be midnight on _____, 20___. ***{After Schedule B Occupancy Date:*** The Schedule B Occupancy Date was: _____.} In case of a conflict between the terms of the Lease and the terms of this Acknowledgment of Commencement Date, this Acknowledgment of Commencement Date shall control for all purposes.

IN WITNESS WHEREOF, Landlord and Tenant have executed this ACKNOWLEDGMENT OF COMMENCEMENT DATE to be effective on the date first above written.

TENANT:

_____,
a _____ limited liability company

By: _____
Its: _____

LANDLORD:

_____,
a _____ limited liability company

EXHIBIT D TO LEASE

RULES AND REGULATIONS

1. No sign, placard, picture, advertisement, name or notice shall be installed or displayed in any part of the outside or inside of the Property if visible from a public area without prior written consent of the Landlord. Landlord shall have the right to remove, at Tenant's expense and without notice, and sign installed or displayed in violation of this rule. All approved signs or lettering in public corridors shall be inscribed or affixed at the expense of the Tenant by a person or vendor chosen by Landlord and in conformance with the Property standard signage program. In addition, Landlord reserves the right to change from time to time the format of the signs or lettering and to require previously approved signs or lettering to be appropriately altered.

2. Tenant shall not obstruct any sidewalks, halls, passages, exits, entrances, elevators, escalators or stairways to the Property. The halls, passages, exits, entrances, elevators, escalators and stairways are not for the general public, and Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of the Landlord would be prejudicial to the safety, character, reputation and interest of the Property and its tenants. However, nothing herein contained shall be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. No tenant and no employee or invitee of any tenant shall go upon the roof the Property.

3. Tenant shall not place any objects, including antennas, outdoor furniture, etc., in the parking areas, landscaped areas or other areas outside of its Premises.

4. Tenant shall not install any radio or television antenna, loudspeaker or other device on the roof or exterior walls of the Property. Tenant shall not interfere with radio or television broadcasting or reception from or in the Property elsewhere.

5 . The directory of the Property will be provided exclusively for the display of the name and location of tenants only and Landlord reserves the right to exclude any other names therefrom. No more than one entries on the directory located in the Property lobby designating Tenant shall be installed.

6 . Except as specifically set forth in the Lease, all cleaning services for the Premises shall be arranged exclusively through the Landlord. Tenant shall not cause any unnecessary labor or service by carelessness or indifference to the good order and cleanliness of the Premises, however occurring.

7 . Landlord will furnish Tenant free of charge with an appropriate number of electronic access cards and parking passes. Tenant shall pay a Ten Dollar ($10) replacement charge for the replacement of any lost access card or parking pass. Landlord may make a reasonable charge for any keys. Tenant shall not make or have made additional keys, and Tenant shall not alter any lock or install a new or additional locks or bolts on any door of its Premises. Tenant upon termination of its tenancy, shall delivery to Landlord the keys of all doors which have been furnished to Tenant, and in the event of loss of any keys so furnished, shall pay Landlord therefor.

8. Except for animals assisting the disabled, no animals shall be allowed in the offices, halls, or corridors in the Property.

9. Tenant shall not disturb the occupants of the Property or adjoining buildings by the use of any radio or musical instrument or by the making of loud or improper noises.

10. If Tenant desires telegraphic, telephonic or other electric connections in the Premises, Landlord or its agent will direct the electrician as to where and how the wires may be introduced; and, without such direction, no boring or cutting of wires will be permitted. Any such installation or connection shall be made at Tenant's expense.

11. Tenant shall not install or operate any steam or gas engine or boiler, or other mechanical apparatus in the Premises, except as specifically approved in the Lease. The use of oil, gas or inflammable liquids for heating, lighting or any other purpose is expressly prohibited. Explosives or other articles deemed extra hazardous shall not be brought into the Property.

12. Parking any type of recreational vehicles is specifically prohibited on or about the Property. Except for the overnight parking of operative vehicles, no vehicle of any type shall be stored in the parking areas at any time. In the event that a vehicle is disabled, it shall be removed within 48 hours. There shall be no "For Sale" or other advertising signs on or about any parked vehicle. All vehicles shall be parked in the designated parking areas in conformity with all signs and other markings. All parking will be open parking, and no reserved parking, numbering or lettering of individual spaces will be permitted except as specified by Landlord.

13. Tenant shall maintain the Premises free from rodents, insects and other pests.

14. Tenant shall not use any method of heating or air conditioning such as space heaters or fans other than supplied by Landlord. Tenant shall not waste electricity, water or air conditioning. Tenant shall keep corridor doors closed.

15. Tenant shall close and lock the doors of its Premises and entirely shut all water faucets or other water apparatus before Tenant and its employees leave the Premises. Tenant shall be responsible for any damage or injuries sustained by other tenants or occupants of the Property or by Landlord for noncompliance with this rule.

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

17. Tenant shall not cause any unnecessary labor by reason of Tenant's carelessness or indifference in the preservation of good order and cleanliness. Landlord shall not be responsible to Tenant for any loss of property on the Premises, however occurring, or for any damage done to the effects of Tenant by the janitors or any other employee or person.

18. Tenant shall give Landlord prompt notice of any defects in the water, lawn sprinkler, sewage, gas pipes, electrical lights and fixtures, heating apparatus, or any other service equipment affecting the Premises.

19. Tenant shall not permit storage outside the Premises, including without limitation, outside storage of trucks and other vehicles, or dumping of waste or refuse or permit any harmful materials to be placed in any drainage system or sanitary system in or about the Premises. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed. No foreign substance of any kind whatsoever shall be thrown therein, and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by Tenant who, or whose employees or invitees shall have caused it.

20. All moveable trash receptacles provided by the trash disposal firm for the Premises must be kept in the trash enclosure areas, if any, provided for that purpose. Tenant shall store all its trash and garbage within its Premises. Tenant shall not place in any trash box or receptacle any material which cannot be disposed of in the ordinary and customary manner of trash or garbage disposal. All garbage and refuse disposal shall be made in accordance with direction issues from time to time by Landlord.

21. No auction, public or private, will be permitted on the Premises or the Property.

22. No awnings shall be placed over the windows in the Premises except with the prior written consent of Landlord.

23. Tenant shall use and keep in place the Property standard window covering. Tenant shall not place anything or allow anything to be placed against or near any doors or windows which may appear unsightly, in the opinion of the Landlord, from outside of the Premises.

24. The Premises shall not be used for lodging, sleeping or cooking or for any immoral or illegal purposes or for any purpose other than that specified in the Lease. No gaming devices shall be operated in the Premises.

25. No cooking shall be done or permitted by any Tenant in the Premises, except that use of Underwriters' Laboratory approved equipment for brewing coffee, tea, hot chocolate and similar beverages shall be permitted, provided that such equipment and is in accordance with all applicable federal, state and city laws, codes, ordinances, rules and regulations.

26. Except as approved by Landlord, Tenant shall to mark, drive nails, screw or drill into partitions, woodwork or plaster or in any way deface the Premises. Tenant shall not curt or bore holes for wires. Tenant shall not affix any floor covering to the floor of the Premises in any manner except as approved by Landlord. Tenant shall repair any damage resulting from noncompliance with this rule.

27. Tenant shall ascertain from Landlord the maximum amount of electrical current which can safely be used in the Premises, taking into account the capacity of the electrical wiring in the Property and the Premises and the needs of other tenants, and shall not use more than such safe capacity. Landlord's consent to the installation of electric equipment shall not relieve Tenant from the obligation not to use more electricity than such safe capacity.

28. Tenant assumes full responsibility for protecting the Premises from theft, robbery and pilferage.

29. Tenant shall pay on demand the cost of replacement of any glass doors broken in or on the perimeter of the Premises during the continuance of the Lease if same is broken as a result of tenant, its employees or agents negligence, unless the glass shall be broken by Landlord its employees or agents.

30. Tenant shall not install, maintain or operate upon the Premises any vending machines or video game machines.

31. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant or tenants, nor prevent Landlord from thereafter enforcing any such Rules and Regulations.

32. Canvasing, soliciting and peddling in or about the Property is expressly prohibited.

33. For the benefit of all tenants, Landlord shall have the right to reasonably limit freight elevator use during peak use hours.

34. Tenant shall not install or operate on the Premises any machinery or mechanical devices of a nature not directly related to Tenant's ordinary use of the Premises and shall keep all such machinery free of vibration, noise and air waves which may be transmitted beyond the Premises.

35. The Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of any premises on the Property. Landlord shall have the right to amend these Rules and Regulations at any time during the term hereof, with notice.

36. Smoking and the use of tobacco is not permitted in the Building, at the Property, or on the grounds of Biotech Park and the University of Massachusetts Medical School.

EXHIBIT E

TENANT'S PERSONAL PROPERTY (REMOVABLE INSTALLATIONS)

To-be-installed generator, if installed pursuant to Section 7(c)(vii).

EXHIBIT F

TENANT'S SURRENDER PLAN

Tenant Surrender Plan

Name of Tenant
Addressed of Leased Space

Prepared for:

Owner
Address

Prepared by:
TENANT NAME
CITY, STATE

Date:
Month Year

Contents

1.0 Introduction

The purpose of this Surrender Plan is to provide detailed information regarding decommissioning procedures followed by a tenant at the conclusion of its tenancy at the leased space ("the Premises"). This Surrender Plan will be used by Owner to evaluate, from a health and safety standpoint, whether the space will be suitable for re-occupancy by a biotechnology tenant. This Surrender Plan includes information regarding the tenant's operations, types of hazardous materials used, waste management practices, decontamination procedures, and permit closure/transfer documentation.

1.1 General Tenant Information

Name of tenant	
Address of leased space (include Suite numbers)	
Length of time at leased space	
Approximate square footage of leased space	Office space:
	Lab space:
	Total:
Tenant contact (for follow-up questions regarding Surrender Plan)	Name
	Title
	Years with company
	Telephone number
	E-mail address
Lease end date	
Scheduled date for vacating leased space	
Location company is moving to	
Site plan included?	No Yes, see Appendix ____
General description of operations (include Biosafety level(s) of laboratory spaces, the nature of the company's business, and types of activities conducted on-site)	

1.2 Chemical, Biological, and Radioactive Agents

This section provides information regarding chemical, biological (including vivariums), radiological agents (collectively "Agents") used on the Premises.

1.2.1 Chemical Agents

Identify all chemicals used at the property, including name, quantity(ies) used, maximum volume of storage containers, etc., OR refer to a chemical inventory to be included in an Appendix to this Plan.

1.2.2 Biological Agents

Identify all biological agents used at the property, including name, quantity(ies) used, maximum volume of storage containers, etc., OR refer to a biological agent inventory to be included in an Appendix to this Plan.

1.2.3 Radiological Agents

Identify all radiological materials used at the property, including name, quantity(ies) used, maximum volume of storage containers, etc., OR refer to a radiological material inventory to be included in an Appendix to this Plan.

2.0 Equipment

The section describes the equipment used by the tenant, and identifies which equipment will be moved off-site and which equipment will remain on the Premises.

2.1 Equipment Inventory

Please provide an inventory of equipment, instruments, and laboratory apparatus (collectively "Equipment").

2.2 Disposition of Equipment

Describe Equipment to be removed from the Premises, and Equipment to remain at the Premises. Equipment to remain at the Premises which is not the property of Owner.

EXHIBIT G

PLAN SHOWING RESERVED PARKING

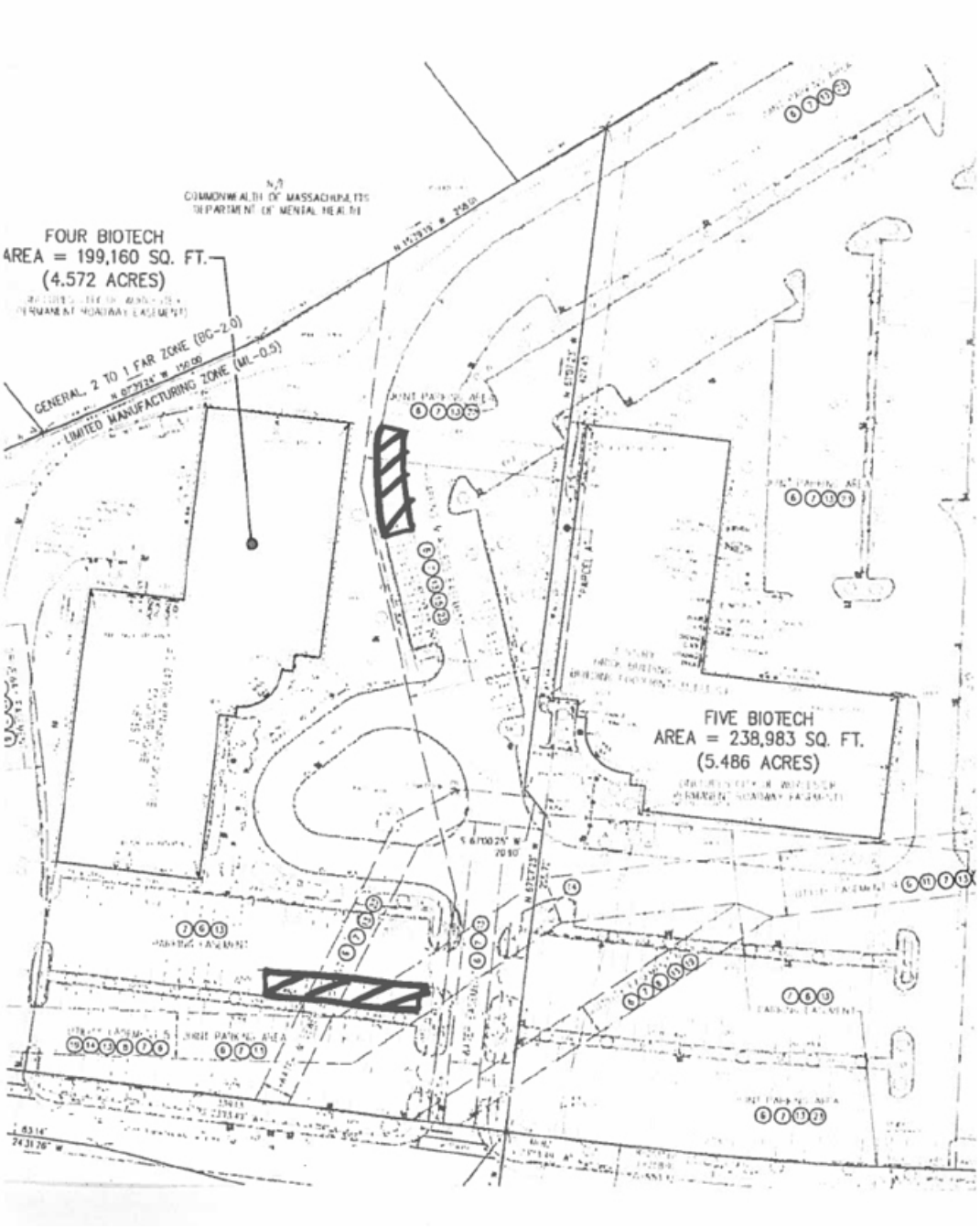
COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF MENTAL HEALTH
FOUR BIOTECH
AREA = 199,160 SQ. FT.
(4.572 ACRES)
GENERAL, 2 TO 1 FAR ZONE (BG-2.0)
LIMITED MANUFACTURING ZONE (ML-0.5)
FIVE BIOTECH
AREA = 238,983 SQ. FT.
(5.486 ACRES)

EXHIBIT H

WORK LETTER WITH RESPECT TO
TENANT'S WORK

Landlord and Tenant agree as follows with respect to the improvements to be installed in the Premises:

1. LANDLORD'S WORK.

A. Landlord, at Landlord's sole cost and expense, shall put the Premises into base building condition as set forth in Schedule 1 attached hereto and hereby made a part hereof ("**Landlord's Work**") on or before on or before the Commencement Date provided that that portion of Landlord's Work described as the Concurrent Work on Schedule 1 (collectively, the "**Concurrent Work**") is to be performed by Landlord concurrently with the performance of the Tenant's Work (as such term is hereinafter defined) in a timely manner so as not to delay completion of the Tenant's Work.

2. TENANT'S WORK.

A. **Tenant's Work**. Tenant shall provide the construction material, hardware and equipment and the labor to construct and install the improvements to the Premises described in the Plans (as that term is hereinafter described). The material, hardware, equipment and labor as incorporated into the Premises pursuant to the Plans are herein collectively referred to as the "**Tenant's Work**". Subject to the provisions of this **Exhibit F** (the "**Work Letter**"), Tenant shall proceed diligently to cause the Tenant's Work approved by Landlord to be completed in accordance with the terms and conditions of the Lease and this Work Letter.

B. **Plans**. Tenant agrees to cause its architect and engineer to prepare plans and specifications for Tenant's Work (which shall include (i) furniture plans showing details of space occupancy; (ii) sprinkler locations; (iii) reflected ceiling plans; (iv) partition and door location plans; (v) electrical and telephone plans noting any special requirements; (vi) fire safety systems; (vii) detail plans; (viii) finish plans and schedules and also specifications for the Tenant's Work to be performed in the Premises; (ix) mechanical and electrical, fire alarm, life safety, and plumbing drawings for the Premises and deliver said drawings to Landlord. Landlord agrees to either approve or disapprove said architectural construction drawings in writing within ten (10) business days of receipt thereof by Landlord. Failure to approve or disapprove within such ten (10) business day period shall result in said drawings being deemed approved by Landlord. If Landlord disapproves of said drawings, Landlord agrees to advise Tenant in writing generally of the required changes. Tenant shall deliver to Landlord architectural construction drawings revised pursuant to Landlord's comments within ten (10) business days of receipt of Landlord's comments, after which Landlord shall have a period of two (2) business days to either approve or disapprove said drawings in writing, and if Landlord fails to give written notice of its approval or disapproval of the revisions within such two (2) business day period shall result in said revisions being deemed approved by Landlord. The revision procedure shall be repeated until Landlord approves the architectural construction drawings for the Premises. The plans and specifications described above are referred to as the "**Plans**".

C . **No Representations by Landlord**. Neither review nor approval by Landlord of any of the Plans shall constitute a representation or warranty by Landlord that such Plans either (i) are complete or suitable for their intended purpose or (ii) comply with applicable laws, ordinances, codes and regulations, it being expressly agreed by Tenant that Landlord assumes no responsibility or liability whatsoever to Tenant or to any other person or entity for such completeness, suitability or compliance.

3. COST OF TENANT'S WORK.

A . **General Contract.** Prior to commencement of any portion of the Tenant's Work, Tenant shall obtain a contract to perform the Tenant's Work by bidding the Tenant's Work to one (1) or more of those licensed general contractors approved by Landlord, which approval shall not be unreasonably withheld or delayed. Landlord confirms its approval of Hodess Construction Corporation (100 John L Dietsch Sq, North Attleboro, MA 02763, Ph: 508.695.1012), or any of its wholly owned subsidiaries as Contractor. Promptly after entering into a general contract for Tenant's Work with its selected general contractor (the " **Contractor**") Tenant agrees to promptly give Landlord a copy of the contract. The Contractor shall notify Landlord in advance of the identities of all subcontractors who will be performing work in the Premises. All such subcontractors shall be licensed. Tenant shall not be relieved of any of its obligations under this Work Letter by the fact that Landlord approved the Contractor or the fact that Landlord may have notice of subcontractors used by the Contractor.

B . **Allowance**. Landlord shall reimburse Tenant up to Thirty Dollars ($30.00) per square foot of Rentable Area in the Premises with respect to Section A (14,222 RSF) (the **"Phase I Allowance")** and Forty Dollars ($40.00) per square foot of Rentable Area in the Premises with respect to Section B (12,821 RSF) (the **Phase II Allowance"** and collectively with the Phase I Allowance, the "**Allowance**") for hard (and as permitted below, soft) costs of the Tenant's Work. Tenant shall pay all costs of the Tenant's Work in excess of the Allowance. All amounts shall be paid by Tenant within thirty (30) days after Tenant's receipt of invoices therefor. The Phase I Allowance shall be available to Tenant commencing on the Commencement Date and expiring on the expiration of the first Lease Year, up to Ten Dollars ($10.00) per square foot of the Phase II Allowance shall be available for demolition costs associated with preconstruction demolition of Section B, commencing on such demolition work with the remaining balance of the Phase II Allowance available to Tenant commencing on the Section B Occupancy Date and expiring one year thereafter. Tenant may use up to $3.00 per square foot of Rentable Area in the Premises of the Allowance not required to pay hard costs for non-hard cost items, including soft costs, cabling, telephone, furniture and moving.

C . **Coordination Fee**. Tenant shall pay a plan review, construction coordination and management, and overhead fee to Landlord in an amount equal to the lesser of (i) two percent (2%) of Landlord's total Allowance contribution, or (ii) Landlord's actual costs, to cover Landlord's plan review, coordination, supervision and overhead and related expenses allocable to such work (the "**Coordination Fee**"). The Coordination Fee shall be deducted by Landlord from the Allowance, in an amount not to exceed two percent (2%) of the amount disbursed.

D . **Payment of Allowance**. Landlord shall make payments of the Allowance only one time per month upon receipt of invoices, sworn statements, mechanics lien waivers as provided herein and such other documentation as Landlord may reasonably request. Landlord shall have no obligation to make any payment of the Allowance at any time that Tenant is in default hereunder or under the Lease.

E. [Intentionally deleted.]

F . **Draw Requests**. Tenant shall make draw requests based upon costs incurred for completed work as of the date of the draw request. Tenant shall present to Landlord a letter requesting a disbursement of funds, invoices (or paid receipts for each item paid by Tenant and for which Tenant is seeking reimbursement), a copy of any cancelled checks pursuant to which such invoice has been paid, and, with respect to any construction to any portion of the Premises, such lien waivers (for lienable items) required by the Landlord. The lien waiver from the general contractor and from each subcontractor and material supplier must be delivered with each draw request. Landlord shall have no obligation to make a payment until all waivers for the prior draw are submitted.

G . **Payment of Draw Requests**. Draw requests shall be submitted to Landlord no more often than monthly. Not later than five (5) business days after receipt of a draw request from Tenant, Landlord will review the applicable portion of Tenant's Work and Tenant's draw request and advise Tenant in writing of any respects in which the draw request is disapproved and the reason for such disapproval. Such advice need not comply with the notice provisions of the Lease. Draw requests shall be paid, subject to the foregoing approval procedure, not later than fifteen (15) business days after the draw request is received by Landlord. Landlord and Tenant agree to cooperate in attempting to resolve disapproved portions of each draw request.

H. [Intentionally deleted.]

4. ACCESS BY TENANT; WORK IN HARMONY.

Landlord shall permit Tenant and Tenant's agents, representatives, employees, suppliers, contractors, subcontractors, mechanics and workmen (i) to enter the Premises prior to the completion of the Landlord's Work, and (ii) to access base building systems, including without limitation, chilled water, hot water, electrical and life-safety protection. Tenant agrees for itself and its agents, representatives, employees, suppliers, contractors, subcontractors, workmen, mechanics, and suppliers, that all such parties shall work in harmony and not unreasonably interfere with Landlord and Landlord's agents, representatives, employees, suppliers, contractors, subcontractors, mechanics, and workmen in doing the Landlord's Work in the Premises or work for other tenants and occupants of the Building.

5. CONSTRUCTION REQUIREMENTS.

A . **Conditions of Entry**. Tenant agrees that the entry into the Premises by Tenant and its contractors shall be deemed to be under all of the terms, covenants, conditions and provisions of the Lease except as to the covenant to pay Rent and Tenant further agrees that in connection therewith Landlord shall not be liable in any way for any injury, loss or damage which may occur to any of Tenant's employees, agents or contractors, to Tenant's Work or installations made in the Premises or to property placed therein prior to the Commencement Date and thereafter, the same being at Tenant's sole risk. In addition, Tenant shall require all entities performing work on behalf of Tenant to provide protection for existing improvements to an extent that is satisfactory to Landlord and shall allow Landlord access to the Premises, for inspection purposes, at all times during the period when Tenant is undertaking construction activities therein. Tenant agrees to protect, indemnify, defend and hold Landlord and its agents, partners, contractors and employees harmless from and against any and all losses, damages, liabilities, claims, liens, costs and expenses, including reasonable attorneys' fees, of whatever nature, including those to the Premises, the Building (including the Landlord's Work), any other property of Landlord, or to the person and property of Tenant, its employees, agents, invitees, licensees and others arising out of or in connection with the activities of Tenant or any entity performing work on behalf of Tenant in or about the Premises or the Building. Further, Tenant shall cause such damage to be repaired at Tenant's expense and if Tenant fails to cause such damage to be repaired promptly upon Landlord's demand therefor, Landlord may in addition to any other rights or remedies available to Landlord under this Lease or at law or equity cause such damage to be repaired, in which event Tenant shall promptly upon Landlord's demand pay to Landlord the cost of such repairs;

B. **Ingress and Egress**. All contractors and subcontractors shall use only those service corridors and service entrances designated by Landlord for ingress and egress of personnel, and the delivery and removal of equipment and material through or across any common areas of the Building shall only be permitted with the written approval of Landlord and during hours determined by Landlord. Landlord shall have the right to order Tenant or any contractor or subcontractor who repeatedly violates the above requirements to cease work in the Building and leave the Building and remove its equipment and its employees from the Building and, at Landlord's option, restore any portion of the Building on which it has done work to its original condition;

C . **Trash Removal**. During the performance of Tenant's Work and Tenant's fixturing, Landlord may provide trash removal service from a location designated by Landlord. Tenant shall be responsible for breaking down boxes and placing trash in Landlord's containers at such designated location. Tenant shall accumulate its trash in containers supplied by Landlord and Tenant shall not permit trash to accumulate within the Premises or in the corridors or public areas adjacent to the Premises. Tenant shall cause each entity employed by it to perform work on the Premises to abide by the provisions of this Work Letter as to the storage of trash and shall require each such entity to perform its work in a way that dust or dirt is contained entirely within the Premises and not within any other portion of the Building and shall cause Tenant's contractors to leave the Premises in broom-clean condition at the end of each day. Should Landlord deem it necessary to remove Tenant's trash because of accumulation, Tenant shall pay to Landlord an additional reasonable charge for such removal on a time and material basis. The cost to Tenant for Landlord removing such trash will be based on reasonable and competitive cost which Tenant could have secured independently had Landlord not provided such service;

D. **Performance of Work**. Tenant agrees that all services and work performed on the Premises by, on behalf of, or for the account of Tenant, including installation of telephones, carpeting, materials and personal property delivered to the Premises shall be done in a first-class workmanlike manner using only good grades of material, in compliance with Legal Requirements including the ADA, and shall be performed only by persons covered by a collective bargaining agreement with the appropriate trade union. Tenant at Tenant's cost shall secure all requisite permits and approvals for Tenant's Work including, but not limited to, a Building Permit and a Certificate of Occupancy issued by the City of Worcester;

E . **Insurance**. Tenant shall provide, or shall cause Tenant's General Contractor to provide, insurance which satisfy the requirements of Section 17 of this Lease, shall include (if permitted by the insurer) a waiver of subrogation in favor of Landlord, and shall insure Landlord and Tenant, as their respective interests may appear, and shall also provide insurance during the course of construction with respect to the following:

1. Comprehensive General Liability Insurance. Comprehensive general liability insurance as required by Section 17 of this Lease shall be in an aggregate amount, which may include umbrellas, of not less than $3,000,000 (a portion of which coverage may be evidenced by an umbrella policy of liability insurance), and shall name Landlord as additional insured;

2. Worker's Compensation Insurance. Worker's compensation insurance, to the extent required by law;

3. Builders Risk Insurance. Special Purpose (formerly known as "All Risk") Builders Risk Insurance on 100% of the cost of the Tenant Improvements, covering damage to such improvements; and

4. Automobile Liability Insurance. Automobile Liability coverage with bodily injury limits of at least $1,000,000.00 per accident and $500,000.00 per accident for property damage.

F . **Indemnification**. EXCEPT TO THE EXTENT SUCH COSTS, LOSSES, LIABILITIES OR ACTIONS RESULT FROM LANDLORD'S NEGLIGENCE AND/OR WILLFUL MISCONDUCT, OR THE NEGLIGENCE OR WILLFUL MISCONDUCT OF LANDLORD'S EMPLOYEES, CONTRACTORS OR AGENTS, TENANT SHALL INDEMNIFY AND HOLD LANDLORD HARMLESS FROM AND AGAINST ALL COSTS (INCLUDING REASONABLE ATTORNEY'S FEES AND COSTS OF SUIT), LOSSES, LIABILITIES OR CAUSES OF ACTION ARISING OUT OF OR RELATING TO TENANT'S CONSTRUCTION OF THE TENANT'S WORK, INCLUDING, BUT NOT LIMITED TO, ANY MECHANIC'S OR MATERIALMEN'S LIENS ASSERTED IN CONNECTION THEREWITH.

6. MISCELLANEOUS.

A. Except as expressly set forth herein, Landlord has no other agreement with Tenant and has no other obligation to do any other work or pay any amounts with respect to the Premises. Any other work in the Premises which may be permitted by Landlord pursuant to the terms and conditions of the Lease shall be done at Tenant's sole cost and expense and in accordance with the terms and conditions of the Lease.

1. This Work Letter shall not be deemed applicable to any additional space added to the original Premises (i.e., both Section A and Section B of the Premises) at any time or from time to time, whether by any options under the Lease or otherwise, or to any portion of the original Premises or any additions thereto in the event of a renewal or extension of the initial term of the Lease, whether by any options under the Lease or otherwise, unless expressly so provided in the Lease or any amendment or supplement thereto.

2. The failure by Tenant to pay any monies due Landlord pursuant to this Work Letter within the time period herein stated shall be deemed a Default under the terms of the Lease for which Landlord shall be entitled to exercise all remedies available to Landlord for nonpayment of Rent, following applicable notices and cure periods. All late payments of such monies shall bear interest and shall be subject to a late charge in the same manner as late payments of Rent pursuant to the Lease.

3. The indemnification and exculpatory provision set forth in Section 16 of the Lease as well as all other terms and provisions of the Lease, insofar as they are applicable to this Work Letter, are hereby incorporated herein by this reference.

4. Tenant shall be solely responsible to determine at the site all dimensions of the Premises and the Building which affect any work that may be performed by Tenant or any of Tenant's contractors hereunder.

5. All of Tenant's Work paid for by Landlord may be depreciated by Landlord.

SCHEDULE 1

LANDLORD'S WORK

Landlord shall deliver the Premises with all base building systems, including but not limited to HVAC, electrical, life safety, plumbing systems (including DI water), in good working condition as of the Commencement Date.

Landlord, at Landlord's sole cost and expense, shall provide Tenant with secured, keyed access to all laboratory and office space under lease by the Commencement Date.

The following is Concurrent Work: Tenant acknowledges that Landlord needs to modify the 1st floor Building egress in accordance with the revised egress plan delivered to Tenant and dated May 24, 2017. Although this work will not be completed prior to the Commencement Date, it will be completed promptly thereafter so as not to negatively impact Tenant's construction or occupancy of the Premises.

EXHIBIT I

HAZARDOUS MATERIALS LIST

Material	Classification	Quantity (max)	Storage	Comment
Human blood	BL2	6L	RT	No long-term storage
Primary human cells	BL2	<1L	N2	
Lentivirus	BL2	<1L	-80C/N2	Replication incompetent
Adeno associated virus (AAV)	BL2	<1L	-80C/N2	Replication incompetent
Retrovirus	BL2	<1L	-80C/N2	Replication incompetent
Ethanol	flammable	1gal	RT	Stored in fire safe cabinet
Methanol	flammable	1gal	RT	Stored in fire safe cabinet
Propanol	flammable	1gal	RT	Stored in fire safe cabinet
Hydrocloric acid (HCL)	acid	1L	RT	Stored in corrosion safe cabinet
NaOH	base	1L	RT	Stored in corrosion safe cabinet

Exhibit 31.1

MUSTANG BIO, INC.
CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Manuel Litchman, M.D., President and Chief Executive Officer (Principal Executive Officer), certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q of Mustang Bio, Inc. (the "Registrant");

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

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

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

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

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

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

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

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

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

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls over financial reporting.

November 13, 2017

By: /s/ Manuel Litchman
Manuel Litchman, M.D., President and
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

MUSTANG BIO, INC.
CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David J. Horin, Interim Chief Financial Officer (Principal Financial Officer), certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q of Mustang Bio, Inc. (the "Registrant");

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

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

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

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

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

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

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

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

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

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls over financial reporting.

November 13, 2017

By: /s/ David J. Horin
David J. Horin
Interim Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Quarterly Report of Mustang Bio, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Manuel Litchman, M.D., President, and Chief Executive Officer, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company, as of, and for, the periods presented in the Report.

November 13, 2017

By: /s/ Manuel Litchman
Manuel Litchman, M.D., President and
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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

In connection with the Quarterly Report of Mustang Bio, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David J. Horin, Interim Chief Financial Officer, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

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

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company, as of, and for, the periods presented in the Report.

November 13, 2017

By: /s/ David J. Horin
David J. Horin
Interim Chief Financial Officer
(Principal Financial Officer)